

## What is a stable value investment option?

**The State of Michigan 401(k) and 457 Plans offer a stable value investment option. The stable value investment option is considered a conservative investment choice.**

Stable value investment options aim to preserve principal, be liquid, and deliver stable, predictable returns. Typically, a stable value option invests in fixed income products, such as Treasury bonds, but it may also invest in guaranteed investment contracts and wrap contracts issued by banks and insurance companies that seek to provide a stable crediting rate for investors.

The State of Michigan 401(k) and 457 Plans' Stable Value Fund invests in a variety of stable value products, including money market instruments, fixed income portfolios, guaranteed investment contracts, and wrap contracts. The total expense for the fund is 0.22% (which includes approximately 0.07% for investment management and administrative fees and approximately 0.15% for wrap fees).

Treasury interest rates affect stable value investment options, money market funds, short-term bond funds, and Certificates of Deposit (CDs) which are all in the same asset class. Each of these investments are considered low in risk and have the potential for low returns. CDs and other assets kept in banks are insured by the Federal Deposit Insurance Corporation (FDIC). The guarantees embedded within a stable value investment option's guaranteed investment contracts and wrap contracts are based on the claims-paying ability of the companies providing the investment contracts. Short-term bond funds and stable value investment options are not FDIC-insured or guaranteed by any government agency.

Investors with a low tolerance for risk may accept low rates of return in exchange for stability within their account. If market volatility is leading you to re-evaluate how you feel about risk, consider talking with a financial adviser before making any investment decision. For the fund fact sheet, visit the Plan website or call the Plan Information Line at 800-748-6128. You should read all fund literature prior to investing.