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110TH CONGRESS
2D SESSION

# S. 3557

To encourage savings, promote financial literacy, and expand opportunities for young adults by establishing KIDS Accounts.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24 (legislative day, SEPTEMBER 17), 2008

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Finance

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# A BILL

To encourage savings, promote financial literacy, and expand opportunities for young adults by establishing KIDS Accounts.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the "America Saving for Personal Investment, Retirement, and Education Act of 2008" or the "ASPIRE Act of 2008".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. KIDS Account Fund.
Sec. 3. KIDS Accounts.
Sec. 4. Certifications related to Government contributions.
Sec. 5. Rules governing KIDS Accounts relating to investment, accounting, and reporting.
Sec. 6. Tax treatment of KIDS Accounts.
Sec. 7. Private management of KIDS Accounts.
Sec. 8. KIDS Account Fund Board.
Sec. 9. Fiduciary responsibilities.
Sec. 10. Assignment, alienation, and treatment of deceased individuals.
Sec. 11. Accounts disregarded in determining eligibility for Federal benefits.
Sec. 12. Reports.
Sec. 13. Programs for promoting financial literacy.

**SEC. 2. KIDS ACCOUNT FUND.**

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a KIDS Account Fund.

(b) AMOUNTS HELD BY FUND.—The KIDS Account Fund consists of the sum of all amounts paid into the Fund under subsections (d) and (e), increased by the total net earnings from investments of sums held in the Fund or reduced by the total net losses from investments of sums held in the Fund, and reduced by the total amount of payments made from the Fund (including payments for administrative expenses).

(c) USE OF FUND.—

(1) IN GENERAL.—The sums in the KIDS Account Fund are appropriated and shall remain available without fiscal year limitation—

(A) to invest under section 5,

(B) to make distributions as provided pursuant to section 6,

(C) to pay the administrative expenses of carrying out this Act, and

(D) to purchase insurance as provided in section 9(c)(2).

(2) EXCLUSIVE PURPOSES.—The sums in the KIDS Account Fund shall not be appropriated for any purpose other than the purposes specified in this section and may not be used for any other purpose.

(d) GOVERNMENT CONTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall make transfers from the general fund of the Treasury to the KIDS Account Fund as follows:

(A) AUTOMATIC CONTRIBUTIONS.—Upon receipt of each certification under section 3(b), the Secretary of the Treasury shall transfer $500.

(B) SUPPLEMENTAL CONTRIBUTIONS.—Upon receipt of each certification under section 4(a), the Secretary of the Treasury shall transfer the supplemental amount.

(C) MATCHING CONTRIBUTIONS.—Upon receipt of each certification under section 4(b), the Secretary of the Treasury shall transfer the matching amount.

(2) ADJUSTMENT FOR INFLATION.—

(A) IN GENERAL.—For each fifth calendar year beginning after 2009, the $500 amount in paragraph (1)(A) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 determined by substituting ''calendar year 2008'' for ''calendar year 1992'' in subparagraph (B) thereof.

(B) ROUNDING.—If any amount adjusted under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

(e) PRIVATE CONTRIBUTIONS.—The Executive Director shall pay into the KIDS Account Fund such amounts as are contributed under section 3(f).

**SEC. 3. KIDS ACCOUNTS.**

(a) ESTABLISHMENT.—The Executive Director shall establish in the KIDS Account Fund a Kids Investment and Development Savings Account (hereafter in this Act referred to as a ''KIDS Account'') for each eligible individual certified under subsection (b). Each such account shall be identified to its account holder by means of the account holder's social security account number.

(b) CERTIFICATION OF ACCOUNT HOLDERS.—On the date on which an eligible individual is issued a social secu-

rity account number under section 203(c)(2) of the Social Security Act, the Commissioner of Social Security shall certify to the Executive Director and the Secretary of the Treasury the name of, and social security number issued to, such eligible individual.

