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# Spreading wealth across the generations: inheritance and universal basic capital

**Julian Le Grand**

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Money is like manure; it's not worth a thing unless it's spread around, encouraging young things to grow."

Thornton Wilder, "*The Matchmaker*"

Income only maintains consumption, but assets change the the way people think and interact in the world. With assets, people begin to think in the long-term and pursue long-term goals. In other words, while incomes feed people's stomachs, assets change their minds.

Michael Sherraden *Assets and the Poor*

# Assets and Outcomes

Evidence from US and UK longitudinal studies that individuals who own assets, when compared with those who do not, have:

- Better health
- Lower mortality
- Higher marital stability
- Less domestic violence
- Better educational outcomes for children
- Higher savings when children become adults

*Source: Kelly and Lissauer (2000)*



# Assets and the Younger Generation

Asset holding at 23 has strong links with:

- Time spent in full time employment between 22-33 for men and women
- Earnings at age 33 for men
- Health of men and women at 33

Links remain even when income, class and personality type controlled for.

*Source: Bynner and Despotidou (2001)*

# Universal Basic Capital Ideas

- Tom Paine. £15 for every 21 year-old paid from inheritance tax
- Julian Le Grand (1989, 1991, 2000). £10,000 at age 18, funded by inheritance tax
- Ackerman and Alstott (1999). \$80,000 at age 21 funded from wealth tax
- Institute for Public Policy Research (2000). A 'baby bond': £1000 grant at birth funded from general taxation.
- Le Grand and Carvallo (2008) EU 'Bambini bond'. €1000 grant at birth. €1500 for low income families.
- UK Child Trust Fund
- US 'Trump' accounts

Source: <https://ppr.lse.ac.uk/articles/10.31389/lseppr.8>



# UK Child Trust Fund (2002-2011)

- Every child at birth received a grant of £250 to set up an account. All types of accounts available: shares, savings, sharia etc
- Children from disadvantaged families or with a disability received a further £250.
- At age 7 parents received a further voucher of £250 or £500. Children in care a further £100 on top
- Parents, grandparents, friends and children could save up to £1200 into account. Income from account tax free.
- Account available for use when child reaches 18. No restrictions on use.
- Financial help and education available

# Trump accounts (2026- ?)

## Eligibility

Any child under 18 with a valid Social Security number may have a Trump Account opened by the US Treasury

## Government contribution

A one-off federal deposit of \$1,000 is made for children born between 1 January 2025 and 31 December 2028.

## Additional contributions

Families and others may contribute **up to \$5,000 per year** (indexed to inflation).

Employers may contribute **up to \$2,500 per year**, excluded from the employee's taxable income.

Charities and other general funders may also contribute

## Investment rules

Funds must be invested in **low-cost US equity index funds**

## Access and withdrawals

No withdrawals before age 18.

After 18, accounts are generally treated as traditional Independent Retirement Accounts, with withdrawals subject to ordinary IRA tax rules. No restrictions on use

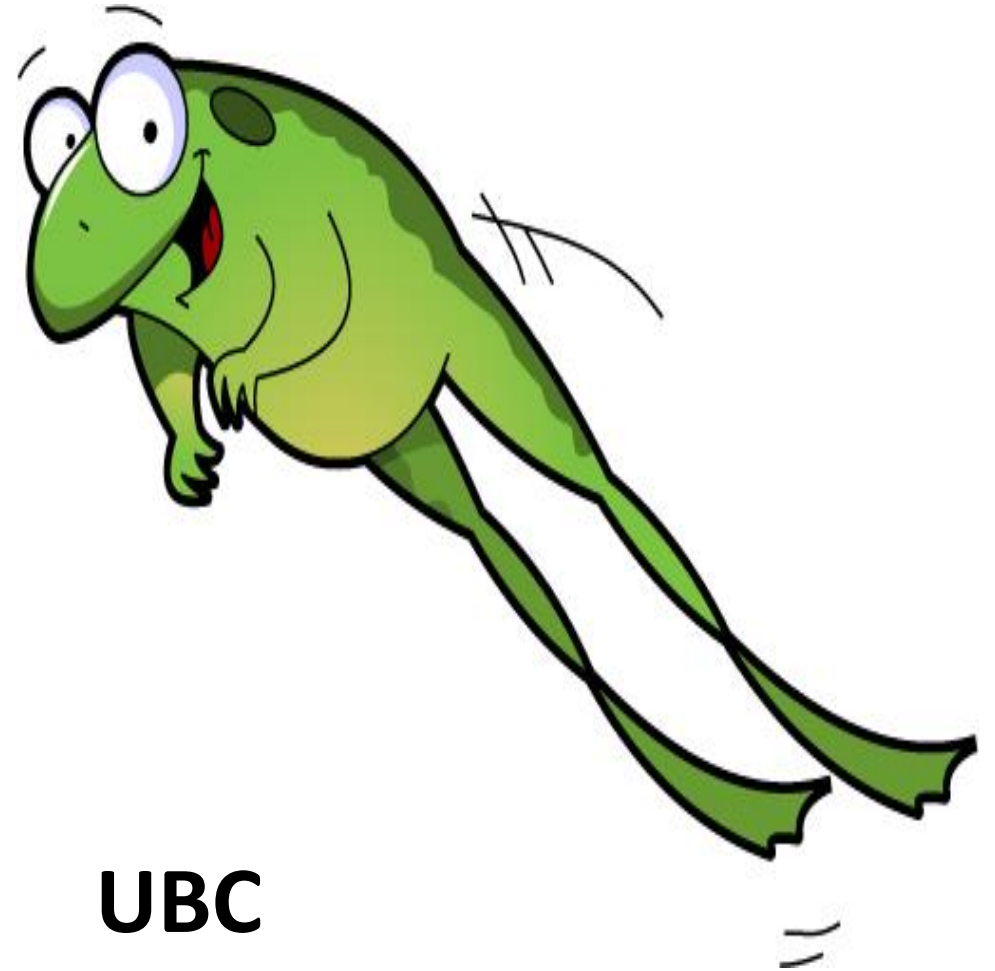
# Dell Foundation contribution

- In December 2025, Michael and Susan Dell committed \$6.25 billion through their philanthropic vehicles to support Trump Accounts.
- The Dell contribution does not replace the federal \$1,000 seed deposit. Instead, it adds a supplementary benefit:
- \$250 additional deposit for children who do not qualify for the \$1,000 federal seed (because they were born before 1 January 2025). Children eligible for the federal \$1,000 deposit do not receive the \$250 Dell supplement.
- Target group:
  - Children aged 10 or under
  - Living in ZIP codes with median household income at or below \$150,000
- The programme is expected to reach around 25 million children.
- The funds are administered within the same Trump Account framework and follow the same investment and withdrawal rules

Universal Basic Capital (UBC) or  
Universal Basic Income (UBI)?



UBI?



UBC

# Universal Basic Capital (UBC) and a Citizen's Day

