

Original Article

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Universal Asset Ownership and the British Child Trust Fund: Developing an Equitable Asset-building Scheme, and its Costs*

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Summary

Increasing costs of public provisions, inadequate funding, ageing populations and growing inequalities impede the functioning of welfare states. Substantive reforms are required, but there is little agreement on what kinds of reforms are required and feasible. This paper examines one notable proposal: asset building from childhood aimed at ensuring universal starting asset ownership. Inadequate asset holding has a profound impact on individual well-being, autonomy and on social distribution of wealth and opportunity. The focus is on the analysis of the defunct British Child Trust Fund (CTF) scheme which, despite its short existence, still generates significant research interest. Analysis reveals that the scheme was too modest to have a more significant long-term impact. Building upon the CTF scheme, the paper argues for a more comprehensive asset scheme which, considering its foreseeable costs, should be developed as a society-wide platform that would interconnect and coordinate the efforts of existing saving, investment and social entrepreneurial schemes.

Keywords: Social Policy, Asset-based Welfare, Poverty, Social Inequalities, Children

1. Introduction

Welfare states have experienced various crises over the past decades which have challenged their stability, and yet have endured them, albeit with reforms. Now

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they are once again facing a crisis. Increasing costs of public provisions, inadequate funding, underwhelming economic performance, ageing populations and growing inequalities impede the well-functioning of welfare states. There may also be some deeper structural issues.

John Rawls holds that modern welfare states, notwithstanding their success in ensuring a decent social minimum and promoting equality of opportunity, are inadequate to meaningfully tackle deeper structural inequalities and injustices. Without first ensuring appropriate background justice, welfare provisions may sustain a “discouraged and depressed underclass many of whose members are chronically dependent on welfare” (Rawls, 2001, p. 140). The aim should not be only to assist those worst-off and protect them against “accident and misfortune”, but rather to empower individuals to manage their own affairs and benefit fairly from social cooperation in conditions of an appropriate degree of socioeconomic equality (*ibid.*). The basic social structure should aim to disperse the ownership of capital and wealth so as to prevent the wealthy from controlling the economy and, indirectly, political life (*ibid.*, p. 139). The core feature of Rawlsian property-owning democracy is the goal to widely disperse capital ownership and wealth across individual citizens, ensuring their effective control over substantial and roughly equal amounts of productive assets (O’Neill, 2012, p. 80). Emphasis should not be placed on ex-post income redistribution, but rather on ex-ante redistribution (or predistribution) so as to ensure widespread ownership of capital assets which citizens “bring to the market” (Rawls, 2001, p. 140). According to Freeman (2007, p. 104), the goal should be to promote individuals’ independence, not only their welfare, and to establish a society in which citizens can cooperate on equal terms.

Substantive reforms are required, but there is little agreement on what kinds of reforms are required and/or feasible given limited public budgets and inadequate political support for substantive reforms. This paper examines one innovative proposal: asset building from childhood aimed to ensure substantive starting asset ownership for citizens, inspired by noted Rawlsian ideas. This idea is grounded in the asset-based welfare literature but can also be connected to discussions on human capital development, social investment approach and social justice. Asset-based welfare (ABW) developed in the 1990s as an innovative policy approach emphasizing the importance of individual asset ownership. Thirty years later, while different asset-based programs exist worldwide, the idea of asset building remains a relative newcomer in policy discussions (Sherraden, 2018). Interest in comprehensive asset-building policies is growing, but their large-scale implementation remains limited. There are, however, valid reasons to believe such schemes will become more prominent in the future.

Considering how existing ABW policies and schemes are often not inclusive or sufficiently progressive and, thus, have a limited distributive impact, this pa-

per explores the prospect of developing an equitable ABW scheme, as a long-term opportunity-enhancing and inequality-reducing public policy, designed to address inequalities in the starting asset and capital ownership. The following discussion is situated within the broader debates on inequality and welfare state reform, and specifically within the redistribution vs. predistribution debate. The paper is structured as follows. After the introduction, the second part discusses asset-based welfare in general. The idea of asset building from childhood is examined through the lenses of the defunct British Child Trust Fund (CTF). Although the scheme had a limited overall impact, it still generates research interest as an innovative proposal for reforming welfare states and dispersing ownership akin to Rawlsian proposals. The paper concludes with a proposal which builds upon the British CTF scheme by expanding its scope and progressivity, complemented with insights from similar schemes. The paper does not engage in detailed analysis of asset-based theory or existing schemes. Rather, the aim is to motivate further discussion and research by presenting a proposal which, though demanding in terms of costs, could still be implemented in developed countries, despite the currently limited political support and funding for comprehensive (and egalitarian) social schemes.

It should be noted that ABW policies aiming to stimulate specific financial instruments may not be universally applicable, given their specific Western origin. The proposed asset scheme is primarily envisioned for developed Western countries with sophisticated welfare states, as a complement to existing social policies. The issue of applicability in non-Western contexts cannot be addressed in this paper. However, above a certain threshold of development, nothing in principle prevents its wider application in a form adjusted to non-Western contexts.

2. Asset-based Welfare

Welfare states aim to guarantee an adequate social minimum by ensuring that individuals have access to certain higher-order goods (healthcare, education, etc.) and resources sufficient to sustain themselves and not fall below some threshold of human decency. While necessary, modest income support may often be ineffective to alleviate poverty, enhance individual autonomy and reduce wealth inequalities. Sherraden (2018, p. 12) holds that asset building is crucial for improving individuals' well-being. Assets provide resources for everyday life and additional insurance, empower individuals to invest in education, housing, small-size businesses and other opportunities that improve their long-term prospects. Jackson (2004, p. 3) sums up the importance of financial assets for individual well-being as they: (1) enable individuals to undertake meaningful purchases or investments which can open up new opportunities; (2) provide the basis for long-term planning and creative risk-taking; (3) enable individuals to withstand unforeseeable interruptions of

income or unemployment; (4) without them individuals remain economically vulnerable.

Asset ownership can also stimulate positive changes in individuals' attitudes and behaviour, enabling them to recognise its benefits, which incentivises them to save, accumulate assets and consider different ways of their use. Such an asset-effect was questioned (Emmerson and Wakefield, 2001), but recent evidence offers support for its significance and association with various positive outcomes (Huang *et al.*, 2021b; Sherraden *et al.*, 2018). Even modest savings can enhance security and well-being (McKernan *et al.*, 2018). Assets also improve expectations about the future (Sherraden, 2018, p. 13; Scanlon and Adams, 2008, p. 37) and enhance financial capability (Sherraden, 2022). Asset ownership thus generates a virtuous cycle. It creates the necessary material conditions and provides the basis for long-term planning, and enables individuals to make meaningful (and riskier) investments and acquisitions, which may unlock further valuable opportunities and lead to improvements in their socioeconomic status (Blond and Gruescu, 2010, p. 13).

Closely related is the importance of assets in enabling individual autonomy, which requires access to adequate resources and diverse opportunities (with wider opportunities being preferable) (Wall, 1998, p. 141). Asset ownership expands individuals' opportunities and real freedom to choose their life goals and take advantage of social opportunities rather than being pressured by circumstances to get employed as soon as possible just to subsist. Individuals with meaningful asset holdings are better protected against the "volatility of markets" and exploitation while also having wider opportunities to engage in diverse economic activities (Bryan, 2021, p. 13). Such insights combine the classical liberal belief that ownership is an essential precondition for autonomy (Freeman, 2011) with the egalitarian view that autonomy requires adequate resources and opportunities (Rawls, 2001; Wall, 1998).

