RUSSELL INVESTMENTS RESEARCH

Russell Investments

Helping keep participants on track to a successful retirement

A summary of our updated glide path research and impact on our target date funds

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Our latest target date fund research compiled during 2017 and early 2018 reveals important updates to the input assumptions used in our target date fund methodology. As a result, modest changes are being made to Russell Investments' target date fund glide path that we believe will help improve retirement plan participants' outcomes. We consider these changes to be evolutionary in nature, reflecting our commitment that extensive research will continue to inform our ongoing decisions about the construction and management of the LifePoints® Institutional Target Date Strategy Funds (TDFs). In this paper, we provide a summary of the changes along with the rationale based on our latest glide path research.

Introduction

"Set it and forget it" may be an appealing strategy for paying bills online or recording a favorite television series, but it is not ideal for a long-term, outcome-oriented investment solution like target date funds. Target date funds, the closest thing to a one-size-fits-all solution for retirement savers, are relied on by defined contribution (DC) plans to provide the lion's share of income in retirement. Evolutionary changes in financial markets and in participant needs and behaviors have implications on target date fund design and construction. Because of this, we find it is necessary to periodically re-evaluate target date funds' investment strategy and underlying assumptions to seek to deliver sustainable income in retirement—up to 40 years in the future. Russell Investments' stated policy is to perform a formal strategic review of its target date funds' underlying glide path assumptions at least every three years to help ensure the funds are appropriately designed to meet their objective of delivering sustainable income in retirement.

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Since our last review and update of the glide path allocations in January 2015, the cost of providing and sustaining retirement income has increased. At the same time, forward-looking returns from investment markets appear to be less promising than before, based on our capital market assumptions. Stated another way, the target has increased while the likely growth of assets has declined. Based on our research, we have also made minor changes to the participant profile used to define the "typical" participant for which the solution is designed.

Further, the evaluation of target date fund solutions remains a challenge for participants and plan sponsors. Ultimately, the goal is to provide an appropriate and sustainable level of retirement income, but the long horizon nature of this goal makes it difficult to assess. Industry participants commonly fall back on short-term measures of success, such as performance relative to composite and third-party benchmarks as well as industry averages, irrespective of whether success over the short term is sufficient to accomplish the long-term purpose of the plan.

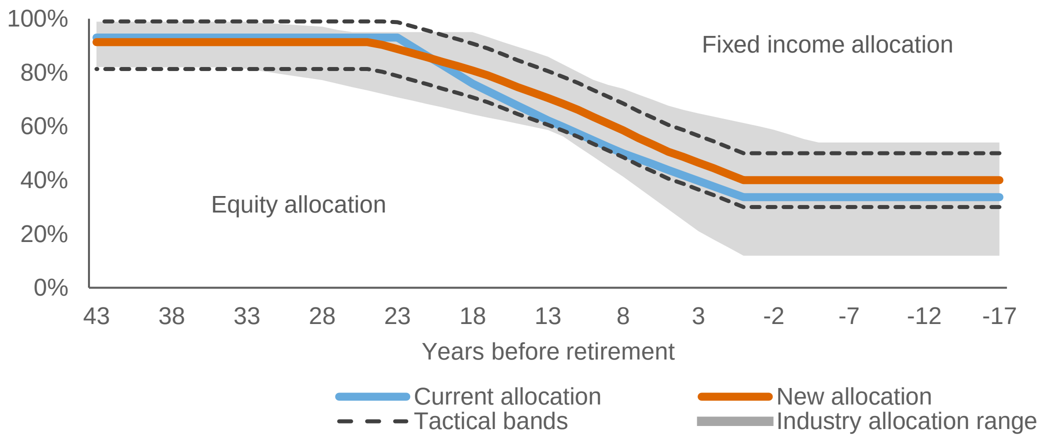
The updated glide path shown in Exhibit 1 reflects our latest inputs while still holding true to our long-standing target date fund methodology. Russell Investments' target date funds seek to strike a prudent balance between the dual objectives of generating lifetime income consistently over the course of retirement and limiting the risk of loss of capital around and in retirement. We believe an update to the target date funds is necessary for continuing to seek to provide a sufficient level of retirement income to a broad range of participants.

