

RESOLUTION

To allow participants in a Section 529 College Savings Program the additional flexibility to rollover excess funds from a 529 Plan to an IRA

WHEREAS, Congress created Section 529 of the Internal Revenue Code to enhance the ability of families to save and plan for future college expenses and explicitly established the control, administration, and public policy decisions of Section 529 Qualified Tuition Programs with the states; and

WHEREAS, States provide a Section 529 Qualified Tuition Program through duly enacted laws passed by each respective state's legislature; and

WHEREAS, Section 529 Qualified Tuition Programs promote the critical public policy goal of encouraging families to plan and save for higher education expenses; and

WHEREAS, The "tax-free" treatment of Section 529 program earnings has encouraged a record number of parents to start saving for their children's college expenses, accumulating assets in these programs nationwide that have grown from \$13 billion in 2001 to more than \$311 billion by the end of 2018; and

WHEREAS, The rising costs of higher education and retirement continue to outpace inflation and, without proper planning, those costs can jeopardize a family's ability to ensure their children have access to higher education and that parents have the resources necessary for retirement; and

WHEREAS, Any earnings on proceeds remaining in a Section 529 account which are not used for qualified higher education expenses are subject to income tax and a 10% earnings penalty on withdrawal, creating in some instances a disincentive to families to save early and sufficiently to fund future higher education needs; and

WHEREAS, Providing an option to transfer unused 529 account assets to a retirement account in certain limited circumstances could encourage both increased college savings and retirement savings.

NOW THEREFORE BE IT RESOLVED, that the National Association of State Treasurers and its affiliate, the College Savings Plans Network, urge the President and Congress of the United States to enact federal law that would allow Section 529 plan account holders to transfer or rollover assets in a 529 college savings account (up to a reasonable amount or in accordance with annual IRA limits) into an IRA or other retirement plan for either the beneficiary or the account owner, after the 529 account has been open for at least 10 years.

Approved in 2013. Amended and renewed in 2016 and 2019.