

529s make it easier to ask family, friends for college cash

June 21 2017, by Joseph Pisani

People have used crowdfunding sites to raise money for business ideas, help afford medical emergencies and even to pay for vacations. Now the concept is coming to college savings.

More 529 [plans](#), the accounts that give families a way to put away cash for college, are adding crowdfunding-like tools that make it easier for savers to ask family and friends to contribute to a kid's college fund. Account holders can create webpages and share the links on Facebook, Twitter or in emails. Some parents have asked for cash contributions as birthday gifts instead of toys. Others have used them to boost the savings of a child who lost a parent. Money is withdrawn from the gift giver's checking [account](#) and goes directly into the 529. There are no fees for the service.

Among the 49 states that sponsor 529 plans, more than half have at least one plan that offer some kind of online gifting tool. Those in the industry say they expect more to add the service.

Operators of 529 plans say savers have long wanted an easier way to receive gifts into their accounts. But plan operators have been slow to offer online gifting because of the costs and difficulty that comes with developing a system that accepts online payments into accounts. Giving to a 529 plan with a paper check can be a pain: Gift givers sometimes need to print out a certificate, ask for an account number and then drop it all in a mailbox.

"People don't want to send checks," says Mary Morris, the CEO of Virginia529.

Morris says Virginia529's online gifting platform grew quickly after it launched in late May. About 1,200 accounts received cash gifts in the three weeks after it went live. The average [gift](#) was \$900, probably as graduation gifts, says Morris; "It's that season."

Fidelity, which manages four state-sponsored 529s, says more than \$15 million poured into its plans through its crowdfunding tool since it launched about three years ago. Customers can upload a picture of their kid on their personal page, add the year they will enter college and what their dreams are for the future.

Laima Widmer used Fidelity's tool after her husband passed away in March from cancer. People called her friends asking what they could do to help. One friend suggested Widmer open 529 plans for her two teenage daughters and create personalized pages where people could contribute. Links were shared on social media and on a blog Widmer wrote to keep followers updated on her husband's condition. Each of the 529 plans received about \$12,000 in gifts. Widmer, who lives near Richmond, Virginia, says the contributions will help ensure her kids will have some money for college. "It was incredible, the generosity," says Widmer, who works at a market research company.

Franklin Templeton Investments, which manages New Jersey's NJBest plan, launched a crowdfunding tool called Spryng in March. Account holders can set a goal on how much money they want to raise. Savers can share their personalized pages and goals on Facebook, Twitter or LinkedIn.

Ascensus College Savings, which runs 529 plans in 18 states and Washington D.C., launched an online platform as part of its Ugift

service three years ago. Before that, account holders could only send emails to family and friends asking for contributions. Gift givers could then print out a certificate and send a check. Ascensus says \$120 million in contributions came through Ugift last year, a 38 percent increase from 2015.

But crowdfunding doesn't always lead to riches.

Mike Talhelm, a school bus driver in Muncie, Indiana, shared a Ugift link on Facebook and Twitter ahead of his 2-year-old daughter's birthday. He even wrote the URL on the party invitations. He received zilch.

But that didn't deter him. He continues to contribute to the 529 plan himself. And he'll try again for gifts during the holidays and for future birthdays.

"If we ever get anything, it will be good for her," Talhelm says.

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