

# EVALUATING THE COLLEGE SAVINGS MARKET OPPORTUNITY

# Financial Research Corporation

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Bridget began her career at FRC focusing on retirement, specifically the defined contribution marketplace. She co-authored a white paper with Luis Fleites entitled *Guaranteed Annuities in Defined Contribution Plans*. She has served as a contributing research analyst and author on a variety of other publications, including those focused on retirement income, regulatory issues, mutual fund pricing, and distribution methods.

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## METHODOLOGY

*Evaluating the College Savings Market Opportunity* is FRC's third study on the 529 college savings market. Due to the changes and growth 529s have experienced since our 2004 study (*529 Strategies for Success*) and our 2002 study (*529 Plans: An Investment in Your Company's Future*), this report was designed to provide an up-to-date, comprehensive resource for 529 program managers. It examines the role 529s play in the larger college savings market, explores consumer and advisor tastes and preferences, focuses on 529 platforms and how they will change over the next year, and forecasts the future of the 529 savings plan marketplace. Overall, this report strives to provide strategic and tactical business guidance on how to build a sustainable 529 plan in an increasingly competitive marketplace.

FRC surveyed three distinct groups—consumers, financial advisors, and program managers—in September and October 2009. The three surveys, including more detailed methodologies, are located in the Appendix of this study. Chapters in this report that feature market estimates and market size projections include a more in-depth description of the methodology used for those particular calculations.

In addition to the surveys, FRC conducted extensive, personal interviews with a number of industry executives in order to capture their views on 529s and to gain a more comprehensive understanding of the evolving nature of the 529 business. Interview discussions included subjects such as platform construction, competitive positioning, distribution structure, marketing efforts, 529s in the workplace, legislative activity, and other issues. FRC also interviewed executives at state agencies, think tanks, and 529 practice consulting firms to obtain the perspectives of other organizations that promote 529 savings plans.

FRC incorporated primary research gathered from the surveys and interviews with industry executives, along with secondary research and our own analysis and opinions to produce this study.