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State Treasurer Pearce Proposes Addition of Fossil-Free Mutual Fund to Deferred Compensation Plan

MONTPELIER, Vt.—State Treasurer Beth Pearce will present a proposal to the Vermont State Employees' Retirement System Board of Trustees that would add a fossil-free mutual fund investment option for employees contributing to the State's deferred compensation plan. The proposal will be presented at their February 13 meeting.

"Employees have the opportunity to invest their supplemental retirement savings in socially responsible investment funds through the deferred compensation plan," said Pearce. "I am proposing that we add to those options a fossil-free mutual fund alternative. This will provide interested employees with a new investment option and, at that same time, allow Trustees to meet their fiduciary obligation to maximize returns on investments."

Through the State Treasurer's Office, employees may contribute to a supplemental retirement savings program, in addition to the defined benefit or pension program. The Vermont State Retirement System makes available a 457 plan to eligible employees within the State, municipal and teachers' systems. The plan is administered by Great-West Retirement Service. Socially responsible investment or SRI funds are one of many investment options an individual may choose to invest in. A deferred compensation plan allows an individual to save additional money for retirement by having funds contributed to the plan before taxes.

"I support the addition of a fossil-free investment option. In meeting our fiduciary responsibility, the board also looks to offer participants sound investment options that provide an opportunity to support socially responsible investment goals such as fossil-free funds," said VSERS Board Chair Kevin Gaffney. "Supporting such an investment option provides potential growth to companies that support a sustainable future."

Pearce will propose the addition of one mutual fund, Pax World Environmental, which excludes fossil-fuel companies from the fund portfolio. According to Pearce, the fund also meets the investment strategy criteria used by Great-West. If the fund is added, individual participants in the 457 plan may make the choice to reallocate some or all of their investments into the new fund.

There are currently four SRI fund options available in the 457 plan. These specialized funds invest only in companies that meet their defined criteria of ethical operations, social benefits and environmental standards. The SRI options are: Calvert Social Investment Bond A2 (CSIBX), Vanguard FTSE Social Index Institutional (VFTNX), Pax World Balanced (PAXWX) and the PIMCO Total Return III Institutional (PTSAX).

If the board approves the addition of the fund, Great-West will add the Pax World Environmental mutual fund as an investment option within the State's 457 plan.