

CollegeSure® Investor

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A newsletter for the informed college saver

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College Savings Bank Set to Launch New, Equity Based Certificate of Deposit

The InvestorSure CD is currently being considered by both the Montana Family Education Savings Program and the Arizona Family College Savings Program



By the end of 2007, if approved by Montana and/or Arizona, College Savings Bank will introduce a variable rate certificate of deposit indexed to the Standard and Poors' 500 Composite Stock Price Index® (S&P 500). The InvestorSure CD for college is being considered by both the Arizona Family College Savings Program (AFCSP) and the Montana Family

Education Savings Program (MFESP)*. Both state 529 plans will continue to offer the CollegeSure CD, and may add the InvestorSure CD as another safe, yet competitively priced choice for families interested in saving for a future college education.

Much like the CollegeSure CD, the InvestorSure CD will be offered without fees, and FDIC insured to at least \$100,000. The InvestorSure CD, however, will be indexed to the S&P 500 and pay a rate of return tied to the rise in this popular market based index. Unlike an S&P indexed mutual fund, however, the InvestorSure CD from College Savings Bank will offer a principal guarantee, so should the market decline, or the S&P 500 lose value, deposits in the InvestorSure CD will not suffer principal loss.

To the positive, investors for the introductory offering of the InvestorSure CD will receive up to 100% of the average increase in the S&P 500 from purchase date through maturity. The time to maturity will be 5 years with the option of rolling the money, at maturity, into another InvestorSure CD, CollegeSure CD, Accumulator Account or another 529 offering.

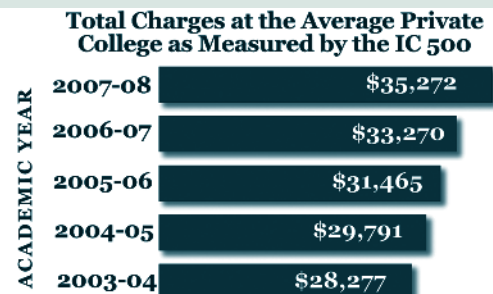
“College Savings Bank, through the CollegeSure CD has become synonymous with safety and responsibility when saving for a child’s college education,” said Bruce Marks, Director of the MFESP. “While the InvestorSure CD will provide another choice for families, it is a safe choice none the less

College Board Releases 2007 College Costs

A new academic year is right around the corner and The College Board has released the Independent College 500® Index (IC 500) which allows College Savings Bank to credit your account accordingly for the year.

The average cost of one year’s tuition, fees, room and board for the 2007-2008 academic year as measured by the IC 500 totaled \$35,272.

The change in college costs from the prior year as measured by the Index was 6.02% — which is 3.33% more than the increase of 2.69% in the Consumer Price Index for the like period.



Please refer to your Annual Statement for a complete account overview



Investing in a Future and Recognizing It Is an Investment



Families need to plan for the many costs associated with a college education beyond tuition such as books, supplies, equipment, and room and board. Over the last 10 years, college costs have risen at a rate nearly double general inflation.

According to the College Board, this year college inflation is 6.02 percent, and the average cost of one year of private college – including tuition, fees, room and board – is \$35,272. Tuition, fees, room and board at a public college cost \$15,167, with tuition alone cost \$6,709. Ten years from now, a student going away to a public school may expect to pay \$120,000 for his/her diploma.

Yet, the return on investment for a college education is undisputed. In the recent College Board study “Education Pays” it was reported that a college graduate earns \$1 million more over a lifetime than a high school graduate. Other studies suggest a much wider margin. Furthermore, they reported college graduates were found to be healthier and better citizens, contributing to civic activities such as voting and volunteerism.

How Do I Pay for It? Financial Aid, Loans, Savings Programs

The world of student financial aid has changed dramatically since most of us went to college. Today, eighty percent of all financial aid comes from the federal government, most in the form of grants or student (or family) loans. Grants, a form of gift aid, are available for families based on need as identified through the Free Application for Federal Student Aid (FAFSA). Loans subsidized by the federal government are also income based. Many families must also take out private loans to finance their children’s higher education.

“Students that do well in high school can open up a host of scholarship opportunities”, says Terri Eckel, director of financial aid for Prescott College and board president for the Arizona Association of Student Financial Aid Administrators. She encourages everyone she advises to investigate scholarship opportunities – a funding source that she says is extremely important for those middle income families who earn too much to qualify for federal financial aid.

