



Key Investor Trends And The Impact on College Savings

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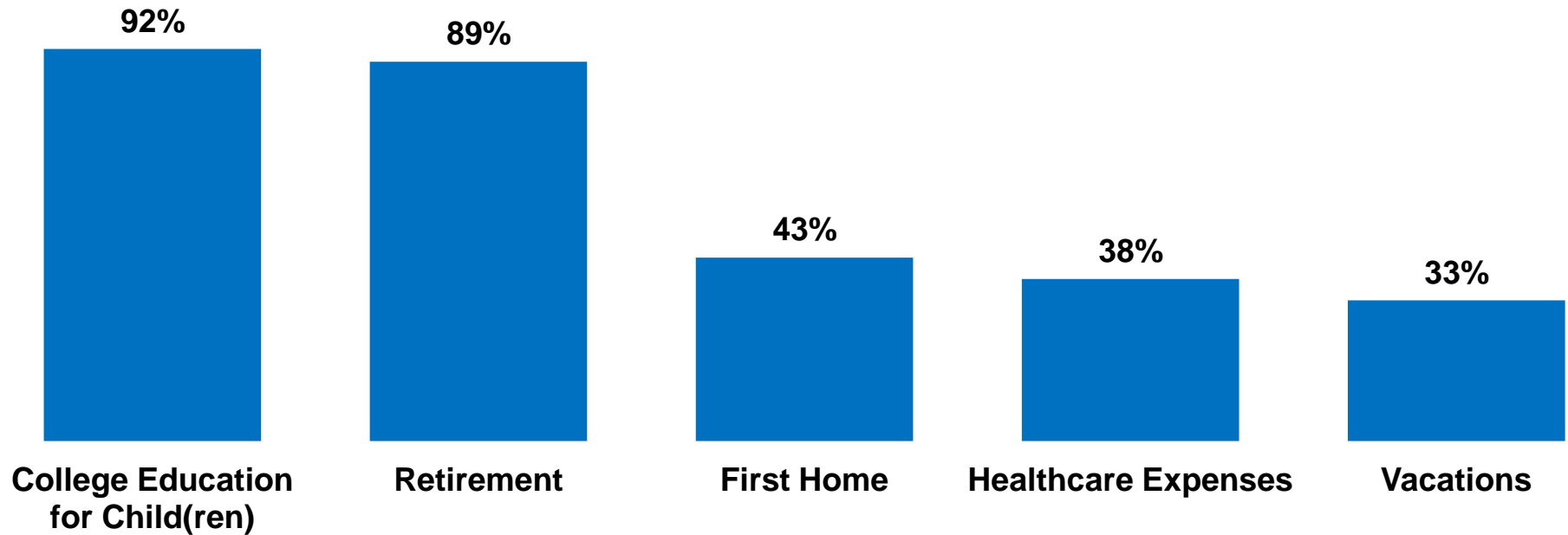
Cogent Research

Key College Savings Trends

- Saving for college is still important to parents. However, due to negative markets and portfolio losses, college is taking a back seat to retirement savings.
- Investors have become increasingly conservative with their portfolios due to both market and job-related losses.
- There is less disposable income and discretionary investable assets resulting in lower usage of college savings plans; however, allocations among existing users has remained static.
- Advisors continue to play an important role in educating and encouraging parents to save for college, but other emerging advisor channels can play an increasing role.
- Investors are using alternative social media channels to learn about personal finance and college savings alternatives.

