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529 College Savings Plans Assets Top \$146 Billion in 1Q 2011***College Savings Foundation Data Show Growth in Assets and Contributions***

Washington, DC, May 20– 529 college savings plan assets rose again in the first quarter of 2011 to \$146.3 billion, up 5.8 percent from \$138 billion in assets in the fourth quarter of 2010 and 18.5 percent increase from \$123.5 billion in the first quarter of 2010. These are the findings of the first quarter 529 college savings performance, portfolio, and purchasing trends report released by the College Savings Foundation (CSF) using data provided by CSF members and analyzed by the Financial Research Corporation (FRC).

Overall the industry saw an increase in net contributions – or new contributions flowing into 529s minus distributions -- at \$3.3 billion for the 1Q 2011, compared to net contributions of \$3.03 billion in 4Q 2010 and \$3.05 billion in 1Q 2010.

CSF's data which serve as a bellwether for the Section 529 college savings plan market, corroborate these findings with a strong surge in three categories: assets, new contributions – or new money flowing into 529s, and net contributions. This increase was reflected in year-over-year as well as quarter-over-quarter results. 529 college savings accounts enable savers to grow their investments Federal income tax free when they are withdrawn for college tuition and other qualified higher education expenses.

CSF's quarterly data report on 529 college savings plans is drawn from reporting members of the College Savings Foundation, representing \$63.3 billion in 529 assets as of 1Q 2011, or approximately 43.3% of the 529 marketplace. The group saw a 6.7 percent increase in assets from the fourth quarter's \$59.3 billion, and a 30 percent increase from the \$48.9 billion reported one year ago.

In terms of new contributions, CSF members reported \$2.2 billion during 1Q 2011, representing a 4.8 percent increase from the \$2.1 billion reported in the 4Q 2010, a 23 percent increase year over year when CSF members reported \$1.8 billion, and a nearly 75 percent increase from 1Q 2009 when CSF members reported new contributions of \$1.25 billion.

Perhaps even more notable is that CSF data shows consistent momentum in new investments into 529s since the market turbulence of 2008. The first quarter new contributions were 1.6 percent higher than those of 1Q 2008. Indeed, the first quarter marked the second straight quarter of year-over-year and quarter-over-quarter increases in new contributions. In terms of longer-term momentum, new

contributions have totaled \$7.7 billion in the most recent four quarters compared to \$5.9 billion in the prior four quarter time frame.

“This data shows that American parents are continually and consistently investing in 529s for their children’s education,” said CSF Chair Roger Michaud.

In terms of net contributions, CSF members reported \$1.1 billion in 1Q 2011, which is higher than any quarter since the first quarter of 2008 at \$1.3 billion. On a year-over-year basis, 1Q 2011 data reflects a 1.7 percent increase from net contributions of \$1.087 billion in 1Q 2010 and a 127 percent increase from net contributions of \$487 million in 1Q 2009. On a quarter-over-quarter basis, 1Q11 net contributions were 36 percent higher than 4Q 2010 with \$816 million.

Automatic funding is responsible for 32 percent of new contributions among reporting CSF members’ 529 college savings plans, with 36 percent of new contributions attributable to automatic funding in Direct sold plans, and 27 percent in Advisor sold plans. These numbers are up or comparable to 4Q 2010 levels of 31 percent total new contributions, 35 percent direct and 26 percent advisor-sold.

In 1Q 2011, automatic funding accounted for 32 percent of new contributions to Age-Based Portfolios, whose investments become increasingly conservative as the child nears college age – up from 26 percent in the fourth quarter. Sixteen percent went to Individual Funds and 27 percent to Static Portfolios (compared to 4Q numbers of 15 percent of new contributions to Static Portfolios, and 17 percent to Individual Funds).

“We know that it’s easier for people to save early and consistently when they don’t have to think about it. By enrolling in an automatic funding program – even for small monthly amounts – parents can begin saving now and increase ongoing contributions over time,” said Michaud.

In terms of the kinds of portfolios attracting investors, Age-Based Portfolios continued to dominate both assets and net contributions in the first quarter.

Portfolio Type	1Q11 AUM	% AUM	1Q11 Net Contributions	% Net Contributions	Contributions/Asset Ratio	3-Mo As Chan
Age-Based Portfolio	\$41,299.8	65.2%	\$790.1	71.4%	2.1%	8.2
Static Portfolio	\$6,780.3	10.7%	\$108.4	9.8%	1.7%	8.4
Individual Fund	\$15,246.7	24.1%	\$206.8	18.8%	1.4%	5.7
<i>Grand Total</i>	<i>\$63,325.0</i>	<i>100.0%</i>	<i>\$1,105.4</i>	<i>100%</i>	<i>1.9%</i>	<i>7.1</i>

\$ in millions

Age-Based Portfolios, which become more conservative as the beneficiary reaches college age, accounted for \$41.3 billion, or 65 percent of reporting CSF members’ assets in 1Q 2011, up from \$39.2 billion in the fourth quarter. They also posted

positive net contributions of \$790, or 71 percent of the group's net contributions, compared to \$620.7 million in the fourth quarter.

