



3RD ANNUAL COLLEGE SAVINGS INDICATOR CALIFORNIA SUMMARY OF KEY FINDINGS

College Savings Indicator

- Fidelity and ScholarShare's 3rd Annual College Savings Indicator* shows that overall, the typical California family is on track to meet 25% of college costs (including tuition, fees and room & board).

** The Indicator represents the percentage of projected college costs that the typical California family is on track to cover based on their current and expected savings.*

After a Tough Year, Parents Are Facing a New Reality

- In this economy with rising unemployment, more parents than ever (82% in 2009 vs. 75% in 2008) realize that having a college education is a minimum requirement for a decent job, yet costs for that education in California continue to rise at 5.8%¹ a year.
- Despite the challenges, 64% of parents have started saving vs. 58% last year with specific increases in dedicated college savings accounts (35% in 2009 vs. 30% in 2008) and non-dedicated savings accounts with earmarked funds for college (36% in 2009 vs. 28% in 2008).
 - In fact, parents utilizing a tax-advantaged 529 college savings plan, are on track to cover 54% of their children's college education expenses, which is more than double the preparedness level of parents nationwide.
- For those parents planning to take a student loan to help supplement savings, only 48% (down from 65% in 2008) believe they will be able to get the full amount they will need
- Twenty-one percent of parents expect that they or their spouses will get a second job to help offset costs, or have a non-working spouse return to work (20% up from 15% in 2008).
- These findings may be the reason for drastic measures that are starting to escalate in this year's study:
 - 44% of parents believe they will have to delay retirement and work longer in order to help pay for a child's education – vs. 34% in 2008
 - 14% of parents with high school aged children have decreased the amount they are saving for retirement (up from 11% in 2008 and 6% in 2007)
- Fifty-four percent of parents plan to have their child live at home and commute to college, which is up from 48% in 2008 and 47% in 2007.
- With school costs estimated at \$124,400² nationally for today's seniors, nearly seven in 10 California parents (68%) are overwhelmed when it comes to saving for college.

¹ Calculation based on data in the College Board's Trends in College Pricing 2008 report

² Calculation based on data in the College Board's Trends in College Pricing 2008 report

Guidance and Education Can Help Parents Reach Their Goals

- The majority of California parents with advisors (69%) received guidance on paying for college in the current market environment, including adjusting investment strategies (38%), using rewards programs to boost savings (29%) and exploring supplemental funding sources (26%).
- Fifty-three percent of parents who don't currently use an advisor wished they could get assistance on their financial decisions, with top three areas including the financial aid process (31%), grant process (28%) and strategies for efficient college savings (22%).
- Sixty-four percent of parents who use an advisor think they are closer to achieving their goal as a result.
- Fifty-five percent of those parents who have a 529 account purchased it through an advisor, with 67% proactively asking the advisor about a 529 plan.

High School Seniors Nationally Willing to Share Burden of Cost

Most students (90%) believe they should help pay for at least some college expenses, which is more than the 76% of parents who agree that children should share responsibility for college costs.

- Students expected to help their parents with the following income sources – 42% savings and 76% working at school
- As well, 69% expect to receive scholarships, 59% grants, and 57% loans they will pay back
- Of those students expecting to take loans:
 - 48% say they will pay the entire loan back themselves, while only 20% of parents say the student is fully responsible
 - 17% say their parents will pay most of the loan, but 24% of parents are making the same statement
 - 25% of seniors say they will pay most of the loan, vs. 39% of parents who answered similarly
- High school seniors nationally are making a plan with parents to meet costs including 38% taking advanced placement classes in high school to finish college in less time, 38% starting college at a less expensive school and transferring to complete a degree, 71% working during college and over summers. Additionally:
 - 73% of students are selecting their colleges based on Cost – followed by Location (68%), Specific Major/Area of Study (60%) and Receiving Scholarship/Grant/Financial Aid (54%)
 - More than half (55%) say their parents limited them to or encouraged them to choose a school based on what the family could afford
 - As well, students also discussed with parents some more radical ways to fund college, such as delaying college to save more (9%) and going to school abroad to take advantage of lower fees (7%)

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 2,300 parents nationwide with children aged 18 and younger who are expected to attend college; with household incomes of \$30,000 a year or more; and are the financial decision makers in their household. A separate survey was conducted with 400 students planning to enter college in the fall of 2009. College costs are sourced from the College Board's Trends in College Pricing 2008. Future assets per household are computed by Strategic Advisors, 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.

###

Please carefully consider each 529 College Savings Plan's investment objectives, risks, charges and expenses before investing. For this and other information regarding Fidelity managed 529 Plans, call or write to Fidelity or visit fidelity.com for a free Fact Kit or request a free Offering Statement from your advisor or through advisor.fidelity.com. Read it carefully before you invest or send money.

Neither the principal deposited nor the investment return is guaranteed by the State of California, the ScholarShare Investment Board, Fidelity Investments or any affiliate thereof, or the federal government or any agency thereof.

The ScholarShare Advisor College Savings Plan is offered by the ScholarShare Investment Board, an agency of the State of California, and managed by Fidelity Investments.

If you or the designated beneficiary are not a resident of the state sponsoring the 529 college savings plan, you may want to consider, before investing, whether your home state or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

Units of the Portfolios are municipal securities and may be subject to market volatility and fluctuation.

Fidelity, Fidelity Investments, and the Fidelity Investments & Pyramid Design logo are registered service marks of FMR LLC.

Research Data Technology, an independent research firm and not affiliated with Fidelity Investments

Fidelity Brokerage Services LLC, Member NYSE, SIPC
300 Puritan Way, Marlborough, MA 01752

Fidelity Investments Institutional Services Company, Inc.
82 Devonshire Street, Boston, MA 02109

531883.1.0