

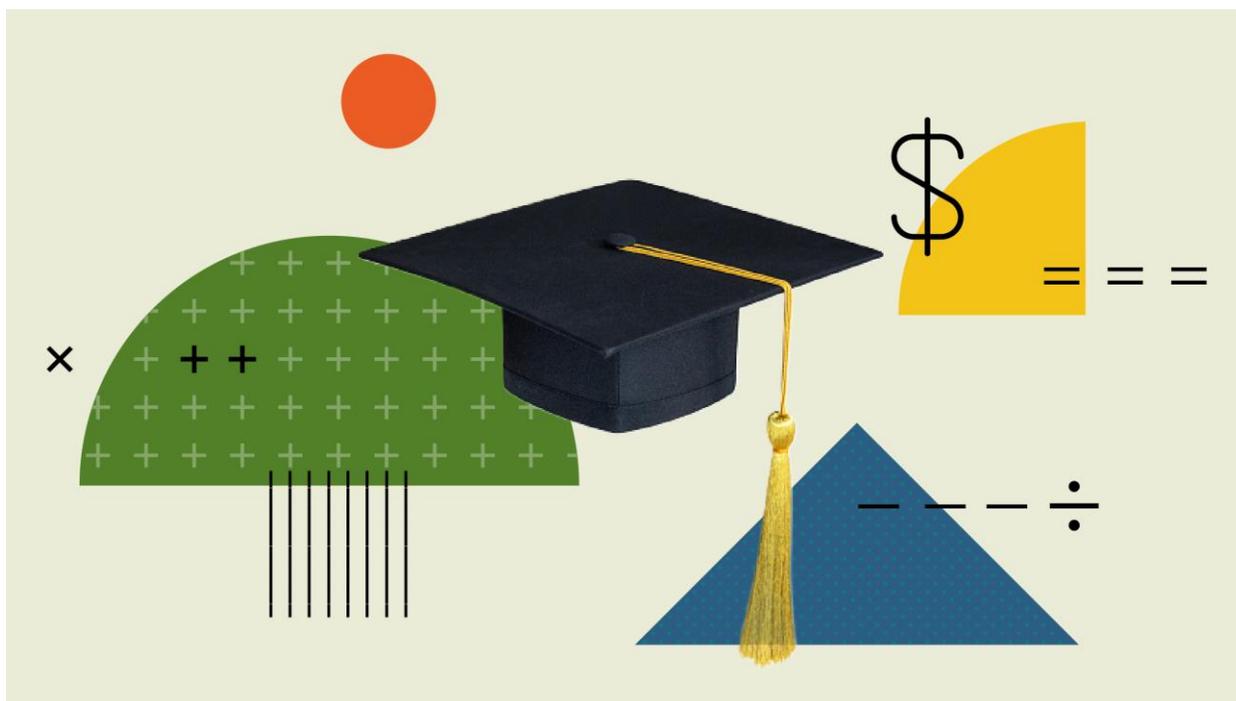
## Morningstar 529 Ratings: The Best Plans

Five plans earn the highest marks in our 2024 assessment of 529s.



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A 529 college savings plan can be a powerful tool when it comes to saving for future education expenses, as investments in the plan increase tax-free.

As education costs continue to rise, it benefits investors to hold 529 plans to high standards. That's why Morningstar's manager research analysts remain focused on guiding investors to the best options available.

Our analysts annually assign forward-looking, qualitative ratings to a majority of 529 education savings plans based on our assessment of each plan's investment merits relative to its peers.

This year, our analysts reviewed [59 plans](#) representing more than 90% of the industry's assets. Of this subset, 32 plans earned Morningstar Medalist Ratings of Gold, Silver, or Bronze.

You can learn more about 529 college savings plans and how to start saving in our [529 guide](#).

Here's a look at our latest 529 assessments.

