



October 8, 2009

## **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 yield<sup>1</sup> 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 0.14% as of September 30, 2009, down from 0.92% on September 30, 2008, and down from over 3.8% in September 2007.

Since money market funds are required to maintain an average maturity of 90 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.

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

*State Farm Mutual Funds are available through prospectus by registered representatives of State Farm VP Management Corp., One State Farm Plaza, Bloomington, Illinois 61710, 1-800-447-4930. Please read the prospectus and consider the investment objectives, risks, charges and expenses and other information it contains about State Farm Mutual Funds carefully before investing. AP2009/10/3346*

It is important to note that there is market risk involved when investing in mutual funds, including possible loss of principal.

*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.*