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State Retirement Board Approves Addition of Fossil-Free Mutual Fund to Deferred Compensation Plan

MONTPELIER, Vt.—The Vermont State Employees' Retirement System Board of Trustees has approved the addition of a fossil-free mutual fund investment option for employees contributing to the State's deferred compensation plan. State Treasurer Beth Pearce presented the proposal at the board's February 13 meeting.

"I'm pleased that employees now have the choice of investing their supplemental retirement savings into a fossil-free mutual fund," said Pearce. "As the State's fiduciary, I work to balance the protection and growth of assets with providing employees meaningful investment options. Employees interested in Socially Responsible Investments may now choose from five investment options."

The new SRI option added to the State's 457 plan is the Pax World Global Environmental Markets (PGINX), which excludes fossil-fuel companies from the fund portfolio. SRIs are specialized funds that invest only in companies that meet their defined criteria of ethical operations, social benefits and environmental standards. Other SRI fund options employees may choose from are: Calvert Bond Portfolio A (CSIBX), Vanguard FTSE Social Index Institutional (VFTNX), Pax World Balanced (PAXWX) and the PIMCO Total Return III Institutional (PTSAX). Contributions employees elect to make to the deferred compensation plan are 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.

"As fiduciaries, the board looks to provide a diversified offering of investments to meet the varying needs and investment objectives of State employees," said VSERS Board Chair Kevin Gaffney. "The addition of a fossil-free fund offering provides employees the opportunity to invest in companies that support a sustainable future, while supplementing their retirement savings."

A deferred compensation plan allows an individual to save additional money for retirement by having funds contributed to the plan before taxes. The plan is administered by Great-West Retirement Service. Individual participants in the 457 plan may now choose to reallocate some or all of their investments into the new fund. SRI funds are one of many investment options an individual may choose to invest in within the deferred compensation plan.

"We are working with Great West to complete the administrative steps and expect that this investment option will be available around May 1," said Pearce.