

CollegeBound*fund*<sup>®</sup>

## Education Strategies

A Flexible and Efficient Way to Invest for College



Investment Products Offered

• Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

  
ALLIANCEBERNSTEIN





# Planning for the Cost of College

A college education is more essential than ever in today's competitive world. Twenty years ago, college graduates earned 58% more than non-graduates; today they earn 77% more.<sup>1</sup> Although the cost of a higher education can seem overwhelming, investing for even part of your savings goal can help your loved one get a head start. But, as with any savings plan, it's important to establish a goal.

## Establishing a Goal

How much will a college education cost—and how much will you need to invest to meet your goals? We designed the table on the right to help you determine how much money you'll need to invest monthly to meet your goal. By finding a child's age today in the left-most column, you can look across to the right and find the estimated cost of four years of college—and an estimate of how much you'll need to invest each month to reach that goal.

Keep in mind that costs for different schools and degrees vary considerably.

Don't be discouraged if you're starting late or you don't save the exact amount. Helping a loved one pay for a year or even a few months can help them start life without large amounts of debt.

Projected college costs include average tuition, fees and room and board for in-state students at public and private four-year colleges and universities.

The estimated monthly investment assumes a 6% annual rate of return with contributions made at the beginning of each month.

This hypothetical projection also assumes that contributions and growth of the investment stop when the child reaches age 18. The estimates shown are hypothetical and for illustrative purposes only. They do not represent the performance of any specific investment, including any CollegeBoundfund portfolio.

Planning to Meet the Cost of College<sup>2</sup>

Child's Age Today	4 Years of Public School		4 Years of Private School	
	Projected College Cost	Estimated Monthly Investment	Projected College Cost	Estimated Monthly Investment
17	\$64,866	\$5,232	\$154,469	\$12,460
16	\$68,109	\$2,665	\$162,192	\$6,346
15	\$71,515	\$1,809	\$170,302	\$4,308
14	\$75,090	\$1,381	\$178,817	\$3,289
13	\$78,845	\$1,124	\$187,758	\$2,678
12	\$82,787	\$953	\$197,146	\$2,270
11	\$86,926	\$831	\$207,003	\$1,979
10	\$91,273	\$739	\$217,353	\$1,761
9	\$95,836	\$668	\$228,221	\$1,591
8	\$100,628	\$611	\$239,632	\$1,455
7	\$105,660	\$564	\$251,613	\$1,344
6	\$110,943	\$525	\$264,194	\$1,251
5	\$116,490	\$492	\$277,404	\$1,172
4	\$122,314	\$464	\$291,274	\$1,105
3	\$128,430	\$439	\$305,838	\$1,046
2	\$134,851	\$418	\$321,130	\$995
1	\$141,594	\$399	\$337,186	\$950
Newborn	\$148,674	\$382	\$354,045	\$909

<sup>1</sup> ACE Fact Sheet of Higher Education. Information contained in the fact sheet is from the US Census Bureau Current Population Survey.

<sup>2</sup> Estimates assume a 5% annual increase in costs. Current average annual costs are for the 2008–2009 academic year, and include tuition, fees and room and board.

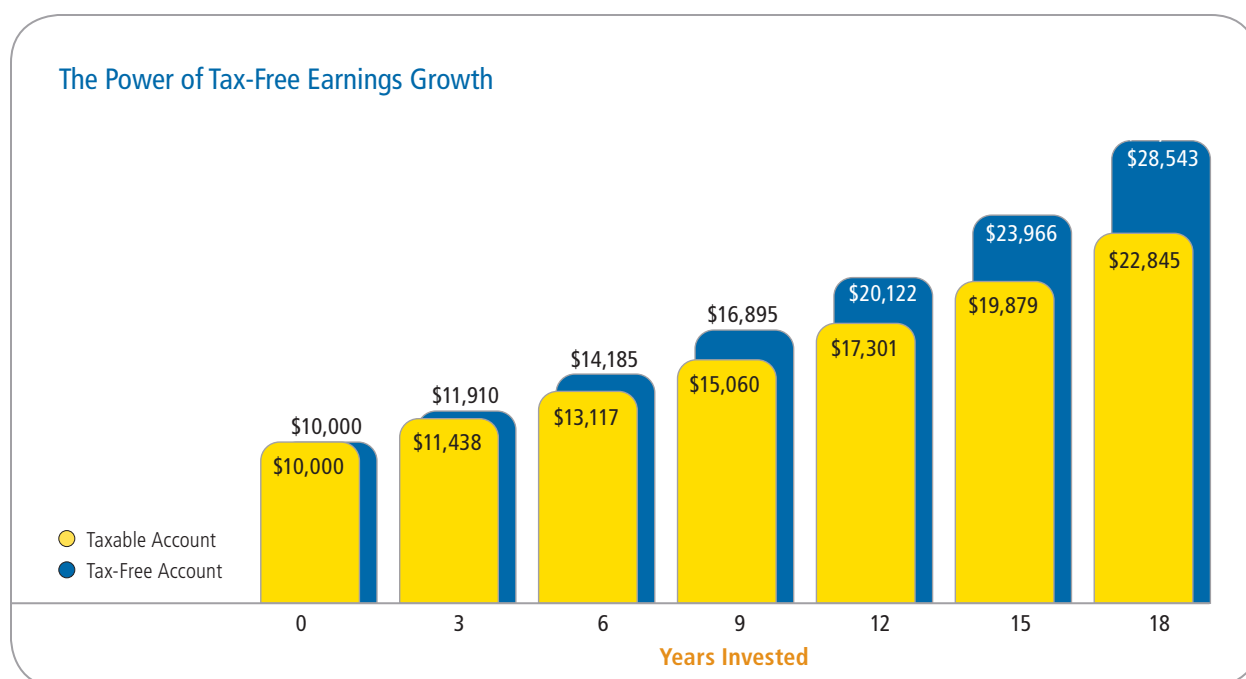
Source: College Board, "Trends in College Pricing, 2008"



