NEWS RELEASE

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Free Brochure Outlines Benefits of College Savings Plans

Washington, DC, December 18, 2002 - As the end of the year approaches, the Investment Company Institute today reminded investors that in order to claim deductions from this year's state income tax for a college savings plan, they must either open such a plan or contribute to it before December 31. A number of states provide partial or full income tax deductions for contributions to the state's 529 plan.

Contributions to state-sponsored 529 plans are made with after-tax dollars and any earnings grow tax-free at the federal level. Earnings withdrawn from 529 plans to pay for qualified higher education expenses are free from federal income tax for state-sponsored programs and will be tax-free beginning in 2004 for programs of any eligible higher education institution. In addition, states may provide income tax deductions for contributions to a 529 plan.

Since state-tax treatment of college savings plans varies from one state to another, investors should check with the plan administrator or a tax adviser for their state's tax treatment of contributions to and earnings from both in-state and out-of-state 529 plans, the Institute said.

The Institute, in partnership with the College Savings Plans Network and the North American Securities Administrators Association, offers a free brochure to help individuals better understand how state-sponsored 529 plans are helping millions of Americans save for higher education.

In addition to discussing the important income tax considerations of saving for higher education through state-sponsored 529 plans, the 18-page brochure stresses the importance of getting an early start on saving for higher education, provides answers to common questions about 529 plans, and offers a checklist of questions investors should ask before investing in a plan.