



# CDA RESEARCH SUMMARY

## What are Child Development Accounts?

Child Development Accounts (CDAs) are asset-building accounts for children. In practice they are usually dedicated for expenses associated with postsecondary education. However, conceptually they can also be used for other asset building activities such as buying a home, starting a business, or retirement. CDAs are a policy instrument that can ensure that early investments are available to all children.

Experimental research documents that CDAs have large positive effects on savings for college at age 12, with [largest effects among disadvantaged children](#) by race, income, and parent's education. These early investments matter for the kinds of outcomes children achieve even into adulthood. For example, [research](#) indicates predicted household income and net worth are higher for adults who received parental financial support for college than for those receiving no such support. [Research](#) also shows that children with college savings in their name – even if that amount is modest – are three times more likely to pursue postsecondary education and four times more likely to graduate. CDAs can be an effective policy tool for reducing educational and economic inequality.

## More than a Savings Vehicle

CDAs complement efforts to reduce inequality in early education, facilitate college completion, and improve post-college financial health. Research shows:

- **Early Childhood.** [An experimental test of CDAs](#) finds infants who were randomly assigned to receive a CDA demonstrated significantly higher social-emotional skills at age four than their counterparts without a CDA. CDAs give parents [new hope](#) for their children's futures and may change how they [interact](#).
- **The School Years.** Every year, many minority and low-income students fail to transition to college despite having the desire and ability to go, commonly known as "wilt." CDAs are associated with reducing [wilt](#) by cultivating [college-going identities](#). When students expect to go to college and have identified savings as a strategy to pay for it, low income children are more likely to [enroll in college and complete college](#).
- **Transitioning from Student to Adult.** [Children who save](#) are more likely to save as adults, and CDAs can also [connect children](#) to assets such as retirement accounts, real estate, and other investments. CDAs help children [avoid student debt](#), an important outcome since indebted college graduates accumulate [less wealth](#) than those who do not have to borrow to finance their degrees.

In addition, CDA effects extend beyond children reducing [maternal depression](#) and increasing parental [educational expectations](#) for their children. These [findings](#) are further supported by a new experimental test of CDAs among a mostly very low-income minority population in Oakland, CA.

*Note: Excerpted from a brief titled 'The Case for a Nationwide Child Development Policy' developed by experts in the CDA Field: Ray Boshara, Jose Cisneros, William Elliott, Amanda Feinstein, Martha Kanter, Clint Kugler, Julie Peachey, Colleen Quint, Tom Shapiro and Michael Sherraden.*