2024 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.

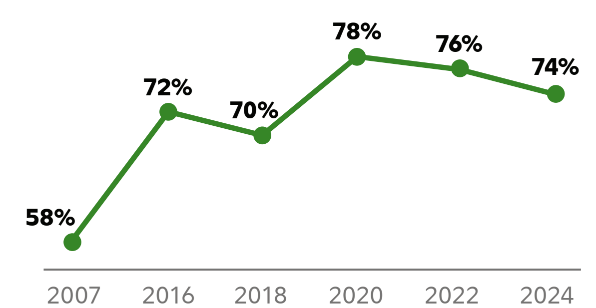
Key findings

- **Parents say college is their #1 savings priority**, yet families are only on track to cover 30% of anticipated college costs.
- **93% of parents are most concerned about inflation** and the rising cost of college when it comes to saving for their child's education.
- **77% of parents** agree the value of a college education is worth the cost.
- **30% of parents** are "not sure" what the full sticker price of college will cost.

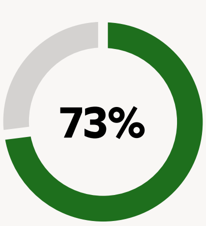
Saving for college is parents' top priority

The number of parents saving for college is on the rise. **74% of parents have started saving in 2024 compared to the 58% in 2007**, when the study was first conducted.

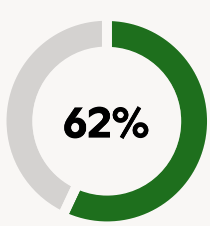
Percent of parents saving for their child's education



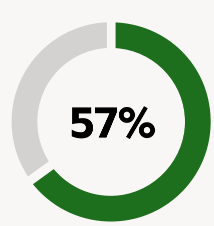
Parent's top 3 savings priorities



Saving for my children's education



Saving for retirement



Saving for an emergency fund

84% of parents say they'll either continue their regular college savings contributions or even increase the amount of their regular contributions for the remainder of the year.

Here's a hypothetical example of how that could add up over time...

Monthly Contribution[1]	5 Years	10 Years	15 Years	18 Years
$50	$3,350	$7,550	$12,800	$16,600
$150	$10,050	$22,700	$38,450	$49,800
$250	$16,800	$37,800	$64,100	$82,950

[1] This hypothetical example illustrates the potential value of different regular monthly investments for different periods of time and assumes an average annual return of 4.5% rounded to the nearest $50. Contributions to a 529 plan account must be made with after-tax dollars. This does not reflect an actual investment and does not reflect any taxes, fees, expenses, or inflation. If it did, results would be lower. Returns will vary, and different investments may perform better or worse than this example. Periodic investment plans do not ensure a profit and do not protect against loss in a declining market. Past performance is no guarantee of future results.

Inflation's impact on college savings

While the number of parents saving for college is on the rise, concerns continue to grow over inflation and rising college costs, leaving many less prepared to pay.

When it comes to saving for their child's education, **parents are most concerned about inflation and the rising costs of college (93%)**.

Top concerns include:

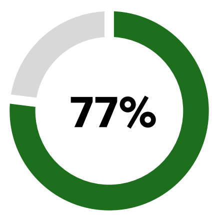
- Inflation/rising costs of college (93%)
- Changes to education costs (free tuition/student debt forgiveness) (87%)
- Market volatility (83%)

More than 1-in-4 parents (26%) claim inflation is the most significant barrier to their ability to save more for college expenses.

For the small number of parents who plan to decrease their college savings contributions, 64% cite inflation is holding them back and is the culprit.

