

The Institute on Race, Power and Political Economy

WORKING PAPER

**THE PROBLEM OF INEQUALITY IN AMERICA IS NOT SAVINGS
BEHAVIOR, BUT ENDOWMENT: WHY TRUMP ACCOUNTS WILL
EXACERBATE INEQUALITY WHILE BABY BONDS WILL MITIGATE IT**

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Abstract

Trump administration officials have touted 530A accounts (colloquially known as “Trump Accounts”) as a way to give all children a chance to generate wealth and participate in the American dream (U.S. Department of the Treasury 2026a). The problem with this claim is that Trump Accounts, which rely primarily on tax-incentivized savings to seed the accounts, are regressive by nature. They will deliver their largest benefits to already well-off families who are best positioned to save in the first place. The reason is straightforward: families with limited discretionary income have limited capacity to save; and, by the same token, families with higher discretionary income have greater capacity to save.

This design flaw is not unique to Trump Accounts, but rather a limitation inherent in any asset-building policy that seeks to promote assets by attempting to incentivize already low resourced families to save from which they have little to save; the underlying causal relationship between savings and resources is inverted. Indeed, a primary mechanism to build wealth is essentially wealth itself. Trump Accounts and other tax policies that subsidize savings, especially without substantively addressing the lack of endowments/ resources from which families begin, are inherently regressive.

This paper examines the validity of these claims by first simulating the distributional impact of Trump Accounts based on how parents have been contributing to government tax-incentivized savings accounts for their children’s future, namely 529 Accounts— . and then, by comparing those results to a more robust capital endowment approach: baby bonds. We find that Trump Accounts will exacerbate existing and intergenerational wealth disparities overall and the racial wealth gap specifically. In contrast, baby bonds, which include a larger public investment by design, redress existing disparities by progressively seeding the next generation of American youth with a capital endowment that provides access to wealth and the economic agency that comes along with that wealth.

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Introduction

In 2025, Congress established a new savings vehicle through Public Law 119-21,¹ known as 530A accounts and commonly referred to as "Trump Accounts." The program provides a one-time federal deposit of \$1,000 for eligible children born between January 1, 2025, and December 31, 2028. Families, employers, and other contributors may subsequently contribute up to \$5,000 annually, with investment earnings growing tax-free until withdrawal. Trump administration officials have touted 530A accounts as a way to give all children a chance to participate in the American dream (U.S. Department of the Treasury 2026a).

This study tests this claim by simulating the distributional impact of 530A accounts based on evidence from similar tax-incentivized children savings accounts: 529 education savings accounts. 529 accounts are touted as making education more accessible with bipartisan support, yet are among America's most regressive tax policies (Reeves 2017). This regressivity is not incidental to 529s — it reflects a structural feature of tax policy or any policy that heavily relies on incentivizing families to save to build assets for children, rather than seeding the assets directly. The reason is straightforward: families with limited discretionary income have limited capacity to save in the first place; and, by the same token, families with higher discretionary income have greater capacity to save; and, likewise, are best positioned to take advantage of the tax incentive. In essence, 529 accounts, Trump Accounts, and other tax policies that subsidize savings especially without substantively addressing the lack of endowments/resources from which families begin, are naturally regressive.

If the intent of these accounts is to grow wealth beyond the nominal one-time \$1,000 seed for children born during four specific years, 530A accounts are designed to be funded primarily

¹ The law was advanced through the Senate through their budget reconciliation process, and the draft title of the legislation, "One Big Beautiful Bill," was removed by amendment during that process; therefore the official name of the legislation is Public Law 119-21.

through private contributions. Because the value of these accounts ultimately depends on continued contributions over time, understanding who participates in and benefits from similar savings vehicles is critical to evaluating how the program may operate across the wealth distribution.

In this study, we use 529 plan saving behavior to simulate how families might contribute to 530A accounts.² 529 plans are tax-advantaged savings accounts that let families set aside money—often for a child's education—which grows and can be withdrawn tax-free when used for qualified expenses. 529 and 530A accounts differ in important ways: 530A funds are not restricted to educational spending, and 530A account holders must pay taxes when they withdraw funds (Bink 2026). In addition, 529 holders receive no federal deposit. Still, decades of distributional evidence across income, wealth, and race from 529 savings accounts offers a window into the distributional effects of tax-incentivized child savings accounts. 529 and 530A accounts are both voluntary, family-funded, tax-incentivized child savings vehicles that depend on discretionary household dollars from which to actively save.

We then compare 530A accounts to another approach to building children's assets and distributing wealth-building opportunities: baby bonds. As with 530A accounts, under baby bonds, the federal government would invest a seed amount at the birth of each child; this seed would grow over time and could be used when the child reaches age 18 for wealth-building purposes such as pursuing higher education, starting a business, or buying a home. Baby bonds differ from 530A accounts in crucial ways, including their progressive endowment structure: children born into households with fewer resources receive larger public investments.

² Anyone can contribute to a child's 529 or 530A plan, including grandparents, friends, and employers. Research has shown that lower-wealth families' social networks tend to be lower-wealth as well, which compounds the regressive effects of policies that rely on private contributions to build a child's savings: not only are lower-wealth families less able to contribute themselves, but the people around them are also less able to help fill that gap (Chiteji and Hamilton (2002); Toney and Hamilton (2022)).

We examine two baby bond design approaches, applying simulations similar to Zewde (2019). Certain baby bonds frameworks (Hamilton and Darity 2010) allocate endowments to children based on family wealth or net worth, and the Booker-Pressley Opportunity Accounts proposal draws from an existing federal legislative proposal and allocates benefits annually based on household income until the child reaches adulthood.³ Throughout this paper, we call these respective approaches “wealth-based baby bonds” and “income-based baby bonds.” Income entails the periodic flow of resources paid at different intervals – daily, weekly, or monthly for instance.⁴ Wealth, on the other hand, is a store of resources, or the net value of total assets minus total debts. Table 1 summarizes key features of each of the four current and proposed asset-building policies, as well as the only implemented statewide baby bonds program in Connecticut.⁵

Table1

Summary of key features of baby bonds, Trump accounts, and 529 accounts

	Baby Bonds, Wealth-Based	Baby Bonds, Income- Based, American Opportunity Accounts (Booker-Pressley)	Connecticut Baby Bonds	530A “Trump Accounts”	529 Plans
Initial Government Endowment	Automatic one time contribution of \$500 - 50,000, depending on family net worth	Automatic \$1,000 at birth	Automatic \$3,200 at birth	One time contribution of \$1,000 at birth; must claim Trump account to receive	\$0
Additional State / Federal Deposits	None	Additional federal deposits of up to \$2,000 per year, amount based on family income	None	None	None
Financially Progressive	Yes	Yes	Yes	No	No

³ One benefit of this approach is that, because the annual contribution is recalculated each year based on the household’s current income, the account adjusts as a family’s circumstances change.

⁴ Income can come in a variety of forms– rental income, interest income, dividend income, etc. Most Americans receive their income primarily in the form of wage income in exchange for their labor.

⁵ The above is modeled after Institute on Race, Power and Political Economy, “Baby Bonds 530a (‘Trump’) Accounts,” The New School, last modified July 30, 2026, <https://racepowerpolicy.org/530a/>.