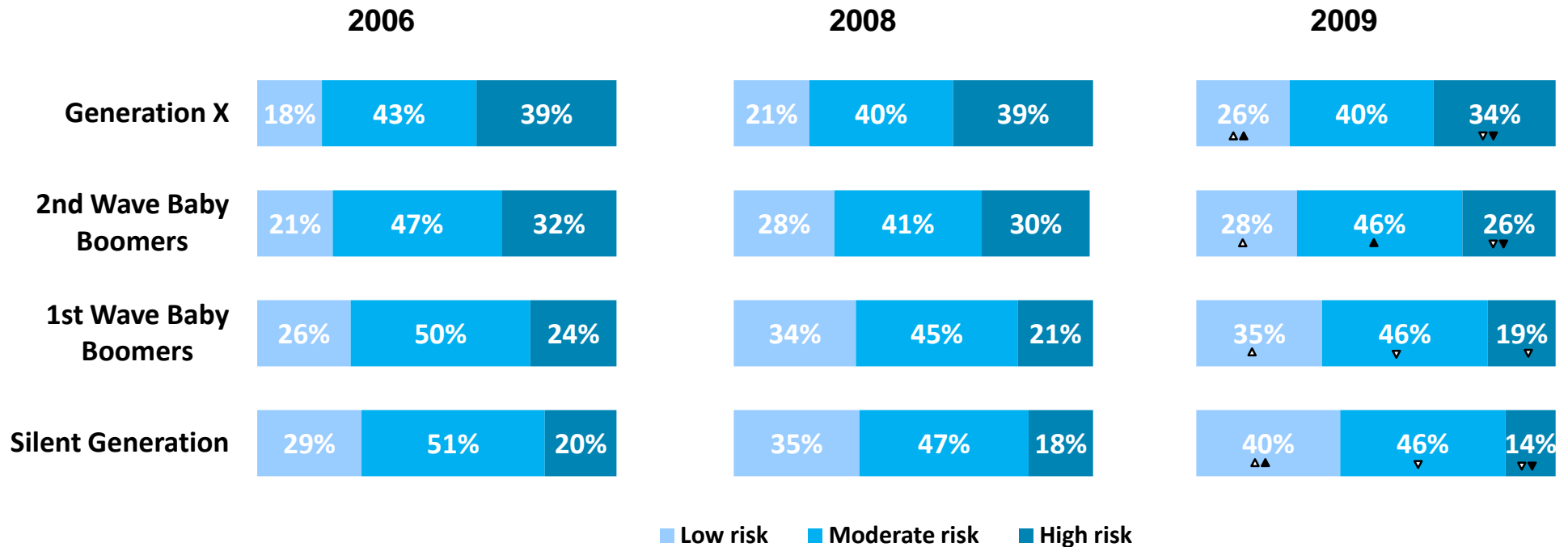
College Savings Is Still Very Important To Parents

IMPORTANCE OF SAVING FOR THE FOLLOW ITEMS OR EVENTS (% VERY/SOMEWHAT IMPORTANT)



Portfolio Losses Have Resulted In Lower Risk Appetite

INVESTOR RISK TOLERANCE BY GENERATION (% OF ASSETS)



**On A Cumulative Basis, Stock Investors Lost 0.5% In The Last Decade.,
The Worst Decade Performance Ever (Note, Stocks Lost 0.2% In The 1930s)***

▲/▼ = Significant change 2006 to 2009

▲/▼ = Significant change 2008 to 2009

Source: Cogent Research: 2010 Investor Brandscape; * WSJ; Yale International Center for Finance Database of New York Stock Exchange and Ibbotson

Investors Have Been Migrating To “Safer” Products

AVERAGE ALLOCATION OF INVESTABLE ASSETS

Product	Average Allocation			Change '08 to '09
	2006	2008	2009	
Mutual funds	52.69	40.02	34.07 ▽▽	-5.95
Individual stocks	17.22	21.09	20.58 ▲	-0.51
Individual bonds	4.39	6.95	6.45 ▲	-0.5
Cash	9.77	10.71	12.77 ▲▲	+2.06
CDs	5.00	8.04	8.86 ▲▲	+0.82
Annuities	6.05	5.96	9.65 ▲▲	+3.69
SMAs	2.83	2.77	2.08 ▽▽	-0.69
ETFs	0.76	1.33	1.65 ▲	+0.32
Hedge funds	0.24	0.36	0.54 ▲▲	+0.18
Other	1.04	2.78	2.65 ▲	-0.13

