

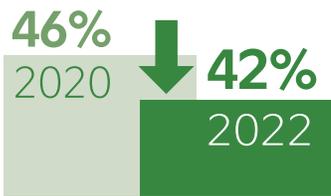
2022 College Savings Indicator



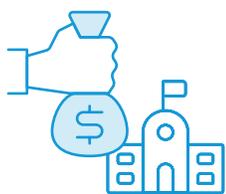
This summary presents information from Fidelity Investments' latest College Savings Indicator study, which has been conducted on a regular basis since 2007. The study is designed to measure parents' college savings behaviors, attitudes and expectations among those with children they intend to send to college. Boston Research Technologies, an independent research firm, conducted the online study on behalf of Fidelity Investments from April 18 – May 30, 2022, among a national sample of 1,858 families nationwide with children aged 18 years old and younger who are expected to attend college. All survey respondents had household incomes of at least \$30,000 a year or more. This report summarizes findings for the 267 respondents from Massachusetts. Select comparisons are made to prior years as well as to the 2022 national data.

KEY FINDINGS

More than 8-in-10 Massachusetts parents have started saving for college, yet concerns grow over inflation and rising college costs, leaving many less prepared to pay.



Massachusetts parents say college is a **top savings priority**, yet families are only on track to cover **42% of anticipated college costs**, down from **46%** in 2020.



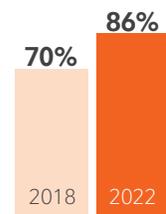
9-in-10 parents cite inflation and rising college costs as cause for concern, however **nearly just as many agree college is still worth the cost.**



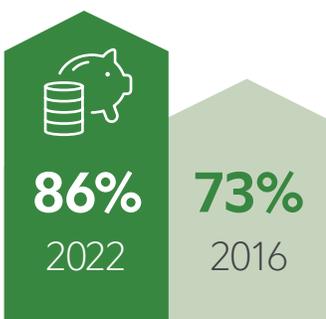
Nearly one-third of Massachusetts parents are unsure what college will cost by the time their child enrolls and **51%** use their "own best guess" to estimate costs.



Massachusetts parents are continuously increasing the amount they plan to contribute as college costs continue to rise, with most parents planning to cover an average of **78% of the total cost of college**, up from 66% in 2020.



Concerns about student loan debt continue to rise as **more and more parents agree** it motivates them to save for their child's future college costs.



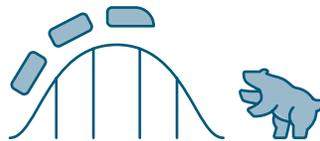
The number of Massachusetts parents saving is on the rise. 86% of parents have started saving, vs. 71% in 2015.

THE IMPACT OF UNCERTAIN TIMES ON COLLEGE SAVINGS

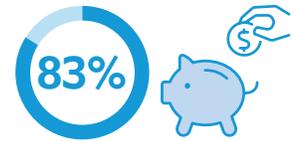
While Massachusetts parents are less concerned with COVID-19's impact on their savings strategy, their concerns are growing over inflation and market volatility.



74% are concerned about the impact of **COVID-19** on college savings, down from 82% in 2020.



85% are concerned about the **recent market volatility's** impact on their college savings, up from 82% in 2020.



83% of Massachusetts parents are still planning to either **increase or stay the course** with their savings this year.

The pandemic's shift to virtual or hybrid learning models is still top of mind for many families.



More parents in 2022 believe **in-person instruction is best** for their child's learning (78%) when compared to 2020 (63%).



More than 8 in 10 parents (81%) foresee colleges continuing to make **modifications to safety protocols and in-person learning** throughout 2022.



40% of Massachusetts parents claim if the modifications continue, their child would be **more likely to enroll in an online-only college** before transferring to an in-person institution, while **54%** say they would **consider a "gap year"** instead.



Pandemic Fallout: When looking ahead to the 2022 school year...



72% of parents say their children are feeling more positive heading into fall 2022 than they felt last year.



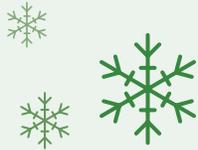
Two-in-three Massachusetts parents (63%) believe the United States will one day offer tuition-free college. Furthermore, **40%** claim if that became the case, they would continue to save for their child's education all the same – indicating some parents are uncertain of the likelihood that such benefits would cover all the costs (e.g., books, housing, etc.) or will come with limitations for those wanting to attend private colleges, pursue advanced degrees or career paths.