Assets were up for Static Portfolios, which had \$6.8 billion, or 11 percent, of CSF reporting assets, slightly up from \$6.3 billion in the 4Q 2010. In terms of net contributions, Static portfolios posted \$108 million – or roughly 10 percent of the total, compared to \$56.2 million in 4Q 2010.

Individual Funds assets were up to \$15.2 billion in the 1Q 2011, or 24 percent of the total, up from \$13.7 billion in the 4Q 2010. Net contributions were \$206 million, or 19 percent of the total, up from \$142.7 million in the 4Q 2010.

In terms of Equity/Fixed Income Allocations, those portfolios with conservative allocations – or those with an equity allocation of less than 20 percent – experienced net outflows for the sixth straight quarter. This trend can be attributable to the fact that most beneficiaries at or near college age are taking qualified distributions from conservatively allocated portfolios.

The next bracket of 21 to 40 percent equity allocation experienced net inflows. Each additional band of equity exposure experienced increasing levels of net inflows continuing the trend seen in the third and fourth quarters of 2010.

The majority of assets that are in Age-Based Portfolios are in the most aggressive category of 81 percent to 100 percent equity allocation. This allocation bracket is used to maximize growth when a child is young, and becomes increasingly conservative and fixed-income heavy as a child approaches college age.

Equity Allocation	1Q11 AUM	% AUM	1Q11 Net Contributions	% Net Contributions	Contributions/Asset Ratio	3-Mo Asse Change
<=20% Equity	\$7,707.5	15.4%	-\$111.6	-12.2%	-1.5%	3.0%
21%-40% Equity	\$7,602.7	15.2%	\$105.7	11.6%	1.4%	4.3%
41%-60% Equity	\$9,493.2	19.0%	\$131.9	14.5%	1.5%	7.8%
61%-80% Equity	\$9,643.6	19.3%	\$321.3	35.3%	3.7%	10.6%
81%-100% Equity	\$15,610.4	31.2%	\$463.8	50.9%	3.3%	12.1%
<i>Total</i>	<i>\$50,057.4</i>	<i>100%</i>	<i>\$911.1</i>	<i>100%</i>	<i>2.0%</i>	<i>8.3%</i>

\$ in millions

CSF members reporting their portfolio level equity/fixed income asset allocation accounted for \$50.1 in 1Q 2011, as compared to \$46.5 billion in assets as of 4Q 2010. The equity dominant portfolios (over 60 percent equity) represent 50.5 percent of assets (down from 54.2 in the 4Q) and \$785 million in net contributions, up from \$700 million in the 4Q 2010.

Compared to a year ago, slightly more assets are in the most conservative and most aggressive categories and slightly less in the 61-80 percent equity category: 15 percent of assets are in conservative portfolios as compared to 13.5 percent in 1Q 2010; 15 percent contain 21-40 percent equity versus 15 percent one year ago; 19 percent contain 41-60 percent equity versus 20 percent; 19 percent contain 61-80 percent equity versus 23 percent, and 31 percent contain 81-100 percent of assets in equity as compared to 29 percent one year ago.

Compared to the fourth quarter, the most conservative (less than 20 percent equity) fell to 15 percent from 16 percent in the 4Q 2010; the 21-40 percent equity category rose to 15 percent from 11 percent, and the 61-80 percent equity category fell to 19 percent from 22 percent in the 4Q 2010.

“529 college savings plans offer a wide array of investment choices ranging from FDIC-insured savings accounts to all equity options, in order to meet the risk tolerance level and investment goals of all college savers,” stated Michaud.

There were approximately 484,715 accounts invested in index investment options during the first quarter of 2011, which is a 1.2 percent decrease compared to the prior quarter of approximately 490,493. On an asset under management basis, CSF members reported that \$5.7 billion was invested in index options, which is an 8 percent increase on a quarterly basis compared to all investments which increased by 7.6 percent. On an annual basis, index investment options increased by 33.8 percent compared to all options which increased by 29.48 percent. New contributions into index investment options also decreased by 1.3 percent on a quarter-over-quarter basis and increased by 43.9 percent compared to 1Q 2010. Lastly, net contributions into index investment options rallied as they increased by 9.9 percent from \$172.7 million in 4Q 1010 to \$189.9 million in 1Q 2011 and increased by 39.2 percent from \$136.4 million in 1Q 1010 to \$189.9 million in 1Q 2011.

About College Savings Foundation

The College Savings Foundation (CSF) is a Washington, D.C.-based not-for-profit organization whose mission is to help American families achieve their education savings goals, by working with public policy makers, media representatives and financial services industry executives in support of education savings programs. For more information on CSF and its mission, please access www.collegesavingsfoundation.org