	Baby Bonds, Wealth-Based	Baby Bonds, Income- Based, American Opportunity Accounts (Booker-Pressley)	Connecticut Baby Bonds	530A “Trump Accounts”	529 Plans
Individual Contributions	No	No	No	Yes	Yes
Potential Value at Distribution (Age 18)	With investment earnings, up to ~\$72,000	With investment earnings, worth up to \$50,000	With investment earnings, worth up to \$24,000	With investment earnings and no additional contributions, \$4,000	Dependent on private contributions
Fund Management	Trust managed by federal government, with guaranteed interest rate of 1% above inflation	Federally managed investment accounts	Trust account managed by State Treasurer	Individual accounts by private asset managers	Individual accounts by private asset managers
Enrollment	Automatic	Automatic	Automatic	Automatic	Opt-in
Distributions	Tax-exempt and public benefit-protected	Tax-exempt and public benefit-protected	Tax-exempt and public benefit-protected	Tax-exempt for qualified purposes, otherwise taxed as ordinary income with 10% penalty. May impact benefits for adult account holders.	Tax-exempt. May impact benefits.
Qualified Withdrawals	Home ownership, education, small business startup, retirement or other asset-building activities	Home ownership, education, any investment in financial assets or personal capital that provides long-term gains to wages and wealth, any expenses paid or incurred on or after age 59½	Home ownership, education, small business startup, retirement	Home ownership, education, expenses incurred after on or after 59½. Otherwise taxes as ordinary income with 10% penalty.	Education

This report draws on pooled data from the Survey of Consumer Finances (SCF) to run simulations that trace how 529 ownership and savings behavior vary across the income, wealth, and racial distributions and use those patterns to project account values under 530A accounts and the two baby bonds proposals. We find that 530A accounts are unlikely to deliver on the equity claims made on their behalf.

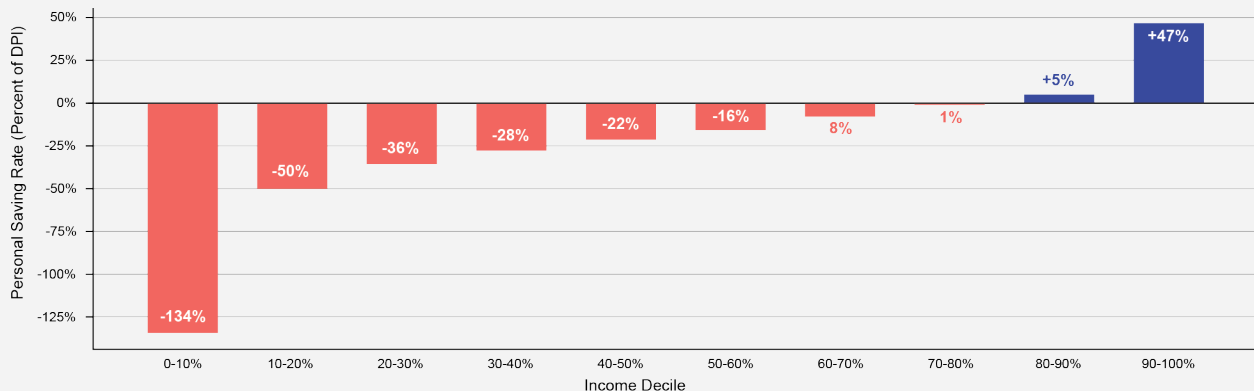
We ultimately find that, because the size of account values depends on discretionary savings behavior, 530A accounts reproduce—rather than counteract— existing disparities in income, wealth, and race. The sad irony is that intergenerational disparities themselves are the result of differences in family resources across generations. Further, we find that the opt-in requirement for receiving the \$1,000 530A account seed, which is tied to tax-filing status, will also lead to regressive outcomes, as higher-income groups and White households are more likely to file their federal tax returns.

Baby bonds, by contrast, are designed to invest public resources in a way that redresses existing disparities among households, thereby offsetting rather than reinforcing them. The findings that follow provide insight into how these alternative approaches to children's asset-building policy distribute public benefits across income, wealth, and racial groups, and how those differences democratize the benefits of capital accumulation over time.

Active Savings in America

Saving has become a luxury that only the highest-income families can afford— in 2023, only the top 20% of earners were able to set aside savings (U.S. Bureau of Economic Analysis 2026). Since then, savings rates have fallen further. The personal savings rate – defined as the percentage of disposable personal income set aside as savings – has dropped from an average of 5.6% in 2023 to 3% in May 2026 (U.S. Bureau of Economic Analysis, n.d.).

Figure 1 *Personal Saving Rate by Income Decile, 2023*



Note: Saving rate = decile personal saving / decile disposable personal income. Ranked by equivalized EPI.
Source: US Bureau of Economic Analysis

Essentially, this means that many people are living paycheck to paycheck. Almost half of Americans – 45 percent – do not have sufficient savings to cover three months of expenses. More than a third of Americans – 37 percent – would not be able to cover a \$400 emergency expense (Board of Governors of the Federal Reserve System 2026).

The numbers are worse for Black and Hispanic families: 62% of Black Americans and 57% of Hispanic Americans don't have enough saved to cover three months of expenses. This is not because Black and Hispanic families lack financial literacy or a desire to save (Hamilton and Darity 2017). In fact, studies show that at any given income bracket, Black families save an equal or higher percentage of their income than their White counterparts (Friedman 1957; Galenson 1972; Alexis 1971; Gittleman and Wolff 2004). For Hispanic families, the literature suggests that, at a given income level, Hispanic families save at slightly lower rates (Fisher and Hsu 2012; Thomson and Wendel 2021), but that factors such as age, being unbanked, and self-employment—rather than attitudes toward saving—drive disparity (Fisher and Hsu 2012).

All of this is happening against the backdrop of an affordability crisis. Energy prices have skyrocketed by 15.7% over the past year, with gasoline prices up 26.7 percent and electricity prices up 4.0 percent. Food prices rose 3.0 percent; the shelter index increased 3.3 percent; and medical care costs increased 2.0 percent over the past year (U.S. Bureau of Labor Statistics 2026). It comes as no surprise, then, that a recent poll found that half of Americans are struggling to afford groceries and gas, and that 95% believe the U.S. is suffering from an affordability crisis (Gupta 2026). Americans are not poor savers because they lack the right savings vehicle. They are, in many cases, poor savers because they have nothing left to save after meeting the cost of living in an economy that has not shared its gains equitably.

Data and Methodology

We simulate participation in and contributions to 530A accounts using a sample of households with young children from the Survey of Consumer Finances (SCF), the Federal Reserve's triennial survey of household assets, liabilities, income, and wealth. The SCF is the most comprehensive source of information on household balance sheets in the United States.⁶ We draw on pooled SCF waves from 2010, 2013, 2016, 2019, and 2022, restricting our sample to households with children ages 0 to 6. This population is particularly relevant for examining participation in early-childhood educational savings vehicles and modeling newly established children's asset accounts, particularly for projecting outcomes among the cohort of children slated to receive the \$1,000 Trump Account seed.⁷

Because we base our simulations of 530A savings behavior on historical 529 savings, we start with a descriptive analysis of household ownership of and contribution behavior within 529 plans by households. We then use evidence from 529 savings account behavior as the basis for projecting annual family contributions to each child's 530A accounts – beyond the initial federal seed.⁸

We model two participation scenarios for 530A accounts. The first is a universal participation scenario that provides an upper bound in which all eligible children receive the federal seed

⁶ Relative to other national data sources that collect wealth information like the Panel Study of Income Dynamics and the Survey of Income and Program Participation, the SCF tends to skew towards high- wealth and high-income households. Hence, the results presented here may skew towards under-estimates of disparity at the median than would be presented with other sources of data (Toney, Addo, and Hamilton 2024).. Nonetheless, the detailed wealth modules of the SCF better enable us to identify differences in the use of tax-based savings incentives.

