

Roadmap to Education Savings at Scale

Strategic Opportunities for 529 Accounts



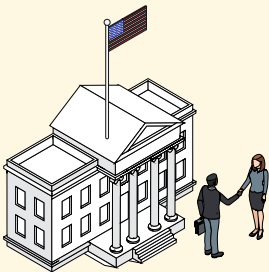
KEY TAKEAWAYS

529 college savings plans are powerful tools for building educational wealth, but they remain vastly underused by the families who could benefit most. The [Benefits for the Future](#) initiative, supported by JPMorganChase, is working to change that by partnering with employers, states, and benefit providers to research, design, and pilot intentional workplace benefits that advance the financial wellbeing of workers living on low and moderate incomes. Based on Commonwealth's research and ongoing pilots, three categories of action can move education savings forward at scale:



Employer Engagement

Expand 529 access through workplace benefits, payroll integration, and employer match contributions, leveraging available state tax incentives to reduce costs.



Federal and State Levers

Expand qualified uses of 529 funds, enable tax incentives for employer matches, explore prize-linked savings and federal seed funding for families living on low and moderate incomes, and link 529s with emerging savings vehicles such as Section 530A accounts.



Saver Engagement and Support

Mobilize trusted messengers, elevate public awareness, and deploy AI-powered guidance tools tailored to the needs of parents living on LMI.



Education Savings in America

All families, regardless of income, race, or geography, deserve a fair opportunity to build educational wealth. Advanced education has been [shown to contribute](#) to higher annual income and lifetime earnings, creating critical avenues to financial security and wealthbuilding for families living on low and moderate income (LMI).¹ However, the upfront cost of college has grown significantly: tuition has [nearly doubled](#) in the last thirty years. Three quarters of parents are saving for their child's education, but they are only on [track to cover 30%](#) of anticipated costs.

529 plans provide tax-advantaged education saving and investment vehicles, sponsored by states. Contributions to 529 accounts are made post-tax, but capital gains in the market and distributions are tax-free for qualified educational expenses—making them a critical savings tool for a child's education. As of [December 2025](#), there were 17.68 million open 529 savings accounts in the United States, with an average account size of \$34,084. In 2025, 32% of families with a child in a college or university [used a 529 plan](#) to pay for the cost of enrollment.

Yet these statistics mask a [profound disparity](#): parents with high incomes (>\$100k) hold 37% of their college savings in a 529 account while parents with moderate incomes (\$35k-\$100k) hold only 17% of their college savings in a 529 account. This gap reflects not a lack of interest, but barriers in access, awareness, and design. In fact, a [2024 Commonwealth national survey](#) found that 79% of parents living on LMI expressed interest in

opening their first 529 account if their employer offered one as a workplace benefit.

The value proposition of 529 accounts has never been stronger for families. Recent legislation, including the 2017 Tax Cut and Jobs Act and the 2019 and 2022 SECURE Acts, has notably expanded the way 529 plans can be used for a range of post-secondary opportunities. 529 savings can now fund community college, trade and technical programs, apprenticeships, and workforce certifications. For those attending college, 529 funds can cover tuition as well as room and board, student meal plans, required fees, books, and educational supplies.

Recent policy changes have also added important flexibility to 529 plans. For example, beneficiaries can use 529 funds to repay educational loans, up to a \$10,000 lifetime limit. Up to \$35,000 of unused 529 assets can also be rolled into retirement savings – providing families with the comfort of knowing that savings will support a child's financial wellbeing, even if educational plans change.

While these changes are encouraging, deepening the adoption and impact of 529 accounts for families living on LMI requires intentional design, strategic partnerships, and policy innovation that center the needs of households living on LMI. Anchored on research and real world pilots, this roadmap identifies strategic opportunities for policymakers, 529 administrators, and educational savers to expand access, adoption, and impact of 529 savings solutions for American families.

¹Commonwealth defines low and moderate income as households living on \$25,000-\$80,000 per year.

