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**Steven Johnson**  
KANSAS STATE TREASURER

## PROPONENT TESTIMONY ON SENATE BILL 304

**Presented to the Senate Education Committee  
By Kansas State Treasurer Steven Johnson**

February 3, 2025

Chairperson Erickson and Members of the Committee:

Thank you for the opportunity to appear before you today in support of Senate Bill 304, the Born to Invest Act. My name is Steven Johnson and I have the honor of serving as State Treasurer of Kansas.

My office is responsible for administering several programs designed to help Kansas families save, plan and prepare for the future, particularly for education and long-term financial security. We appreciate your consideration of this legislation, which is intended to strengthen financial opportunity for Kansas children from the beginning of their lives.

All parents and caregivers want the best for their children. We want them to have affordable opportunities and the ability to build a financially secure future. From the very beginning of a child's life, the decisions families make and the information available to them can help shape those outcomes. Senate Bill 304 is designed to help meet that goal.

The State Treasurer's Office administers several important programs, including:

- **529 education savings accounts**, which help families save for education with tax advantages.
- **529A (ABLE) accounts**, which allow individuals with disabilities and their families to save for qualified expenses without jeopardizing eligibility for critical public benefits.

In addition, our office would like to expand our financial empowerment efforts by educating Kansas families about a new federal savings opportunity:

- **530A (Trump) accounts**, which provide a new federally supported savings vehicle for eligible children, including \$1,000 seed funding for children born between January 1, 2025 and December 31, 2028.

Senate Bill 304 would authorize the Office of Vital Statistics to share limited birth record information with the State Treasurer's Office. This information would be used to provide parents and guardians of newborn Kansans with timely, accurate information about government-administered savings programs available to them. This includes information on how eligible households may claim the \$1,000 deposit into a Trump accounts. No accounts would be opened automatically, and participation would remain voluntary.

Trump accounts, 529 accounts and ABLE accounts are designed to empower individuals to achieve various life goals. Trump accounts can jumpstart long-term investing for retirement or a future down payment on a home. A 529 account allows parents to harness the power of compound interest and tax-advantage growth to fund career and educational advancement. ABLE accounts protect disability benefits while making living with a disability more affordable. These

programs function as a set of tools that Kansas families can use to save, plan and work toward financial independence based on their own circumstances.

Despite the availability of these programs, many families remain unaware that they exist or are unsure how to determine which option, or combination of options, may be right for them. The Born to Invest Act addresses this gap by providing families with information to assist them in making informed financial decisions following the birth of a child.

Research consistently shows that children who have savings designated for their future, whether for education, independence, or long-term stability are more successful later in life. Even modest early savings can influence expectations, encourage financial literacy and promote long-term planning. Providing families with information at birth helps establish a culture of saving and investing from day one.

Trump, 529 and ABLÉ accounts are designed to harness small savings efforts into life changing outcomes. In the case of a set of parents who opened a 529 account 18 years ago for their high school senior, had they each invested \$5 a week into an index fund (S&P 500) their 529 account would have grown into approximately \$26,000 in savings today. With an average annual return of 10.59% over the last 18 years, \$9,360 of invested principal would have generated \$16,640 in tax-advantaged investment growth for education or career advancement.

A set of parents who open a Trump account, claim the \$1,000 in seed funding, claim a \$250 grant currently available from Michael Dell's Invest America initiative and each save \$5 a week for their child until 18 will have an account worth approximately \$25,200, assuming an average annual return on investment (ROI) of 8%. At 18, when their child inherits the Trump account, if that child commits to also saving \$5 a week until retirement at age 65, assuming an average annual ROI of 8%, their Trump account will be worth approximately \$1,060,000. (As a side note, if those same dollars were invested in treasuries at 3.5%, it would only grow to \$107,500.)

This is the power of compound interest. It demonstrates the power of America's free market economy. \$22,830 of invested principle from birth until 65 can generate approximately \$1,037,000 in tax-deferred investment growth. The wealth generated in America's free-market system is shared with Americans who invest in the marketplace. Approximately 40% of Americans do not own direct investments. The Born to Invest Act helps strengthen Kansas households and supports our free-market economy by helping Kansas families understand the tools available to start investing. With even a small commitment to sustained investment savings, Trump, 529 and ABLÉ accounts can all empower someone to build an affordable lifestyle centered on self-reliance.

Key points of our education will include:

- What are the programs available
- How each program works and the intended uses for the funds
- The tax advantages of each program
- An overview of investment choices and how they work
- Where to go for more information and how to open accounts

Thank you for your time and consideration. I respectfully ask for your support of Senate Bill 304, and I would be happy to answer any questions.