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**ASSETS IN 529 COLLEGE SAVINGS PLANS REACH RECORD OF  
NEARLY \$109.5-BILLION IN 3Q 2007**

Washington, DC., November 28— Assets in 529 college savings plans rose to an estimated \$109.5 billion at the end of the third quarter of 2007, up 4.4% from an estimated \$104.9 billion at the end of the first quarter of 2007, and up 33.5% from the \$82 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).

Representing a cross-section of firms in the college savings industry, CSF provides quarterly data to track trends in families' college savings and investing habits. CSF is able to offer a detailed analysis of \$40 billion, or 36.5%, of total Section 529 plan assets.

Gross sales were the highest *third* quarter ever for CSF assets at \$1.442 billion, likely due to continued awareness of investors of the permanence of Federal tax benefits of 529s enabled by the Pension Protection Act passed in August of 2006, plus renewed sales efforts by distributors entering the first semester of the 2007-2008 university year. Net sales, or gross sales minus redemptions, at \$566 million were down from second quarter net sales but up from \$317 million in the third quarter of 2006.

The third quarter is traditionally a period of high redemptions, when account holders draw down their 529 accounts to pay for qualified higher education expenses.

“Gross sales since the passage of the Pension Protection Act have been running at nearly twice their historical average. This underscores the increasing awareness of the American public that 529 college savings plans are a valuable savings and investing tool,” said David Pearlman, CSF Chairman. CSF is the leading not-for-profit dedicated to enabling American families to achieve their education savings goals.

CSF 3Q Data  
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<b>529 Sales (\$Millions)</b>	<b>Gross Sales</b>	<b>Net Sales</b>	<b>% Net</b>
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%
2Q07	\$ 1,334.9	\$ 914.8	68.5%
3Q07	\$ 1,442.2	\$ 566.4	39.3%

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 3Q 2007 report on asset types in Section 529 college savings plan, as of September 30, 2007, follow:

### **Assets and Sales by Portfolio Type**

- **Age-based portfolios** continue to represent the lion's share of reported assets under management, with \$26.2 billion, or 65.2%, of the 3Q 2007 total assets of \$40.1 billion. Static, or fixed, portfolios accounted for \$11.2 billion, or 28% 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 accounted for 75.2% of net sales, which is higher than the historical average of 70%. Static portfolios accounted for 18.6% of 3Q 2007 net sales, also closer to historical levels. "For many investors, age-based portfolios make the most sense in an account that restricts reallocation of investments to an annual basis. The less-popular static portfolios also make sense as a balanced option, but are still limited in that they do not adjust automatically," said Brian Boswell, Research Analyst at FRC Boswell said.

#### Exhibit 2:

Portfolio Type	3Q07 AUM	% AUM	3Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Age-Based Portfolio	\$26,156.1	65.2%	\$425.9	75.2%	1.6%	3.9%	29.0%
Individual Fund	\$2,730.0	6.8%	\$35.2	6.2%	1.3%	-0.5%	32.9%
Static Portfolio	\$11,235.1	28.0%	\$105.3	18.6%	0.9%	0.7%	50.7%
<i>Grand Total</i>	<i>\$40,121.3</i>	<i>100.0%</i>	<i>\$566.4</i>	<i>100%</i>	<i>1.4%</i>	<i>2.7%</i>	<i>34.7%</i>

*\$ in millions*

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

- Load portfolios remain ahead of no-loads, with load assets at \$21 billion or 52.5% of total, as compared to no-load portfolios assets of \$19 billion, or 47.5% of the total. Although no-load assets rose 3.6% for the quarter, that growth rate has leveled off from the 7% increase in the second quarter and a 12.7% increase seen in the first quarter.
- Load portfolio net sales were \$355 million or 62.7%, significantly ahead of no-load net sales of \$211.4, or 37.3% of the total net sales.

"The continued popularity of load portfolios provides evidence that investors still value the advice of their brokers and advisors," Boswell said, adding, "At the same time, many fee-based advisors and, indeed, commissioned advisors may funnel investors into no-load portfolios, particularly if their state of residence includes a tax incentive for contributions to an in-state plan."

