

# Coalition of Mutual Fund Investors: Comparison of Investor Fees and Costs in Section 529 College Savings Plans

## A. Introduction

The Coalition of Mutual Fund Investors (“CMFI”) conducted an evaluation of investor fees and costs for 31 different college savings plans, established by state agencies under the authority of Section 529 of the Internal Revenue Code.<sup>1</sup> Section 529 permits investors to purchase mutual funds through qualified state tuition plans in a tax-favored manner, in order to help investors save for the payment of future college expenses.

CMFI’s study compared the fees and costs of making mutual fund investments in a state 529 plan directly, with the fees and costs of making mutual fund investments in a state 529 plan through a financial intermediary, such as a broker-dealer or financial advisor.

The CMFI study concluded that the fees and costs of investing in state 529 plans through a financial intermediary are, on average, more than twice as expensive as the fees and costs of investing in state 529 plans directly.

## B. Background and Methodology

Section 529 plans are established and maintained by individual state agencies, typically through the creation of an investment trust. While a number of states offer pre-paid tuition plans for residents seeking to send a student to a state college or university, the majority of state 529 plans encourage investors (including non-residents) to contribute to an investment account for the purpose of saving for anticipated college expenses, on behalf of a designated beneficiary.<sup>2</sup>

Investors in a state 529 program typically can choose between one of two plan options. The first option permits investors to purchase mutual fund shares directly, without the use of a broker-dealer, financial advisor, or other intermediary. These plans are called “direct-sold” plans. The second option permits investors to purchase mutual fund shares through a broker-dealer, financial advisor, or other intermediary. These plans are called “advisor-sold” plans.

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<sup>1</sup> The 31 college savings plans evaluated in this study include plans by 30 different states and a plan established by the District of Columbia, which is a federal district.

<sup>2</sup> Under Internal Revenue Service guidance, qualified higher education expenses include: tuition, fees, books, supplies, room, board, and equipment required for enrollment or attendance at an eligible educational institution. See Qualified Tuition Programs, Internal Revenue Service, 63 Fed. Reg. 45,019, at 45, 020 (Aug. 24, 1998).

This CMFI study compares the fees and costs for direct-sold plans with the fees and costs for advisor-sold plans, in 30 states and the District of Columbia.

This study relies solely on public information available through the disclosure documents provided to investors by each state 529 plan. This information is typically updated each year and is presented in a standardized form, as a result of a series of Disclosure Principles developed by the College Savings Plan Network (“CSPN”).<sup>3</sup>

The CSPN Disclosure Principles provide the following guidelines for disclosing fees and costs in both direct and advisor plans:

The Offering Materials should include a clear and concise description of the initial and on-going fees and costs associated with an investment in the Savings Plan, including whether fees are received by the State Issuer, by any private program manager or investment manager or by other private parties. ... The description should identify which fees are determined by the amount invested and which fees are the same regardless of the account size and should disclose the total fees payable. ... The description of fees and costs should include a fee and cost table.<sup>4</sup>

Under this standardized disclosure regime, investor fees and costs for each portfolio offered in a state 529 plan are disclosed on a percentage of assets basis, in a similar manner to a mutual fund’s expense ratio. The costs are broken out into investment management fees, other fund fees, state plan fees, and sales and distribution charges.

There is also a separate calculation of investment costs for each portfolio that assumes a \$10,000 investment over a period of time, with a 5% annual return. Each investment portfolio has to disclose the cost to an investor of all expenses, including initial sales charges and any annual account maintenance fees, over a 1, 3, 5, and 10 year period.<sup>5</sup>

Section C of this study summarizes the results of this comparison of fees and costs between direct-sold state plans and advisor-sold state plans. The total fees and costs for each of the 31 college savings plans evaluated are listed in the attached

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<sup>3</sup> See College Savings Plan Network, Disclosure Principles Statement No. 5, May 3, 2011, available at <http://www.collegesavings.org/includes/pdfs/CSPN%20Disclosure%20Principles%20Statement%20No%200%205.pdf>. The College Savings Plan Network is a professional and non-partisan organization established in 1991 as an affiliate to the National Association of State Treasurers. See [www.collegesavings.org](http://www.collegesavings.org).

<sup>4</sup> *Id.* at Section F.

<sup>5</sup> The disclosures in the fee tables for initial sales charges are the maximum amounts to be charged. Many mutual funds (and state plans) provide discounts for larger purchases, which may reduce or eliminate the initial sales charge, depending on the size of the investment in a particular fund or portfolio. Since many advisor-sold plans offer multiple share classes or units, this study evaluated the 10-year investor cost of Class A investments, including the maximum initial sales charge and, where appropriate, any annual account maintenance fee.

spreadsheet to this study document. A narrative description of each state plan—including information on investment options, fees, and costs—is presented in Section D of the study.

### C. Summary of Study Results

When the study data are evaluated on a state-by-state basis, the advisor-sold plans are significantly more expensive in almost every state plan. The advisor-sold plans charged an average of 1.18% in annual asset-based fees, compared with an average of 0.55% in annual asset-based fees charged by the direct-sold plans. Similarly, the advisor-sold plans had an average 10-year cost of \$1,944, compared to \$712 in 10-year investment costs for the direct-sold plans.

What follows is a more detailed summary of these differences in fees and costs:

1. **Average Annual Asset-Based Fees.** When evaluating annual asset-based fees—which include underlying fund expenses, program management fees, and state plan fees—the average annual asset-based fees for direct-sold plans ranged from 0.25% (New York) to 1.20% (District of Columbia), with an overall average for all 31 state plans of 0.55%. The average annual asset-based fees for advisor-sold plans ranged from 0.61% (Arkansas) to 1.44% (South Carolina), with an overall average for all 31 state plans of 1.18%.

Taken together, the average annual fees for advisor-sold plans were 2.15 times as expensive as the average annual fees for direct-sold plans.<sup>6</sup>

The substantial majority of advisor-sold plans also charge a separate annual account maintenance fee of between \$10 and \$50, a fee that is not typically being charged by the direct plans.<sup>7</sup>

Only 2 of 31 advisor-sold plans had average annual fees that were lower or equal to the fees charged by the same state’s direct-sold plan. These two plans are sponsored by Arkansas and the District of Columbia. In Arkansas, the average annual fees for the direct-sold plan totaled 0.75% and the average annual fees for the advisor-sold plan totaled 0.61%.<sup>8</sup> In the District of Columbia, the average annual fees for the direct-sold and the advisor-sold plans both totaled 1.20%.

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<sup>6</sup> This 2.15 multiple was calculated by dividing the average annual fees for advisor-sold plans (1.18%) by the average annual fees for direct-sold plans (0.55%). The annual fee multiples on a state-by-state basis ranged from 0.81 (Arkansas) to 5.68 (New York).

<sup>7</sup> The direct plans for Alaska, Illinois, New Mexico, South Carolina, and the District of Columbia charge an annual account maintenance fee of between \$10 and \$25. The remaining plans do not charge an annual account maintenance fee, or they waive any annual account maintenance fee for residents of that state. Many plans also waive annual account maintenance fees for large account balances, typically above \$25,000.

<sup>8</sup> The advisor-sold plan in Arkansas is the only plan in the U.S. that offers Exchange Traded Funds (“ETFs”) instead of traditional mutual funds. Many of these ETFs have a lower expense ratio than mutual funds, resulting in lower overall average annual fees.