(c) ACCOUNT BALANCE.—The balance in an account holder's KIDS Account at any time is the excess of—

(1) the sum of—

(A) all deposits made into the KIDS Account Fund and credited to the account under subsection (d), and

(B) the total amount of allocations made to and reductions made in the account pursuant to subsection (e), over

(2) the amounts paid out of the account with respect to such individual under section 6.

(d) CREDITING OF CONTRIBUTIONS.—Pursuant to regulations which shall be prescribed by the Executive Director, the Executive Director shall credit to each KIDS Account the amounts paid into the KIDS Account Fund under subsections (d) and (e) of section 2 which are attributable to the account holder of such account.

(e) ALLOCATION OF EARNINGS AND LOSSES.—The Executive Director shall allocate to each KIDS Account an amount equal to the net earnings and net losses from

each investment of sums in the KIDS Account Fund which are attributable, on a pro rata basis, to sums credited to such account, reduced by an appropriate share of the administrative expenses paid out of the net earnings, as determined by the Executive Director.

(f) PRIVATE CONTRIBUTIONS.—

(1) IN GENERAL.—The Executive Director shall accept cash contributions for payment into the KIDS Account Fund if such contribution is identified (in such manner as the Executive Director may require) with the account holder of a KIDS Account to whom it is to be credited at the time the contribution is made.

(2) ALTERNATIVE METHODS OF CONTRIBUTION.—

(A) PAYROLL DEDUCTION.—Under regulations prescribed by the Executive Director and at the election of the employer, contributions under paragraph (1) may be made through payroll deductions.

(B) TAX REFUNDS.—Under regulations prescribed by the Secretary of the Treasury, contributions under paragraph (1) may be made by an election to contribute all or a portion of the tax refund of the contributor.

(3) ANNUAL LIMITATION.—

(A) ACCOUNT HOLDERS UNDER AGE 18.—In the case of an account holder who has not attained age 18 at the end of a calendar year—

(i) the limitation under section 219(b)(1) of the Internal Revenue Code of 1986 shall not apply, and

(ii) the Executive Director shall not accept any contribution identified with such account holder if such contribution, when added to all other contributions made under this subsection during such calendar year with respect to such account holder, exceeds $2,000.

(B) ACCOUNT HOLDERS AGE 18 OR OLDER.—In the case of an account holder who is age 18 or older at the end of a calendar year, any contribution identified with such account holder shall be taken into account under section 219(b)(1) of the Internal Revenue Code of 1986 for such year.

(C) ADJUSTMENT FOR INFLATION.—

(i) IN GENERAL.—For each fifth calendar year beginning after 2009, the $2,000 amount under subparagraph (A)(ii)

shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 determined by substituting ''calendar year 2008'' for ''calendar year 1992'' in subparagraph (B) thereof.

(ii) ROUNDING.—If any amount adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

(g) ELIGIBLE INDIVIDUAL.—For purposes of this Act, the term ''eligible individual'' means any individual who is—

(1) a United States citizen or a person described in paragraph (1) of section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,

(2) born after December 31, 2008, and

(3) less than 18 years of age.

(h) RIGHTS OF LEGAL GUARDIAN.—Until the account holder of a KIDS Account attains age 18, any rights or duties of the account holder under this Act with respect to such account shall be exercised or performed by the legal guardian of such account holder.

**SEC. 4. CERTIFICATIONS RELATED TO GOVERNMENT CONTRIBUTIONS.**

(a) SUPPLEMENTAL GOVERNMENT CONTRIBUTIONS.—

(1) IN GENERAL.—Upon such showing as the Executive Director may require to establish the basis for certification, the Executive Director shall, with respect to each eligible account holder, certify to the Secretary of the Treasury the supplemental amount with respect to such account holder.

(2) ELIGIBLE ACCOUNT HOLDER.—For purposes of this subsection, the term ''eligible account holder'' means an account holder of a KIDS Account who, for the last taxable year ending before such account holder's certification under section 3(b), has a modified adjusted gross income which is below the applicable national median adjusted gross income amount.

