

**ELIZABETH A. PEARCE**  
STATE TREASURER



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**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

***IMPORTANT NOTICE***  
***State of Vermont 457 Deferred Compensation Plan***  
***Change to Stable Value Fund Investment Manager***  
***May 2012***

The Vermont State Employees' Retirement System (VSERS), as plan administrator for the State of Vermont 457 Deferred Compensation Plan (457 Plan), and the Office of the State Treasurer are pleased to announce the replacement of the investment manager for the Vermont Stable Value Fund (Fund).

Effective on **Tuesday, June 19, 2012**, the Vermont Stable Value Fund will be managed by ICMA-RC and invested in the Vantage Trust PLUS Fund, and will no longer be invested in the SEI Stable Asset Fund. This new arrangement is expected to provide a significantly higher investment return for Vermont Stable Value Fund investors, while preserving safety of principal and daily liquidity.

Participants in the 457 Plan currently invested in the Vermont Stable Value Fund will be "mapped" to the new investment starting at the close of business Monday, June 18. Participants not currently invested in the Vermont Stable Value Fund will be able to invest in the new Fund starting on Tuesday, June 19.

Investors should be aware that, starting on June 19, you will not be able to move funds directly from the Vermont Stable Value Fund into the 457 Plan's Self-Directed Brokerage Account (SDBA) or into the FPA New Income Fund. These two options are considered "competing" investments to the Vermont Stable Value Fund, meaning that frequent trading between these two options and the Vermont Stable Value Fund could harm the Fund's performance. As such, these two options will be subject to a 90-day "equity wash" rule, which means you must first move funds from the Vermont Stable Value Fund into any other of the 457 Plan's investment options, and remain invested in those options for 90 days, prior to investing in either the SBDA or the FPA New Income Fund.

Vermont Stable Value Fund investors should also be aware that the "SVF Fee Reimbursement" in the "Transaction Detail" section of your quarterly investment statement from Great-West Retirement Services will no longer appear. This reimbursement was due to an arrangement between SEI and the 457 Plan whereby SEI reimbursed 8.4 basis points of their management

fees to the 457 Plan. Inclusive of the 12 basis point administrative fee, the all-in investment fees were 56.3 basis points, deducted from investment income earned by participants. After reimbursement of 8.4 basis points the net cost to participants was 47.9 basis points. The new all-in investment fees will be 50.4 basis points, without the additional step of reimbursement.<sup>1</sup> As such, the new overall fees will be 2.5 basis points higher than the existing fees. However, the investment performance from the new manager is expected to be far superior: over the past year, the new manager has returned over 250 basis points in excess of the existing manager. While past performance is not a guarantee of future results, we believe the product will provide superior performance compared to the previous product. Recent changes to the SEI product also support the VSERS Board decision to move to a new product.

On May 1, 2012, SEI announced its intention to terminate the SEI Stable Asset Fund effective November 30, 2012. SEI also announced several changes to the underlying investments in the SEI Stable Asset Fund, including the termination of all wrap contracts, the liquidation of all fixed income securities, and the investment of the SEI Stable Asset Fund primarily or exclusively in registered money market mutual funds. As such, this investment is expected to have a very low yield until it is terminated by the 457 Plan on June 18. The “Notice of Termination of the SEI Stable Asset Fund” dated May 1, 2012, is included as an attachment for your information.

In summary, VSERS and the Treasurer’s Office expect that this new configuration of the Vermont Stable Value Fund investment will substantially improve the performance of this Fund to the benefit of participants in the 457 Plan.

Please do not hesitate to call toll-free 1-800-642-3191, or 802-828-1451 if you have questions regarding the new Vermont Stable Value Fund investment and how these changes may, or may not, affect you.

