

FOR IMMEDIATE RELEASE

Media Contact:

Catherine Seat

catherine@statetreasurers.org

March 23, 2021



Americans Continue Investing in Continued Education

Savings and contributions to 529 plans grow, indicating commitment to continued education remains strong

Washington, DC – The College Savings Plans Network today released its 2020 end-of-year data, revealing that American families continue to take advantage of 529 savings plans to save for their long-term education goals. As of December 31, 2020, national savings in 529 savings plans surpassed \$425 billion, a year-over-year increase of more than 14 percent.

“As we recover from the economic impacts of the COVID-19 pandemic, we are pleased to see that saving for future education opportunities continues to remain a priority for American families,” **said College Savings Plans Network Chair and Illinois State Treasurer Michael Frerichs**. “The continued growth in 529 savings and accounts will enable Americans to achieve their long-term educational goals while also reducing the burden of student debt.”

As of December 31, 2020, approximately 14.83 million 529 savings accounts had been opened, a year-over-year increase of 4 percent. Average account size grew 10 percent in the last year to reach \$28,679. Moreover, 40 percent of accounts are now receiving automatic contributions – either through ACH, payroll deduction, or some other form of automatic funding – a 3 percent increase from 2019. These numbers reveal that Americans are not only increasingly prioritizing saving for education, but also making that saving a part of their everyday life.

“529 savings accounts’ low contribution requirements and significant spending flexibility make them an incredibly attractive savings option,” **said Rachel Biar, Vice Chair of CSPN and Assistant Nebraska State Treasurer**. “We are pleased to see the continued growth in 529 investments and continue to encourage account holders to stay the course and adopt a ‘do-what-you-can’ savings mantra.”

Since 1994, the CSPN has led a national effort to encourage people to sign up for 529 college savings plans and, as part of that effort, CSPN provides data on all US plans assets, amounts, and average savings. CSPN and its members are continuing their efforts to boost awareness of 529 college savings plans and their ability to reduce student debt through a variety of plan incentives, sweepstakes, and informational webinars.

###

About College Savings Plans Network (CSPN)

Founded in 1991, the College Savings Plans Network (CSPN) is a 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 state officials who administer 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 higher education. For more information, visit the CSPN website at CollegeSavings.org and follow CSPN on [Twitter](#), [Facebook](#), and [Instagram](#).

About 529 College Savings Accounts

A [529 plan](#) is a tax-advantaged investment plan designed to help families save for a beneficiary's (typically one's child or grandchild) future higher education expenses and in some states; K-12 and certain technical and career college programs. While commonly referred to as 529 plans, they are formally known as "Qualified Tuition Programs," as defined in Section 529 of the Internal Revenue Code, and are administered by state agencies.

Savings in a 529 plan grow free from federal income tax, and withdrawals remain tax-free when used for qualified education expenses. Additionally, many states mirror the federal 529 plan tax advantages by offering state tax-deferred growth and tax-free withdrawals for qualified education expenses. 529 plans are offered in 49 states and the District of Columbia. Check with your home state to see if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan.

About National Association of State Treasurers

The National Association of State Treasurers provides advocacy and support that enables member states to pursue and administer sound financial policies and programs benefiting the citizens of the nation. Membership is composed of all state treasurers or state finance officials with comparable responsibilities from the United States, its commonwealths, territories, and the District of Columbia. The private sector is represented through the Corporate Affiliate Program that was established to build professional relationships and foster cooperation between the public and private sectors. The association serves its members through educational conferences and webinars, a variety of working groups, policy advocacy, and publications that provide information about developments in public finance. For more information, visit www.nast.org.