



California State Treasurer Fiona Ma, CPA

Press Release

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Contact: [Mark DeSio](#)
(916) 651-6088

Gov. Gavin Newsom Signs Treasurer Ma's Bill to Protect ScholarShare 529 Accounts from Debt Collections

SACRAMENTO – California State Treasurer Fiona Ma thanked Gov. Gavin Newsom for signing legislation that protects ScholarShare 529 college savings accounts from the enforcement of money judgements by creditors. The bill, SB 898, is authored by State Senator Bob Wieckowski, D-Fremont, and sponsored by State Treasurer Fiona Ma, who chairs the Scholarshare Investment Board.

“Families enduring economic hardships should not have to worry about losing theirs or their children’s college dreams,” said Treasurer Ma. “That’s why this bill is so important. It protects college savings at a time when the coronavirus pandemic has brought economic pain to millions of families.”

Senator Bob Wieckowski agreed. “Saving for your child’s college education is difficult enough under normal conditions, but with the economic collapse induced by the pandemic, it is especially tough for families today,” he said. “SB 898 gives families with ScholarShare 529 accounts the comfort of knowing that even if they must file for bankruptcy, their child’s college savings are shielded from creditors and their kids’ dreams will not be wiped out. We need more college graduates joining our workforce in the future and this bill will keep students on the path to higher education. I applaud the Governor for signing this important bill.”

SB 898 adds ScholarShare 529 college savings plan accounts to the list of exemptions under California bankruptcy law, ensuring that college savings are protected from judgement claims by creditors. For the first and second year prior to the filing of the money judgement, the exemption amount will be set at a maximum gift tax limit of \$15,000.

Currently, if an account holder is faced with a judgement, the creditor is allowed to attach the Scholarshare 529 account to satisfy their judgement, a result that can be devastating to the family and their loved ones. This is especially troublesome given any family or friend can put money in those accounts for the beneficiary – not just the person/family who files for bankruptcy. By comparison, retirement plans are protected from creditor claims.

“A ScholarShare 529 account can put students on the path toward a college degree by helping them pay for the skyrocketing costs of college,” said Treasurer Ma. “Parents, grandparents, and other relatives of young people can help their student by opening an account and contributing today.”

Created in 1999, ScholarShare 529 accounts provide families with tax-deferred growth and withdrawals free from state and federal taxes when used for qualified higher education expenses, such as tuition and fees, books, certain room and board costs, computer equipment and other required supplies.

ScholarShare 529, California’s college savings plan, is one of only four plans throughout the nation to receive a gold rating by Morningstar.

Fiona Ma is California’s 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state’s history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer’s Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world’s fifth-largest economy and Treasurer Ma is the state’s primary banker. Her office processes more than \$2 trillion in transactions within a typical year. She provides transparency and oversight for the government’s investment portfolio and accounts, as well as for the state’s surplus funds. Treasurer Ma oversees an investment portfolio of about \$113.8 billion, \$31.9 billion of which are local government funds. She serves as agent of sale for all State bonds, and is trustee on outstanding debt of \$94 billion.