Contact:

Lynthia Romney
(914) 238-2145
romneycom@aol.com

ASSETS IN 529 COLLEGE SAVINGS PLANS REACH RECORD OF NEARLY $97-BILLION IN 1Q 2007

Washington, DC., May 29– Assets in 529 college savings plans rose to an estimated $96.8 billion at the end of the first quarter of 2007, up 6.7% from an estimated $90.7 billion at the end of the fourth quarter of 2006, and up 29% from the $75.1 billion in the same quarter one year ago, according to data developed by Financial Research Corp. (FRC) and released today by the College Savings Foundation (CSF).

“Investor momentum towards the use of 529 college savings plans continues to build, as more Americans recognize both the urgent need to save and the Federal tax benefits of doing so through 529s,” said David Pearlman, Chairman of College Savings Foundation (CSF), the leading not-for-profit dedicated to enabling American families to achieve their education savings goals. The Pension Protection Act made the Federal tax benefits to 529 college savings plans permanent in August of 2006.

Representing a cross-section of firms in the college savings industry, CSF provides quarterly data to track trends in the families’ college savings and investing habits. CSF is able to offer a detailed analysis of $32.1 billion, or 33.2%, of total Section 529 plan assets.

The effects of 1Q financial planning and New Year resolutions contribute to a seasonal increase in assets and net sales, as evidenced in the CSF membership data of gross sales, which were the highest ever on record at $1.6 billion. Net sales (gross sales minus redemptions) were $1.165 billion in 1Q 2007, up from $935.24 million for the previous quarter.

“The first quarter tends to be a time when parents put more assets into their 529 accounts than redeem them. College tuitions have been paid, at least for the time being,” Pearlman said.

At the same time, year-over-year data show a trend towards more redemptions. The percent of net sales has actually declined from 75% in 1Q 2006 to 70% in 1Q 2007. Section 529 plans are a relatively new product, having become viable in 2001 when withdrawals become tax-free rather than taxable at the student rate. However, the marketplace is maturing rapidly. “These past few years have been mostly contributions to 529 plans,” said Brian Boswell, Research Analyst at FRC, “As the product matures, you are likely to see an increase in redemptions as the accounts are actually used to pay for college expenses.”

Exhibit 1:

529 Sales ($Millions)	Gross Sales	Net Sales	% Net
1Q03	$ 738.0	$ 659.7	89.4%
2Q03	$ 705.2	$ 623.6	88.4%
3Q03	$ 779.9	$ 606.4	77.8%
4Q03	$ 709.2	$ 604.6	85.3%
1Q04	$ 1,134.9	$ 975.9	86.0%
2Q04	$ 730.1	$ 605.1	82.9%
3Q04	$ 744.4	$ 510.1	68.5%
4Q04	$ 915.9	$ 694.3	75.8%
1Q05	$ 1,010.2	$ 819.5	81.1%
2Q05	$ 819.1	$ 601.6	73.4%
3Q05	$ 783.2	$ 442.4	56.5%
4Q05	$ 986.2	$ 719.9	73.0%
1Q06	$ 1,092.5	$ 819.1	75.0%
2Q06	$ 863.8	$ 720.9	83.5%
3Q06	$ 766.5	$ 317.4	41.4%
4Q06	$ 1,455.4	$ 935.2	64.3%
1Q07	$ 1,663.4	$ 1,164.6	70.0%

$ in millions

Section 529 college savings plans, which are offered on a state-by-state basis, give federal income tax-free treatment to earnings and distributions made from plan accounts used for qualified higher education expenses.

"529s," as they are called, are intended to support families in meeting the relentlessly rising expenses of a college education. The average annual tuition costs of attending a 4-year public and a 4-year private college or university in 2006-2007 have increased 6.3% and 5.9% respectively from a year earlier. Including room, board and expenses, the total costs are now $12,796 per year for a 4-year public college and $30,367 for a 4-year private college, according to The College Board.[1] Assuming such costs increase by 5% a year, the projected cost of college in 15 years will be more than $100,000 for a 4-year public college and more than $200,000 for a 4-year private college.

Highlights from CSF's 1Q 2007 report on asset types in Section 529 college savings plan, as of March 31, 2007, follow:

Assets and Sales by Portfolio Type

- **Age-based portfolios** continue to represent the lion's share of reported assets under management, with $21.9 billion, or 68%, of the 1Q 2007 total assets of $32.1

[1] The College Board, (2006).

billion. Static, or fixed, portfolios accounted for $8.2 billion, or 25.5%. Individual funds made up the remainder.

Age-based portfolios rebalance the assets by asset class as they age, becoming more conservatively invested as the investor gets closer to the time for redeeming the shares.