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Exhibit 3:

Load Structure	3Q07 AUM	% AUM	3Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Load Portfolios	\$21,049.4	52.5%	\$355.0	62.7%	1.7%	3.0%	37.5%
No Load	\$19,071.9	47.5%	\$211.4	37.3%	1.1%	3.6%	44.5%
<i>Total</i>	<i>\$40,121.3</i>	<i>100%</i>	<i>\$566.4</i>	<i>100%</i>	<i>1.4%</i>	<i>2.7%</i>	<i>34.7%</i>

*\$ in millions*

- Level load share assets continued their decline from the average of approximately 40% of assets they have enjoyed as compared to front-end and back-end loads over the past year, falling to 33.1%, or \$6.97 billion, in 3Q 2007. Front-end load portfolios took share away from level load classes, rising from its 36-37% range in assets under management to account for 43.5% of assets, or \$9.16 billion, in the most recent period.

Back-end load share classes fell back to historical levels, falling from 25.5% of assets under management to its normal range of 23-24% with \$4.9 billion. Front-end load shares had been outselling their level load peers for a number of quarters, making it only a matter of time before the portfolios accounted for a larger percentage of assets under management.

“For long term investments, advisors and investors are more comfortable with front-end shares,” said Boswell, “Their fee structures tend to make them less expensive over longer investment time horizons.”

- In terms of net sales, level load shares undersold front-end load shares in 3Q 2007 after having outsold them in the first two quarters of this year. Net sales of level-load shares accounted for \$141 million, or 39.7% of net sales, in the 3Q 2007. Front-loaded funds accounted for \$197.9 million, or 55.7%, in the 3Q 2007.

Exhibit 4:

Broker-Sold Shares	3Q07 AUM	% AUM	3Q07 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Back-End Load	\$4,912.5	23.3%	\$16.1	4.5%	0.3%	-1.6%	14.1%
Front-End Load	\$9,163.0	43.5%	\$197.9	55.7%	2.2%	1.9%	27.8%
Level Load	\$6,974.0	33.1%	\$141.0	39.7%	2.0%	4.2%	34.9%
<i>Total</i>	<i>\$21,049.4</i>	<i>100%</i>	<i>\$355.0</i>	<i>100%</i>	<i>1.7%</i>	<i>2.7%</i>	<i>34.7%</i>

*\$ in millions*

### **Assets and Sales by Equity/Fixed Income Allocation**

- Portfolios with a heavier equity allocation continue to dominate assets under management and net sales in 3Q 2007. The 100% equity allocation portfolio type accrued the greatest share of assets, at \$7.509 billion, or 25.4%. In terms of net sales, this category came in second to portfolios with 80% equity and 20% fixed income, which had \$134.6 million, or 28.9%, in net sales.

“This reflects the logical use of 529 college savings plans: assets flow into the high-equity portfolios when children are young, to position them for growth over time, while redemptions are coming out of more conservatively allocated portfolios that investors use as their children reach college age,” Pearlman said.

Exhibit 5:

<b>Equity/Fixed Inc Asset Mix</b>	<b>3Q07 AUM</b>	<b>% of Total</b>	<b>3Q07 Net Sales</b>	<b>% of Total</b>
0/100	\$1,076.4	3.6%	-\$34.7	-7.5%
10/90	\$84.7	0.3%	\$1.8	0.4%
20/80	\$1,043.9	3.5%	-\$54.9	-11.8%
30/70	\$794.9	2.7%	\$0.0	0.0%
40/60	\$1,254.9	4.2%	-\$42.8	-9.2%
50/50	\$2,378.8	8.0%	\$40.3	8.7%
60/40	\$4,013.1	13.6%	\$87.4	18.8%
70/30	\$2,459.0	8.3%	\$77.3	16.6%
80/20	\$6,092.5	20.6%	\$134.6	28.9%
90/10	\$2,891.3	9.8%	\$127.7	27.5%
100/0	\$7,509.5	25.4%	\$128.4	27.6%
<b>Total</b>	<b>\$29,599.1</b>	<b>100.0%</b>	<b>\$465.1</b>	<b>100.0%</b>
<i>Unreported</i>	\$10,522.2	<i>N/A</i>	\$101.3	<i>N/A</i>
<i>Grand Total</i>	<i>\$40,121.3</i>	<i>N/A</i>	<i>\$566.4</i>	<i>N/A</i>

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](http://www.collegesavingsfoundation.org)