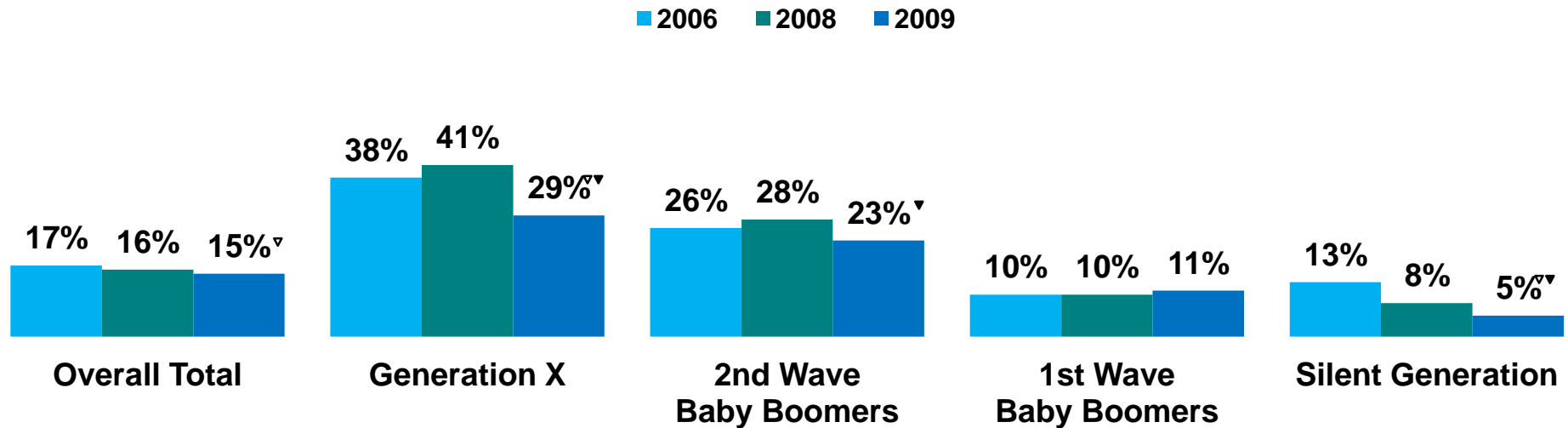
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Source: Cogent Research: 2010 Investor Brandscape

Allocation To College Savings Plans Is Flat, But Usage Is Declining

OWNERSHIP AND ALLOCATION OF COLLEGE SAVINGS PLANS BY GENERATION



'06 allocation:	9.86	9.26	7.18	8.55
'08 allocation:	9.62	9.44	7.59	7.95
'09 allocation:	10.69	8.86	7.37	5.64