Leveraging 529s for Education Savings

Supported by JPMorganChase, the [Benefits for the Future](#) initiative expands access to intentional workplace financial benefits such as 529s that deepen financial security and opportunity for households living on LMI. The initiative partners with employers, states, and benefit providers to research, design, and pilot benefit solutions that are outcome-focused, responsive to the needs of people earning LMI, and additive to existing benefit offerings.

Through this work and Commonwealth's 25 years of experience on workplace benefit solutions, a number of best practices have emerged for expanding access, engagement, and impact of 529 plans among families living on LMI. The following principles are grounded in real-world experimentation that has proven to advance the financial security and opportunity of families living on LMI.

Employers as Gateways

529 plans are widely accessible. Any adult can open an account and name a beneficiary, and individuals can choose which state plan works best for them, regardless of where they or the beneficiary lives. However, this

structural access has not translated into functional access for many families living on LMI. Only [50% of Americans](#) know what a 529 plan is, and only 1 in 4 adults understand it is available to use beyond college expenses.

Integrating education savings into the workplace benefits suite creates a trusted, accessible entry point for families. [Employers provide a natural channel](#) to raise awareness of 529 plan options and 529 plan managers will often provide resources and information sessions for their employees—helping reduce the burden on employers.

Offering a payroll deduction or optional employer match dramatically increases 529 participation, yet only [2% of employers](#) are currently offering matches or seed funds. To help incentivize the practice, nine states have [provided state-level tax credits](#) to employers who offer matches or seed contributions to their employees' 529 plans.²

The conclusion is clear: employers play an important role in helping families both prepare for education expenses and create long-term financial security. Integrating 529s into the broader suite of workplace benefits expands awareness and encourages savings, helping to reduce functional disparities in 529 access and engagement for households living on LMI.



[Commonwealth's research found](#) that people earning LMI feel that if their employers provided them with college savings support, specifically the education and offering of 529 savings plans, their ability to utilize college education as a wealth building strategy would improve significantly. Furthermore, Commonwealth found that workers who were offered employer-sponsored child savings accounts such as 529 plans had significantly higher job satisfaction.



JPMorganChase's Mission: Tuition supports employees in understanding and managing the costs associated with higher education, including access to JPMorganChase's 529 Plan solutions, college planning experts, and a comprehensive suite of educational resources. Since the program's inception, JPMorganChase has assisted over 10,000 employees in saving and investing for their families' higher education costs. And with [College Planning Essentials](#), financial advisors and families alike have the latest insights and data at their fingertips to facilitate saving and investing for college. These and other employer strategies around 529 plan engagement can go a long way in helping employees understand education costs and promoting a regular savings cadence.

²Arkansas, Colorado, Idaho, Illinois, Nebraska, Nevada, Pennsylvania (effective January 2025 under Act 56 of 2024), Wisconsin, and Utah (2019).

A [2023 study](#) by Commonwealth and Brandeis' Institute for Economic and Racial Equity, supported by BlackRock's Emergency Savings Initiative, examined the large effort across state 529 plans to increase 529 adoption among families living on LMI.

It found national efforts centralized on two approaches:

- 1. Refining plan design and rules to remove barriers to participation and promote equitable usage**
- 2. Program outreach and accessible messaging that supports accounting opening processes.**

Through interviews with 13 state treasuries and recordkeepers, key innovations emerged:



auto-enrollment



easier account linkage



creative incentives



simpler account and enrollment language

Simplify and Encourage Adoption

[J.P. Morgan Asset Management](#) finds that the majority of families rely on cash and taxable accounts to fund educational expenses, with 41% reporting tapping into retirement funds to pay for college. This points towards a gap in 529 adoption, which is often fueled by friction in the enrollment process.

Auto enrollment of children at birth or other life milestones can dramatically increase participation in 529 accounts, especially when using an opt-out model. When auto enrollment is not possible, integrating 529 savings at the point of pay for other benefits (i.e., where retirement decisions are already made) can expand practical access for workers across income levels. Integration with existing public systems like public school registration or tax filing systems can also help streamline the account opening process and minimize barriers. More broadly, embedding 529 enrollment at key moments—such as new-hire onboarding, tax filing, and birth or adoption—can dramatically increase awareness and uptake by reaching families when they are already making financial decisions about their future.

