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ASSETS IN 529 COLLEGE SAVINGS PLANS REACH A RECORD \$90 BILLION AT END OF 2006

Washington, DC., March 11– Assets in 529 college savings plans rose to an estimated \$90.7 billion at the end of the fourth quarter of 2006, up 9% from an estimated \$82 billion at the end of the third quarter, and up 33% from the \$68.4 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).

“Investors are sending a strong signal that 529s are their college investment vehicle of choice,” 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.

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 \$30 billion, or 33.2%, of total Section 529 plan assets.

“Americans have a greater awareness of – and confidence in – 529s now that the Pension Protection Act has made Federal tax benefits permanent, and this is showing up in sales and asset growth,” Pearlman said, referring to the law signed in September 2006.

Gross sales for the membership were the highest ever on record at \$1.5 billion. Net sales (gross sales minus redemptions) were \$935.2 million in the fourth quarter of 2006, up from \$317.4 million for the third quarter of 2006, a dramatic increase.

“At the same time, our data indicates an increase in redemptions of existing plans. This means that parents are starting to use their 529s to pay for college and we see this as further evidence that 529s are a vital and viable savings option,” Pearlman said.

The *percent of net sales to gross sales* declined in the fourth quarter to 64.3%, down from 73% in the fourth quarter of 2005. This indicates an increase in redemptions. This conclusion is supported by a seasonal decline in the percent of net sales to gross sales in the third quarter to 41%, a time when parents are most likely to withdraw assets to pay for college tuition.

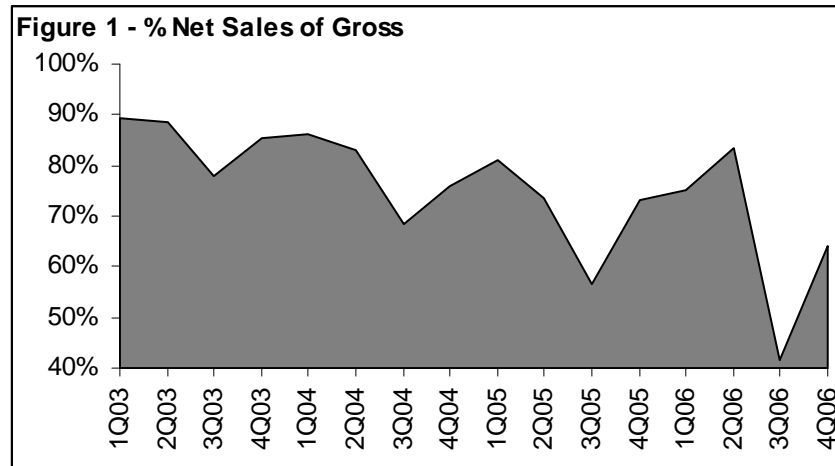


Exhibit 1:

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%

\$ 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

¹ The College Board, (2006).

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 fourth quarter 2006 report on asset types in Section 529 college savings plan, as of December 31, 2006, follow:

Assets and Sales by Portfolio Type

- **Age-based portfolios** continue to represent the lion's share of reported assets under management, with \$20.9 billion or 69.0% of fourth quarter total assets of \$30.1 billion followed by static, or fixed, portfolios, at 24.7%. 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.

In terms of net sales, age-based portfolios accounted for 71.7% of the fourth quarter 2006 net sales, down from 82.2% in the third quarter and up from 70.9% for the second quarter. Static portfolios accounted for 24.1% of net sales, up from 16.6% in the third quarter. Individual portfolios generated 4.2% of sales, up slightly from 1.2% in the third quarter.

"We expect to see age-based portfolios continue to account for the majority of assets and sales," said Brian Boswell, Research Analyst at FRC. "Financial advisors appear to be suggesting age-based portfolios for their clients, as they are generally the most user-friendly option for many individuals."