Exhibit 2:

Portfolio Type	1Q07 AUM	% AUM	1Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Age-Based Portfolio	$21,859.5	68.0%	$811.1	69.6%	3.7%	4.4%	28.9%
Individual Fund	$2,087.8	6.5%	$91.3	7.8%	4.4%	-5.5%	26.5%
Static Portfolio	$8,183.2	25.5%	$262.2	22.5%	3.2%	4.7%	25.8%
Grand Total	*$32,130.5*	*100.0%*	*$1,164.6*	*100%*	*3.6%*	*3.8%*	*28.0%*

$ in millions

Assets and Sales by Sales Class Structure (Load and No-Load)

- **Although load portfolios are still ahead, no-load portfolios are continuing to grow as a percentage of total assets and net sales**. No-loads now represent nearly $15.2 billion, or 47.2%, of assets under management, up from nearly 40% in 4Q 2006. Net sales of no-load portfolios in the last quarter were $556.5 million, or 47.8%, up from 42.3% in the 4Q 2007.

- Load portfolio assets make up nearly $17 billion or 52.8%, of assets under management, down from 60.4% in the 4Q 2006. Net sales of load portfolios was 52.2% of the total for 1Q 2007, down from 57.7% in the 4Q 2006.

  "This increase in assets in no-load portfolios may reflect an increase in investors opening their own accounts due to greater awareness and confidence," Boswell said. "However, financial advisors and planners play a strong role in educating investors about the benefits of 529s, and that service is evidenced in the fourth quarter as a higher percentage of sales come from load portfolios."

Exhibit 3:

Load Structure	1Q07 AUM	% AUM	1Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Load Portfolios	$16,952.7	52.8%	$608.1	52.2%	3.6%	4.1%	30.7%
No Load	$15,177.8	47.2%	$556.5	47.8%	3.7%	12.7%	57.5%
Total	*$32,130.5*	*100%*	*$1,164.6*	*100%*	*3.6%*	*3.8%*	*28.0%*

$ in millions

- Level load portfolios continue to make up the greatest portion of the 1Q 2007 assets under management, $6.7 billion, or 39.7%. These are followed by front-end loads at 36.5% and back-end loads at 23.9% of CSF membership assets.

Exhibit 4:

Broker-Sold Shares	1Q07 AUM	% AUM	1Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Back-End Load	$4,044.9	23.9%	$69.3	11.4%	1.7%	1.0%	9.8%
Front-End Load	$6,183.6	36.5%	$249.2	41.0%	4.0%	2.1%	19.2%
Level Load	$6,724.2	39.7%	$289.6	47.6%	4.3%	-9.6%	1.9%
Total	*$16,952.7*	*100%*	*$608.1*	*100%*	*3.6%*	*3.8%*	*28.0%*

$ in millions

Assets and Sales by Equity/Fixed Income Allocation

- **Portfolios with a heavier equity allocation continue to dominate both assets under management and net sales** at the end of the 1Q 2007. For the second quarter in a row, the 100% equity allocation portfolios accounted for the largest percentage of net sales for the quarter, with nearly $5.8 billion, or 22.6%, of assets, down slightly from 23.1% in the 4Q 2006. Net sales reflects the overall or gross sales, minus redemptions.

- By contrast, 100% fixed-income portfolios had net sales of $27.9 million, or 2.9%, of the total.

  "This reflects the logical use of 529 college savings plans: assets flow into the high-equity portfolios to position them for aggressive growth over time; whereas redemptions are coming out of the very conservative portfolios that investors prefer as their children reach college age," Pearlman said.

Exhibit 5:

Equity/Fixed Inc Asset Mix	**1Q07 AUM**	**% of Total**	**1Q07 Net Sales**	**% of Total**
0/100	$703.7	2.8%	$27.9	2.9%
10/90	$284.6	1.1%	$0.7	0.1%
20/80	$1,002.4	3.9%	$1.5	0.2%
30/70	$884.9	3.5%	$20.1	2.1%
40/60	$1,519.3	6.0%	$46.7	4.8%
50/50	$1,964.6	7.7%	$54.6	5.6%
60/40	$3,675.7	14.4%	$108.1	11.1%
X70/30	$2,226.3	8.7%	$97.2	10.0%
80/20	$4,440.5	17.4%	$174.5	17.9%
90/10	$3,046.6	11.9%	$209.4	21.5%
100/0	$5,767.6	22.6%	$231.6	23.8%
Total	$25,516.1	100.0%	$972.3	100.0%
Unreported	$6,614.4	*N/A*	$192.4	*N/A*
Grand Total	*$32,130.5*	*N/A*	*$1,164.6*	*N/A*

$ in millions

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