2. **Investment Costs Over a 10-Year Period.** When evaluating total investment expenses—including initial sales charges and annual account maintenance fees—over a 10-year period, the 10-year cost of a \$10,000 investment (with an assumed annual return of 5%) for direct-sold plans ranged from an average of \$318 (New York) to \$1,585 (District of Columbia), with an overall average for all 31 state plans of \$712. The 10-year cost of a \$10,000 investment (with an assumed annual return of 5%) for Class A shares (or units) in advisor-sold plans ranged from an average of \$855 (Arkansas) to \$2,566 (Arizona), with an overall average of \$1,944.<sup>9</sup>

Taken together, the average costs for advisor-sold plans were 2.73 times higher than the average costs for direct-sold plans, over a 10-year period.<sup>10</sup>

#### D. Description of the Study Results

What follows is a state-by-state narrative for each state plan, in alphabetical order, describing investment options, fees, and costs. For each state, a direct-sold plan is referred to as a “direct plan,” and an advisor-sold plan is referred to as an “advisor plan.”

1. **Alabama.** The Alabama direct plan offers 40 different portfolios, with total annual fees ranging from 0.31% to 1.20%.<sup>11</sup> The average annual fee for these 40 portfolios is 0.41%.

The Alabama advisor plan offers 40 portfolios in several different share classes, with total annual fees ranging from 0.44% to 1.77%.<sup>12</sup> For the Fee Structure A shares, the average annual fee is 1.19%. In addition, the substantial majority of Fee Structure A shares are subject to a maximum initial sales charge of 3.50%, plus an annual account maintenance fee of \$12.<sup>13</sup>

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<sup>9</sup> Class A shares or units have an initial sales charge instead of a higher asset-based fee. In order to standardize the methodology for this study, CMFI evaluated the 10-year investment costs for Class A shares or units within each advisor plan.

<sup>10</sup> This 2.73 multiple was calculated by dividing the average 10-year cost for advisor-sold plans (\$1,944) by the average 10-year cost for direct-sold plans (\$712). The 10-year cost multiple on a state-by-state basis ranged from 0.76 (Arkansas) to 6.74 (New York). The primary reason for different multiples when comparing asset-based fees (2.15) with 10-year investment costs (2.73) is the fact that the CSPN disclosure guidelines for each state plan include the maximum initial sales charge and any annual account maintenance fee for Class A shares or units, if imposed by the advisor plan.

<sup>11</sup> CollegeCounts 529 Fund, Program Disclosure Statement Supplement, December 22, 2010, available at <http://www.collegecounts529.com/pdf/pds.pdf>. In Section D of this study, the annual fees evaluated are the total asset-based fees disclosed in the fee table for each state plan, including investment management fees, program fees, and state fees.

<sup>12</sup> CollegeCounts 529 Fund, Advisor Plan Program Disclosure Statement, July 30, 2010, available at <http://www.collegecounts529advisor.com/pdf/pds.pdf>.

<sup>13</sup> The BlackRock Cash Funds 529 Portfolio is not subject to an initial sales charge.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$518 in the direct plan and an average cost of \$1,720 in the advisor plan.<sup>14</sup>

2. **Alaska**. The Alaska direct plan offers 13 different portfolios, with total annual fees ranging from 0.36% to 0.90%.<sup>15</sup> The average annual fee for these 13 portfolios is 0.77%.

The Alaska advisor plan offers 22 portfolios in several different unit classes, with total annual fees ranging from 0.92% to 2.32%.<sup>16</sup> For the Class A units, the average annual fee is 1.40%. In addition, Class A units are subject to a maximum initial sales charge of 5.25%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$1,148 in the direct plan and an average cost of \$2,330 in the advisor plan.

3. **Arizona**. The Arizona direct plan offers 35 different portfolios, with total annual fees ranging from 0.25% to 1.42%.<sup>17</sup> The average annual fee for these 35 portfolios is 0.70%.

The Arizona advisor plan offers 19 portfolios in one share class, with total annual fees ranging from 0.79% to 1.60%.<sup>18</sup> The average annual fee is 1.26%. In addition, shares are subject to a maximum initial sales charge of between 2.50% and 5.75%, plus an annual account maintenance fee of \$20.<sup>19</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$861 in the direct plan and an average cost of \$2,566 in the advisor plan.

4. **Arkansas**. The Arkansas direct plan offers 6 different portfolios, with an average annual fee of 0.75%.<sup>20</sup>

The Arkansas advisor plan offers 21 portfolios in one share class, with total annual fees ranging from 0.35% to 1.04%.<sup>21</sup> The average annual fee is 0.61%. In addition, these shares are subject to an annual account maintenance fee of \$10.

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<sup>14</sup> As noted above, CMFI's study evaluated the 10-year investment costs of investing in Class A shares or units with an initial sales charge, instead of evaluating other share or unit classes with higher asset-based charges or deferred sales charges.

<sup>15</sup> Education Trust of Alaska, T. Rowe Price College Savings Plan, September 2011, [available at http://emma.msrb.org/EP573766-EP450164-EP850105.pdf](http://emma.msrb.org/EP573766-EP450164-EP850105.pdf).

<sup>16</sup> Education Trust of Alaska, John Hancock Freedom 529, Plan Disclosure Document, May 2011, [available at http://emma.msrb.org/EP573884-EA353042-EA748989.pdf](http://emma.msrb.org/EP573884-EA353042-EA748989.pdf)

<sup>17</sup> Fidelity Arizona College Savings Plan, College Savings Plan Fact Kit, October 4, 2011, [available at http://emma.msrb.org/EP579118-EP453855-EP853846.pdf](http://emma.msrb.org/EP579118-EP453855-EP853846.pdf). This analysis does not include the Bank Deposit Portfolio, as only a range of fees are disclosed for this Portfolio.

<sup>18</sup> Ivy Funds InvestEd 529 Plan, Program Overview, October 2011, [available at http://emma.msrb.org/EP581270-EP36820-EP854403.pdf](http://emma.msrb.org/EP581270-EP36820-EP854403.pdf).

<sup>19</sup> The Ivy Money Market Portfolio is not subject to an initial sales charge.

<sup>20</sup> The Gift College Investing Plan, Supplement to the Program Description, April 2009, [available at https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ar/plandisclosure.pdf](https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ar/plandisclosure.pdf).

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$1,123 in the direct plan and an average cost of \$855 in the advisor plan.

5. **California.** The California direct plan offers 35 different portfolios, with total annual fees ranging from 0.18% to 0.62%.<sup>22</sup> The average annual fee for these 35 portfolios is 0.36%.

The California advisor plan offers 10 portfolios in several different unit classes, with total annual fees ranging from 0.98% to 2.09%.<sup>23</sup> For the Class A units, the average annual fee is 1.18%. In addition, Class A units are subject to a maximum initial sales charge of 5.75%, plus an annual account maintenance fee of \$20.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$452 in the direct plan and an average cost of \$2,119 in the advisor plan.

