



# Target Date Funds

## Frequently Asked Questions

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### What is a target date fund?

Here, we're referring to the State Street Target Retirement Funds ("Target Date Funds"), a current investment option in your plan. A target date fund is a pre-mixed, diversified selection of investments (typically stocks and bonds) that adjusts its risk levels automatically (becoming more conservative) as you near retirement. Its investment strategy is based on two simple principles: diversify your investments and manage them in relation to where you are in your retirement planning timeline.

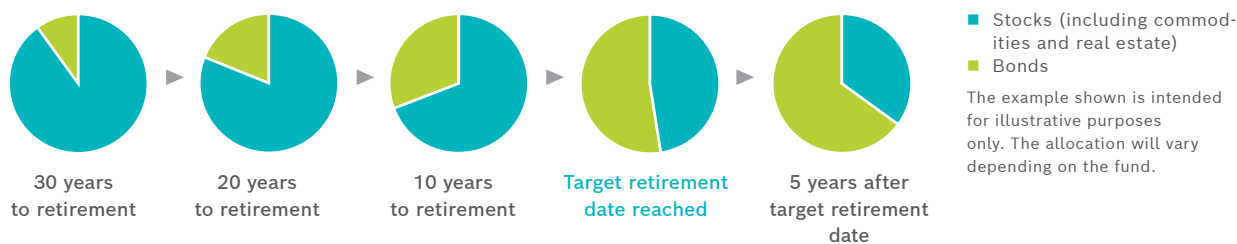
Each fund has a specific "target date" (e.g., 2035, 2045, 2055). The fund you select should correspond with the year closest to when you will retire.

### How does a target date fund work?

Here's an example:

The year is 2019 and Jane, age 38, starts a new job. Because she hopes to retire in 2046 at age 65, she chooses the 2045 Target Date Fund. As illustrated below, when Jane first invests in the Fund, it contains more stocks than bonds. In investor terms that means she is "taking on more risk," because the value of a stock has a greater risk of moving up and down than the value of a bond or cash. But, as Jane gets older, the Fund evolves to contain fewer stocks and more bonds to reduce that risk. And by the time she is ready to retire, Jane's portfolio is about half stocks and half bonds—giving her income while reducing her risk.

Finally, when Jane turns 70, her portfolio will transition automatically into the Target Date Income Fund, which contains the lowest number of stocks and highest number of bonds compared to the other target date funds. This can help protect Jane's savings from jolts in the stock market.



Remember, there are always risks involved with investing and it is impossible to predict market returns. However, the target date funds seek to manage these risks over time while still allowing individuals the opportunity to capture growth in the markets.

### Should I choose more than one target date fund?

It's not necessary to choose more than one target date fund. A fund automatically creates a diversified mix of investments so that you don't have to do it yourself. As always, remember to check your investments regularly, even with a target date fund, to make sure that they continue to meet your investing goals.

### What do the years in the target date fund's names mean?

The years refer to future retirement dates. Generally, the year that is chosen by an individual reflects the date closest to when he or she would turn 65. For example, if you plan to retire in 2029, you would choose the 2030 Target Date Fund. If you're planning to retire in 2036, you would choose the 2035 Fund.

### Are target date funds suitable for my risk tolerance level?

Target date funds work for most risk tolerance levels. Remember, risk is based on your retirement goals and timelines. If you have specific circumstances that require a different risk level than indicated in your target retirement year, consult your benefits team about how to best meet your goals.

### Which target date fund should I choose?

Typically you should choose the target date fund that comes closest to your retirement date. For example, if you hope to retire in 2029, choose the 2030 Fund. If you have specific circumstances that require a different risk level than indicated in your target retirement year, consult your benefits team about how to best meet your goals.

### What investments are in target date funds?

The funds are pre-mixed, well-diversified, professionally managed portfolios of stocks and bonds.

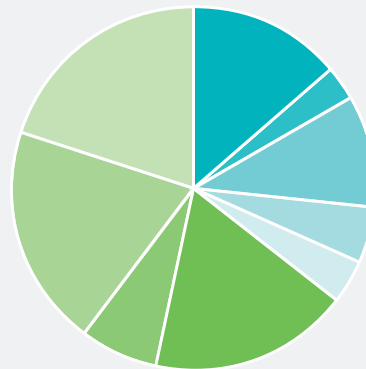
#### Example of diversification

Stocks:

- S&P 500 Index Fund
- Russell Small/Mid-Cap Index Fund
- Global All Cap Equity ex-US Index Fund
- Global Real Estate Securities Index Fund
- Bloomberg Roll Select Commodity Index Fund

Bonds:

- US Short Term Intermediate Inflation Protected Bond Index Fund
- US High Yield Bond Index Fund
- US Bond Index Fund
- US Short Term Government/Credit Bond Index Fund



For illustrative purposes only.

### What is a target date fund's "glide path?"

A glide path is the "recipe" for the mix of stocks and bonds (the asset allocation) for a fund. It is based on the number of years to the target retirement date. The further away from retirement you are, the more aggressive the glide path is towards investing in stocks. As you approach the year in which you will retire, the glide path becomes more conservative, shifting to a strategy of holding more bonds and less stocks.

### Can I move my money from my target date fund even if it has not reached its stated retirement date?

Yes, you can move your money to any other investment option within your retirement plan at any time.

### What if my retirement plans change?

As always, you can easily make changes to your savings rates or investment choices in your retirement plan. If your retirement plans change, consider selecting a target date fund that matches your new anticipated retirement date.

### If I retire, can I withdraw my savings from my target date fund even if it has not reached its designated year?

Yes, you can withdraw your money at any time. However, if you retire early (before age 59 1/2), you may be subject to a tax penalty for early withdrawal.

### Who manages the target date funds?

State Street Global Advisors (SSGA) manages the funds. SSGA is one of the world's largest institutional asset managers and has been managing retirement money for over 30 years.

### How have the target date funds historically performed?

See the Fund Fact Sheet for information about performance and fees.

### Why are target date funds the default investment option for my company?

The Pension Protection Act of 2006, along with regulations from the US Department of Labor, provide guidelines for US employers on enrolling eligible employees automatically into their Defined Contribution plans and into suitable default funds. Because of its broad mix of investments, a target date fund qualifies as an acceptable default fund. If you are enrolled automatically, you can always opt to move your savings into other funds in your retirement plan.

### Is my money safe in a target date fund?

All investing involves risk, including the risk of loss of principal. However, one of the main principles of attempting to manage risk is diversification, and the target date funds seek to provide you with a fully diversified portfolio.



#### QUESTIONS? WANT TO MAKE CHANGES?

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