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Legislation Introduced to Enhance 529 College Savings Plans

WASHINGTON, D.C. (January 17, 2017) –The [College Savings Plans Network \(CSPN\)](#) welcomes the introduction of H.R. 529, legislation introduced recently by Congresswoman Lynn Jenkins (R-KS) and Congressman Ron Kind (D-WI) in the U.S. House of Representatives that would make 529 plans more flexible and remove some of the obstacles participants face while saving for college.

Specifically, H.R. 529 would:

- Exclude from gross income a fringe benefit consisting of up to \$100 per year (adjusted for inflation after 2016) of employer contributions to an employee's 529 or ABLE account. The employer contribution must be made: (1) to an account for which the designated beneficiary is the employee or a member of the employee's family, and (2) in connection with a payroll deduction contribution program established by the employer.
- Expands the tax credit for small employer pension plan startup costs to include the costs of establishing a payroll deduction contribution program for 529 plans and ABLE accounts.
- Permits 529 funds to be used for transfers, for education loan payments or charitable contributions without being subject to the additional tax for distributions that are not used for qualified higher education expenses.
- Permits tax-free rollovers of funds between 529 and ABLE accounts for the benefit of the same beneficiary or a family member of the beneficiary.
- For the purpose of current law restrictions on the frequency of investment directions that a beneficiary or contributor may provide for a 529 or ABLE account, rebalancing investments among broad-based investment strategies established under the program is not an investment direction unless the beneficiary or contributor directs the specific investments within the strategies.

“With more than 12 million accounts open, 529 college savings plans have been a powerful tool to help American families cope with the rising cost of college and avoid being saddled with student loan debt. With the new ABLE programs, Congress and the states are showing once again that together, we can help American families who are struggling to make ends meet,” said Young Boozer, Alabama state treasurer and chair of the College Savings Plans Network. “We want to thank Representatives Jenkins and Kind for their leadership in moving this legislation forward as part of a plan to ensure students and people with disabilities have the tools and resources they need to succeed. We look toward swift action by Congress to pass these measures.”

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About College Savings Plans Network (CSPN)

Founded in 1991, the College Savings Plans Network (CSPN) is a national non-profit association and the 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 administrators of 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 college. For more information, visit the CSPN website at CollegeSavings.org; and follow CSPN on [Twitter](#) and [Facebook](#).