



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Announces California's '529' College Savings Plan Reduces Fees Paid by Families ***ScholarShare Investors Get More Value for Money Put into Children's Accounts***

SACRAMENTO – State Treasurer Bill Lockyer today announced that ScholarShare, California's official "529" college savings plan, has reduced by up to 50 percent program management fees paid by parents and families, giving them more value for each dollar they invest in their children's ScholarShare account. The fee reductions take effect today.

"Today's economic environment puts a strain on every family trying to create a better future for their children by saving early for college," said Lockyer. "These fee reductions will help ease that burden and make every dollar saved go further. A college degree provides increased opportunity, better jobs and higher earnings. I hope ScholarShare's decision to cut fees will encourage parents and families to review or develop their plan to fund their children's higher education expenses."

The affected fees are paid by ScholarShare college savers to cover the costs of managing their investment portfolios. Fidelity Investments serves as ScholarShare's investment manager.

The management fees are calculated as a percentage of assets in a portfolio. The percentages vary depending on whether the portfolio funds are actively managed or tied to specific indexes. Total fees currently range from .50 percent of assets to 1.09 percent of assets. The new schedule reduces total fees to a range of .25 percent to 1.04 percent, and gives ScholarShare one of the lowest-cost programs in the nation.

For example, a family with \$50,000 in a ScholarShare "direct-sold" index portfolio may now pay \$125 annually under the new fee structure, versus \$250 under the old structure. Over a period of eight years, even assuming no additional growth in those assets, that 50 percent savings would total \$1,000. That's an extra \$1,000 that can go toward that family's college expenses.

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As Treasurer, Lockyer serves as chairman of ScholarShare's governing board. Named for the section of IRS code under which they were created, 529 plans are highly regarded for their tax-advantaged status. Earnings on investments grow tax-deferred, and disbursements, when used for tuition and other qualified higher education expenses, are federal and state tax-free.

ScholarShare accounts may be opened online with as little as \$50, or \$15 when combined with regular, automatic contributions of at least \$15 per month. ScholarShare has no annual account maintenance fee, no income limit and offers a high maximum contribution limit of \$320,000. Investors currently hold more than \$3.2 billion with more than 255,000 ScholarShare accounts opened since inception.

A college degree can significantly increase earnings power. The College Board estimates that an employee with a bachelor's degree will, over a lifetime, earn nearly \$1 million more than a worker with only a high school diploma.

For more information about the fee reductions or ScholarShare, or to open an account, visit www.treasurer.ca.gov/scholarshare.

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