Lack of adequate assets has a profound impact on individual well-being and autonomy. Consider an example of a person confronted with unforeseeable larger expenses, i.e., emergency home repair. Individuals that managed to accumulate meaningful savings can cover such unexpected expenses with relative ease. Even in developed countries, however, many individuals are struggling to save up modest amounts (Aratani and Chau, 2010; Beverly and Sherraden, 1999). Consequences of asset poverty are wide-ranging and tend to accumulate over one's lifetime. For the asset poor, minor crises, unforeseeable unemployment or larger expenses may lead to financial ruin, often pressuring them to sell off whatever possessions they may happen to own or pursue demeaning work just to subsist. The fewer starting assets individuals own, the more limited their opportunities to amass meaningful assets and wealth during their lifetime. They are also more likely (if even eligible) to take on credit (Khan, 2010, p. 3; Aratani and Chau, 2010). To have a decent chance for

upward social mobility, people not born into wealth would have to undertake significant debt which may condemn them to debt serfdom. Debt further limits their capacity to accumulate assets and develop connections required for meaningful socioeconomic participation (Blond and Gruescu, 2010, p. 3). Pressured by circumstance, the asset poor cannot focus on long-term planning or consider different ways how their talents, efforts and limited resources could productively be utilised and how they may take full advantage of available opportunities. Compared to those well-off, the asset poor individuals do not enjoy the same level of freedom and independence, which constrains their capacity of pursuing their own personal goals (Sodha, 2012, p. 253).

Asset poverty is also transmitted to the next generation. Effects of childhood poverty often extend into adulthood (Lu *et al.*, 2020), increasing the likelihood of poverty in adulthood (Bird, 2013). Children from poorer households face limited opportunities from birth and, unless fortunate enough, are likely to repeat the negative cycle of asset poverty. Children from asset-holding families tend to have better educational, financial, and overall life outcomes in adulthood (Huang *et al.*, 2021b; Sherraden, 2018; Sherraden *et al.*, 2015; Grinstein-Weiss *et al.*, 2014). As Elliot (2018, p. 147) notes, returns on education, benefits from asset building and upward social mobility are affected more by initial wealth than by ability or effort. Studies emphasise the importance of starting asset ownership for wealth accumulation (Rauscher, 2016). Without public support, most people will not acquire meaningful assets during their life, will only marginally move up the social ladder and may remain dependent on (often inadequate) income from employment, welfare support or good fortune (Blond and Gruescu, 2010, p. 13).

Asset-based welfare is deeply concerned with poverty alleviation and individual development and involves policies aimed at assisting citizens in asset building. The idea is that ensuring adequate asset holding, in combination with other social policies, would improve individuals' well-being, expand their opportunities and enhance their autonomy (Khan, 2010, p. 23-27). ABW can also be designed to tackle inequalities of wealth and opportunity, which generate pressing concerns. Larger inequalities mean that well-off individuals, due to their advantageous background, are better placed to take advantage of social opportunities and accumulate wealth, while those less fortunate are unfairly faced with limited opportunities. Concentration of asset ownership, especially of capital ownership, can impede the well-functioning of market economies and enable the wealthy to corrupt the democratic process (Christiano, 2010). ABW can (and maybe should) ultimately be aimed at reducing wealth inequalities and promoting social justice. Achieving equitable wealth distribution, alongside redistribution, requires mechanisms that enable individuals to acquire meaningful asset ownership, including capital ownership (Williamson, 2012b, p. 296).

Sherraden *et al.* (2018, p. 810) argue that accumulation of assets is not only the product of individuals' saving behaviour. It is enabled and facilitated by public policies that support and subsidise it. Governments have long promoted asset acquisition through tax subsidies for savings, housing, capital investments, and retirement funds. Such policies, however, often do not reach the poor who are ineligible for tax subsidies (*ibid.*), tend to largely benefit the already well-off (OECD, 2003, p. 7) and often lack inclusivity (Sherraden, 2018, p. 10). Notable examples of comprehensive ABW programs include: basic income schemes, individualised matched-saving schemes or development accounts (IDAs), asset-building schemes or development accounts for children (CDAs), and citizenship-based stakeholder schemes involving a larger lump-sum grant upon adulthood (Ackerman-Alstott proposal) or lifelong public deposits (Williamson's asset scheme). Excluding noted stakeholder proposals, governments have implemented or experimented with other policies. The focus here is on asset building from childhood and child development accounts (CDAs).

2.1. Asset Building from Childhood

CDAs are savings and investment accounts developed to encourage asset building starting from childhood for different purposes (post-secondary education, housing, business start-up, or non-specific purposes). Their development has been motivated by concerns over rising wealth inequality and its impact on children's development and future prospects. Many CDA proposals envision a universal, progressive and lifelong (beginning from birth) programme, which complements other social policies (Huang *et al.*, 2021b; Sherraden *et al.*, 2015). CDAs remove barriers that prevent disadvantaged individuals (families) from saving and asset building (Sherraden *et al.*, 2018). They provide an effective way to facilitate asset building by ensuring that every child has some starting assets ("start-up capital for life"), which can be further enlarged through life (Ewas and Scott, 2023). Various studies underline positive effects of early investments on encouraging asset building, reducing wealth inequalities (Brown *et al.*, 2023) and old-age disparities (Shanks, 2018), and on promoting intergenerational fairness (Sherraden, 2018). CDAs also positively affect parental attitudes and expectations towards children's education, and improve parenting practices, children's mental health and development (Huang *et al.*, 2021a; 2021b; Sherraden *et al.*, 2018; Grinstein-Weiss *et al.*, 2014). If the goal is to ensure meaningful asset ownership for all, starting from birth entails greater potential for asset accumulation and positive impact on individual attitudes and behaviour (Loke and Sherraden, 2009). Inclusive and progressive CDA schemes could thus be crucial for reducing wealth inequalities (Huang *et al.*, 2021b). Several countries have implemented CDA schemes, e.g., Canada, Israel, Singapore, the UK, and several

U.S. states. The SEED OK experimental study is also noteworthy (Huang *et al.*, 2021b; Loke and Sherraden, 2009). The analysis focuses on the British CTF scheme which, although abolished a decade ago, still generates interest due to its largely untapped potential. Before proceeding, the next section situates CDAs within a wider policy context shaped by ongoing debates on rising wealth inequalities and welfare state reform, with a focus on the idea of predistribution.

2.2. *Wealth Inequality and Predistribution*

Reports show that, despite a consistent rise in global wealth in past decades, wealth remains concentrated across regions and individuals (UBS, 2025; Chancel *et al.*, 2023). According to UBS Global Wealth Report,¹ the USA and China accounted for half of total personal wealth in 2024 (UBS, 2025, p. 14). The number of *Everyday Millionaires* (EMILLIs)² increased to 52 million, over four times compared to 2000 (*ibid.*, p. 37). EMILLIs in 2024 held \$107 trillion of total wealth, while 60 million millionaires together owned \$226 trillion, or almost half of total personal wealth. The USA hosts the most millionaires (24 million), more than China and Western Europe combined. The number of multigenerational billionaires also increased, from 582 in 2015 to 805 in 2024. In terms of the Gini coefficient, overall wealth equality decreased only by 0.4% since 2000. In 2024, 19 countries had a Gini score of 0.7 or above, including Sweden and the USA, with Germany and the Netherlands not far behind (*ibid.*, pp. 21-29).

Recent Eurofund report (2025) reveals that wealth inequality is relatively high across the EU. Those in the top 5% of the distribution own a significantly larger share of wealth compared to those in the bottom 20%, who hold minimal or even negative wealth. In 2021, inequality was the highest in Germany, Spain and Ireland, and the lowest in Slovakia, Poland and Czechia, with Gini scores ranging from 0.51 (Slovakia) to 0.73 (Germany). The wealthiest top 5% hold between 30-40% of total wealth in most countries, more than 40% in Germany, Spain and Estonia, and around 25% in Slovakia. In the bottom 50% of the distribution, holdings range from 4% (Germany) to 17% (Slovakia), and around 10% in most EU countries (Eurofund, 2025, pp. 15-16). Income inequality is significantly lower, with Gini score between 0.21 and 0.38 (Eurofund, 2024, p. 25). Wealth inequality was relatively stable in the EU between 2010 and 2021. Significant increases were observed in Germany and the Netherlands, with capital gains pushing concentration at the top of the wealth distribution (Eurofund, 2025, p. 9).

