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**FIDELITY® PROVIDES INCOME-BASED COLLEGE SAVINGS GUIDELINES AS STUDY
SHOWS PARENTS PROJECTED TO MEET ONLY 16% OF FUTURE COLLEGE COSTS**

**More Families Saving for College, Saving in a Dedicated Account,
and Knowledgeable About Tax-Advantaged 529s**

BOSTON, Aug. 24, 2010 – Fidelity Investments®, a leading provider of 529 college savings plans, today announced the results of its fourth annual College Savings Indicator study, which calculates how prepared parents are to pay for future college costs, whether they save on their own or with a financial advisor.

This year's study showed significant progress in the actions and behaviors of parents' college savings efforts, but also highlighted how today's challenging economic environment has made accumulating sufficient savings difficult. In fact, the percentage of college costs they are projected to meet is only 16 percent, down from 18 percent last year, and 24 percent in 2007, when Fidelity first launched the study.

Yet more parents are now saving for college and more are saving in a dedicated account. This year's study found that more than two-thirds parents (67 percent) have begun saving for future college costs, compared with 63 percent in 2009 and 58 percent in 2007. And more families are becoming more aware of tax-advantaged ways to save, with 51 percent of families reporting they are familiar with tax-advantaged 529 college savings plans this year compared with 40 percent in 2009. Even among those parents who have not yet started to save but plan to do so in the future, 30 percent indicated they intend to open a 529 plan, up from 18 percent in 2009 and 15 percent in 2007.

"It's great news that even in tough economic times, more parents are recognizing the benefits of saving in a tax-advantaged 529," said Joe Ciccariello, vice president, Fidelity Investments College Planning. "However, it can be challenging to understand the real costs of college and how much to save each month to meet those costs, which is why we've created some income-based savings guidelines."

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Fidelity's Annual College Savings Indicator/Page 2

In an industry first, Fidelity also released today new college savings guidelines to help parents quantify how much they should save annually in a 529 savings account in order to be prepared for future college expenses. These new guidelines, which are part of a new Fidelity [Viewpoint](#) article, calculate the true cost of tuition for public and private schools after scholarships, grants and expected family contributions are factored in, and also provides guidelines around the percentage of income parents should save in a 529 plan each year to meet these costs.

The chart below illustrates that a family making \$75,000 a year and expecting to send their child to a four-year public college or university would need to save in a 529 plan three percent of their salary each year (roughly \$2,250 a year or \$190 a month) over an 18-year period in order to have saved sufficient funds to cover all qualified college expenses after grants and scholarships are factored in.

Hypothetical Chart

THE COST OF COLLEGE BASED ON \$75,000 INCOME		
Type of school	Public (in state)	Private
What will four years of 529-qualified college expenses, such as tuition, room, board and books, cost?	\$67,000	\$149,000
How much can I expect to receive in grants, scholarships and family gifts?	\$16,000	\$34,000
How much do I need to save in my 529, in total, to cover qualified costs?	\$51,000	\$115,000
What percentage of my income do I need to save in a 529 each year to achieve that amount?	3% or \$190/month	6.5% or \$410/month

Table is for illustrative purposes only. The estimates are for 2010 and are in today's dollars assuming one child in school. Estimated 529 qualified expenses are not required to be paid for from a 529, and there is no guarantee a 529 account owner will have enough money to cover the full expenses from this account. This assumes the 529 owner has this much money in his/her 529 college savings account and expenses are paid from that dedicated account. Please see endnote for details about the estimates¹.

In addition to the qualified expenses, parents may also need to subsidize non-qualified expenses such as transportation and healthcare¹ – which can vary greatly depending on an individual's situation. To learn more about saving for non-qualified expenses and to view savings percentages for other income brackets, visit [fidelity.com/viewpoints](https://www.fidelity.com/viewpoints).

