

Updated Model Basics

- **1% real rate of return (3.7%-4.0% nominal rate)**
 - The average inflation rate in California over the past 20 years was 2.7%. The rate of return should exceed the rate of inflation for meaningful gains.
- **58,408 eligible children**
 - This includes 10,000 COVID-bereaved children and 48,408 eligible foster youth. Children who were eligible as of September 2022 will be eligible for HOPE deposits even if they are 18+ at the time of the program's launch.
- **\$130 million initial investment in deposits**
 - This is from already allocated or promised state funds for HOPE (\$100 million from 2022-23 + \$15 million from 2023-24 + \$15 million expected in 2024-25).



Updated Modeling

- **It's possible to achieve a real return of \$4,000 to \$4,500 per child by age 18 using existing/promised state funds. This requires providing:**
 - Initial deposits of \$4,000 to children who enter the program at age 12+.
 - Much smaller initial deposits to children who enter the program at ages 0-11 combined with additional annual deposits for those children for 8 years after program launch, totalling around \$13 million per year.
- **It's possible to achieve a real return of \$5,000 per child by age 18 with an additional state investment of just \$43 million in 2026.**
 - Alternatively, an additional state investment of just \$24 million in 2026 could ensure all children who entered the program at age 12+ reach \$5,000 by 18.
 - A subsequent investment of \$20 million in 2033 could then ensure all children who entered the program at age 0-11 reach \$5,000 by 18.



Additional State Investments Early on in the Program Could Mean Higher Returns

- **To reach \$7,000:**
 - Investing \$131 million in 2026 and \$128 million in 2031, in addition to the currently available \$130 million would allow kids to obtain \$7,000
- **To reach \$10,000:**
 - Investing \$213 million in 2026 and \$215 million in 2031, in addition to the currently available \$130 million would allow kids to obtain \$10,000