(3) SUPPLEMENTAL AMOUNT.—

(A) IN GENERAL.—For purposes of this Act, the term ''supplemental amount'' means $500.

(B) INCOME PHASE-OUT.—With respect to any account holder who has a modified adjusted gross income for the last taxable year ending before such account holder's certification under

section 3(b) which is in excess of 50 percent of the applicable national median adjusted gross income amount, the $500 amount in subparagraph (A) shall be reduced (but not below zero) by an amount which bears the same ratio to $500 as such excess bears to 50 percent of the applicable national median adjusted gross income amount.

(C) ADJUSTMENT FOR INFLATION.—

(i) IN GENERAL.—For each fifth calendar year beginning after 2009, each of the $500 amounts under subparagraphs (A) and (B) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 determined by substituting ''calendar year 2008'' for ''calendar year 1992'' in subparagraph (B) thereof.

(ii) ROUNDING.—If any amount adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

(b) GOVERNMENT MATCHING CONTRIBUTION.—

(1) IN GENERAL.—Upon such showing as the Executive Director may require to establish the basis for certification, the Executive Director shall, with respect to each private contribution to the account of an account holder which is made before such account holder attains age 18, certify to the Secretary of the Treasury the matching amount with respect to such contribution.

(2) MATCHING AMOUNT.—

(A) IN GENERAL.—For purposes of this subsection, the term ''matching amount'' means, with respect to the first $500 of private contributions to an account during any calendar year, an amount equal to 100 percent of such contribution.

(B) INCOME PHASE-OUT.—With respect to any account holder who has a modified adjusted gross income for the last taxable year ending before such contribution which is in excess of 100 percent of the applicable national median adjusted gross income amount, the $500 amount in subparagraph (A) shall be reduced (but not below zero) by an amount which bears the same ratio to $500 as—

(i) such excess, bears to

(ii) 20 percent of the applicable national median adjusted gross income amount.

(C) ADJUSTMENT FOR INFLATION.—

(i) IN GENERAL.—For each fifth calendar year beginning after 2009, each of the $500 amounts under subparagraphs (A) and (B) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 determined by substituting ''calendar year 2008'' for ''calendar year 1992'' in subparagraph (B) thereof.

(ii) ROUNDING.—If any amount adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

(3) PRIVATE CONTRIBUTION.—For purposes of this subsection, the term ''private contribution'' means a contribution accepted under section 3(f).

(c) DEFINITIONS AND RULES RELATING TO MODIFIED ADJUSTED GROSS INCOME.—For purposes of this section—

(1) SPECIAL RULE FOR ACCOUNT HOLDERS WHO CAN BE CLAIMED AS DEPENDENTS.—In the case of an account holder of a KIDS Account for whom a deduction is allowable under section 151 of the Internal Revenue Code of 1986 to another taxpayer, any reference in this section to the modified adjusted gross income of the account holder for any taxable year shall be treated as a reference to the modified adjusted gross income of such other taxpayer.

(2) MODIFIED ADJUSTED GROSS INCOME.—The term ''modified adjusted gross income'' has the meaning given such term in section 221(b) of the Internal Revenue Code of 1986.

(3) APPLICABLE NATIONAL MEDIAN ADJUSTED GROSS INCOME.—

(A) IN GENERAL.—The term ''applicable national median adjusted gross income'' means, with respect to any calendar year, the median amount of adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) for individual taxpayers for taxable years ending in the prior calendar year as determined by the Secretary of the Treasury.

(B) JOINT RETURNS.—The applicable national median adjusted gross income shall be calculated and applied separately with respect to joint returns and all other returns.

**SEC. 5. RULES GOVERNING KIDS ACCOUNTS RELATING TO INVESTMENT, ACCOUNTING, AND REPORTING.**

(a) DEFAULT INVESTMENT PROGRAM.—The KIDS Account Fund Board shall establish a default investment program under which, in a manner similar to a lifecycle investment program, sums in each KIDS Account are allocated to investment funds in the KIDS Account Fund based on the amount of time before the account holder attains the age of 18. Each account holder of a KIDS Account shall be enrolled in such program unless such account holder, in such form and manner as prescribed by the Executive Director, elects otherwise.

