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### **ALLIANCE CAPITAL POLL FINDS TWO-THIRDS OF COLLEGE SAVERS CONCERNED ABOUT MARKET'S IMPACT ON SAVINGS**

**-- Will start saving much earlier; want multiple choices in 529 plans --  
-- Three-quarters would prefer portfolios insured against further market downturns --**

**New York, NY, August 22, 2002** – Alliance Capital today announced the results of the fifth annual **Alliance Capital College Financial Preparedness Poll**, which shows that two-thirds (66%) of parents and grandparents, regardless of age, income or gender, are very (29%) or somewhat (37%) concerned about the continued market volatility and its effect on their college savings (see Chart A). Conducted by Harris Interactive<sup>®</sup>, the poll also found that while respondents expect to save the same amount (\$20,000), people who have not already begun to save plan to begin investing in a child's or grandchild's college education much earlier – when the child is around four years old, a significant change from 11 years old in 2001.

“The survey demonstrates heightened concerns about the ability to adequately save for students' future college expenses, given the ongoing market slump,” said Richard Davies, Executive Vice President, Alliance Fund Distributors, Inc. “Seemingly, people are responding by planning to save much earlier, widening their investment time horizons and opting for more cautious investment approaches in the near-term, such as an insured portfolio feature.”

#### **Parents And Grandparents Say They Want Multiple Features In Selecting A 529 Plan**

The **Alliance Capital College Financial Preparedness Poll** clearly demonstrates that college savers want as many choices as possible when considering 529 plans. Security and investment selection are key themes. Nearly three-quarters (72%) of respondents consider an insured portfolio that protects their principal against market volatility to be the most desired feature of any 529 college savings plan. They also favor the ability to develop a custom portfolio of mutual funds (70%), select aged-based portfolios that adjust automatically as the child grows (69%), and choose

from among more than 10 investment options (61%). The ability to invest through payroll deduction at work (71%) is also desirable.

While much is often made of the ability to invest in 529 plans directly, respondents didn't display a strong preference towards one method of purchasing a plan over the other, instead opting for more choices. Six in ten (62%) believe it is important to be able to invest through a financial adviser, while seven in ten (71%) want the option of purchasing a plan directly.

State tax deductions are attractive (70%), but 51% of college savers are looking for the right 529 plan, regardless of whether their home state offers it or not. Only one in 10 said that it makes sense to only invest in their in-state plan.

As appealing as these features are, an overwhelming majority of parents and grandparents feel their in-state plans fall short of the mark, revealing the considerable gap between what they want, and what they believe their state plan offers (see Chart B). For example, only 13% say that their state 529 plan offers an insured portfolio - their number one desired feature. This gap trend continues across every 529 plan feature mentioned.

“This study quantifies what we hear from our clients every day: there is considerable confusion in the marketplace about the benefits of different plans and real concerns that parents won't be able to save enough for their child's future,” said John Carl, Senior Vice President, Alliance Capital. “As a leader in 529 plans, we place a high value on educating consumers through initiatives such as this study.”

A Section 529 college savings plan is a state-sponsored plan that allows a parent or anyone else to save for a student's college education. Any earnings grow tax-deferred and withdrawals are free from Federal and most State taxes, as long as they are used for qualified educational purposes. Alliance Capital manages *CollegeBoundfund*<sup>SM</sup>, the country's largest 529 plan offered by a single state, in conjunction with the State of Rhode Island.

“One reason we've succeeded is that Alliance Capital strives to anticipate investor demands such as the desire for low-risk investment options. In fact, we recently enhanced our stable value feature by

adding a dollar cost averaging component, allowing college savers to allocate money to other investment options every month. Alliance is the first and only firm to offer this option,” said Carl.

Despite the increased popularity of these college savings vehicles, three-quarters (75%) of investors still lack a basic knowledge of 529 plans (see Chart C). Only 23% say they are somewhat or very familiar with 529 plans, compared with 18% in 2001. However, when informed as to what 529 plans offer, nearly three in five (57%) respondents said they would be more inclined to save for a child’s college education through a 529 plan (see Chart D), up from 51% last year.

