

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS15033-MT-21A

Short Title: Protect Certain Tax-Advantaged Accounts. (Public)

Sponsors: Senators Jones, P. Newton, and Lee (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE PROTECTIONS FOR FUNDS HELD IN EDUCATION SAVINGS
3 AND INVESTMENT ACCOUNTS AND ABLE ACCOUNTS FROM CLAIMS OF
4 CREDITORS AND OTHER JUDGMENTS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** Article 16 of Chapter 1C of the General Statutes is amended by
7 adding the following new section to read:

8 "**§ 1C-1601.5. Certain tax-advantaged accounts exempt.**

9 (a) For purposes of this section, the following definitions shall apply:

10 (1) Qualifying account. – Any of the following:

- 11 a. An education savings and investment plan account qualified under
12 section 529 of the Internal Revenue Code.
13 b. An ABLE account qualified under section 529A of the Internal
14 Revenue Code.

15 (2) Qualifying purpose. – Any of the following:

- 16 a. For education savings and investment plan accounts, any purpose
17 permitted under section 529 of the Internal Revenue Code.
18 b. For ABLE accounts, any purpose permitted under section 529A of the
19 Internal Revenue Code.

20 (b) Notwithstanding any other provision of law, including G.S. 1C-1601(e), funds
21 located in a qualifying account or withdrawn from the account and used for a qualifying purpose
22 shall not be subject to liens, attachment, garnishment, levy, seizure, any involuntary sale or
23 assignment by operation or execution of law, or the enforcement of any other judgment or claim
24 to pay any debt or liability of any account owner, beneficiary, or contributor to an account.

25 (c) Nothing in this section shall be construed to do any of the following:

- 26 (1) Prohibit the distribution of funds from an ABLE account following the death
27 of the account owner under G.S. 147-86.73(e) or section 529A of the Internal
28 Revenue Code.
29 (2) Limit the enforcement of judgments or claims on funds that meet any of the
30 following criteria:
31 a. Were not used for a qualifying purpose.
32 b. Were deposited into a qualifying account as a result of fraud,
33 intentional wrongdoing, or other violation of law."

34 **SECTION 1.(b)** G.S. 1C-1601(a)(10) is repealed.

35 **SECTION 2.** This act becomes effective September 1, 2025, and applies to actions
36 filed on or after that date.