Note, Usage Increases When Parents Have College Degrees

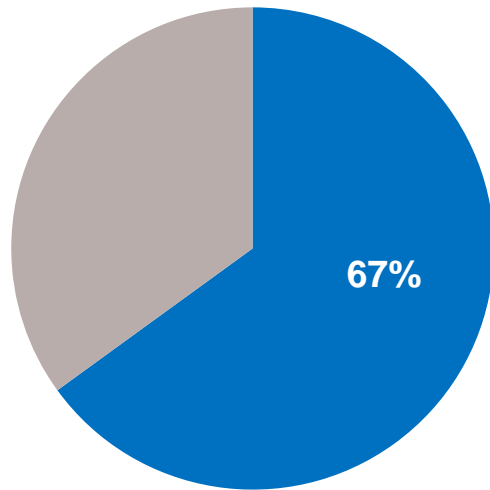
Δ/▽ = Significant change 2006 to 2009

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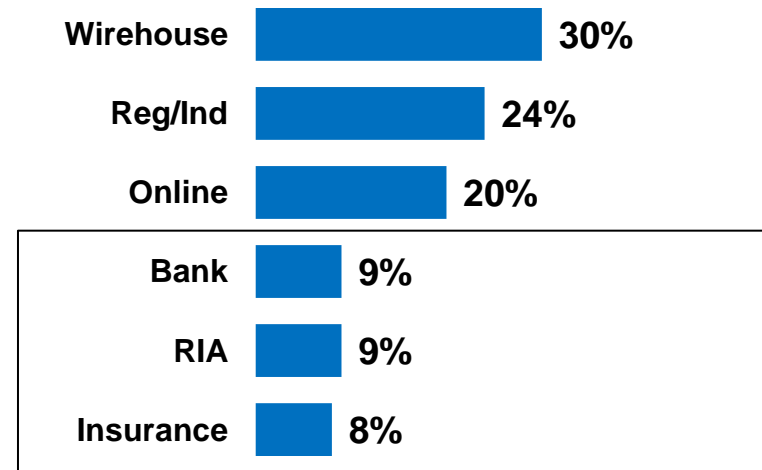
Source: Cogent Research: 2010 Investor Brandscape

Advisors Play A Key Role In Advocating College Savings

% OF ADVISED INVESTORS WHO OWN COLLEGE SAVINGS PLAN

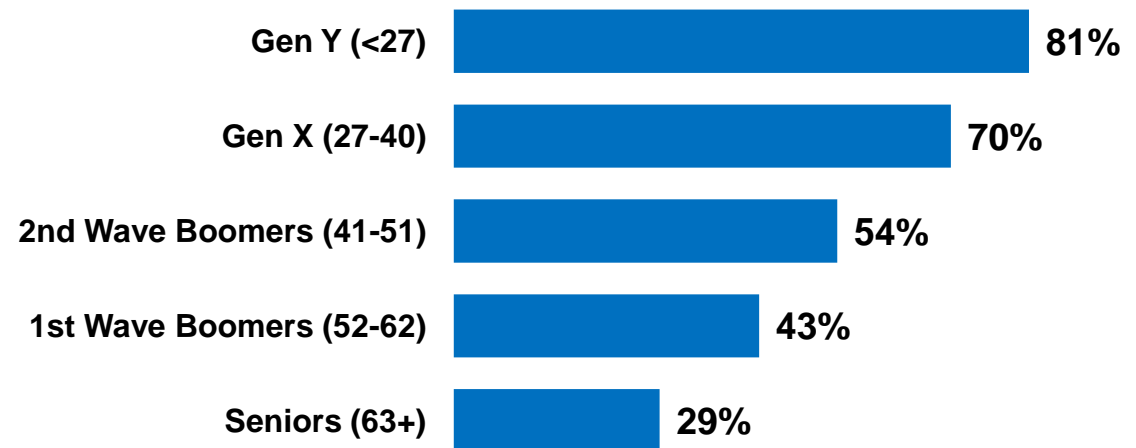
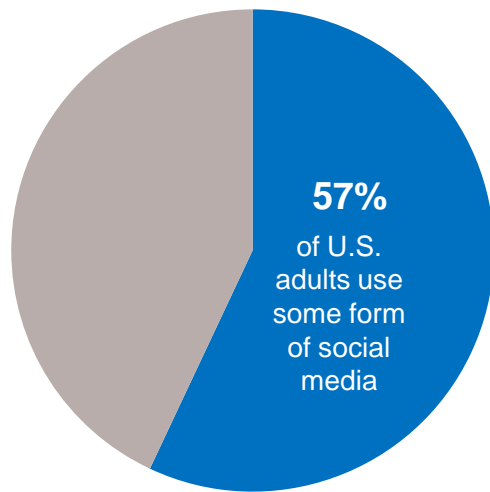


