Beyond Wealth
PARTNERS

529 Plans vs. UTMA Accounts

529 Plans and **UTMA accounts** are two common ways families save for a child's future. While both allow investments to grow over time, they differ in **tax treatment, flexibility, financial aid impact, and control of the assets.**

KEY DIFFERENCES

FEATURE	529 PLAN	UTMA ACCOUNT
Primary Purpose	Education savings	General savings for a child
Why Families Use Them	Tax-free growth for education; potential state tax benefits	Flexible use of funds; simple asset transfer
Tax Treatment	Tax-free growth for education	Earnings may be taxed under kiddie tax rules
Use of Funds	Education expenses (tuition, books, housing)	Any purpose benefiting the child
Control of Assets	Account owner retains control	Child gains full control at age 18–21
Financial Aid Impact	Typically treated as a **parent asset**	Treated as a **student asset**

💰 PLANNING OPPORTUNITY: 529 TO ROTH IRA

Beginning in **2024**, unused 529 funds may be rolled into a **Roth IRA for the beneficiary** if certain conditions are met:

→ 529 must be open **15 years**

→ **$35,000 lifetime rollover limit**

→ Subject to **annual Roth contribution limits**

ⓘ KEY TAKEAWAY

→ **529 plans prioritize tax-efficient education savings.**

→ **UTMA accounts offer flexibility but transfer control to the child.**

→ **529 plans may also have a smaller impact on financial aid eligibility than UTMA accounts.**