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**FIDELITY® COLLEGE SAVINGS SURVEY FINDS TOUGH ECONOMIC CONDITIONS  
FORCING FAMILIES TO MAKE TRADE-OFFS TO MEET COLLEGE COSTS**

*Parents With High School Age Students Are Projected to Meet Only 11 Percent  
of Future College Costs – But High School Seniors Are Ready to Carry Some of the Burden*

BOSTON, Sept. 17, 2009 – Fidelity Investments® today announced the results of its third annual College Savings Indicator study, which calculates how prepared parents are to pay for future college costs.

This year's study found that more parents of college bound children, aged 18 and younger, have started saving and are better utilizing tax-advantaged savings accounts such as 529 plans, but the challenging economic environment of the past year has impacted overall savings levels. Parents of children in high school, in particular, are now facing tough college funding decisions, with this year's Indicator number revealing that they can cover only 11 percent of the total cost of their children's college education, down from 15 percent in 2008. This is a concern as the cost of a college education continues to rise at 5.8 percent<sup>1</sup> a year, totaling an estimated \$124,400 for today's high school seniors<sup>2</sup>.

As unemployment levels rise, most parents with children in high school (79 percent) agree that having a college education is a minimum requirement today for a good job. In fact, according to the Bureau of Labor Statistics, in August 2009, the unemployment rate for Americans with a high school education only was 9.7 percent, roughly double the 4.7 percent unemployment rate for those with a college degree.

"The economic events of the last year have been eye-opening for parents and their children, highlighting the importance of families establishing college savings goals early and investing regularly in tax-advantaged accounts, such as a 529 plan," said Joe Ciccariello, vice president of college planning, Fidelity Personal and Workplace Investing. "A college degree in these job markets can be a critical differentiator, which is why parents and children are working together to find creative solutions to increase their savings and lower costs."

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<sup>1</sup> Based on a straight average of the increase in tuition and fees at public and private four year colleges as reported in the College Board's report *Trends in College Pricing: 2008*.

<sup>2</sup> Fidelity calculation based on the *Trends in College Pricing: 2008*, College Board's estimated total costs for an average 4-year college (private and public) beginning school year 2009-10.

### **Improvements in Savings Efforts, But Fewer Loans Spur Tough Decisions**

Fidelity's study found that parents with children aged 18 and younger are making progress in their savings behaviors. In fact, 63 percent have already started saving for college costs vs. 60 percent last year. These parents are on track to cover an estimated 18 percent of their children's projected future college expenses, a slight decline from last year's Indicator number of 21 percent.

Parents utilizing a 529 plan have a significantly higher Indicator number, currently projected to cover 36 percent of their children's future college costs. The study also shows that more parents are using dedicated savings accounts, including 529 plans (32 percent in 2009 vs. 30 percent in 2008) and non-dedicated savings accounts with funds earmarked for college (28 percent in 2009 vs. 23 percent in 2008).

Yet, even with these savings improvements, fewer parents feel confident they will be able to secure a student loan for the full, remaining amount needed to help pay for their child's education (43 percent in 2009 vs. 68 percent in 2008). As a result, many are exploring ways to earn more income and control expected college costs. Fidelity's study showed:

- Seventeen percent of parents with children, 18 years old and younger, plan to have a non-working spouse return to work (up from 13 percent in 2008)
- Seventeen percent plan to have themselves or a spouse take on a second job
- Fewer parents expect their kids to attend a private school (8 percent in 2009 vs. 11 percent in 2008)
- More parents plan to have their child live at home and commute (50 percent in 2009 vs. 44 percent in 2008 and 38 percent in 2007)

Additionally, Fidelity's study found that 43 percent of parents (up from 35 percent in 2008) say they will have to delay retirement in order to help pay for a child's education. Among parents with high school aged children, the study found more have decreased the amount they are saving for retirement (15 percent in 2009 vs. 10 percent in 2008) to cover college costs.

### **Graduating Seniors Willing To Help Shoulder Costs**

In addition to surveying parents, Fidelity also reached out to high school seniors of the Class of 2009 to better understand their attitudes and possible involvement in paying for college expenses.