⁷ Given that the 530A seed is available for children born between January 2025 and December 2028, it would be logical to restrict the sample to households with children born within this date range. However, the public-use SCF file only contains age categories of 0-3 and 4-6 rather than integer values. We include the age 4-6 age category in our sample to increase sample size. Although results throughout this paper are restricted to young children, ages 0-6, we take older children into account when allocating a household's total 529 contributions across children within the household.

⁸ To calculate the 529 plan savings contribution, we first expand each household to one row per child aged 0 to 6. We first add up the balances across all 529 accounts a household reports, deflate them to 2022 dollars, and divide by the number of children ages 0 to 6 in the household to obtain a per-child balance. We then treat that balance as the accumulated value of a constant annual contribution made since the oldest child's birth (either 3 years or 6 years as ages 0-3 are topcoded at 3 and similarly for 4-6), growing at 8 percent, and solve backward for the annual contribution that would have produced it. Using this calculated annual contribution and present account value, we grow the account value forward until the child turns 18 at an 8% rate. Individuals without a 529 account are given a total 529 household balance of 0. We cap contributions at the 530A legal cap of \$5,000.

contribution. The second scenario is based on the current Department of the Treasury's "opt-in" account rules, which require an authorized individual (i.e., a legal guardian, parent, adult sibling, or grandparent) to open an account by filing IRS Form 4547 (Congressional Research Service 2026). In this scenario, we model which families might opt into a Trump Account based on whether the primary economic unit in the household filed a federal tax return in the previous tax year. We treat this as a reasonable proxy for 530A opt-in because the \$1,000 seed can be received by filing IRS Form 4547 with a federal tax return.

Regardless, both the universal and opt-in participation scenarios are modeled with generous take-up rates: almost 95 percent of families in our sample filed taxes, while, in actuality, less than 10 percent of eligible children have been enrolled.⁹ We do not use 529 account-holder status as a proxy for 530A opt-in because of low 529 enrollment, likely due to the initial deposit needed to create an account. However, we use 529 contributions as a direct measure of 530A contributions in our simulations; we do not expect that the one-time \$1,000 deposit is large enough to substantively change contribution behavior, especially over time.

Our model relies on what we know from household 529 account contributions to project contributions to 530A accounts. To calculate the 529 plan savings contribution, we first add up the balances across all 529 accounts a household reports, deflate them to 2022 dollars, and divide by the number of children ages 0 to 18 in the household to obtain a per-child balance. We treat the observed balance as the future value of a constant annual contribution paid since the oldest child's birth, and we recover the implied annual contribution from it. Each age 0-to 6-year-old child's account is then projected forward to age 18. Our model projects Trump Account contributions based on what we know about 529 contributions, up to the annual \$5,000 cap for

⁹ As of July 27, 2026, the U.S. Department of Treasury reports that 7 million children have been signed up for a 530A account, with roughly 20–25 percent of those already eligible for the \$1,000 federal seed (Dickler 2026b). These sign-ups represent approximately 9.6 percent of the 73.1 million eligible children under 18 (Dickler 2026a)—a participation rate that already slightly exceeds the 7.8 percent of comparable households holding a 529 account in our sample.

Trump Accounts. Any contribution amount above that limit is projected to flow back into the household's 529 accounts.¹⁰

Building on previous simulation work (Zewde 2019), we compare 530A accounts to two baby bonds proposals, one in which the public contribution is based on family wealth (Hamilton and Darity 2010), and one in which the public contribution is based on income (Booker-Pressley American Opportunity Accounts). To model the wealth-based baby bonds proposal, endowments were assigned by net worth quintile: the lowest quintile received \$50,000, the second-lowest \$45,000, the middle quintile \$7,500, the second-highest quintile \$5,000, and the highest quintile \$200. To smooth the step schedule, we regress the categorical award on the inverse hyperbolic sine of net worth, take the fitted value, and constrain the award to a maximum of \$50,000 and a floor of \$500.

Table 2

Government Seeds For Wealth-Based Baby Bonds By Wealth Quintile

Wealth Quintile	Government Seeds, Wealth-Based Baby Bonds
Q1	\$50,000
Q2	\$45,000
Q3	\$7,500
Q4	\$5,000
Q5	\$200

Note: Wealth quintiles are defined by household net worth. Categorical awards follow Zewde (2019); in the simulation, the step-function schedule shown here is smoothed by regressing the categorical award on the inverse hyperbolic sine of net worth and constraining the fitted value to a \$500 floor and \$50,000 ceiling.

¹⁰ This is a simplifying assumption— families, especially ones with access to sophisticated financial advice, are likely to make more nuanced allocations between 530A and 529 accounts to optimize for their different characteristics (see Table 1 for the range of child savings accounts and their various attributes). In the appendix, we include an analysis of combined 530A and 529 balances, and demonstrate that regardless of the exact allocation between 530A and 529 accounts, these tax incentivized child savings plans have regressive impacts.

For the income-based baby bonds proposal, we calculate a \$1,000 seed plus an income-targeted annual contribution keyed to the federal poverty level (FPL).¹¹ Annual contributions relative to the FPL are as follows:

Table 3

Annual Contributions For Income-Based Baby Bonds By Household Income As A Percentage Of The Federal Poverty Level

Annual Contribution	Household Income as % of FPL
\$2,000	< 100%
\$1,500	100-125%
\$1,000	125-175%
\$500	175-225%
\$250	225-325%
\$0	325%

Note: Contribution schedule follows the Booker–Pressley American Opportunity Accounts Act (S. 441, 118th Congress). Contributions are paid annually from birth through age 18, in addition to an initial \$1,000 seed, and are recalculated each year based on the household's current income relative to the federal poverty level (FPL).

We assume an annual compounding growth rate of 8% for 530A accounts, 2% for wealth-based baby bonds, and 3% for income-based baby bonds to project account values when the child turns 18.¹² Dollar amounts are normalized to 2022 dollars. We compare government investment and account values by household income percentile and race. We repeat the analysis by household net worth percentile in the appendix.

¹¹ U.S. Congress. Senate. 2023. *American Opportunity Accounts Act*. S. 441. 118th Cong., 1st sess. <https://www.congress.gov/bills/118/congress/senate/bills/441>.

¹² For reference, the average annual return for the S&P 500 over the last 40 years has been roughly 10%. Use of the higher 10% returns would further amplify the disparities that we find by using the more conservative 8% compounded annual rate of return.

Results

529 Ownership and Savings Behavior

Table 4 presents 529 ownership rates among households with children under six, drawn from pooled 2010–2022 Survey of Consumer Finances (SCF) data. Pooling data from five survey waves spanning 2010–2022 provides 1,908 data points across multiple business cycles. We find that participation in 529 plans is heavily concentrated among higher-income households. Fewer than 1 percent of households at or below the median income (0.97 percent) own a 529 account, compared with nearly 13 percent of households above the median income (12.97 percent). The disparity widens further at the tails of the distribution: households below the 10th income percentile own accounts at a rate of just 0.63 percent, while households above the 90th percentile own accounts at a rate of 29.55 percent—a nearly 47-fold difference. Because Trump Accounts rely on the same voluntary, contribution-based structure as 529 plans, this regressive pattern of concentrated ownership among higher-income households provides an important baseline for anticipating which households have the greatest capacity to actively use—rather than simply be eligible for—a 530A account.