Incentive programs further support adoption and can be especially impactful for families living on LMI, including state- or employer-funded programs for seed deposits, sign-up bonuses, matches on family contributions, and benchmark incentives (bonus deposits for meeting a goal or milestone). 529 plans can also help break down entrance barriers, for example by lowering or eliminating fees and minimums to help families begin and maintain savings behaviors that fit within their household budgets.

While structural and institutional constraints such as regulation, antiquated systems, and risk aversion pose barriers to innovation in many states, there is clear room for innovation in 529 policy and plans to support and encourage adoption. Collaboration between state 529 plans, payroll providers, fintechs, employers, and policymakers is crucial to lower barriers and scale adoption.

Design with Real People in Mind

Targeting solutions for specific groups most likely to benefit, as well as using human-centered design and user journeys to reduce friction, ensures that products work for the people they're meant to serve.

A streamlined user experience and easy linkages between platforms—apps, payroll systems, and state savings programs—remove administrative barriers that disproportionately affect families living on LMI. Reducing friction between systems also increases engagement and supports sustained savings behaviors. For example, [39% of 529 plan users](#) make automatic contributions from bank accounts or paychecks. By automating savings, families can set manageable savings targets that will compound and grow over time.

Design elements make it easier for savers to understand and engage, including mobile-based enrollment, use of plain language, and multilingual resources. Use of defaults, pre-selected investment options, or commonly selected investment prompts can also support parents in navigating 529 plans. There is a careful balance to strike here, as behavioral design choices should ultimately serve to support, rather than influence, parents in making their own informed decisions.



Commonwealth's partnerships with employers to pilot benefits have underscored the importance of persona-based design. Certain user groups, such as those who have struggled to save previously, [responded most positively](#) to integrated tools that provide 529 process guidance and behavioral nudges.

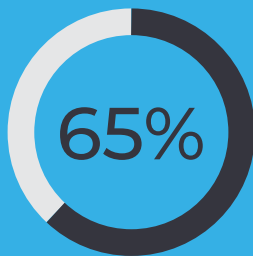
User-centered program design choices and effective outreach and messaging strategies have also been shown as helpful in [overcoming structural barriers and expanding participation](#) among underserved populations.



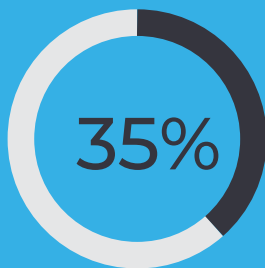
Integrate Savings for Multiple Needs

Income disparities significantly impact the amounts families can put into 529 accounts, with families with higher incomes [contributing as much as five times as much money](#) than families with lower incomes. Despite recent expansions of qualified eligible expenses, the low level of flexibility in 529 accounts remains a challenge for families managing competing financial priorities on a tight household budget.

Combining emergency and education savings into unified tools or apps supports both short- and long-term goals, especially for families with limited resources who must prioritize immediate financial stability alongside future planning.



of participants reported a “good” or “excellent”



said they planned to continue using the tool after the pilot ended.

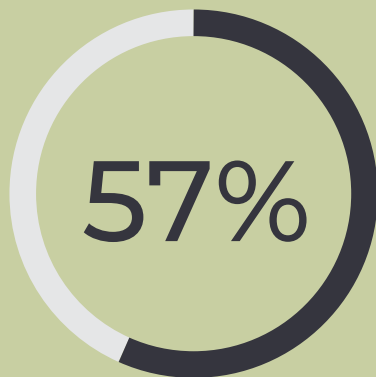
[Commonwealth](#) partnered with the [Pennsylvania Treasury Department](#) and fintech [Flourish FI](#) to test whether linking 529 accounts with an emergency savings feature could help families living on LMI save more effectively. The pilot gave families an opportunity to save money earmarked for their children’s education—but with a grace period during which the money they’ve saved can still be accessed for emergencies before funneling into the 529. They can set their own rules based on how much money they want to save in order to be comfortable for an emergency, set up a regular savings habit, and then once their goal is reached, their contributions automatically flow into the 529.

