

May 1, 2012



State Farm® Temporarily Waiving Money Market Fund Fees

As a result of the current low investment yield environment for short-term money market securities, State Farm Investment Management Corp. (SFIMC) and State Farm VP Management Corp. (SFVPMC) are waiving all or a portion of their fees due from the State Farm Money Market Fund. These companies are waiving all or a portion of their fees to prevent the Fund's net yield¹ from decreasing below zero. This fee waiver, which is voluntary, may be discontinued by SFIMC and/or SFVPMC at any time.

What is causing the drop in the Money Market Fund's investment yield?

The Federal Reserve has aggressively cut its Federal Funds rate in response to the credit crisis and weakening economy. The Federal Reserve's Federal Funds rate, which was 4.25% at the beginning of 2008, was reduced to a targeted range of 0% to 0.25% (a historic low) by December 2008. The Federal Reserve has recently made several statements that it will keep this rate low for some time. As a result of these rate cuts, interest rates (yields) on short-term Treasury and federal agency securities along with other short-term commercial paper securities have declined as well. For example, the yield on the 3-month Treasury bill, an important benchmark for the short-term credit market, was 0.07% as of March 31, 2012, down from 0.09% on March 31, 2011, and down from over 5.0% in March 2007.

Since money market funds are required to maintain an average maturity of 60 days or less, their yields respond rather quickly to changes in short-term interest rates as the proceeds from securities that are maturing are reinvested at what are today, lower prevailing interest rates.

Should you have any further questions regarding the State Farm Money Market Fund or any State Farm Mutual Fund, please contact your registered State Farm agent or call 1-800-447-4930.

¹ Net yield equals the weighted average gross yield on the portfolio, less the underlying Fund expenses, which differ by share class.

Investing involves risk, including potential for loss.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Past performance is not a guarantee of future results.

Before investing consider the funds' investment objectives, risks, charges and expenses. Contact State Farm VP Management Corp. (1-800-447-4930) for a prospectus or summary prospectus containing this and other information. Read it carefully.

Securities and insurance products are not FDIC insured, are not bank guaranteed and are subject to investment risk, including possible loss of principal.

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