Implementation of our updated glide path

Sustainability during retirement

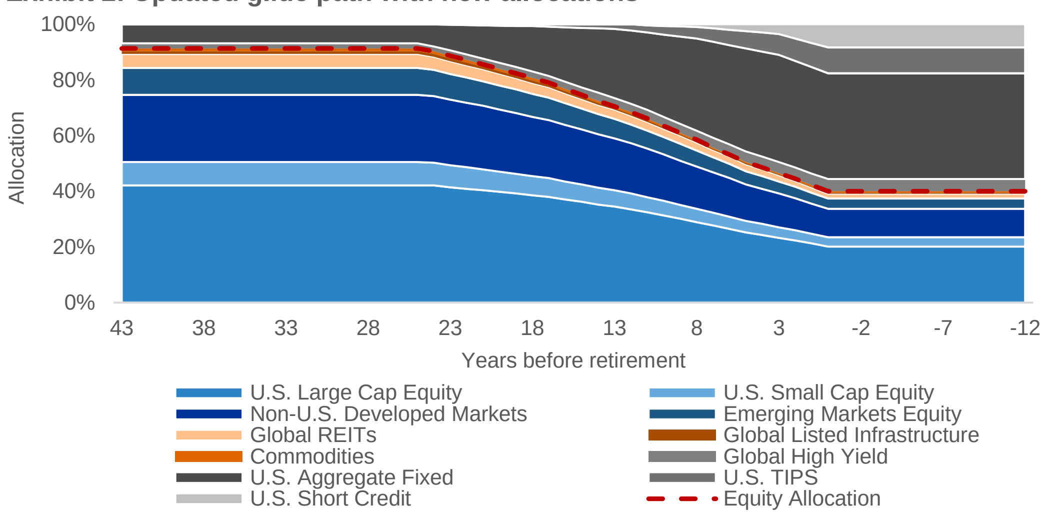
The post-retirement allocation strategy along the glide path seeks to provide ongoing growth during the years when contributions have ceased. Given the decline in real bond yields and anticipated decline in market returns, coupled with increasing longevity, we believe that the portfolio should target a higher level of growth than ever before to provide sustainable spending throughout retirement. Hence, as shown in Exhibit 1, we have shifted the landing point of the glide path (i.e., the equity allocation at the point of retirement) from 34% equity (37% growth assets) to 40% equity (44.4% growth assets).

Exhibit 1: Updated glide path compared with industry allocation range



The "Industry allocation" is represented by the top 10 'to' and top 10 'through' competitor glide paths as measured by AUM as of June 30, 2017. Industry silhouette based on 2017 prospectuses.

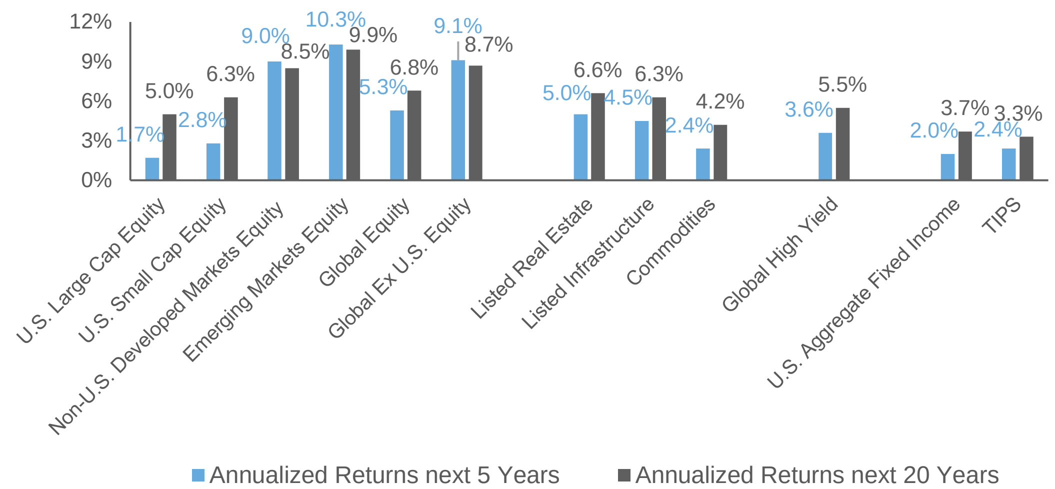
Exhibit 2: Updated glide path with new allocations



As illustrated in Exhibit 2, allocation changes are more significant for the portfolios closer to retirement (+8.8% to growth assets in the 2030 Fund for example), as participants in these funds have less time to compound their contributions to build wealth than participants in longer-dated funds (+1.6% to growth assets in the 2050 Fund for example).

While these changes are forecasted to be necessary to keep participants on their path to meet retirement goals, we recognize that equity market valuations are currently, as of this research, quite high relative to historical levels, and that medium-term return prospects are less promising than equilibrium forecasts. Exhibit 3 shows our Market Conditional forecasted returns for the next five years versus 20 years that incorporate the impact of valuations reverting to equilibrium valuation levels over time.

