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**ASSETS IN 529 COLLEGE SAVINGS PLANS REACH OVER
\$110 BILLION IN 2Q 2008**

Washington, DC., September 4– Assets in 529 college savings plans reached an estimated \$110.6 billion at the end of the second quarter of 2008, up 5.4% from \$104.9 billion at the end of the second quarter of 2007, and up 1.7% from \$108.7 billion at the end of the first quarter of 2008, according to data developed by Financial Research Corp. (FRC) and released today by the College Savings Foundation (CSF).

Gross sales for the CSF members were on par with the same period one year earlier, with \$1.7 billion in the second quarter of 2008. However, gross sales declined 19 percent from the \$2 billion in the first quarter. While this reflects a cyclical decline occurring typically between the first and second quarters, it was intensified by investor uncertainty about the securities markets.

“The second quarter is typically a slower quarter in terms of sales because most parents time their investments in a 529 college savings plan to take advantage of tax deadlines in the fourth and first quarters of the year,” 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 \$45.4 billion, or 41 percent of total Section 529 plan assets.

CSF member firms accounted for \$962 million in net sales, or sales minus redemptions, which were 22 percent off the approximately \$1.2 billion in net sales during the first quarter of 2008. However, they were ahead of the 2Q 2007 net sales of \$915 million.

“Saving early and consistently, even in small amounts, helps families succeed in preparing to pay for their children’s college. One dollar of savings over ten years offsets four dollars in the costs of a loan. In the face of rising college costs and debt levels, the benefits of saving are clear,” McMullen said.

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 2Q 2008 report on asset types in Section 529 college savings plan, as of June 30, 2008, follow:

Assets and Sales by Portfolio Type

Age-based portfolios continue to represent the majority of reported assets under management, with \$30.5 billion, or 67.2 percent of the \$45.4 billion in assets under management for CSF member firms. Static, or fixed, portfolios accounted for \$12 billion or 26.5 percent of the total. Individual funds assets at \$2.8 billion, have shrunk by 13.6 percent in the last quarter alone.

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.

Exhibit 1:

Portfolio Type	2Q08 AUM	% AUM	2Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Age-Based Portfolio	\$30,524.1	67.2%	\$698.8	72.7%	2.3%	9.9%	20.8%
Individual Fund	\$2,850.8	6.3%	\$60.5	6.3%	2.1%	-13.6%	-13.5%
Static Portfolio	\$12,029.8	26.5%	\$202.6	21.1%	1.7%	2.0%	7.2%
<i>Grand Total</i>	<i>\$45,404.7</i>	<i>100.0%</i>	<i>\$961.9</i>	<i>100%</i>	<i>2.1%</i>	<i>5.9%</i>	<i>14.1%</i>

\$ in millions

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

Although load portfolios stay ahead of no loads in terms of net sales, no load sales have been gradually chipping away at their lead. Over the last year, the net sales margin – the difference in percent of net sales between load and no-load portfolios – has shrunk from 27 percent in the 2Q of 2007 to 16 percent as of 2Q 2008. This is the difference between the 58 percent share that load net sales take of total CSF net sales (\$557.6 million of the total net sales of \$962 million), and the no-load net sales share of 42 percent (\$404.2 million of the total \$962 million).

"We are seeing financial advisors use no-load products to ensure a selection of price-sensitive investment selections," McMullen said.

In terms of assets, loads regained the three percent edge they have had ahead of no-loads over the past year in terms of share of CSF members' AUM, having shrunk to 1.2 percent in 1Q 2008. Load portfolios were approximately \$23.5 billion in 2Q 2008 – or 51.7 percent of the total \$45.4 billion under management, while no loads were \$21.9 billion, or 48 percent. AUM for load shares were down 3.2 percent from the first quarter,

but up 18.5 percent year-to-year. No-load assets were up 4.2 percent for the quarter, and up 18.4 percent year over year.