### **Survey Background**

Harris Interactive conducted the fifth annual **Alliance Capital College Financial Preparedness Poll**, between July 18-21, 2002, interviewing a nationally representative sample of 1,028 U.S. residents aged 18 and over by telephone. The primary objectives were to understand how American parents and grandparents are preparing for future college education expenses, and to measure awareness of 529 college savings plans.

### **About Harris Interactive®**

Harris Interactive ([www.harrisinteractive.com](http://www.harrisinteractive.com)) is a worldwide market research and consulting firm, best known for *The Harris Poll*® and its pioneering use of the Internet to conduct scientifically accurate market research. We combine the power of unique methodologies and technology with international expertise in predictive, custom, and strategic research. Headquartered in Rochester, NY, with offices across the United States, in the United Kingdom, in Japan, and a global network of local market and opinion research firms, the Company conducts international research with fluency in multiple languages.

### **About Alliance Capital**

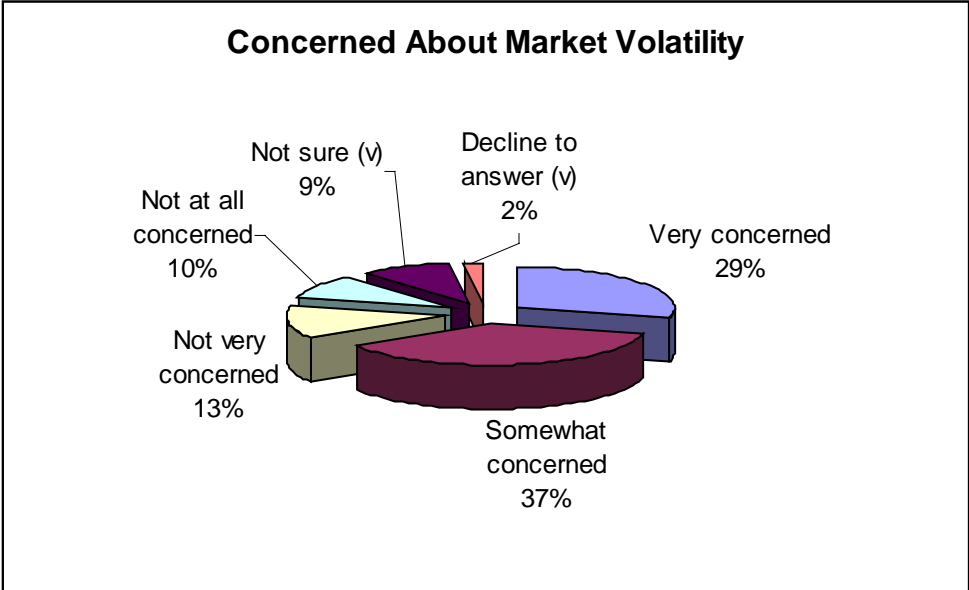
Alliance Capital is a leading global investment management firm with approximately \$389 billion in assets under management at July 31, 2002. Alliance Capital provides investment management services for many of the largest U.S. public and private employee benefit plans, foundations, public employee retirement funds, pension funds, endowments, banks, insurance companies and high-net-worth individuals worldwide. Alliance Capital is also one of the largest mutual fund sponsors, with a diverse family of globally distributed mutual fund portfolios. As one of the world’s leading global

investment management organizations, Alliance Capital is able to compete for virtually any portfolio assignment in any developed capital market in the world.