The six-month pilot demonstrated that integrating 529s and emergency savings can encourage 529 use and help people save for short and long-term needs. Deposits into participants’ connected PA 529 accounts increased throughout the six-month pilot, while contributions into liquid savings accounts remained consistent. Importantly, 65% of participants reported a “good” or “excellent” experience, and 35% said they planned to continue using the tool after the pilot ended.

Embed Actionable Knowledge and Guidance

By offering education alongside access, employers can help families understand not just how to save, but why 529s are valuable tools for saving for their children's future education and growing generational wealth.

Providing financial education within the saving tool itself—through prompts, nudges, and plain-language guidance—demystifies 529 rules and processes, building confidence and competence among first-time savers. With the rapid evolution of new AI tools comes a powerful opportunity to provide personalized guidance that improves parent awareness, understanding, and action around 529s.



of participants in Commonwealth's field test with ACU of Texas reported that a chatbot improved their financial lives

There is a growing interest among people living on LMI to utilize AI to support their financial wellness and [positive early indications](#) suggest that generative AI can help support worker financial health. For example, 57% of participants in [Commonwealth's field test with ACU of Texas](#) reported that a chatbot improved their financial lives. While privacy and data security remain a concern, Commonwealth found that the [biggest worry](#) for users living on LMI was that chatbots would not be able to understand the nuance of their situations or provide information that would be relevant to their financial lives. Generative AI offers a powerful opportunity to bridge this gap by providing personalized guidance around 529s that improve awareness, understanding, and action-taking around 529 savings.

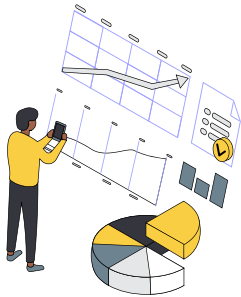
Opportunities

The [Benefits for the Future](#) initiative is working towards a future where 529 college savings plans are accessible, trusted, and effective tools for households living on LMI, not aspirational products primarily used by those who already have significant financial means.

The initiative's approach to expanding inclusive education savings access is grounded in data, behavioral insights, and real-world experimentation in partnership with employers, states, and benefit providers. With the philanthropic support of JPMorganChase, Commonwealth is piloting innovative 529 approaches with industry leaders and rigorously measuring their outcomes

for businesses and families living on LMI. These partnerships, alongside emerging national evidence and continuous feedback loops, are informing practical policy recommendations and scalable solutions to close the education wealth gap.

Based on this ongoing work, Commonwealth has identified concrete actions that can move education savings forward at scale. By activating employer channels, deploying federal and state levers, and supporting 529 savers, it is possible to expand equitable access and adoption of 529s in ways that strengthen long-term financial security for working families.



Employer Engagement

EXPAND ACCESS THROUGH WORKPLACE BENEFITS AND PAYROLL INTEGRATION

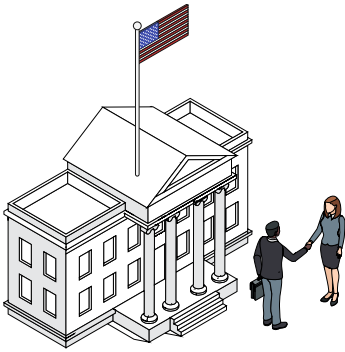
Offering 529 savings as a payroll-deducted benefit—embedded alongside retirement and health benefits—creates a trusted, low-friction entry point for workers across income levels.

EXPLORE EMPLOYER MATCH CONTRIBUTIONS TO 529 ACCOUNTS

Providing match funding encourages adoption of 529 accounts and is a powerful way to kick-start education savings, especially for parents earning LMI. Employers with limited benefits budgets will need to weigh 529 matches against competing priorities, however state and federal tax incentives can help offset these costs for employers.

UNDERSTAND AND PROMOTE FEDERAL AND STATE TAX INCENTIVES FOR SAVERS

Employers are a trusted source of benefits information, and can provide resources on available federal and state tax incentives for 529 savers, helping employees maximize the value of their employees' education savings.



Federal and State Levers

EXPAND QUALIFIED USES OF 529 FUNDS

Expanding qualified uses to include part-time study, workforce credentialing, and short-term training programs would make 529s more flexible and relevant for families living on LMI and navigating non-linear education paths.