6. **Colorado.** The Colorado direct plan offers 11 different portfolios, with each portfolio subject to an annual fee of 0.48%.<sup>24</sup>

The Colorado advisor plan offers 11 portfolios in several different unit classes, with total annual fees ranging from 0.70% to 1.93%.<sup>25</sup> For Unit Class A, the average annual fee is 1.01%. In addition, Unit Class A is subject to a maximum initial sales charge of 3.50%, plus an annual account maintenance fee of \$20.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$799 in the direct plan and an average cost of \$1,482 in the advisor plan.

7. **District of Columbia.** The District of Columbia direct plan offers 12 different portfolios, with total annual fees ranging from 0.15% to 2.05%.<sup>26</sup> The average annual fee for these 12 portfolios is 1.20%.

The District of Columbia advisor plan offers 12 portfolios in one share class, with total annual fees ranging from 0.15% to 2.05%. The average annual fee is 1.20%. In addition, advisor plan shares are subject to a maximum initial sales charge of between

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<sup>21</sup> iShares 529 Plan, Supplement to the Program Description, July 2011, [available at http://emma.msrb.org/ER496930-ER368432-ER765965.pdf](http://emma.msrb.org/ER496930-ER368432-ER765965.pdf). As noted earlier, the Arkansas advisor plan offers Exchange Traded Funds (ETFs) instead of mutual funds.

<sup>22</sup> ScholarShare College Savings Plan, Direct-Sold Plan Disclosure Booklet, November 7, 2011, [available at http://www.scholarshare.com/documents/ca\\_disclosure.pdf](http://www.scholarshare.com/documents/ca_disclosure.pdf).

<sup>23</sup> ScholarShare Advisor College Savings Plan, Supplement to the Offering Statement, February 15, 2011, [available at http://fisccontent.fidelity.com/B-CA529-SGK.PDF?pos=R](http://fisccontent.fidelity.com/B-CA529-SGK.PDF?pos=R). California is in the process of discontinuing this advisor plan.

<sup>24</sup> CollegeInvest, CollegeInvest Direct Portfolio College Savings Plan Disclosure Statement Supplement, September 1, 2011, [available at http://emma.msrb.org/ER501605-ER389660-ER790540.pdf](http://emma.msrb.org/ER501605-ER389660-ER790540.pdf).

<sup>25</sup> Scholars Choice College Savings Plan, Program Disclosure Statement, September 12, 2011, [available at http://emma.msrb.org/EP544365-EP425391-EP823357.pdf](http://emma.msrb.org/EP544365-EP425391-EP823357.pdf).

<sup>26</sup> District of Columbia College Savings Program Trust, Program Disclosure Booklet, February 11, 2011, [available at http://emma.msrb.org/ER454320-ER353930-ER750321.pdf](http://emma.msrb.org/ER454320-ER353930-ER750321.pdf).

2.75% and 4.75%, plus an annual account maintenance fee of \$30 for non-D.C. residents.<sup>27</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$1,585 in the direct plan and an average cost of \$1,924 in the advisor plan.

8. **Illinois.** The Illinois direct plan offers 19 different portfolios, with total annual fees ranging from 0.18% to 0.67%.<sup>28</sup> The average annual fee for these 19 portfolios is 0.41%.

Illinois offers two advisor plans. The Bright Start advisor plan offers 10 portfolios in several different unit classes, with total annual fees ranging from 0.50% to 1.21%.<sup>29</sup> For the Class A units, the average annual fee is 0.89%. In addition, Class A units are subject to a maximum initial sales charge of 3.50%.

The second advisor plan is the Bright Directions Plan. This Plan offers 57 portfolios in several different classes, with total annual fees ranging from 0.57% to 2.54%.<sup>30</sup> For the Fee Structure A class, the average annual fee is 1.36%. In addition, Fee Structure A shares are subject to a maximum initial sales charge of 3.50% and an annual account fee of \$12.<sup>31</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$563 in the direct plan, an average cost of \$1,413 in the Bright Start Plan and an average cost of \$2,038 in the Bright Directions Plan.

9. **Indiana.** The Indiana direct plan offers 14 different portfolios, with total annual fees ranging from 0.29% to 0.94%.<sup>32</sup> The average annual fee for these 14 portfolios is 0.50%.

The Indiana advisor plan offers 18 portfolios in several different unit classes, with total annual fees ranging from 0.85% to 2.48%.<sup>33</sup> For the Class A units, the average annual fee is 1.02%. In addition, Class A units are subject to a maximum initial sales charge of between 3.75% and 5.25%, plus an annual account maintenance fee of \$20.

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<sup>27</sup> The Stability of Principal Investment Option is not subject to an initial sales charge.

<sup>28</sup> Bright Start College Savings Program – Direct-sold Plan, Program Disclosure Statement, November 1, 2010, available at <http://emma.msrb.org/ER488859-EP365679-EP762610.pdf>.

<sup>29</sup> Bright Start College Savings Program – Advisor-sold Plan, Program Disclosure Statement, November 1, 2010, available at <http://emma.msrb.org/ER488863-EP365629-EP762559.pdf>.

<sup>30</sup> Bright Directions College Savings Program, Program Disclosure Statement, May 28, 2010, available at <http://www.brightdirections.com/PDF/PDS.pdf>. In a Supplement dated November 1, 2011, this Plan disclosed that it is reducing program management fees by 0.10% and adding a State fee of 0.05%.

<sup>31</sup> The BlackRock Cash Funds 529 Portfolio and the PIMCO Short-Term Bond 529 Portfolio are not subject to an initial sales charge.

<sup>32</sup> CollegeChoice 529 Direct Savings Plan, Disclosure Statement Supplement, October 2010, available at <https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/indiana/programdescription.pdf>.

<sup>33</sup> CollegeChoice Advisor 529 Savings Plan, Disclosure Statement Supplement, October 2010, available at <https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/indianaadv/programdescription.pdf>.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$821 in the direct plan and an average cost of \$1,900 in the advisor plan.

10. **Iowa.** The Iowa direct plan offers 9 different portfolios, with total annual fees averaging 0.34%.<sup>34</sup>

The Iowa advisor plan offers 16 portfolios in several different unit classes, with total annual fees ranging from 0.72% to 2.64%.<sup>35</sup> For the Class A units, the average annual fee is 1.36%. In addition, Class A units are subject to a maximum initial sales charge of between 3.75% and 5.50%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$431 in the direct plan and an average cost of \$2,287 in the advisor plan.

11. **Kansas.** The Kansas direct plan offers 17 different portfolios, with total annual fees ranging from 0.25% to 1.04%.<sup>36</sup> The average annual fee for these 17 portfolios is 0.60%.

Kansas offers two advisor plans. The Learning Quest advisor plan offers 19 portfolios in several different unit classes, with total annual fees ranging from 0.38% to 1.59%.<sup>37</sup> The average annual fee is 1.09%. In addition, Class A units are subject to a maximum initial sales charge of between 4.50% and 5.75%.

The second advisor plan in Kansas is the Schwab 529 Plan. This Plan offers 8 portfolios in one share class, with total annual fees ranging from 0.38% to 0.94%.<sup>38</sup> The average annual fee for these 8 portfolios is 0.71%. There is no initial sales charge for new purchases.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$748 in the direct plan, an average cost of \$2,033 in the Learning Quest advisor plan, and an average cost of \$878 in the Schwab advisor plan.

12. **Maine.** The Maine direct plan offers 19 different portfolios, with total annual fees ranging from 0.20% to 1.05%.<sup>39</sup> The average annual fee for these 19 portfolios is 0.72%.

