

# Best 529 Plans for College Savings of 2023

Ohio's CollegeAdvantage is our pick for the best 529 plan, even if you don't live in Ohio

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The cost of a college education is a scary proposition for all but the most affluent of parents. Contributing over time to a [529 savings plan](#) can go a long way toward ensuring that your children aren't loaded with debt by the time they graduate.

As long as students withdraw funds for [qualified education expenses](#)—and that covers everything from tuition and fees to books and computers—you don't have to pay any tax whatsoever on any gains that have accumulated in the account. <sup>[1]</sup> For parents and grandparents who are considering an out-of-state option, we compiled a list of the five best 529 plans from around the country.

## Best 529 Plans for College Savings of 2023

**Best Overall:** [Ohio CollegeAdvantage](#)

**Best for Big Savers:** [Utah my529](#)

**Best Variety:** [Illinois Bright Start](#)

**Best for Safe Investors:** [Virginia Invest529](#)

**Best for Low Fees:** [New York NY's 529 College Savings Program](#)

BEST OVERALL

# Ohio CollegeAdvantage



Age-based plans: Yes

Customizable plans: Yes

Fees: 0.15%–0.44%

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## Why We Chose It

There are a lot of great 529 plans for out-of-staters to consider, but our valedictorian is Ohio's CollegeAdvantage. The combination of investment options, performance, and fees makes it an overall winner.

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## Pros & Cons

### Pros

High performance ratings

Age-based or customized portfolios

Competitive fees

FDIC-insured savings accounts and CDs

### Cons

Some accounts have \$500 minimum contribution

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## Overview

There are a lot of reasons to like Ohio's CollegeAdvantage 529 plan—and a history of generating above-average returns is certainly one of them. According to performance reviews from Savingforcollege.com, the program is tops in the nation for 10-year returns. <sup>[2]</sup>

There's no shortage of investment choices here, either. You can choose an age-based [portfolio](#) that becomes more conservative over time or a static risk-based portfolio that doesn't change its asset mix over time. You can also customize your basket of investments by choosing your own mix of stock and bond funds. The plans include funds from Vanguard and Dimensional Fund Advisors, as well as Federal Deposit Insurance Corporation (FDIC)–insured [certificates of deposit \(CDs\)](#) and bank accounts.

From a fee standpoint, Ohio's plan is one of the best around. Age-based options range between 0.15% and 0.31% annually, well below the national average. And risk-based and individual options are all 0.44% or less. <sup>[3]</sup>

No doubt that Ohioans have a strong incentive to sign up, with state tax breaks of up to \$4,000 per beneficiary per year. <sup>[3]</sup> However, with a stellar track record, numerous investment options, and low fees, people outside the Buckeye state will want to take notice as well.

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BEST FOR BIG SAVERS

**Utah my529**





**Age-based plans:** Yes

**Customizable plans:** Yes

**Fees:** 0.12%–0.50%

[LEARN MORE](#)

## Why We Chose It

Utah's my529 program has no minimum contributions, and you can have up to \$540,000 invested across all your accounts for a single beneficiary. This is one of the highest 529 limits in the country, making it a strong choice for parents and grandparents who want to set aside as much as possible for a child's education.

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## Pros & Cons

### Pros

- No account minimum
- “Gold” rating from the analysts at Morningstar
- Up to \$540,000 allowed for each beneficiary
- 12 different investment plans available

### Cons

- Higher expense ratios than some other plans

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## Overview

Utah's my529 program has had quite a run. The college savings plan snagged its 12th-straight "Gold" rating from Morningstar in 2022, evidence of the state's prudent management. <sup>[4]</sup>

With 12 different investment possibilities, there's an option for virtually anyone. You'll find four age-based portfolios; ten "static" options, for which the asset mix doesn't change over time, and two customized portfolio options. The underlying funds are managed by some well-regarded companies, including Vanguard and [bond fund](#) giant PIMCO.