### **Morningstar's 2024 529 Ratings: Key Takeaways**

- Five states earned Medalist Ratings of Gold for one of their plans: Alaska, Illinois, Massachusetts, Pennsylvania, and Utah. These Gold-rated 529 plans offer exceptional state stewardship of investor capital and well-constructed portfolios managed by competent investment teams.
- Fourteen plans earned Silver ratings, including advisor-sold plans offered by Ohio and Virginia. (Advisor-sold 529 plans tend to be more expensive and experience a higher hurdle for Medalist Ratings.)
- Eleven plans were upgraded, and nine were downgraded.
- Five plans were added to coverage, with ratings ranging from Negative to Bronze.
- This year's ratings reflect Morningstar's [updated methodology](#) for evaluating 529 education savings plans. The revised framework increases the emphasis on the Process and Parent Pillars.

[Learn more about the 529 landscape.](#)

### **The Best 529 Plans**

The 529 industry has made commendable improvements on all fronts, including more sophisticated investment approaches, increased state oversight, and lower fees since we debuted our ratings in 2012.

But there are still some plans that stand out above the rest, and we are committed to steering educational savers to the best 529 plan options available. The 32 plans earning Gold, Silver, or Bronze Medalist Ratings exhibit some combination of the following attractive features:

- A well-researched asset-allocation approach.
- A robust process for selecting and monitoring underlying investments.
- A well-resourced and experienced investment team.

- Stable and engaged oversight from the state.
- Low fees.

Investors in what Morningstar analysts consider to be the best 529 plans should be well-positioned for the future.

It's important to note that many states provide [income tax benefits](#) to education savers. And depending on a saver's place of residency and unique tax profile (which we do not factor into our ratings), those benefits might be generous enough to make investing in a home state's plan a worthy choice even if it's not one we recommend.

[Browse 529 plans by state.](#)

### **Gold 529 Ratings: The Valedictorians**

Five plans earned Medalist Ratings of Gold after standing out as the best 529 plans among those that Morningstar analysts cover. These plans offer exceptional state stewardship of investor capital and well-constructed portfolios managed by competent investment teams.

### **Gold-Rated 529 Plans**

Source: Morningstar Direct. Data as of 10/29/2024.

This year's valedictorians included three upgrades: Alaska's [T. Rowe Price College Savings Plan](#), Illinois' [Bright Start Direct-Sold College Savings Plan](#), and Massachusetts' [U.Fund College Investing Plan](#).

Under the [updated methodology for evaluating 529 plans](#), ratings are primarily driven by the plans' Process, People, and Parent ratings, especially if they sport reasonably low fees that are close to the industry median. This change resulted in Alaska and Massachusetts' direct-sold plans rising to the top tier. Competent and well-resourced teams at T. Rowe Price (Alaska) and Fidelity (Massachusetts) manage the portfolios and offer a comprehensive menu that retail investors can easily navigate.

Illinois, while earning an Average People rating on its direct-sold plan, earned a High Process mark for offering compelling investment options that are also highly cost-effective. Notably, the state offers a wide range of high-quality investment options across multiple firms, compared with some peers whose offerings are restricted to a single asset manager. All three states diligently and aggressively advocate for their investors.

Utah and Pennsylvania retained their Gold ratings from last year, but they did not rest on their laurels. On top of its well-designed and cost-effective menu, Utah's [my529 plan](#) continues to offer its unique, custom age-based portfolios that allow investors to build

their own glide paths using [Vanguard](#) and [DFA](#) funds. While the custom options can be misused, the my529 team has placed guardrails and behavioral nudges to steer investors away from overly expensive or niche portfolios.

The [Pennsylvania 529 Investment Plan](#) continues to benefit from its topnotch state oversight. The Pennsylvania Treasury Department has built an impressive record of effective governance, including a successful negotiation with its investment manager and program manager that will lead to accelerated fee reductions as the plan's assets grow. Its well-defined plans for career development and succession planning help future-proof the oversight process and ensure continuity.

