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10 hidden benefits of 529 plans



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While most people are catching on to the appeal of 529 plans, which offer tax-advantaged investments to pay for qualified education expenses, many still overlook a number of benefits these accounts provide.

"This is the best way to save for a child or grandchild's education, period, end of sentence," said Young Boozer, chairman of the College Savings Plans Network and state treasurer of Alabama.

As the cost of higher education continues to skyrocket, 529 plans can be a lifeline for parents and grandparents. "Many people don't realize how much

flexibility a 529 plan gives them or the advantages it offers beyond the tax-deferred growth of the investments," said Steven Brett, president of Marcum Financial Services.

According to Brett, here are the top reasons a 529 college savings account is increasingly worthwhile.



36
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1. You get a tax break

You can get a tax deduction or credit for contributions to a 529 in many states, earnings grow on a tax-advantaged basis and, when you withdraw the money, it is tax-free if the funds are used for qualified education expenses.