The cost of college

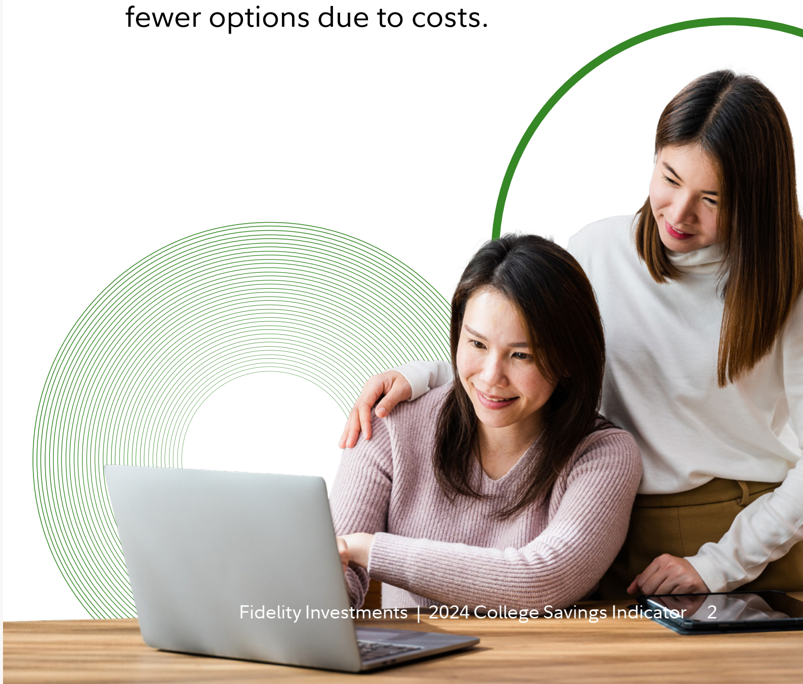
The cost of college is at an all time high and yet...



of parents **agree the value of a college education is worth the cost**.

However:

- 30% of parents are "not sure" what college will cost by the time their child enrolls.
- 55% of parents use "their own best guess" to estimate college costs.
- 54% of parents whose children are nearing college age admit their child will have fewer options due to costs.



Contrary to some misconceptions, 529 plans have minimal impact on a child's ability to qualify for financial aid and have become even more flexible in recent years.

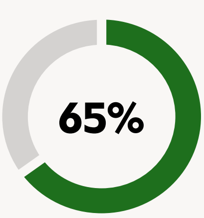
Parents can use 529 plans to pay for:

- College tuition and fees
- Vocational and trade school tutiton and fees
- Elementary or secondary school tuition[2]
- Student loans
- Off-campus housing
- Food and meal plans
- Books and supplies
- Computers and computer software; internet services
- Special needs equipment and more

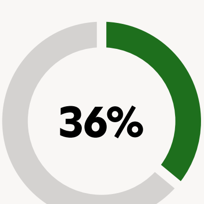
SECURE 2.0: Recent legislation has made 529 plans even more flexible

Starting this year, under certain conditions, **529 plan assets can now be transferred to a Roth IRA for the beneficiary - giving them a retirement boost.** The 529 account must be open for at least 15 years before being eligible for the rollover, which will be subject to annual Roth contribution limits and an aggregate lifetime limit of $35,000. In addition, the transfer amount must come from contributions made to the 529 account at least five years prior to the 529-to-Roth IRA transfer date. This new rule can help 529 account owners avoid taxes and penalties for withdrawals and can be particularly appealing for people looking to help their children get a head start on retirement.

Note: Beginning January 2024, the Secure 2.0 Act of 2022 (the "Act") provides that you may transfer assets from your 529 account to a Roth IRA established for the Designated Beneficiary of a 529 account under the following conditions: (i) the 529 account must be maintained for the Designated Beneficiary for at least 15 years, (ii) the transfer amount must come from contributions made to the 529 account at least five years prior to the 529-to-Roth IRA transfer date, (iii) the Roth IRA must be established in the name of the Designated Beneficiary of the 529 account, (iv) the amount transferred to a Roth IRA is limited to the annual Roth IRA contribution limit, and (v) the aggregate amount transferred from a 529 account to a Roth IRA may not exceed $35,000 per individual. It is your responsibility to maintain adequate records and documentation on your accounts to ensure you comply with the 529-to-Roth IRA transfer requirements set forth in the Internal Revenue Code. The Internal Revenue Service ("IRS") has not issued guidance on the 529-to-Roth IRA transfer provision in the Act but is anticipated to do so in the future. Based on forthcoming guidance, it may be necessary to change or modify some 529-to-Roth IRA transfer requirements. Please consult a financial or tax professional regarding your specific circumstances before making any investment decision.



Nearly two thirds of parents (65%) are not aware of this new legislation that allows 529 funds to be transferred to a Roth IRA for the account beneficiary, and yet that same amount (65%) claim they would likely consider utilizing this option.



Given this new flexibility, **more than a third of parents (36%)** claim they are more interested in saving more for their child's education with a 529 account.

