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**Young Families Increase 529 Plan Investments as Overall Assets Top \$111 Billion
in 3Q 2009**

***Quarterly data survey of College Savings Foundation members reveals sales,
assets and accounts focused on equity-dominated funds***

Washington, DC– (December 3, 2009) – Families increased their investments in 529 college savings accounts in the third quarter of 2009 with long term savers concentrating on equity-dominated portfolios. These are the findings of the third quarter 529 college savings performance, portfolio, and purchasing trends report released by the College Savings Foundation (CSF) using data analyzed by the Financial Research Corporation (FRC).

As part of the overall 529 savings plan assets of \$111.1 billion in the 3rd quarter, assets supplied by reporting CSF members reached \$44 billion, or 40 percent of the total, marking an 11.4 percent increase in assets over the 2nd quarter of 2009 and an 8.4 percent increase year over year. In another measurement, sales of 529 college savings plans – or new money coming into the plans – for the organization increased 5 percent for the quarter, from \$1.220 billion in the 2nd quarter 2009 to \$1.275 for the 3rd quarter. New sales were down 9.8 percent year over year from \$1.414 billion.

FRC data showed that overall the number of accounts jumped from 9.2 million in the 2nd quarter of 2009 to 9.4 million in the 3rd quarter. This represents an increase from 9.1 million as of the 4th quarter of 2008.

“529 accounts and assets are gaining ground, conveying families’ commitment to their 529 college savings plans and long-term college savings goals,” said Kevin McMullen, chairman of CSF, a leading nonprofit helping American families to save for their children’s college education.

A closer look at types of new accounts among CSF reporting members reveals a year-over-year and quarter-to quarter increase in number of age-based portfolio accounts and the assets in them. The number of accounts for age-based portfolios were 2.65 million in 3Q 2009, up 6.6 percent from 2.49 million in 3Q 2008, and up 2 percent from 2.6 million in 2Q 2009. Assets in age-based portfolios were \$29.3 billion in 3Q 2009 among reporting CSF members, up 11.4 percent from the second quarter and up 7 percent year over year.

3Q 2009 Data/2

Despite the fact that net sales (sales minus withdrawals) were \$53 million in 3Q 2009, down 71.6 percent from \$185 million in the 3Q 2008, withdrawals were consistent year over year at \$1.228 billion in the 3Q 2008 to \$1.222 billion in 3Q 2009. Typically, the third quarter is when withdrawals of college tuition payments are made.

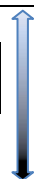
A key finding of the report was long term 529 savers were focused on equity-dominated accounts in terms of assets, sales and number of accounts. Two-thirds of reporting assets and sales were in age-based portfolios, whose risk profile and equity component is heavy when a child is young and the account needs to grow to keep pace with college costs, then increasingly lighter as the child nears college age.

529 investors appear to understand that carefully-selected equities can play a crucial role in enabling a family's portfolio to keep up with or overtake the rising cost of college.

Performance

Over half, or 51 percent, of CSF members' reported assets are in portfolios with over 60 percent equity: 30 percent in 81-100 percent and 21 percent in 61-80 percent equity-dominated portfolios. They made up 58 percent of sales: 37 percent were in portfolios with 81-100 percent equities, and 21 percent of sales were in portfolios with 61-80 percent equities. In terms of accounts, 62 percent were in these top two tiers of equity-dominated portfolios: 41 percent were in 81-100 percent equity portfolios; and 21 percent in the 61-80 percent range.

"We know from quantitative and anecdotal evidence that investors on the aggressive end of the equity/fixed income spectrum have newborn or very young children with long investing horizons," said Bridget Bearden, Research Analyst at FRC.

Asset Allocation of 529 Portfolios and Expected Performance, Third Quarter 2009				
Beneficiary Age (Associated Risk Tolerance)	Portfolio Equity Tier	3Q09		
		% of Sales	3Q09 % of Assets	3Q09 % of Accounts
 College Age (Conservative)	Less than 20% Equity	15%	14%	12%
	21%-40% Equity	11%	15%	10%
	41%-60% Equity	17%	20%	16%
	61%-80% Equity	21%	21%	21%
Newborn (Aggressive)	81%-100% Equity	37%	30%	41%
Overall Average 529 Portfolio				

Age-based portfolios made up two thirds, or 66 percent, of CSF members' totals in terms of both assets and sales. Sales were \$843 million in 3Q 2009, or 66 percent of total \$1.27 billion in sales among CSF members, down 11.5 percent from \$953 million in 3Q 2008, but up 6 percent from \$794 million in 2Q 2009. These are investment options that are based on the child's birth year or expected year of enrollment. Their asset allocations change as the beneficiary ages.

3Q 2009 Data/2

Static portfolios came in a distant second in portfolio selection type with \$11.6 billion in assets, or 26 percent of CSF assets in 3Q 2009. They had experienced a 12.3 percent increase over 2Q 2009, and a 7 percent increase year over year. Also known as target-risk, these investment options are named by the level of risk associated with them, such as 'conservative,' 'moderate,' or 'aggressive.'

Finally Individual funds had \$3.2 billion in assets, only 7.4 percent of the CSF reporting members' assets. They had seen a 7.6 percent increase over 2Q 2009 and a 31 percent increase from 3Q 2008 to 3Q 2009. These offerings usually represent a specific asset class or sector.

The use of index options is increasing in popularity. Index options track a market index and are typically less expensive than their actively-managed counterparts. According to CSF data-providing members, the number of 529 accounts investing in index portfolios increased by 11 percent from year-end 2008 to the close of the third quarter of 2009.

Purchasing Trends

Among reporting CSF members, assets of load portfolios were \$21.3 billion, or 48.3 percent, versus \$22.8 billion or 51.7 percent in no load portfolios. In terms of new money coming into the portfolios, \$629.7 million in sales, or 49 percent of sales are in load portfolios and 51 percent of sales, or \$645.5 million, are in no loads.

"The 529 market offers an array of choices for the consumer – whether through financial advisors or direct channel, to meet the particular needs of each customer," said McMullen.

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