
529 plan

Posted by CWS2009 - 2009/06/22 15:48

I want to file bankruptcy and i planned an appointment with an attorney on July 1st to discuss. However, I would like to know if in bankruptcy they can go after the education account for my kids. Its not too much, its about \$3,600 in one account and \$3,900 in another 529 education account. What is the rule regarding bankruptcy and education 529 plans?

Thank you,

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Re:529 plan

Posted by PalmPRE - 2009/06/24 18:42

If the 529 plan is in your social security number then its part of your bankruptcy estate. If its in the kids social security number then its not part of the bankruptcy.

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Re:529 plan

Posted by CWS2009 - 2009/06/27 12:33

the 529 plan is in both my name as parent and the child as its for his education. Does that help

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Re:529 plan

Posted by casey rb - 2009/06/30 22:16

let me quickly add that under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, it also provides full protection for assets in 529-plan and Coverdell education-savings accounts contributed more than two years before a bankruptcy filing.

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Re:529 plan

Posted by Legal Helper - 2009/07/03 14:48

Many state 529 plans come with special asset-protection built in. In addition, the majority of 529 plans are held out as trusts with spendthrift provisions. As a bankruptcy attorney, i have never seen 529 plan opened up to pay creditors.

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