



California State Treasurer Fiona Ma, CPA

News Release

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Bill to Expand Use of 529 College Savings Plans to Cover Apprenticeship Costs and Pay Student Loan Debt Signed By Governor

Assembly Bill 340 (Ward), sponsored by State Treasurer Fiona Ma, Allows California Families to Use Savings in a 529 Plan to Pay Down up to \$10,000 in Student Loan Debt and Apprenticeship Program Expenses

SACRAMENTO – State Treasurer Fiona Ma extended her thanks and appreciation to Governor Gavin Newsom for signing Assembly Bill 340 (Ward) (AB 340) into law. This important piece of legislation sponsored by Treasurer Ma will modernize how funds in a 529 college savings account can be utilized to help families pay for future higher education expenses.

Specifically, the legislation conforms state law to the provisions of the federal Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 that allow for the use of 529 college savings account monies to pay for qualified apprenticeship expenses and repay up to \$10,000 in student loan debt per beneficiary and each of the beneficiary's siblings. 529 account holders in California can now utilize these funds for these purposes without fear of having their earnings taxed and penalized by the state.

“As Chair of the ScholarShare Investment Board, it is a top priority of mine to help families save for higher education and mitigate against the growing student loan debt crisis that has worsened in recent years,” stated State Treasurer Ma. “AB 340 now gives California families the flexibility to utilize their funds in a 529 college savings account to pay for apprenticeship program-related expenses or make payments on student loans, which can be critical during periods of economic uncertainty like we’re experiencing today. This is a victory for many of the workers who are or will be seeking additional training to advance their careers in one of California’s many quality apprenticeship programs.”

“Ensuring Californian’s have the tools and flexibility needed to access higher education is a top priority of the State Legislature,” said Assemblymember Chris Ward. “With Governor Newsom’s approval of AB 340, Californians can now utilize their ScholarShare 529 plans to pay down expenses related to eligible apprenticeship programs and qualified student loan debt. This is a win for so many across our state that have been unable to attain their post-secondary educational needs due to financial insecurities exacerbated by the ongoing pandemic.”

Presently, national student loan debt has reached \$1.6 trillion. California is home to 3.8 million of the nation’s 45 million borrowers, the highest number of any state. The average Class of 2019 college graduate in California owes about \$21,485 in student loans. Given the impacts of the COVID-19 pandemic, AB 340 gives families greater flexibility with their 529 savings by ensuring their child has access to whichever type of qualified higher education best fits their unique professional aspirations.

To learn more about ScholarShare 529, visit <https://www.ScholarShare529.com>.

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Fiona Ma is California’s 34th State Treasurer. She was elected on November 6, 2018, with more votes (7,825,587) than any other candidate for treasurer in the state’s history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer’s Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world’s fifth-largest economy and Treasurer Ma is the state’s primary banker. Her office processes more than \$2 trillion in transactions, within a typical year. She provides transparency and oversight for the government’s investment portfolio and accounts, as well as for the state’s surplus funds. Treasurer Ma oversees an investment portfolio that has averaged well over \$100 billion during her administration—a significant portion of which are beneficially owned by more than 2,200 local governments in California. She serves as agent of sale for all State bonds and is trustee of billions of dollars of state indebtedness.

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