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HELPING CLIENTS NAVIGATE NEW SAVINGS OPTIONS:

529 plans and Trump accounts

The One Big Beautiful Bill Act (2025) introduced Trump Accounts, which are tax-advantaged savings vehicle for minors. But they're not a replacement for 529 plans, which were specifically designed for education expenses. Use this guide to compare the features to help choose the right tool for your children.

Feature-by-feature comparison

	529 EDUCATION SAVINGS PLAN	TRUMP ACCOUNT
Primary savings goal	Education savings, tuition, room & board, K–12, trade schools, student loans	Long-term savings, structured as a retirement-style account (like a traditional IRA) for minors
Annual contribution limit	No annual cap; subject only to gift tax exclusion ($19,000/donor), or $95,000 via five-year superfunding	$5,000/year per child (indexed for inflation) from all combined sources
Lifetime contribution limit	Up to $300,000–$550,000+ depending on state plan	~$90,000 max over 18 years (annual contribution x 18)
Government seed money	No federal seed; select states offer matching grants or tax credits	$1,000 one-time federal contribution for children born Jan 2025–Dec 2028
Tax treatment of growth	Tax-free growth when used for qualified education expenses[1]	Tax-deferred growth
Tax treatment of withdrawals	Completely tax-free for qualified education expenses at the federal level, and often also at the state level	Withdrawals taxable as ordinary income regardless of use; no tax-free education withdrawal option
State tax deductions	Available in most states for in-state plan contributions	None available
Access to funds	Any time for qualified education expenses, no age restrictions[2]	No withdrawals before age 18; converts to traditional IRA at 18 with early-withdrawal penalties before age 59½
Investment options	Broad menu including age-based glide paths, active/passive blends, fixed income	Limited to low-cost U.S. equity index funds/ETFs approved by the U.S. Treasury
Account control	Account owner retains full control, can change beneficiary or withdraw at any time	Owned by the child; managed by account owner until age 18, then transfers to child
Beneficiary flexibility	Beneficiary can be changed to another eligible family member; Roth IRA rollover option available	One account per child; cannot be transferred to another beneficiary
Employer contributions	Varies by state	Employers may contribute up to $2,500/year (tax-deductible to employer; not income to employee)
K–12 eligible expenses	Up to $20,000/year for K–12 private school tuition	Not applicable, no withdrawals before age 18

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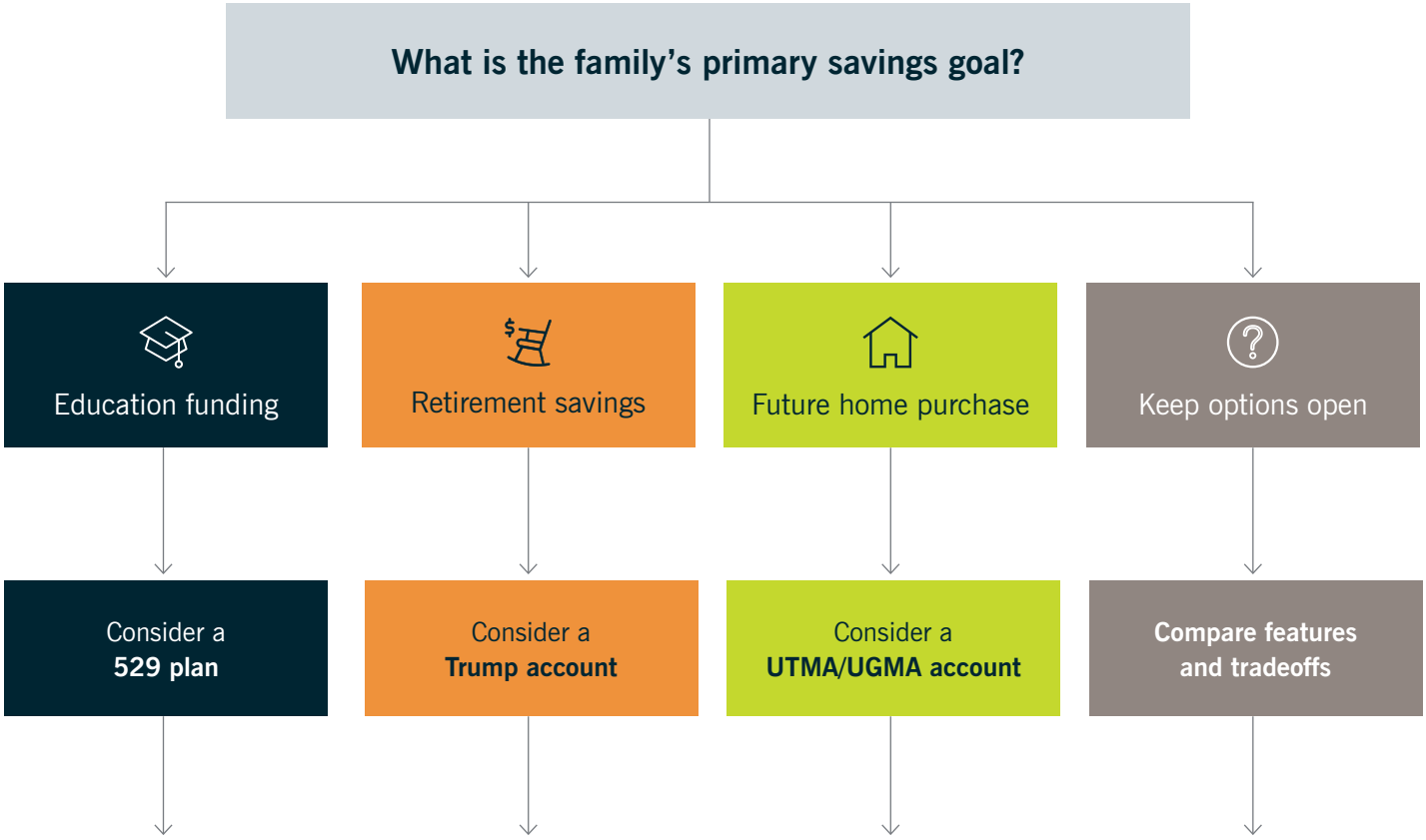
Which savings strategy fits your goals?



