

## Short-Term Investment Fund

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### Issue

Provide an overview of Connecticut's Short-Term Investment Fund (STIF).

### Summary

STIF is a statutorily created investment fund managed by the state treasurer that pools and invests operating cash from the state, quasi-public agencies, municipalities, and other political subdivisions. Its [primary objectives](#) are ensuring the safety and preservation of its principal and providing immediate liquidity to its participants while maximizing returns. By law, the state treasurer may invest STIF moneys in a range of security investments, including savings accounts, repurchase agreements, and U.S. government and agency obligations, among others. In FY 25, STIF's portfolio averaged approximately \$18.3 billion and yielded a 4.86% return.

STIF is managed and administered by Office of the State Treasurer (OST) employees. STIF participants cover the fund's administrative expenses, and are credited the fund's investment earnings, in proportion to the amount they have invested. STIF is not insured or guaranteed by any government, but the state treasurer maintains a designated surplus reserve for the fund that is intended to support its creditworthiness and protect against losses. It currently has the highest [credit rating](#) available from Standard & Poors (AAAm).

For further information, STIF's annual, quarterly, and monthly financial reports are available on [OST's website](#).

## Overview

STIF was first established by the legislature in 1972 as a “combined investment pool” to be administered by the state treasurer (PA 72-236). In 1978, the legislature renamed the investment pool as STIF (PA 78-236). The law authorizes the treasurer to sell participation certificates for STIF to the state, quasi-public agencies, municipalities, and other political subdivisions ([CGS §§ 3-27a & -27b](#)). It authorizes the treasurer to invest STIF moneys in a range of assets, including savings accounts, certificates of deposit, U.S. government and agency obligations, commercial paper, corporate bonds, bank acceptances, securities, and repurchase agreements ([CGS § 3-27d](#)). (Repurchase agreements are generally securities sold with an agreement for the seller to buy them back shortly after at a slightly higher price.)

## Administration

STIF is managed and administered by OST employees. Their salaries and fringe benefit costs, as well as the fund’s operating expenses, are charged directly to the fund. STIF’s administrative costs are paid from its investment earnings and STIF participants, including the state, cover the fund’s expenses in proportion to the amount they have invested. Costs have historically been between one and five basis points (or \$1-5 per \$10,000 invested). State Street Bank & Trust has been STIF’s custodian since December 1, 2021 ([2024 STIF Annual Comprehensive Financial Report](#)).

The state treasurer has adopted an [investment policy](#) for the fund that lays out guidelines for STIF’s management and investments. OST also has an internal working group, known as the STIF Advisory Committee, that reviews market conditions; STIF investments; and the fund’s profile, characteristics, and performance. It is composed of personnel from OST’s Pension Fund Management, Cash Management, and Debt Management Divisions, as well as other OST employees as determined by the treasurer.

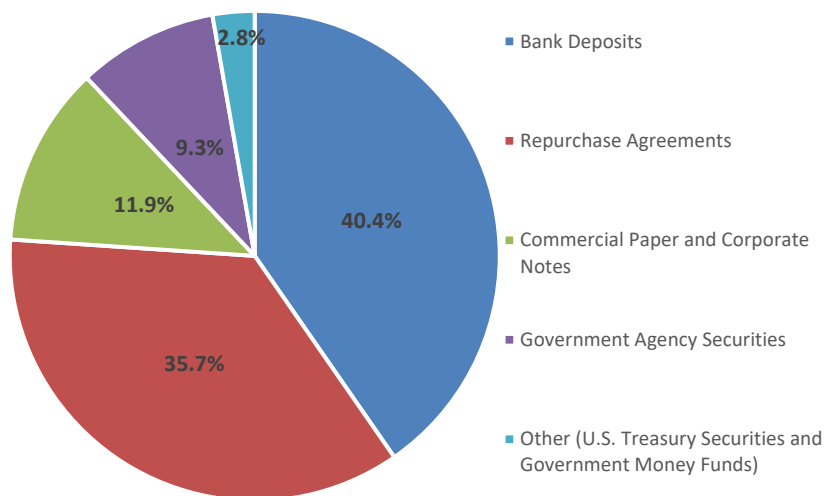
## Fund Composition, Assets, and Returns

### *Portfolio and Participants*

As of June 30, 2025, STIF had approximately \$18.3 billion in assets. As Figure 1 below shows, its portfolio was composed of primarily bank deposits (40%) and repurchase agreements (36%). The remaining assets were in commercial paper and corporate notes (12%), government agency securities (9%), and other investments (U.S. treasury securities (2.7%) and government money funds (0.1%)) ([STIF List of Investments as of June 30, 2025](#)). (Government money funds are a type of money market fund that primarily invests in U.S. government securities.)

