



California State Treasurer Fiona Ma

News Release

FOR IMMEDIATE RELEASE

**PR 19:05
January 15, 2019**

**Contact: [Press Office](#)
916-653-2995**

Treasurer Ma and Assembly Majority Leader Calderon Seek Income Tax Deductions for Contributors to State's 529 College Savings Plan

California aims to create one of the nation's highest college savings tax deductions

SACRAMENTO – A bill that would offer a targeted tax incentive for those contributing to the state's [ScholarShare 529 Plan](#) got a big boost today with the introduction of Assembly Bill 211 (AB 211). ScholarShare 529 is a state-sponsored, tax-advantaged 529 college savings plan that helps families and individuals save and plan for the cost of higher education. The plan is administered by the ScholarShare Investment Board, chaired by State Treasurer Fiona Ma. Just about anyone can open a ScholarShare account, including grandparents, other family members, and friends.

AB 211, authored by Assembly Majority Leader Ian Calderon and supported by Treasurer Ma, would provide a state income tax deduction when an individual contributes to one or more ScholarShare 529 accounts up to a limit of \$5,000 for single taxpayers and \$10,000 for those who file jointly.

Blue Sky Consulting Group, whom the ScholarShare 529 plan engaged to study tax incentives for 529 programs, estimates that Californians have invested between \$4- to \$26- billion in other state 529 programs because California does not offer an income tax incentive, or their financial advisors recommended other plans because of perceived limitations to investing in California's plan.

"This bill gives California's strong and vibrant program even more appeal, so much so in fact that we would not be surprised to see residents of other states move to participate in California's plan," said Treasurer Ma. "Meanwhile, Californians who might be contributing to 529 plans set up in other states will be happy to find that California's 529 plan costs will be lower. The ScholarShare 529 fee structure could be further reduced when out-of-state assets are invested again in California. In fact, the ScholarShare 529 fee structure would be reduced

by nearly 13 percent when the plan reaches \$10 billion in assets. What we want to achieve is a greater incentive for more families to save for a child's higher education."

Assembly Majority Leader Calderon added, "One of the greatest challenges students and families face when preparing for higher education is the increasing cost of attending college, which has grown at a rate of two to three times the rate of inflation. Providing tangible, financial incentives for California families to save for their academic future is critical to mitigating their financial concerns and avoiding student debt. AB 211 provides a necessary and meaningful tax incentive to assist students and their families as they prepare for their college future."

In sum, the tax benefit will have a direct impact on the program's growth and will thereby reduce the cost of the plan to those Californians already participating in the program. Greater growth has multiple benefits for Californians. Children with 529 accounts are seven times more likely to attend college; they graduate with less debt; they are more likely to be employed; and, they more quickly become contributors to the state's economic vitality.

For fast facts on ScholarShare, click [here](#).

For more news about the State Treasurer's Office, please follow Treasurer Ma on Twitter at @CalTreasurer, and on Facebook at California State Treasurer's Office.

###