Pennsylvania 529 Investment Plan
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Pennsylvania’s 529 Investment Plan boasts a shrewd design, diligent stewardship, and compelling fees, a combination that earns it a Morningstar Analyst Rating of Silver.

This plan’s thoughtful design and iterative improvements underpin an Above Average Process Pillar rating. As of October 2020, Pennsylvania’s 529 Investment Plan offers three age-based tracks designed to accommodate an investor’s risk tolerance: Conservative, Moderate, and Aggressive. Each track features 12.5% equity step-downs, which is on par with most peers, but the state is currently in the process of vetting Vanguard’s recently launched progressive glide path, with plans to transition investors to the smoother option.

The investment cohorts contributing to this plan are well-resourced and collaborative and thoughtfully guide the investment menu, supporting an Above Average People Pillar rating. Pennsylvania’s Treasury office, with its dedicated investment staff, selected a strong investment manager in Vanguard, and the plan’s underlying lineup is almost entirely composed of Morningstar Medalists. As an added layer of analysis and oversight of Vanguard’s recommendations, the state hired Marquette as an investment consultant in mid-2019.

The Keystone State uses its resources and influence to implement best practices, driving an Above Average Parent Pillar rating. Since taking the reins in 2016, State Treasurer Joseph Torsella has provided thoughtful oversight of the plan. He hired CIO Tom Clancy to lead the state’s roughly 20-person investment office, instituted checks and balances to minimize the plan’s susceptibility to political turnover, and pushed earnestly for lower fees. Additionally, Pennsylvania became the first state to launch a universal opt-out savings program for children born in the state in 2019, and as of mid-2020, that project has driven nearly $10 million in college savings.

Pennsylvania is a tax-parity state, meaning residents can obtain a tax credit for investing in any state’s plan, but with an average expense ratio of 0.24%, this plan is compellingly priced relative to competitors, direct- or advisor-sold. It merits a Below Average Price Pillar rating.

This written analysis references Morningstar’s new, more-granular five-point pillar scale. For the People, Process, and Parent Pillars, High and Above Average ratings show as Positive, Average shows as Neutral, and Below Average and Low show as Negative. The inverse is true of our Price Pillar, where High and Above Average ratings show as Negative, Average shows as Neutral, and Below Average and Low show as Positive.

Alyssa Stankiewicz is a Manager Research Analyst
For more detailed information about Morningstar’s Analyst Rating for 529 College-Savings Plans, including its methodology, please go to: 

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a plan, (ii) involve unknown risks and uncertainties which may cause analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell a 529 college-savings plan or its underlying investment options.

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