



# NEWS RELEASE

**FOR IMMEDIATE RELEASE**

October 10, 2014

Contact: Tom Dresslar/916.653.2995

## **Treasurer Lockyer Announces ScholarShare's Departure from PIMCO Fund**

### ***529 College Savings Plan Shifts \$262 Million to TIAA-CREF Fund***

SACRAMENTO – State Treasurer Bill Lockyer today announced ScholarShare, California's 529 college savings plan, has removed its \$262 million investment from PIMCO's Total Return Fund.

The move responds to recent organizational changes at PIMCO, including co-founder Bill Gross' departure, and the resulting uncertainty surrounding the Total Return Fund, which Gross managed.

"ScholarShare did not take this step lightly," said Lockyer, who serves as chairman of the ScholarShare Investment Board. "PIMCO is a top-echelon California company. And we're confident it will emerge from the shake-up even stronger. But ScholarShare has a duty to protect the college savings of the thousands of families who have placed their money, and trust, in the program. This action fulfills that duty and honors that trust."

ScholarShare moved the \$262 million into the TIAA-CREF Bond Plus Fund Institutional Share Class, which has a risk-return profile similar to the Total Return Fund's. TIAA-CREF Tuition Financing, Inc. manages the ScholarShare plan.

ScholarShare's monitoring procedures require that the program manager's funds be considered first when deciding where to place assets that have been removed from a fund. ScholarShare's independent financial advisor, Pension Consulting Alliance, recommended placing the \$262 million in the TIAA-CREF Bond Plus Fund.

ScholarShare account holders have been notified of the change, which occurred today.

ScholarShare continues to hold assets in two other PIMCO funds: \$111.3 million in the Income Fund and \$92.8 million in the Real Return Fund. Those funds are unaffected by the action announced today. They will, however, remain on "watch" status, which means ScholarShare will continue to closely monitor them.

(MORE)

529 plans, named after the IRS code section under which they were created, give college savings account holders a significant tax advantage. Investment earnings from money placed in accounts are not taxed by the State or federal government if used to pay for tuition and other qualified higher education expenses.

ScholarShare accounts can be started with as little as \$25, and can be opened online at [www.scholarshare.com](http://www.scholarshare.com). ScholarShare currently has about \$6 billion of assets and 256,234 accounts.

###