Exhibit 3: Expected short- and long-term returns from Russell Investments' Market Conditional Forecasts (five-year and 20-year horizons)

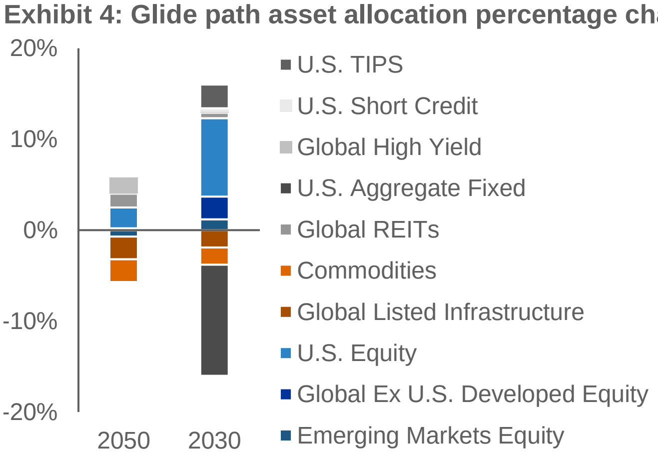


Source: Russell Investments Capital Markets Assumptions as of December 31, 2017.

Our return expectations are lower for the next five years versus the next 20 years for all asset classes except for Non-U.S. Developed Markets Equity, Emerging Markets Equity and Global Ex U.S. Equity. Our five-year expectations for the U.S. equity and fixed income markets are quite low as well. Typically, this would mean that risk assets experience significant corrections in the next few years.

While it is nearly impossible to time market corrections, we can avoid adding risk when medium-term risk and return is not favorable to participants. To account for the return forecast differences over the medium to long-term, we are not only adjusting the underlying asset allocation mix (see Exhibit 4) but also expanding the tactical discretionary bands utilized by our portfolio management team (explained in further detail in Exhibit 4 and illustrated in Exhibit 1).

Exhibit 4: Glide path asset allocation percentage changes in 2050 and 2030 Funds



	2050	2030
U.S. TIPS	0.0%	2.6%
U.S. Short Credit	0.0%	0.4%
Global High Yield	1.8%	0.1%
U.S. Aggregate Fixed	-0.1%	-12.2%
Global REITs	1.5%	0.6%
Commodities	-2.5%	-1.9%
Global Listed Infrastructure	-2.5%	-1.9%
U.S. Equity	2.3%	8.6%
Global Ex U.S. Developed Equity	0.2%	2.5%
Emerging Markets Equity	-0.7%	1.2%

Expanded discretionary tactical bands

Russell Investments currently has the flexibility to make short-term dynamic asset allocation changes to the TDFs to take advantage of market opportunities and manage risk. Currently, the funds' portfolio managers can deviate from the target strategic allocation by +/- 3% around the broad asset class exposure for global equities, real assets and fixed income. Effective November 1, 2018, this will be increased to +/- 10% to expand our portfolio managers' ability to take advantage of market opportunities and to control for risk, as well as to allow for enough flexibility to navigate the current market environment and to evolve asset allocation toward the strategic allocations outlined above. We believe this is an important tool because it is difficult to predict the precise timing when valuation levels may revert toward more typical levels and when currently low interest rates may rise closer to equilibrium levels. Also, we believe the ongoing dynamic management of the funds can more effectively address market shifts rather than through the setting of strategic allocation weights. While, in the long run, we believe investors will benefit from an increased weight to domestic equities, our portfolio management team will use the increased discretionary bands to move to the proposed strategic U.S. equity exposure in the funds when equity valuations have corrected enough to align our medium-term forecasts with long-term forecasts.

Adding high yield diversification to longer dated funds

Along with a slight increase to growth assets, we are adding a new allocation to high yield assets to target date funds 2060 to 2045. We expect this added allocation to decrease volatility and help improve the long-term growth rate for younger participants. Gleaning from the forecast from Exhibit 3, spreads on credit are at historic lows. We will use the increased discretionary tactical bands to maintain an underweight to credit and to not add spread risks to the portfolio until credit spreads begin to normalize.

Decreasing real asset exposure

While real assets can provide diversification benefits, investors also face lower long-term return prospects with these securities. Real assets are lower returning diversifiers, offering, on average, a forecasted return that is 110 basis points lower than global equities, albeit with lower risk. To seek to improve the long-term growth rate profile for the funds, we are slightly decreasing the overall allocation to real assets in the glide path. In addition, we are trimming the allocation to commodities and infrastructure while increasing the real estate allocation. Even though a higher expected return for real estate helps improve the overall growth rate for the funds, these changes may not be fully implemented initially considering commodities are arguably at a historic discount, as of the writing of this paper, to financial assets. Our experience in multi-asset class investing informs our belief that every portfolio management decision inherently involves a timing decision. We will use all the tools at our disposal to move fund assets toward the end goal as market conditions warrant with the intention of protecting participants' capital and managing risks along the way.

