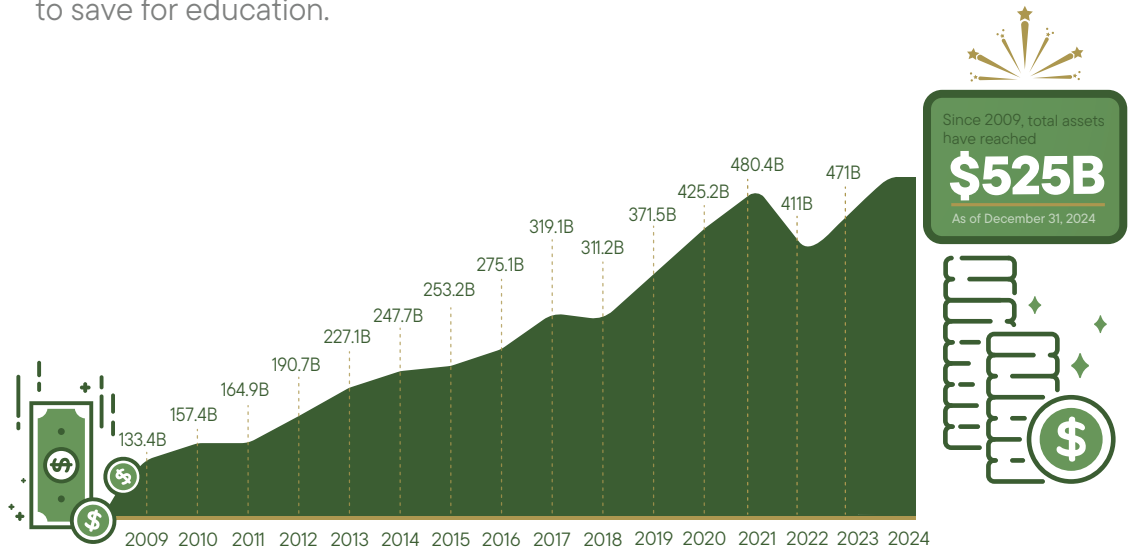


Total Assets in 529 Plans Nationally

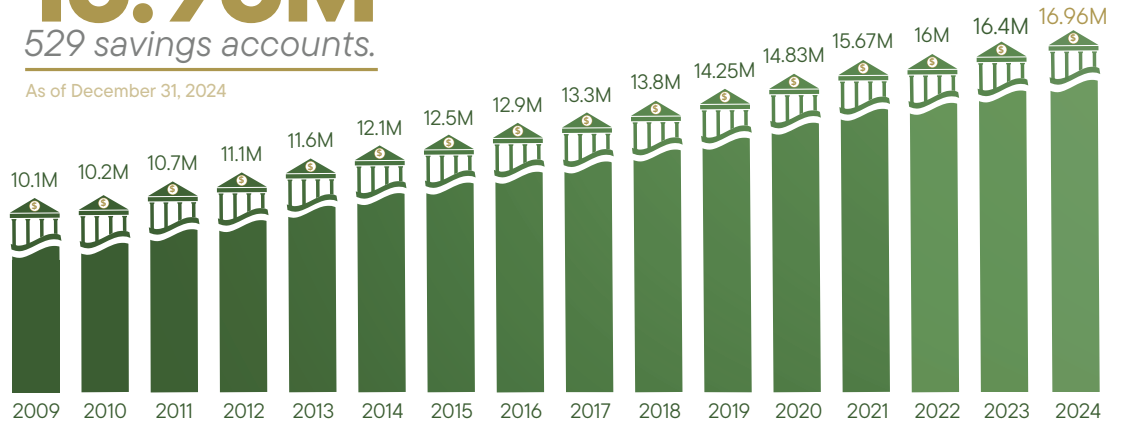
American families are increasingly taking advantage of 529 savings plans to save for education.



529
SAVINGS PLANS
2024
END-OF-YEAR DATA

There are
16.96M
 529 savings accounts.

As of December 31, 2024



The average account size of 529 savings plans continues to

GROW.



2009

\$13,188



As of December 31, 2024

\$30,961

As of December 31, 2024, **38%** of 529 savings accounts were receiving automatic contributions.

529 SAVINGS PLANS

EXPANDING EDUCATION ACCESS AND AFFORDABILITY

529 college savings plans encourage saving for education, assist American families in coping with the rising cost of education, and help prevent student loan debt for the nation's graduates of public, private, community, technical, and vocational schools. With more than 16.96 million open accounts and an average account size over \$30,900¹, 529 accounts are the most important college savings tool for families.

Research shows that children with a college savings account in their name are six to seven times more likely to attend a four-year college, compared with similar children with no dedicated account². Much of the rapid growth of 529 plans has been fueled by consistent state advocacy and outreach that is particularly targeted to low- and middle-class families to help improve college access and affordability and promote a better-educated workforce.

Congressional support of 529 plans and efforts to enhance the 529 program has greatly benefited account holders saving for and paying for post-secondary education. However, the program would benefit from additional changes to address the current treatment of 529 savings accounts in the federal financial aid methodology, which the overwhelming majority of plan administrators cite as the top regulatory obstacle to American families utilizing 529 plans.

During the 119th Congress, Congress will have an incredible opportunity to improve 529 plans in a number of ways that will dramatically help families make their education goals a reality. The following are a few improvements that CSPN believe would make college more affordable and accessible and make saving in a 529 plan easier and more functional.

Freedom to Invest in Tomorrow's Workforce

Although 529 plans may be used for many certificate programs at qualified institutions and registered apprenticeship programs, meaningful gaps remain. CSPN supports legislation which would expand the use of 529 accounts to include costs associated with participating in recognized postsecondary credential programs to achieve or maintain a recognized postsecondary credential. In 2024, over 40% of civilian workers are in a job requiring a credential. Healthcare (96%), education instruction (75%), and construction (60%) jobs have some of the highest credential requirements and demand. Allowing 529 accounts to be used for credentials authorized under the Workforce Innovation and Opportunity Act and similar state and federal laws would help address the growing need for students who can meet the competencies in many of the technical skills and jobs that employers find increasingly difficult to fill. This would also help older workers upskill or reskill to remain competitive in a rapidly changing workforce.

Encourage Saving for College Starting at the Workplace

The workplace is often where many Americans make decisions about saving. Tax code incentives that promote employer contributions into the retirement plans of employees have proven to be an effective method to increase retirement savings. Tax code incentives that similarly promote employer contributions to an employee's 529 savings account will be an effective method of encouraging continued education among employees and provide a powerful employee retention benefit. Therefore CSPN urges Congress to enact legislation to encourage and incentivize employers to support their employees' efforts to save for education in a 529 savings account to benefit themselves or their families.

Help Simplify Student Aid and 529s to Encourage Saving

Families often do not save in a 529 account out of (generally misplaced) concern that it will adversely impact their student's chances to receive financial aid or scholarships. An overwhelming majority of 529 plan administrators view this perceived impact on federal financial aid as the top regulatory obstacle to American families fully utilizing 529 plans. CSPN urges Congress to take further action to revise the Higher Education Act (HEA) to change the current federal financial aid methodology to (i) remove the penalty on student-owned 529 accounts from the Student Aid Index (SAI) calculation and (ii) exempt the value of all assets in 529 accounts held by a parent for the benefit of a student from the SAI calculation for that student.

1. According to CPSN data as of December 31, 2024

2. The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance. Subsequently published as: Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing 'wilt' between expectations and college attendance. Journal of Children & Poverty, 17(2), 165-185. William Elliott III University of Pittsburgh, School of Social Work Sondra Beverly, Center for Social Development. 2010