Exhibit 2:

Load Structure	2Q08 AUM	% AUM	2Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Load Portfolios	\$23,451.9	51.7%	\$557.6	58.0%	2.4%	-3.2%	18.5%
No Load	\$21,952.8	48.3%	\$404.2	42.0%	1.8%	4.2%	18.4%
<i>Total</i>	<i>\$45,404.7</i>	<i>100%</i>	<i>\$961.9</i>	<i>100%</i>	<i>2.1%</i>	<i>5.9%</i>	<i>14.1%</i>

\$ in millions

Among the subset of broker-sold 529 shares, front-end load shares were the only load share class to show an increase in net sales over the quarter with a 4 percent net increase, from \$341 million in 1Q to \$355 in 2Q 2008. Back-end load shares lost its considerable standing of 10% of net sales in 1Q 2008, culminating in net outflows of \$22.7 million. Level load share classes meanwhile stepped up its percentage of net sales to approximately 55 percent, up from 41 percent in 1Q 2008.

“Investors tend to turn to financial advisors to make important financial decision in a downturn,” said Toth.

Exhibit 3:

Broker-Sold Shares	2Q08 AUM	% AUM	2Q08 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Back-End Load	\$5,194.9	22.2%	-\$22.7	-3.1%	-0.4%	3.9%	1.9%
Front-End Load	\$10,536.7	44.9%	\$355.1	48.2%	3.4%	14.4%	14.8%
Level Load	\$7,720.3	32.9%	\$404.2	54.9%	5.2%	1.6%	10.7%
<i>Total</i>	<i>\$23,451.9</i>	<i>100%</i>	<i>\$736.6</i>	<i>100%</i>	<i>3.1%</i>	<i>7.5%</i>	<i>10.4%</i>

\$ in millions

Assets and Sales by Equity/Fixed Income Allocation

This quarter showed a dramatic increase in both one-hundred percent fixed income portfolios and one-hundred percent equity portfolios. One-hundred percent fixed income portfolios grew in assets by over 17 percent, as compared to seven percent last quarter. Ninety percent fixed income portfolios great by 11.5 percent, versus seven percent last quarter.

Meanwhile, at the other end of the spectrum, one-hundred percent equity portfolios grew by almost 17 percent – versus a decline of nearly 10 percent in the 1Q 2008.

“We attribute this to two divergent trends. One is that investors are more conservative in uncertain markets, reflected in the fixed income strength. Second that we are seeing plans with beneficiaries who are young enough to take the long term view and select equities,” Toth said. “Additionally, some investors who flocked to fixed income in the first quarter may be migrating back into equities.

“Nonetheless, we believe that 529 asset allocation should be tied primarily to the time horizon to college and redemption,” he added.

Exhibit 5:

Equity/Fixed Inc Asset Mix	2Q08 AUM	% of Total	2Q08 Net Sales	% of Total	3-Mo Asset Change
0/100	\$1,697.7	4.8%	\$26.1	3.3%	17.2%
10/90	\$274.9	0.8%	\$6.5	0.8%	11.5%
20/80	\$3,151.4	9.0%	\$15.5	1.9%	11.0%
30/70	\$2,261.9	6.4%	\$46.5	5.8%	0.8%
40/60	\$2,607.2	7.4%	\$59.8	7.5%	8.3%
50/50	\$1,475.2	4.2%	\$20.7	2.6%	2.0%
60/40	\$5,212.3	14.8%	\$98.5	12.4%	13.9%
70/30	\$3,224.5	9.2%	\$89.6	11.2%	-0.7%
80/20	\$4,199.7	11.9%	\$142.3	17.8%	13.0%
90/10	\$2,170.6	6.2%	\$74.4	9.3%	-7.9%
100/0	\$8,929.2	25.4%	\$217.7	27.3%	16.8%
Total	\$35,204.7	100.0%	\$797.6	100.0%	9.4%
<i>Unreported</i>	\$10,200.0	<i>N/A</i>	<i>\$164.3</i>	<i>N/A</i>	<i>N/A</i>
<i>Grand Total</i>	<i>\$45,404.7</i>	<i>N/A</i>	<i>\$961.9</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