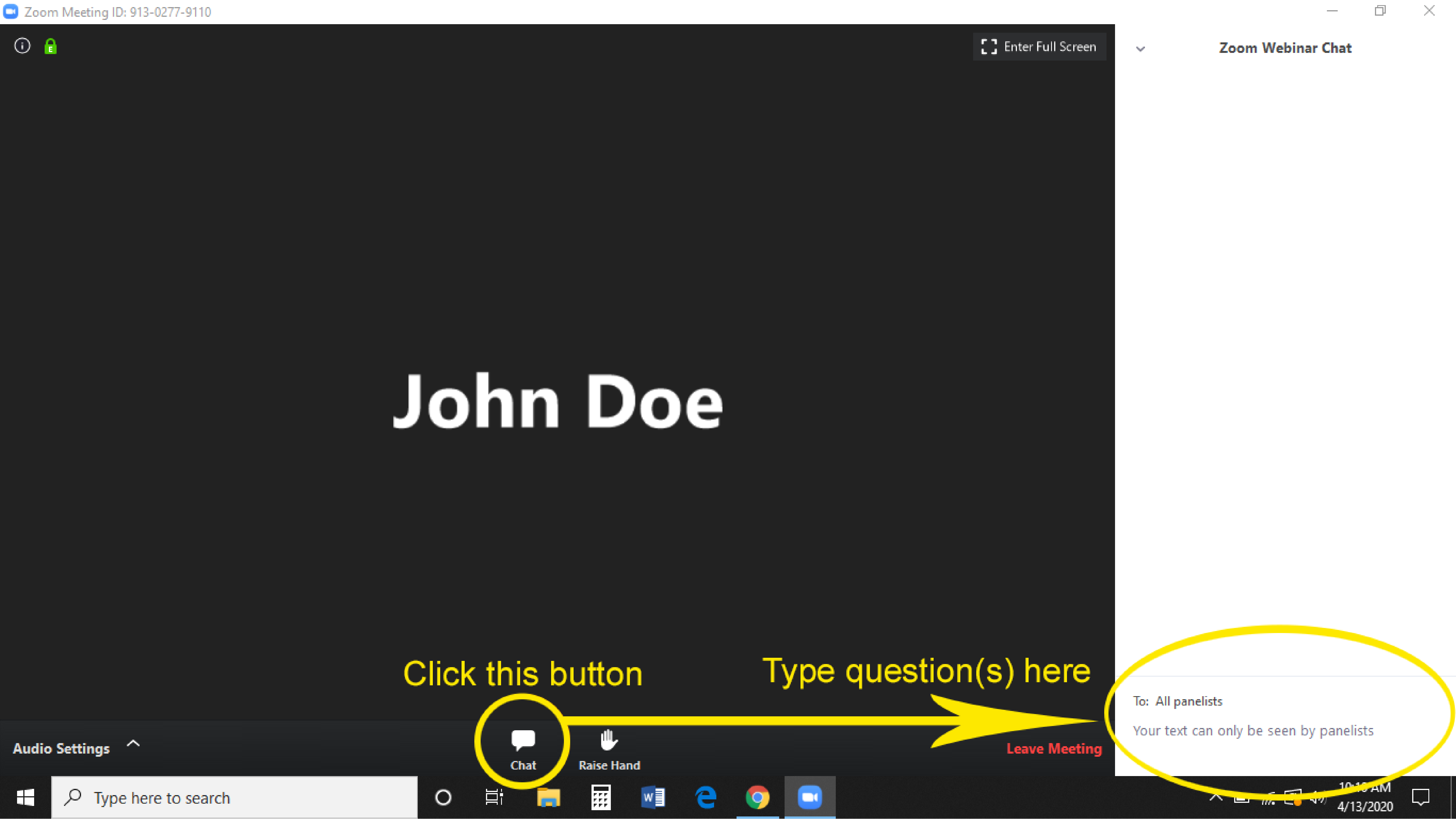
EBRI EMPLOYEE BENEFIT RESEARCH INSTITUTE

529 & 530 Accounts in the Workplace: What Employers Need to Know

September 1, 2026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4/13/2020

Speakers

Craig Copeland, Director, Wealth Benefits Research, EBRI

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Agenda

- Introduction
- Overview and survey results
- Family wealth building benefits – employer and employee perspective
    - Trump accounts
    - 529 plans
        - Expansion of qualified expenses
        - Market Data
        - Demographics
- Recent Trump Account Program guidance
- Q&A

529, ABLE, and 530A – At a Glance

- 529 — Education savings. Tax-advantaged account designed primarily to pay for education expenses, from K–12 through college and certain training programs.
- 529A (ABLE) — Disability-related savings. Tax-advantaged account for eligible people with disabilities that can pay for qualified disability expenses without jeopardizing certain public benefits.
- 530A (Trump Account) — Long-term savings for children. IRA-style investment account established for a child; some children receive a $1,000 federal contribution, and employers, families and others can contribute. Generally, the money cannot be accessed before age 18, after which traditional IRA rules largely apply.