Student Loan Debt: Even with relief, parents struggle to save



Nearly all of the Massachusetts parents with student loan debt say **once they're finished paying back their own student loan debt**, that money will be used for their child's college savings.



The federal emergency relief repayment and interest freeze set to expire in December 2022 has provided help to parents, with one-third (34%) reporting they are **not making any payments** towards those loans.

THE COST OF COLLEGE

The cost of college is at an all-time high, and yet...



90% of parents agree that the value of a college education is worth its cost.

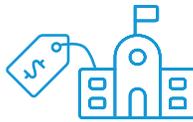
However:



30% are unsure what college will cost by the time their child enrolls.



More than half (51%) use their "own best guess" on college costs.



56% admit that their child will have to **narrow their college choices** due to cost.



13% say they "don't know" what has the **greatest impact on financial aid**.



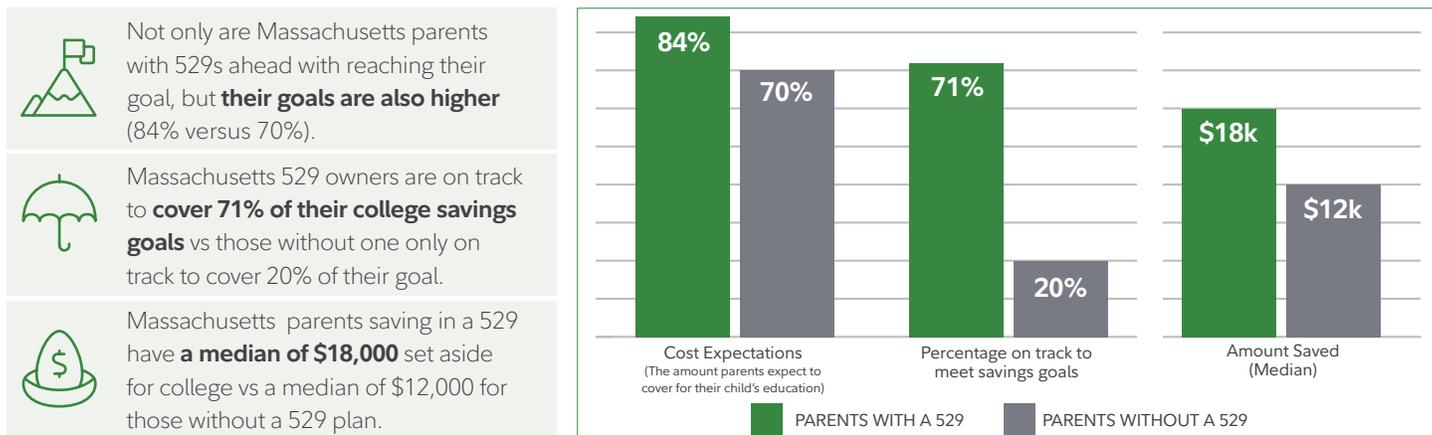
More than half (54%) admit that while they intend to, their child has expressed the possibility that **they may not attend college**.

Contrary to some misconceptions, 529 plans may have minimal impact on a child's ability to qualify for financial aid and have become even more flexible in recent years. Parents can use qualified withdrawals from 529 plans to pay for:

	College tuition and fees	Student loans	Books and supplies
	Vocational and trade school tuition and fees	Off-campus housing	Computers & computer software; Internet services
	Elementary or secondary school tuition	Food and meal plans	Special needs equipment and more

529 Plans help Massachusetts parents get a better start

More than half of Massachusetts families surveyed (56%) have opened a 529 and not only do those families have higher expectations for how much they plan to save for their child's education, they're **more likely on track to meet those savings goals**.



Not only are Massachusetts parents with 529s ahead with reaching their goal, but **their goals are also higher** (84% versus 70%).



Massachusetts 529 owners are on track to **cover 71% of their college savings goals** vs those without one only on track to cover 20% of their goal.



Massachusetts parents saving in a 529 have a **median of \$18,000** set aside for college vs a median of \$12,000 for those without a 529 plan.



Nearly all (95%) of Massachusetts 529 account holders **have a financial plan in place** to meet their college savings goal vs. 55% who do not save in a 529 plan.