Factors driving our glide path changes

Increasing cost of income replacement

It is generally assumed that as participants transition from working years to retirement, they seek to maintain a similar standard of living during post-retirement as they enjoyed during their pre-retirement years. Of course, the level of replacement income is a preference, not a provably correct value, but several sources recommend that workers will require 80% of final compensation to maintain their pre-retirement standard of living. Younger workers will likely need an even higher income replacement due to escalating medical costs and anticipated increases in longevity over time.

As has been our practice in previous glide path analyses, we recognize that the cost of retirement is a function of both the level of retirement income to which a participant aspires. the mortality patterns that describe the length of the retirement period and interest rates necessary to assess the value of retirement cash flows over time. The trend to increasing longevity and the decline of interest rates since our last glide path update are the key factors leading to an increase in the cost of financing retirement. This means that greater wealth accumulation is now needed to sustain the same level of income replacement in retirement.

Updated mortality tables

It has been our practice to refer to tables maintained by the Society of Actuaries (SOA) to track the longevity of the U.S. population. These tables focus on pension plan participants and the mortality patterns of healthy annuitants.

In October 2014, not long after our previous glide path update was complete, the SOA published new mortality tables that increased the life expectancy of plan participants from the table compiled in 2000 that was the basis of our previous glide path. An increase in life expectancy causes an increase in the amount of wealth accumulation needed to sustain the same level of income replacement in retirement. The improvement in life expectancy increased the level of wealth accumulation necessary to support a given level of retirement income by about 5%.

Declining real bond yields

Changes in inflation-adjusted bond yields have also impacted the cost of retirement income. As interest rates continued to decline since late 2013, the cost of providing each dollar of retirement income in the future has increased because annuity payout rates are determined by long-term bond yields.

Exhibit 5: Real yields through time

	5 YEAR REAL YIELD	CHANGE
December 2013	0.20%	0.00%
December 2014	-0.08%	-0.28%
December, 2015	0.15%	-0.05%
December 2016	0.02%	-0.18%
December 2017	0.29%	0.09%

Source: Moody's Analytics

The combination of declining real yields and, more importantly, improving longevity has increased the cost of each dollar of retirement income as illustrated in Exhibit 6.

Exhibit 6: Estimated cost of $1 of inflation-adjusted retirement income at different interest rate levels and retirement ages using the SOA 2000 mortality table and the SOA 2014 mortality table.

AGE	REAL INTEREST RATE	SOCIETY OF ACTUARIES 2000 MORTALITY TABLE		SOCIETY OF ACTUARIES 2014 MORTALITY TABLE	
		Male	Female	Male	Female
62	1%	$19.1	$21.3	$20.2	$22.9
	2%	$17.0	$18.9	$18.0	$20.2
	3%	$15.4	$16.9	$16.2	$18.0
65	1%	$17.1	$19.3	$18.1	$20.8
	2%	$15.4	$17.3	$16.3	$18.5
	3%	$14.1	$15.6	$14.8	$16.7
67	1%	$15.8	$17.9	$16.7	$19.3
	2%	$14.4	$16.2	$15.2	$17.4
	3%	$13.2	$14.7	$13.9	$15.7

Source: Society of Actuaries and Russell Investments.

The cost of $1 in retirement income is higher for those who aspire to an early retirement and higher in a low interest-rate environment. It also increases if participants are assumed to live longer as is true for the SOA 2014 table relative to the SOA 2000 table.

Updated capital market assumptions have made asset accumulation more difficult

Russell Investments manages an ongoing assessment of forward-looking market behavior that is released when market forecasts are updated twice each year. A decline in the outlook for returns of both equity and fixed income investments suggests a greater challenge to the task of accumulating sufficient assets to meet retirement income goals.

The current review was primarily focused on the December 2016 forecast assumptions that provide a less optimistic outlook compared with the December 2013 forecasts, which were the basis of the previous glide path. The outlook for both equity returns and fixed income returns has dropped with inflation mostly unchanged. We anticipate a more challenging environment for participants in their task of accumulating resources to support retirement spending.

Overall, our view on market returns has declined by 60 to 70 basis points compared with the forecasts used in the 2014 glide path analysis. This makes it more difficult for participants to accumulate assets that are sufficient to meet the retirement income target at the same time that declining interest rates and improving longevity cause an increase in the account balance required to provide the target income level.