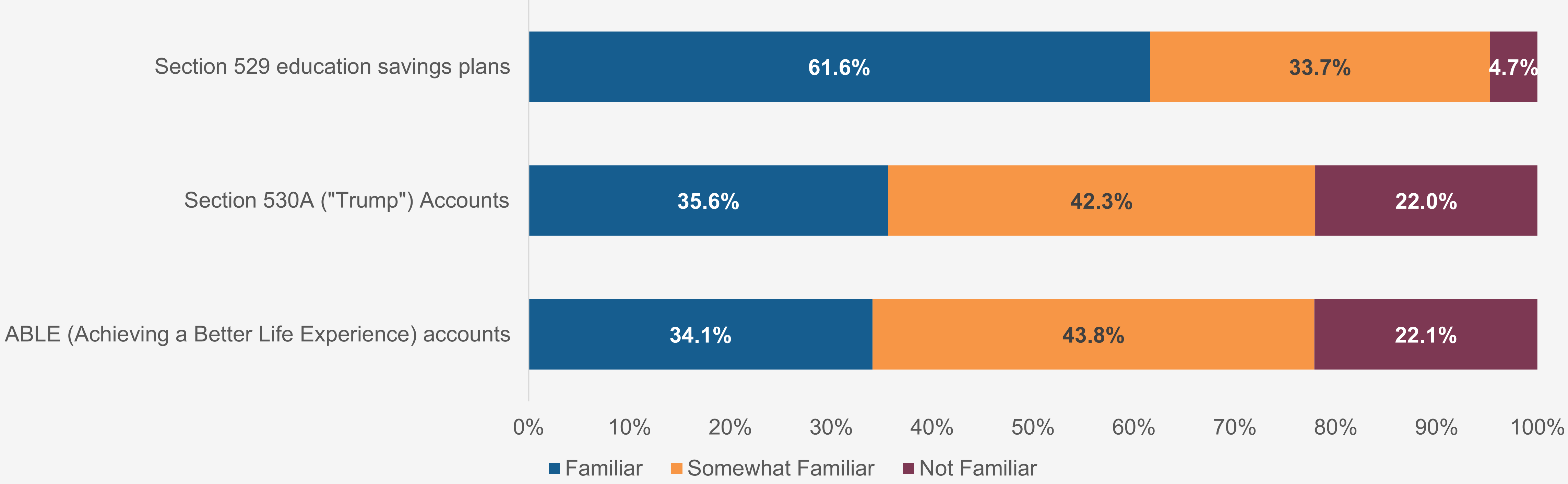
529, 529A and 530A

	529 (QTP)	529A (ABLE)	530A (TRUMP)
Primary Purpose	Education	Disability	Long-Term Investment Account
Inception	SBJPA 1996	TIPA 2014	OBBBA 2025
Available Programs	49 States and D.C.	47 States and D.C.	BNY Mellon/Robinhood and Rollover Custodians
Eligibility	No Income, Age or Participation Requirements	Onset of Disability Prior to Age 46	Under 18
Automatic Enrollment	No	No	Nearly (via EAB)
Contribution Limits	No Federal Limit	Federal Limit $20,000 + ABLE to Work Contributions	$5,000 ($2,500 Employer) + Other Contributions Not Subject to Limits
Government Funding	State Grant Programs, No Federal Funding	No (Proposed in ABLE Match Act)	Yes (Pilot)
Employer Funding	Yes (Uncommon)	Yes (Uncommon) (Proposed in ABLE Employment Flexibility Act)	$2,500 Per Year (Encouraged by Administration)
Contributions	After-Tax	After-Tax	After-Tax and Pre-Tax
Access	Anytime	Anytime	Age 18 (Calendar Year)
Distributions	Tax-Free Qualified Distributions	Tax-Free Qualified Distributions	Taxable (Pre-Tax Amounts) No Tax (After-Tax Amounts)
Penalties	10% Penalty on Earnings When Not Used for Qualified Education Expenses	10% Penalty on Earnings When Not Used for Qualified Disability Expenses	10% Penalty Prior to Age 59 ½ (Pre-Tax Amounts)
Change of Beneficiary	Certain Family Members	Certain Eligible Family Members	Not Permitted
Portability With Other Accounts	ABLE or Roth IRA, Subject to Limitations	N/A	ABLE, Other Retirement Accounts After Age 18
Number of Accounts	17.7 million (NAST/CSPN)	234,000 (NAST/CSPN)	7 million (Treasury)

