

ASHWORTH &amp; ASSOCIATES, P.C.

Newsletter

## Can I change the beneficiary of a 529 account?

### Answer:

Yes. You can generally change the beneficiary of a 529 account as long as the new beneficiary is a family member of the old beneficiary. Members of the family include children and their descendants, stepchildren, siblings, stepsiblings, parents, stepparents, nieces, nephews, aunts, uncles, first cousins, and in-laws of the original beneficiary. There is no penalty for changing the beneficiary, although gift taxes and generation-skipping transfer taxes might be a result. Many states charge an administrative fee to process the change. Also, states are free to impose certain restrictions. For example, a state may prohibit a beneficiary switch once the original beneficiary has begun making withdrawals from the 529 account.