

# 529 Accounts

## What Parents Need to Know

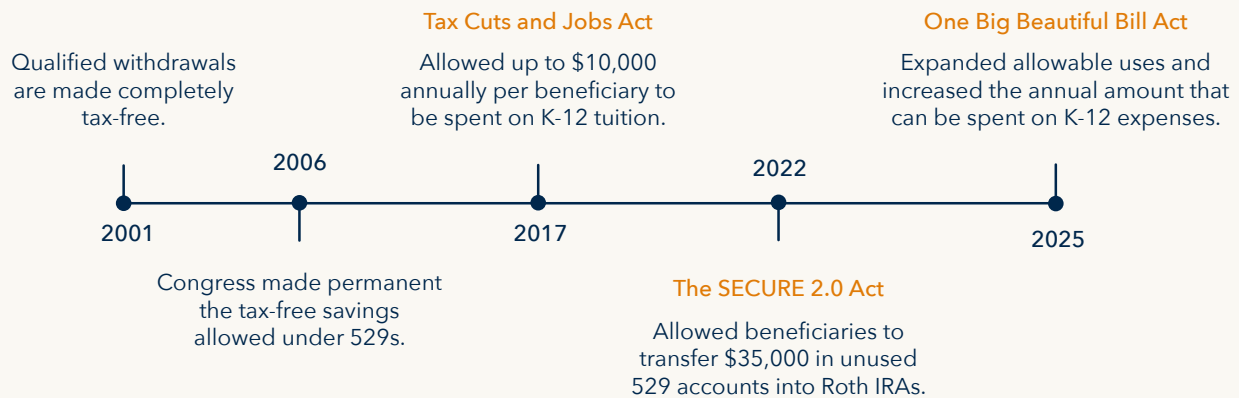
### Summary

Congress has transformed 529 accounts into lifelong learning accounts that allow owners to save after-tax dollars that grow tax free. 529 funds can now be used on K-12 tuition, homeschooling costs, tutoring and other outside-of-school enrichment activities, college tuition, and job training in adulthood. States should follow Congress' lead and provide reforms that allow maximum benefit for students and families.

**529 plans** are tax-advantaged savings accounts that allow families to invest after-tax dollars for future education expenses, with earnings growing tax-free and withdrawals exempt from federal taxes when used for qualified education costs.

### History of the 529 Plan

In the late 1980s, Florida, Michigan, Ohio, and Wyoming created the original 529 plan. Initially adopted by Congress in 1996, substantive reforms followed in 2001, 2006, 2017, 2022, and 2025.

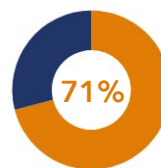
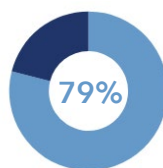


### Benefits & Data

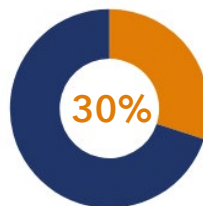
Accounts grow **tax free**.

Federal policy allows 529s to be used for **K-12, homeschooling, tutoring, college tuition, job training**.

Up to **\$35,000** in 529 funds can be rolled over into Roth IRAs in a beneficiary's lifetime, which also means that these accounts can provide a tax-free mechanism for long-term retirement savings.



Percent of **parents and adults** that support 529s when provided with information about the plans.



**of families making under \$50k did not know about 529s**, meaning that lower income families were unaware of a way to help lift their children out of poverty.

