



# NEST 529 Plan vs. Trump Account (530A)

## A Side-by-Side Comparison for Families Saving for College

At NEST, we have received the following two questions numerous times with respect to Trump Accounts:

### THE BIG QUESTIONS:

#### First, what happens if I have money in my NEST 529 Account, but I do not have and do not plan on having any qualified expenses (for example, education expenses)?

If you end up with money in your NEST 529 Account and you are done with school, your beneficiary chooses a different path, or your family does not currently have qualified education expenses, there are still several options for remaining funds for your account funds.

1. **Change the beneficiary.** You can generally change the beneficiary to another qualifying member without tax consequences. This could be a child, grandchild, sibling, spouse, niece or nephew, or even yourself. The definition of “family member” is fairly broad.
2. **Use it for other educational purposes.** Qualified expenses are broader than many people realize and can include certain vocational programs, apprenticeships, qualified postsecondary credentialing programs, and other eligible post-secondary education costs. Up to certain limits, NEST 529 funds can be used for student loan repayment. Additionally, if your beneficiary receives a scholarship, you may withdraw an amount equal to the scholarship penalty-free (though earnings are still subject to income tax). Nebraska state tax treatment may differ for certain federally qualified withdrawals, so Nebraska taxpayers should review NEST guidance or consult a tax professional before taking those withdrawals.
3. **Roll it into a Roth IRA for the beneficiary.** Some unused 529 funds can be rolled to a Roth IRA for the beneficiary, subject to certain conditions. The account must have been open for at least 15 years; contributions made within the last 5 years generally cannot be rolled; annual Roth IRA contribution limits still apply; the beneficiary generally must have earned income at least equal to the rollover amount for the year; and there is a lifetime rollover limit of \$35,000 per beneficiary.
4. **Roll it to an ABLE account, if applicable.** For an eligible beneficiary with a disability, a 529-to-ABLE rollover may provide another way to preserve funds for future needs, subject to ABLE eligibility and contribution limits. Trump Account funds may only be rolled to an ABLE account during the calendar year in which the account beneficiary turns 17, after which the rollover option is no longer available.
5. **Take a nonqualified withdrawal.** You can always withdraw the money. The original contributions always come out tax-free; the earnings may be subject to ordinary income tax and a 10% federal penalty. You may also lose your original Nebraska state income tax deduction. Some penalty exceptions may apply, including for certain scholarships, death, disability, or military academy attendance.



## Second, if I can use my Trump Account funds to pay education expenses, why do I need a NEST 529 Account?

The strongest reasons to use a NEST 529 even if you have a Trump Account are:

1. **Ability to pay education expenses before age 18.** Funds in a Trump Account are generally not available prior to the beneficiary's 18th birthday. NEST 529 funds can be withdrawn tax-free at any time for qualified expenses.
2. **Much higher contribution capacity.** Trump Accounts are limited to contributions of \$5,000 per year (indexed after 2027). **If contributions from all sources exceed this limit, excess funds are automatically redirected to a separate taxable custodial account (a Supplemental Account governed by standard UGMA/UTMA rules), which does not receive the same tax-deferred treatment.** There are no annual contribution limits to NEST 529 accounts, contributions are accepted until the account balance reaches \$550,000 per beneficiary, and larger 529 gifts may qualify for the federal five-year gift-tax election.
3. **Broader educational uses.** Once Trump Accounts convert to IRAs on the account owner's 18th birthday, the account owner can take distributions for limited education expenses. However, the types of education expenses that can be paid from a Trump Account without incurring penalty are more limited than the types of education expenses that can be paid from a NEST 529 account without incurring penalty, including expanded kindergarten through twelfth grade (K-12) categories (beginning in 2029), apprenticeships, and certain postsecondary credentialing expenses.
4. **Better tax treatment for qualified withdrawals.** While Trump Accounts (like 529 accounts) offer tax-advantaged growth, earnings are generally taxable when withdrawn even if used for qualified expenses. Withdrawals from NEST 529 used for qualified expenses are completely tax-free (meaning neither the contributions nor earnings are subject to tax upon withdrawal).
5. **Nebraska state tax deduction.** Nebraska residents may deduct up to \$10,000 per year (\$5,000 if married filing separately) for state income tax purposes.
6. **Account-owner control and planning flexibility.** The NEST 529 account owner controls the account and can generally change the beneficiary to another qualifying family member. A Trump Account is owned by the child and generally cannot be transferred to a different beneficiary.
7. **Multiple accounts per beneficiary.** Families can open and maintain multiple NEST 529 accounts for the same beneficiary — for example, parents and grandparents can each maintain separate accounts. By contrast, federal law permits only one funded Trump Account per beneficiary at any time.



## Have Questions? We're Here to Help.

To learn more about the NEST 529 Plan or to open an account, visit [NEST529.com](https://www.NEST529.com). You can also reach out to a financial advisor or contact NEST directly at 1-888-993-3746. Our team is happy to answer any questions about how NEST 529 can help you save for your family's education goals.

### Important Nebraska Tax Note

Some withdrawals that are federally qualified may be treated as Nebraska Non-Qualified Withdrawals and may result in Nebraska income tax consequences or recapture of previously claimed Nebraska deductions. Nebraska taxpayers should review current NEST guidance and consult a tax professional before taking withdrawals for K-12 expenses, student loan repayment, credentialing expenses, or other expanded uses.

### Important Disclosures

This document is for informational purposes only and does not constitute tax, legal, investment, or financial advice. You should consult a qualified tax professional, attorney, financial advisor, or other professional regarding your specific situation before making any decisions based on the information provided.

Before investing, consider whether your or your beneficiary's home state offers tax or other benefits that are available only for investments in that state's qualified tuition program. Investments in NEST are subject to investment risk, including the possible loss of principal, and investors should read the applicable program disclosure materials and consult their tax, legal, or investment advisor regarding their specific situation.