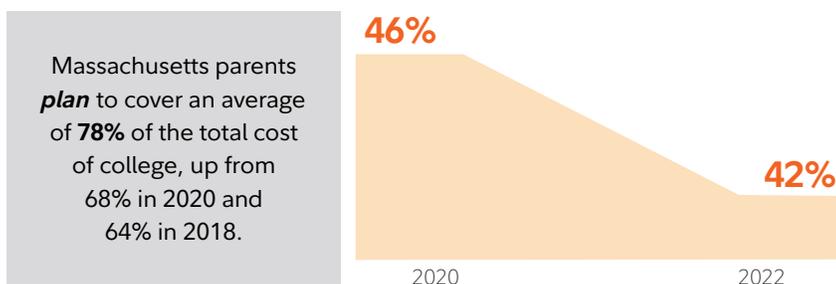


67% of Massachusetts parents agree that **contributions from grandparents and other family members** will play an important role in funding their child's college education, up from 58% in 2020.

2022 COLLEGE SAVINGS INDICATOR

The 2022 CSI takes into account the portion of costs parents plan to pay and calculates how prepared parents are to achieve that funding goal.

Parents are continuously increasing the amount they plan to contribute as college costs continue to rise



Massachusetts parents **plan** to cover an average of **78%** of the total cost of college, up from 68% in 2020 and 64% in 2018.

Massachusetts parents are less prepared to pay for college than in recent years as they're on track to save only **a little less than half (42%)** of their college funding goal.

This has declined when comparing to parent's preparedness in 2020 (46%).

What does all this mean?

A **CSI score of 42%** means that overall, the typical Massachusetts family who plans to cover 78% of college costs (including tuition, fees, room and board, and other costs) is on track to reach

only 42% of that funding goal

by the time their child is ready to enter college. To make up the difference, Massachusetts parents will rely on **contributions from their children, grants, scholarships, student loans, gifts from grandparents, and other sources**.



SAVING & PAYING FOR COLLEGE

Saving for college is a top priority for Massachusetts families

Savings	Ranked #1 Savings Priority	Ranked within top 3 Savings Priority
College	22%	64%
Retirement	27%	56%
Emergency Fund	11%	50%
House/Mortgage	11%	39%
Paying off Credit Card Debt	11%	32%

Massachusetts parents have expectations about paying for college but...



Massachusetts parents expect their children to have saved a median of **\$5,600** by the time they graduate from high school. Even so, **52% have not yet talked** to their children about saving and paying for college.



More than half (54%) of parents plan to pay for **all their children's college costs**. 45% plan to pay for only a portion.



Among Massachusetts parents who expect their children to chip in, parents expect them to cover **36% of the cost of college themselves.**



1 in 4 Massachusetts parents admit their high schooler doesn't understand what their total college education could cost, or the potential amount of student loan debt they may incur.

CONVERSATIONS CAN HELP

Massachusetts parents who have talked to their child about saving and paying for college are more likely to:



Have a good understanding of how to save

78% among those who have talked to their child about the cost of college, vs. 53% of those who have not had the conversation.



Have opened a 529 account

62% of Massachusetts parents who have talked to their child have opened a 529 college savings account, vs. only 51% of people who have not talked to their child.



Have started saving

Nearly all (96%) of people who have talked to their child have started saving, vs. only 78% of those who have not talked to their child.



Have saved more already

\$20,000 is the median saved by parents who have talked to their child about the cost of college, vs. \$9,800 for those who have not had the conversation.



86% of parents with a financial advisor say working with one gives them a peace of mind about the college planning process, up from 80% in 2020.

APPENDIX:

Massachusetts respondent profile:



\$138,000

Average household income



86%

married couples



68%

graduated from college

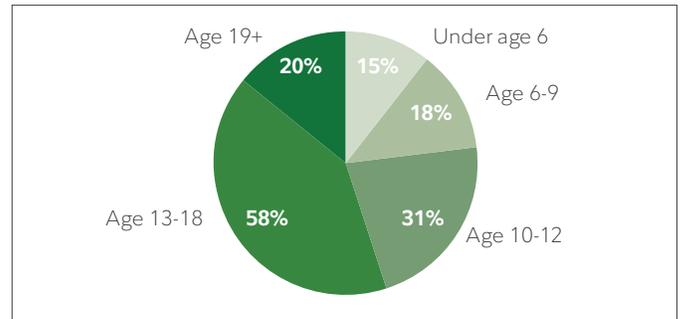


90%

completed at least some college coursework

Households had an average of **1.6 children** of the following ages:

<6	15%
6-9	18%
10-12	31%
13-18	58%
19+	20%



Study methodology and indicator calculator:

The College Savings Indicator was calculated by Fidelity Personal and Workplace Advisors LLC in collaboration with Fidelity Investments Research and Analysis.

Boston Research Technologies, an independent research firm, conducted the online study on behalf of Fidelity Investments from April 18 – May 30, 2022.

