



## RESOLUTION

### **REGARDING THE TREATMENT OF SECTION 529 QUALIFIED TUITION PLANS UNDER THE HIGHER EDUCATION ACT**

*Urging the President and the Congress of the United States to revise the Higher Education Act to include language in the reauthorization of the Higher Education Act of 1965 to change the current federal financial aid methodology related to the treatment of Section 529 qualified tuition plans.*

**WHEREAS,** The United States Congress is considering reauthorization of the Higher Education Act of 1965; and

**WHEREAS,** The Higher Education Act of 1965 includes a complex method of determining amounts of federal financial aid students may receive; and

**WHEREAS,** The public policy goal of Section 529 qualified tuition plans is to encourage and enable more people to obtain postsecondary education; and

**WHEREAS,** The overwhelming consensus among 529 state program managers is that the current treatment of 529 savings in the federal financial aid methodology is the single largest regulatory obstacle to American families utilizing 529 plans to save for college expenses.

**NOW THEREFORE BE IT RESOLVED,** that the National Association of State Treasurers and its affiliate, the College Savings Plans Network, urge the President and the Congress of the United States to revise the Higher Education Act to include language in any reauthorization of the Higher Education Act of 1965 to change the current federal financial aid methodology to:

1. Exempt the value of all assets in all 529 accounts held for the benefit of a student from counting as parental assets in determining a family's expected contribution; and
2. Exempt the value of all assets in all 529 accounts owned by an independent student in determining the family's expected contribution; and
3. Exempt the value of all 529 plan distributions, including any from accounts held by grandparents, noncustodial parents or any form of children savings account (CSA), from counting as untaxed income to the student on the applicable year's FAFSA when the distributions are used towards eligible expenses.

Approved this 15<sup>th</sup> Day of September 2020, by the  
National Association of State Treasurers

Approved in 2008. Amended and renewed in 2011,  
2014, 2017 and 2020.