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<sup>34</sup> College Savings Iowa 529 Plan, Supplement to the Program Description, October 15, 2010, [available at http://emma.msrb.org/EP460457-EP359752-EP756755.pdf](http://emma.msrb.org/EP460457-EP359752-EP756755.pdf).

<sup>35</sup> Iowa Advisor 529 Plan, Supplement to the Program Description, November 2011, [available at http://emma.msrb.org/ER528451-ER408362-ER810163.pdf](http://emma.msrb.org/ER528451-ER408362-ER810163.pdf).

<sup>36</sup> LearningQuest 529 Education Savings Program, Learning Quest Handbook, July 1, 2011, [available at http://emma.msrb.org/ER479717-ER373018-ER770801.pdf](http://emma.msrb.org/ER479717-ER373018-ER770801.pdf).

<sup>37</sup> LearningQuest 529 Education Savings Program, Learning Quest Advisor Handbook, July 1, 2011, [available at http://emma.msrb.org/ER479735-ER373030-ER770819.pdf](http://emma.msrb.org/ER479735-ER373030-ER770819.pdf).

<sup>38</sup> Schwab 529 College Savings Plan, Guide and Participation Agreement, July 1, 2011, [available at http://emma.msrb.org/ER481427-ER374356-ER772189.pdf](http://emma.msrb.org/ER481427-ER374356-ER772189.pdf).

<sup>39</sup> NextGen College Investing Plan, Program Description – Client Direct Series, September 26, 2011, [available at http://emma.msrb.org/ER506560-EA326003-ER794915.pdf](http://emma.msrb.org/ER506560-EA326003-ER794915.pdf).

The Maine advisor plan offers 49 portfolios in several different unit classes, with total annual fees ranging from 0.475% to 2.33%.<sup>40</sup> For the A Unit Class, the average annual fee is 1.25%. In addition, the A Unit Class is subject to a maximum initial sales charge of between 4.50% and 5.75%, plus an annual account maintenance fee of \$50.<sup>41</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$918 in the direct plan and an average cost of \$2,013 in the advisor plan.

13. **Michigan.** The Michigan direct plan offers 22 different portfolios, with an average annual fee of 0.35%.<sup>42</sup>

The Michigan advisor plan offers 20 portfolios in several different unit classes, with total annual fees ranging from 0.88% to 1.95%.<sup>43</sup> For the Class A units, the average annual fee is 1.40%. In addition, Class A units are subject to a maximum initial sales charge of 4.50%.<sup>44</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$444 in the direct plan and an average cost of \$2,030 in the advisor plan.<sup>45</sup>

14. **Mississippi.** The Mississippi direct plan offers 8 different portfolios, with total annual fees ranging from 0.65% to 0.73%.<sup>46</sup> The average annual fee for these 8 portfolios is 0.59%.

The Mississippi advisor plan offers 8 portfolios in one share class, with total annual fees ranging from 0.80% to 1.24%.<sup>47</sup> The average annual fee is 0.86%. In addition, advisor plan shares are subject to a maximum initial sales charge of 5.00%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$735 in the direct plan and an average cost of \$1,601 in the advisor plan.

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<sup>40</sup> NextGen College Investing Plan, Program Description – Client Select Series, September 26, 2011, available at <http://emma.msrb.org/ER506564-EA326009-ER794921.pdf>.

<sup>41</sup> The Principal Plus Portfolio is subject to an initial sales charge of 0.25%.

<sup>42</sup> Michigan Education Savings Program, Supplement No. 2 to the Program Disclosure Booklet, October 25, 2010, available at [http://www.misaves.com/documents/mi\\_disclosure.pdf](http://www.misaves.com/documents/mi_disclosure.pdf). The Principal Plus Interest Option does not have an annual asset-based fee.

<sup>43</sup> MI 529 Advisor Plan, Supplement to the Plan Disclosure Statement, April 1, 2011, available at <http://emma.msrb.org/EP578068-EP407432-EP804843.pdf>.

<sup>44</sup> The PIMCO Government Money Market Portfolio is not subject to an initial sales charge.

<sup>45</sup> The Principal Plus Interest Option does not have any costs over a 10-year period,

<sup>46</sup> Mississippi Affordable College Savings Plan, Supplement No. 3 to the Program Disclosure Booklet, September 21, 2011, available at [http://www.ms529.com/documents/ms\\_disclosure.pdf](http://www.ms529.com/documents/ms_disclosure.pdf). The Guaranteed Investment Option does not have any annual asset-based fees.

<sup>47</sup> Mississippi Affordable College Savings Advisor Program, Supplement No. 1 to the Disclosure Booklet, April 8, 2009, available at <http://emma.msrb.org/MP1323-MS279023-MD566016.pdf>. The Guaranteed Investment Option does not have any annual asset-based fees.

15. **Missouri.** The Missouri direct plan offers 14 different portfolios, with total annual fees ranging from 0.29% to 0.60%.<sup>48</sup> The average annual fee for these 14 portfolios is 0.40%.

The Missouri advisor plan offers 18 portfolios in two different unit classes, with total annual fees ranging from 0.75% to 2.20%.<sup>49</sup> For the Class A units, the average annual fee is 1.09%. In addition, Class A units are subject to a maximum initial sales charge of between 3.75% and 5.50%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$498 in the direct plan and an average cost of \$1,991 for Class A units in the advisor plan.

16. **Nebraska.** The Nebraska direct plan offers 38 different portfolios, with total annual fees ranging from 0.20% to 1.41%.<sup>50</sup> The average annual fee for these 38 portfolios is 0.53%.

Nebraska offers three advisor plans. The NEST Advisor Plan offers 38 portfolios in several different share classes, with total annual fees ranging from 0.20% to 2.41%.<sup>51</sup> For the Class A accounts, the average annual fee is 0.81%. In addition, Class A accounts are subject to a maximum initial sales charge of 4.75%.<sup>52</sup>

The State Farm Plan offers 9 portfolios in several different share classes, with total annual fees ranging from 0.39% to 1.31%.<sup>53</sup> For Class A shares, the average annual fee is 1.10%. In addition, the Class A shares are subject to a maximum initial sales charge of 5.50%.<sup>54</sup>

The third advisor plan in Nebraska is the TD Ameritrade Plan. This plan offers 38 portfolios in one share class, with total annual fees ranging from 0.53% to 1.47%.<sup>55</sup> The average annual fee is 0.78%. These shares are not subject to an initial sales charge.

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<sup>48</sup> Missouri MOST 529 College Savings Plan, Program Description, June 2011, available at <http://emma.msrb.org/ER461567-ER359709-ER756437.pdf>.

<sup>49</sup> Missouri MOST Advisor 529 College Savings Plan, Program Description, June 2011, available at <http://emma.msrb.org/ER464194-ER361350-ER758158.pdf>.

<sup>50</sup> NEST Direct College Savings Plan, Program Disclosure Statement, December 20, 2010, as supplemented, available at <https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ned/programdescription.pdf>.

<sup>51</sup> NEST Advisor College Savings Plan, Program Disclosure Statement, December 20, 2010, as supplemented, available at <http://emma.msrb.org/EP580601-ER335740-ER731587.pdf>.

