



American  
Bankers  
Association

Building Success. Together.

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April 1, 2014

The Honorable Mark S. Kirk  
United States Senate  
Washington, DC 20510

Dear Senator Kirk:

The American Bankers Association writes in support of the 401Kids Education Savings Account Act of 2014. This bill has the potential to increase public interest in Coverdell Education Savings Accounts (ESA) by removing the income restriction for contributors, substantially increasing the per beneficiary annual contribution limit, as well as expanding the list of qualified expenses.

A number of our member institutions offer ESAs to American families, helping them provide for the education of their children and other relatives. We have heard from these banks that these accounts are not as popular as they could be given the low contribution amount and limits on who may contribute. By removing some of the limitations on these accounts, the demand for ESAs would very likely increase, thereby complementing the already popular 529 College Savings Plans. We also support the new ability to rollover the balance in the account into a Roth Individual Retirement Account when the beneficiary turns 30. This rollover option will not only make these accounts more attractive, but also ease some of the custodial administrative issues that have arisen when banks must make final distributions to beneficiaries.

ABA encourages the liberalization of these accounts for the benefit of families and students across the country. The legislation is a step in the right direction.

Sincerely,

A handwritten signature in cursive script, appearing to read 'James C. Ballentine', with a long, sweeping flourish extending to the right.

James C. Ballentine, EVP  
Congressional Relations & Political Affairs