# The Benefit of Tax-Free Earnings Growth

As a Section 529 savings plan, CollegeBoundfund allows your investments to grow free from federal income taxes. If withdrawals are used for qualified higher education expenses, they're also federal income tax-free. This means that a CollegeBoundfund account could grow faster than an identical taxable account. Please keep in mind that the availability of such tax or other benefits may be conditioned on meeting certain requirements.

The chart below compares a hypothetical one-time investment of \$10,000 with a 6% annual rate of return in a tax-free college savings account versus an identical investment in a taxable account.



*This is a hypothetical example.*

*The tax rate applied above is a blended federal and state capital gains tax rate of 24.45%.*

*This example does not represent the performance of any particular investment, including CollegeBoundfund or any AllianceBernstein mutual fund.*

*Of course, different assumptions will result in different outcomes. Your results may be more or less than shown in this example. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance.*

# CollegeBound*fund* Offers a Flexible and Efficient Way to Invest for College

Saving for a child's higher education can be a daunting task, but CollegeBound*fund* can help you get there. Not only does CollegeBound*fund* offer you a tax-advantaged investment opportunity, it also has many other flexible features that can make it easy for you to save. Please note that the availability of such tax or other benefits may be conditioned on meeting certain requirements. Discover the benefits of CollegeBound*fund* below.

## Your Choice of Higher Education Institutions

You can use CollegeBound*fund* assets to pay for qualified expenses at any accredited institution of higher education in the country, including undergraduate and graduate schools, community colleges, vocational-technical schools, as well as many foreign institutions. Qualified expenses include tuition, fees, room and board, books and other supplies required to attend an institution of higher education. A 10% federally mandated penalty or additional tax applies on earnings you withdraw for non-qualified expenses. Please review the Program Description for more specific information.

## Low Minimum Investment Amounts

CollegeBound*fund* makes it easy for you to start investing right away. If you enroll in one of the available automatic investment plans, there's a \$50 investment minimum required to open an account. The automatic investment plans conveniently allow you to have your contribution electronically deducted directly from your checking account, savings account or even your pay-check. Check with your Human Resources Department to see if they can set up a payroll deduction for you. If you don't want to set up an automatic investment plan, you can open an account with an initial investment of \$1000.<sup>3</sup> The minimum for subsequent investments made by check is \$50.

## High Ceiling on Contributions

You can contribute to a CollegeBound*fund* account until the total value of all CollegeBound*fund* accounts for a beneficiary equals \$365,000. Of course, the earnings can continue to grow beyond this limit. The ceiling may change from time to time to reflect the increasing cost of higher education.

## No Income Limits on Contributing

Unlike other college savings vehicles, such as the Coverdell Education Savings Account (formerly Education IRA), CollegeBound*fund* has no income limits that restrict who can participate.

## You Can Ask Others to Contribute

Parents, grandparents, aunts, uncles and friends can all contribute to a CollegeBound*fund* account.

## Experienced Investment Management

AllianceBernstein Investments, Inc., the mutual fund and investment products distributor for AllianceBernstein L.P., provides investors access to one of the most experienced investment organizations in the world—with expertise in every key investment discipline, including growth, value and fixed income.