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<sup>1</sup> The reimbursement lowered the standard 12 basis point 457 Plan administration fee to a net 3.6 basis points for assets invested with the Vermont Stable Value Fund. After June 19, the full 12 basis point administration fee will be reflected in the “Withdrawals/Expenses” column of the “Account Summary by Investment Option” section of your quarterly statement. The \$0.50 fee per quarter charged by Great-West to process the additional transaction will also be eliminated beginning with the next full quarter ending September 30, 2012.

## Notice of Termination of the SEI Stable Asset Fund

May 1, 2012

The Board of Directors of SEI Trust Company (the “Trustee”), in its capacity as trustee of the SEI Stable Asset Fund (the “Fund”), has adopted a resolution to terminate and liquidate the Fund and distribute the proceeds of the liquidation in cash to the current investors in the Fund. The Trustee anticipates that the effective date of the termination will be November 30, 2012, or the date when all units have been liquidated and proceeds have been distributed to the Fund’s investors (if earlier) (the “Termination Date”). The Trustee is providing this notice of the Fund’s anticipated termination to you in accordance with the terms of the Fund’s Declaration of Trust, as most recently amended June 29, 2010 (the “Declaration of Trust”).

Certain aspects of the Fund’s operations will change between now and the Termination Date (the “Transition Period”). Please carefully review this notice to familiarize yourself with the important dates and other details set out below.

### Information Relating to New Investors in the Fund – Notice of Fund Closure

Effective immediately, the Fund is officially closed to all new plan investors. The Trustee will now no longer accept any new plan investor into the Fund. Participants and beneficiaries of plans currently participating in the Fund (“Existing Investors”) will continue to be able to transact in the Fund as described below.

### Information Relating to Existing Investors in the Fund

- *Portfolio Repositioning and Reinvestment Strategy/Income and Expenses/Current Market to Book Value Ratio of the Fund.* While the Fund is winding-down the Fund’s primary investment objective will continue to be the preservation of capital. Consequently, the individual fixed income securities held in the Fund have been liquidated as of the date of this notice. The proceeds of liquidation will be primarily or exclusively reinvested in registered money market mutual funds which seek to maintain stability of principal as an objective. There can be no assurance that the Fund will achieve its investment objective. Further, during the Transition Period the crediting rate (if any is offered) has the strong potential to be substantially reduced or eliminated due to the low current yield offered by money market investments. Income, when available, will be allocated to Existing Investors holding units in the Fund over the remainder of the Transition Period. The normal and reasonable operating expenses of the Fund [including audit expenses, expenses relating to the operation of the Fund, as well as fees payable to the Trustee and other required service providers] will continue to be allocated proportionately in accordance with current Fund practices. The Fund’s expense ratio may fluctuate (*i.e.*, increase or decrease) during the Transition Period. Additionally, as of the date of this notice, the market value of the Fund’s portfolio modestly exceeds the book value. Based on this, the Trustee expects to be able to maintain an NAV of \$1.00 / share consistently during the Transition Period.