Incorporating long-term and medium-term market views

Since our 2014 glide path analysis, we have enhanced our process of forecasting market returns. More specifically, we have disaggregated intermediate-term and long-term market patterns to understand the impact of valuation levels and changes on market returns over time. It is no surprise that current high market valuations are likely to provide a drag on portfolio returns if or when they shift toward long-term levels. To more carefully plan for the impact of valuation changes, we have separated our forecasts to include both Strategic Assumptions expressing market return levels over full market cycles as well as Market Conditional Assumptions that reflect the impact of valuations moving to more typical levels. In equilibrium markets, these forecasts would be the same and the difference helps us understand the potential impact of current market conditions.

Exhibit 7 highlights the expected returns for U.S. stocks and U.S. aggregate bonds based on Russell Investments' Strategic (20-year horizon) and Market Conditional forecasts.

Exhibit 7: Expected returns from Russell Investments' Strategic and Market Conditional forecasts[1]

	U.S. EQUITY	U.S. AGGREGATE BOND	INFLATION	EXPECTED REAL RETURN FOR 60/40
December 2013	8.0%	4.6%	2.4%	4.2%
December 2014	7.6%	3.4%	2.7%	3.2%
December 2015	7.5%	3.8%	2.2%	3.8%
December 2016	7.5%	3.8%	2.3%	3.7%
December 2017, Market Conditional	5.0%	3.7%	2.4%	2.1%
December 2017, Strategic	8.2%	3.7%	2.4%	4.0%

Source: Russell Investments Capital Markets Assumptions as of December 31, 2017.

Exhibit 7 also includes forecasts set in December 2017, as the glide path analysis was concluding. The decline in return levels found in the December 2016 versus December 2013 values continues in the December 2017 values, though it is a bit more difficult to recognize due to changes in our forecasting process.

As a long-term investment strategy, our glide path is oriented toward the Strategic Assumptions, but we also recognize that to get to the long-term, markets will need to transition through the short- and intermediate-term. We do not specifically blend the Market Conditional and Strategic Assumptions, but they are useful bookends for the range of returns we should consider in planning new glide path weights. Overall, those approaching retirement will have portfolios that are less able to benefit from long-term Strategic Assumptions and will need to adopt modestly increased growth exposure to meet their accumulation and retirement spending goals.

Update to participant profile

The characteristics of a typical participant have been reviewed with small changes to some attributes compared with the profile around which our previous glide path weights were organized. There are two primary changes in the description of a typical participant. The first is the incorporation of declining real wages after about age 50. This isn't to suggest that paychecks decline, but rather that pay increases generally fail to keep pace with inflation later in an employee's career. The second is a gradual improvement in contribution levels since the prior analysis. The decline in Social Security is caused largely by full retirement age gradually rising over time to the age of 67 for individuals born in 1960 and later, but most individuals are still claiming earlier at reduced amounts. A comparison of participant characteristics is provided in Exhibit 8.

Exhibit 8: Comparison of participant characteristics

FACTOR	PRIOR ASSUMPTIONS	NEW ASSUMPTIONS
Contribution Rate (employer & employee)	9%, increasing to 14%	10%, increasing to 16%
Retirement Age	65	65
Career Length	40	40
Final Salary (impacts Social Security, tax rates)	$90,000	$90,000
Average Real Salary Growth	1.3%	1.1%
Other Retirement Income Sources	Social Security only; 30% for individual	Social Security only; 28% for individual
Initial Wealth (or debt, if negative)	$0	$0
Target Replacement Income	49%, real	49%, real

Prior assumptions were implemented in Russell Investments target date fund glide path on January 2, 2015.
New assumptions will be implemented January 2, 2019

While we continue to center our glide path design on a well-identified representative participant profile, we also recognize the importance of evaluating the solution for participants with other characteristics, primarily different salaries, contributions and income replacement levels. We evaluated the effectiveness of the glide path for a range of participant profiles to have a more complete picture of the ability of the glide path to serve the retirement accumulation needs for a broad segment of the population. All things equal, incorporating a broader range of participant profiles into our analysis suggested that higher levels of growth assets were needed for the glide path solution to be able to meet the desired level of real income replacement in retirement.

Replacement rates

As seen in Figure 9, the replacement rate calculation starts with the Target Replacement rate excluding contributions and medical expenses. This value is reduced by the amount the participant is contributing prior to retirement (contributions will not be made after retirement) and increased by anticipated medical costs. The Total Replacement Target is satisfied primarily from Social Security benefits and DC withdrawals.

