



Viewpoints

Leading Students to College Through 529 Accounts



Due to a one-time donation of \$140,000 by the Mid-Iowa Health Foundation to the By Degrees Foundation, every one of the 603 students that attend Harding Middle School will receive a 529 savings account to help them save money for college and other post-secondary education. The foundation president, Nalo Johnson, emphasizes how important it is to thoughtfully invest in the future of young students as financial difficulties are oftentimes the obstacle preventing them from attending college. Studies have shown that having as little as \$500 in a 529 savings account makes a student four times more likely to graduate from post-secondary education.

A 529 savings account is operated by a state or educational institution and, according to the IRS, makes it easier for students to save through tax advantages and other incentives. Once a student's parent or caregiver has signed them up for the program, a student can earn up to \$200 for their account each year by completing certain objectives like taking a financial literacy course or improving the student's reading scores. The funds



earned can then be claimed by the student for up to five years after graduation to allow students added flexibility in their post-graduation plans. Programs like this help create a “strong culture of college and careers” early on in a student’s education, but more important than just pushing students to obtain college degrees, this investment is meant to allow students to broaden their potential and provide them with the tools they need to achieve a higher quality of life.

The By Degrees Foundation has started 529 programs for many students throughout the years and plans to continue supporting students by offering funds for 529 savings accounts in the future.

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