

## Added dimension as popular 529 plan adds funds, cuts fees

**Utah offering will now include portfolios from Dimensional Fund Advisors; high rating from Morningstar**

By **Liz Skinner** | June 18, 2013 - 8:49 am EST

Utah's college savings program is expanding its investment lineup, adding funds from Vanguard and Dimensional Fund Advisors. Administrative fees on the plan are also being cut by about 10%.

The plan, already one of the nation's largest 529s with about \$6 billion in assets, is sold directly to clients but many fee-only advisers favor the program's low cost and unique investment features. Advisers note, for example, that participants in the plan can give them direct access to make changes in their accounts.

As of June 21, account holders using the customized investment options will be able to design an age-based allocation from 22 underlying funds: Six Dimensional funds, 15 Vanguard mutual funds and an FDIC-insured savings account option. Today, the investor has nine investment choices.

"We've expanded the underlying funds, including a new fund family, to enrich our plan and do so at low cost," said Lynne Ward, executive director of the Utah Educational Savings Plan.

Dimensional Funds boast a low-cost, passive investment strategy. Six funds from Dimensional will be available through the Utah 529 plan, including Global Equity Portfolio (DGEIX), DFA Real Estate Securities Portfolio (DFREX), and DFA International Value Portfolio (DFMX) and DFA One-Year Fixed Income Portfolio (DFIHX).

Utah's plan also is adding six additional Vanguard funds and two new static investment options. The administrative asset fee on four of its age-based and five of the six static investment options will be lowered by about 10%, resulting in a fee range of between .14 and .18%, according to Ms. Ward. The customized investment option fee is .20%.

"Adding Dimensional funds is making a great plan even better," said financial adviser Greg Brown

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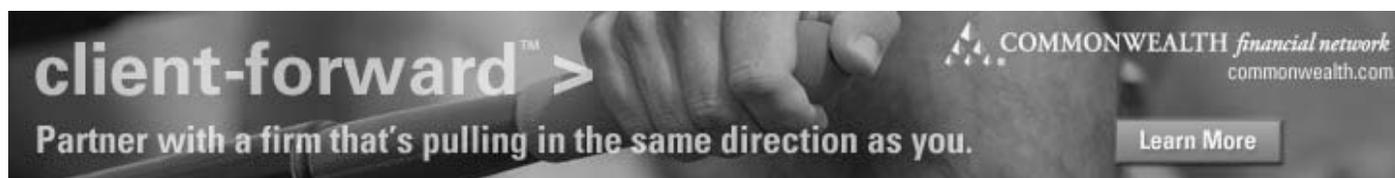
of Pathway Financial Planning. “West Virginia is the only other [direct-sold] plan that has Dimensional funds, and that plan is not customizable.”

Mr. Brown, who used to analyze 529 plans for Morningstar Inc. before becoming an adviser two years ago, said he recommends clients invest about 75% of their expected college costs in 529s and accumulate the rest in taxable assets to avoid overfunding the 529s.

Account holders have to pay taxes on investment earnings and a 10% penalty if they take the money out for non-college purposes. All Section 529 college savings plans, named after the tax code that created them, grow federal-tax-free as long as the money is used for college expenses.

The Utah plan is one of four top-rated plans from Morningstar Inc., according to its most recent annual list.

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