¹ The UBS report is based on the analysis of 56 countries, which account for over 92% of the total global wealth.

² The term EMILLIs refers to individuals owning assets in the value of \$1-5 million.

Income differences significantly contribute to wealth inequality, but they can explain only part of existing wealth inequalities. For example, Sweden and Denmark are characterised by lower income inequality and higher wealth inequality (*ibid.*, p. 55). Saving patterns across different socioeconomic groups also shape wealth accumulation. In the EU, people mainly save for economic security, homeownership or retirement, while larger households save for education and child support (*ibid.*, p. 100). Saving rates correlate with household income, but, as Fagereng *et al.* (2019) note, richer persons need not save more. Rather, they accumulate more wealth by capital gains. Ownership of financial and capital assets is crucial for accumulation. Chancel *et al.* (2023, p. 96) report that in rich countries, the wealthiest individuals own a significant share of financial assets (40-60%), business assets (5-10%) and housing assets (30-40%) compared to the poor who hold little (if any) cash or bank deposits, or real estate. The middle class owns more real estate and retirement savings. Typically, the richer individuals are, the higher the share of financial assets in their wealth. Wealth accumulation is enhanced through intergenerational transfers and inheritance (Eurofund, 2025; Chancel *et al.*, 2023). Education attainment strongly correlates with wealth, while influenced by family background, since well-off families can provide better education opportunities. Gender and age are also relevant factors, with women and younger persons accumulating less wealth than their counterparts. Younger individuals hold relatively little wealth, due to limited time for accumulation. The gender wealth gap favours men, especially at the top of the wealth distribution (Eurofund, 2025, pp. 43-49). Other determinants of wealth accumulation include homeownership, access to financial markets and available investment opportunities, and the extent of taxation, social transfers, economic regulation and other policies (UBS, 2025; Vogel, 2021). Trends in Western countries show that wealth inequalities have significantly increased since 1980s, especially in the USA, with capital gains and inheritance driving wealth concentration (Eurofund, 2025; Chancel *et al.*, 2023; Vogel, 2021).

The issue is whether existing welfare states can adequately address rising inequalities and concentration of wealth. Despite their relative success in mitigating inequalities, welfare states have faced critiques either for being too robust and unsustainable due to rising costs and adverse effects on growth, or for being insufficiently robust to address structural inequalities. While consensus remains elusive, there is a wider recognition that equality of opportunity cannot be secured in conditions of larger inequalities. Greater emphasis should be placed on the unequal initial distribution of asset and capital ownership, and on tackling intergenerational transmission of (dis)advantage (Stiglitz, 2018). With perceived insufficiency of traditional redistributive policies, the idea of predistribution has attracted more attention (O'Neill, 2020; Bozio *et al.*, 2024). Its logic is relatively straightforward. Social

outcomes, and the resulting inequalities, are significantly influenced by the unequal initial distribution of assets and capital ownership, together with consequent asymmetries of market and bargaining powers. Thus, rather than mitigating the resulting inequalities through ex-post redistribution and social transfers, the focus should be on structural inequalities and establishing an equitable pre-tax distribution of relevant ownership, opportunities and income, that is, fairer market outcomes before taxation and transfers, and reducing the need for ex-post interventions (O'Neill, 2020).

In a broader sense, predistribution involves policies aimed to reduce pre-tax inequalities by enhancing human capital (social investment component) and bargaining power, i.e., through labour regulation and collective bargaining (regulatory component). In a more specific sense, found in Rawlsian conceptions of property-owning democracy, predistribution involves comprehensive policies aimed to reshape modern economies by widely dispersing (human and non-human) capital and wealth. The focus is on enhancing human capital and developing policy mechanisms by which citizens would acquire substantive capital assets (Williamson, 2012). The aim is to enable their participation in the economy on equal terms, increase their independence (bargaining power) and reduce wealth inequality. Rawlsians also maintain that establishing an equitable pre-tax distribution requires systematic wealth redistribution and preventing intergenerational transfer of advantage (O'Neill, 2012). Such robust egalitarian policies are unlikely to be implemented in the near future (for various reasons). Dispersion of capital ownership could be achieved through CDAs, as mechanisms enabling citizens to acquire capital. Analysis of the British CTF, nonetheless, shows that, unless fully inclusive and sufficiently progressive, their distributive impact would remain negligible.

3. Policy Evaluation: The British Child Trust Fund

The Labour government introduced the CTF scheme in 2005. The main aim was to expand opportunities for lower-income citizens and guarantee that “all children grow up knowing that they have a financial stake in society” and would be “able to embark on their adult lives with a financial asset to invest in their future” (HM Treasury, 2001, p. ii). Children born after September 2002 were issued a voucher on birth to be used by their parents (guardians) to open a tax-free savings account (a CTF) on their behalf with eligible private providers. If the account was not opened within the 12-month period, the government opened it. Initial government payment to each CTF was £250 and £500 for low-income households and children in care, who received additional £100/year. Subsequent payment of £250 and £500 for some children was made at age 7. After August 2010, payments for children were reduced to £50-100. To encourage savings, private contributions can be made up to £1,200/year

(£100/month). Collected deposits are then invested for a long-term period and cannot be withdrawn until the age of 18 (NAO, 2023, p. 19; HMRC, 2006). The idea was that resources would accumulate over time, resulting in a financial asset upon adulthood (usable without restrictions). The scheme was universal and progressive: the aim was to provide universal benefits, but progressively more benefits to disadvantaged children (McCauley, 2011, p. 4). The scheme was implemented through the existing financial infrastructure. The government was responsible for the overarching institutional design and some payments. Private financial institutions were responsible for servicing CTF accounts and investments. The annual servicing fee was capped at 1.5% of account value (HMRC, 2006, p. 72). Benefits of using the existing financial infrastructure are lower implementation costs since the supportive infrastructure need not be developed. Through the scheme, poorer families also gained effective access to various financial services at lower cost (Zichawo *et al.*, 2014).

The scheme was cancelled in 2010 as part of the Conservative-Liberal Democrat government austerity agenda. Cancellation was justified on the grounds that the scheme was unpopular with the public and an ineffective use of public funds. Liberal Democrats claimed that public funds are better spent on improvements in primary education (Prabhakar, 2009, pp. 12-18). What can be said about the CTF a decade after cancellation? Although data is still incomplete (payments started recently, in 2020), available studies suggest that the scheme showed promise, especially considering its abrupt cancellation and political disagreements.

Table 1. Key Findings

Total CTF Accounts: 6.3 mn	70% of accounts were opened by parents
Total Public Payment: £2 bn (Average of £289 mn per year)	2.2 mn children (36%) received higher and additional government payments
Total CTF Savings: £10.48 bn	By 2010, 37% of accounts received private payments. Average savings were significantly larger for higher-income households
Average CTF Value: Around £2,000	Value range: \approx £500 to over £25,000

Source: NAO, 2023.

Higher-income families were more likely to open an account compared to lower-income, larger and single-parent households (HMRC, 2006, p. xvi; McKay *et al.*, 2024). Available studies indicate that the scheme had a positive (although limited)

impact on overall savings (NAO, 2023, p. 23). McKay *et al.* (2024, p. 30) found a significant correlation between savings and CTF eligibility. CTF children have on average £426 more in savings compared to non-CTF children. The impact was also more meaningful for the lowest-income households. Given initial (and subsequent) government deposit, that amount is not impressive. Still, it is worth noting that pre-CTF children from lower-income and more indebted households were less likely to have any savings (Zichawo *et al.*, 2014, p. 3; HMRC, 2006, p. 15). Within the CTF population, McKay *et al.* (2024, p. 25) found a large difference in savings between lower-income and higher-income households. At first survey, the bottom quartile of income households reported savings of £250 (corresponding to initial public deposit). Although their savings increased by the ending survey, the bottom quartile group effectively contributed little to the initial deposit. Among the upper quartile group savings significantly increased (with values over £2000). Post-cancellation, only 11% of accounts from lower-income households received deposits compared to 27% of accounts from higher-income households (NAO, 2023, p. 22). These differences are reflected in CTF values. Before implementation, the government projected, assuming 2.5% inflation rate and 4.5% real fund growth, that CTF values would range from £421 (£841 with the initial £500 deposit) to £24,786 (Mensah and Aboufadi, 2004). Loke and Sherraden (2009, p. 126) estimated that CTF values would range from £1,650 (without any private deposits) to around £29,000 (with maximal private deposits).