Survey Results on Tax Advantaged Savings Accounts for Financial Wellbeing Benefits

(Preliminary Results)

How familiar are you with the following tax-advantaged savings account types that may be relevant to employer financial wellness and benefits programs?



Source: EBRI survey of large employers (500+ employees).

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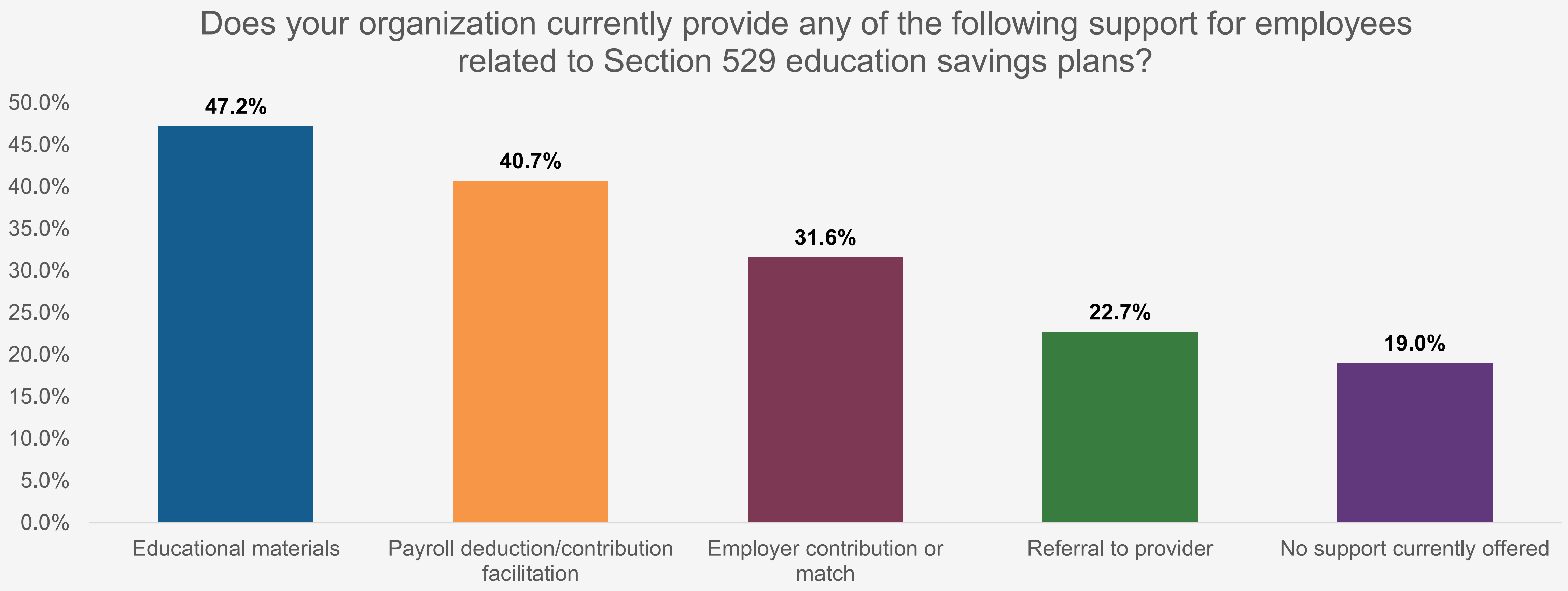