Table 4

529 Ownership Rate Among Households with Children Under 6, by Income (2010–2022 SCF)

Income Group	Ownership Rate (%)	N (Owners)
At or below median income	0.97	77
Above median income	12.97	1831
Below 10th percentile	0.63	15
Above 90th percentile	29.55	1069
0–20	0.29	16
20–40	0.60	24
40–60	3.55	124
60–80	8.80	345
80–100	21.66	1399
Total	7.73	1908

Note: Data are pooled from the Survey of Consumer Finances (SCF) waves 2010, 2013, 2016, 2019, and 2022, restricted to households with children ages 0–6 (N = 1,908). Income groups are defined by household income percentile within the pooled sample.

Disparities in account values among those who own a 529 account show similarly unequal and regressive patterns. Table 5 displays average 529 account balances across the household income distribution among families who own a 529 account.

Table 5

Conditional 529 Balances Among Households That Own a 529 Account and Have Children Under 6, by Income (2022 dollars)

Income group	Avg. balance	Share (%)
At or below median income	5989	1.06
Above median income	32496	98.94
Below 10th percentile	5130	0.09
Above 90th percentile	58659	76.05
0–20	6107	0.11
20–40	2546	0.12
40–60	10028	3.18
60–80	10196	8.75
80–100	44304	87.85
Total	31034	100.00

Note: Data are pooled from the Survey of Consumer Finances (SCF) waves 2010, 2013, 2016, 2019, and 2022, restricted to households with children ages 0–6 (N = 1,908). Sample and income groups are restricted to the subsample reporting a nonzero 529 balance. Balances are deflated to 2022 dollars and divided by the number of children ages 0–18 in the household to obtain a per-child balance. "Share" is each group's percentage of total 529 asset value held across the conditional sample.

Among all households with young children, households in the bottom half of the income distribution with a 529 account own only about 1 percent of the total asset value of 529 accounts, while those in the top half of the distribution own nearly 99 percent of the total account value. Moreover, the vast majority of that asset value is further concentrated among households at the top of the distribution: the top 10 percent hold approximately 75 percent of the total asset value. Households with a 529 account at the 90th income percentile and above have an average balance of \$58,659—more than eleven times the \$5,130 average balance held by households below the 10th percentile.

Taken together, Tables 4 and 5 indicate that both participation in and benefits from contribution-based children's savings accounts structured by the U.S. Department of the Treasury are concentrated among households with greater financial resources and therefore greater capacity to save. Because Trump Accounts are structured in a similar manner—requiring substantive contributions from families to build wealth for their children in adulthood— it is likely that similar regressive concentrations will emerge as Trump Accounts mature.

Simulating Trump Account Values

As of October 1, 2026, enrollment for 530A accounts were characterized as automatic (U.S. Department of the Treasury 2026b). However, to receive the \$1,000 seed, account owners must still claim their accounts through the Trump Account app or by filing Form 4547 with the IRS (Bink 2026). Beginning with 530A accounts, we model distributional impacts under two participation scenarios. In the first scenario, we ignore the “opt-in” feature of the 530A seed, and conduct our simulations as if every child in the sample receives an account (e.g., through automatic enrollment at birth). In the second, we project the distributional values of 530A accounts using household tax-filing status as an indicator of 530A enrollment. Table 6 reports the mean seed contribution provided by the government per child under each scenario, along with the mean account balance projected when the child reaches age 18—incorporating the initial federal seed, annual family contributions, and investment growth over time.

Table 6

530A Mean Account Values (2022 dollars), by Income Group and Automatic and Opt-in Enrollment Scenarios among All Households with Children Under 6

Income group	One-time Seed		Total at Age 18	
	Auto-enroll	Opt-in	Auto-enroll	Opt-in
At or below median income	1000	882	4,163	3,691
Above median income	1000	994	10,661	10,636
Below 10th percentile	1000	701	4,078	2,883
Above 90th percentile	1000	1000	24,216	24,216
0–20	1000	753	4,033	3,045
20–40	1000	927	4,154	3,863
40–60	1000	982	4,834	4,762
60–80	1000	997	6,822	6,809
80–100	1000	995	17,429	17,410
Total	1000	944	7,751	7,527

Note: "Auto-enroll" assumes every eligible child receives the \$1,000 federal seed; "Opt-in" scales the seed by the share of each group's households that filed a federal tax return in the prior year, used as a proxy for 530A enrollment under current Treasury rules. "Total at Age 18" adds simulated annual family contributions — modeled on observed 529 contribution behavior and capped at the \$5,000 530A annual limit — compounded at 8% through age 18. All figures in 2022 dollars. Income group calculations and 529 contribution behavior are from data pooled from the Survey of Consumer Finances (SCF) waves 2010, 2013, 2016, 2019, and 2022.

By design, the 530A account seed distribution is flat, so in the universal scenario, every eligible child receives the same \$1,000 government deposit. However, once we take into account the need to opt in to Trump Accounts, the initial seed becomes mildly regressive, as lower-income families are less likely to enroll. The mean seed falls to \$882 for children at or below the median income distribution and \$701 for households in the bottom decile of the income distribution, compared with \$994 for households above the median and the full \$1,000 for those in the top decile.

Like most savings vehicles, 530A accounts depend on additional private contributions to grow substantially beyond the initial seed, so we use 529 contribution patterns as a template for how, once enrolled, parents might contribute to 530A accounts. Active savings (i.e. savings out of disposable income) require families to have resources to set aside in the first place. As such,

higher-income families have greater disposable income to set aside in savings accounts and will likely end up with substantially higher 530A account balances than families with less income.

In our projections, the mean 530A account value by age 18 reaches \$10,661 for households above the median income and \$24,216 for households in the top decile. That compares with just \$4,163 at or below the median income and \$4,078 for those in the bottom decile. In other words, while the federal seed provides a modestly helpful sum of about \$4,000 (the \$1,000 seed grown at a compounded 8% interest rate for 18 years) to participants in the bottom decile, our model suggests that children from families in the top decile will come of age with an account balance that is nearly six times greater. If a family has the means and desire to make the maximum annual contribution of \$5,000, the account value at age 18 will be almost \$200,000—nearly 50 times that of those at the bottom.

For the remainder of the analysis, we report 530A account values under the automatic-enrollment scenario only, since this reflects a hypothetical upper bound; Tables 7 through 10 therefore omit the opt-in columns shown in Table 6 above.

Comparing Trump Accounts to Baby Bonds

Next, we compare the government benefit delivered under 530A accounts with that delivered under two baby bonds proposals: a wealth-based proposal and an income-based proposal modeled on proposed legislation from Senator Cory Booker and Representative Ayanna Pressley.

Table 7

Mean Value of Federal Government Contributions to Deposits from Federal Government for Baby Bonds and 530A Accounts when recipient turns at Age 18 (2022 dollars), by Income Group

Income Group	Baby Bonds, Wealth-Based	Baby Bonds, Income- Based	530A, Automatic Enrollment
At or Below Median Income	49,389	31,257	3,996
Above Median Income	19,671	3,779	3,996
Below 10th Percentile	57,379	48,457	3,996
Above 90th Percentile	3,720	1,702	3,996
0-20	57,806	46,434	3,996
20-39.9	48,247	28,694	3,996
40-59.9	36,542	11,669	3,996
60-79.9	22,837	3,259	3,996
80-100	9,287	1,742	3,996
Total	32,977	16,082	3,996

Note: Reflects each program's government-funded contribution only, excluding family contributions. Wealth-based and income-based baby bonds are compounded at 2% and 3% annually, respectively; 530A reflects the automatic-enrollment scenario compounded at 8%. Figures are projected values at age 18, in 2022 dollars.