While available data is incomplete, most children from low-income households are likely to receive less than £2,000 (and closer to lower estimates). Considering this, there are concerns that the scheme contributed to inequality instead of reducing it. That well-off families were better able to save was to be expected. Wealthier families were already saving for children, and these resources were redirected into the CTF (Maxwell, 2006, p. 20). Disadvantaged children have benefited from the scheme (since otherwise most would not have any savings), but the greatest overall benefits remained concentrated among the well-off households, which is common for tax-privileged saving schemes (McKay *et al.*, 2024, p. 31). The CTF could not rectify that problem within its short existence. Had it not been abolished, the scheme could have had a more significant impact on low-income household savings over time. Nonetheless, considering its limited progressivity, the impact on reducing inequalities would still have remained limited. Essential preconditions for deriving greater benefits from the CTF are awareness, effective ability to save and active participation. It was estimated that around 15% of families were unaware of the scheme (18% among lower-income families) and were only passively involved at the start (*ibid.*). Part of the blame lies with the government and limited efforts to raise awareness and develop supportive measures (Prabhakar, 2010).

Despite its limited impact, it would be unfair to claim that the CTF was a failure or unpopular with the public (Blond and Gruescu, 2010). Prabhakar (2009) also challenges the objection that public funds are better spent on improving education. Given substantive resources already invested in education, marginal returns from investments into the CTF may be greater. Even if the reverse is true, the choice need not be made between education and the CTF since they work best in synergy. Even if budget cuts were necessary, funds could have been reallocated from less essential areas of public spending, or the CTF could have been restructured (Prabhakar, 2009). The issue is not that the CTF failed to achieve its aims, but rather that it was too modest to have a significant long-term impact, which made it an easy target for cancellation.

Table 2. Comparison with Selected CDA Schemes

Policy	Public Contribution	
	Initial	Subsequent/Complementary
UK: Child Trust Fund (2005-2010)	£250-500 (based on household income)	£250-500 at age 7 (based on household income)
Canada: Education Savings Program (CESP)	Children from lower-income families received C\$500 on opening a Registered Education Savings Plan (RESP)	Children from lower-income families receive C\$100/year (until the age of 15) State matches 20% of the first C\$2,500 deposited every year Children from lower-income families also receive 10-20% match on the first C\$500 deposited (up to lifetime cap of C\$7,200/child)
Israel: Savings Plan for Each Child	57 NIS/month (€15) Parents can also transfer 57 NIS/month from Child Allowance funds	Additional 500 NIS at age 18 and 21 (if savings are not used by then)
Singapore: Baby Bonus Cash Gift	S\$11,000 for first and second child S\$13,000 for third, fourth and fifth child	Not applicable
Singapore: Baby Bonus CDA (up to age 12)	S\$5,000	Government matches 100% of parental savings up to lifetime cap of S\$4,000 to 15,000 (first-fifth child)

Sources: Sherraden *et al.* (2016); Government of Canada (n.d.); State of Israel National Insurance Institute (n.d.); Singapore's Ministry of Social and Family Development (n.d.).

Considering Table 2, the CTF was not a generous scheme, especially when compared to Singapore's scheme.³ Let us suppose that the scheme had worked significantly better than expected and that everyone received at least £5,000. What can be achieved with that amount? While having it upon reaching adulthood would contribute to well-being of disadvantaged individuals, this modest amount may not meaningfully expand their opportunities or enhance their autonomy. One cannot really make life-changing improvements with it (let alone with less than £2,000). In favourable circumstances, the CTF might have contributed more to improvements in well-being and opportunities for the disadvantaged individuals. Its impact may still not have been sufficiently meaningful. As it was, the CTF may be adequate to tackle severe problems of poverty. Such a modest scheme, however, does not appear adequate for enhancing autonomy, or to ensure that all citizens, irrespective of social background, have a decent (let alone fair) chance to meaningfully benefit from available social opportunities.

The CTF scheme, its modesty and abolishment, should be placed in a broader ABW context, as an Anglo-liberal model. ABW in the UK emerged in response to welfare residualism and inadequacy of the public pension system to provide for an ageing population (Benoit and Hay, 2025; Hay, 2024). ABW shifts the responsibility for insurance against certain social risks from the state to citizens, presupposing their responsibility to secure the means for satisfying their welfare needs through asset acquisition. Assets serve as citizens' insurance against the possibility that public welfare may be insufficient (Hay, 2024). In practice, the effectiveness of ABW (the CTF) depended on the Anglo-liberal growth model, which sustained growth in the UK (Anglo-Saxon countries) since the early 1990s until the 2008 global financial crisis. The Anglo-liberal model (or privatised Keynesianism) is a broadly neoliberal, consumption-driven and debt-financed growth model, in which private debt has a crucial role. Growth depended on domestic consumption, facilitated by private debt (and release of equity) and supported by easy access to credit and low interest rates. Easier access to credit, especially in the housing market, enabled people to undertake larger debt and acquire assets, whose release can support their consumption, e.g., during unemployment or retirement (Hay, 2024; Barnes, 2016).

In the pre-crisis period, characterized by stable asset growth and low inflation, ABW appeared as a promising response to welfare residualism. Assuming stable asset growth, at relatively higher rates, asset accumulation may more effectively insure citizens than residual public welfare (Hay, 2024). The CTF aims may also ap-

³ It should be noted that the two mentioned policies are part of a comprehensive asset-building scheme, which also includes Medisave accounts (newborns), Edusave accounts (children, age 6-17) and post-secondary education accounts. Each of these schemes involves substantive public contributions (Sherraden *et al.*, 2016).

pear achievable, despite its overall modesty. In practice, without a more substantive public support, its effectiveness depended on private deposits and expected asset growth. Rather than enhancing opportunities for disadvantaged children, the CTF disproportionately benefited the well-off. Its inadequacy becomes evident once stable asset growth cannot be expected. In hindsight, the CTF was too dependent on the Anglo-liberal model, whose weaknesses were exposed by the financial crisis. Instead of stable growth, the model supported a house-price bubble whose collapse triggered the crisis, leading to large losses in asset (CTF) values (*ibid.*). Without confidence in stable asset growth, the CTF was abolished in the crisis aftermath. Attempts of “reviving” the CTF beg the question whether such a scheme can be reconceptualised as an inclusive and equitable policy.

4. Discussion: Developing a CTF 2.0 Scheme

A lot has changed since the CTF was abolished, and today there are several other CDA schemes worldwide whose experiences can guide the development of a CTF 2.0 scheme. In particular, the ongoing SEED OK experimental study⁴ demonstrates how comprehensive CDA policies can be effectively designed and implemented in larger populations (Huang, 2021b; Clancy and Beverly, 2017). What lessons can be learned from the SEED OK study?

