



## **529 Plans Are Investing Millions to Help Families Of all Incomes and Backgrounds Save for College**

### **College Savings Community Committed to Reaching All Families**

(Washington, DC, December 7, 2022) - American higher education institutions are welcoming increasingly diverse students from a range of family backgrounds. In response, many 529 College Savings Plans have taken aggressive steps to engage families - from the widest possible range of household incomes - in the process of saving for higher education. However, until today, no complete picture of state and industry efforts existed, and our knowledge was relatively scanty and anecdotal. As such, CSPN is proud to release [the results](#) of its first national compendium of 529 plan efforts to help families save. The 2022 report, called *Building Savings and Aspirations for College Success: A report for CSPN on the results of a national survey of state 529 plans*, is now available for all CSPN members and corporate affiliates. A summary of the report can be found [here](#).

“529 College Savings Plans are intended to support families in meeting the ongoing rising costs of higher education. Between retirement savings and paying off pre-existing debt, it may seem difficult to prioritize college savings. However, college savings efforts do not need to come at the expense of your everyday budget,” said **Rachel Biar, Chair of CSPN and Assistant State Treasurer of Nebraska**. “Our comprehensive report shows that 529 plans are providing incentives and are committed to educating all families about the advantages and accessibility of 529 plans for all Americans. As we continue our work, it is my hope that families across our nation continuously engage in these important conversations and take advantage of all the resources available to help them pave the path towards achieving their higher education goals.”

The [report](#), overseen by the CSPN Data, Operations, and Technology Committee, is based off the in-depth responses of 94% of states offering a 529 plan. With a first-of-its-kind breadth, the report provides a comprehensive review of 529 plan efforts to help families save through a range of efforts – including financial incentives and matches, removing barriers to saving, lowering account fees, providing tax savings, and establishing innovative partnerships with nonprofits and universities.

Some key findings include:

- In 2021, state plans and their partners provided almost \$42 million in matching grants, initial deposits, and other financial incentives to lower-income families, first-time savers, and others to help more families get started with educational savings.
- Based on data from 2021 (or the most recent year for which data was available), 529 plans provided consumers with at least \$464 million in tax savings and other higher education benefits tied to 529 participation.
- In 2021, partner organizations including higher education institutions and nonprofit children’s savings or college access programs made more than \$7.3 million in contributions to 529 accounts and provided another \$217 million in tuition discounts to 529 savers.
- Programs are making it easier to save. This includes a wide range of non-monetary ways that states use to make it easier to open and save in 529 accounts, such as low or no minimum initial deposit limits, multiple ways to make deposits, providing 529 plan materials in multiple languages, and offering financial education. Every state surveyed has instituted one or more efforts to make it easier for families to save in or open 529 accounts.

A 529 plan is a tax-advantaged investment plan designed to help families to save for a beneficiary’s future higher education expenses. While commonly referred to as 529 plans, they are formally known as “Qualified Tuition Programs,” as defined in Section 529 of the Internal Revenue Code, and are administered by state agencies and organizations. To review specific state plans, visit Find My State’s Plan by clicking [here](#).

Savings in a 529 plan grow free from federal income tax, and withdrawals remain tax-free when used for qualified expenses. Additionally, many states mirror the federal 529 plan tax advantages by offering state tax-deferred growth and tax-free withdrawals for qualified expenses.

The most recent program data from June 2022 can be found [here](#). For more information about the College Savings Plans Network, visit [collegesavings.org](http://collegesavings.org).

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#### **About College Savings Plans Network (CSPN)**

Founded in 1991, the College Savings Plans Network (CSPN) is a leading objective source of information about Section 529 college savings plans and prepaid tuition plans—popular, convenient, and tax-advantaged ways to save for college. An affiliate of the National Association of State Treasurers (NAST), CSPN brings together state officials who administer 529 savings and prepaid plans from across the country, as well as their private-sector partners, to offer convenient tools and objective, unbiased information to help families make informed decisions about saving for higher education. For more information, visit the CSPN website at [CollegeSavings.org](http://CollegeSavings.org) and follow CSPN on Twitter, Facebook, and Instagram.

#### **About 529 College Savings Accounts**

A 529 plan is a tax-advantaged investment plan designed to help families save for a beneficiary’s (typically one’s child or grandchild) future higher education expenses and in some states; K-12 and certain technical and career college programs. While commonly referred to as 529 plans, they are formally known as “Qualified

Tuition Programs,” as defined in Section 529 of the Internal Revenue Code, and are administered by state agencies.

Savings in a 529 plan grow free from federal income tax, and withdrawals remain tax-free when used for qualified education expenses. Additionally, many states mirror the federal 529 plan tax advantages by offering state tax-deferred growth and tax-free withdrawals for qualified education expenses. 529 plans are offered in 49 states and the District of Columbia. Check with your home state to see if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan.

#### **About National Association of State Treasurers**

The National Association of State Treasurers provides advocacy and support that enables member states to pursue and administer sound financial policies and programs benefiting the citizens of the nation.

Membership is composed of all state treasurers or state finance officials with comparable responsibilities from the United States, its commonwealths, territories, and the District of Columbia as well as their staff. The private sector is represented through the Corporate Affiliate Program that was established to build professional relationships and foster cooperation between the public and private sectors. The association serves its members through educational conferences and webinars, a variety of working groups, policy advocacy, and publications that provide information about developments in public finance. For more information, visit [www.nast.org](http://www.nast.org).