

529 Plan

A 529 plan is a tax-advantaged savings account that is designed to help pay for various education expenses. The money that is invested in it grows tax-deferred until it is withdrawn to pay for qualifying education expenses. Depending on the owner's risk tolerance and age of the child, there are different investment funds and options available. Anyone can open a 529 account, but they are typically established by parents or grandparents on behalf of a child or grandchild, who is the account's beneficiary. The two major types of 529 plans are education savings plans and prepaid tuition plans.