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U.S. Senator Pushes \$1,000 Investment Accounts for Every Newborn in Bold Wealth Plan

Senator Ted Cruz introduces the Invest America Act to provide every U.S. newborn with a \$1,000 federally funded S&P 500 investment account, with potential long-term growth and private contributions of up to \$5,000 per year from family and friends.

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U.S. Senator Ted Cruz.

A bold new financial policy aimed at reshaping the economic future of America's youth has been introduced by Senator Ted Cruz (R-Texas). The legislation, titled the *Invest America Act*, proposes a federally funded \$1,000 investment account for every child born in the United States, marking an ambitious attempt to cultivate generational wealth and boost financial literacy from

birth.

The bill, introduced on May 12, seeks to promote long-term financial security for Americans by using compound growth and market investment principles. Under the proposed plan, each child would receive a private, tax-advantaged investment account overseen by the Social Security Administration. The initial \$1,000 contribution by the federal government would be invested in an S&P 500 index fund and grow tax-deferred until the account holder turns 18.

Withdrawals at that point would be taxed only at the capital gains rate, providing incentives to let the funds mature. Families, friends, and even businesses could contribute an additional \$5,000 per year to the accounts, further enhancing the investment potential. The structure is designed not just to accumulate wealth, but also to expose young Americans to basic investment concepts early in life.

“This bill will trigger fundamental and transformative changes for the financial security and personal freedoms of American citizens for generations,” said Senator Cruz in support of the legislation. “Every child in America will have private investment accounts that will compound over their lives, enhancing the prosperity and economic participation of the vast majority of Americans.”

The initiative has already found momentum within Congress. A version of the legislation has been incorporated into the U.S. House Ways and Means Committee’s budget proposal released on May 11. That draft refers to the accounts as “MAGA accounts,” a nod to the Make America Great Again political movement associated with President Donald Trump. The branding has fueled debate about the bill’s political positioning, even as it moves toward a potential vote in summer 2025 as part of a broader tax package supported by Trump allies.

Support from the private sector has been vocal. Brad Gerstner, the Founder, Chairman, and CEO of Altimeter Capital, expressed strong approval, stating: “Invest America accounts are central to the Main Street Agenda — pulling every kid off the sidelines and putting them squarely in the game. When everyone realizes they can be an owner, it unites our country around free-market principles and unleashes the next generation of American success.”

Still, the bill has not escaped scrutiny. The estimated annual cost to fund the accounts is around \$3.6 billion, based on Center for Disease Control and Prevention data, indicating roughly 3.6 million births each year in the U.S. Critics have raised concerns about the fiscal impact of adding billions to a federal budget already burdened by a \$1.8 trillion deficit.

Skeptics also question whether a one-time \$1,000 deposit can deliver substantial benefits. Some argue that \$3,380 by age 18 is insufficient for major life investments such as education or homeownership. Others are wary of entrusting the Social Security Administration with managing private investment accounts, suggesting it could be a slippery slope toward the privatization of the broader Social Security system.

Nonetheless, proponents argue that the combination of tax advantages, compounding interest, and optional annual contributions makes the plan an innovative pathway to financial stability. The emphasis on S&P 500 investments is intended to mirror overall market performance, while shielding accounts from excessive risk.

The Invest America Act builds on Cruz’s earlier efforts to reshape personal finance policy. Earlier this month, he introduced the Universal Savings Account Act, which seeks to reduce restrictions and penalties tied to traditional savings tools. By targeting newborns with investment

opportunities, the *Invest America Act* aims to instill a culture of saving and long-term financial planning at the earliest stage of life.

The proposal is also seen as an answer to conservative calls for policies that strengthen family units and encourage economic independence. Advocates of the bill argue that giving every child a stake in the market not only empowers individuals but aligns with broader free-market values.

However, the political overtones surrounding the term “MAGA accounts” and its inclusion in a Trump-endorsed tax plan have raised flags for some. Detractors suggest that the timing and branding are meant to shore up political support ahead of the 2026 midterm elections, rather than serve purely economic interests. Others contend the plan might face opposition from those who prioritize direct investments in healthcare, education, or poverty alleviation programs.

Whether the bill will clear both chambers of Congress remains uncertain. It must overcome hurdles related to funding logistics, bipartisan cooperation, and debates over the federal government’s role in personal investment management. Lawmakers are also expected to propose amendments that could alter the structure or scale of the program.