PRIMARY ADVISOR CHANNEL AFFILIATION

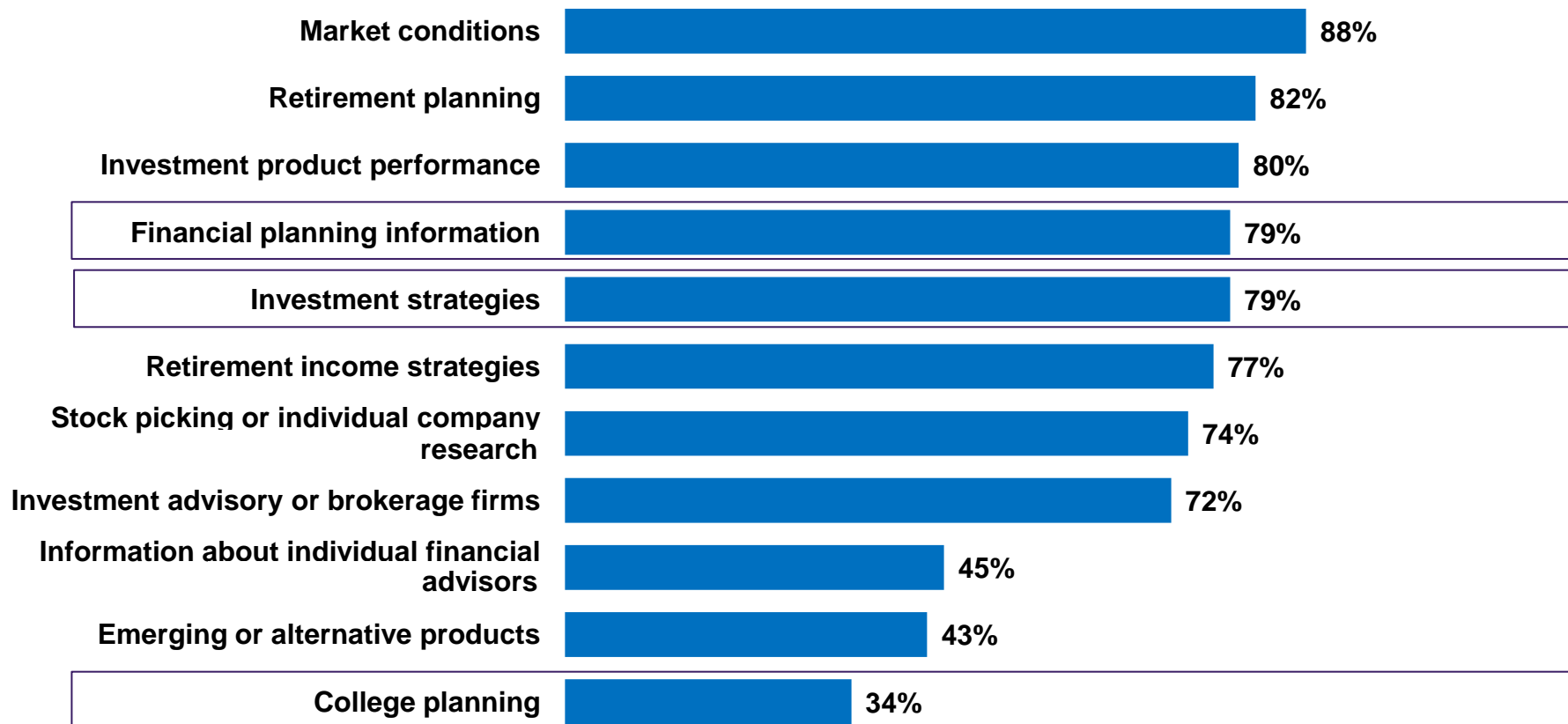


More Than Half Of All Americans Are Actively Using Some Form Of Social Media...

