CPA Practice Advisor

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In a letter to the Senate Finance Committee, the Corporation for Enterprise

national coalition working to advance federal policies that expand savings and investment opportunities for lower-income households through reform of the U.S. tax code.

Currently in the U.S., four out of 10 households – and two out of three households of color – do not have enough savings to cover three months of living expenses at the poverty level if their income is disrupted. Yet they are unable to access billions of dollars in incentives embedded in the federal tax code to encourage household saving and investment. Instead, most of that money goes to the wealthy. According to an analysis by CFED, the top 1% of households received more in tax benefits in 2013 than the bottom 80% combined from the largest of these tax programs.

The Alliance's recommendations fall into the following priority areas:

- Encouraging child savings by establishing universal savings accounts at birth, reforming the federal 529 account structure to facilitate more inclusive plans and establishing a "Kid's Roth" IRA.
- Supporting economic mobility and financial security by making permanent key provisions of the EITC and CTC currently scheduled to expire in 2017, expanding the EITC for childless workers, creating a Financial Security Credit and enacting a Universal Savings Credit.
- Maximizing access to retirement savings by expanding the Saver's Credit, supporting federal Auto IRA policy and expanding myRA.
- Expanding access to higher education by reforming the American Opportunity Tax Credit and making it permanent and fully refundable.
- Supporting homeownership by either capping the mortgage interest deduction or turning it into a credit and supporting alternatives approaches that build wealth rather than subsidize debt, and;

- Supporting new entrepreneurs by establishing a New Entrepreneurs Tax Credit