Target Retirement Funds

Frequently Asked Questions

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What is a Target Retirement Fund?

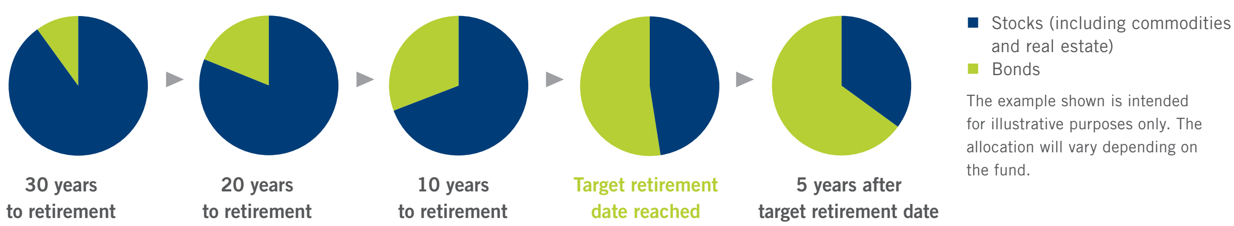
A Target Retirement Fund is a pre-mixed, diversified selection of investments (typically stocks and bonds) that adjusts its risk levels automatically (becoming more conservative) as you near retirement. Its investment strategy is based on two simple principles: diversify your investments and manage them 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 Retirement Fund work?

Here's an example:

The year is 2023 and Jane, age 42, starts a new job. Because she hopes to retire in 2046 at age 65, she chooses the 2045 Target Retirement 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.



The example shown is intended for illustrative purposes only. The allocation will vary depending on the fund.

Finally, when Jane turns 70, her portfolio will transition automatically into the Target Retirement Income Fund, which contains the lowest number of stocks and highest number of bonds compared to the other Target Retirement 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 Retirement Funds seek to manage these risks over time while still allowing individuals the opportunity to capture growth in the markets.

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How is a Target Retirement Fund different than a balanced fund?

Both funds maintain a mix of investments. However, if you have a balanced fund, that investment mix won't change unless you move your money to a different fund. For example, if you invest in a 60/40 balanced fund (60% stocks and 40% bonds), the mix of investments will always be managed to a 60/40 target. A Target Retirement Fund, by contrast, will evolve with your changing needs and the professional fund managers at State Street Global Advisors (SSGA) adjust its risk levels automatically (to become more conservative) as you near retirement.

Should I choose more than one Target Retirement Fund?

It's not necessary to choose more than one Target Retirement 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 Retirement Fund, to make sure that they continue to meet your investing goals.

What do the years in the Target Retirement Funds' 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 Retirement Fund. If you're planning to retire in 2036, you would choose the 2035 Fund.

Are Target Retirement Funds suitable for my risk tolerance level?

Target Retirement 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 Retirement Fund should I choose?

Typically you should choose the Target Retirement 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.

Questions? Want to make changes?
Call our benefits service center or logon to our benefits website.

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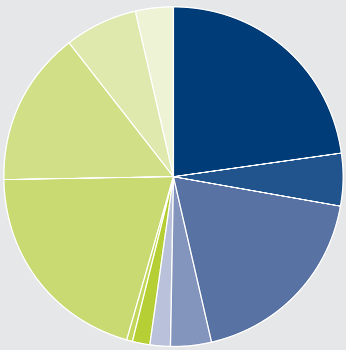
What investments are in Target Retirement Funds?

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

Example of diversification



For illustrative purposes only

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

What is a Target Retirement 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 Retirement 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 Retirement Fund that matches your new anticipated retirement date.

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Frequently Asked Questions

If I retire, can I withdraw my savings from my Target Retirement 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 59½), you may be subject to a tax penalty for early withdrawal.

Who manages the Target Retirement Funds?

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 Retirement Funds historically performed?

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

Why are Target Retirement 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 Retirement 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 Retirement 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 Retirement Funds seek to provide you with a fully diversified portfolio.

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All plan participants should carefully consider all of the investment alternatives available under the Plan before deciding to invest, consult with their own financial advisor and contact their Plan Administrator for more information on the plan's available alternatives.

For more information, please review the Target Retirement Funds Fact Sheet or logon to ssga.com/definedcontribution.

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

Investing involves risk including the risk of loss of principal.

Diversification does not ensure a profit or guarantee against loss.

Assumptions and forecasts used by SSGA in developing the portfolio's asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in losses near, at or after the target date year or could result in the portfolio not providing adequate income at and through retirement.

This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

State Street Target Retirement Funds are designed for investors expecting to retire around the year indicated in each fund's name. When choosing a fund, investors should consider whether they anticipate retiring significantly earlier or later than age 65. There may be other considerations relevant to fund selection and investors should select the fund that best meets their individual circumstances and investment goals. The funds' asset allocation strategy becomes increasingly conservative as it approaches the target date and beyond. The investment risks of each fund change over time as its asset allocation changes.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities.

Asset allocation is a method of diversification which positions assets among major investment categories. This method is used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account an investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

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