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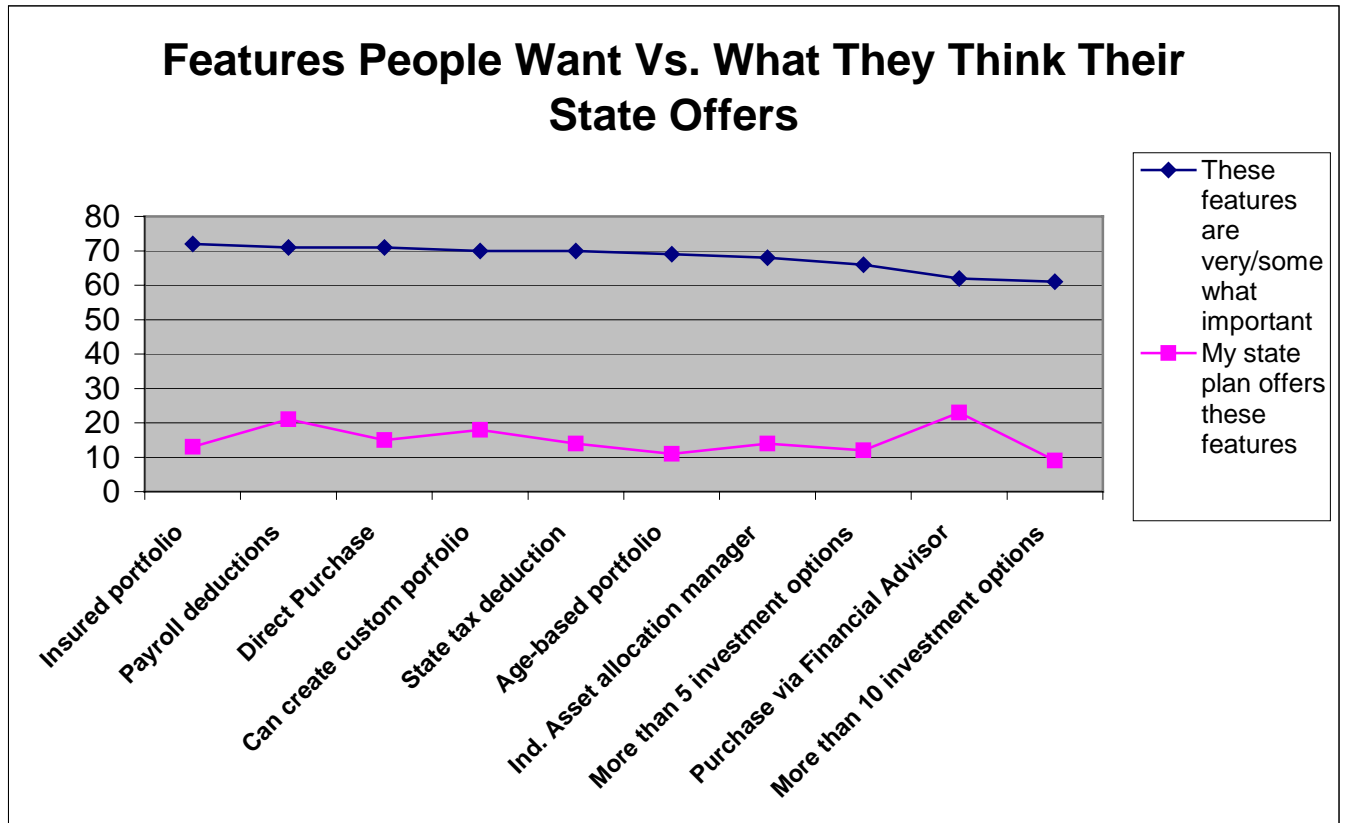
**Charts**

Chart A: Considering that the typical 529 account is a long-term (5 year +) investment, how concerned are you about the effect of the market on your college saving fund?