<sup>3</sup> The minimum initial contribution for Rhode Island accounts (and certain other accounts subject to the same sales and asset-based charge structure as applies to Rhode Island accounts) not participating in an automatic contribution plan is \$250.

### You Choose—or Change—the Beneficiaries

As the participant, you can select anyone you want to be the beneficiary of your CollegeBound*fund* account. You can change the beneficiary at any time to another member of the beneficiary's family including siblings, parents, cousins or even yourself!

### Withdraw Your Funds at Any Time

You can make withdrawals any time you want, but earnings on withdrawals that aren't used for qualified higher education expenses will be taxed as ordinary income to the recipient and subject to a 10% penalty.

### Special Gift and Estate Tax Treatment

Contributions to CollegeBound*fund* can help you avoid gift and estate taxes under certain circumstances. You can contribute up to \$65,000 per beneficiary in a single year (\$130,000 for married couples) without federal gift tax consequences, provided no additional gifts are made to the beneficiary over a five-year period. And, contributions made to CollegeBound*fund* are excluded from your taxable estate for federal estate-tax purposes. This exclusion is subject to an add-back rule in the event of your death within five years.

**You should consult with your tax advisor or accountant to determine your individual tax situation. Please see the Program Description for more information.**

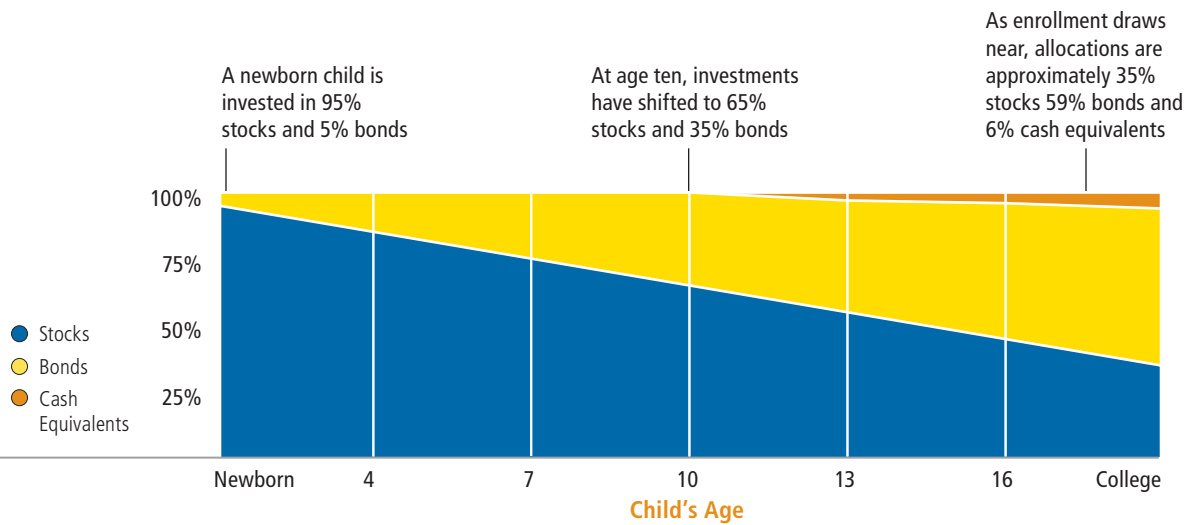


CollegeBound*fund* offers you a choice of 15 investment options. They range from globally diversified portfolios like Education Strategies to a stable value portfolio and nine individual AllianceBernstein portfolios that can be combined to form a personalized investment strategy. Keep in mind, regardless of the investments you choose, you should periodically monitor your account to ensure it continues to meet your investment goals, tolerance for risk and time horizon.