Those counting on financial aid alone, however, may be in risky territory. Early savings is no doubt the best tactic, but it’s never too late to begin.

College Savings (529) Plans are arguably the best way to save for college. The 529 plan offers parents, grandparents, relatives and friends a tax-advantaged way to invest for a child’s higher education. Account earnings grow tax-deferred and withdrawals are tax free if the money is used for qualified higher education expenses. This benefit of tax-free earnings was recently made permanent for 529 plans through the Pension Protection Act of 2006.

The beneficiary of a 529 plan can attend any accredited college, university, or vocational school in the United States and some institutions outside of the country.

A Little Goes a Long Way

Having a nest egg that can grow right alongside your child from birth certainly will go a long way in funding a college education. But tucking dollars away early isn’t always feasible, experts acknowledge. What’s important to remember, they say, is the old adage that every penny counts and it helps to start early in the saving

CSB Acquires Student Lender ID from US Dept. of Edu.

A Holistic Approach to College Financing - CSB To Add Student Loans in Jan. 2008

In January 2008, College Savings Bank, one of the nation’s premier saving for college institutions, will begin offering federal student loans, including Stafford, PLUS, GradPLUS and Consolidation through the Federal Family Education Loan Program (FFELP). The Bank will also offer a holistic approach to college financing. College Savings Bank, a name synonymous with safe, responsible saving for college products and services will evolve to a complete college funding provider that offers consumers a single financing solution for securing their investment in higher education.

Today, the average cost of one year at a private institution, including tuition, fees, room and board is \$35,272. In ten years, that cost could be as much as \$63,000. While saving is critical to funding a future college education, the rising cost of college may have made it unrealistic to expect parents to fund the entire cost through a college savings account. In addition to savings and loan products, families need more guidance and support when it comes to college financing; that’s why College Savings Bank will offer its consumers education investment plans featuring a range of products and services, delivered as a holistic solution.

The benefits of federal loans include: fixed-rate, low interest loans, low monthly payments, favorable repayment terms, and additional repayment benefits.

College Savings Bank will begin offering student loans in January 2008. For more information, please call a College Savings Adviser at 1-800-888-2723 or stay tuned to our Web site, www.collegesavings.com. College Savings Bank customers will receive a letter later in the year with more details and the specific launch date.

Investing in a Future

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process. And when saving for college, this means the earlier families begin, the less they will need to rely on other means to fund a college education, be it depleting savings accounts or other financial resources, home equity, student loans or financial aid.

529 Advantages

- **Easy to open and manage:** Everyone is eligible. There are no income or age restrictions, and College Savings Bank's 529 plans have initial contribution amounts as low as \$100 a month.
- **Favorable tax treatment:** Earnings on funds invested in a 529 plan grow tax free while in the plan. Distributions are tax free, as long as the proceeds are used for qualified higher education expenses. Qualified expenses include tuition, fees, books, and eligible room and board costs at an accredited educational institution.
- **Account flexibility:** Anyone can open an account and the proceeds can go toward any accredited educational institution, whether it's public, private, two-year or four-year. They are for anyone – even yourself, and there is no requirement that you pick the state in which you reside, although there may be some advantages to doing so.* Keep in mind, too, that the beneficiary does not need to attend a school in the state of the chosen plan.
- **Limited impact on financial aid:** Program assets will be considered if the student applies for state or federally sponsored financial aid or scholarships. However, if the account is owned by the parent, account balances are generally included in the assets of the parents rather than the student. Assets owned for the sole benefit of the student will not be treated as the student's assets for financial aid purposes.
- **Transferable:** If the beneficiary of a 529 plan decides not to attend college, the account proceeds are transferable to another member in the beneficiary's family.

InvestorSure CD (continued from page 1)

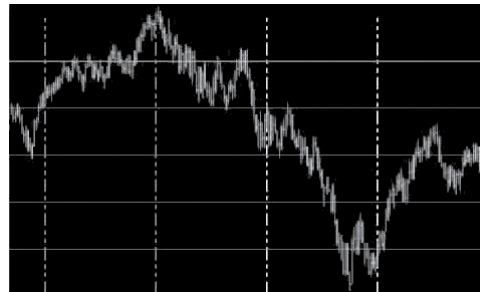
and one that will protect their college savings nest egg.”

2007 is College Savings Bank's twentieth year of business, and the InvestorSure CD is only the second saving for college product offered by the Bank.