With age-based options, account owners can choose their level of risk and potential reward. The "aggressive global" portfolio invests the highest portion of assets in U.S. and foreign stocks at the start and gradually increases its exposure to the bond market. At the other end of the spectrum is the "conservative" option, which holds the smallest percentage of [equities](#).

Fees can be higher than some other 529 plans, ranging from 0.12% to 0.50%. <sup>[5]</sup> However, there are no annual maintenance fees or account [origination fees](#) to worry about.

It's no slouch in the performance department, either, earning a 4.5 out of five possible "caps" from Savingforcollege.com on its "5-Cap" rating system. <sup>[6]</sup> Combined with its abundance of choice and its low costs, Utah's plan is very much worthy of consideration from folks in other states.

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BEST VARIETY

## Illinois Bright Start





**Age-based plans:** Yes

**Customizable plans:** Yes

**Fees:** 0.09%–0.81%

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## Why We Chose It

Illinois' Bright Start college savings plan offers a wide variety of investment options from ten different fund companies, including such respected names as Vanguard and T. Rowe Price.

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## Pros & Cons

### Pros

- Choose from 10 different fund companies
- No minimum contribution
- Option to customize portfolio

### Cons

- Solid but not outstanding performance
- Some accounts have high fees

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## Overview

With a tax deduction of up to \$10,000 for single filers and \$20,000 for couples, Illinois' 529 is a great way to invest for your child's college years. It also happens to be a solid choice for parents who live in states with a less enticing

plan. Account owners can choose among three basic investment types:

**Age-Based Portfolios:** The portfolio gradually adjusts from more-aggressive choices (e.g., a stock-heavy mix) when the beneficiary is younger to a more conservative (i.e., a bond and money market-heavy) mix when they approach college age.

**Target Portfolios:** The plan offers six different target portfolios that maintain a consistent mix of [asset classes](#) over time. You can choose more equity-focused portfolios or those that lean toward safer securities.

**Individual Portfolios:** Owners can tailor individual fund portfolios based on their own [risk-reward](#) profile.

Choice isn't the only thing to like about this Illinois 529 plan. Its portfolios, for the most part, have been solid achievers. Savingforcollege.com gives Bright Start a performance rating of 4.5 "caps," putting it toward the top of all direct-sold plans. <sup>[7]</sup>

One of the reasons for its strong performance may be the program's highly competitive expense schedule. Depending on the portfolio you choose, fees range from 0.09% to 0.81%. <sup>[8]</sup> The program has no yearly maintenance fee, and there is no minimum initial contribution to get started.

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BEST FOR SAFE INVESTORS

**Virginia Invest529**

**invest529<sup>SM</sup>**

**Age-based plans:** Yes

**Customizable plans:** No

**Fees:** 0.00%–0.61%

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## Why We Chose It

Virginia’s direct-sold plan, Invest529, offers a compelling mix of features, such as low costs, ample portfolio options, and a strong track record. Citing its “excellent state oversight,” the investment research firm Morningstar gave the plan its top “Gold” rating in 2020. [\[9\]](#)

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## Pros & Cons

### Pros

- Strong national reputation
- Broad range of investment options
- No annual maintenance fees
- FDIC-backed savings accounts available

### Cons

- Performance matched by other 529 plans
- No customizable plans

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## Overview

Age-based configurations charge between 0.10% and 0.39% in management fees, with an individual portfolio costing 0.00% to 0.56%. [\[10\]](#) There is no enrollment fee when you open an account and no annual maintenance fee that will eat into your balance. You’ll find age-based and static portfolio options, as well as an FDIC-insured savings account, for more [risk-](#)



[averse](#) parents or those whose children are only a couple of years away from college.