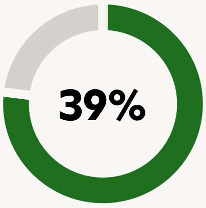
[2] 529 Participants may take up to $10,000 in distributions tax free per beneficiary for tuition expenses incurred with the enrollment or attendance of the designated beneficiary at a public, private, religious, elementary or secondary school, certain apprenticeship costs, or student loan repayments per taxable year. The money may come from multiple 529 accounts; however, the $10,000 amount will be aggregated on a per beneficiary basis. Any distributions in excess of $10,000 per beneficiary may be subject to income taxes and a federal penalty tax. Some states do not conform with federal tax law. Please check with your home state to determine if it recognizes the expanded 529 benefits afforded under federal tax law, including distributions for elementary and secondary education expenses, apprenticeship programs, and student loan repayments. You may want to consult with a tax professional before investing or making distributions.

529 Plans help parents get a step ahead

Parents saving in a 529 have **$25,000 set aside for college vs a median of $14,000** for those without a 529.

Parents saving in a 529 are on track to **cover 46% of their college savings goal** vs those without one are only on track to cover 20% of their goal.

88% of parents saving in a 529 have a financial plan in place to meet their college savings goals vs 48% who do not have a 529.



of families have opened an 529 and not only do those families have higher expectations for how much they plan to save for their child's education, but they're also more likely to meet those savings goals.

2024 College Savings Indicator

The 2024 CSI takes into account the portion of costs parents plan to pay and calculates how prepared parents are to achieve that funding goal.

What does all this mean?

A CSI score of 30% means that overall, **the typical American family who plans to cover 67% of college costs (including tuition, fees, room and board, and other costs) is on track to reach only 30% of that funding goal by the time their child is ready to enter college**. To make up the difference, parents will rely on contributions from their children, grants, scholarships, student loans, gifts from grandparents, and other sources.

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

- Parents plan to cover an average of 67% of the total cost of college, down slightly from 69% in 2022 but up from 65% in 2020.
- Parents are less prepared to pay for college than in recent years as they're on track to save only 30% of their college funding goal. This is an improvement from 27% in 2022 and 28% in 2018, but slightly lower than 33% in 2020.

Parents have expectations about paying for college but...

- Parents expect their children to have saved a median of $5,000 by the time they graduate from high school. Even so, 38% of parents with older high school children have not yet talked to them about how they will contribute to paying for college.
- 32% of parents admit these high schoolers don't know what college costs or how much student loan debt they may incur.

Conversations can help

Parents who have talked to their child about the total cost of college and post-graduate implications are more likely to:

	Have talked to their child	Have not talked to their child
Have a good understanding of the accounts best for college savings	**54%**	**39%**
Have started saving	**80%**	**61%**
Have opened a 529 account	**44%**	**29%**
Have more median savings	**$20,000**	**$12,000**

Appendix

Respondent profile:

$102,000
Average household income

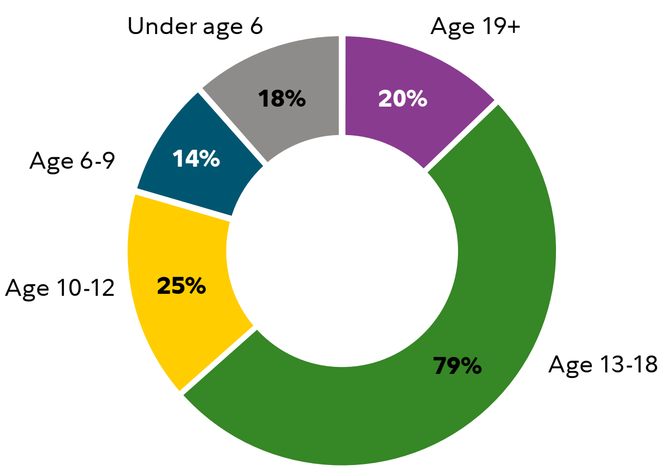
64%
Married couples

48%
Graduated from college

78%
Completed at least some college coursework

Households had an average of **2 children** of the following ages

Ages	% of Households
<6	18%
6-9	14%
10-12	25%
13-18	79%
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 15 - May 7, 2024.

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 15 - May 7, 2024 of 1,985 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**. Respondents are weighted to correct for any imbalances between the sample and the population of parents intending to send their children to college. College costs were sourced from the College Board's Trends in College Pricing 2023. 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:

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The results of Fidelity's 2024 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.

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