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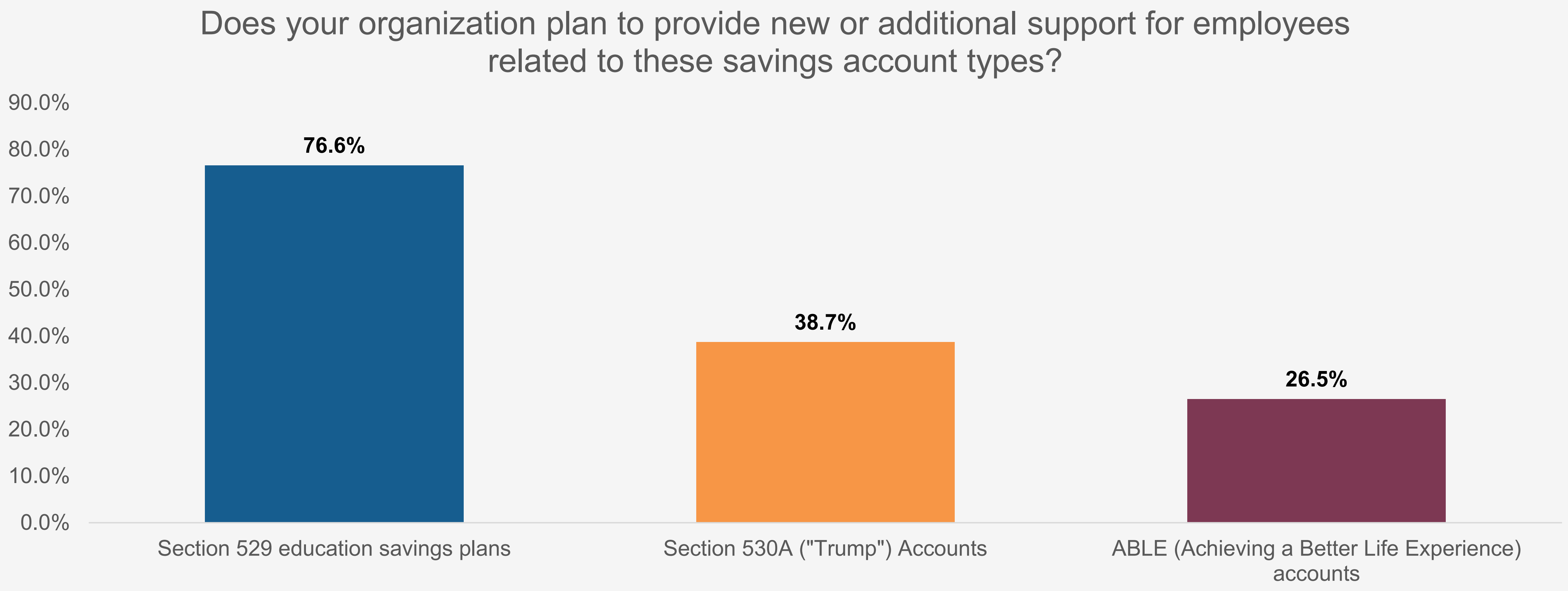

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Why Offer Family Wealth Building Benefits?

EMPLOYER DRIVERS

High ROI: Out-sized employee benefit & goodwill at low or very low cost; employers who contribute to accounts may qualify for tax credits or deductions.

Simplicity: Because employers don't sponsor or administer the accounts themselves, offering support is a far lower lift than running a retirement plan.

Ease: Employers can play a variety of roles in support of these plans, from simple *awareness building to facilitating contributions* to *making contributions*.

Eligibility: No waiting period, hours requirement, or vesting schedule; any employee with a child can be supported, regardless of tenure or employment classification.

EMPLOYEE DRIVERS

Need: Employees face competing financial priorities – parents especially worry about balancing their obligations to their kids and their own financial futures; LMI parents in particular often *value saving for their kids before themselves.*

Protect Retirement: Workers with retirement savings – *especially* LMI workers - are at risk of tapping into retirement plans for other financial needs, including children's education.

Employer Guidance: Many employees will not hear about these opportunities elsewhere, and value employers making these plans visible and accessible in support of their families.

Facts about 530A (Trump) Accounts

14.4M

Est. number of children eligible for $1,000 federal seed (born 2025 to 2028)

5.8M

Est. number of children from low / moderate-income (LMI) families eligible for federal seed

$5.8B

Est. total federal seed available for LMI children

$3k

Amount initial seed could reach by time child enters adulthood (age 18)

$44k

Amount initial seed could reach by time child enters retirement (age 65)

Investor Identity

Capital market participation to build financial confidence, cultivate agency, support financial security

What We’ve Learned: 530A (Trump) Accounts

AWARENESS & ACTION:

- 55% of eligible parents **have** heard of 530A (Trump) Accounts
- 51% of those aware have **taken at least one step** to enroll
- Parents of children eligible for the $1,000 seed are signing up at 2x the rate of parents with older children