Table 7 shows the simulated value of each program's initial government contribution at age 18, for children from families at different points in the household income distribution. Both baby bond proposals are designed to address intergenerational wealth disparities by directing the largest public investments to children from families with the fewest financial resources. For children whose families fall within the bottom income decile, the mean benefit is \$57,379 under the wealth-based baby bond proposal and \$48,457 under the income-based proposal, with benefits declining progressively as families' financial capacity increases.

In contrast, 530A accounts invest a flat seed of \$1,000 across the income distribution that grows to a modest \$3,996 by the time a child turns 18. This functions more as an income transfer than as progressive seed capital from which to build wealth. This amount is flat by design, but its real-world distributional impact is mildly regressive once the need to opt in is taken into account: among tax filers, the mean government benefit is \$3,525 for children at or below the median income, compared with \$3,971 for children above it.

530A seeds are projected to cost approximately \$3.6 billion per year for each birth cohort covered by the program — a modest sum compared with the \$4 trillion in tax relief contained in the broader legislative package from which 530A accounts emerged, the preponderance of which benefits corporate entities and high-net-worth households (Gale et al. 2026; Husak 2025). In this context, the 530A seed reads less as a wealth-building instrument for lower-resource families than as a comparatively small gesture embedded in a far larger, regressive transfer. The seed is also, by design, temporary: it sunsets after 2028, eliminating even its limited progressive signal.

Wealth-based baby bonds, by comparison, carry an estimated annual cost of roughly \$88 billion once the program reaches steady state, directing resources to the families with the fewest resources.¹³ This is a substantial fiscal commitment, but it is dwarfed by the wealth transfer produced by, for instance, the \$4 trillion tax package from which the Trump Accounts emerged. This kind of imbalance in the tax code is not new: a 2010 review found that of the federal government's nearly \$400 billion in annual asset-building tax subsidies — including the mortgage interest deduction and retirement account tax breaks — found that more than half of their benefits went to the wealthiest 5 percent of taxpayers, while the poorest households received less than \$5 in average assistance (Prosperity Now (formerly CFED) and Annie E. Casey Foundation 2010).¹⁴ A more contemporary estimate of annual asset-building tax subsidy for fiscal-year 2026) produced by the Joint Committee on Taxation that inclusive of the new tax provisions from the 2025 Public Law 119-21 is about \$885 billion.¹⁵ A wealth-based baby bonds program, with its progressive and inclusive design, would cost about one-tenth of what already is being spent to promote asset-accumulation.

¹³ Again, this figure reflects the recurring cost of seeding each new birth cohort rather than a one-time cost. As with 530A, launching the program would cost more in its first years, since children already born within the eligible age range would need to be seeded alongside each year's newborns.

¹⁴ \$400 billion in 2010 is approximately \$615 billion in today's dollars.

¹⁵ The \$885 billion estimate comes from the following: lower capital gains/dividend rates - \$252 billion; retirement accounts - \$409 billion; untaxed gains at death - \$73 billion; home-sale exclusion - \$57 billion; mortgage interest deduction - \$53 billion; gifted property keeping the giver's original cost - \$15 billion; education credits and savings accounts - \$19 billion; New 530A accounts - \$6.5 billion (<https://www.jct.gov/publications/2025/jcx-45-25/>).

Income-based baby bonds, as proposed by Senator Booker and Representative Pressley, occupy a middle ground. At an estimated annual cost of \$46 billion—roughly half the cost of the wealth-based baby bonds proposal, though still above that of 530A accounts—the program delivers meaningfully progressive benefits.¹⁶ However, that lower cost comes with a real tradeoff: because the Booker–Pressley proposal provides smaller awards, it narrows disparities without closing them to the same extent as the wealth-targeted baby bonds design does.

Table 8

Mean Account Values (2022 dollars) under Baby Bonds and 530A Accounts, by Income Group

Group	Baby Bonds, Wealth-Based	Baby Bonds, Income-Based	530A, Automatic Enrollment
At or Below Median Income	49,389	31,257	4,163
Above Median Income	19,671	3,779	10,661
Below 10th Percentile	57,379	48,457	4,078
Above 90th Percentile	3,720	1,702	24,216
0-20	57,806	46,434	4,033
20-39.9	48,247	28,694	4,154
40-59.9	36,542	11,669	4,834
60-79.9	22,837	3,259	6,822
80-100	9,287	1,742	17,429
Total	32,977	16,082	7,751

Note: Baby bonds columns are identical to Table 7, since baby bonds involve no private contribution. 530A values add simulated family contributions (as in Table 6) to the federal seed. Figures are projected balances at age 18, in 2022 dollars. Income distributions and simulated family contributions are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022.

Table 8 presents the estimated account values for baby bonds and 530A accounts when the child turns 18, segmented by income percentile. Baby bonds values are identical to those in Table 7, since baby bonds are, by design, a vehicle for government investment alone.

¹⁶ Comparing program costs directly requires care, since each figure measures a different cost structure and time horizon. For wealth-based baby bonds, the annual cost is the cost of seeding each year's new birth cohort. For income-based baby bonds, which pair a \$1,000 seed at birth with an annual contribution paid to each child until age 18, the annual cost is the sum of that year's seeds for newborns plus the ongoing contributions owed to every previously enrolled child still under 18. For 530A accounts, the cost is the \$1,000 seed paid for each child whose authorized adult opens an account, available only during the program's four-year pilot window (2025–2028), which may or may not be extended. The \$4 trillion tax package referenced elsewhere in this paper, by contrast, is a ten-year total rather than an annual figure. Because these numbers represent annual commitments, the cost of a fixed-duration pilot, and a ten-year total, respectively, they should not be read as directly comparable dollar-for-dollar.

Table 8 values for 530A accounts reflect families' simulated contribution behavior on top of the government seed. When we incorporate simulated private contributions, 530A accounts become highly regressive— families at or above the 90th income percentile would hold a mean account balance of \$24,216— nearly six times the mean for families in the bottom decile. This is perhaps an unsurprising result, given that the ability to save is heavily dependent on income, and recent studies show that only households in the top 20% of the income distribution were able to set aside savings (U.S. Bureau of Economic Analysis 2026).

In contrast to the 530A account simulations, the baby bonds simulations illustrate greater access and inclusion with regard to account values across the entire income distribution. The regressive pattern illustrated from the 530A account simulation is reversed when examining Baby Bond simulations. By design, Baby bond accounts are progressively structured so that children born into households with less resources receive a larger government contribution to their accounts and, overall will have a more similar capital foundation from which to build wealth as to that of their peers that were born into higher-resource households.

Under the wealth-based model, families below the 10th income percentile receive a mean account value of \$57,379, more than fifteen times the \$3,720 received by families above the 90th percentile. Income-based baby bonds follow the same pattern: families below the 10th percentile receive \$48,457, compared with just \$1,702 for families above the 90th percentile. In both cases, account value moves inversely with family income—the opposite of the pattern for 530A accounts —so that the government's investment is largest where family resources are smallest, rather than largest where families already have the means to contribute on their own.

