

# Employer 529 Contributions

## Investing in Employee Well-Being

### Why Contribute?

Employer contributions to CollegeInvest 529 accounts cut employees' education costs, easing financial stress and boosting mental health, productivity, and retention. Colorado's Working Families College Savings Act rewards companies with a 20% state income-tax credit, so every corporate dollar stretches further while providing authentic, family-friendly support.



### PROGRAM SNAPSHOT

#### 20% TAX CREDIT

Earn a 20% tax credit on every dollar you contribute, up to \$500 per employee, per year (on the first \$2,500 contributed).

#### NO ERISA

Contribute to one; contribute to all. This program isn't bound by nondiscrimination rules or ERISA.

#### FLEXIBLE BENEFIT

Contribute for any reason and any frequency. You can opt for ongoing deposits, matching contributions, a one-time gift, etc.

#### EASY TO DO

Your dedicated rep will walk you through the online registration and demo the self-service portal. You manage contributions at your convenience.

### 4 EASY STEPS TO CONTRIBUTE

1

#### ENROLL YOUR COMPANY

employers.collegeinvest.org. Provide company address, contact info and SSN/TIN.

2

#### ADD EMPLOYEES INTO THE SYSTEM

Provide names and CollegeInvest account numbers, which they need to provide to you.

3

#### RECORD CONTRIBUTION

Select the appropriate employee(s), enter amount and payment method (check, ACH/EFT or wire).

4

#### FUND CONTRIBUTION

Send all funds directly to CollegeInvest; the Department of Revenue can't verify payments to our partners (eg. Vanguard).

"Employers are responsible for employee financial wellness."



76%

EMPLOYEES AGREE

96%

EMPLOYERS AGREE

Bank of America Workplace Benefits Report, 5/2024



### WE EDUCATE YOUR STAFF

CollegeInvest provides a dedicated representative to guide you from registration to implementation. We also offer free lunch & learn educational sessions and \$50 Kickstart Bonus contributions for your employees.



73%

OF EMPLOYEES WANT TO LEARN ABOUT 529s

Vestwell 2024 Savings Trends Report

# Frequently Asked Questions

## PARTICIPATION & ELIGIBILITY

**Is there a minimum number of employees required to participate?**

No. Any size company can enroll at any time; there is no formal enrollment period.

**Do I have to contribute to every employee's account?**

No. You decide which employees receive contributions, and in what amounts. This program is not subject to nondiscrimination rules or ERISA, so partial participation is allowed.

## OWNERSHIP & ACCOUNT SETUP

**Does the employee have to be the 529 account owner?**

Yes. The law states business contributions must go into an account owned by the employee in order for the employer to receive the tax credit.

**What if my employee has more than one CollegeInvest account?**

You can split or make separate contributions; each account must be entered individually in the employer portal.

**Where do I find an employee's account number?**

For privacy reasons, the employee must provide this number. If they don't know it, they can call CollegeInvest at 800-448-2424 for assistance.

## Flexible Ways To Help Your Team

Versatility is one of the best features of Colorado's program since every employee and company is unique. We encourage you to get creative and personalize your approach. Here are some suggestions to get started:

**Ongoing Contributions:** Provide ongoing 529 contributions for all employees so everyone benefits year-round.

**Matching:** Encourage employees to invest by matching what they contribute. You decide the amount, and every match helps their savings grow faster.

**New Baby Gift:** Celebrate a new addition with a contribution to the child's 529 plan. It's a thoughtful way to say "congratulations" and invest in their future. And, with our First Step Program, any child born or adopted in Colorado since 2020 is eligible to receive a free contribution to their CollegeInvest account.

**Work Anniversary:** Recognize each service milestone with a 529 deposit that shows your appreciation.

**Bonuses:** Reward above-and-beyond performance or give holiday bonuses as a 529 contribution. It's a unique gesture that supports your employees' education goals.

## CONTRIBUTIONS & FUNDING

**Is there a maximum contribution limit?**

There's no limit on how much you can contribute. However, the 20% tax credit is capped at \$500 per employee, per year (which corresponds to contributions up to \$2,500 annually).

**How frequently can I contribute, and can I set up recurring contributions?**

You can contribute as often as you wish. Automatic recurring contributions aren't yet available but may be added in the future.

**Are these contributions considered wages for the employee?**

Yes, they are subject to taxes and withholdings, just like regular salary or cash bonuses.

**As a small business owner, can I contribute to my own account through my business?**

Yes. Whether it's more advantageous than a personal deduction depends on your unique tax situation. Consult a tax professional for personalized advice.

**How long does it take for employees to see the funds in their account?**

Deposits typically appear within about two weeks of CollegeInvest receiving your payment. Funds are fully vested immediately.

## ENROLLMENT & REPORTING

**How do I enroll my company?**

Go to [employers.collegeinvest.org](https://employers.collegeinvest.org) and provide your business address, contact info, SSN/TIN, and fiscal year-end month. You can also add an optional secondary contact.

**How do I generate a year-end report for tax purposes?**

Use the "Reports" menu in the portal. You can specify any date range, including your fiscal year, to see a detailed list of contributions by employee.

## TAX CREDITS & FORMS

**What form do I need to claim my 20% tax credit?**

Complete Colorado Form DR 0289, "Employer Contributions to Employee 529 Qualified State Tuition Program." You can find it on the Colorado Department of Revenue's website under "Credit & Subtraction Forms."

**Important Note:** To avoid complications or possible audits, you must record contributions through the CollegeInvest Employer Portal ([employers.collegeinvest.org](https://employers.collegeinvest.org)) and send funds directly to CollegeInvest. Contributions routed elsewhere may not be verifiable by the Colorado Department of Revenue.