The first insight from SEED OK is that including all children is crucial for effectiveness, since targeting specific population may disproportionately exclude the most disadvantaged families (even if specifically targeted) and thus create barriers to asset building. Universal eligibility ensures that all children, under some jurisdiction, are included (Huang, 2021b, p. 184). Another insight emphasises the importance of automatic design features. Automatic enrolment addresses the challenge of low participation by removing the burden of enrolment from parents. Without automatic enrolment, few disadvantaged children would have a savings account. This feature removes barriers for saving, while also reducing administrative and recruitment costs (*ibid.*). As Loke and Sherraden (2019, p. 15) note, opt-in designs are never inclusive and offer little benefits. Sherraden (2018, p. 14) argues that full inclusion also requires automatic deposits. If asset building relies primarily on family deposits, well-off families obtain most of subsidies. Universal deposits enable disadvantaged families to benefit as well. Huang *et al.* (2021b, pp. 183-185) em-

⁴ SEED for Oklahoma Kids is a study that tests a universal and progressive CDA policy. The study uses the existing Oklahoma 529 College Savings Plan as its implementation platform. Randomly selected children in the treatment group received a CDA (with an initial deposit of \$1,000). The control group did not receive a CDA. A savings match was offered to children from lower-income households. In 2019, half of the treatment group received an additional deposit of either \$200 or \$600 (depending on household income) (Huang *et al.*, 2021a).

phasise the importance of substantial initial deposits for asset building and non-financial benefits. Starting from birth and providing early subsidies maximizes long-term growth potential. Sherraden *et al.* (2015, p. 544) note that the impact would be stronger with a higher asset level. Singaporean experience also demonstrates the importance of substantial public contribution (Loke and Sherraden, 2019, p. 15). Initial deposits, even if substantive, are not enough to balance the distribution of benefits among advantaged and disadvantaged families. SEED OK shows that while poorer families can save, their savings may be insufficient to meet some long-term targets. Subsequent progressive deposits are needed to enhance accumulation among disadvantaged families and contribute to more equitable benefit distribution (Huang *et al.*, 2021b, p. 186; Sherraden, 2018).

Considering these insights, the CTF was lacking in many areas, especially given its modesty. Prabhakar (2009, p. 20) holds that the scheme missed the opportunity to significantly tackle wealth inequalities. A more substantial public grant could be seen as a commitment to social citizenship and should be evaluated as such, not whether it indirectly contributes to economic well-being. While a citizenship-based right to substantive assets may be morally attractive, especially if one upholds the ideals of egalitarian justice, moral attractiveness need not spill over into required political support. If the “upgraded” asset scheme is too cost-demanding, it may not even be implemented. The following section (4.2) builds on the CTF scheme by combining it with, in principle similar and inspired by Rawlsian ideas, Williamson’s asset scheme, while taking into account foreseeable budget constraints and the limited support for comprehensive schemes. A short summary of Williamson’s proposal may be helpful before proceeding.

Williamson (2012a) proposes that each citizen is guaranteed \$50,000 in publicly provided net assets (in current dollars): \$20,000 in cash assets (with \$5000 kept in the emergency fund); \$20,000 in capital assets (\$10,000 in investment capital, \$10,000 in stock coupons); and \$10,000 in housing assets. The purpose of ensuring cash assets is to provide additional security and to enable citizens to undertake more significant personal purchases or investments. Cash assets would be available in stages from age 18 (no restrictions on use). Access to the emergency fund is restricted and conditional upon statement of need and prior financial consultation. At this point, citizens also acquire access to capital asset funds. Investment capital is usable for entrepreneurial activities and higher-risk investments (speculations are not allowed). The idea is to empower citizens to become entrepreneurs, business owners or investors (Williamson, 2012a, pp. 230-237). The second fund involves non-tradable stock coupons which citizens would use to acquire shares in publicly-owned mutual funds, which then acquire ownership stakes in publicly-traded companies, returning annual dividends to coupon holders. Coupons can be shifted between different mutual funds, but cannot be redeemed for cash. The coupon system

aims to ensure that citizens have a non-losable stake in productive capital (with access to passive income from dividends) and to widely disperse capital ownership. Housing assets are provided to make homeownership universally accessible. In addition to a one-time grant of \$10,000, the government also ensures access to matching funds (on a 1:1 basis) up to additional \$5,000 per person (*ibid.*, p. 234). Assets are provided to all citizens as a matter of right, but from age 45 they would be taxed on a steeply progressive scale depending on their accumulated wealth. Williamson envisions lifelong public deposits to each account at the annual rate of \$2,000 for citizens up to age 44, and \$1,000 for those between 45 and 64. Older citizens are excluded from receiving new deposits since the aim is to prioritise asset provision to individuals earlier in life. If the scheme works as intended, assuming reasonable returns on investment, citizens would accumulate significantly more than \$50,000 in net assets through life (Williamson, 2012a).

4.1. Budgeting Issues

Implementation and effectiveness of any policy depend on adequate long-term funding and stable political support. The issue is whether some policy can effectively achieve its goals (i.e., enhance individual well-being, autonomy or social justice) given ongoing political disagreements and limited public budgets. Available resources are rarely sufficient to fully achieve all objectives deemed worthy of pursuit. Even if scarcity and disagreements are only moderate, trade-offs between different social objectives are inevitable. Policies involving greater costs require both more state funding and more trade-offs with other social objectives. The costlier some policy is, the less likely its successful implementation becomes.

Consider the costs of Williamson's scheme, envisioned to complement generous public provisions, including high-quality healthcare, education and social security. Based on the analysis of the Swedish budget, Bergmann (2006) suggests that at the current levels of GDP per capita it is not possible to maintain both a generous welfare state and an equally generous asset scheme due to problems that accumulate as taxation rates are pushed to very high levels.⁵ The issue is not only that higher-order goods (being considered essential) have a priority for scarce resources over asset grants of equal cost, but also that securing higher-quality public goods requires substantive and constant investments (Bergmann, 2006, pp. 108-112). Reallocation of resources into the asset scheme leaves fewer resources for investments into healthcare, education and other important public services. Williamson's scheme may be seen as attractive from the perspective of egalitarian justice. However, even if implemented, it may not be sustained on current public budgets. A far less

⁵ Bergmann focuses on basic income schemes, but the analysis remains applicable.

ambitious CTF scheme, despite showing promise, was abruptly cancelled during the government's austerity agenda. Comprehensive schemes could, of course, be funded through increased taxation. Higher taxation can be justified, but whether it can also effectively be implemented in light of foreseeable opposition, without generating disincentives and impeding the well-functioning of the economy, is a different matter altogether. The general public, in any country, is currently unlikely to support considerable long-term increases in taxation.

Williamson's core proposal may still be preserved with reasonable cost-wise compromises, and by actively involving the asset recipients and wider society in the asset-building process. For the scheme to enhance autonomy, the focus should remain on ensuring substantive and diversified assets. Asset diversification expands individuals' options and serves as insurance against stakeblowing.⁶ The scheme should be simplified. This paper argues for the following reasonable compromises. The coupon system can be removed. Investment capital enables adequate access to productive ownership. The coupon system also requires extensive additional and costly reforms, and thus may not generate wider support necessary for its implementation. Another compromise involves choosing between ensuring investment capital and housing assets. There are valid reasons to choose either. The following proposal opts for the former. Why should capital assets be ensured alongside cash assets? While cash assets can provide financial security and enable individuals to undertake more significant purchases, capital assets empower individuals to engage in entrepreneurial and investment activities. Many individuals have a weighty interest in entrepreneurial activities that engage their talents and contribute to their independence and self-respect (Stilz, 2014, p. 426). Ineffective access to business loans, especially for those lacking collateral, is a prominent obstacle to self-employment and business start-up (Emmerson and Wakefield, 2001). Ensuring capital assets can be seen as an enabling device. It also corresponds to the Rawlsian ideal of widely dispersed capital ownership (White, 2016; O'Neill, 2012). Capital ownership offers many advantages, but also involves risks which may diminish their value. For example, the degree to which capital assets contribute to individuals' independence depends on how they are used. If wasted through imprudent investments, or diminished due to unfavourable market circumstances, capital assets would not enhance individuals' independence. Their effectiveness requires supportive measures that would mitigate the stakeblowing and other risks. Not everyone is interested in entrepreneurship, so it may be desirable to allow individuals to use capital assets for housing acquisition. Such flexibility avoids the dilemma of choosing

⁶ The term stakeblowing refers to the possibility of individuals wasting their assets through imprudent choices, reckless consumption, poor investments or simply due to bad luck and unfavourable circumstances.

between capital and housing assets by effectively merging them. Suggested compromises reduce the targeted amount to \$30,000 (\approx €30,000). While subject to objection of being arbitrary, such an amount is substantive enough to realistically enhance individuals' autonomy and opportunities, while also not beyond the reach of developed countries.

