



IA Advisor 529 Plan

Rollovers from 529 Plans to Roth IRAs



Starting in 2024: A new provision expands the rollover capabilities of 529 plans.

On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023 into law. This legislation contains the SECURE 2.0 Act of 2022 which included a key provision for 529 plans that allows for tax- and penalty-free rollovers from 529 plans to Roth IRA accounts **starting in 2024**. The provision is effective for 529 plan distributions made after December 31, 2023.

Now more than ever, 529 plans remain one of the most flexible and effective way to save and pay for higher education, including K-12, college and now apprenticeships.

Key Considerations and Requirements

The IRS is expected to issue additional guidance that may impact 529 plan account rollovers to Roth IRAs, including the below referenced conditions.

Account Age

- The 529 account must be at least 15 years old

Eligible Funds

- Funds that have been in the 529 account for at least 5 years are eligible for rollover

Eligibility

- The rollover must be to the Roth IRA of the 529 account beneficiary, not to the Roth IRA of the 529 account owner
- The rollover must be sent directly to the Roth IRA
- It is currently unclear if the beneficiary can be changed to the account owner; however, change in beneficiary may result in the 15-year clock starting over

Lifetime Rollover Limit

- \$35,000 maximum lifetime rollover limit

Applicable Roth IRA Rules

- Normal Roth IRA contribution limits would apply
- Normal Roth IRA earned income requirements would apply
- A rollover would reduce the amount of regular Roth IRA contributions that can be made for that year
- The Roth IRA income limitations would not apply to the rollover
- Earnings and contributions would be treated like any other Roth account or rollover, meaning they grow tax free and are distributed tax free for eligible distributions

State tax treatment of rollovers from 529 Plans to Roth IRAs varies by state. For Iowa income tax purposes, a rollover to a Roth IRA will be treated as a Qualified Withdrawal and will not be subject to income tax or a penalty.

You should consult with a qualified tax advisor before taking any such actions. You are responsible for determining the eligibility of a 529 plan to Roth IRA rollover including tracking and documenting the length of time the 529 plan account has been opened and the amount of assets in your 529 plan account eligible to be rolled into a Roth IRA. To request a rollover to a Roth IRA, please first contact your Roth IRA administrator to determine their ability and requirements to receive the rollover. Then, submit any required Roth IRA form available from your Roth IRA administrator and the Plan rollover form found online at <https://529ia.voya.com> or by calling the Plan directly at 1-800-774-5127.



The IAdvisor 529 Plan is offered by the Iowa Educational Savings Plan Trust, a trust organized under Iowa law and administered by the Iowa State Treasurer's Office. The Treasurer of the State of Iowa is responsible for overseeing the administration of the IAdvisor 529 Plan.

The Options in the IAdvisor 529 Plan are not mutual funds, although they invest in mutual funds. An investment in the IAdvisor 529 Plan is an investment in municipal securities and the value of the Options will vary depending on the value of the underlying funds in which the Options invest. Investment returns are not guaranteed and you could lose money by investing in the IAdvisor 529 Plan.

These securities are not registered with the U.S. Securities and Exchange Commission ("SEC") or any state, nor is the IAdvisor 529 Plan or any of the IAdvisor 529 Plan Options registered as an investment company with the SEC or any state.

If you are not an Iowa taxpayer, consider before investing whether your or the beneficiary's home state offers a 529 plan with favorable state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through investments in that state's 529 plan and which are not available through investment in the IAdvisor 529 Plan.

Non-qualified withdrawals may be subject to federal and state taxes and an additional federal 10% tax.

The tax information herein is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

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Voya Investment Management is not an underwriter for any underlying municipal securities.

An investor should consider the investment objectives, risks, charges and expenses associated with the IAdvisor 529 Plan before investing. More information about the IAdvisor 529 Plan is available in the Program Description. You may obtain a Program Description at www.IAdvisor529.com or by calling 800-774-5127. The Program Description should be read carefully before investing.

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