“We believe the CollegeSure CD, our flagship product over the last twenty years, is an ideal saving for college vehicle. It is indexed to the year-over-year increase in college costs, and in-as-such, serves as a pre-paid option for parents. It will remain a viable offering from College Savings Bank that is unique in the marketplace,” explains Gilbert S. Johnson, president and CEO of College Savings Bank. “The introduction of the InvestorSure CD is the Bank's acknowledgement that there are different types of investors. While some may want to keep pace with college costs through the principal protected CollegeSure CD, others may decide to try and outpace college inflation with the InvestorSure CD.”

The CollegeSure CD will continue to offer an annual 2 percent floor rate, while the InvestorSure CD will be sold with a 0 percent floor. While both products are generally labeled conservative, experts agree that the InvestorSure CD may offer more risk – and potentially more reward.

“The InvestorSure CD has an unlimited upside,” says Gilbert S. Johnson. “Investor fortunes are in lock step with the market. If the market reaches new highs, the product will generate a considerable return. Should the market decline, principal protection creates a nice alternative to a market based index fund that runs the risk of loss.”



“The CollegeSure CD is tried and true,” suggests Mary Marton, AVP and college savings adviser of College Savings Bank. “It has been around for twenty years, and will likely be around twenty more, offering a safe means to prepay college. The InvestorSure CD, on the other hand, has the potential to offer greater returns, but a zero percent return should the market decline. I will likely recommend that my clients balance their investments between the two products. All of their money will be safe, yet they will see good returns when the market is up (through the InvestorSure CD) and they are guaranteed a return from the CollegeSure CD.”

The Bank will accept funds for the InvestorSure CD every day, but CDs will be purchased quarterly. Prior to CDs being issued the Bank will hold funds in an InvestorSure Accumulator Account, which will earn a fixed rate of return annually. When an InvestorSure Accumulator Account balance reaches \$1,000 or more, the Bank will automatically issue a CD to the customer on the next purchase date.

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Please contact your financial adviser or tax adviser for specific information about how this material affects you and your particular financial situation.

CollegeSure® CD is a unique investment product the creation and origination of which is covered by one or more patents owned by College Savings Bank. Substantial penalty for early withdrawal. The Montana and Arizona Programs are not insured by the state of Montana or Arizona and neither the principal invested nor the investment return is guaranteed by the state of Montana or Arizona. Please read the Account Terms and Conditions and/or state program disclosure statement carefully before you invest or send money.

*State 529 plans from your state of residents may offer state income tax or other benefits not available through an investment in the CollegeSure CD 529 plan. You should consider your state 529 plan when evaluating investment options.

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InvestorSure CD

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“The InvestorSure CD is the best of both worlds, our customers will have a choice of college savings products,” says Dan Davenport, chief marketing officer of College Savings Bank. “And now be able to invest in a product that has the elements of the stock market, but with a safety net should the market not perform to the investor’s hopes.”

“College Savings Bank has been with the Arizona Family College Savings Program since it originated in 1998,” explains Dr. April Osborn, Executive Director of the Arizona Commission for Postsecondary Education. “While they are remaining true to their core business by offering safety, followed by a competitive rate of return, the InvestorSure CD represents another unique product in the 529 market – another characteristic of the Bank.”

College Savings Bank will begin accepting funds later this year, and the first CD is expected to be originated by mid January 2008. For more information, please call a College Savings Adviser at 1-800-888-2723 or stay tuned to our Web site, www.collegesavings.com. College Savings Bank customers will receive a letter later in the year with more details and the specific launch date.

“Current CollegeSure CD customers will be offered the option of moving a percentage of their investment into InvestorSure CDs,” adds Mary Marton. “We expect the new product to generate significant interest to our customers interested in diversifying their portfolio while not taking on any risk.”

Skilled at Math or Writing?

Here is a handy way to find out

New research claims that the length of a child’s index and ring finger can be used to predict how well they may perform on the SAT’s.

“Kids with longer index fingers compared to ring fingers are likely to have higher literacy or verbal scores versus math scores on the college entrance exam, while children with the reverse finger-length ratio are likely to have higher math scores versus reading and writing, or verbal, scores,” said psychologist Mark Brosnan of the University of Bath, who led the study.

In the future, his team will see if finger-length ratios are related to other cognitive and behavioral issues, such as technophobia, career paths and possibly dyslexia.



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