4.2. Sketch of the CTF 2.0 Scheme

The following proposal is envisioned for developed Western countries with sophisticated welfare states as a complement to existing public provisions, higher-quality healthcare, education (including financial education) and social security. It builds upon the CTF scheme by expanding its progressivity and scope. The basic logic remains the same. Public and private deposits are pooled and invested until adulthood. Informed by lessons from similar schemes, its design is modified. Instead of parents having to use vouchers to open an account on their children's behalf, all eligible children are automatically enrolled into the scheme (with opt-out option) by opening a tax-free investment account with eligible providers. Parents should be consulted about the choice of the provider and should have the option to change it afterwards. In this manner, the CTF 2.0 scheme can still be implemented through the existing financial infrastructure, while having the benefits of automatic enrolment.

Compared to the original, the CTF 2.0 scheme is significantly more progressive and requires expanded public payments for the disadvantaged children so as to ensure non-trivial starting financial and capital assets for all. The aim is to ensure that upon maturity citizens would have access to €30,000 in net assets (in current euros), involving €15,000 in investment capital (out of which €5,000 is kept in the backup account) and €15,000 in cash assets (out of which €5,000 is kept in the emergency account).⁷ Provided cash assets can be used without restrictions after age 18. Capital assets are accessible from age 18, but individuals would be given the option (and advised) to reinvest these funds for another five years. Reinvestment would be prudent to further increase their size and to enable individuals to attain additional experience prior to engaging in riskier entrepreneurial activities. Some individuals will mature earlier and will be more interested in entrepreneurial activities. If they provide sufficient reasons, i.e., present a sound business proposal to their financial advisor,⁸ they should be allowed to skip the optional reinvestment.

⁷ During the asset-building stage, payments are made into a single CTF account. After maturation, accumulated assets are distributed accordingly into cash, capital and reserve funds.

⁸ The proposal presupposes that account holders would be provided with a financial advisor by their CTF provider. Access to an impartial financial advisor may be considered as an additional insurance.

Not everyone is interested in entrepreneurship, so individuals would be allowed some flexibility in using these assets. They should still be encouraged to invest their capital assets so as to have a source of passive income. Access to emergency and backup funds is restricted and conditional until age 30.

The main issue is whether the targeted amount could be reached on current public budgets without large trade-offs and unsustainable increase in taxation. Considering the British experience, assuming reasonable return on investment, the already well-off would be able to reach €30,000 with regular deposits of €100/month (even with modest initial deposit). The following scenarios thus envision expanded public payments only for disadvantaged children (lower-income households, children in care).⁹ Children from higher-income households would essentially follow the original CTF, receiving only the initial deposit of €300 (roughly equivalent to £250). In the best-case scenario, reaching €30,000 over 18 years largely via public spending would require governments to annually contribute roughly €1,500 (adjusted for annual inflation rate) to eligible CTFs (around €27,000 over 18 years). Even without any private deposits, assuming modest return on investment, the target would be surpassed. While investment of €1,500/year (or €125/month) into disadvantaged children may not appear unfeasible, the issue arises once total costs of eligible children born each year are considered. Annual payment of €1,500 per child amounts to €150 mn per 100,000 children (€2.7 bn over 18 years). Let us suppose that every year another 100,000 eligible children are born. Over the 18-year period, the total number of eligible children requiring expanded payments roughly comes to 2 mn. Annual payment of €1,500 for 2 mn children amounts to an annual public investment of €3 bn (over €50 bn during the 18-year period). These costs should be placed in context since, e.g., in larger European countries over 500,000 children are born annually.

Consider implementing this scenario in the UK, where around 700,000 children are born annually. In 2023, population under the age of 18 was around 14 mn (UN, 2024). Let us assume that this population remains relatively stable over the 18-year period and that the same percentage of children (36%) would qualify for expanded payments as in the original CTF (Table 1). Thus, out of 14 mn, some 5 mn children would be eligible for expanded payments, while the rest would only receive the initial deposit (€300). Taken together, annual payment roughly amounts to €10 bn (around 0.3% of GDP in 2023).¹⁰ These projected costs constitute a sig-

⁹ Determination of eligibility for expanded payments requires careful means-testing so as not to exclude some disadvantaged children. Including as many children as realistically feasible minimises that risk.

¹⁰ Calculation based on data from OECD (2024) using GDP at current market prices. In 2023, GDP of UK was around £2.72 trillion, or €3.26 trillion (based on the exchange rate on 15/12/2024; £1 = €1.2).

nificant increase in costs compared to the original CTF and, depending on the actual eligibility criteria, could further increase (not including administrative and other costs). While this scenario may be achievable for the wealthier countries, it is not sufficiently realistic.

In the second-best scenario, funding would be divided among the public, the recipients (extended families) and possibly third parties. Roughly half of the targeted amount would come from public contribution and the remainder from private deposits and accumulated returns on investments. In this scenario, the government would annually deposit around €850 (€15,000 over 18 years) to eligible accounts. With regular payments of €50/month, assuming a modest 3% real annual account growth, the target would be reached. Table 3 summarises potential CTF values with selected contribution levels, assuming 3% real annual growth, annual inflation of 2.5% and maintenance fee of 1.5%. Projections are made using the compound interest method, with interest compounded annually. These projections are just a rough indicator of values under assumed conditions, and without specifying the investment method. While inconclusive, they are still useful for estimating costs.

Table 3. Projected CTF 2.0 Values (in €)

Total Public Deposit	Private Deposits		Total Private Deposits	Projected CTF Value
	Monthly	Yearly		
15,000	10	120	2,160	24,000
15,000	25	300	5,400	28,000
15,000	50	600	10,800	35,000
15,000	100	1,200	21,600	49,000
300	100	1,200	21,600	28,000

Source: author's calculation.

Now, let us suppose that individuals reinvest their capital assets (or half of the total received amount) for another 5 years upon maturity. With reasonable return on investment, that amount could significantly increase. Thus, even with regular contributions of €25/month, the targeted amount could be reached by age 18 (cash assets) and before age 25 (capital assets).

How realistic is this scenario? Its feasibility depends on aggregate costs and the annual number of eligible children born. Annual payment of €850 per child amounts to €85 mn per 100,000 children (€1.5 bn over 18 years). Let us suppose

again that every year another 100,000 children become eligible, reaching roughly 2 mn over the 18-year period. Annual payment of €850 for 2 mn children amounts to €1.7 bn (over €30 bn over 18 years). Based on previous assumptions, for UK the total cost of annual government payment amounts roughly to €7 bn (or 0.25% of GDP). While an improvement over the first scenario, costs are still substantial. In smaller countries, fewer children are born annually, so costs would be lower in absolute terms, although still demanding. Implementation also involves administrative and other costs, especially for countries not experienced with CDAs. These costs are difficult to estimate without specific context but are unlikely to be negligible and may even double the already high costs. Assuming sufficient and stable support, developed countries may accommodate the scheme without unsustainable tax increase through budget reallocations from inessential areas of public spending. The problem is to determine “inessential areas”. Some may see certain military expenditure or subsidies to large companies as inessential, while others may consider some welfare programmes as less important areas of public spending. Such disagreements can only be resolved through public discussion. Although difficult to reach, political agreements and required budget reallocations are not impossible. Certain increases in taxation are unavoidable, but even a moderate wealth tax might be sufficient. Still, even a modest wealth tax remains a controversial and politically unpopular measure. This further reinforces the need for building up prior society-wide support. If higher returns on investment could reasonably be expected, there would also be some room for reducing the size of public contribution. If adequate funding simply cannot be secured, the targeted amount (size or period of extended public payments) would have to be adjusted downwards. There is a limit to how many compromises can be made before the scheme becomes unable to generate any significant impact on promoting autonomy or reducing inequalities (as indicated by the modest original CTF). That said, successful implementation and sustainability of the CTF 2.0 scheme may require reaching out to the wider public for additional financial and infrastructural support.