In addition to the new Viewpoint, Fidelity also offers complimentary financial guidance provided by dedicated college planning representatives and access to college planning seminars at 139 Investor Centers across the country. Parents can also log onto Fidelity.com to access online planning tools, research college savings options and learn about how to search and apply for financial aid and scholarships.

Parents of Preschool Children Are Active Savers

As the number of parents who recognize the importance of opening a dedicated college savings account continues to grow, this year's College Savings Indicator Study revealed that parents with younger children are especially focused on putting money away for college.

Over 40 percent of parents with preschool-aged children (ages 0-5) have started saving for college costs in a dedicated account versus only 28 percent of parents with children in high school (ages 14-18). As well, these same parents of younger children have saved within five years almost half the total amount that parents with older children have managed to put away in more than 14 to 18 years of saving. With a median amount of \$8,000 saved, parents with preschool-aged children are not far behind parents with middle school children (\$10,000) and high school children (\$17,000).

“As parents see the cost of college continuing to increase each year, they are realizing they need to start saving earlier to meet those rising costs,” said Ciccariello. “While starting early is a critical step, it's never too late for parents with older children to start contributing or, at the very least, engage in conversations with their children about paying for college.”

¹ Families making between \$50,000 and \$100,000 could prepare for additional non-qualified expenses by saving between 0.50% to 1% of their income throughout their child's life.

Unemployment Significantly Inhibiting Parents Ability to Save for College Costs

With current U.S. unemployment rates still near 10 percent², it is not surprising the economic environment is taking a toll on college education savings. Thirty percent of parents of college-bound children surveyed said either they, or a member of their family who contributes to household expenses, lost his or her job within the past 18 months. Of these parents, 81 percent said unemployment inhibited their ability to save for college costs.

Another telling sign of the impact of two years of economic instability is that nearly a third of parents surveyed (32 percent) drew from their child's college savings account to meet other financial needs, with 13 percent saying it was due to a job loss. Other reasons reported for accessing the accounts were to help pay basic living expenses (25 percent) and to pay for unexpected medical costs (14 percent). Although non-qualified distributions are subject to federal and state income taxes as well as a 10 percent federal penalty, parents are not blocked from using 529 assets if emergencies or other needs arise.

Advisors Help Parents of High School Children Maximize Plan Savings/Withdrawals

Navigating this year's market highs and lows was particularly challenging for parents of high school children who are closer to tapping into their college savings accounts. This year, more parents sought help from financial advisors (33 percent, up from 28 percent in 2009). Additionally, nearly six in 10 parents with high school-aged children said their advisor discussed strategies for paying for their child's college education including exploring supplemental funding sources, postponing plan distributions and spreading out withdrawals in order to maximize their saving opportunities.

This year's study also found that advisors are providing a broader range of guidance on college costs beyond accumulating savings and distribution strategies; almost twice the number of advisors from last year are now helping clients with researching schools (25 percent, up from 13 percent), navigating the grant process (30 percent, up from 16 percent) and securing financial aid (37 percent, up from 20 percent). More than half (55 percent) of parents with high school-aged children believe they are closer to their savings goal because they use an advisor.

² Bureau of Labor Statistics: June 2010 data showing 9.5 percent national unemployment rate

“Advisors are not only helping parents design savings strategies for future college expenses, they’re also helping parents of older children figure out the best ways to draw down those investments in light of the recent market volatility,” said Jeff Troutman, vice president, Fidelity Investments Institutional Services Company, Inc. “This year’s study also found that advisors are addressing a broader range of college topics, illustrating the multi-generational relationship-building opportunity inherent in the college savings discussion.”

Fidelity provides financial advisors with 529 plan information, marketing support and online planning tools such as the 529 State Tax Deduction Calculator and the College Savings Planning tool. For more information about Fidelity’s college savings resources, advisors can visit advisor.fidelity.com/529 or call Fidelity at 1-800-544-9999.