The underlying funds include selections from giants, such as Vanguard and Blackstone, as well as some lesser-known companies, such as Rothschild Asset Management and Stone Harbor Investment Partners. By and large, they've been excellent performers. Invest529 gets a 4.5 "cap" rating out of five for performance from Savingforcollege.com. [\[11\]](#)

BEST FOR LOW FEES

## New York NY's 529 College Savings Program



Age-based plans: Yes

Customizable plans: Yes

Fees: 0.12%

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### Why We Chose It

As you'd expect with a Vanguard product, the fees in the plan are among the best in the country at just 0.12%, regardless of whether you use age-based or

best in the country at just 0.12%, regardless of whether you use age-based or custom portfolios. [\[12\]](#)

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## Pros & Cons

### Pros

- Low 0.12% fee for all portfolio types
- Strong performance history
- Customizable plans available

### Cons

- Fewer investment choices than other plans
- No FDIC-insured savings accounts

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## Overview

While New York's 529 College Savings Program may not have the most investment choices around, there should be plenty here for all but the most finicky of investors. You can select from one of three age-based options, or you can design your own portfolio based on a mix of funds that meet your investment goals and [risk tolerance](#).

Those individual portfolios don't automatically shift your asset mix over the years like age-based ones, so they require a bit of maintenance. New York's plan lets you move funds between portfolios up to twice a year, in case you want to do some fine-tuning.

The fee structure is simple, with every investment option having the same 0.12% fee structure. And in terms of performance, it's near the head of the class, with a 4.5-"cap" rating from Savingforcollege.com. [\[13\]](#)

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## Final Verdict

In 2023, Ohio's CollegeAdvantage 529 plan offers reliable value no matter where you live. With a variety of investment options, high ratings, many years of reliable returns, and low expense ratios, it's a solid choice for college saving no matter where you live.

Depending on your financial situation, though, other state's plans are worth considering. If you want to be able to save as much as possible for each beneficiary, for example, Utah's my529 program is a strong choice. And if you want reliable returns that have a track record of solid management, Virginia's Invest529 is a popular choice.

## Compare the Best 529 Plans

	Age-Based Plans	Customizable Plans	Fees
Ohio CollegeAdvantage <b>Best Overall</b>	Yes	Yes	0.15%-0.44%
Utah my529 <b>Best for Big Savers</b>	Yes	Yes	0.12%-0.50%
Illinois Bright Start <b>Best Variety</b>	Yes	Yes	0.09%-0.81%
Virginia Invest529 <b>Best for Safe Investors</b>	Yes	No	0.00%-0.61%
New York NY's 529 College Savings Program <b>Best for Low Fees</b>	Yes	Yes	0.12%

## Guide to Choosing a 529 Plan

When used for qualified expenses—a category that includes tuition, certain room-and-board fees, required textbooks, and computers—students can withdraw money from a 529 plan tax-free. <sup>[14]</sup>

Funds from 529 plans can also be used for qualified K-12 tuition expenses, in addition to their traditional role in paying for college expenses. 529 plan rules allow for up to \$10,000 per year to be applied toward private elementary or secondary school tuition expenses.

When choosing a 529, your own state's plan is a great place to start, as many offer income tax benefits to residents when they make contributions. Still, it's worth keeping in mind that most plans accept investors from anywhere in the U.S.—and you can use money from any college savings program to pay for college, even if the institution is in another state. <sup>[15]</sup>

**Tip:** Putting aside money in a 529 won't make a substantial difference when it comes to your financial aid package. If the account is owned by a parent or a dependent child, less than 6% of the assets count toward your expected family contribution, a key metric used in calculating a student's reward. <sup>[16]</sup>

This means that it can pay to consider options outside your state when choosing a 529 plan. When you do, it's important to compare the fees and expenses associated with the fund to any potential tax breaks.

## **Fees and Expenses**

Management fees chip away at your balance each year, regardless of whether you are putting money in the account or not. By contrast, state tax breaks generally only offer you a benefit for the year in which you contribute those funds. The earlier you start investing, the more important a small difference in annual fees becomes in choosing a plan.

Fund expenses are especially important when comparing multiple 529 plans that invest in passive instruments such as [index funds](#). Because the underlying stocks or bonds are

largely the same between plans, the [expense ratio](#) becomes perhaps the biggest point of differentiation.

## When to Choose an Out of State 529 Plans

With the exception of Wyoming, every state (and the District of Columbia) operates at least one 529 savings plan. Below, you can find a list of direct-sold plans by state, along with the annual expense ratio that they charge account holders.