4.3. Society-wide Cooperation

The emphasis in the proposed CTF 2.0 scheme is placed on lifelong asset building from childhood in which individuals (their families and friends) are not seen as passive asset recipients but rather as active participants and co-creators of their assets. In Williamson’s scheme, in contrast, citizens are publicly granted assets as a matter of right. One problem with citizenship-based grants is that guaranteeing substantive resources to citizens without their active engagement and personal contribution could be perceived as “winning the lottery” and may have the same negative effect. Without having to invest actual effort (and endure burdens of investment), the re-

ceived grant may be perceived as a gift based on entitlement and thus may be valued less and involve a greater stakeblowing risk. One does not respect things perceived as unearned. Active participation in the asset-building process through personal investment, in contrast, makes recipient individuals fully aware of the difficulties and risks involved in the asset-building process. That awareness would make individuals more cautious not to waste their assets. Active involvement of families and children in the asset-building process from the beginning may also have a greater impact on the development of saving and investment skills needed to prosper in market societies. Loke and Sherraden (2009, p. 119) argued that schemes targeted at children could have a multiplier effect by involving families into the asset-building process. Parents may learn from the process, which may have a positive effect on their expectations for children. Through active participation, family members may develop and improve their saving and investment skills and could then teach their children the value of these skills. Children would also become active participants in the process as young adults and could build upon the “inherited” saving habits and skills resulting in the adequate development of their capabilities for autonomy, independent decision-making and personal responsibility. Formal education may not be as effective as learning from parents and personal experience. It may also come too late to make a difference. As Loke and Sherraden (2009) noted, changing individuals’ attitudes is significantly easier in earlier stages of life.

Active involvement of individuals and extended families in the asset-building process would reduce the pressure on public funds, but it may not be enough. Without reaching out to the wider society for additional financial support, available public resources may be insufficient for financing a comprehensive asset scheme over time (without significant trade-offs with essential areas of public spending). Comprehensive social programs, especially if adequate and stable political support is lacking, remain inherently vulnerable to cancellation or downsizing during recessions, economic crises or even change of government, as we saw with the CTF scheme. Active involvement of the wider society can reduce implementation costs, facilitate deposits and provide the necessary long-term financial support. Private and social actors can, for example, provide additional support through matched-saving schemes. Such schemes are effective for boosting savings and available evidence shows that different actors are willing to get involved (OECD, 2003). Fund-raising campaigns could also be used in order to gather supplementary resources, with social rewards for larger contributions. Though this may sound somewhat cynical, private companies have a weighty interest in upholding a positive public image and the prospect of social recognition may thus incentivize their contribution. Effectiveness of such matched-saving schemes and campaigns, of course, requires raising public awareness. It may also be prudent to establish a trust fund for the pur-

pose of long-term funding of the scheme.¹¹ Resources pooled from different sources, including public resources, would first be invested to increase their size and then allocated into the CTF 2.0 scheme.

In this proposal, the asset-building process is envisioned as a society-wide process that spreads the responsibility for policy implementation widely across the society. The government would outsource some responsibilities to social actors, local communities and public–private partnerships while maintaining responsibility for the core investments, regulation and coordination of involved stakeholders. Though appearing borderline utopian, the aim should be to develop a society-wide platform for lifelong asset building that would interconnect and coordinate the efforts and resources of already existing saving, mutual investment and social entrepreneurial schemes under the broad idea of asset building starting from childhood. During the maturation period, assets would be developed by combining public and family resources (hopefully involving third parties as well) and then enlarged through investment. Upon reaching adulthood, individuals should be empowered and incentivised to accumulate assets through tax incentives for lower-income households, matched-savings schemes and community-based investment schemes. At this stage, social actors would have a crucial role in providing incentives for persons to continue investing and in creating diverse opportunities for asset utilisation. Direct involvement of local communities and social organisations is especially important for developing community assets and promoting active participation in communities. Successful CDAs emphasise the importance of involvement and coordination of diverse stakeholders (Sherraden, 2018; Clancy and Beverly, 2017).

4.4. Policy Challenges and Implications

Debates on inequality and social justice revolve around two core issues. The first issue is what inequalities are problematic and at what thresholds, while the second concerns the choice of institutions required to establish an appropriate degree of equality. It was suggested that greater emphasis should be placed on unequal starting asset and capital ownership, given its pervasive impact on individual well-being; and on predistribution and intergenerational transmission of (dis)advantage. Predistribution reflects a core Rawlsian insight that widely dispersing capital ownership is necessary to tackle structural inequalities and establish a society in which citizens cooperate on equal terms. CDA schemes can thus be used to ensure capital assets for all citizens and help to disperse capital and wealth. However, if too modest, or insufficiently inclusive and progressive, their distributive impact is likely to be limited.

¹¹ For example, such a trust fund may be modelled on the notable Norwegian sovereign wealth fund.

The contribution of this paper is twofold. It reconceptualized the modest CTF scheme, which largely benefited the well-off, as an equitable scheme designed to ensure meaningful starting financial and capital assets for all citizens and, thus, to enhance their opportunities and well-being. As suggested, despite concerns about foreseeable costs, the CTF 2.0 scheme could be implemented in developed Western countries, assuming adequate social support. The paper also offers new insights on why such a scheme should be developed as a society-wide project.

Obstacles to implementing such a scheme arise from limited public budgets and insufficient political support for a project whose long-term implications are difficult to assess in advance. As a society-wide project, the CTF 2.0 scheme depends on developing wider public support and stakeholder engagement. Setting the policy agenda thus requires normative and empirical arguments persuasive enough to mobilise wider support. The challenge is to reframe the issue of unequal starting capital ownership, often perceived in abstract terms, as an issue of pressing public concern. A persuasive case depends on wider actualisation that inequalities of starting capital ownership, more than income inequalities, profoundly shape individuals' social outcomes, opportunities and wealth, unfairly privileging those initially better-off. Such insights are difficult to deny, even if one does not uphold the ideals of egalitarian justice. It is, however, crucial to effectively transmit evidence on how much capital and wealth have become concentrated in many countries, something many people may not fully realise. A normative case can be grounded in widely shared political values (autonomy, equality of opportunity or fairness) and framed around the high value placed on the social importance of children, shared across diverse perspectives. Presenting the scheme not as a policy aiming to equalise outcomes, but rather as a social investment strategy designed to ensure that all children enter adulthood with a meaningful capital stake, enabling them to become productive and responsible members of society. Such a case resonates with different normative perspectives, and appeals to those concerned about rising wealth inequality and economic growth.¹²

Asset building may be crucial to improve individual well-being and reduce wealth inequality. Substantive asset ownership, and especially financial and capital assets, enhance individuals' economic security and enable them to make meaningful investments and acquisitions, which facilitate opportunities for wealth accumulation. Asset holding can also stimulate positive changes in attitudes by encouraging people to save and accumulate assets. Without adequate assets, individuals remain vulnerable, while children from asset-poor households face limited opportunities

¹² For example, it can be reasonably argued that widespread capital ownership would facilitate long-term growth by enhancing inclusive economic participation, savings, investments and entrepreneurship.

from birth. Inclusive CDAs enable asset building by ensuring that all children enter adulthood with some capital, and may reduce wealth inequalities since starting capital, enhanced by intergenerational transfers and inheritance, facilitates wealth accumulation.