High school seniors overwhelmingly (90 percent) believe they should help pay for at least some college costs, and discussed many strategies to cut or control expenses. Key findings included:

- High school seniors said they expect to help their parents pay for college with two main income sources – their own savings (42 percent) and working while in school (76 percent).
- To cut down on college costs, high school seniors report having discussed with their parents: taking advanced placement classes in high school to finish college in less time (36 percent) and starting college at a less expensive school and transferring to complete a degree (36 percent).
- Seniors also heavily factored cost into the selection of a college. In fact, nearly three-fourths of seniors surveyed (73 percent) said they were selecting their preferred colleges based on cost, followed by location (68 percent) and specific areas of study (60 percent).
- Students also discussed with parents more radical ways to fund college such as delaying college to save more (8 percent) and going to school abroad to take advantage of lower fees (7 percent).

### **Advisors Providing Guidance and Education to Help Parents Reach Goals**

Fidelity found that parents who work with financial advisors report having received specific college-savings guidance on how to pay for college in the current market environment (62 percent), including: adjusting investment strategies (32 percent), exploring supplemental funding sources (25 percent) and using rewards programs to boost savings (27 percent).

Yet many of these parents (58 percent) who use an advisor wish they could get more assistance on their college-related financial decisions, with the top three areas of need being the grant process (22 percent), financial aid process (19 percent), and strategies for efficient college savings (18 percent).

“This year, more than ever, our research demonstrates the valuable role that advisors play in providing guidance around college savings, especially in tight economic times,” said Jeff Troutman, vice president of college planning, Fidelity Investments Institutional Services Company. “It also highlights an even larger opportunity for advisors to offer holistic college planning advice – not just in savings, but also in securing different types of financial aid.”

### Fidelity College Savings Resources for All Parents

With September being College Savings Month, Fidelity invites parents to visit its College Planning Web Portal ([www.fidelity.com/college](http://www.fidelity.com/college)) for information on college savings options, tools and calculators to make more informed college planning decisions. The site features the following:

- *College Savings Evaluator* – Helps parents establish their college savings priorities, and provides guidance on what savings vehicle may be right for them
- *529 Plan Comparison Tool* – Conducts a side-by-side review of the features and benefits of hundreds of college savings plans
- *529 State Tax Deduction Calculator* – Helps investors determine the tax advantages of investing in the 529 plan offered in their home state<sup>3</sup>.

Fidelity not only offers this complimentary financial guidance online, but also through dedicated college planning phone representatives and educational seminars at the firm's 131 Investor Centers across the country.

Fidelity also provides 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. By incorporating college savings into a broader financial planning interaction, advisors can strengthen client relationships. For more information about Fidelity's 529 resources, advisors can visit <https://advisor.fidelity.com/529> or call Fidelity at 1-800-544-9999.

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<sup>3</sup> The 529 Comparison tool and the 529 State Tax Deduction Calculator are maintained by an independent entity not affiliated with Fidelity Investments.

### **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 interview 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.

### **About Fidelity Investments**

Fidelity Investments is one of the world's largest providers of financial services, with assets under administration of \$3.0 trillion, including managed assets of more than \$1.4 trillion as of August 31, 2009. Fidelity offers investment management, retirement planning, brokerage, and human resources and benefits outsourcing services to over 20 million individuals and institutions as well as through 5,000 financial intermediary firms. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, the largest mutual fund supermarket and a leading online brokerage firm. For more information about Fidelity Investments, visit [www.fidelity.com](http://www.fidelity.com).

### **About Fidelity Investments Institutional Services**

Fidelity Investments Institutional Services Company provides investment management services through investment professionals at financial institutions nationwide, including wirehouses, regional and independent broker/dealers, banks, trust companies and insurance companies. The company offers Fidelity Advisor Funds®, Variable Insurance Product (VIP) Portfolios, institutional money market funds and a comprehensive line of retirement products and services, including the Fidelity Advisor 401(k). For more information, advisors may visit <https://advisor.fidelity.com>.

As of August 31, 2009, Fidelity Investments manages nearly \$14 billion in assets and more than 987,000 accounts across seven state-sponsored 529 Plans, all open to residents of any state. 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 California, Massachusetts, New Hampshire, 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.

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

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