Seven “parity” states offer income tax breaks for contributions, regardless of which plan you use: Arizona, Arkansas, Kansas, Minnesota, Missouri, Montana, and Pennsylvania. <sup>[14]</sup> If you call one of these states home, you have even more incentive to shop around because you’ll get a tax deduction or credit anyway.

You can use 529 funds to pay for college anywhere in the United States, regardless of what state runs the program in which you have invested. While there are certainly advantages to investing in your own state’s 529 plan—especially if yours offers an income tax break—[it’s not the only place you can put your child’s college money](#). If another state offers better plan features or substantially lower fees than your state does, you might want to do some comparison shopping.

## Direct-Sold 529 Plans by State

State	Plan Name	Expense Ratio
Alabama	CollegeCounts 529	0.21% to 1.65%
Alaska	The University of Alaska Savings Plan	0.15% to 0.89%
Alaska	T. Rowe Price College Savings Plan	0.18% to 0.89%
Arizona	College Savings Bank Plan (CDs or savings account)	N/A

Arizona	Fidelity Arizona College Savings Plan	0.11% to 0.99%
Arizona	Ivy InvestEd 529 Plan	0.50% to 1.30%
Arkansas	The GIFT College Investing Plan	0.39% to 0.53%
California	ScholarShare 529 College Savings Plan	0.00% to 0.51%
Colorado	CollegelInvest Direct Portfolio College Savings Plan	0.32%
Colorado	CollegelInvest Stable Value Plus College Savings Plan	0.71%
Colorado	CollegelInvest Smart Choice College Savings Plan	N/A
Connecticut	Connecticut Higher Education Trust (CHET)	0.40% to 2.12%
Delaware	Delaware College Investment Plan	0.05% to 0.99%
District of Columbia	DC College Savings Plan	0.15% to 0.80%
Florida	Florida 529 Savings Plan	0.02% to 0.77%
Georgia	Georgia Path2College 529 Plan	0.00% to 0.12%

Hawaii	HI529: Hawaii's College Savings Program	0.58% to 0.66%
Idaho	IDeal – Idaho College Savings Program	0.34% to 0.49%
Illinois	Bright Start College Savings Program – Direct	0.09% to 0.81%
Indiana	CollegeChoice 529 Direct Savings Plan	0.16% to 0.82%
Indiana	CollegeChoice CD 529 Savings Plan	N/A
Iowa	College Savings Iowa	0.19%
Kansas	Learning Quest 529 Education Savings Program	0.10% to 0.77%
Kansas	Schwab 529 College Savings Plan	0.25% to 0.93%
Kentucky	KY Saves 529	0.00% to 0.81%
Louisiana	START Saving Program	0.00% to 0.08%
Maine	NextGen 529 Client Select Series	0.00% to 2.06%
Maryland	Maryland 529 College Investment Plan	0.16% to 0.68%

Massachusetts	U.Fund College Investing Plan	0.05% to 0.99%
Michigan	Michigan Education Savings Program	0.00% to 0.13%
Minnesota	Minnesota College Savings Plan	0.00% to 0.28%
Mississippi	Mississippi Affordable College Savings	0.00% to 0.73%
Missouri	MOST – Missouri’s 529 College Savings Plan	0.18% to 0.51%
Montana	Achieve Montana	0.40% to 0.59%
Nebraska	NEST 529 Direct College Savings Plan	0.10% to 0.66%
Nebraska	TD Ameritrade 529 College Savings Plan	0.21% to 0.75%
Nevada	SSgA Upromise 529 Plan	0.29% to 0.89%
Nevada	Vanguard 529 College Savings Plan	0.12% to 0.42%
Nevada	USAA College Savings Plan	0.46%
New Hampshire	UNIQUE College Investing Plan	0.05% to 0.99%
New Jersey	NJBEST 529 College Savings Plan	0.14% to 0.99%