Distributional Impacts by Race

Table 9 presents the estimated account values for baby bonds and 530A accounts by income and race. Estimated account values for 530A accounts include simulated contribution behavior in addition to the initial \$1,000 seed.

Table 9

Account Values under Baby Bonds and 530A Accounts, by Income and Race

		Baby Bonds, Wealth-Based	Baby Bonds, Income-Based	530A, Automatic Enrollment
All Households With Children 0-6 Years	All Races	32,977	16,082	7,751
	Black	49,785	24,838	4,953
	Latino	43,254	23,653	4,309
	White	26,117	11,688	9,172
At or Below Median Income	All Races	49,389	31,257	4,163
	Black	56,988	33,767	3,998
	Latino	51,815	33,288	4,143
	White	44,061	28,839	4,314
Above Median Income		Baby Bonds, Wealth-Based	Baby Bonds, Income-Based	530A, Automatic Enrollment
	All Races	19,671	3,779	10,661
	Black	34,131	5,432	7,026
	Latino	26,376	4,660	4,638
Below 10th Percentile	White	17,551	3,500	11,491
	All Races	57,379	48,457	4,078
	Black	59,206	48,413	3,996
	Latino	59,735	48,531	3,996
Above 90th Percentile	White	54,991	48,432	4,218
	All Races	3,720	1,702	24,216
	Black	12,199	1,702	27,109
	Latino	3,339	1,702	6,361
	White	3,622	1,702	23,954

Note: Race categories (Black, Latino, White) are self-identified in the SCF; "All Races" includes all households in the income group. Account balances include private family contributions and federal seeds. Income distributions and simulated family contributions are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022.

Table 9 shows projected account values for 530A accounts, wealth-based baby bonds, and income-based baby bonds across White, Black and Latino households for different income groupings. Both baby bonds proposals direct significantly more resources toward Black and Latino households— a direct consequence of Black and Latino families holding less wealth and making less income than White families. 530A accounts direct more resources toward White

families under the automatic enrollment scenario and make no changes to the current savings disparities, given their flat structure and minimal one-time value— a direct reflection of the greater financial resources, including wealth passed down across generations, that let White families set aside more savings in the first place.¹⁷

With 530A accounts, racial disparities are modest among lower-income families (Black, White, and Latino households below the median all cluster near \$3,300 to \$4,000), but open up sharply among higher earners: White families above the median hold \$11,474, compared to \$6,954 for Black families and \$4,638 for Latino families in the same income tier. Under the wealth-targeted baby bonds model, Black families above the median income hold a mean account value of \$34,131—nearly double the \$17,551 held by White families at the same income level—while Latino families above the median hold \$26,376, 50 percent more than their White counterparts. The same reversal holds below the median, though less dramatically: Black families (\$56,988) and Latino families (\$51,815) both have higher account values than White families (\$44,061) in that income tier. Because the wealth-based baby bonds proposal bases its award on net worth rather than income, it directly corrects for the fact that Black and Latino families typically hold less accumulated wealth than White families at any given income level—a gap that grows, rather than shrinks, as income rises. The income-targeted baby bonds model shows the same directional pattern at a smaller scale: Black families out-earn White families in both income tiers, but by a narrower margin, since it targets income rather than the underlying wealth gap directly.

Combined Child Savings Accounts: Simulations that Compare and Contrast Trump Accounts and Baby Bonds Combined with 529 Accounts

Tables 6 through 9 isolate the value each program contributes on its own. But families don't experience these programs in isolation — a 530A account or baby bond exists alongside

¹⁷ For a readable summary of some of these dynamics, see: Hamilton, Darrick, and Trevon Logan. 2019. "Why Wealth Equality Remains Out of Reach for Black Americans." *The Conversation*, February 28. <https://theconversation.com/why-wealth-equality-remains-out-of-reach-for-black-americans-111483>.

whatever else a family manages to save for their child, including money that continues to flow into a 529 once a family's contributions exceed the \$5,000 annual 530A cap. Table 10 reports each child's total projected government-supported education savings, combining baby bonds or 530A accounts with the family's own 529 savings, as a check on whether the paper's main findings hold once families' existing savings are accounted for alongside each program's own contribution.

Table 10

Combined Account Values under Baby Bonds and 530A Accounts, by Income and Race

		Baby Bonds, Wealth-Based + 529	Baby Bonds, Income-Based + 529	530A + 529, Automatic Enrollment
All Households	All	43,424	26,529	14,443
	Black	51,391	26,443	5,602
	Latino	43,807	24,207	4,550
	White	39,903	25,473	17,781
At or Below Median Income	All	49,647	31,516	4,254
	Black	56,995	33,774	4,003
	Latino	51,987	33,460	4,168
	White	44,583	29,362	4,518
Above Median Income	All	38,379	22,487	22,704
	Black	39,211	10,513	9,077
	Latino	27,682	5,966	5,302
	White	37,668	23,617	24,113
Below 10th Percentile	All	57,524	48,603	4,141
	Black	59,206	48,413	3,996
	Latino	59,735	48,531	3,996
	White	55,375	48,816	4,380
Above 90th Percentile	All	70,831	68,814	71,107
	Black	52,732	42,235	44,529
	Latino	7,483	5,846	8,140
	White	65,159	63,239	65,533

Note: Adds each household's own 529 balance to the program values in Table 9, capturing savings that continue flowing into 529 accounts once contributions exceed the \$5,000 annual 530A cap. Figures are projected combined balances at age 18, in 2022 dollars. Income distributions, simulated family contributions and 529 balances are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022.

Baby bonds transfer life-changing amounts of wealth to the lowest-resource children. Under the wealth-based model, combined account values reach \$49,647 for households below the median income and \$38,379 for households above it, while 530A accounts behave regressively, with children from above-median-income families holding \$22,679 compared with \$4,254 for children from below-median-income families.

In a world with only 530A accounts and 529 plans, children from below-median-income families come of age with just \$4,254 in savings—competing for homes, education, and jobs against higher-income peers who already have nearly five times that amount set aside. This disparity is starker still along racial lines: averaged across all income levels, Black and Latino children come of age with a mean of \$5,602 and \$4,550 in combined savings, respectively, compared with \$17,781 for White children. If the wealth-based baby bonds program were enacted, that disparity would cease to exist.

The income-based baby bonds proposal tells a more mixed story. Below the median income, it narrows the income gap nearly as effectively as the wealth-based proposal, delivering a mean combined value of \$31,516 to lower-income households. But because the income-based proposal targets income rather than wealth, its award tapers off sharply above the median — leaving higher-income households' combined savings driven almost entirely by their own 529 balances rather than the program itself.

Baby bonds' progressive design is what allows it to counteract that history in a way that 530A accounts cannot. Under 530A accounts, Black and Latino children hold a mean of \$5,090 and \$4,107 overall, respectively, compared with \$17,679 for White children — a gap that is smallest below the median, where all three groups hold roughly \$4,000 to \$4,500, and widens sharply above it, where White children's \$24,113 is nearly three times what Black children hold and more than four times what Latino children hold. Income-based baby bonds close the gap for lower-income families — Black and Latino children below the median hold \$33,774 and \$33,460, both above the \$29,362 held by White children — but the gap reopens above it, where

Black families hold \$10,513 and Latino families \$5,966 compared with \$23,617 for White families, because a policy that targets income rather than wealth cannot correct for the prior wealth, embedded in existing 529 balances, that White families carry into the same income band. Wealth-based baby bonds are the only policy that closes the gap consistently at every income level: Black and Latino children hold more than White children below the median (\$56,995 and \$51,987 versus \$44,583) and remain close to or above White children above it (\$39,211 and \$27,682 versus \$37,668), producing an overall mean of \$51,391 for Black children and \$43,807 for Latino children, compared with \$39,903 for White children.

