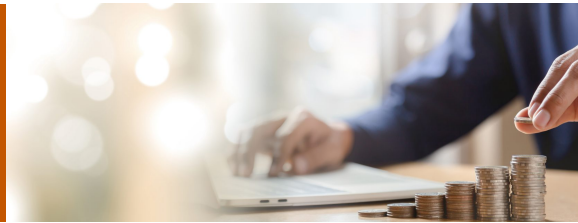


529 College Savings Plan to Roth IRA Rollovers

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SECURE Act 2.0 introduced a groundbreaking opportunity for families with 529 college savings plans. Unused funds from 529 plans may be rolled over into a **Roth IRA** for the plan's beneficiary—offering a tax-free and penalty-free way to turn education savings into retirement savings.

This provides flexibility and ensures that money saved for education can continue to grow and benefit the next generation in retirement.

What Is the 529-to-Roth IRA Rollover?

Under these rules, beneficiaries of a 529 plan can roll over unused funds into a Roth IRA, subject to several conditions. This allows families to avoid penalties on leftover 529 funds while providing the beneficiary with a strong start on their retirement savings.

Key Requirements

To take advantage of this provision, the following conditions must be met:

1. **Plan Age:** The 529 plan must have been open for at least 15 years.
2. **Contribution Timing:** Contributions made in the last five years, including any associated earnings, cannot be rolled over.
3. **Lifetime Limit:** The total amount that can be rolled over during the beneficiary's lifetime is capped at \$35,000.
4. **Contribution Limits:** Annual rollovers must adhere to the Roth IRA contribution limits (currently \$7,000 for individuals under 50 and \$8,000 for those 50+).

Key Benefits of This Rule

- **Tax-Free Growth:** Funds transferred into a Roth IRA grow tax-free and can be withdrawn tax-free in retirement.
- **Avoid Penalties:** Leftover 529 funds can be repurposed without incurring the usual 10% penalty for non-qualified withdrawals.
- **Boost Retirement Savings:** Provides beneficiaries, particularly young adults, with a strong financial foundation for retirement.
- **Flexibility for Families:** Eliminates concerns about overfunding a 529 plan, ensuring that savings are not wasted.

What Should You Do Next?

If you have a 529 plan, now is the time to review your options:

- Check the plan's age and contribution history to determine eligibility.
- Discuss how this rollover might fit into your broader financial plan with a financial advisor.

For business owners, consider how this information can complement your company's benefits strategy and support your employees' long-term financial health.

Contact Us for Guidance

If you have questions about the SECURE Act 2.0, 529-to-Roth IRA rollovers, or other provisions, we're here to help. Reach out today to learn more about how this change can benefit you, your family, or your employees.

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