



529 Plan

A 529 plan is a tax-advantaged savings plan designed to encourage saving for future education costs. 529 plans, named after the section of the Internal Revenue Code that created them, are sponsored by states, state agencies, or educational institutions and are authorized by Section 529 of the Internal Revenue Code.

Contributions to a 529 plan are typically invested in a selection of mutual funds or other investment options, and the earnings on the investments grow tax-free. When the funds are eventually withdrawn to pay for qualified education expenses, such as tuition and fees, room and board, and required textbooks, the withdrawals are also tax-free. Some states offer additional tax benefits for residents who contribute to their state's 529 plan.

529 plans can be used to save for education expenses at any accredited public or private college, university, or vocational school in the United States, as well as some foreign institutions. They can be used for undergraduate and graduate studies, and for vocational and technical schools.

529 plans are a popular way to save for education because they offer significant tax advantages and the funds can be used at a wide range of institutions. They can be a good choice for parents, grandparents, or other family members who want to save for a child's or relative's education.