

# Direct Portfolio Annual Highlights



## Director's Message

*through December 31, 2008*

Without question 2008 has been a difficult year, and the economic environment has been most challenging for families across the country. The term 'change in 2009' is an under-statement as we see a new administration take office and the anticipation of numerous efforts to stimulate the national and local economies.

CollegelInvest is committed to helping your family achieve your education goals through this uncertain economic time:

- Our Direct Portfolio College Savings Plan offers you the option of regular payroll deduction and automatic funds transfers. It's proven that those who contribute on a regular basis save more to meet their goals, reducing the dependency on loans when the time comes for college.
- The Upromise® Rewards program allows you to get money back on everyday purchases such as groceries, eating out, shopping, or online shopping. These savings can then be applied to your Direct Portfolio account to help you meet your college savings goals.
- Ugift is a new, easy-to-use tool to invite your family and friends to contribute to your child's account for birthdays, holidays, graduating from Kindergarten to 1<sup>st</sup> grade, and other special occasions.
- Our website is constantly updated to provide valuable college expense planning tools and information regarding the financial aid process.

We're confident that you will continue to find Direct Portfolio competitive to other college savings plans and look forward to continuing to help you meet your college savings goals. If you have any questions, please call one of our college savings specialists at 1-800-997-4295 or email [savings@collegelinvest.org](mailto:savings@collegelinvest.org).

Sincerely,

Debra L. DeMuth, Director  
CollegelInvest  
Administrator of the Direct Portfolio College Savings Plan

## 2008 Highlights and Updates

- ◆ As of December 31, 2008, investments in Colorado's CollegelInvest 529 College Savings Program exceeded \$2.5 billion in total assets. The Program is made up of three college savings plans, including Direct Portfolio.
- ◆ During the six months ending December 31, 2008, approximately 4,500 new accounts were opened, bringing the total number of accounts to more than 75,000.
- ◆ CollegelInvest also received more than \$90.1 million in contributions to the Direct Portfolio plan, resulting in a total of \$734.1 million in assets.
- ◆ During 2008, Direct Portfolio account owners saved an additional \$695,000 through the Upromise Rewards program.

## 2009 IRS Tax Changes Affecting 529 College Savings Plans

The **Annual Gift Exclusion** will go to \$13,000 for calendar year 2009 for individuals (up from \$12,000 in 2008), to \$26,000 for a couple filing jointly (up from \$24,000 in 2008). Subsequently, the 5-year lump sum contribution levels are affected by these increases as well<sup>1</sup>.

Also, **for calendar year 2009**, 529 College Savings account holders now have the option to **change their investment strategies TWICE** within the calendar year as well as a change in the designated beneficiary of the account, subject to their program's requirements.

For specific information on these changes, please call our Direct Portfolio savings plan specialists at 1-800-997-4295.

## Financial Results as of December 31, 2008

During the six months ended December 31, 2008, the Plan received approximately \$90.1 million in contributions and reflected an overall unaudited net decrease in fiduciary net assets of approximately \$95.1 million.

### Direct Portfolio Fund Audited Statement of Fiduciary Net Assets\* As of June 30, 2008 (dollar amounts expressed in thousands)

#### Assets:

Cash and Investments, at fair value	\$ 828,427
Receivables and other assets	<u>1,554</u>
<b>Total fiduciary assets</b>	<b>829,981</b>
<b>Total liabilities</b>	<b><u>777</u></b>
<b>Total fiduciary net assets, held in trust</b>	<b>\$ <u>829,204</u></b>

### Direct Portfolio Fund Audited Statement of Changes in Fiduciary Net Assets\* For the Year Ended June 30, 2008 (dollar amounts expressed in thousands)

#### Additions:

Net investment income (loss)	\$ (38,462)
Participant contributions	218,088
Fee income	<u>216</u>
<b>Total additions</b>	<b><u>179,842</u></b>

#### Deductions:

Benefits paid to participants and withdrawals	55,496
Administrative fees and operating expenses	<u>5,748</u>
<b>Total deductions</b>	<b><u>61,244</u></b>

#### Net change in fiduciary net assets

<b>before transfers</b>	<b>118,598</b>
Intra-Program administrative fee transfers	153
<b>Fiduciary net assets, beginning of year</b>	<b><u>710,453</u></b>
<b>Fiduciary net assets, end of year</b>	<b>\$ <u>829,204</u></b>

\* These financial statements are condensed and do not include any disclosures or certain additional statements required by Generally Accepted Accounting Principles. Complete audited financial statements of the Fund for the year ending June 30, 2008 are available upon request or can be found at [www.collegeinvest.org](http://www.collegeinvest.org).

## CollegInvest Direct Portfolio Investment Options

It is important to thank you for your continued confidence in CollegInvest and to reinforce our commitment to bring you the highest quality portfolio options available in the 529 industry. Our age-based options provide a mix of stocks, bonds and short-term reserves appropriate for the age of your beneficiary. Also, the portfolios automatically become more conservative (more bonds and less stocks) as your beneficiary gets closer to college age. The Individual and Blended Portfolios are for more "hands-on" investors, who are interested in constructing and reallocating their 529 Plan portfolio of investments.

For more information on the Direct Plan investments go to [www.collegeinvest.org](http://www.collegeinvest.org). For performance data current to the most recent month-end, call 1-800-997-4295.

## Average Tuition vs. Actual Tuition

The chart below demonstrates Colorado Average Tuition for the 2008/2009 school year based on a sample of colleges and universities<sup>1</sup> in Colorado. The chart below is for information only and not intended to reflect the value of any account.

Colorado Average Tuition	University of Colorado Boulder	Metropolitan State College of Denver	Front Range Community College
\$4,527	\$5,922	\$2,615	\$2,430

<sup>1</sup> Colleges listed have the largest student population of Colorado schools in the categories of: Public 4-Year University, Public 4-Year College, and Public Community College. Please note this is the cost of tuition only and not the total cost of attendance at each college.

## Ugift® Program Available to Direct Portfolio Accounts

Ugift is an innovative way to invite family and friends to celebrate a child's milestone with the gift of college savings.

Use Ugift for birthdays, religious events, holidays, and special events such as graduating from Kindergarten to 1<sup>st</sup> Grade.

Visit [www.collegeinvest.org/Ugift](http://www.collegeinvest.org/Ugift) for more information.

## Important Considerations

*This material may be used in conjunction with the offering of shares of CollegInvest Direct Portfolio College Savings Plan portfolios only if preceded or accompanied by the current Plan Disclosure Statement and Participation Agreement.*

<sup>1</sup> Contributions between \$13,000 and \$65,000 made in one year can be prorated over a five-year period without incurring gift taxes or reducing your unified estate and gift tax credit. If the account owner dies before the end of the five-year period, a prorated portion of the contribution will be included in his or her taxable estate. If you contribute less than the \$65,000 maximum, additional contributions can be made without incurring gift taxes, up to a prorated level of \$13,000 per year. Gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given student in the year of contribution.

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