Exhibit 2:

Portfolio Type	4Q06 AUM	% AUM	4Q06 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Age-Based Portfolio	\$20,935.6	69.6%	\$670.2	71.7%	3.2%	8.2%	25.3%
Individual Fund	\$1,728.7	5.7%	\$39.6	4.2%	2.3%	7.8%	20.6%
Static Portfolio	\$7,430.7	24.7%	\$225.4	24.1%	3.0%	5.4%	19.7%
<i>Grand Total</i>	<i>\$30,095.1</i>	<i>100.0%</i>	<i>\$935.2</i>	<i>100%</i>	<i>3.1%</i>	<i>7.5%</i>	<i>23.6%</i>

\$ in millions

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

- **Load portfolio assets made up \$18.2 billion and no-load portfolio assets make up just over \$11.9-billion** of total foundation membership assets in the fourth quarter.
- **While load portfolios still account for the majority of assets (60.4%) and net sales (57.7%), no-load portfolios are growing**, increasing in assets by 9% for the quarter, and 25.6% over the past 12 months, to the point where they now make up 39.6% of assets under management

“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	4Q06 AUM	% AUM	4Q06 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Load Portfolios	\$18,174.4	60.4%	\$540.1	57.7%	3.0%	7.8%	23.9%
No Load	\$11,920.7	39.6%	\$395.1	42.3%	3.3%	9.0%	25.6%
<i>Total</i>	<i>\$30,095.1</i>	<i>100%</i>	<i>\$935.2</i>	<i>100%</i>	<i>3.1%</i>	<i>7.5%</i>	<i>23.6%</i>

\$ in millions

Net flows into front-load portfolios as a percentage of total sales returned to normal levels in fourth quarter of 2006, accounting for 47.4% of net sales of foundation members.

Exhibit 4:

Broker-Sold Shares	4Q06 AUM	% AUM	4Q06 Net Sales	% Net Sales	Sales/Asset Ratio	3-Mo Asset Change	12-Mo Asset Change
Back-End Load	\$4,154.1	22.9%	\$60.2	11.1%	1.4%	4.5%	16.6%
Front-End Load	\$6,666.9	36.7%	\$255.9	47.4%	3.8%	7.0%	25.9%
Level Load	\$7,353.4	40.5%	\$224.0	41.5%	3.0%	7.3%	22.5%
<i>Total</i>	<i>\$18,174.4</i>	<i>100%</i>	<i>\$540.1</i>	<i>100%</i>	<i>3.0%</i>	<i>7.5%</i>	<i>23.6%</i>

\$ 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 fourth quarter of 2006. The 100% equity allocation portfolios accounted for the largest percentage of net sales for the quarter, after having declined to the third most popular seller in 3Q06. Their \$5.5 billion in assets, or 23.1% of the total, was up from 22.9% at the end of the third quarter of 2006.
- By contrast, 100% fixed-income portfolios had net outflows of \$18.2 million, or 2.3% of total net sales.

“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	4Q06	% of	4Q06	% of
Asset Mix	AUM	Total	Net Sales	Total
0/100	\$743.2	3.1%	\$18.2	2.3%
10/90	\$272.3	1.1%	-\$2.3	-0.3%
20/80	\$771.5	3.2%	-\$16.9	-2.1%
30/70	\$627.7	2.6%	\$8.9	1.1%
40/60	\$1,380.5	5.7%	\$11.1	1.4%
50/50	\$1,985.5	8.3%	\$55.8	7.0%
60/40	\$3,571.0	14.9%	\$96.8	12.1%
70/30	\$1,752.2	7.3%	\$65.4	8.1%
80/20	\$4,347.0	18.1%	\$165.4	20.6%
90/10	\$3,035.0	12.6%	\$189.4	23.6%
100/0	\$5,545.2	23.1%	\$210.3	26.2%
Total	\$24,031.0	100.0%	\$801.9	100.0%
<i>Unreported</i>	\$6,064.1	<i>N/A</i>	\$133.3	<i>N/A</i>
<i>Grand Total</i>	<i>\$30,095.1</i>	<i>N/A</i>	<i>\$935.2</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