		0.61%
New Mexico	The Education Plan	0.10% to 0.40%
New York	NY's 529 College Savings Program – Direct Plan	0.12%
North Carolina	College Foundation of North Carolina NC 529 Plan	0.25% to 0.38%
North Dakota	College SAVE 529 Plan	0.50%
Ohio	CollegeAdvantage, Ohio's 529 Plan	0.00% to 0.44%
Oklahoma	Oklahoma College Savings Plan	0.00% to 0.57%
Oregon	Oregon College Savings Plan	0.27% to 0.72%
Pennsylvania	Pennsylvania 529 Investment Plan	0.21% to 0.31%
Rhode Island	CollegeBound Saver Program	0.03% to 0.60%
South Carolina	Future Scholar 529 College Savings Plan	0.00% to 0.25%
South Dakota	CollegeAccess 529	0.51% to 1.19%
Tennessee	TNStars College Savings 529 Program	0.00% to 0.84%

Texas	Texas College Savings Plan	0.56% to 0.97%
Utah	my529	0.12% to 0.50%
Vermont	Vermont Higher Education Investment Plan	0.00% to 0.39%
Virginia	Invest529	0.00% to 0.61%
Washington	DreamAhead College Investment Plan	0.25% to 0.33%
West Virginia	SMART529 Select Direct College Savings Plan	0.12% to 0.21%
Wisconsin	Edvest	0.00% to 0.35%
Wyoming	(Does not operate a 529 plan)	N/A

The expense ratio denotes the range of annual expenses for underlying funds in the plan.

## Other Ways to Use a 529 Plan

In order to take advantage of the tax benefits afforded to a 529 plan, you generally have to use the funds for qualified educational expenses, whether it's for college or a private K-12 school. Otherwise, the account holder could be hit with income taxes and a 10% penalty on any earnings.<sup>[1]</sup>

However, there are some additional ways to spend 529 funds without incurring a penalty. For example, plan holders can roll over money from a 529 plan to an [Achieving a Better Life Experience \(ABLE\) account](#) for the same beneficiary.<sup>[17]</sup> ABLE accounts are aimed at individuals who are significantly disabled before the age of 26.

Also, the [Setting Every Community Up for Retirement Enhancement \(SECURE\) Act](#), which was signed into law in December 2019, allows plan holders to withdraw a lifetime maximum of \$10,000 for qualified student debt of the beneficiary. It can also be used to pay certain expenses related to apprenticeship programs, such as tuition, fees, books, and equipment. These withdrawals can be made both tax and penalty-free.

## Frequently Asked Questions

### What Is the Highest-Performing 529 Plan?

In the fourth quarter of 2022, SavingforCollege ranked West Virginia's SMART529 WV Direct College Savings Plan as its top 529 program based on 10-year performance returns. <sup>[18]</sup> However, it is only available to those who meet specific West Virginia residency requirements.

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### What Happens If You Don't Use Your 529 Plan?

If your child ends up not going to college—or is fortunate enough to get a large scholarship—you can transfer the account to another child or save it for a grandchild. You can also use the money to fund your own education, should you decide to go back to school. There's also the option of withdrawing funds and using them for noneducational purposes, but there's a big downside: You'll likely have to pay income taxes and a 10% penalty on earnings. <sup>[19]</sup>

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### Does It Matter What 529 Plan I Choose?

The 529 plan you choose will determine how much you pay in fees, the investment options available to you, how much you can set aside per beneficiary, what returns you will get, and what state tax breaks you can qualify for. You should carefully select your 529 plan based on which of these factors are most important to you.

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## Methodology

Because they offer lower fees, our list focuses on direct-sold plans, of which virtually every state has at least one—Wyoming being the only exception. We favor plans with low expenses from both maintenance fees and management fees for the underlying funds.

In choosing our top 529 plans, we also looked at investment returns over one-year and five-year time spans, using data from the website Savingforcollege.com. While past results don't guarantee future performance, a consistent pattern of beating one's peers indicates that the plan manager is choosing an effective menu of investments.

Finally, we looked at the breadth of each plan's investment options. We gave higher marks to plans that offered a greater choice, such as including age-based portfolios and individual funds for parents who like taking the reins.



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