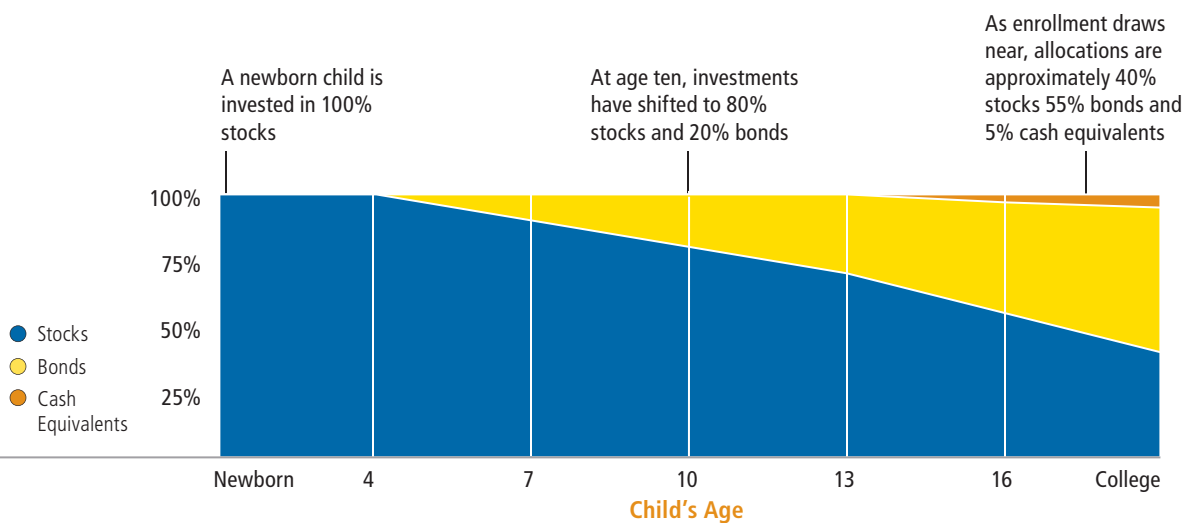
# Age-Based: Education Strategies Portfolios

With Age-Based Education Strategies, select the portfolio that fits your child's age and the portfolios will change over time as your child nears college age. For younger children, the portfolio invests more heavily in stocks. As your child nears college age, the allocation gradually becomes more conservative, investing in more stable investments in order to prepare for distributions to pay for college costs.

## Age-Based Portfolio



## Age-Based Aggressive Portfolio



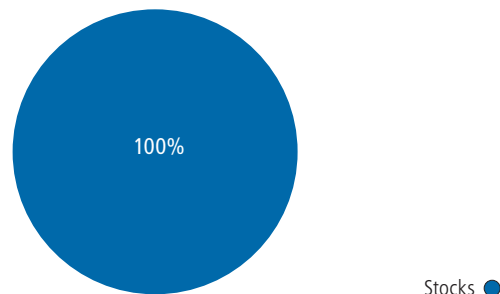


# Fixed Allocation: Education Strategies Portfolios

The three Fixed Allocation Portfolios offered in CollegeBound*fund* represent different blends of stocks and bonds. Unlike the Age-Based Portfolios, the asset allocation doesn't change over time, so you can choose the Portfolio with the risk/return balance that's right for you.

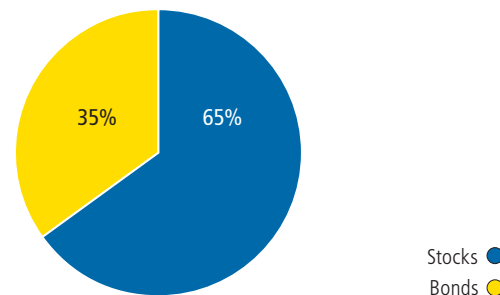
## Appreciation Portfolio

The Appreciation Portfolio is invested entirely in stocks and is designed for those who prefer to take a more aggressive approach to investing. The potential for higher returns is greater, but so is the potential for higher volatility.



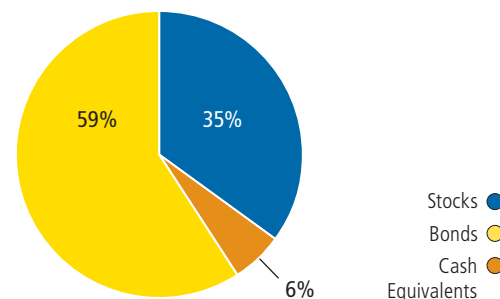
## Balanced Portfolio

The Balanced Portfolio invests in a set mix of 65% stocks and 35% bonds. The goal of the Balanced Portfolio is to provide a balance between principal safety and growth opportunity.



## Preservation Portfolio

This more conservative alternative may be appropriate for investors with older children who are near or approaching college age or for investors who are more risk adverse and want a more conservative investment strategy.



# Individual Fund Portfolios

You can create your own strategy from among nine AllianceBernstein portfolios and the Principal-Protection Income Portfolio, a stable value option.