About the Fidelity College Savings Indicator

As part of the study, Fidelity conducted a survey of parents with college-bound children of all ages. Parents provided data on their current and projected household asset levels including college savings, use of an investment advisor and general expectations and attitudes towards financing their children’s college expenses. Using Fidelity’s proprietary asset-liability modeling engine, the firm was able to calculate future college savings levels per household against anticipated college costs. The results provide insight into the financial challenges that lie ahead for many parents. Data for the Indicator (number of children in household, time to matriculation, school type, current savings and expected future contributions) are collected by Research Data Technology, an independent research firm, through a national online survey of more than 2,500 parents nationwide with children aged 18 and younger who are expected to attend college; who have household incomes of \$30,000 a year or more; and who are the financial decision makers in their household. College costs are sourced from the College Board’s *Trends in College Pricing 2009*. Future assets per household are computed by Strategic Advisers, Inc. (a registered investment adviser and wholly owned subsidiary of FMR LLC). Within Fidelity’s Asset-Liability model, Monte Carlo simulations are used to estimate future assets at a 75 percent confidence level. The results of the Fidelity College Savings Indicator may not be representative of all parents and students meeting the same criteria as those surveyed for this study.

About Fidelity Investments

Fidelity Investments is one of the world's largest providers of financial services, with assets under administration of over \$3.1 trillion, including managed assets of \$1.4 trillion, as of June 30, 2010. Founded in 1946, the firm is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and many other financial products and services to more than 20 million individuals and institutions, as well as through 5,000 financial intermediary firms. For more information about Fidelity Investments, visit www.fidelity.com.

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The UNIQUE College Investing Plan, the Fidelity Advisor 529 Plan, the ScholarShare College Savings Plan, the ScholarShare Advisor College Savings Plan, the U.Fund® College Investing Plan, the Delaware College Investment Plan and the Fidelity Arizona College Savings Plan are offered by the state of New Hampshire, the ScholarShare Investment Board, an agency of the state of California, MEFA, the state of Delaware, and the Arizona Commission for Postsecondary Education, respectively, and managed by Fidelity Investments. If you or the designated beneficiary are not a New Hampshire, California, Massachusetts, Delaware, or Arizona resident, you may want to consider, before investing, whether your state or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

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ⁱThe cost of college estimate is a Fidelity calculation based on the Trends in College Pricing: 2009, College Board's estimated total costs for an average 4-year college (private and public) beginning school year 2010-2011. It assumes Parental contributions to a 529 savings plan commence upon birth of child and continue through to completion the third year of undergraduate degree studies – growing annually according to hypothetical projected increases in family income of 1.5%. Savings strategy estimates assume the prospective student is a dependent to a family unit for financial aid consideration. Projections address the expenses and savings potential for a single student (without factoring in impact to family finances if planning for multiple children). Cost of attendance estimates are obtained from College Board 2009-2010 academic year survey using the national average. Private schools are defined as not-for-profit institutions. Qualified expenses include tuition and fees, room and board, books and supplies. Non-qualified expenses include transportation and miscellaneous expenses. Fidelity estimates include assumed annual gifts equal to 3% of the cost of attendance. 529 plan investment performance is based on a hypothetical average market returns assuming Fidelity's age-based portfolio in a UNIQUE College Investing Plan account. The hypothetical is not intended to predict or project the investment performance of any security. Your performance will vary and you may have a gain or loss when you sell your units. Past performance is no guarantee of future results. Market results reflect 10,000 simulations in today's dollars. The market return data used to generate the illustration is intended to provide you with a general idea of historic performance. Average market conditions means that in 50% of the historical market simulations run, a similar asset allocation performed at least as well as the results shown half of the time. Our analysis assumes a level of diversity within each asset class consistent with a market index benchmark that may differ from the diversity of your own portfolio. Please note that the projections do not reflect the impact of any transaction costs or management and servicing fees. If costs and fees were included, the hypothetical savings projection per month would be higher. Results are not intended to project or predict present or future value of actual investments, and may vary over time.