INFORMATION FAMILIES NEED TO OPEN AN ACCOUNT

- 21%: how accounts grow over time
- 18%: child’s eligibility for $1,000 seed
- 18%: what money can be used for

BARRIERS

- 27% worry about impacts on taxes or public benefits
- 25% can't afford to contribute
- 25% don't trust the Trump administration

KEY TAKEAWAYS:

1. The opportunity is compelling
2. Information gaps create uncertainty and slow participation
3. “Trump” Accounts name creates a barrier for many families living on LMI
4. Trusted communicators can help close the gap

What We’ve Learned: 529 Accounts

AN UNTAPPED BENEFIT

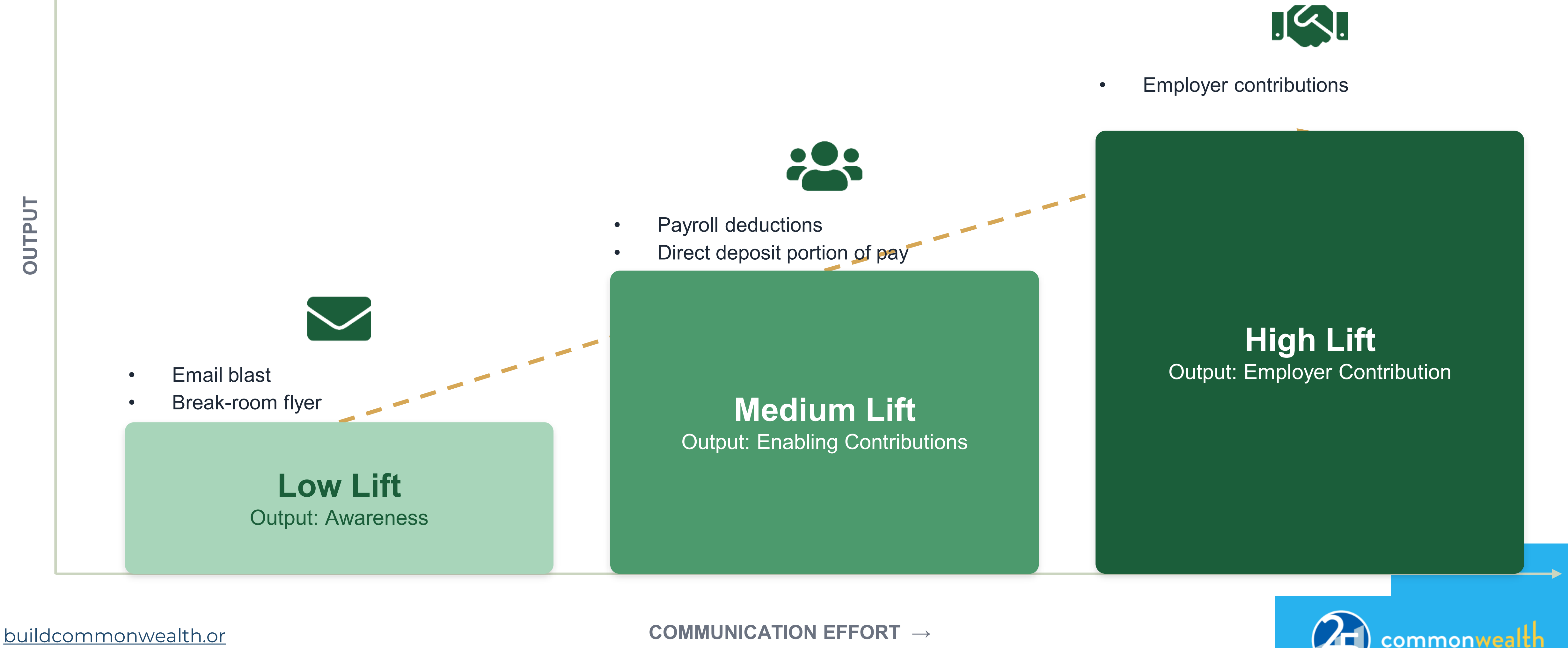
- **4%** of low-income parents save via 529 plans - **vs. 37%** of higher-income parents, (Sallie Mae)
- **41%** of workers savings for education and retirement have tapped retirement accounts to cover tuition (JPMorganChase)
- **38%** of families saving for education inside their 401(k), and **19%** inside an IRA — money that could instead grow in a tax-advantaged 529
- **<11%** of employers offer 529 payroll deductions; **2%** offer a match (SHRM)
- **75%** of 529 accountholders make automatic payroll or bank contributions; existing payroll infrastructure *can and does support 529 contributions*

EMPLOYER OPPORTUNITY

- **96%** of surveyed parents without a 529 plan said they'd be interested in one if their employer offered it
- **87%** said they'd likely enroll in a 529 plan if an employer match was offered
- Workers offered employer-sponsored education savings accounts reported significantly higher job satisfaction than those without the benefit

Offering Family Wealth Building Benefits

As outreach moves from low-lift to high-lift tactics, awareness converts into deeper engagement and enrollment.