<sup>52</sup> The Goldman Sachs Prime Money Market Investment Option and the Age-Based Conservative 19+ Portfolio are not subject to an initial sales charge.

<sup>53</sup> The State Farm College Savings Plan, Enrollment Handbook, January 10, 2011, available at <http://emma.msrb.org/ER529340-ER346733-ER742936.pdf>.

<sup>54</sup> The Money Market Portfolio is not subject to an initial sales charge.

<sup>55</sup> TD Ameritrade 529 College Savings Plan Program Disclosure Statement, December 20, 2010, as supplemented, available at <http://collegesavings.tdameritrade.com/pdfs/programDescription.pdf>.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$667 in the direct plan, an average cost of \$1,389 in the NEST Advisor Plan, an average cost of \$1,761 in the State Farm advisor plan, and an average cost of \$957 in the TD Ameritrade advisor plan.

17. **Nevada.** Nevada offers three direct plans. The Upromise Plan offers 8 different portfolios with an average annual fee of 0.57% and a money market portfolio with an annual fee of 0.29%.<sup>56</sup>

The Vanguard Plan offers 19 different portfolios, with total annual fees ranging from 0.25% to 0.55%.<sup>57</sup> The average annual fee for these 19 portfolios is 0.33%.

The USAA Plan offers 7 different portfolios, with total annual fees ranging from 0.63% to 1.12%.<sup>58</sup> The average annual fee is 0.90%.

The Nevada advisor plan offers 84 portfolios in several different investment classes, with total annual fees ranging from 0.90% to 2.52%.<sup>59</sup> For Fee Structure A investments, the average annual fee is 1.12%. In addition, Fee Structure A investments are subject to a maximum initial sales charge of between 1.00% and 5.75%, plus an annual account maintenance fee of \$15.<sup>60</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$714 in the Upromise direct plan,<sup>61</sup> an average cost of \$419 in the Vanguard direct plan, an average cost of \$1,258 in the USAA direct plan,<sup>62</sup> and an average cost of \$1,980 in the advisor plan.

18. **New Hampshire.** The New Hampshire direct plan offers 35 different portfolios, with total annual fees ranging from 0.25% to 1.42%.<sup>63</sup> The average annual fee for these 35 portfolios is 0.70%.

The New Hampshire advisor plan offers 23 portfolios in several different unit classes, with total annual fees ranging from 0.86% to 2.41%.<sup>64</sup> For the Class A units, the

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<sup>56</sup> Upromise College Fund 529 Plan, Plan Description, April 2011, available at <https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ucf/programDescription.pdf>.

<sup>57</sup> The Vanguard 529 College Savings Plan, Program Description, October 2011, available at <http://emma.msrb.org/ER508610-ER394914-ER796468.pdf>.

<sup>58</sup> USAA College Savings Plan, Supplement to the Plan Description, November 2010, available at <http://emma.msrb.org/EP500272-EP390270-EP787411.pdf>.

<sup>59</sup> Putnam 529 for America, Offering Statement, October 1, 2010, available at <http://emma.msrb.org/EA424291-EA330371-EA726190.pdf>.

<sup>60</sup> The Putnam Money Market Option is not subject to an initial sales charge.

<sup>61</sup> This cost estimate is for a Nevada resident and does not include the cost of investing in the money market portfolio, which is estimated at \$381 over 10 years.

<sup>62</sup> This cost estimate is an average cost for a Nevada resident.

<sup>63</sup> The Unique College Investing Plan, Fact Kit, October 4, 2011, available at <http://emma.msrb.org/EP579123-EP453860-EP853851.pdf>.

<sup>64</sup> Fidelity Advisor 529 Plan, Offering Statement, December 31, 2010, available at <http://emma.msrb.org/EA474656-ER341498-ER737634.pdf>.

average annual fee is 1.17%. In addition, Class A units are subject to maximum initial sales charge of 3.75% to 5.75%, plus an annual account maintenance fee of \$20.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$861 in the direct plan and an average cost of \$2,073 in the advisor plan.

19. **New Jersey.** The New Jersey direct plan offers 18 different portfolios, with total annual fees ranging from 0.40% to 1.08%.<sup>65</sup> The average annual fee for these 18 portfolios is 0.81%.

The New Jersey advisor plan offers 24 portfolios in several different trust share classes, with total annual fees ranging from 0.67% to 2.28%.<sup>66</sup> For the Class A trust shares, the average annual fee is 1.28%. In addition, Class A trust shares are subject to a maximum initial sales charge of between 4.25% and 5.75%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$1,004 in the direct plan and an average cost of \$2,013 in the advisor plan.

20. **New Mexico.** The New Mexico direct plan offers 25 different portfolios, with total annual fees ranging from 0.31% to 0.73%.<sup>67</sup> The average annual fee for these 25 portfolios is 0.51%.

The New Mexico advisor plan offers 15 portfolios in several different unit classes, with total annual fees ranging from 0.37% to 2.15%.<sup>68</sup> For the Class A units, the average annual fee is 1.09%. In addition, Class A units are subject to a maximum initial sales charge of 4.75%, plus an annual account maintenance fee of \$25.<sup>69</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$628 in the direct plan and an average cost of \$1,715 in the advisor plan.

21. **New York.** The New York direct plan offers 13 different portfolios, with total annual fees for each portfolio of 0.25%.<sup>70</sup>

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<sup>65</sup> NJBEST 529 College Savings Plan, Supplement to the Investor Handbook, December 31, 2010, [available at https://www.njbest.com/pdfs/529\\_handbook.pdf](https://www.njbest.com/pdfs/529_handbook.pdf).

<sup>66</sup> Franklin Templeton 529 College Savings Plan, Supplement to the Investor Handbook, December 31, 2010, [available at https://www.franklintempleton.com/share/pdf/lit/529\\_HNDBK.pdf](https://www.franklintempleton.com/share/pdf/lit/529_HNDBK.pdf).

<sup>67</sup> The Education Plan, Supplement to the Plan Description, August 26, 2011, [available at https://www.theeducationplan.com/digitalAssets/Education-Plan-Investment-Change-1b53c401-97e7-45f2-9e2d-277059a86e72.pdf](https://www.theeducationplan.com/digitalAssets/Education-Plan-Investment-Change-1b53c401-97e7-45f2-9e2d-277059a86e72.pdf).

<sup>68</sup> Scholar'sEdge, Supplement to Plan Description, August 26, 2011, [available at https://www.scholarsedge529.com/digitalAssets/ScholarsEdge-Participation-Description-5cb584115ac1c010VgnVCM10000e82311ac\\_.pdf](https://www.scholarsedge529.com/digitalAssets/ScholarsEdge-Participation-Description-5cb584115ac1c010VgnVCM10000e82311ac_.pdf).

<sup>69</sup> The Short Term Yield Portfolio does not have an initial sales charge.

<sup>70</sup> New York's 529 College Savings Program, Supplement to the Direct Plan Program Brochure, August 2010, [available at https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ny/programDescription.pdf](https://a248.e.akamai.net/f/248/21630/7d/im.uprinv.com/rc/sr2/ny/programDescription.pdf).

The New York advisor plan offers 24 portfolios in several different unit classes, with total annual fees ranging from 0.80% to 2.61%.<sup>71</sup> For the Class A units, the average annual fee is 1.42%. In addition, Class A units are subject to a maximum initial sales charge of between 4.75% and 5.75%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$318 in the direct plan and an average cost of \$2,142 in the advisor plan.

