



# Custom target date portfolios built for your plan

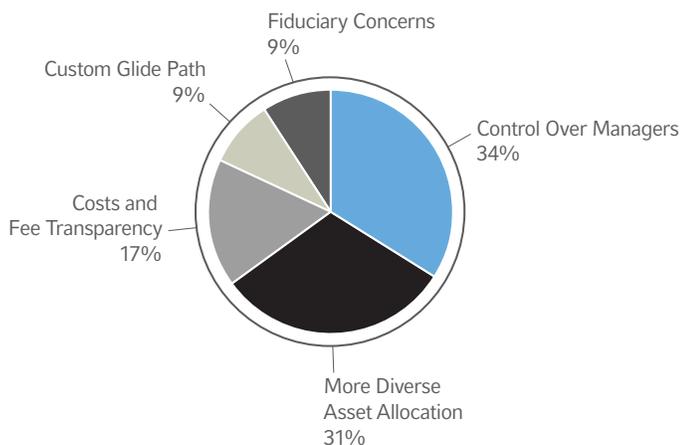
Today, many large plan sponsors are looking to offer a qualified default investment alternative (QDIA) that is tailored to their plan.

Target date funds have become a very popular alternative for plan sponsors to use as a QDIA. However, you may question whether a target date fund designed to meet the needs of the average plan meets your plan’s specific needs.

## Strategies built from the managers you select

Custom designed target date portfolios allow you to maintain control over the selection of the underlying investment managers, because you use your existing investment options and/or selectively screened managers to populate the asset classes. Russell Investments has proven expertise in helping some of the largest plan sponsors build custom target date portfolios.

### MANAGER CONTROL IS DRIVING DEMAND FOR CUSTOMIZATION



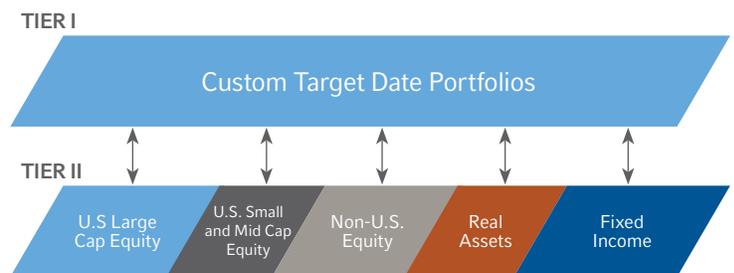
Source: "Target-Date Retirement Funds: The New Defined Contribution Battleground," Casey Quirk (November 2009).

Increased control and continuity of your plan menu

A custom approach can help you:

- › Harmonize your Tier I and Tier II menus
- › Utilize your Tier II funds as building blocks for the target date funds
- › Transition your plan from mutual funds to separate accounts

The result: an overall menu that may be easier for your participants to understand.



## Structure your portfolios according to your asset class preferences

A custom designed glide path allows your plan’s investment committee to decide which asset classes should be represented in the target date funds and which investment managers to hire.

## Customized for your plan demographics

To create your custom target date solution, we evaluate your plan’s specific:

- › Contribution rates
- › Level of account balances
- › Retirement dates
- › Defined benefits

## Make your communications effective

We will consult closely with you and your participant communications provider to understand your goals and any nuances associated with your plan. With these in mind, we provide guidance on how to present the new funds and the potential benefits they bring to your plan.

## Implementation experience matters

Building a glide path with the right design and managers is just the start. A knowledgeable implementation team can make all the difference in the successful implementation and ongoing management of your custom funds.

## We stand behind our glide paths

At Russell Investments, we will help you build custom target date portfolios and take responsibility as the ERISA 3(38) investment manager fiduciary for the asset allocation, assuming discretion in the reallocation of assets as part of the rebalancing and roll-down process. Through our manager research capabilities, we are able to provide guidance on the selection or oversight of any underlying investment managers.

### STEPS TO BUILDING CUSTOM TARGET DATE PORTFOLIOS

#### 1 Glide path design

- › Evaluate participant demographics
- › Determine the target replacement income ratio for the overall plan
- › Determine appropriate mix of underlying asset classes from the managers you select

#### 2 Implementation and operations

- › Provide you with a dedicated project management team
- › Coordinate key roles and responsibilities of recordkeeper, trustee, custodian and the underlying fund managers
- › Implement rebalancing and cash flow rules

#### 3 Ongoing management

- › Oversee rebalancing and roll-downs
- › Monitor and resolve investment or operational issues
- › Provide quarterly performance and operations reviews
- › Incorporate new investment concepts as developed
- › Implement manager changes

### Let Russell Investments build your funds:

- › Using managers you select
- › Customized for your participants
- › Leveraging our hands-on DC plan experience

**➤ If you are ready to explore building a custom target date portfolio glide path for your plan, give us a call at 866-272-9166.**

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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 does not assure a profit and does not protect against loss in declining markets.

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.

Target date funds are not intended to be a complete solution to an investor's retirement income needs. Investors must weigh many factors when considering to invest in these funds, including how much an investor will need, how long the investor will need it, 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.

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