(b) OTHER RULES.—Under regulations which shall be prescribed by the Executive Director, and subject to the provisions of this Act, the provisions of—

(1) section 8438 of title 5, United States Code (relating to investment of the Thrift Savings Fund),

(2) section 8439(b) of such title (relating to engagement of independent qualified public accountant),

(3) section 8439(c) of such title (relating to periodic statements and summary descriptions of investment options), and

(4) section 8439(d) of such title (relating to assumption of risk), shall apply with respect to the KIDS Account Fund and accounts maintained in such Fund in the same manner and to the same extent as such provisions relate to the Thrift Savings Fund and the accounts maintained in the Thrift Savings Fund. For purposes of this subsection, references in such sections 8438 and 8439 to an employee, Member, former employee, or former Member shall be deemed references to an account holder of a KIDS Account in the KIDS Account Fund.

**SEC. 6. TAX TREATMENT OF KIDS ACCOUNTS.**

(a) IN GENERAL.—Except as otherwise provided in this Act, for purposes of the Internal Revenue Code of 1986—

(1) each KIDS Account shall be treated in the same manner as a Roth IRA (within the meaning of section 408A of such Code), except that section 408A of such Code shall be applied separately to KIDS Accounts and

(2) any distribution from such account shall be treated in the same manner as a distribution from a Roth IRA.

(b) SEPARATE APPLICATION OF TAXATION RULES.—For purposes of this Act, section 408A, other than subsection (c) thereof (relating to treatment of contributions), of the Internal Revenue Code of 1986 shall be applied separately to KIDS accounts.

(c) MINIMUM BALANCE.—No amount shall be distributed pursuant to subsection (a)(2) to the extent such distribution would cause the balance of such account to be less than the amount transferred to such account under section 2(d)(1)(A) before the account holder—

(1) attains age 59½,

(2) dies, or

(3) becomes disabled (within the meaning of section 72(m)(7).

(d) DISTRIBUTIONS FOR HIGHER EDUCATION.—In the case of higher education expenses of an account holder incurred during the period beginning on the date the account holder attains 18 and ending before the account holder attains 25, no amount shall be treated as a qualified distribution pursuant to subsection (a)(2) unless such amount is paid directly to the institution of higher education (as defined in section 101 of the Higher Education

Act of 1065 (20 U.S.C. 1001) through which the higher education is provided.

(e) AGE LIMITATION.—Except as otherwise provided by this Act, no distribution shall be made under subsection (a) with respect to any account holder of a KIDS Account before such account holder attains age 18.

(f) QUALIFIED ROLLOVERS CONTRIBUTIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), no qualified rollover contribution (as defined in section 408A(e) of the Internal Revenue Code of 1986) shall be allowed with respect to a KIDS Account.

(2) QUALIFIED ROLLOVERS.—

(A) IN GENERAL.—Under regulations prescribed by the Secretary of the Treasury in consultation with the Executive Director, after the account holder of a KIDS Account attains the age of 18 (or, if earlier, on the date of the rollover contribution if the balance in such KIDS Account exceeds $10,000), such account holder may elect to make a rollover contribution from such account holder's account to a privately managed KIDS Account (as defined in section 408B of the Internal Revenue Code of 1986).

(B) LIMITATION.—No rollover contribution may be made under this paragraph to the extent that such rollover contribution would cause the balance of such account holder's account to be less than the minimum balance specified in subsection (c).

(g) 100 PERCENT TAX ON GOVERNMENT CONTRIBUTIONS.—

(1) KIDS ACCOUNTS.—

(A) IN GENERAL.—In the case of any amount distributed from a KIDS Account which is attributable to contributions made under section 2(d) and which would be includible in gross income (but for this paragraph)—

(i) such amount shall not be includible in gross income, and

(ii) the tax imposed under chapter 1 of the Internal Revenue Code of 1986 on the distributee for the taxable year in which such amount is distributed shall be increased by 100 percent of such amount.