Once education savings are on track, **a Trump Account can serve as an early head start on retirement savings for a child.** Because the account converts to a traditional IRA at 18, it may also support a future Roth conversion strategy under Secure 2.0.

Why 529 plans remain the education savings standard

When it comes to saving for education, 529 plans offer a combination of benefits that no other savings vehicle can match.

1 Tax-free advantage

529 plan earnings grow **tax-free,** and qualified withdrawals are exempt from federal and, in many cases, state taxes. Trump Accounts tax all withdrawals as ordinary income, regardless of how the funds are used.

2 Greater capacity

529 plans allow lifetime contributions of **$300,000–$550,000+** per beneficiary (varies by state). Trump Accounts cap at $5,000/year, just $90,000 over 18 years, far short of what most families will need for higher education.

3 Owner control

The **account owner, not the child**, controls a 529 at all times. Beneficiaries can be changed to eligible family members. Trump Accounts are owned by the child and transfer to them at age 18 with no owner override.

What 529 plans can cover

College tuition & fees
(eligible institutions also include online schools)

Books & required supplies
(physical and ebooks required to participate in a class)

Trade schools & apprenticeships[3]

Student loan repayment[4]
(with a lifetime limit of $10,000)

Room & board
(must be enrolled at least half the time)

K–12 private tuition[5]

Graduate & professional school

Hundreds of schools abroad

Eligible schools

- K-12 (tuition expenses up to $20,000/yr.)
- Colleges
- Graduate schools
- Universities
- Trade & vocational schools
- Private or public institutions
- In-or out-of-state, including many abroad
- Online schools

The bottom line for education savings

If your primary goal is funding education, we believe 529 plans offer a clear structural advantage: tax-free growth and qualified withdrawals, higher contribution limits, broader investment flexibility, and full account owner control. Trump Accounts may serve as a long-term supplement, but they may not be a replacement for dedicated education savings planning.

Ready to start saving?

529 plans remain the most effective tool for education savings. Whether you're just getting started or reviewing your existing plan, now is a great time to take a closer look. Small increases today can make a meaningful difference by graduation day.

Next steps

- ☑ Review your contributions
- ☑ Explore your state's tax deduction eligibility
- ☑ Update beneficiaries if family circumstances have changed

For more information on 529 plans, visit nuveen.com.

Endnotes

1 For more information about any 529 savings plan, contact the plan provider to obtain a Plan Description, which includes investment objectives, risks, charges, expenses, and other information; read and consider it carefully before investing. If you are not a taxpayer of the state offering the plan, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Other state benefits may include financial aid, scholarship funds, and protection from creditors. Consult your legal or tax professional for tax advice. Nuveen Securities, LLC, Member FINRA, serves as distributor for some 529 plans. If the funds aren't used for qualified higher education expenses, a federal 10% penalty tax on earnings (as well as federal and state income taxes) may apply.

2 For Virginia-sponsored plans, the account must be used within 30 years after the Designated Beneficiary graduates from high school or within 30 years after opening the account, whichever is later.

3 The test for any school's inclusion is its eligibility to participate in Title IV federal financial aid programs. To check for eligible schools, visit fsapartners.ed.gov and click on Federal School Code Lists.

4 K–12 limited to $20,000/year per beneficiary. Student loan repayment limited to $10,000 lifetime per beneficiary. Subject to plan and state rules.

5 Participants are urged to be extremely cautious and should consult with their tax advisors before using their 529 accounts to pay for any K-12 expenses, apprenticeship programs or student loan repayment. The state tax consequences of using 529 plans for elementary or secondary education expenses will vary depending on state law and may include recapture of tax deductions received from the original state and may also include taxes and penalties. Some states (such as Colorado) do not offer state tax deductions or tax credits for K-12 and other restrictions may apply.

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This comparison represents only a sample of features typically included in the product types represented and does not attempt to articulate all options that may be available to purchasers of these products.

Important information on risk

Past performance is no guarantee of future results. All investments carry a certain degree of risk, including the possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Certain products and services may not be available to all entities or persons. There is no guarantee that investment objectives will be achieved.

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