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ASSETS IN 529 COLLEGE SAVINGS PLANS REACH OVER \$108-BILLION IN 1Q 2008

Washington, DC., May 28— Assets in 529 college savings plans reached an estimated \$108.7 billion at the end of the first quarter of 2008, up 15.6% from \$96.8 billion at the end of the first quarter of 2007, but down 2.9% from \$111.9 billion at the end of the fourth quarter of 2007, according to data developed by Financial Research Corp. (FRC) and released today by the College Savings Foundation (CSF).

Despite the decline in the equity markets, gross sales for the CSF members were up from the same period one year earlier, with \$2.0 billion in the first quarter of 2008, versus \$1.7 billion in the first quarter of 2007, although they were down from the record-setting \$2.4 billion in gross sales in the fourth quarter 2007. Gross sales of 529 college savings plans are an important indicator of investor interest in 529s.

“Our membership continued to sell 529 plans briskly during the first quarter, providing valuable counsel during turbulent markets,” said Kevin McMullen, chairman of the College Savings Foundation, which provides quarterly data to track trends in families’ college savings and investing habits. CSF is able to offer a detailed analysis of \$43.6 billion, or 40.1 percent of total Section 529 plan assets.

CSF member firms accounted for a growing percentage of the industry’s net sales, or gross sales minus redemptions. CSF member firms accounted for \$1.2 billion or 56 percent of the approximately \$2.2 billion in net sales volume during the first quarter 2008, representing an increase from the 42% percent of the total net sales in the fourth quarter of 2007. CSF member firms’ net sales in that quarter were \$1.4 billion of the total \$3.3 billion.

“Given the colliding forces of a credit crunch, reduced home equity values and increased college costs, we believe that this is a watershed moment for parents to shift from a debt mindset to a savings mindset,” McMullen said. CSF’s survey of 447 parents across the country, *The State of College Savings*, found that 54% has saved less than \$5,000 per child for college and 82% expect to take at least five years to dig out of the daunting debt expected to send their children to college.

Section 529 college savings plans, which are offered on a state-by-state basis, give federal income tax-free treatment to distributions 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 2007-2008 have increased 5.9% from a year earlier. Including room, board and expenses, the total costs are now

\$13,589 per year for a 4-year public college and \$32,307 for a 4-year private college, according to The College Board. 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 2008 report on asset types in Section 529 college savings plan, as of March 31, 2008, follow:

Assets and Sales by Portfolio Type

Age-based portfolios continue to represent the majority of reported assets under management, with \$29 billion, or 66.7 percent of the \$43.6 billion in assets under management for CSF member firms. Static, or fixed, portfolios accounted for \$11.7 billion or 26.9 percent of the total. 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.

"Age-based portfolios are more diversified and were less likely to be affected by first quarter declines in the equities markets," said Chuck Toth, CSF Secretary.

Portfolio Type	1Q08 AUM	% AUM	1Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Age-Based Portfolio	\$29,074.7	66.7%	\$889.9	71.8%	3.1%	-1.6%	12.6%
Individual Fund	\$2,788.5	6.4%	\$81.0	6.5%	2.9%	-2.6%	15.6%
Static Portfolio	\$11,717.9	26.9%	\$268.8	21.7%	2.3%	-7.8%	27.2%
<i>Grand Total</i>	<i>\$43,581.0</i>	<i>100.0%</i>	<i>\$1,239.7</i>	<i>100%</i>	<i>2.8%</i>	<i>-3.4%</i>	<i>16.5%</i>

\$ in millions

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

After dropping below sales of no-load portfolios, load portfolios resumed their sales dominance by a relatively strong margin in the first quarter, although they lost more in terms of assets in that period. Load shares were \$683.9 million in net sales or 55.2 percent of the total net sales of \$1.2 billion, while no-load shares accounted for \$555.8 million and 44.8 percent of total net sales.

"It is likely that new sales of direct-plans slowed as individual investors reassess their priorities, whereas advisors continue to offer their menu of plans regardless of market conditions," Toth added.