At the close of FY 24 (the most recent FY for which participant data is available), STIF had 1,036 participant accounts consisting of the following: state treasury (60), municipal and local entities (624), and state agencies and authorities (352). The vast majority of the fund's FY 24 assets (approximately \$15 billion of \$18 billion) were state assets, however ([2024 STIF Annual Comprehensive Financial Report](#)).

**Figure 1: STIF Portfolio Composition as of June 30, 2025**



Source: [STIF List of Investments as of June 30, 2025](#)

## ***Designated Surplus Reserve***

STIF has a designated surplus reserve that is intended to support its creditworthiness and protect against losses. As of June 30, 2025, the reserve account totaled \$126.8 million ([STIF Quarterly Report: Quarter Ending June 30, 2025](#)).

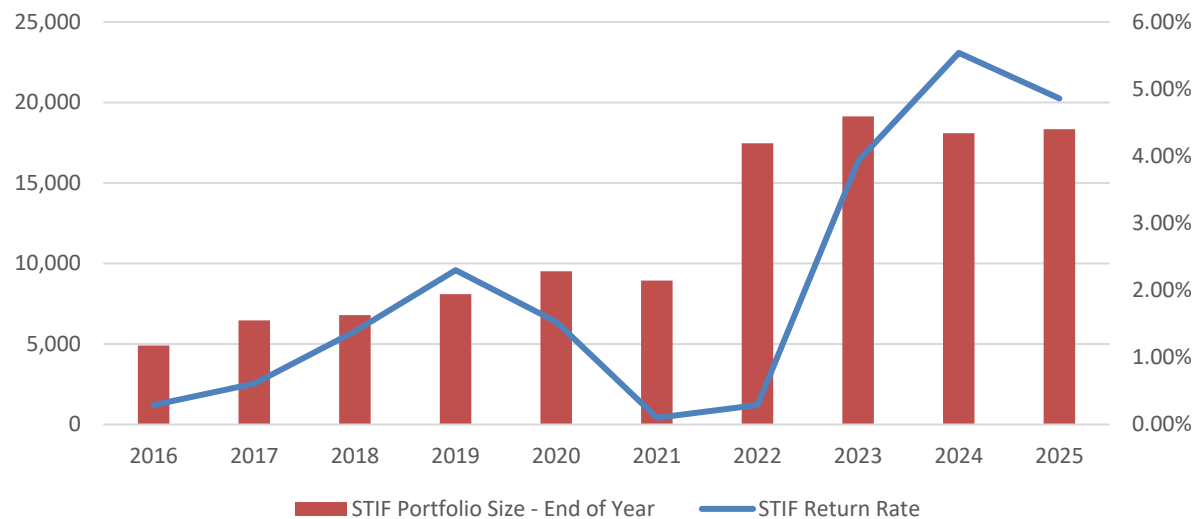
[Historically](#), OST has transferred to the reserve account an amount equal to the annualized rate of 0.1% of STIF's end-of-day investment balances. Generally, no transfer is made if the reserve account is at least 1% of the daily investment balance. By law, the state treasurer may modify or suspend the contribution to the designated surplus reserve when, in his discretion, market conditions warrant doing so for the fund's investors' best interests ([CGS § 3-27j](#)).

## ***Rate of Return***

STIF's returns are credited to participants' accounts based on amounts invested. Figure 2 below shows STIF's annual portfolio size and rate of return from FY 16 through FY 25.

OST measures STIF's rate of return against two benchmarks to evaluate its performance. The primary benchmark is the MFR Index (iMoneyNet Money Fund Average – Rated First Tier Institutional Average). This index represents an average of top-rated institutional money market mutual funds that invest primarily in first tier taxable securities. The other benchmark is the three-month U.S. Treasury Bill rate. In FY 25, STIF yielded 4.86%, exceeding the MFR Index by 0.2% and three-month U.S. Treasury bill rate by 0.3% ([STIF Quarterly Report: Quarter Ending June 30, 2025](#)).

**Figure 2: STIF Portfolio Size and Returns per FY**  
*In Millions of Dollars*



Source: [2024 STIF Annual Comprehensive Financial Report](#) and [STIF Quarterly Report: Quarter Ending June 30, 2025](#)