22. **Ohio.** The Ohio direct plan offers 37 different portfolios, with total annual fees ranging from 0.19% to 1.04%.<sup>72</sup> The average annual fee for these 37 portfolios is 0.35%.

The Ohio advisor plan offers 33 portfolios in several different unit classes, with total annual fees ranging from 0.64% to 2.58%.<sup>73</sup> For the Class A Units, the average annual fee is 1.28%. In addition, Class A Units are subject to a maximum initial sales charge of 4.00% to 5.75%, plus an annual account maintenance fee of \$25.<sup>74</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$445 in the direct plan and an average cost of \$2,019 in the advisor plan.

23. **Oklahoma.** The Oklahoma direct plan offers 24 different portfolios, with total annual fees ranging from 0.49% to 0.95%.<sup>75</sup> The average annual fee for these 24 portfolios is 0.57%.

The Oklahoma advisor plan offers 20 portfolios in several different unit classes, with total annual fees ranging from 0.78% to 2.55%.<sup>76</sup> For the Class A units, the average annual fee is 1.31%. In addition, Class A units are subject to a maximum initial sales charge of 4.25%, plus an annual account maintenance fee of \$20.<sup>77</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$709 in the direct plan and an average cost of \$1,913 in the advisor plan.

24. **Oregon.** The Oregon direct plan offers 20 different portfolios, with total

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<sup>71</sup> New York's 529 College Savings Program, Program Brochure, December 2009, [available at http://emma.msrb.org/EP526895-EP293348-EP688890.pdf](http://emma.msrb.org/EP526895-EP293348-EP688890.pdf).

<sup>72</sup> CollegeAdvantage 529 Savings Plan, Offering Statement, April 1, 2011, [available at http://www.collegeadvantage.com/docs/enrollment-forms/offering-statement-and-participation-agreement.pdf](http://www.collegeadvantage.com/docs/enrollment-forms/offering-statement-and-participation-agreement.pdf).

<sup>73</sup> BlackRock CollegeAdvantage 529 Plan, Program Description, October 8, 2010, [available at https://www2.blackrock.com/webcore/litService/search/getDocument.seam?venue=PUB\\_IND&source=CO\\_NTENT&serviceName=PublicServiceView&ContentID=1111093468](https://www2.blackrock.com/webcore/litService/search/getDocument.seam?venue=PUB_IND&source=CO_NTENT&serviceName=PublicServiceView&ContentID=1111093468).

<sup>74</sup> The BlackRock Money Market Option is not subject to an initial sales charge.

<sup>75</sup> The Oklahoma College Savings Plan—Direct Plan, Direct Plan Disclosure Booklet, October 1, 2010, [available at http://www.ok4saving.org/documents/ok\\_disclosure.pdf](http://www.ok4saving.org/documents/ok_disclosure.pdf). The Guaranteed Option Portfolio does not have an annual asset-based fee.

<sup>76</sup> OklahomaDream 529, Oklahoma Advisor-Sold 529 Program Disclosure Statement, July 25, 2011, [available at http://www.okdream529.com/Allianz%20Documents/Participation\\_Agreement\\_Disclosure.pdf](http://www.okdream529.com/Allianz%20Documents/Participation_Agreement_Disclosure.pdf).

<sup>77</sup> The PIMCO Government Money Market Portfolio is not subject to an initial sales charge.

annual fees ranging from 0.38% to 1.08%.<sup>78</sup> The average annual fee for these 20 portfolios is 0.50%.

The Oregon advisor plan offers 18 portfolios in several different share classes, with total annual fees ranging from 0.74% to 2.25%.<sup>79</sup> For the Class 529A shares, the average annual fee is 1.13%. In addition, Class 529A shares are subject to a maximum initial sales charge of between 2.50% and 5.75%, plus an annual account maintenance fee of \$25.<sup>80</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$621 in the direct plan. The Oregon advisor plan does not disclose a 10-year investment cost in its disclosure documents.

25. **Rhode Island**. The Rhode Island direct plan offers 44 different portfolios, with total annual fees ranging from 0.06% to 1.29%.<sup>81</sup> The average annual fee for these 44 portfolios is 0.41%.

The Rhode Island advisor plan offers 42 portfolios in several different unit classes, with total annual fees ranging from 0.55% to 2.29%.<sup>82</sup> For the Alternative A units, the average annual fee is 1.09%. In addition, Alternative A units are subject to a maximum initial sales charge of 4.25%, plus an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$506 in the direct plan and an average cost of \$1,926 in the advisor plan.

26. **South Carolina**. The South Carolina direct plan offers 10 different portfolios, with total annual fees ranging from 0.23% to 0.58%.<sup>83</sup> The average annual fee for these 10 portfolios is 0.46%.

The South Carolina advisor plan offers 26 portfolios in several different trust share classes, with total annual fees ranging from 0.58% to 2.52%.<sup>84</sup> For the Pricing Alternative A trust shares, the average annual fee is 1.44%. In addition, Pricing

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<sup>78</sup> Oregon College Savings Plan, Supplement No. 2 to the Plan Disclosure Booklet, July 1, 2011, available at [http://www.oregoncollegesavings.com/documents/or\\_disclosure.pdf](http://www.oregoncollegesavings.com/documents/or_disclosure.pdf).

<sup>79</sup> MFS 529 Savings Plan, Expense Overview Supplement, September 2011, available at <https://www.mfs.com/wps/FileManagerServlet?command=default&securityId=Prs20Ikj9bj7whguFRpAWIJKJm9l4rexJgEyLcGm>.

<sup>80</sup> The MFS Cash Reserve Fund is not subject to an initial sales charge.

<sup>81</sup> CollegeBoundfund, Program Description, September 16, 2011, available at <http://emma.msrb.org/ER493988-EP13610-ER782786.pdf>. The Alternative RI plan is only available to Rhode Island residents.

<sup>82</sup> CollegeBoundfund – National Program Description, September 16, 2011, available at <http://emma.msrb.org/ER493976-EP13597-ER782771.pdf>.

<sup>83</sup> Future Scholar 529 College Savings Plan, Program Description – Direct Program, December 2010, as supplemented, available at <http://emma.msrb.org/EP527064-EP375798-EP772762.pdf>.

<sup>84</sup> Future Scholar 529 College Savings Plan, Program Description – Financial Advisor Program, December 2010, as supplemented, available at <http://emma.msrb.org/EP573681-EP376023-EP772960.pdf>.

Alternative A trust shares are subject to a maximum initial sales charge of between 3.25% and 5.75%, plus an annual account maintenance fee of \$25.<sup>85</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$580 in the direct plan and an average cost of \$2,149 in the advisor plan.

27. **South Dakota.** The South Dakota direct plan offers 8 different portfolios, with total annual fees ranging from 0.41% to 0.89%.<sup>86</sup> The average annual fee for these 8 portfolios is 0.57%.

The South Dakota advisor plan offers 24 portfolios in several different unit classes, with total annual fees ranging from 0.63% to 2.61%.<sup>87</sup> For the Class A units, the average annual fee is 1.39%. In addition, Class A units are subject to a maximum initial sales charge of between 3.75% and 5.50%, plus an annual account maintenance fee of \$20.<sup>88</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$711 in the direct plan and an average cost of \$2,077 in the advisor plan.