ENABLE STATE AND FEDERAL TAX INCENTIVES FOR EMPLOYER MATCH CONTRIBUTIONS

State and federal tax incentives can encourage employers to match their employee's 529 contributions by offering a tax credit to help offset the cost. Nine states have enacted employer tax incentives, and while state approaches vary, they typically feature a 20-25% tax credit up to \$500 cap per individual.

ENABLE FEDERAL SEED FUNDING OR MATCH CONTRIBUTIONS SPECIFICALLY FOR FAMILIES LIVING ON LMI

The federal government could directly provide seed funding or match contributions to 529 accounts. Similar policies have been enacted in the past to support financial wellbeing for households living on LMI. For example, starting in 2027, the Savers Match will provide up to \$1,000 in federal match funding to retirement savers, phasing out gradually as incomes rise.

EXPLORE THE USE OF PRIZE-LINKED SAVINGS WITH STATE 529 PLANS

Prize-linked savings programs use lottery-style incentives to reward savers, boosting engagement without increasing subsidy costs. Several states have piloted prize-linked savings in other contexts, and applying this model to 529s could drive new account openings among families living on LMI.

SIMPLIFY 529-TO-ROTH IRA ROLLOVERS

Under SECURE 2.0, families can now roll unused 529 funds into a ROTH retirement account under the name of the 529 beneficiary. However, it is subject to convoluted rules and eligibility caps that require parents to navigate a structured, multi-year pathway, rather than a one-time transfer. Simplifying the process can help families feel more confident leveraging a 529 savings account, without fear of having unused funds should their child's future education plans change.

EXPLORE LINKING 529 PLANS WITH 530A AND OTHER PROMINENT CHILDREN'S SAVINGS POLICIES

Section 530A accounts ("Trump Accounts") offer a federally seeded savings vehicle for children born after 2025. Linking 530A and 529 accounts could streamline children's savings and create on-ramps to education savings for families living on LMI who receive the federal seed deposit.



Saver Engagement and Support

MOBILIZE TRUSTED MESSENGERS AND COMMUNITY-BASED ORGANIZATIONS

These partners can provide culturally relevant, trusted, accessible guidance that helps families living on LMI confidently open and use accounts to save for education.

ELEVATE PUBLIC AWARENESS AND EDUCATION AROUND 529S AND THEIR BENEFITS

Ensure that emerging AI tools serve as a trusted, reliable resource to help parents living on LMI navigate 529 accounts—delivering guidance tailored to their individual circumstances and complemented by human expertise.



TAKE ACTION

The evidence is clear, and so is the opportunity. Expanding 529 access for families living on LMI is achievable now, through intentional design, targeted investment, and the right partnerships.

Commonwealth invites employers, state program administrators, financial institutions, and philanthropic partners to join the Benefits for the Future initiative. Whether through collaborative research, product pilots, co-designed tools, or public awareness campaigns, there are concrete ways to move from insight to impact—together.

If you are ready to expand equitable education savings access and build long-term financial security for working families, we want to hear from you. Connect with us to discuss what partnership could look like between your organization and Commonwealth's Benefits for the Future Initiative by scheduling a call. Email us at info@buildcommonwealth.org.

Thanks to the philanthropic support of JPMorganChase, we are able to work with employers and benefit providers to research, test, pilot, and amplify the results of our partnerships—at no cost for our services.

The views and opinions expressed in this report are those of the authors and do not necessarily reflect the views and opinions of JPMorganChase or its affiliates.

Acknowledgments

commonwealth

Founded in 2001, Commonwealth is a national nonprofit celebrating 25 years of building financial security and opportunity for low and moderate income households through innovation and partnerships. For a quarter of a century, Commonwealth has designed effective innovations, products, and policies enabling nearly 2.5 million people to save nearly \$9 billion. Commonwealth collaborates with consumers, the financial services industry, employers, and policymakers. Because Black, Latin, and women-led households disproportionately experience financial insecurity, we focus especially on these populations. The solutions we build are grounded in real life, based on our deep understanding people living on how and moderate incomes and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.

JPMorganChase

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