Qualified Expenses and Uses Expand

Talking Points

- Undergraduate and Graduate Tuition, fees, textbooks and supplies (1996)
- Room & Board 1997
- Computers, peripheral equipment, software, and internet service and related services (2015)
- K-12 tuition (2017)
- Roll to ABLE Account (2018)
- Apprenticeship program expenses (2019)
- Qualified student loan repayments (2019)
- Transfer to Roth IRA (2024)
- K-12 beyond tuition (2025)
- Post-Secondary Credentialing Expenses (2025)

Source: ISS Market Intelligence; IRS Publication 970

Market Data

Talking Points

- 8 states currently provide state income tax incentives for employers making contributions
- Over 30 states provide state income tax incentives for employees making contributions
- Child savings account programs expanding (First Steps)
- 18.2 million accounts invested $654 billion in assets in 529s as of June 2026
  - The definition for “accounts” is the number of active unique account owner/beneficiary relationships. The definition of active means **<u>FUNDED</u>** with a balance **<u>greater than $0.00</u>**.
- $7 per day is the average automatic contribution size into 529s as of 2Q 2026
- $10k is the median account balance as of 2Q 2026
- $29k is the mean average balance as of 2Q 2026
- Expanding 529 qualified expenses, broadening demographics, increasing awareness and modernization of platforms including employer channel integration drives increasing accounts, gross contributions and assets

Employer Channel Market Data

Talking Points

- 16% of 529 users enrolled through their employer as of 2Q 2026
- 22% of 529 users make automatic contributions via employer payroll deductions
- 38% of 529 users with household income $25k-$50k enrolled through their employer
  - Highest ranked channel for income category
- $219 million in 529 contributions from employer channel in 2Q 2026
- 2% of industry gross sales from employer ACH in 2Q 2026
- Broadening qualified expenses to credentials, credential programs and apprenticeships aligns with need of employers to train and retain talent
- Expansion of AI accelerates need and demand for retraining of employees for employees and employers alike