### **Silver 529 Ratings: The Dean's List**

Silver-rated 529 plans sport a combination of superior investment teams, robust investment processes, and/or good state stewardship. All of which should benefit participants.

### **Silver-Rated 529 Plans**

Source: Morningstar Direct. Data as of 10/29/2024.

Five plans received upgrades to Silver this year.

California's [ScholarShare College Savings Plan](#) benefits from the state's proactive and robust governance, as well as a high-quality menu of investment options. Low costs further the appeal of this plan, putting it comfortably above the Silver rating threshold.

Two [Fidelity](#)-managed plans—Connecticut's [CHET Direct College Savings Plan](#) and New Hampshire's [UNIQUE College Investing Plan](#)—also received upgrades. Quality investments earn the Connecticut plan an Above Average Process rating, and a well-resourced investment team gets New Hampshire a High People rating. The average fees for these plans are right around the industry median, which results in the plans' pillar ratings (Process, People, and Parent) driving most of their overall rating under the revised evaluation framework. Both of these plans met the qualifications for a Silver rating.

Finally, two [BlackRock](#)-managed plans—Maine's [NextGen College Investing Plan Direct](#) and Ohio's [BlackRock CollegeAdvantage 529 Plan](#)—earned upgrades to Silver. Since BlackRock took over the investment manager role for the Maine plan in 2021, it has improved the plan's lineup and asset allocation. The upgrade of its People Pillar to High from Above Average recognizes this evolution. Ohio's BlackRock CollegeAdvantage 529 Plan earns a High mark for both People and Process. On top of a quality investment menu, this plan receives BlackRock's full range of capabilities, including its well-regarded Global

Tactical Asset Allocation team. Despite relatively high fees, the plan earns a Silver rating for its quality.

[Browse 529 plans by state and read our analysts' full assessments of each plan.](#)

### **Bronze 529 Ratings: High Honors**

Bronze-rated plans tend to carry a mix of Average and Above Average ratings across the People, Process, and Parent pillars. Though they may not quite match higher-rated peers when it comes to investment options or investment managers, they can still help investors meet their goals.

Several Bronze-rated plans are also quite affordable, which means that investors are likely to take a larger share of the returns realized by their investment portfolios.

### **Bronze-Rated 529 Plans**

Source: Morningstar Direct. Data as of 10/29/2024.

### **Updates to Morningstar's 529 Rating Methodology**

In July 2024, Morningstar Research Services introduced an [updated methodology for evaluating 529 education savings plans](#). The revised framework increases the emphasis on the Process Pillar, now weighted at 50%, underscoring the importance of high-quality investment options. The People and Parent Pillars are each weighted at 25%, equally highlighting the critical role of experienced management and effective oversight.

Plan fees, previously weighted at 30%, are now evaluated using modified z-scores that adjust a plan's rating based on how its average expense ratio compares with the peer group median, providing a more precise and relevant assessment of affordability.

### **529 Plans Continue to Raise the Bar**

The 2024 ratings continue to reflect the rising standards across the industry. Since Morningstar began rating 529 education savings plans in 2012, an increasing number of plans have adopted some or more of the positive attributes described in our methodology. Asset managers no longer consider education savings plans as an afterthought to their existing multi-asset offerings; instead, we see an increasing dedication of research and resources to specifically help education savers. Stewardship standards continue to rise as well. Robust interaction between the state and its investment entity forms a baseline now, with more engaged state entities aggressively negotiating with external managers and advocating for their accountholders.

With the right 529 plan, a family can effectively save for the future so money is less of an obstacle in the beneficiary's education journey. Moreover, with the ability to [convert long-term 529 balances to Roth IRAs](#) starting in 2024, education savings plans have become an even more powerful tool to not only fund beneficiaries' education but also potentially kick-start their retirement plans.

Source: <https://www.morningstar.com/personal-finance/morningstar-529-ratings-best-plans>