(B) ORDERING RULES.—For purposes of this paragraph, distributions from KIDS Accounts shall be treated as made from amounts attributable to contributions made under sec-

tion 3(f) and from earnings before made from amounts attributable to contributions made under section 2(d).

**SEC. 7. PRIVATE MANAGEMENT OF KIDS ACCOUNTS.**

(a) IN GENERAL.—Part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 408A the following new section:

**"SEC. 408B. PRIVATELY MANAGED KIDS ACCOUNTS.**

"(a) IN GENERAL.—Except as provided in this section, a privately managed KIDS Account shall be treated in the same manner as a Roth IRA, except that:

"(1) QUALIFIED SPECIAL PURPOSE DISTRIBUTIONS.—Qualified special distributions (as defined in section 408A(d)(5)) shall include—

"(A) distributions to the extent that such distributions do not exceed qualified higher education expenses (as defined in section 529(e)(3)) of the beneficiary of a privately managed KIDS Account, reduced by the sum of—

"(i) the amount excluded from gross income under section 127, 135, 529, or 530 by reason of such expenses,

"(ii) the amount excluded from gross income under section 221 by reason of such expenses (determined without regard

to the last sentence of subsection (d)(2) thereof),

"(iii) the amount of any scholarship, allowance, or payment described in section 25A(g)(2), and

"(iv) the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

"(B) amounts which within 60 days of distribution are transferred to a qualified tuition program under section 529 for the benefit of the account holder of a privately managed KIDS Account or a member of the family (within the meaning of section 529(e)(2)) of such account holder.

"(2) NONEXCLUSION PERIOD DOES NOT APPLY.—Section 408A(d)(2)(B) shall not apply.

"(3) QUALIFIED ROLLOVER.—In lieu of the definition given the term 'qualified rollover contribution' under section 408A(e), such term shall mean a rollover contribution to a privately managed KIDS Account from another such account or from a KIDS Account under section 7(b)(2)(A) of the America

Saving for Personal Investment, Retirement, and Education Act of 2008, but only if such rollover contribution meets the requirements of section 408(d)(3).

"(4) AGE LIMITATION ON DISTRIBUTIONS.—Except as otherwise provided in this section, no distribution may be made with respect to any account holder of a privately managed KIDS Account before such account holder attains age 18.

"(5) TAXATION OF GOVERNMENT CONTRIBUTIONS.—In the case of any distribution which is attributable to contributions made under section 2(d) of the America Saving for Personal Investment, Retirement, and Education Act of 2008 and which would be includible in gross income (but for this paragraph)—

"(A) such amount shall not be includible in gross income, and

"(B) the tax imposed under chapter 1 on the distributee for the taxable year in which such amount is distributed shall be increased by 100 percent of such amount.

For purposes of this paragraph, distributions shall be treated as made from amounts attributable to other contributions and from earnings before made

from amounts attributable to contributions made under section 2(d) of the America Saving for Personal Investment, Retirement, and Education Act of 2008.

"(6) ASSIGNMENT, ALIENATION, AND TREATMENT OF DECEASED INDIVIDUALS.—Section 10 of the America Saving for Personal Investment, Retirement, and Education Act of 2008 shall apply in lieu of treatment under this subsection as a Roth IRA.

"(b) PRIVATELY MANAGED KIDS ACCOUNT.—For purposes of this title, the term 'privately managed KIDS Account' means an individual retirement plan (as defined in section 7701(a)(37)) which is designated (in such manner as the Secretary may prescribe) as a privately managed KIDS Account and which meets the requirements of the America Saving for Personal Investment, Retirement, and Education Act of 2008.".

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item related to section 408A the following new item:

"Sec. 408B. Privately managed KIDS Accounts.".

**SEC. 8. KIDS ACCOUNT FUND BOARD.**

(a) IN GENERAL.—There is established in the executive branch of the Government a KIDS Account Fund Board.

