Yields on FDIC-Insured 529 Plan Options Edge Higher, According to Savingforcollege.com Study


MIAMI (PRWEB) May 11, 2019 -- Savingforcollege.com, a leading independent college savings resource and authority on 529 plans, published an updated study on federally-insured products available through 529 plans.

The 2019 study reviewed 27 plans offering a product insured by the Federal Insurance Deposit Insurance Corporation (FDIC) and one plan offering a product insured by the National Credit Union Administration (NCUA).

“FDIC-insured and NCUA-insured products work well for families who may be more risk averse as college years approach and for those who use a 529 plan to pay for K-12 tuition,” said Marcos Cordero, CEO of Savingforcollege.com. “Investors with a shorter time horizon can protect their principal college savings investment while taking advantage of 529 plan benefits.”

The study found that yields on all FDIC-insured and NCUA-insured 529 plan investment options have increased since the study was last published in May 2018. Yields on savings account options increased by 105 basis points (1.05%) on average and yields on Certificate of Deposit (CD) options increased 70 basis points (0.70%) on average. Yields are reported net of fees.

Yields net of fees vary widely. Savings account options yields range from 0.15% to 2.60% and yields on CDs range from 1.41% to 2.75%. Total asset-based fees on federally-insured savings options within 529 plans range from 0.10% to 0.50%.

At the time of the study, Utah’s my529 offered the highest APY on a federally-insured savings account, with a rate of 2.6% on its FDIC-Insured portfolio. The next highest-yielding savings accounts were offered by portfolios available through the Arizona Family College Savings Plan – Bank Plan (AFCSP), Indiana’s CollegeChoice CD 529 Savings Plan (direct- and advisor-sold) and North Carolina’s National College Savings Program.

The highest-yielding CD options were available through the Arizona Family College Savings Plan – Bank Plan, Indiana’s CollegeChoice CD 529 Savings Plan and Ohio’s CollegeAdvantage Direct 529 Savings Plan.

“The number of federally-insured products available in 529 plans continues to increase each year,” said Martha Kortiak-Mert, Savingforcollege.com’s chief growth officer. “Yields have also risen, making these products even more attractive for families saving for college and K-12 tuition.”

FDIC-insured and NCUA-insured investments are backed by the full faith and credit of the U.S. government up to certain limits in the event of a bank or credit union failure. Currently, there are 27 college savings plans that offer an FDIC-insured investment option, up from 25 in 2018, and one plan offering a NCUA-insured savings account option.
Federally-insured investment options include savings accounts and bank certificates of deposits (CDs), and one plan offering a NCUA-insured savings account option. These products allow families to take advantage of the tax benefits and flexibility offered by 529 plans, without risking their principal investment.


About Savingforcollege.com:
Savingforcollege.com has been the leading guide to saving and paying for college since 1999. The site compiles and analyzes 529 plan data, and creates content and tools to provide parents, financial professionals and state policymakers with resources to help them understand how to meet the challenge of ever-increasing higher education costs.
Contact Information
Martha Kortiak Mert
Saving For College LLC
http://www.savingforcollege.com
+1 305-776-2544

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