**SEI** Trust Company

- *Termination of the Investment Adviser/Termination of Wrap Contract Providers.* Since the Fund will be invested primarily or exclusively in registered money market mutual funds through its closing, rather than in individual securities, the Trustee has terminated Dwight Asset Management Company LLC, as the investment advisor to the Fund, effective as of the date of this notice. Additionally, since it is expected that the Fund will be invested in money market funds that seek to maintain stability of principal through to the Termination Date, the various benefit responsive agreements issued to the Fund have also terminated as well.
- *Periodic Reporting.* The SEI Institutional Transfer Agent, Inc. will continue to issue statements to all direct investors until each investor's balance is fully liquidated.
- *Continuing Contributions and Withdrawals Honored During Transition Period.* Each Existing Investor may continue to participate as it normally would during the Transition Period. Participants and beneficiaries may continue to make contributions to the Fund through their plans, and Existing Investors may process any type of withdrawals from the Fund in the manner provided for in the Declaration of Trust until the last 6 business days of the Transition Period (see information related to the 6 business day black-out period starting on November 21, 2012, noted below).
- *Withdrawals Before the Termination Date.* Authorized parties may request an early withdrawal for your plan, for any reason, by contacting the SEI Institutional Transfer Agent, Inc. at 1-800-858-7233. Most liquidating trade requests will be immediately processed and the proceeds wired out on settlement date (following business day). However the Trustee may need additional days to honor some trade requests. The Trustee reserves the right to adjust the timing of withdrawals so as to not disrupt the Fund's portfolio management and will prioritize Early Withdrawal requests based on the date of receipt. Please note that, under no circumstances, will distributions be held beyond the Fund's Termination Date.
- *Existing Investors Currently on the Put Queue.* Please note that, if you are on the Fund's 12-month put queue, you must also follow the above steps (Withdrawals before the Termination Date) to liquidate your account and that you may take those steps at any time – without needing to wait for the 12-month anniversary of your distribution request. If your scheduled date of distribution from the Fund is on or before November 21, 2012, and if you do not contact the SEI Institutional Transfer Agent, Inc. (1-800-858-7233) prior to your scheduled distribution date, the Trustee will distribute your then-current interest in the Fund on or around November 21, 2012 and wire the proceeds to the wire instructions on your original application unless an authorized individual has submitted new wire instructions. If your scheduled distribution is on or after November 21, 2012, please review the section below entitled "What Happens If Your Plan Does Not Elect a Full Withdrawal On or Before November 21, 2012".

- *What Happens If Your Plan Does Not Elect a Full Withdrawal On or Before November 21, 2012?* If you do not elect to make a full withdrawal from the Fund before November 21, 2012, there will be a **6 business day** black-out period in the final 6 business days of the Transition Period during which no trading activity in the Fund will be permitted in the Fund. This will allow the Trustee to finalize the accounting of expenses and to prepare its final distribution plan. On the Termination Date, the Trustee will redeem all outstanding Fund units at the value determined as of the prior day's close of business, and will distribute the proceeds in cash to Existing Investors on that date. Each Existing Investor will be credited the amount including the proceeds from the liquidation of the Fund units plus an amount attributable to the remaining net accrued income attributable to such units. The proceeds from the final liquidation will be wired to the latest wire instructions in place with your custodian, recordkeeper or the SEI Institutional Transfer Agent, Inc.

## **Information Relating to the Fund's Trading Partners**

Simultaneous with this provision of this notice to Existing Investors in the Fund, the Trustee is notifying the Fund's trading partners of the Fund's intended wind-down and termination.

## **Other Information in This Mailing**

Also enclosed in this mailing are two annual updates relating to the Fund:

- Audited Financial Report for the SEI Stable Asset Fund as of December 31, 2011
- 2011 Schedule C (Form 5500) Disclosure

## **Questions**

Please be advised that SEI Trust Company is providing this information to you for your informational purposes only, and does not provide any legal, tax or investment advice. Any related questions should be directed to your applicable legal, tax and/or investment advisor. Questions relating to the wind down and termination of the Fund may be directed to the Trustee's email address noted below or to your recordkeeper / custodian.

Cordially,  
SEI Trust Company  
[CITTRADE@SEIC.COM](mailto:CITTRADE@SEIC.COM)

## **Fund Disclosures**

SEI Trust Company serves as the trustee of the SEI Stable Asset Fund and maintains ultimate fiduciary authority over the management of, and investments made in, the Trust. The Trust is part of a collective investment trust that is exempt from registration under the Investment Company Act of 1940. The SEI Stable Asset Fund is not guaranteed by any bank, the Trustee, its parent company, SEI Investments Company or any of their applicable affiliate, the FDIC or any other agency or entity, governmental or otherwise. Investment in the SEI Stable Asset Fund involves investment risk, including loss of principal. There can be no assurance that the SEI Stable Asset Fund will be able to maintain a stable net asset value of \$1.00 per share. SEI Trust Company is a wholly owned subsidiary of SEI Investments Company.