28. **Texas.** The Texas direct plan offers 19 different portfolios, with total annual fees ranging from 0.42% to 0.84%.<sup>89</sup> The average annual fee for these 19 portfolios is 0.63%.

The Texas advisor plan offers 18 portfolios in several different unit classes, with total annual fees ranging from 0.48% to 2.32%.<sup>90</sup> For the Class A units, the average annual fee is 1.18%. In addition, Class A units are subject to a maximum initial sales charge of 5.75%.<sup>91</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$790 in the direct plan and an average cost of \$1,896 in the advisor plan.

29. **Virginia.** The Virginia direct plan offers 21 different portfolios, with total

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<sup>85</sup> There is no initial sales load for the Conservative Portfolio.

<sup>86</sup> CollegeAccess 529 Plan, Supplement to Disclosure Statement for South Dakota Direct Investors, October 1, 2011, available at [http://www.collegeaccess529.com/Allianz%20Documents/CAPDS\\_SD-D\\_070110.pdf](http://www.collegeaccess529.com/Allianz%20Documents/CAPDS_SD-D_070110.pdf).

<sup>87</sup> CollegeAccess 529 Plan, Supplement to Disclosure Statement Supplement for Investors Using a Financial Advisor, October 1, 2011, available at <http://emma.msrb.org/EP578059-EP453009-EP852980.pdf>.

<sup>88</sup> The Money Market Plus Portfolio and the PIMCO Government Money Market Portfolio are not subject to an initial sales charge.

<sup>89</sup> Texas College Savings Plan, Plan Description, July 29, 2011, available at <http://emma.msrb.org/EA467448-EA362215-EA758270.pdf>.

<sup>90</sup> LoneStar 529 Plan, Plan Description, July 29, 2011, available at <http://emma.msrb.org/EA467447-EA362209-EA758266.pdf>.

<sup>91</sup> The Money Market Portfolio is not subject to an initial sales charge.

annual fees ranging from 0.20% to 0.98%.<sup>92</sup> The average annual fee for these 21 portfolios is 0.40%.

The Virginia advisor plan offers 25 portfolios in several different share classes, with total annual fees ranging from 0.51% to 2.01%.<sup>93</sup> For the Class 529-A shares, the average annual fee is 0.81%. In addition, Class 529-A shares are subject to a maximum initial sales charge of between 2.50% and 5.75%, an annual account maintenance fee of \$10.<sup>94</sup>

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$511 in the direct plan and an average cost of \$1,542 in the advisor plan.

30. **West Virginia.** The West Virginia direct plan offers 9 different portfolios, with total annual fees ranging from 0.36% to 1.02%.<sup>95</sup> The average annual fee for these 9 portfolios is 0.76%.

West Virginia offers two advisor plans. The Hartford SMART529 advisor plan offers 25 portfolios in several different trust share classes, with total annual fees ranging from 0.88% to 2.67%.<sup>96</sup> For the Class A trust shares, the average annual fee is 1.41%.<sup>97</sup> In addition, Class A trust shares are subject to a maximum initial sales charge of between 3.00% and 5.50%, plus an annual account maintenance fee of \$25.

The second advisor plan is the West Virginia SMART529 Select Plan. This Plan offers 10 portfolios, with total annual fees ranging from 0.65% to 0.77%.<sup>98</sup> The average

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<sup>92</sup> Virginia Education Savings Trust, Program Description, December 1, 2010, [available at http://www.virginia529.com/documents/vest/vest\\_program\\_description\\_2010\\_11.pdf](http://www.virginia529.com/documents/vest/vest_program_description_2010_11.pdf).

<sup>93</sup> Virginia College Savings Plan, CollegeAmerica Program Description, March 15, 2011, [available at http://emma.msrb.org/ER523215-EP397240-EP794445.pdf](http://emma.msrb.org/ER523215-EP397240-EP794445.pdf).

<sup>94</sup> The Money Market Fund is not subject to an initial sales charge.

<sup>95</sup> SMART529 WV Direct College Saving Plan, Offering Statement, October 10, 2011, [http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement\\_wvdirect.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288633797528&ssbinary=true](http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement_wvdirect.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288633797528&ssbinary=true).

<sup>96</sup> The Hartford SMART529 College Savings Plan, Offering Statement, October 10, 2011, [http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement\\_thehartfordsmart529.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288633797521&ssbinary=true](http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement_thehartfordsmart529.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288633797521&ssbinary=true).

<sup>97</sup> The Offering Statement does not disclose total annual account fees for each of the 25 portfolios in The Hartford SMART529 Plan, so the average has been derived by taking the midpoint of the range of annual account fees disclosed for the Class A trust shares (0.88%-1.93%).

<sup>98</sup> SMART529 Select College Savings Plan, Supplement to the Offering Statement, June 15, 2011, [available at http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement\\_smart529select.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288632704384&ssbinary=true](http://www.smart529.com/servlet/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadervalue1=inline%3B+filename%3Dofferingstatement_smart529select.pdf&blobkey=id&blobnocache=false&blobtable=MungoBlobs&blobwhere=1288632704384&ssbinary=true).

annual account fee is 0.71%.<sup>99</sup> These trust shares are not subject to an initial sales charge, but are subject to an annual account maintenance fee of \$25.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$925 in the direct plan, an average cost of \$2,209 in The Hartford Smart529 Plan, and an average cost of \$1,141 in the Smart529 Select Plan.

31. **Wisconsin.** The Wisconsin direct plan offers 12 different portfolios, with total annual fees ranging from 0.30% to 1.06%.<sup>100</sup> The average annual fee for these 12 portfolios is 0.59%.

Wisconsin offers two advisor plans. The EdVest Plan offers 12 portfolios in several different share classes, with total annual fees ranging from 0.30% to 2.06%.<sup>101</sup> For the Class A shares, the average annual fee is 0.82%. In addition, Class A shares are subject to a maximum initial sales charge of between 4.50% and 5.75%, plus an annual account maintenance fee of \$20.

The second advisor plan is the Tomorrow's Scholar Plan. This Plan offers 7 portfolios in several different share classes, with total annual fees ranging from 0.70% to 2.17%.<sup>102</sup> For the Class A shares, the average annual fee is 1.19%. In addition, Class A shares are subject to a maximum initial sales charge of between 4.50% and 5.75%, plus an annual account maintenance fee of \$20.

Over a period of 10 years, a \$10,000 initial investment generates an average cost of \$735 in the direct plan (for Wisconsin residents), an average cost of \$1,550 in the EdVest advisor plan, and an average cost of \$2,009 in the Tomorrow's Scholar advisor plan.

## E. Conclusion

This CMFI study demonstrates that the fees and costs of making an investment in a state 529 plan through a financial intermediary are, on average, more than twice as expensive as making an identical investment directly into a state 529 plan.

The advisor-sold plans evaluated by CMFI charged an average of 1.18% in annual asset-based fees, compared to an average of 0.55% in annual asset-based fees charged by direct-sold plans. This results in average annual fees that are 2.15 times more expensive for advisor-sold plans than for direct-sold plans. These fee differences also do not take

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<sup>99</sup> The Offering Statement does not disclose total annual account fees for each of the 10 portfolios in The SMART529 Select Plan, so the average has been derived by taking the midpoint of the range of annual account fees disclosed (0.65%-0.77%).

