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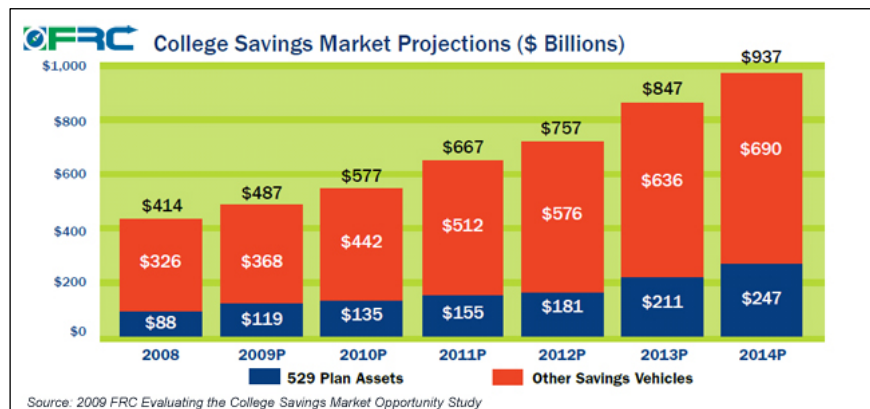
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Growing Opportunities for 529s in the College Savings Market

A unique study of consumer, financial advisor, and program manager preferences for college savings plans

Boston, MA – January 12, 2010 – Financial Research Corporation (FRC) projects that the college savings market will more than double in size over the next five years, approaching \$1 trillion by 2014 according to their latest college savings market study entitled *Evaluating*



the College Savings Market Opportunity. In this first-of-its-kind college savings study, FRC tracks and evaluates market size and trends in the college savings market, as well as provides a unique assessment of the 529 plan and broader college savings market from the perspective of three distinct groups—the consumer, financial advisor, and program manager. The study offers unique insights into each of these groups’ perceptions and preferences, motivating factors and other key considerations that are shaping their views of college savings plans now and in the future.

Findings are based on data collected from three FRC surveys—a nationally representative group of consumers, financial advisors, and program managers—as well as extensive personal interviews FRC conducted with dozens of industry executives, state agencies, and advocacy groups. Key discussion topics included: platform construction, competitive positioning, distribution structures, marketing programs, employer-sponsored plans, legislative activities, and other timely issues.

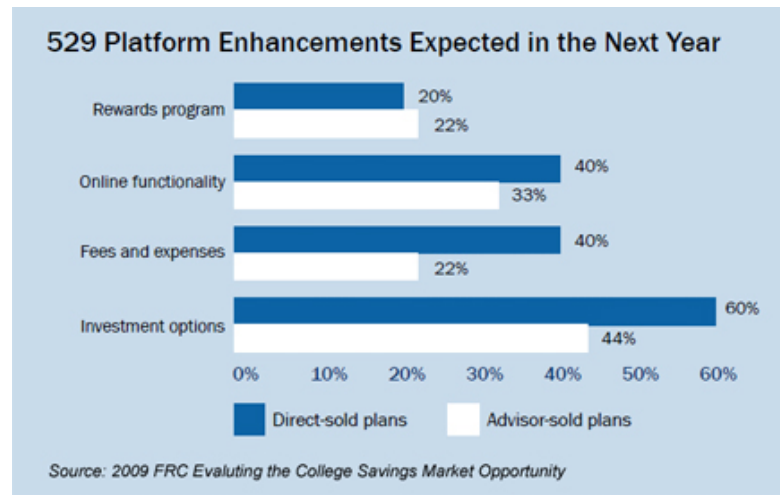
“We expect to see 529 savings plans represent \$247 billion of the overall \$937 billion in college savings plan assets by 2014,” stated Bridget Bearden, study author and college savings research analyst at FRC. “When comparing the size of the college savings market relative to the moderate

penetration of 529 plans, it is clear that this product has further opportunity for expansion. And in order for program managers to capitalize on this opportunity they must truly understand their target market, offer the right product features, and distribute their product effectively.”

Sample findings include:

The Right Product Features—

“Two trends taking off right now in the 529 world are lowering the all-in cost of the plan for investors and adding ultra-conservative investment options, even bank products, to the platform,” stated Bearden. “We expect these trends to last several years and to have significant appeal to fee-sensitive and risk-averse consumers.”



Profiles of 529 Consumers—The majority of families saving for college via 529 plans have annual household incomes between \$75,000-\$150,000. “To provide a comprehensive understanding of the factors driving sales trends, we also evaluated other financial and behavioral attributes that are not only enabling these families financially, but also attracting them to 529 plans,” stated Bearden.

Distribution of 529 Plans—40% of advisor-influenced 529 account owners are enrolling in direct-plans, bypassing traditional advisor-sold plans. “Our financial advisor and program manager survey results revealed a significant disconnect in the value wholesalers deliver in the college savings arena,” stated Bearden. “We believe this challenge can be overcome by taking different approaches, such as focusing on the cost-sensitivity of savers.”

For more information on this FRC research report or to schedule an interview with the research author, please contact Jill Totenberg at (212) 994-7363, cell (917) 697-6900, or via e-mail jt@totenberggroup.com.

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About Financial Research Corporation (FRC)

FRC provides the knowledge to build stronger relationships through product development and management, distribution solutions, and marketing strategies. For more than 20 years, our insightful research and consulting services have been assisting marketing, product development, and strategic planning professionals in the creation of innovative products and services. Based in Boston, FRC is at the forefront of assisting its clients to comprehend and respond to the rapid changes occurring in the manufacturing and distribution of investment products. Our more than 200 clients include the world’s leading asset managers and distributors. For more information, visit the FRC Web site at www.frcnet.com.