



Target Date Retirement Funds



Always Designing
for People™

Target date retirement funds



Target retirement date funds offer a

diversified
asset allocation

through one investment option.

The importance of a diversified asset allocation

When deciding how to invest your plan assets, investment professionals say that creating a diversified asset allocation can help manage market risk, or the change in value of an investment, in response to stock market conditions.

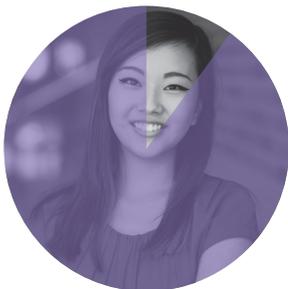
Experts consider asset allocation to be one of the most important decisions you can make in your retirement planning. Studies have shown that over 90%¹ of investor returns are the result of asset allocation, not individual security selection. An asset allocation strategy should take into account your age, years to retirement and tolerance for risk.

A one-step solution for a diversified asset allocation

Target retirement date funds can offer a diversified asset allocation of investments within one fund.

These funds are based on a time frame until retirement, (or the time at which an investor plans to start withdrawing funds) and typically invest in a mix of stock and bond funds that gradually become more conservative over time as the target date approaches.

SAMPLE TARGET RETIREMENT DATE FUND ALLOCATIONS²



■ Income ■ Growth. Aggressive Growth.

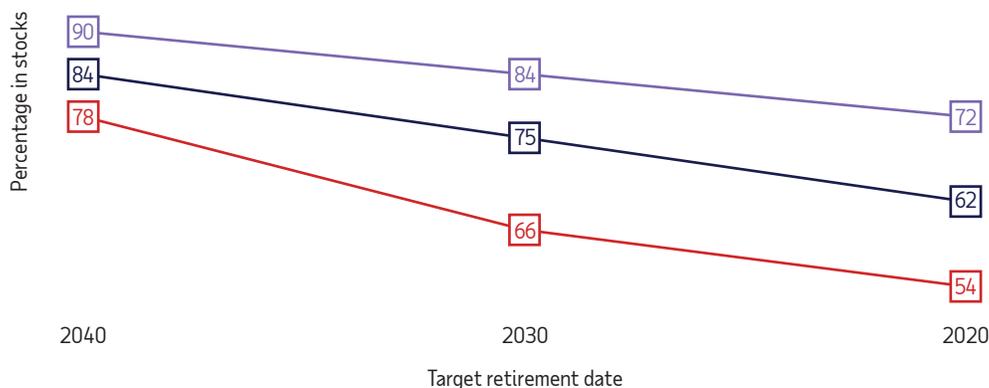
Adjusting allocation

Target retirement date funds are designed to gradually adjust their asset allocation as the fund's stated target date nears.³ This adjustment, known as the glide path, reflects how the fund's allocation of stocks and bonds changes over time. Although different target date funds may have the same target date, they can have different allocations and investment strategies as well (see chart below). In addition, some funds reach their final allocation at the target date while others continue to adjust over time after the date. Therefore, it's important to also review the fund investment strategy and allocation before investing to decide whether the risk level and expected investment results are appropriate for your risk tolerance, needs and goals.

A target date mutual fund is comprised of a mix of underlying investment options in various asset classes. Therefore, if you decide to invest in other funds in addition to a target date fund, you may overweight your account in a particular asset class.

SAME TARGET, DIFFERENT ALLOCATION

Sample glide path allocations for three hypothetical funds



You can get information about the target retirement date funds offered in your plan, as well as a fund prospectus or information statement, online at [My.ADP.com/401k](https://www.adp.com/401k). You should carefully consider an investment option's objectives, risks, charges and expenses before investing. The prospectus (or information statement, as applicable) contains this and other important information about the investment option and investment company. Please read the prospectus information statement carefully before you invest or send money.

Funds with shorter time frames are generally more conservative, investing in more debt investments and short-term investments to provide as much income as possible while seeking preservation of capital.

Funds with longer time frames are generally more aggressive, investing in more equity investments with greater potential for higher investment returns and higher potential volatility.

You can get investment information and make changes to your account on www.mykplan.com.

Diversification does not guarantee a profit or protect against a loss in a declining market. There is no guarantee that your balance will increase over time.

- 1 Ibbotson, Roger and Paul Kaplan, Does Asset Allocation Policy Explain 40 Percent, 90 Percent, or 100 Percent of Performance? Financial Analysts Journal, Jan./Feb. 2000.
- 2 Sample asset allocation models are for illustrative purposes only. They are not intended to be, nor construed as, investment advice. The underlying mutual funds in the portfolios of asset allocation funds are subject to stock market risk and invest in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. The target date of a target date mutual fund is the approximate date when an investor plans to begin withdrawing their money from the fund. The principal value of a target date fund is not guaranteed at any time, including at the target date. Keep in mind that a target date mutual fund is comprised of a mix of underlying investment options in various asset classes. Therefore, if you decide to invest in other funds in addition to a target date mutual fund, you may overweight your account in a particular asset class. The underlying mutual funds in the portfolios of asset allocation funds are subject to stock market risk and invest in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost.
- 3 The underlying mutual funds in the portfolios of asset allocation funds are subject to stock market risk and invest in individual investments whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. By investing in target date funds you will also incur the expenses and risks of the underlying investments. The target date of a target retirement date mutual fund is the approximate date when an investor plans to begin withdrawing their money from the fund. The principal value of a target retirement date fund is not guaranteed at any time, including at the target date. It is possible to lose money by investing in target date funds.

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