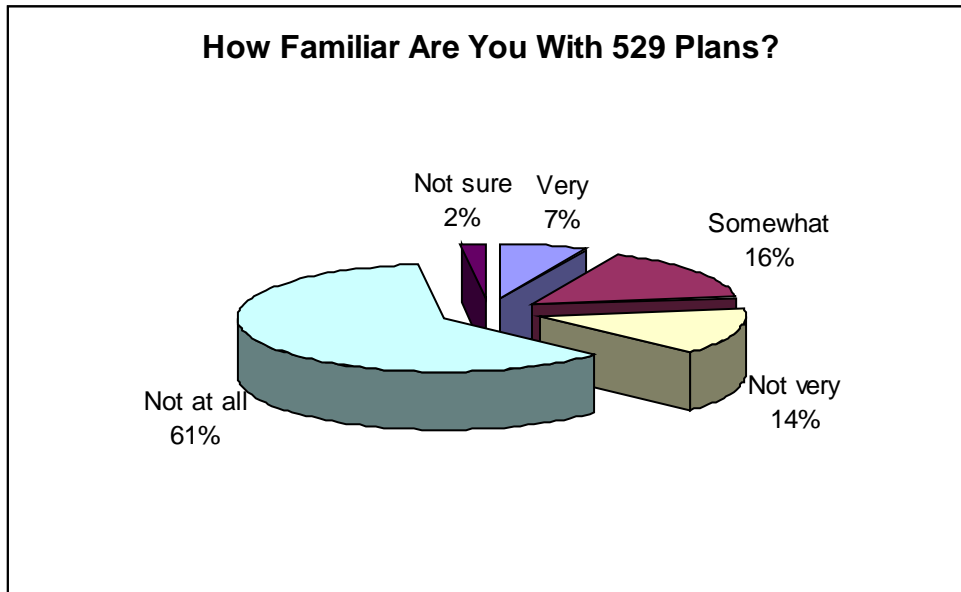
Source: The Alliance Capital College Financial Preparedness Poll/The Harris Poll, 2002

Chart B: How important would you consider each of these features in a 529 plan? Do you know if your state 529 plan offers the following features? (“Yes” answers)



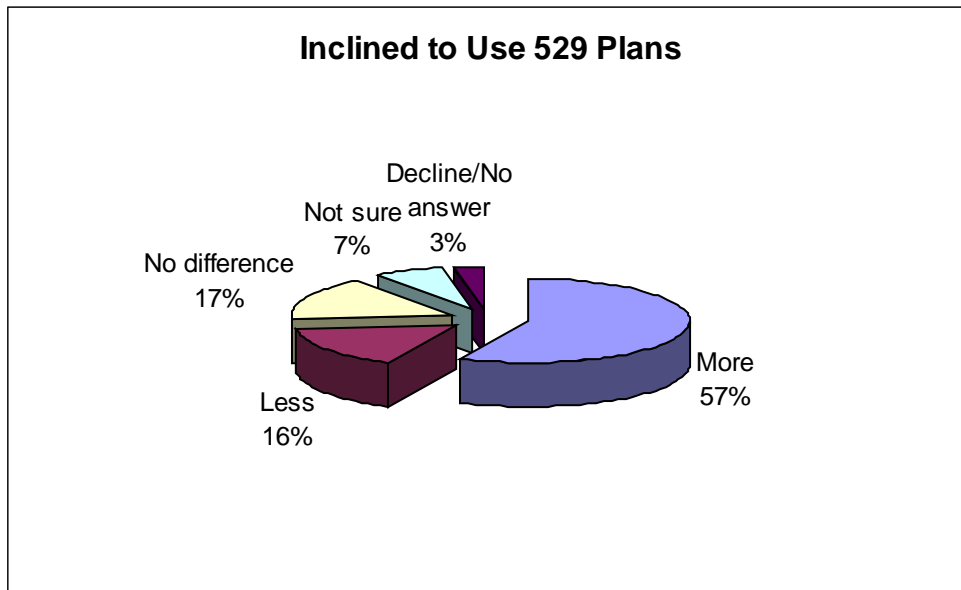
Source: The Alliance Capital College Financial Preparedness Poll/The Harris Poll, 2002

Chart C: How familiar are you with a “529” college savings plan, also referred to as a state-sponsored college savings plan?



Source: The Alliance Capital College Financial Preparedness Poll/The Harris Poll, 2002

Chart D: Using the “529” college savings plan, would you be more inclined or less inclined to invest or save for a student’s college education?



Source: The Alliance Capital College Financial Preparedness Poll/The Harris Poll, 2002