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 toward financing their children's college education. Using Fidelity's proprietary asset-liability modeling engine, the company was able to calculate future college savings levels per household against anticipated college costs. The results provided insight into the financial challenges parents face in saving for college. **Data for the Indicator (number of children in household, time to matriculation, school type, current savings and expected future contributions) was collected by Boston Research Technologies, an independent research firm, through an online survey from April 18 – May 30, 2022, of 1,858 families nationwide with children aged 18 and younger who are expected to attend college. The survey respondents had household incomes of at least \$30,000 a year or more and were the financial decision makers in their household. 267 of these respondents resided in Massachusetts when the survey was conducted.** College costs were sourced from the College Board's Trends in College Pricing 2021. Future assets per household were computed by Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and a Fidelity Investments company. Within Fidelity's asset-liability model, Monte Carlo simulations were used to estimate future assets at a 75 percent confidence level. The results of the College Savings Indicator may not be representative of all parents and students meeting the same criteria as those surveyed for the study.

To compute the Readiness Indicator per respondent, Financial Solutions determined each child's coverage for their anticipated expenses. The Readiness Indicator for each child equals the total estimated assets accumulated for the child divided by the total expected cost of college for the child that the parent plans to cover. The Indicator was then averaged among all children mentioned by the respondent and who meet the inclusion criteria based on their current age. All households were capped at 100% readiness. The median was then found for the cohort of all participating respondents. Since 2007, Fidelity has calculated the College Savings Indicator to show how prepared the typical American family is to cover all 100% of projected college costs. (In 2012, this metric was updated to take into account the portion of total college costs families intend to pay, if not the full 100%.

COLLEGE COSTS

- The growth time horizon until college expenses commence was determined using each child's age and the time span until they turn age 18. The child's actual grade was not taken into account.
- The type of education institution and intended years of attendance, as indicated by the respondent, were factored into the Cost of Attendance estimates. If respondents were unsure of either, then median costs across education institutions and intended years of attendance served as proxies.
- An inflation rate of 5.0% was used to determine college costs in the future.

COLLEGE SAVINGS

- Variables for current savings, expected future contributions and expected annual gifts were used to determine the future value of total savings.
- Contributions growth was based on respondent-provided data and an assumed wage growth rate (1.5% merit increase over a general inflation of 2.5%) annually.
- Savings and contributions are split into equal segments among the total number of pre-college aged children.
- During the time period that a child is attending college the balance of that child's savings is assumed to be put into a cash account and continues to grow.
- Growth of assets was computed using a stochastic 75% confidence level and the asset mix defining each respondent's estimate of the percentage of assets held in stocks or stock mutual funds.

READINESS INDICATOR

- To compute the Readiness Indicator per respondent, Financial Solutions determined each child's coverage for their anticipated expenses.
- The Readiness Indicator for each child equals the total estimated assets accumulated for the child divided by the total expected cost of college for the child that the parent plans to cover.
- The Indicator was then averaged among all children mentioned by the respondent and who meet the inclusion criteria based on their current age.
- All households were capped at 100% readiness.
- The median was then found for the cohort of all participating respondents.

The results of Fidelity's 2022 College Savings Indicator Study may not be representative of all parents meeting the same criteria as those surveyed for this study.

Please carefully consider the plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 college savings plan managed by Fidelity, contact Fidelity for a free Fact Kit, or view one online. Read it carefully before you invest or send money.

Units of the portfolios are municipal securities and may be subject to market volatility and fluctuation. If you or the designated beneficiary are not a resident of the state sponsoring the 529 college savings plan, you may want to consider, before investing, whether your home state or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Boston Research Technologies is not affiliated with Fidelity Investments.

Fidelity, Fidelity Investments, and the Fidelity Investments & Pyramid Design logo are registered service marks of FMR LLC.

The third party marks appearing herein are the property of their respective owners.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$9.9 trillion, including discretionary assets of \$3.7 trillion as of June 30, 2022, we focus on meeting the unique needs of a diverse set of customers. Privately held for over 75 years, Fidelity employs more than 58,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about-fidelity/our-company>.

Fidelity Distributors Company LLC
500 Salem Street, Smithfield, RI 02917

National Financial Services LLC, Member NYSE, SIPC
245 Summer Street, Boston, MA 02110

Fidelity Brokerage Services LLC, Member NYSE, SIPC
900 Salem Street, Smithfield, RI 02917

1046666.1.0

©2022 FMR LLC. All rights reserved.

Fidelity