

Study finds child savings accounts promote positive social-emotional development

February 7 2014, by Katie Stalter

(Medical Xpress)—A college savings account in a child's name not only gives parents hope for the future, it also results in improved social-emotional health for their children.

That's the result of a new study released Jan. 27 online in *JAMA Pediatrics*.

The study, led by Washington University in St. Louis' Center for Social Development (CSD) in collaboration with the state of Oklahoma, began in 2007 as SEED for Oklahoma Kids (SEED OK), an innovative policy experiment to invest in children at birth. The program automatically opened and deposited \$1,000 in an Oklahoma college savings plan account for 1,360 newborns.

Results show a pattern in which scores from the treatment group (those with the automatically opened SEED OK account) indicate better [development](#) than those from the control group (those with no SEED OK account). Researchers liken these effects to outcomes associated with Head Start early-childhood programs, which have been shown to improve social-emotional development for 3-year-olds.

"The theory behind SEED OK is that accumulating assets within a household may positively affect the family's outlook on that child's future," said Michael Sherraden, PhD, the Benjamin E. Youngdahl Professor of Social Development and director of the CSD. "Now, seven years later, we're beginning to see this work yielding promising results."

Sherraden is a pioneer in the field of Child Development Accounts and in 2010 was named one of Time magazine's "TIME 100" most influential people.

The primary findings reported in JAMA Pediatrics find that positive effects occur regardless of whether parents have deposited money into an account themselves, indicating that neither the act of saving nor the amount saved is relevant in this developmental improvement.

"It appears to be the account and holding assets that matter," Sherraden said, "even if a mother does not have her own money to contribute at the moment."

Parents reported social-emotional development when their children were approximately 4 years old, based on questions in three areas: self-regulation, compliance and interaction with people. CSD researchers find that positive social-emotional development is even more pronounced among disadvantaged groups, including those who have low education, earn low income, receive welfare benefits or rent their home.

At this early stage in the experiment, it is difficult to gauge the full impact of SEED OK on these children, and researchers cannot assume long-term effects of college savings accounts. SEED OK will continue to follow the children and study the impact as the [children](#) progress through their school years and beyond.

More information: Huang J, Sherraden M, Kim Y, Clancy M. "Effects of Child Development Accounts on Early Social-Emotional Development: An Experimental Test." *JAMA Pediatr.* 2014;():. [DOI: 10.1001/jamapediatrics.2013.4643](https://doi.org/10.1001/jamapediatrics.2013.4643).

Provided by Washington University in St. Louis

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