Conclusion

Trump administration officials have described 530A accounts as a vehicle for giving every child a stake in the American dream (U.S. Department of the Treasury 2026a). Our simulations suggest otherwise. The reason is straightforward. Because the substantive value of 530A accounts is so heavily dependent on discretionary private contributions, the sad irony is that the program is likely to reproduce and amplify, rather than counteract, existing disparities in income and wealth, especially across racial groups. This is not new and, by now, should not be surprising. See, for instance, the regressive nature of 529 education accounts. The problem of intergenerational wealth access is not a problem of family savings but rather one of endowment. Baby bonds programs, by design, get at the root of the issue and progressively seed all children with a capital foundation to authentically expand the benefits, agency, and security of wealth for all.

A lower-income child who participates comes of age with a modest, largely fixed sum near the \$4,000 federal seed; a higher-income child, drawing on the same seed plus their family's far greater capacity to save, comes of age with several times that amount. Layering in existing 529 savings only sharpens this picture: across all account types combined, a child from a below-median-income family is projected to hold \$4,163, compared with \$10,661 for a child from an above-median-income family—a gap that widens further along racial lines, with Black and Latino children projected to hold a small fraction of what White children accumulate.

Baby bonds offer a markedly different trajectory. Because both the wealth-based and income-based models direct larger public investments toward children with fewer existing resources, they narrow the gaps that Trump Accounts leave largely intact—in some cases sharply. Under wealth-based baby bonds, the federal government endows children from below-median-income families with a life-changing mean of \$49,389, while children from above-median-income

families average a more modest \$19,671. For income-based baby bonds, also known as Booker–Pressley Opportunity Accounts, these figures are \$31,257 and \$3,779, respectively.

Racial wealth gaps have proven durable throughout American history. These racial gaps are not the product of differences in effort or financial behavior; they are the compounding legacy of centuries of structural exclusion from wealth-building capital**—land dispossession and enslaved labor, followed by redlining, discriminatory lending, and unequal access to the New Deal- and GI Bill-era programs that built White wealth over the twentieth century. Absent a policy response designed explicitly to counteract that history, racial wealth gaps simply reproduce themselves across generations. 530A accounts reify existing racial disparities by privileging families who already have enough resources to save: in our simulations, White families' 530A balances are roughly twice those of Black and Latino families—a disparity that is even larger among families with above-median incomes. Baby bonds, by design, mitigate and, in some cases, reverse these structural disparities when the federal government invests in lower-resource Black and Latino families.

These findings point to a broader lesson about account design. A policy's stated goals do not determine its distributional effects; its structure does. Policy vehicles, like Trump Accounts, that primarily rely on tax-incentivized savings to seed the accounts will naturally deliver their largest benefits to already well-off families who already have the means (i.e., resources) to save in the first place; and, naturally, this type of policy design and structure is regressive. As a result, Trump Accounts, as currently constructed, will, with sad irony, mirror and amplify existing disparities, rather than expand a real intergenerational access to capital and wealth. Why? Because the non-nominal primary size of a child's Trump Account depends largely on their family's capacity to save – and that capacity is itself a product of the income and wealth disparities the policy is purported to address.

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Appendix A: Results by Net Worth

The results presented above group households by income — the basis on which most existing means-tested programs, including the Booker–Pressley income-based baby bonds proposal, allocate benefits. This appendix repeats the preceding analysis with households grouped by net worth rather than income.

Income and net worth, while correlated, are not the same thing: income measures a family's current flow of resources, while net worth measures the stock of assets and debts a family has built up over time. Many studies focus on income, but wealth better positions families and individuals to finance elite educations, access capital to start a business, pay for expensive medical procedures, reside in higher amenity neighborhoods, exert political influence, purchase better legal counsel if confronted with an expensive legal system, leave a bequest, and withstand many financial hardships resulting from any number of emergencies or shocks.

Table 7-A

Mean Value of Government Contributions when recipient turns 18 under Baby Bonds and 530A Accounts, by Net Worth

Net Worth Group	Baby Bonds, Wealth- Based	Baby Bonds, Income-Based	530A, Automatic Enrollment
At or Below Median Net Worth	47,220	21,537	3,996
Above Median Net Worth	5,038	5,382	3,996
Below 10th Percentile	60,953	21,385	3,996
Above 90th Percentile	748	2,498	3,996
0-20	65,611	27,251	3,996
20-39.9	43,235	20,428	3,996
40-59.9	12,923	10,280	3,996
60-79.9	4,780	4,987	3,996
80-100	1,297	2,787	3,996
Total	32,977	16,082	3,996

Note: Construction follows Table 7, with households grouped by net worth percentile rather than income percentile. 530A values reflect the automatic-enrollment scenario and are, by design, flat across net worth groups.

Table 7-A reports the mean value of the government contribution when the recipient turns 18 under each program, now grouped by net worth rather than income. Because wealth-based baby bonds allocate directly based on net worth, sorting households by net worth produces a steeper gradient than sorting by income did: households at or below the median net worth receive a mean contribution of \$47,220, compared with just \$5,038 for households above the median — a gap of more than nine to one, versus roughly two-and-a-half to one when the same awards were grouped by income (Table 7). The gap— by design— widens further at the tails: households in the bottom net-worth decile receive a mean contribution of \$60,953, compared with just \$748 for the top decile.

Income-based baby bonds move in the opposite direction. Because that award is calculated from income rather than net worth, sorting by net worth weakens rather than sharpens its gradient: households at or below the median net worth average \$21,537, less than the \$31,257 they averaged when grouped by income, while households above the median net worth average \$5,382 — more than the \$3,779 they averaged when grouped by income. This reflects the imperfect correlation between income and net worth: some lower-income families have nonetheless built net worth above the median (through homeownership or other assets), while some higher-income families have not yet accumulated net worth to match. Research shows that this divergence is not race-neutral: Black middle-class families, for instance, are more likely than White families to have lower-income relatives, and the obligation to support them can constrain wealth accumulation even among otherwise high-earning households (Chiteji and Hamilton 2002).

The 530A account's flat \$1,000 seed is, as expected, unaffected by either grouping in the automatic-enrollment scenario; the modest opt-in penalty for lower-resource households appears under both groupings, but is somewhat sharper by income (a 12 percent smaller mean seed at or below the median) than by net worth (8 percent).

Table 8-A*Account Value under Baby Bonds and 530A Accounts, by Net Worth*

Net Worth Group	Baby Bonds, Wealth-Based	Baby Bonds, Income-Based	530A, Automatic Enrollment
At or Below Median Net Worth	47,220	21,537	4,351
Above Median Net Worth	5,038	5,382	14,422
Below 10th Percentile	60,953	21,385	4,305
Above 90th Percentile	748	2,498	33,043
0-20	65,611	27,251	4,222
20-39.9	43,235	20,428	4,139
40-59.9	12,923	10,280	6,501
60-79.9	4,780	4,987	11,029
80-100	1,297	2,787	24,341
Total	32,977	16,082	7,751

Note: Construction follows Table 8, with households grouped by net worth percentile rather than income percentile. Baby bonds columns are identical to Table 7-A, since baby bonds involve no private contribution. 530A values add simulated family contributions (as in Table 6) to the federal seed. Figures are projected balances at age 18, in 2022 dollars. Net worth distributions and simulated family contributions are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022.

