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Fossil Fuel-Free Investment Option Available to Participants in State and Municipal Defined Contribution Plans

MONTPELIER, Vt.—State Treasurer Beth Pearce and Vermont Municipal Employees' Retirement System Board Chair Steve Jeffrey announced today that participants in both the State and municipal defined contribution retirement plans will now have the option of investing retirement savings in a fossil fuel-free mutual fund.

The State and municipal defined contribution plans are modeled after private sector 401(k) plans. A defined contribution plan is offered to State and municipal employees within the Vermont State Retirement System who are either ineligible to participate in a traditional defined benefit pension plan or are in positions where they elect to place their retirement savings in the plan.

"We want to give participants interested in investing in fossil fuel-free companies a mutual fund option for their retirement savings," explained Pearce. "Such funds serve those interested in Socially Responsible Investments. The addition of SRI funds allows us to maintain our fiduciary responsibility regarding the overall fund investments and still offer participants broader investment choices."

Both the State and municipal defined contribution plans are managed by Fidelity Investments. With the addition of the Pax World Global Environmental Markets Fund (PGINX), participants now have 12 mutual funds to choose from in equity, balanced, and fixed income classes, and age-based "life-cycle" funds. Socially Responsible Investments are specialized funds that invest only in companies that meet their defined criteria of ethical operations, social benefits and environmental standards.

"This addition to our options shows that DC plans can also offer the flexibility to retirement investors to choose investment options which fit their interests and concerns, as well as providing income for their later years," said Jeffrey.

The VMERS Board of Trustees approved the addition of the fossil fuel-free fund at their March meeting. As of June 30, 2013, there were 70 contributing municipalities with 289 participants and net assets of \$18.5 million. As sole trustee of the State fund, Pearce approved the addition of the fund for defined contribution participants of the Vermont State Employees' Retirement System. As of June 30, 2013, there were 419 participants and net assets of \$49.1 million.

The State Treasurer's Office will work with Fidelity to complete the needed administrative steps to offer the new fossil fuel-free investment option. It is expected that participants will be able to start investing in the fund by July 1.