Source: ISS Market Intelligence

Current State of Employer Involvement

Few employers offer 529 plan benefits to employees

10% offer payroll deductions to 529 plans

2% offer an employer 529 plan contribution

Current State of Employer Involvement

Federal Tax Advantages

No federal tax credits are available for employer contributions to 529 plans

State Tax Advantages

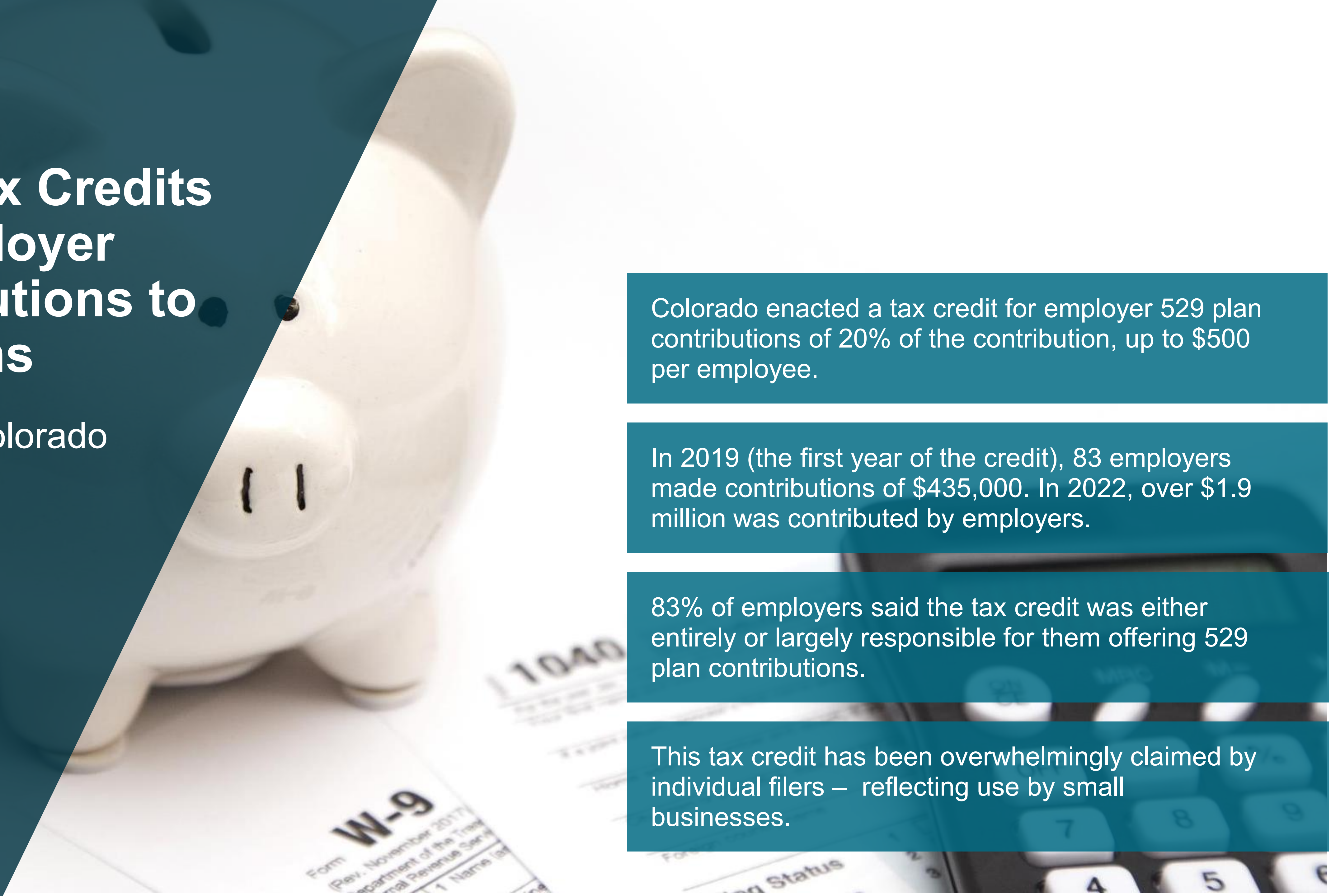
Some states offer tax credits for employer contributions to 529 plans

- Colorado
- Idaho
- Illinois
- Nebraska*
- Nevada
- Pennsylvania
- Wisconsin

*Incentive payment that is structured like a tax credit

State Tax Credits for Employer Contributions to 529 Plans

Example: Colorado



Colorado enacted a tax credit for employer 529 plan contributions of 20% of the contribution, up to $500 per employee.

In 2019 (the first year of the credit), 83 employers made contributions of $435,000. In 2022, over $1.9 million was contributed by employers.

83% of employers said the tax credit was either entirely or largely responsible for them offering 529 plan contributions.

This tax credit has been overwhelmingly claimed by individual filers – reflecting use by small businesses.

Current State of Employer Involvement

529 plan contributions are not subject to ERISA – this offers employers flexible design options

- Match
- Flat Dollar
- Milestone
- Sweetener

Employer 529 Plan Contributions Can Increase Knowledge and Account Usage

73% of parents without a 529 plan had never heard of the account.

87% of employees said they would be likely to enroll in a program if their employer matched their contributions.

Including 529 plans in employee benefits packages is practical. Utilizing existing benefits infrastructure can enhance awareness and maximize the advantages of payroll deductions.

Employer Contributions Can Help Ensure Greater Access to Higher Education

- Cost is a barrier to starting or completing higher education
  - 25% of students have considered leaving education because of cost
  - 85% of adults without degrees said cost was the reason they never enrolled or left education
- Modest levels of dedicated savings can be motivating for prospective students
  - Less than $500 in savings made low- to moderate-income children 4x more likely to graduate from college

Employer Funding Can Support Education Saving for Low- and Moderate-Income Households

Ascensus median contribution amount in 2025 was $1,920.

Accounts are used to accumulate modest savings over a period of many years.

Median contribution amount + earnings over 13 years (K-12) would accumulate to $35K+.

If an employer also contributed $200 annually, the expected account balance increases to $40K+.

