

# Jump start your retirement planning with 529s

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Tax- and penalty-free 529 plan to Roth IRA rollovers

Many investors worry of overfunding their 529 account, but 529 plans now offer more flexibility! As of 2024, certain 529 account owners are eligible to rollover all, or a portion of, their 529 accounts into a Roth IRA account tax and penalty free. Check out the guidelines below to learn more!

- 1** The transfer must have occurred **after December 31, 2023**.
- 2** The 529 account must have been **maintained for a minimum of 15 years**.\*
- 3** The Roth IRA must be **in the same name as the 529 account designated beneficiary**.\*
- 4** The amount being transferred **must have been contributed at least 5 years prior to such transfer** (plus any earnings attributed thereto).
- 5** The rollover is **subject to Roth IRA annual contribution limits** and the Roth IRA owner must have annual income at least equal to the amount of the rollover.
- 6** The amount transferred is **limited to an aggregate \$35,000**. *Such limit may be applicable to each designated beneficiary, not each account.*\*
- 7** The **Roth IRA income limits do not apply** to such 529 to Roth IRA transfers, **but earned income requirements do**.
- 8** The **529 account owner remains in control** and decides the timing and application of funds in their account, including whether or not to transfer the funds to the designated beneficiary's Roth IRA.

Please note that any discussion of U.S. tax matters contained in this communication cannot be used by you for the purpose of avoiding tax penalties; this communication was written to support the promotion or marketing of the matters addressed herein; and you should seek advice based on your particular circumstances from an independent tax advisor.

\*The Internal Revenue Code does not explicitly address how to apply these requirements to 529 accounts where the account owner has changed the designated beneficiary. The U.S. Treasury and the Internal Revenue Service may issue regulations, notices or other guidance clarifying this and other issues presented by these new changes. We urge you to speak with your tax advisor before requesting a 529 to Roth IRA rollover, in particular if your account has had a change in designated beneficiary.

## Want to know more?

blackrock.com

**Source:** How new 529 plan rules can help with retirement planning, May 2024.

<https://www.ameriprise.com/financial-news-research/insights/new-529-plan-rules>

*Investing involves risk, including possible loss of principal. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.*

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**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

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