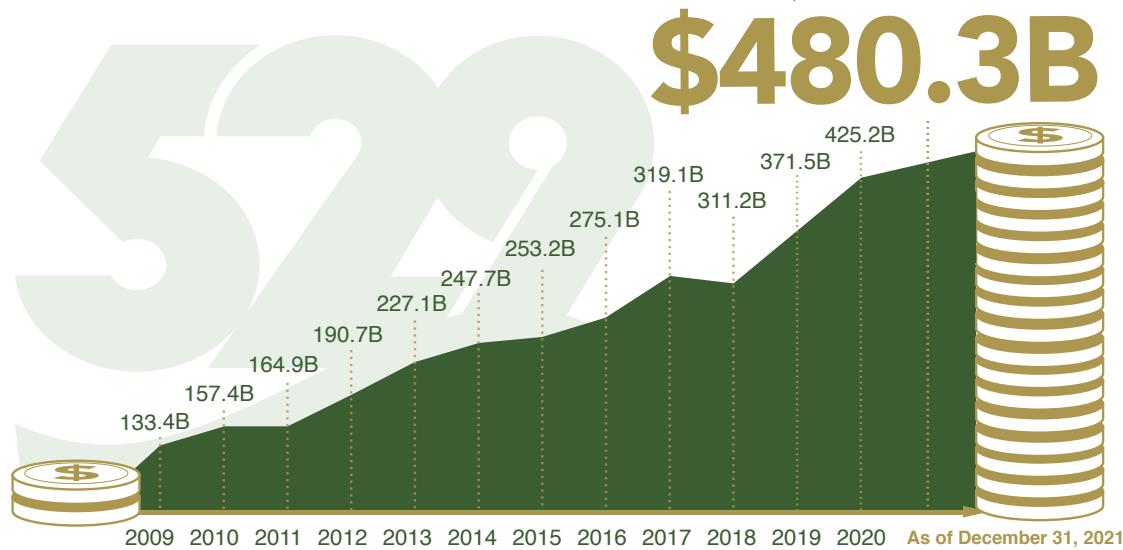


529 SAVINGS PLANS **2021** YEAR-END DATA

Total Assets in 529 Plans Nationally

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

Since 2009, total assets have reached



There are **15.7M** 529 savings accounts.



The average account size of 529 savings plans continues to

Grow.

\$13,188



2009

\$30,652

As of December 31, 2021

38%

As of December 31, 2021, **38%** of 529 savings accounts were receiving automatic contributions.



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 nearly 15.7 million open accounts and an average account size over \$30,652¹, 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 117th Congress, Congress will have an incredible opportunity to improve 529 plans in a number of ways that will dramatically help families make the 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.



Saver's Credit

College affordability is one of the largest factors inhibiting low and middle-income students from pursuing higher education. In 2001, as part of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), Congress created the Saver's Credit to encourage middle- to low-income individuals to save for retirement. CSPN believes that Congress should enact legislation to include contributions to Section 529 qualified tuition programs to the list of deferrals or contributions that qualify for the Saver's Credit in order to increase access for low and middle-income students and reduce their reliance on student loans.



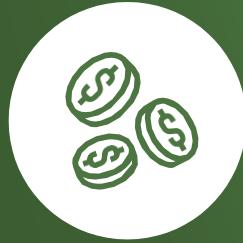
Encourage Saving for College Starting at the Workplace

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 Section 529 Qualified Tuition Programs will be an effective method of encouraging continued education among employees, therefore CSPN urges Congress to enact legislation to encourage and incentivize employers to support its employees' efforts to save for education in a Section 529 Qualified Tuition Program 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 for 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. The CARES Act included provisions to simplify the federal financial aid process which will assist 529 plan participants. CSPN urges Congress to take further action to revise the Higher Education Act (HEA) 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) to the extent CARES does not address the issue, exempt the value of all 529 plan distributions, including any from accounts held by grandparents, noncustodial parents or states and charities, from counting as income when distributions are used towards eligible expenses.



Freedom to Invest in Tomorrow's Workforce

Although 529 plans may be used for many certificate programs and qualified apprenticeship programs, meaningful gaps remain. CSPN supports legislation which would expand the use of a 529 account to recognized postsecondary credential programs under the Workforce Innovation and Opportunity Act. The programs included in this initiative provide the basis for developing competencies in many of the technical skills and jobs that employers find increasingly difficult to fill.

1. According to CPSN data as of December 31, 2021

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 Sandra Beverly, Center for Social Development. 2010