Income distributions, simulated family contributions and 529 balances are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022.

Table 8-A layers families' own 529 contributions on top of the government seed, again grouped by net worth. Baby bonds values in Table 8-A are identical to Table 7-A, since baby bonds, unlike 530A accounts, involve no private contribution component.

530A account values turn out to be even more concentrated when sorted this way than when sorted by income: households above the median net worth hold a mean 530A balance of \$14,442 under the automatic enrollment scenario— one-third more than the \$10,661 held by households above the median income (Table 8) — and the gap widens further at the top of the distribution, where the top net-worth decile holds \$33,043, 36 percent more than the \$24,216 held by the top income decile. This suggests that the private savings behavior driving 530A account growth tracks accumulated wealth even more closely than it tracks current income, which is intuitive: the capacity to set aside discretionary savings each year depends not just on what a family earns, but on the financial cushion it already has.

Table 9-A*Account Value under Baby Bonds and 530A Accounts, by Net Worth and Race*

		Baby Bonds, Wealth-Based	Baby Bonds, Income- Based	530A, Automatic Enrollment
All Households With Children 0-6 Years	All Races	32,977	16,082	7,751
	Black	49,785	24,838	4,953
	Latino	43,254	23,653	4,309
	White	26,117	11,688	9,172
At or Below Median Net Worth	All Races	47,220	21,537	4,351
	Black	55,049	26,892	4,174
	Latino	50,093	26,913	4,136
	White	42,891	16,837	4,435
Above Median Net Worth	All Races	5,038	5,382	14,422
	Black	6,779	8,053	11,311
	Latino	6,709	6,236	5,235
	White	4,917	5,180	15,158
Below 10th Percentile	All Races	60,953	21,385	4,305
	Black	60,258	26,008	3,996
	Latino	58,579	24,021	3,996
	White	61,952	17,465	4,625
Above 90th Percentile	All Races	748	2,498	33,043
	Black	–	–	–
	Latino	817	1,732	10,391
	White	743	2,676	33,351

Note: Construction follows Table 9, with households grouped by net worth percentile rather than income percentile. Race categories (Black, Latino, White) are self-identified in the SCF; "All Races" includes all households in the income group. Account balances include private family contributions and federal seeds. Net worth distributions and simulated family contributions are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022. Black households above the 90th percentile of net worth (n = 26) are omitted from the table due to small sample size; see accompanying footnote for the underlying means. Results at the extremes of the net worth distribution should be read cautiously given small subsample sizes.

Comparing Table 9 (sorted by income) to Table 9-A (sorted by net worth) shows that each program's progressivity is strongest along the dimension it actually targets. Wealth-based baby bonds are calculated directly from net worth, so sorting by net worth reveals a far steeper gradient than sorting by income does: households below the 10th percentile of net worth receive

a mean of \$60,953, compared with just \$748 for households above the 90th percentile — more than 80 times as much. Because income and net worth are correlated but far from identical, grouping families by income mixes together households with varying levels of accumulated wealth. Sorted by income instead, the same comparison is \$57,379 versus \$3,720, only a 15-fold difference. Income-based baby bonds show the mirror image. Sorted by income, the award falls sharply as income rises: \$48,457 below the 10th percentile versus \$1,702 above the 90th, a 28-fold difference. Sorted by net worth, that same comparison narrows to \$21,385 versus \$2,498, only an eightfold difference.

530A accounts, by contrast, show a similarly regressive gradient under either grouping. At the top and bottom of the distribution, the pattern is nearly identical: households above the 90th percentile hold roughly eight times as much as households below the 10th percentile, whether ranked by income (\$24,216 versus \$4,078) or net worth (\$33,014 versus \$3,946). 530A account growth depends on discretionary private savings, which track both income and net worth closely enough that sorting by either produces similar disparities.

The racial pattern holds up across both sorts for the baby bonds programs: Black and Latino families receive larger wealth-based and income-based investments than White families at comparable levels of both income and net worth, since both proposals direct more resources to families with fewer existing resources, regardless of which resource is being measured. 530A accounts also preserve their overall direction — White families hold more than Black and Latino families at most points in both distributions — with one exception: among households above the 90th percentile, Black families hold a higher mean 530A balance than White families when stratified by net worth and income.¹⁸ Given the small sample sizes at these extreme percentiles, this reversal should be treated as a data artifact worth noting rather than a robust finding.

¹⁸ We don't display balances for Black households in the 90th percentile of net worth due to small sample sizes. However, the mean 530A account balance among Black families in the 90th percentile of net worth is \$65,287, higher than that of White families in the same percentile.

Table 10-A

Combined Account Values under Baby Bonds and 530A Accounts, by Net Worth and Race

		529 + Baby Bonds, Wealth-Based	529 + Baby Bonds, Income-Based	529 + 530A, Automatic Enrollment
All Households	All	43,424	26,529	14,443
	Black	51,391	26,443	5,602
	Latino	43,807	24,207	4,550
	White	39,903	25,473	17,781
At or Below Median Net Worth	All	47,760	22,077	4,536
	Black	55,263	27,106	4,210
	Latino	50,294	27,114	4,197
	White	43,628	17,574	4,733
Above Median Net Worth	All	34,919	35,263	33,877
	Black	19,754	21,029	16,971
	Latino	9,147	8,675	6,435
	White	35,194	35,457	34,273
Below 10th Percentile	All	61,388	21,820	4,431
	Black	60,258	26,008	3,996
	Latino	58,579	24,021	3,996
	White	62,834	18,347	4,878
Above 90th Percentile	All	110,547	112,298	113,795
	Black			
	Latino	20,315	21,231	23,494
	White	106,864	108,798	110,117

Note: Construction follows Table 10, with households grouped by net worth percentile rather than income percentile. Figures are projected combined balances at age 18, in 2022 dollars. Net worth distributions, simulated family contributions and 529 balances are based on data from Survey of Consumer Finances (SCF) data pooled from 2010, 2013, 2016, 2019, and 2022. Black households above the 90th percentile of net worth (n = 26) are omitted due to small sample size; see accompanying footnote. Results at the extremes of the net worth distribution should be read cautiously given small subsample sizes.

Table 10-A layers families' own 529 savings on top of Table 9-A's program-only account values, stratified by family net worth. Below the median net worth, combined savings remain progressive by race: under wealth-based baby bonds, Black families hold \$55,263, Latino families \$50,294, and White families \$43,628 — consistent with the ranking observed in Table 9-A. The relative amounts reflect lower net worths for Black and Latino families, even within the same net worth grouping.

Above the median net worth, however, the picture reverses. White families hold \$35,194 in combined savings under wealth-based baby bonds — roughly 75 percent more than the \$19,754 held by Black families and nearly four times the \$9,147 held by Latino families in the same tier. The reversal is driven entirely by the private-savings component: White families above the median net worth have accumulated an average of \$30,277 in their own 529 balances, more than double the \$12,975 held by Black families in the same tier. The income-based baby bonds and 530A columns echo the same pattern: White families above the median net worth hold \$35,457 and \$34,273, respectively, compared with \$21,029 and \$16,971 for Black families, and \$8,675 and \$6,435 for Latino families.

As with the rest of the appendix, results at the extremes should be read cautiously due to relatively small sample sizes.