(b) COMPOSITION, DUTIES, AND RESPONSIBILITIES.—Subject to the provisions of this Act, the provisions of—

(1) section 8472 of title 5, United States Code (relating to composition of Federal Retirement Thrift Investment Board),

(2) section 8474 of such title (relating to Executive Director),

(3) section 8475 of such title (relating to investment policies), and

(4) section 8476 of such title (relating to administrative provisions), shall apply with respect to the KIDS Account Fund Board in the same manner and to the same extent as such provisions relate to the Federal Retirement Thrift Investment Board.

**SEC. 9. FIDUCIARY RESPONSIBILITIES.**

(a) IN GENERAL.—Under regulations of the Secretary of Labor, the provisions of sections 8477 and 8478 of title 5, United States Code, shall apply in connection with the KIDS Account Fund and the accounts maintained in such Fund in the same manner and to the same extent as such provisions apply in connection with the Thrift Savings Fund and the accounts maintained in the Thrift Savings Fund.

(b) INVESTIGATIVE AUTHORITY.—Any authority available to the Secretary of Labor under section 504 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1134) is hereby made available to the Secretary of Labor, and any officer designated by the Secretary of Labor, to determine whether any person has violated, or is about to violate, any provision applicable under subsection (a).

(c) EXCULPATORY PROVISIONS; INSURANCE.—

(1) IN GENERAL.—Any provision in an agreement or instrument which purports to relieve a fiduciary from responsibility or liability for any responsibility, obligation, or duty under this Act shall be void.

(2) INSURANCE.—Amounts in the KIDS Account Fund available for administrative expenses shall be available and may be used at the discretion of the Executive Director to purchase insurance to cover potential liability of persons who serve in a fiduciary capacity with respect to the Fund and accounts maintained therein, without regard to whether a policy of insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation.

**SEC. 10. ASSIGNMENT, ALIENATION, AND TREATMENT OF DECEASED INDIVIDUALS.**

(a) ASSIGNMENT AND ALIENATION.—Under regulations which shall be prescribed by the Executive Director, rules relating to assignment and alienation applicable under chapter 84 of title 5, United States Code, with respect to amounts held in accounts in the Thrift Savings Fund shall apply with respect to amounts held in KIDS Accounts in the KIDS Account Fund.

(b) TREATMENT OF ACCOUNTS OF DECEASED INDIVIDUALS.—In the case of a deceased account holder of a KIDS Account which has an account balance greater than zero, upon receipt of notification of such individual's death, the Executive Director shall close the account and shall transfer the balance in such account to the KIDS Account of such account holder's surviving spouse or, if there is no such account of a surviving spouse, to the duly appointed legal representative of the estate of the deceased account holder, or if there is no such representative, to the person or persons determined to be entitled thereto under the laws of the domicile of the deceased account holder.

**SEC. 11. ACCOUNTS DISREGARDED IN DETERMINING ELIGIBILITY FOR FEDERAL BENEFITS.**

Amounts in any KIDS Account shall not be taken into account in determining any individual's or house-

hold's financial eligibility for, or amount of, any benefit or service, paid for in whole or in part with Federal funds, including student financial aid.

**SEC. 12. REPORTS.**

The Executive Director, in consultation with the Secretary of the Treasury, shall annually transmit a written report to the Congress. Such report shall include—

(1) a detailed description of the status and operation of the KIDS Account Fund and the management of the KIDS Accounts, and

(2) a detailed accounting of the administrative expenses in carrying out this Act, including the ratio of such administrative expenses to the balance of the KIDS Account Fund and the methodology adopted by the Executive Director for allocating such expenses among the KIDS Accounts.

**SEC. 13. PROGRAMS FOR PROMOTING FINANCIAL LITERACY.**

The Secretary of the Treasury, in coordination with the Financial Literacy and Education Commission, shall develop programs to promote the financial literacy of account holders of KIDS Accounts and the legal guardians of such account holders who have the rights with respect to such accounts under section 3(h).

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