

Morningstar Analyst Ratings for 529 College-Savings Plans

Morningstar evaluated 529 plans in five different areas—Portfolio, Performance, Price, Parent, and People—to determine an overall analyst rating for more than 50 529 plans.

Top

Plans that earn the Top rating are best-in-class. The plan's investment options are easy to own and are run by experienced managers who work for firms with excellent stewardship practices. These plans have performed well given their strategies and charge a fair price. These plans are leading choices for investors who live in the states where the plans are based, and they're also good choices for investors doing a nationwide search.

Table 1: Morningstar 529 Plan Analyst Rating—Top

529 Plan	State	Sales Channel
T. Rowe Price College Savings Plan	AK	Direct
Maryland College Investment Plan	MD	Direct
The Vanguard 529 College Savings Plan	NV	Direct
CollegeAdvantage 529 Savings Plan	OH	Direct
Utah Educational Savings Plan	UT	Direct
CollegeAmerica	VA	Advisor

Above Average

These plans are better-run than a typical 529 plan, but they have some practices that prevent them from earning a Top rating, such as higher fees or a few investment options with poor track records or stewardship practices. These plans are very strong choices for in-state residents, and in some cases they may be worthy of consideration by nonresidents.

Table 2: Morningstar 529 Plan Analyst Rating—Above Average

529 Plan	State	Sales Channel
iShares 529 Plan	AR	Advisor
ScholarShare College Savings Plan	CA	Direct
CollegeInvest Direct Portfolio	CO	Direct
Connecticut Higher Education Trust	CT	Direct
Path2College 529 Plan	GA	Direct
College Savings Iowa 529 Plan	IA	Direct
Bright Start College Savings (Direct)	IL	Direct
Bright Directions College Savings Program	IL	Advisor
LearningQuest 529 Program (Direct)	KS	Direct
Michigan Education Savings Program	MI	Direct
MOST Missouri's 529 Plan	MO	Direct
National College Savings Program	NC	Direct
USAA College Savings Plan	NV	Direct

Table 3: Morningstar 529 Plan Analyst Rating—Above Average (continued)

529 Plan	State	Sales Channel
New York's 529 Program (Direct)	NY	Direct
Virginia Education Savings Trust	VA	Direct

Average

There's nothing wrong with investing in a plan that earns Morningstar's Average rating, particularly if an investor is sticking with a local plan to take advantage of in-state tax benefits. To be sure, Average plans aren't best-in-class in all areas. Usually, the quality of their investments is fine but not outstanding. Some Average plans' fees are too high—especially absent tax breaks from the state.

Table 4: Morningstar 529 Plan Analyst Rating—Average

529 Plan	State	Sales Channel
John Hancock Freedom 529	AK	Advisor
CollegeCounts 529 Fund	AL	Advisor
Fidelity Arizona College Savings Plan	AZ	Direct
InvestEd 529 Education Savings Plan	AZ	Advisor
Scholars Choice College Savings Program	CO	Advisor
Delaware College Investment Plan	DE	Direct
Bright Start College Savings (Advisor)	IL	Advisor
CollegeChoice 529 Direct Savings Plan	IN	Direct
CollegeChoice Advisor 529 Savings Plan	IN	Advisor
U.Fund College Investing Plan	MA	Direct
MOST 529 Advisor Plan	MO	Advisor
NEST Advisor College Savings Plan	NE	Advisor
NEST Direct College Savings Plan	NE	Direct
UNIQUE College Investing Plan	NH	Direct
Fidelity Advisor 529 Plan	NH	Advisor
Franklin Templeton 529 College Savings Plan	NJ	Advisor
NJBEST 529 College Savings Plan	NJ	Direct
Scholar'sEdge	NM	Advisor
Putnam 529 for America	NV	Advisor
BlackRock CollegeAdvantage 529 Plan	OH	Advisor
Oklahoma College Savings Plan	OK	Direct
Oregon College Savings Plan	OR	Direct
MFS 529 Savings Plan	OR	Advisor
Pennsylvania 529 Investment Plan	PA	Direct
Future Scholar 529 (Advisor)	SC	Advisor

Table 5: Morningstar 529 Plan Analyst Rating—Average (continued)

529 Plan	State	Sales Channel
Future Scholar 529 (Direct)	SC	Direct
CollegeAccess 529	SD	Advisor and Direct
Vermont Higher Education Investment Plan	VT	Direct
EdVest College Savings Plan	WI	Direct and Advisor
The Hartford SMART529	WV	Advisor

Below Average

In Morningstar's view, Below Average 529 plans are unlikely to keep up with the industry average over the life of the investment. Plans that earn this rating typically have weaker investment-option lineups or fees that the investment is unlikely to overcome and outperform. Morningstar also may have concerns about the program manager's stewardship practices.

Table 6: Morningstar 529 Plan Analyst Rating—Below Average

529 Plan	State	Sales Channel
Schwab 529 College Savings Plan	KS	Direct
NextGen College Investing Plan	ME	Advisor and Direct
Minnesota College Savings Plan	MN	Direct
TD Ameritrade 529 College Savings Plan	NE	Direct
Upromise College Fund 529 Plan	NV	Direct
CollegeBoundfund	RI	Advisor and Direct
Tomorrow's Scholar College Savings Plan	WI	Advisor

Bottom

Plans earning a Bottom rating are to be avoided, in Morningstar's view. These plans' investment lineups are likely weak, the program manager's stewardship practices may be questionable, and the options' fees are probably high. If a state's only 529 plan earns a Bottom rating, investors are probably better off leaving the local option for a Top or Above Average plan, which will likely outperform over the long term. None of the plans Morningstar evaluated in 2011 earned a Bottom rating.