Exhibit 9: Comparison of prior and new replacement rates

	TARGET REPLACEMENT (EXCLUDING CONTRIBUTIONS AND MEDICAL)	EMPLOYEE CONTRIBUTION LEVELS NEAR RETIREMENT	MEDICAL	TOTAL REPLACEMENT TARGET	SOCIAL SECURITY (AT AGE 65)	REPLACEMENT TARGET FOR DC ASSETS
Prior	78%	10%	11%	79%	30%	49%
New	78%	11%	11%	77%	28%	49%

Source: Russell Investments

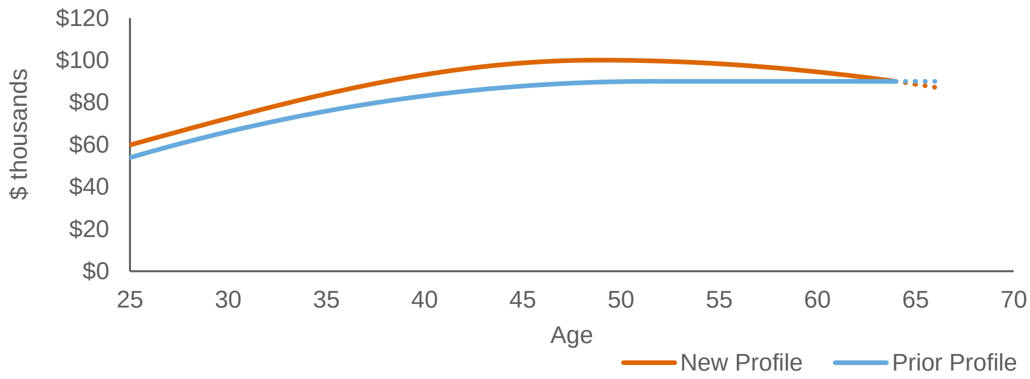
Declining real salary growth

Salary data has two primary influences on glide path goals. First, in combination with contribution rates, it determines the value of periodic cash inflows to the DC account. Second, the target level of retirement income is defined relative to final salary.

While an updated review of salary trends suggests patterns very similar to those used in our previous review, we now observe the majority of salary growth coming early in one's career and tapering after mid-career. This is a change from our previous review where salary growth only declined to zero but did not become negative. In inflation-adjusted terms, salaries appear to peak around age 50 and decline slightly from that point up to retirement.

Salaries in today's dollars are shown in Exhibit 10 with the solid lines ending at age 65 and dotted extensions to age 67. Over the course of a participant's career, salary grows on average at an annual real rate of 1.1% for those retiring at age 65. When extending this pattern to the age of 67, the average annual real salary growth rate is 1%.