Load portfolios had approximately \$22 billion, or 50.6 percent of the members' total \$43.6 billion in assets under management. However, they were down 3.2 percent in assets for the quarter, while no-loads were down only 2.8 percent in assets with \$21.5 billion, or 49.4 percent of the total.

Load Structure	1Q08 AUM	% AUM	1Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
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Load Portfolios	\$22,050.3	50.6%	\$683.9	55.2%	3.1%	-3.2%	18.5%
No Load	\$21,530.7	49.4%	\$555.8	44.8%	2.6%	-2.8%	24.5%
<i>Total</i>	<i>\$43,581.0</i>	<i>100%</i>	<i>\$1,239.7</i>	<i>100%</i>	<i>2.8%</i>	<i>-3.4%</i>	<i>16.5%</i>

\$ in millions

Front-end load shares accounted for the majority of net sales in the first quarter at \$331.5 million or 48.5 percent of the net sales of \$683.9 million in broker-sold shares. The class also accounted for the majority of the \$22 billion in assets in broker-sold shares, with \$9.8 billion or 44.3 percent. Level-load shares were \$7.3 billion or 33.2 percent of assets, and back-load shares at \$4.9 billion or 22.6 percent of assets in broker-sold shares in the first quarter of 2008.

Broker-Sold Shares	1Q08 AUM	% AUM	1Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Back-End Load	\$4,974.1	22.6%	\$69.5	10.2%	1.4%	-4.7%	0.2%
Front-End Load	\$9,764.2	44.3%	\$331.5	48.5%	3.4%	-3.7%	10.8%
Level Load	\$7,312.0	33.2%	\$282.9	41.4%	3.9%	-3.8%	12.0%
<i>Total</i>	<i>\$22,050.3</i>	<i>100%</i>	<i>\$683.9</i>	<i>100%</i>	<i>3.1%</i>	<i>-3.4%</i>	<i>16.5%</i>

\$ in millions

Assets and Sales by Equity/Fixed Income Allocation

Not surprisingly, portfolios with a heavier equity allocation continued to dominate both assets under management and net sales at the end of the first quarter. One-hundred-percent equities portfolios represented 24.5 percent of total assets under management and net sales of 27.9 percent in the first quarter. However, with equity markets dropping more significantly than fixed income markets and fixed income accounting for a smaller percentage of assets under management, 100-percent equity portfolios lost the most in terms of assets on both a relative and absolute basis, with a 9.8 percent decline over the course of the quarter.

The most conservative investments actually saw an unusual increase in assets under management during the first quarter. One-hundred-percent fixed income portfolios saw an increase of 6.8 percent in assets under management, while 90-percent fixed income portfolios saw an increase of 7.3 percent in assets under management. This was likely due to the flight of nervous investors to perceived safer investments such as money market and bond portfolios.

Equity/Fixed Inc Asset Mix	1Q08 AUM	% of Total	1Q08 Net Sales	% of Total	3-Mo Asset Change
0/100	\$1,455.2	4.4%	\$22.8	2.3%	6.8%
10/90	\$246.4	0.7%	\$9.1	0.9%	7.3%

20/80	\$2,837.9	8.5%	\$31.3	3.1%	-8.8%
30/70	\$2,243.8	6.7%	\$61.9	6.1%	2.2%
40/60	\$2,408.5	7.2%	\$81.3	8.1%	-2.1%
50/50	\$1,425.2	4.3%	\$27.0	2.7%	-2.1%
60/40	\$4,943.2	14.8%	\$126.8	12.6%	-2.6%
70/30	\$3,219.7	9.6%	\$115.6	11.5%	1.8%
80/20	\$4,093.0	12.2%	\$167.9	16.6%	0.0%
90/10	\$2,355.6	7.0%	\$83.6	8.3%	3.5%
100/0	\$8,206.3	24.5%	\$281.2	27.9%	-9.8%
Total	\$33,434.7	100.0%	\$1,008.6	100.0%	100.0%
<i>Unreported</i>	\$10,146.3	<i>N/A</i>	\$231.1	<i>N/A</i>	<i>N/A</i>
<i>Grand Total</i>	<i>\$43,581.0</i>	<i>N/A</i>	<i>\$1,239.7</i>	<i>N/A</i>	<i>N/A</i>

\$ 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