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2004 NATIONWIDE COLLEGE SAVINGS SURVEY¹ HIGHLIGHTS OF FINDINGS

Fidelity's **Family In-“Tuition”** national study was designed to better understand parents' and teenagers' behavior, expectations and concerns on the topic of paying for college.

Teen Responsibility in Paying for College

- Virtually all teenagers (95 percent) feel an obligation to shoulder some of the financial burden of their college education, with three-quarters (74 percent) thinking that their parents should only pay half or less.
- The top three reasons why teenagers feel they should be responsible for some of the cost of their college education are: 1) They have a responsibility to help pay (81 percent); 2) If their parents can pay back student loans, so can they (60 percent); and 3) They would feel badly having their parents pay for all of it (59 percent).

Teen Awareness about Paying for College

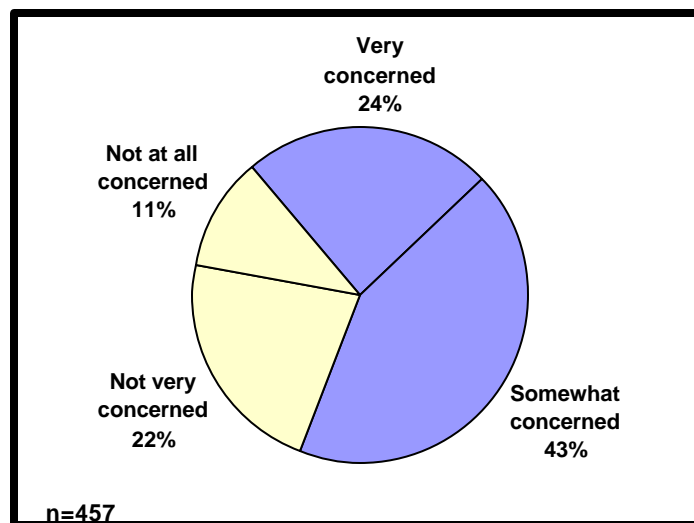
- When asked if they know approximately how much their college education will cost, the majority of teens (64 percent) answer “not really” or “have no idea.”
- One-third (32 percent) of teens have “never” or “maybe once” discussed the topic of how they are going to pay for college with their parents.

Teen Concerns about Paying for College

- Two-thirds of teens (67 percent) are “somewhat” or “very concerned” about not having enough money to pay for college.
- Almost half of teens (46 percent) say they will not be able to go to college if their parents do not pay for most or all of the cost of their college education.
- The top three concerns teens have about being able to pay for college are: 1) Can only go part-time because they have to work to help pay for it (29 percent); 2) Can only apply to schools with tuition rates below a certain amount (26 percent); and 3) Can't go to their top choice school (23 percent).

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How concerned are you, if at all, about having enough money to pay for college?



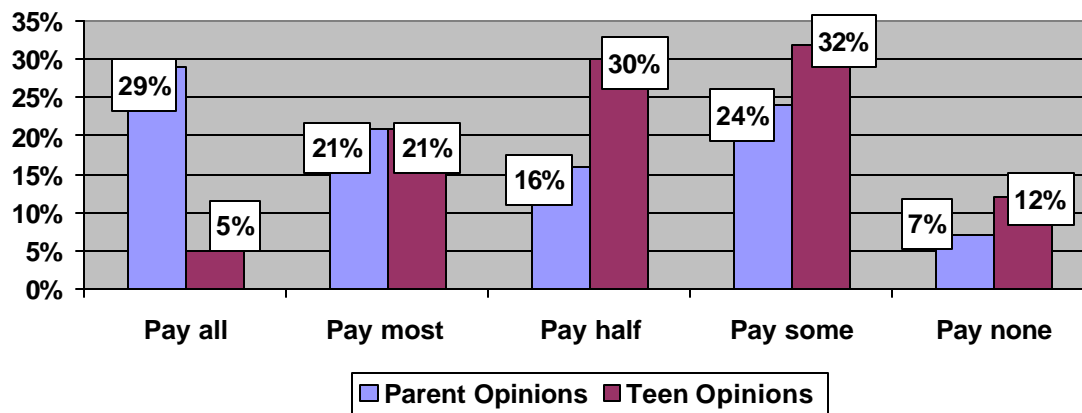
Teen Plans for Paying for College

- For teens who plan to pay some or all of the cost of their college education, the top three ways they expect to pay include: 1) Working while in school (69 percent); 2) Using savings they have collected over the years (64 percent); and 3) Academic scholarships (62 percent).
- Attending college part-time is another strategy teens plan to adopt in order to afford their college education. More than one-quarter (29 percent) of teens planning to attend college will enroll in school only part-time, so that they can work to pay college expenses.
- Three out of four (75 percent) of teens planning to attend college have already begun saving for their college education: the average age at which they started saving for their own college education was 12 years old.
- Despite good intentions, teens place a higher priority on saving toward a big purchase such as a car, than on saving for their college education. If handed \$500, over half of teens (58 percent) would save some or all of the money toward a big purchase, like a car, while slightly less than half (47 percent) would save some or all of it toward college.

Parents' Willingness to Pay for their Teen's College Education

- Under ideal circumstances, 93 percent of parents would help pay for their teen's college education. In fact, half of parents would be willing to pay for all or most of the cost.
 - In comparison, teens are expecting far less from their parents, with only one-quarter thinking their parents *should* pay for all or most of the cost of their college education.

How much parents would ideally pay for college vs. how much teens think their parents should pay:



- The top three reasons why parents would cover all or most of the cost of their teen’s college education are: 1) They want their child to focus solely on their studies (80 percent); 2) They don’t want their child burdened with debt upon college graduation (61 percent); and 3) Their parents paid for their college education, so they want to do the same for their children (32 percent).
 - Teens who think their parents should pay all or most of their college education costs feel it is something they have earned through hard work in high school.
- The small minority (7 percent) of parents who would *not* contribute toward their teen’s college education under any circumstances believe that their child would try harder in college if made to pay for it.

Parents’ Ability to Pay for their Teen’s College Education

- The vast majority of parents (89 percent) anticipate being able to at least pay for some of their child’s college education, with nearly half (48 percent) saying they plan to cover all or most.
- Two-thirds (67 percent) of parents do not anticipate being able to contribute as much toward the cost of their teen’s college education as they would like.

Reasons cited by parents who cannot afford the ideal amount for teen's college	% of parents
Have other children to send to college	29%
Didn't have the extra money to save	17%
Tuition is too high at teen's school of choice	16%
Didn't start saving early enough	14%
Must also save for retirement	13%

- The top three outside sources parents expect to help them pay for their child's college education are: 1) Scholarships (79 percent); 2) Student loans (61 percent); and 3) Financial aid (61 percent).

Parents' Saving Behavior and Strategies

- While the vast majority of parents have begun saving for their child's college education (87 percent), only one-third (34 percent) who save for college are utilizing a tax-advantaged investment vehicle such as a 529 Plan, up from 23 percent in 1999.
- There is a four year gap between when parents think they *should* start saving for their child's college education, and when they actually *do* begin saving. On average, parents think about saving for college before the child is two years old—in reality they actually start saving when the child is almost six.

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ⁱ Fidelity Investments survey conducted by Opinion Research Corporation with 477 college-bound teens (aged 14-17 yrs.) and 376 parents of college-bound teens with household incomes of \$35K or more. Teens were surveyed from May 20 to May 30 and parents from May 27 to June 20, 2004. The maximum margin of error for both surveys is +/-5% at the 95% confidence level.