## Growth

- AllianceBernstein Large Cap Growth Portfolio
- AllianceBernstein Small/Mid-Cap Growth Portfolio<sup>4</sup>
- AllianceBernstein Small Cap Growth Portfolio
- AllianceBernstein Global Thematic Growth Portfolio<sup>5</sup>

## Value

- AllianceBernstein Growth and Income Portfolio
- AllianceBernstein Value Portfolio
- AllianceBernstein International Value Portfolio
- AllianceBernstein Small/Mid-Cap Value Portfolio

## Fixed Income

- AllianceBernstein Intermediate Bond Portfolio

## Principal-Protection Income Portfolio

The Principal-Protection Income Portfolio is a conservative, stable value option. It primarily invests in a diversified portfolio of fixed-income securities and money market instruments protected from fluctuations in value typically associated with bond funds. The objective of this portfolio is to generate higher returns than most money market funds.

*The Principal-Protection Income Portfolio does not guarantee any particular rate of return. The Portfolio seeks to minimize fluctuations in the value of its investments by entering into contracts, known as wrapper agreements, with financial institutions such as banks and insurance companies. However, these wrapper agreements are subject to certain risks and do not guarantee any participant's investment in the Portfolio. Although the Portfolio seeks to preserve the value of your investment, it is possible, under certain circumstances, to lose money by investing in this Portfolio. While approximately 95% of the Portfolio's assets are invested in "wrapped" fixed-income securities, approximately 5% will be invested in money market securities, whose value is not protected by the insurance wrapper. Please see the Program Description for more information.*



## Dollar-Cost-Averaging Across All CollegeBoundfund Investment Options

With CollegeBoundfund, you can implement a dollar-cost-averaging strategy from or to any investment option within the plan by using the monthly reallocation feature. This gives you an efficient and automatic way to shift from one investment strategy to another. And, since the IRS limits 529 plan investment changes to once per calendar year, monthly reallocation gives you the ability to make additional portfolio changes in a systematic way over a longer time horizon.\*

\* To participate in the monthly reallocation, the initial contribution must be at least \$1,000 and at least \$500 must be reallocated to each of the other CollegeBoundfund investment options selected. Rhode Island accounts have no minimum requirements. Please see the Program Description for more information. Dollar-cost-averaging does not assure a profit or protect against loss in a declining market. Since this strategy involves continuous investments, regardless of fluctuating prices, investors should consider their financial ability to invest during periods of low price levels.

<sup>4</sup> Prior to November 3, 2008, the Portfolio was named AllianceBernstein Mid-Cap Growth Portfolio.

<sup>5</sup> Prior to November 3, 2008, the Portfolio was named AllianceBernstein Global Technology Portfolio.



For more information about CollegeBound*fund*, contact your financial advisor, visit [www.collegeboundfund.com](http://www.collegeboundfund.com) or call a CollegeBound*fund* representative toll-free at 888.324.5057.

**You should consider the investment objectives, risks, charges and expenses of CollegeBound*fund* carefully before investing. For a free copy of the Program Description, which contains this and other information, visit our website at [www.collegeboundfund.com](http://www.collegeboundfund.com), or call your financial representative or AllianceBernstein Investments at 888.324.5057. Please read the Program Description carefully before you invest.**

**If you are not a Rhode Island resident or if you have taxable income in another state, please note that depending on the laws of your or your beneficiary's home state, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only for investments in the home state's 529 plan. Any state-based benefit offered with respect to this plan should be one of many appropriately weighted factors to be considered before making an investment decision. Please consult your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or another state's 529 plan to learn more about its features, benefits and limitations before investing. Statements in this material concerning taxation are not offered as individual tax advice.**

The investments in CollegeBound*fund* are not guaranteed by the State of Rhode Island, the Rhode Island Higher Education Assistance Authority (which established and implemented CollegeBound*fund* and makes rules and regulations governing the program), the Rhode Island State Investment Commission (which oversees the investments of the assets of CollegeBound*fund*), the Federal Deposit Insurance Corporation (FDIC) or any instrumentality thereof. CollegeBound*fund* is managed by AllianceBernstein L.P. and distributed by AllianceBernstein Investments, member FINRA.

©2009 AllianceBernstein L.P.



Frank T. Caprio  
General Treasurer



William H. Hurry  
Executive Director



1345 Avenue of the Americas  
New York, NY 10105  
1.888.324.5057

[www.alliancebernstein.com](http://www.alliancebernstein.com)



March 2010

## New Name for the Preservation Portfolio

The name of the Education Strategies Preservation Portfolio has been changed to the Conservative Portfolio effective April 1, 2010.

We've made this change so that the Portfolio's name more accurately reflects the underlying service.

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AllianceBernstein family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the manager of the funds.

AllianceBernstein<sup>®</sup> and the AB logo are registered trademarks and service marks used by permission of the owner, AllianceBernstein L.P.

© 2010 AllianceBernstein L.P.

Investment Products Offered • Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

17099

529-6273-0410