



Technical correction

Section 529 Plans

(ET sec. 1.240.070)

September 2022

Standards-setting

September 2022

Ethics interpretations and other guidance are promulgated by the executive committee of the Professional Ethics Division to provide guidelines about the scope and application of the rules but are not intended to limit such scope or application. Publication in the *Journal of Accountancy* constitutes notice to members.

This technical correction is to the “Section 529 Plans” interpretation (ET sec. 1.240.070) under the Independence Rule (ET sec. 1.240.070).

Notice of the revision will appear in the *Journal of Accountancy* online in October 2022 and the revision has the effective date of the original interpretation, December 15, 2014.

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Additions appear in ***boldface italic***. Deletions appear in ~~strikethrough~~.

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you'd like to see the definitions, you can find them in "Definitions" ([ET sec. 0.400](#))

1.240.070 Section 529 Plans

[Paragraphs .01 and .02 are unchanged.]

.03 Savings plan. A *covered member* who is the account owner of a Section 529 savings plan is considered to have a *direct financial interest* in both the plan and the plan's underlying investments because the account owner elects which sponsor's Section 529 savings plan to invest in, and prior to making the investment decision, the *covered member* has access to information about the plan's investment options or funds. However, if the Section 529 savings plan does not hold *financial interests* in an *attest client* at the time of the investment but the plan subsequently invests in that *attest client*, the financial interest *threat* would be at an *acceptable level* and *independence* would not be *impaired* if the *covered member* applies ~~both~~ **one** of the following *safeguards*

- a. The *covered member* transfers the account to another sponsor's Section 529 savings plan.
- b. The *covered member* transfers the account to another account owner who is not a *covered member*.

When the transfer of the account will result in a penalty or tax that is significant to the account, the *covered member* may continue to own the account until the account can be transferred without significant penalty or tax, provided that the *covered member* does not participate on the *attest engagement team* and is not an *individual in a position to influence the attest engagement*.

[Paragraphs .04 and .05 are unchanged.]

[See [Revision History Table](#).]



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