SOCIAL MEDIA PENETRATION

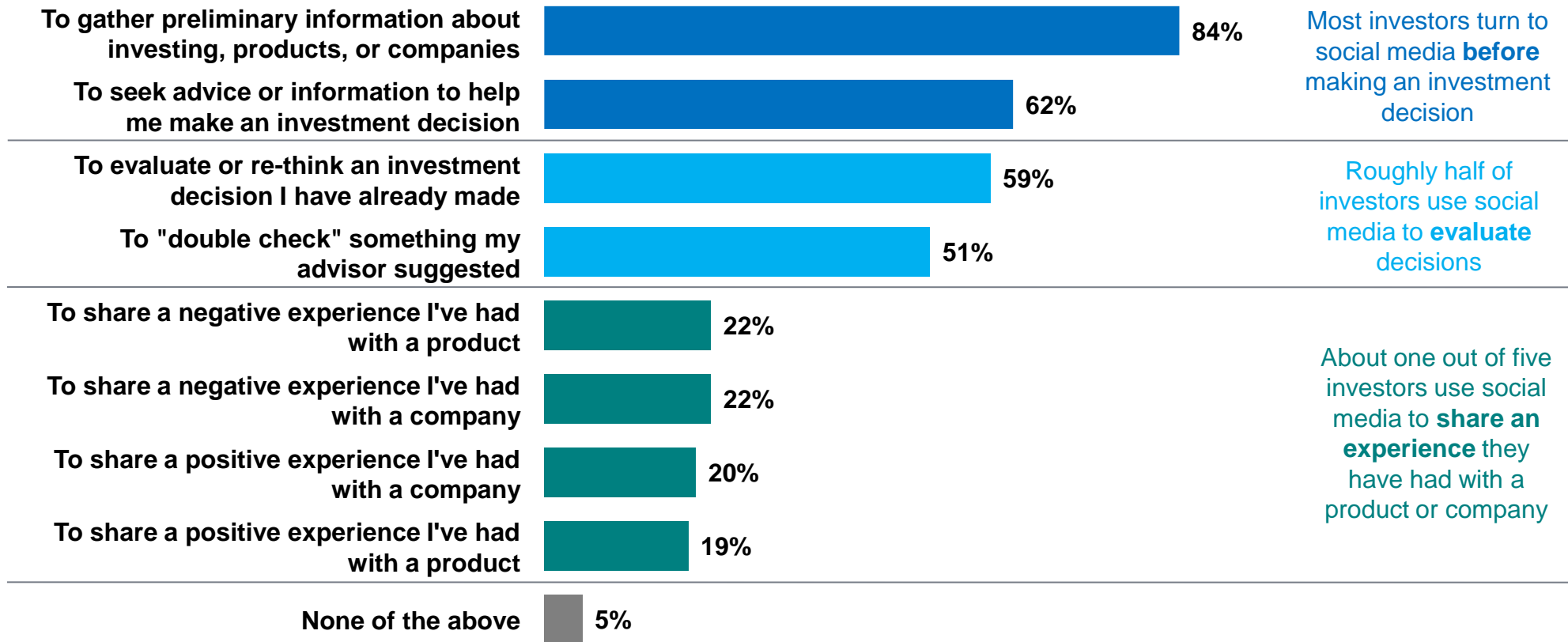


SOCIAL MEDIA TOPICS OF EXPLORATION



...And Are Using Social Media To Make Investment Decisions And To Share Experiences About Products And Providers

PURPOSE OF SOCIAL MEDIA EXPLORATION



- Parents need convincing that a little savings can go a long way. Now is not the time to scare parents with the \$250K college price tag.
- State sponsors and providers need to consider modifying investment options to reflect the more conservative nature of consumers.
- Encourage consumers to stay the course and avoid the distractions and “noise” that inspire short-term decisions, but long-term negative college savings consequences.
- Providers need to investigate lack of college savings plan usage in the RIA, bank, and insurance channels; need to increase outreach/education to these advisors.
- State and plan providers need to use social media channels as a source of creating awareness and excitement about college savings.

Thank You/ Q & A



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