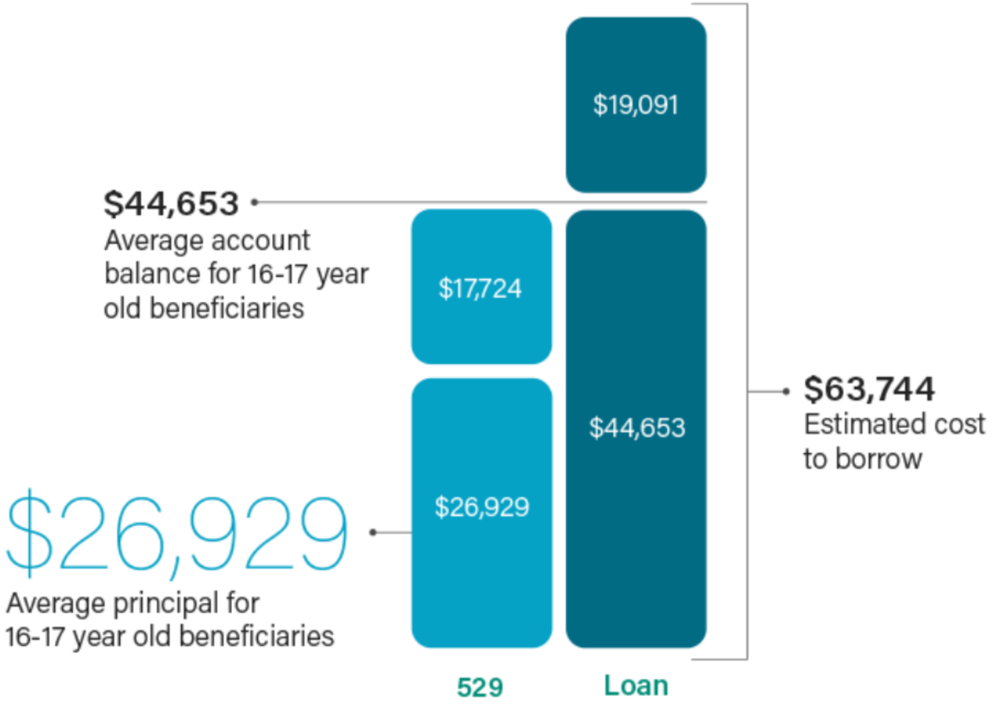
Saving in 529 Plans Can Preserve Retirement Savings

- A significant number of families tap into their retirement savings to cover education expenses, which can lead to gaps in retirement funds.
    - 17% of parents withdraw an average amount of $5,350.
    - 7% take out loans averaging $5,672.
- Parental distributions often occur at ages when rebuilding savings becomes more challenging.

Saving in 529 Plans Can Reduce the Need to Accumulate Education Debt

- Having at least some dedicated education savings resulted in $3K+ less debt upon graduation
- $2K+ in dedicated education savings made individuals less likely to incur “high-dollar” debt of $20K+

The value of saving versus borrowing



Employer Contributions Benefit Everyone

Employers add a meaningful benefit that help in hiring and retention.

Parents are more likely to learn about and fund accounts – giving them a viable means to finance education without using their retirement savings.

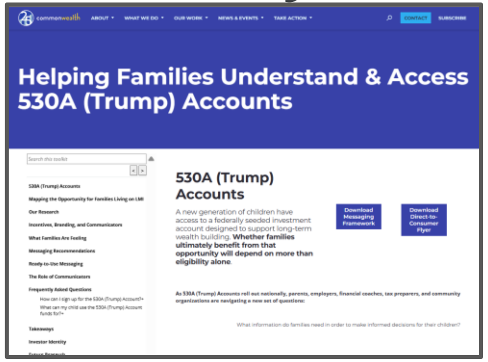
Children experience the positive psychological impact of having dedicated education savings and can reduce their overall borrowing.

Trump Account Program
Employer funding of Trump Accounts

- 60+ companies have publicly committed
- Recent guidance
  - Direct employer contribution and/or employee salary reductions
  - Reporting, documentation requirements
  - Nondiscrimination testing
  - Not ERISA covered
- Trustee coordination

Get Started Today *(www.buildcommonwealth.org)*

530A Resources Ready Now:



Commonwealth's 530A (Trump) Account Research

Downloadable Messaging Framework

Downloadable Direct to Consumer Flyer

529 Resources Ready Now:

How Employers Can Help Workers Save for Their Child's Education Through 529 College Savings Plans

Roadmap to Education Savings at Scale

Coming Soon:

530A (Trump) Account outreach messaging toolkit coming in mid-September

Discussion – Q&A