



## ***529 College Savings Plans Picks December 2011***

2011 was a year that many investors are happy to see come to an end. The stock market's wild swings left people motion sick, confused, and, if lucky, with the same net worth as they started with at the beginning of the year. Inflation, measured by the CPI, was tame in 2011. However, some costs continue to rise. Health care costs are still skyrocketing and the cost of attending college is still rising fast! Like it or not, parents and grandparents need to invest in the stock market to help finance the ever-growing future cost of a college education. There is still no better vehicle to save for college than a 529 plan. We hope you find this document helpful when selecting a 529 plan for your children or grandchildren. Please feel free to contact us directly if you have questions on which fund is right for you, how much to invest, or how to allocate your investment. Cojo Bay Advisors will update this report as needed based on changes to the 529 landscape.

Determining which 529 Plan is right for you is a challenge. Most financial professionals argue that you should invest in your own state plan because of the tax deductions offer by many states to their residents. That would make the decision easy if we weren't Californians! California does NOT offer a tax deduction to its residents which makes the decision more challenging. Currently, every state in the Union offers a 529 plan and many offer more than one. At last count, there were 89 plans available. This report is designed with California residents in mind. However, this information can be applied to any investor that lives in a state that does not offer a tax deduction. The lack of a state deduction is unfortunate but it does allow us to freely select from all the plans offered without the concern of opportunity cost.

We use many sources for our selection process: Morningstar, SavingforCollege.com, Money Magazine, and the comments of clients and colleagues about the service provided by the plan administrators. When evaluating the individual plans, we focus on fees & expenses, static portfolio options (including global equity options), three year performance records, etc. Due to the way we advise our clients, we have eliminated plans that can only be purchased through brokers. We believe this selection process will present you with a straight forward list of the best 529 plans available. As always, we are here to help you pick the right plan for your specific needs.

Before you jump ahead to the list of recommended plans, please note the date of this report and remember that in the ever changing world of 529 plans these recommendations could become obsolete at any time. Competition among the many 529 college savings plans has forced many product managers to continue to enhance offerings and reduce fees in order to attract investors. According to Morningstar, the average asset-weighted expense ratio has dropped from 0.94% to 0.87% recently.

Please note: With so many funds to choose from there is a need to pay particular attention to the exact name of the plans recommended. As referred above, many states offer more than one plan and each plan is very different. For example, in March of 2007 Morningstar mentioned the **Alaska T. Rowe Price College Savings Plan** as one of the better plans available while it listed the **Alaska John Hancock Freedom 529 Plan** as one of the five worst!

Without further delay, here is our list of favorite 529 Plans:

1. Ohio College Advantage 529 Savings Plan
  - a. Program Manager: Ohio Tuition Trust Authority
  - b. Program Distributor: Ohio Tuition Trust Authority
  - c. Enrollment: [www.collegeadvantage.com](http://www.collegeadvantage.com)
  - d. Phone: 800-233-6734
  - e. Maximum Contribution: \$359,000
  - f. Initial Minimum Contribution: \$25 (\$500 for the Firth Third CD option)
  
2. Nevada – The Vanguard 529 Savings Plan
  - a. Program Manager: Upromise Investments, Inc.
  - b. Program Distributor: Upromise Investments, & Vanguard Marketing Corp.
  - c. Enrollment: <https://personal.vanguard.com>
  - d. Phone: 866-734-4530
  - e. Maximum Contribution: \$370,000
  - f. Initial Minimum Contribution: \$3,000
  
3. Missouri– MOST – Missouri’s 529 College Savings Plan
  - a. Program Manager: Upromise Investments, Inc.
  - b. Program Distributor: DWS Investments Distributors, Inc.
  - c. Enrollment: <https://most529advisor.s.upromise.com/content/home.html>
  - d. Phone: 888-411-0117
  - e. Maximum Contribution: \$235,000
  - f. Initial Minimum Contribution: \$500 (\$50 with AIP)

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