Exhibit 10: Growth of new and prior salary profiles

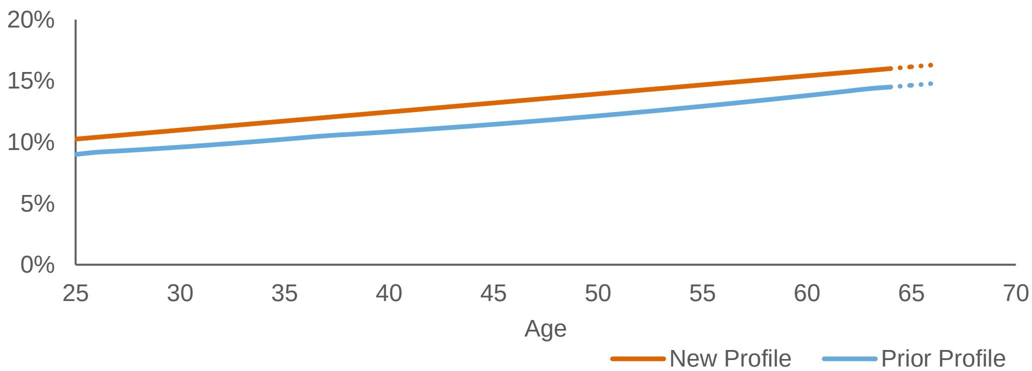


Source: Russell Investments

Contribution levels

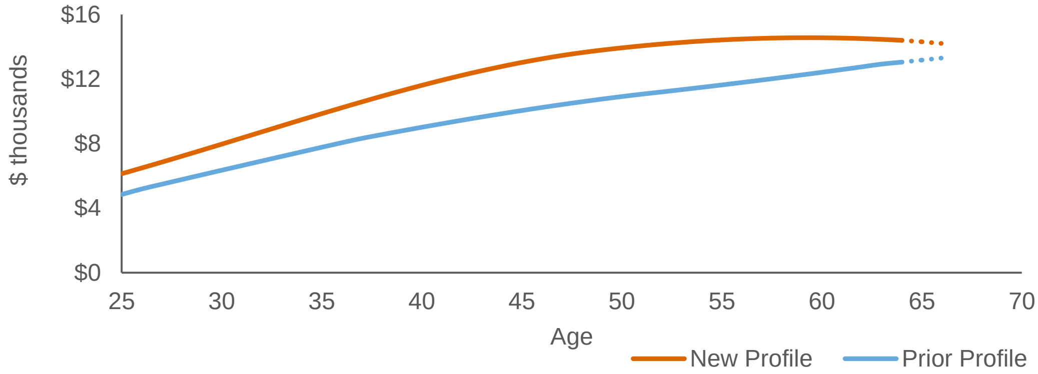
Contribution levels appear to have crept up slightly since our 2014 review. The increase is a result of small increases in both employee and employer contribution rates. Employee contributions over the course of the career appear to run from 5.5% initially, increasing to 11% near retirement. This is slightly higher than the 5% to 10% assumption we made in the 2014 review. Employer contributions have shifted up to 4.8% to 5% from 4% to 4.5%.[2] This brings total contributions up to 10% to 16% from 9% to 14%. The most common defaults are employer match of 50 cents for each dollar contributed by the participant up to 6% and automatic contribution escalation of 1% per year up to 10%. The combination of salaries at each age and contribution rate allows us to determine the total savings flowing into the DC account each year as illustrated in the following charts.

Exhibit 11: Total contribution (employer + employee) as a percentage of wages for new and prior profiles



Source: Russell Investments

Exhibit 12: Total contributions (employer + employee) for new and prior profiles



Source: Russell Investments

Evaluation of glide path solutions[3]

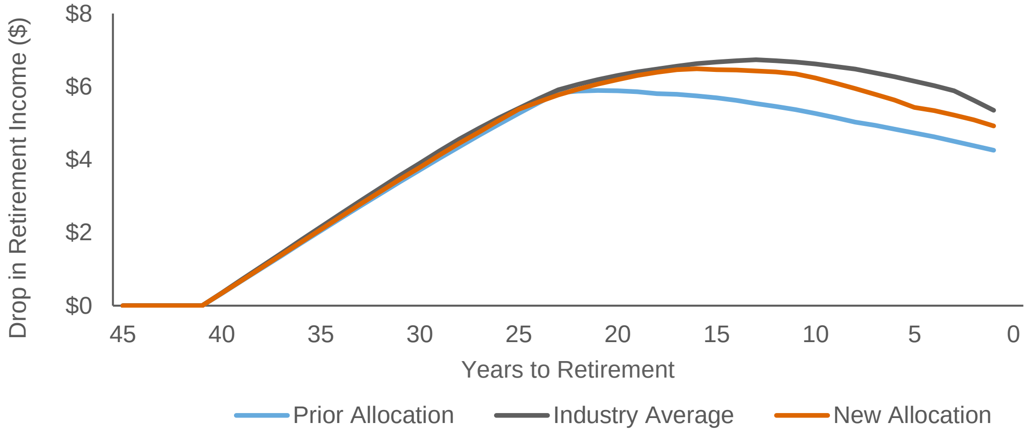
We believe a glide path evaluation should be based on the purpose and goals of the target date funds. Investors in target date funds seek to maximize reward while minimizing risk. In particular, the reward is the sufficient growth to achieve a desired retirement income. Risk comes in many forms but, for simplicity's sake, let's focus on the main two forms:

1. Target date funds should strive to avoid significant shortfalls relative to the retirement income target. This is the long-term goal and ultimately what many participants assume is the purpose of setting money aside in a retirement account.
2. Glide paths should avoid giving investors sleepless nights that might prevent them from sticking with the strategy. This is a short-term goal and addresses the very real possibility that participants will become discouraged from poor absolute or relative performance over a limited time period and choose to abandon the retirement strategy.

The DC industry has well-developed reporting to focus on the short-term goal through measures of one-, three- and five-year performance including comparisons to composite and third-party target date fund benchmarks and industry averages. Performance reporting is necessary for plan fiduciaries that typically seek to fulfil their ongoing fiduciary duty to monitor plan investment options through a quarterly committee meeting cycle. However, performance relative to a benchmark or an industry average is not an outcome. Less widely available are assessments of the long-term risk and of whether a glide path is ultimately on track to deliver on its intended outcome, which is to create the level of retirement income a typical participant is planning for.

The assessment of long-term risk is similar in some ways to the assessment of short-term risk using volatility. One of the consequences of volatility is the magnitude by which the current portfolio value might drop in the face of a bad market, which is often defined as some number of standard deviations below the expected return level, or the return associated with a low percentile of the range of returns. Similarly, volatility may have an impact on reaching the long-term retirement income goal. In Exhibit 13, we illustrate the impact of a bad market on the level of retirement income at a given age in the future. A high growth portfolio for a young participant may induce significant volatility on his or her typically small account balance, but has minor impact on the achievement of the retirement income goal as most of the resources for retirement spending are in the form of future contributions and market returns. A high growth portfolio for an older participant may have the same level of volatility as for the young participant – and hence the same level of short-term risk – but is potentially much more damaging to the older participant's retirement income level.