Less-advantaged individuals typically hold little (if any) financial and capital assets, which limits their opportunities for wealth accumulation. The CTF 2.0 scheme aims to address this issue by ensuring meaningful starting capital, and effectively “providing inheritance” for all children so as to improve their opportunities for wealth accumulation. If successful, the scheme can contribute to long-term intergenerational change and help to reduce wealth inequalities by limiting intergenerational transfer of disadvantage, creating the basis for, and stimulating, lifelong asset building and wealth accumulation, and by widely dispersing capital ownership, which also contributes to inclusive economic participation and possibly to long-term growth. The scheme can also be relevant in the context in which the predominant form of household wealth is real estate, often inherited. Homeownership positively affects economic security and wealth accumulation, and higher homeownership rates correlate with lower wealth inequality (Eurofund, 2025). Even so, access to homeownership (let alone access to more valuable real estate) is rarely equitable, and housing affordability is a pressing issue worldwide. Rising costs and financial insecurity prevent many households from accumulating wealth through homeownership (*ibid.*, p. 7). Starting assets can help with housing affordability, especially for young adults, while starting capital offers additional opportunities for wealth accumulation. Access to starting capital is especially important since, as discussed, capital gains significantly contribute to wealth accumulation. The suggested impact may be even stronger for homeowners and/or those who already own some real estate.

With this in mind, an important limitation of this paper arises from its somewhat scarce discussion on the design details and practical challenges in implementing the scheme. While presenting a fully developed CTF 2.0 proposal is beyond this discussion, additional remarks may be useful for future research. A crucial issue is whether adequate funding for the scheme could be secured. It could, but with reallocation of public resources and reasonable increases in taxation. Even modest (progressive) wealth and inheritance taxation can secure substantive funds. A social contribution scheme, similar to how health-insurance is often funded, may also be introduced. Feasibility of securing adequate funding essentially depends on stable long-term public support. If the proposed trust fund is established, resources from different sources could be increased through investment. While requiring prior planning, organisation, and responsible investments, such a trust fund can effectively work in practice, as shown by the Norwegian wealth fund. Deposits from recipi-

ents (households) and third parties can be stimulated by fiscal incentives, e.g., targeted incentives for low-income households or charitable contribution deductions. A part of public deposits can also be offered in the form of matched saving, similar to noted Canadian and Singaporean schemes, so as to encourage saving. Financial institutions may be motivated to support the scheme due to benefits of an increased investor base. Different actors are willing to offer matched savings without additional incentives (OECD, 2003), but this may not hold universally. Various issues remain open, notably how the scheme would actually work in practice, or the issue of its long-term effectiveness.

It is challenging to evaluate long-term benefits of a scheme (i.e., to justify substantive public investments) whose impact would become observable after several asset-building cycles, and depends on asset use. If wasted through poor choices, the impact on individual lives (wealth inequality) remains limited. Such concerns can be addressed through restrictions on asset use, so as to *nudge* individuals towards desired outcomes. For example, by restricting withdrawals to specific purposes (e.g., post-secondary education), assets become tied to these purposes, and influence efforts towards their achievement (Huang *et al.*, 2021b). However, if extensive, such restrictions can be seen as paternalist. With reasonable restriction, adequate financial education and access to mutual investment funds, the risk of poor investment choices can be mitigated. A scheme's long-term effectiveness depends on various factors, e.g., on its actual design and interaction with other policies and the underlying growth model (a complex issue in itself), adequate funding and support, and prior experience with asset schemes. There are several potential negative implications. Substantive investments into the scheme may indeed diminish investments in other important areas. There is also a risk inherent to long-term investment schemes. Invested funds may be diminished due to poor investment choices and/or unforeseeable circumstances. Such a risk can be mitigated through regulation and responsible investment practices, but not eliminated. That said, many specific design details, e.g., eligibility for expanded payments, and open issues cannot fully be addressed at the level of abstract theory, and may require substantive public discussion. It is thus crucial for policy-makers to cooperate with stakeholders during policy formulation so as to adjust the scheme to country-specific contexts and effectively interconnect it with relevant supportive policies, existing saving and investment schemes and social initiatives.

While incomplete, the CTF 2.0 proposal presents a framework for further discussions. It shows that designing an equitable asset-building scheme, as an effective opportunity-enhancing and inequality-reducing policy, may require developing it as a society-wide project. The scheme should complement, not substitute a sophisticated welfare state and a more comprehensive redistributive strategy. The proposal

allows for generalisations since concerns about rising inequalities and capital concentration exist worldwide, alongside concerns about the inability of welfare states to address these structural issues. This insight is reinforced by the value of starting capital for enhancing individual wealth and well-being. The proposal advances the debate by interconnecting noted concerns, and offers insights from an interdisciplinary perspective on the importance of developing an equitable asset-building scheme for children as a society-wide project. It is shown that a persuasive case for such a scheme can be framed around the value placed on the social importance of children, shared across diverse perspectives. The scheme is primarily envisioned for developed Western countries. Still, above some threshold of development, there may be no fundamental reason preventing its wider application.

5. Conclusion

The demand that citizens in developed countries should be ensured an adequate social minimum and security alongside provision of higher-quality public goods, such as education or healthcare, raises little controversy. Welfare states have been providing these goods from their inception, albeit in varying degrees of quality. The proposal that citizens should also be ensured starting asset ownership generates more controversy. The main disagreements are focused on the issue of how to ensure adequate starting assets for all citizens on current limited public budgets without significant trade-offs with other provisions and unsustainable increase in taxation. The CTF 2.0 proposal aimed to show that ensuring meaningful starting asset ownership for all children, though challenging, is not practically impossible. Various issues remain open. Regarding technical design details, for example, the proposal assumes annual state payments, but payments can also be made in the form of larger lump-sum payments at specific ages. Both options have their (dis)advantages. Another issue is determining eligibility criteria for expanded payments, which requires considering country-specific contexts. Eligibility criteria are likely to vary across countries. Further issues relate to supportive policies presupposed by the scheme. It must be specified what measures are required to empower individuals to save and invest, to adequately develop their capacities, and to minimise the stakeblowing risk without resorting to paternalist policies. Supportive measures, in particular financial education and access to financial advice, are essential. Such supportive measures would raise the costs of the scheme, although they could be reduced through society-wide collaboration. There are also issues regarding economic disincentives potentially generated by the scheme. Ensured starting assets would have the desired beneficial effects insofar individuals are adequately motivated to engage in the wider economy, which is important for their well-being and the well-functioning of the economy. Long-term effectiveness of the scheme

and whether its implementation would result in enhanced individual well-being and autonomy, or greater equality of opportunity and wealth, depends on various factors, especially on how the scheme would interact with other social policies. Addressing these and other open issues is unfortunately beyond the scope of this paper. Experiences of successfully implemented CDA schemes provide valuable insights.

There is one crucial lingering issue. Regardless of the additional research, or efforts invested into further specifications, none of this would ultimately matter if the proposed scheme were unable to generate society-wide support for its underlying, essentially egalitarian, ideals. Without sufficient support and active involvement of the wider society, such a scheme, if implemented, would remain vulnerable to abrupt cancellation before making any significant impact. While more feasible compared to more ambitious proposals, the CTF 2.0 scheme may still be too robust given its foreseeable high costs, required complementary social reforms and the general unpopularity for considerable increase in taxation. For the scheme to have a decent chance of being successfully implemented, efforts must first be invested into building society-wide support for it. Focusing on children may involve a greater potential to become the umbrella under which many differing views could converge. It is not said without reason that children are our future. This rather simple, yet powerful sentiment may resonate more across different individuals and societies than abstract ideals of egalitarian justice, which tend to generate disagreement even among those sharing them. If children are indeed the future, then substantive investments into children, despite high overall public expenditure and foreseeable challenges, do not appear unreasonable or practically impossible.

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