<sup>100</sup> EdVest College Savings Plan Program Description, July 8, 2011, available at [http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/529/edvest/program\\_description.pdf](http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/529/edvest/program_description.pdf).

<sup>101</sup> Id.

<sup>102</sup> Tomorrow's Scholar College Savings Plan, Program Description, July 8, 2011, available at [http://www.wellsfargoadvantagefunds.com/pdf/529/ts/program\\_description\\_new.pdf](http://www.wellsfargoadvantagefunds.com/pdf/529/ts/program_description_new.pdf).

into consideration any initial sales charges or annual account maintenance fees that are typically imposed in many advisor-sold plans.

Over a period of 10 years, the cost of a \$10,000 investment in advisor-sold plans averaged \$1,944, compared to an average cost of \$712 in direct-sold plans. This results in an average 10-year cost for advisor-sold plans that is 2.73 times more expensive than the average 10-year cost for direct-sold plans.

The attached spreadsheet provides the average fees and costs for each plan evaluated by this study. While there are a few advisor-sold plans that may be cost-effective by themselves, an investor is far better off investing in almost any of the direct-sold plans, at least when comparing the fees and costs of a 529 plan investment.

January 30, 2012

Attachment

ATTACHMENT

CMFI Comparison of Section 529 Direct-Sold and Advisor Sold Plans (as of 12/31/2011)  
 Highest and lowest numbers for each column in **bold**

State	No. of Portfolios	Direct Plans:		Advisor Plans:		Direct Plan Difference	Advisor/Direct Annual Fee Multiple	Direct Plans:		Advisor Plans:		Direct Plan Difference	Advisor/Direct 10 Year Multiple
		Average Annual Fees	Class A Avg Annual Fees	Average Annual Fees	Class A Avg Annual Fees			10 Year Average Costs	10 Year Average Costs				
Alabama	40 each	0.41%	1.19%	-0.78%	2.90	\$518	\$1,720	3.32	-\$1,202	3.32	3.32		
Alaska	13/22	0.77%	1.40%	-0.63%	1.82	\$1,148	\$2,330	2.03	-\$1,182	2.03	2.03		
Arizona	35/19	0.70%	1.26%	-0.56%	1.80	\$861	<b>\$2,566</b>	2.98	-\$1,705	2.98	2.98		
Arkansas	6 & 21	0.75%	<b>0.61%</b>	<b>0.14%</b>	<b>0.81</b>	<b>\$1,123</b>	<b>\$855</b>	<b>0.76</b>	<b>\$268</b>	<b>0.76</b>	<b>0.76</b>		
California	35/10	0.36%	1.18%	-0.82%	3.28	\$452	\$2,119	4.69	-\$1,667	4.69	4.69		
Colorado	11 each	0.48%	1.01%	-0.53%	2.10	\$799	\$1,482	1.85	-\$683	1.85	1.85		
District of Columbia	12 each	<b>1.20%</b>	1.20%	<b>0.00%</b>	1.00	<b>\$1,585</b>	\$1,924	1.21	<b>-\$339</b>	1.21	1.21		
Illinois	19/57	0.41%	1.36%	-0.95%	3.32	\$563	\$2,038	3.62	-\$1,475	3.62	3.62		
Indiana	14/18	0.50%	1.02%	-0.52%	2.04	\$821	\$1,900	2.31	-\$1,079	2.31	2.31		
Iowa	9 & 16	0.34%	1.36%	-1.02%	4.00	\$431	\$2,287	5.31	<b>-\$1,856</b>	5.31	5.31		
Kansas	17/19	0.60%	1.09%	-0.49%	1.82	\$748	\$2,033	2.72	-\$1,285	2.72	2.72		
Maine	19/49	0.72%	1.25%	-0.53%	1.74	\$918	\$2,013	2.19	-\$1,095	2.19	2.19		
Michigan	22/20	0.35%	1.40%	-1.05%	4.00	\$444	\$2,030	4.57	-\$1,586	4.57	4.57		
Mississippi	8 each	0.59%	0.86%	-0.27%	1.46	\$735	\$1,601	2.18	-\$866	2.18	2.18		
Missouri	14/18	0.40%	1.09%	-0.69%	2.73	\$498	\$1,991	4.00	-\$1,493	4.00	4.00		
Nebraska	38/9	0.53%	1.10%	-0.57%	2.08	\$667	\$1,761	2.64	-\$1,094	2.64	2.64		
Nevada	19/84	0.33%	1.12%	-0.79%	3.39	\$419	\$1,980	4.73	-\$1,561	4.73	4.73		
New Hampshire	35/23	0.70%	1.17%	-0.47%	1.67	\$861	\$2,073	2.41	-\$1,212	2.41	2.41		
New Jersey	18/24	0.81%	1.28%	-0.47%	1.58	\$1,004	\$2,013	2.00	-\$1,009	2.00	2.00		
New Mexico	25/15	0.51%	1.09%	-0.58%	2.14	\$628	\$1,715	2.73	-\$1,087	2.73	2.73		
New York	13/24	<b>0.25%</b>	1.42%	<b>-1.17%</b>	<b>5.68</b>	<b>\$318</b>	\$2,142	<b>6.74</b>	-\$1,824	<b>6.74</b>	<b>6.74</b>		
Ohio	37/33	0.35%	1.28%	-0.93%	3.66	\$445	\$2,019	4.54	-\$1,574	4.54	4.54		
Oklahoma	24/20	0.57%	1.31%	-0.74%	2.30	\$709	\$1,913	2.70	-\$1,204	2.70	2.70		
Oregon	20/18	0.50%	1.13%	-0.63%	2.26	\$621	\$1,926	3.81	-\$1,420	3.81	3.81		
Rhode Island	44/42	0.41%	1.09%	-0.68%	2.66	\$506	\$1,926	3.71	-\$1,569	3.71	3.71		
South Carolina	10 & 26	0.46%	<b>1.44%</b>	-0.98%	3.13	\$580	\$2,149	2.92	-\$1,366	2.92	2.92		
South Dakota	8 & 24	0.57%	1.39%	-0.82%	2.44	\$711	\$2,077	2.40	-\$1,366	2.40	2.40		
Texas	19/18	0.63%	1.18%	-0.55%	1.87	\$790	\$1,896	2.40	-\$1,106	2.40	2.40		
Virginia	21/25	0.40%	0.81%	-0.41%	2.03	\$511	\$1,542	3.02	-\$1,031	3.02	3.02		
West Virginia	9 & 25	0.76%	1.41%	-0.65%	1.86	\$925	\$2,209	2.39	-\$1,284	2.39	2.39		
Wisconsin	12 & 7	0.59%	<b>1.19%</b>	<b>-0.60%</b>	2.02	<b>\$735</b>	<b>\$2,009</b>	<b>2.73</b>	<b>-\$1,274</b>	<b>2.73</b>	<b>2.73</b>		
Averages:		0.55%	1.18%	-0.64%		\$712	\$1,944		-\$1,229				

Notes: (1) 10 year cost data was not provided by the Oregon advisor-sold plan; (2) the most expensive advisor plan was included in this spreadsheet for states with more than one advisor plan offering.