

The One Big Beautiful Bill Act Expands Opportunities in 529

Expanded limits and flexibility of 529 plan funds

On July 4, 2025, H.R. 1 (the One Big Beautiful Bill Act) was signed into law. The bill includes new key provisions that benefit 529 plans and further expand their flexibility. For more information from the IA State Treasurer, [click here](#).

Effective immediately*

- K-12 qualified expenses are expanded to cover curriculum materials, books, online educational materials, tutoring, standardized test fees, dual enrollment fees, therapies for students with special needs, and more.
- Certain postsecondary credentialing expenses are now considered qualified expenses. These include:
 - tuition, fees, books, supplies, and equipment required for the enrollment and attendance of a credentialing program
 - required continuing education (CE) fees, workforce training programs, preparation and exam fees for industry-recognized licenses or certifications, and more

Effective January 1, 2026*

- The annual distribution limit for K-12 expenses will increase from \$10,000 to \$20,000 per beneficiary.

529 plan or Trump Account: Which is the right choice for me?

The OBBBA has introduced the Trump Account, a new type of savings vehicle that allows for contributions up to \$5,000 per year on an after-tax basis.

While Trump Accounts offer flexibility in how they can be used (for retirement, first-time home purchase, and education savings), there are also some disadvantages: investment options are limited and earnings are taxable upon withdrawal.

Because of these limitations, we continue to view 529 accounts as the best option for education savings and beyond, with the continued expanded flexibility these programs offer.

There are many options available to help you save for higher education expenses. Your financial professional can help you sort through the choices to come up with the best decision for your needs and budget. Consult your tax professional for tax-related advice.

* State tax treatment of withdrawals for K-12 expenses and postsecondary credential programs is determined by the state where you file state income tax. Consult with a tax advisor before withdrawing funds for any such expenses.

Below is a table that compares the features of the Trump Account with the 529 account.

	529 plan	Trump Account
Eligibility	Anyone who is a U.S. resident, is at least 18 years old, and has a Social Security Number or Tax ID Number The account beneficiary can be anyone, including the account owner, a family member, or a friend	A parent or legal guardian may open one Trump Account per eligible child up until December 31 of the year in which the child turns 17
Transfers	The account may be transferred to another beneficiary	Transfers to another child are not allowed
Government seed capital	\$0	\$1,000 per child for children born between 2025 and 2028
Qualified expenses	Offers a broad range of qualified expenses, including college tuition, K-12 tuition, apprenticeship programs, trade school, postsecondary credentialing, student loan debt repayment, and more	Education expenses, first-time home purchase, emergency expenses (up to \$1,000), and childbirth or adoption expenses (up to \$5,000)
Taxation	Qualified expenses are not subject to federal or state taxes. Certain states may also offer tax deductions or credits	Withdrawals (including qualified withdrawals) are taxed as ordinary income, plus an applicable 10% penalty if not used for qualified expenses
Contribution limits	\$19,000/\$38,000 annual single/married filer limit and \$505,000 lifetime Iowa limit for 2025	\$5,000 annual contribution limit
Distributions	Accessible at any age Tax-free distributions for qualified expenses Earnings on distributions for non-qualified expenses are taxed as ordinary income, and are subject to a 10% early distribution penalty	No distributions are allowed before January 1 of the year in which the account beneficiary turns 18 After that, distributions may be taken for any reason Earnings on all distributions are taxed as ordinary income and are subject to a 10% early distribution penalty if taken before the account beneficiary reaches age 59 1/2
Investment options	Wide variety of active and passive investment offerings to fit specific client needs	Limited to one U.S. equity index mutual fund or exchange traded fund with an investment fee of 0.10% or less

Compare College Savings Plan Options

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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.

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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 [download a Program Description](#) or request one by calling 800-774-5127. The Program Description should be read carefully before investing.

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