Exhibit 13: The long-term risk of Russell Investments' glide path compared to the industry average glide path



It is not surprising that in Exhibit 13, the new allocation has higher long-term risk than the prior allocation. As Exhibit 1 illustrates, the updated glide path has more exposure to growth assets than the previous Russell Investments' glide path. This is due to the need to incorporate greater portfolio growth over the participant's career designed to meet the challenges of increased retirement income costs, increasing longevity, and likely decreased market returns. The new allocation falls at a different point in the risk/reward tradeoff of the efficient frontier and has both higher long-term risk as well as higher anticipated reward than the prior allocation. More notable is the comparison to the industry average, which provides essentially the same average retirement income level as the new allocation, but with a less attractive profile for long-term risk in Exhibit 13. A bad market outcome with fewer than 15 years to retirement is expected to be more damaging to an investor following the industry average glide path than for those employing the new allocation.

Conclusion

With so much riding on the success of target date funds, and so many changes afoot, we believe it's essential for providers to re-validate their assumptions with ongoing research. Our target date fund decisions are guided by a deep and transparent research process, and our underlying methodology remains firmly intact. We believe the modest changes we're making to the funds are necessary to maintain income sustainability given the increasing costs of retirement, and will result in participants having a higher likelihood of achieving a successful retirement. The changes will be implemented with an objective of a sharp focus on navigating current market conditions and protecting participants' capital along the way.

Appendix

Required rates of return

Prior to digging into the analysis, it is helpful to understand the portfolio rates of return required to achieve the desired retirement income target using the specified cash flows. The required rates of return for each of the participant profiles are shown in Exhibit 14.

Exhibit 14: Required rates of return for each participant profile

FINAL SALARY LEVEL	AGE 62 RETIREMENT	AGE 65 RETIREMENT	AGE 67 RETIREMENT
Current Profile	3.3%	2.4%	1.8%
Prior Profile	4.3%	3.5%	3.0%

We recognize that the majority of savings occurs later in one's career as both salary and contribution rates increase and that this is a time when glide path solutions naturally tend to be decreasing in aggressiveness. The required rates of return suggest that a retirement at age 62 may be out of reach for most participants in a target date fund and that deferring retirement to age 67 (the age at which full Social Security benefits will become available for many current workers) improves the return demands put on the portfolio.

[1] Strategic Assumptions are long-term, 20-year forecast statistics expressing market return levels over full market cycles. Market Conditional Assumptions reflect the impact of valuations reverting to equilibrium valuation levels over time. In equilibrium markets, strategic assumptions and market conditional assumptions would be the same.

[2] Aon Real Deal, 2012, Vanguard How America Saves, 2016, Vanguard Target Date Modeling, 2016, PSCA 59th Survey, Aon Hewitt, 2015, Holden and VanDerhei, 2001.

[3] A perhaps even more fundamental evaluation step is to investigate whether the combination of participant characteristics and anticipated level of market returns can be reasonably expected to generate the level of retirement income that is sought. We have found that a simple rate of return calculation as described in the appendix provides a straightforward assessment regarding the viability of the plan before resources are expended to find the optimal choice of strategy.

ABOUT RUSSELL INVESTMENTS

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Each of the Target Date Funds invests its assets in units of a number of underlying Russell Investments Funds. The allocation of each Strategy Fund's assets is based solely on time horizon and will become more conservative over time until approximately the year indicated in the Fund's name, at which time the allocation will remain fixed. The asset allocation of the Retirement Fund is fixed. From time to time, the Funds' manager expects to modify the target asset allocation for any Fund and/or the underlying Funds in which a Fund invests. In addition, the Funds may in the future invest in other Funds which are not currently underlying Funds.

These Funds are not intended to be a complete solution to investors retirement income needs. Investors must weigh many factors when considering to invest in these Funds, including how much an investor will need, how long will the investor need it for, what other sources the investor will have and, if the investor is purchasing shares in an IRA account, whether the Fund's target distributions will meet IRS minimum distribution requirements once age 70 1/2 is reached.

Target Date Fund investing involves risk, principal loss is possible. The principal value of the Fund is not guaranteed at any time, including the target date. The target date is the approximate date when investors plan to retire and would likely stop making new investments in the Fund.

Investments that are allocated across multiple types of securities may be exposed to a variety of risks based on the asset classes, investment styles, market sectors and size of companies preferred by the advisors. Investors should consider how the combined risks impact their total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal.

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