TARGET RETIREMENT FUNDS

Frequently Asked Questions

STATE STREET GLOBAL ADVISORS® | Defined Contribution

TARGET RETIREMENT FUNDS
Frequently Asked Questions

What is a Target Retirement Fund?

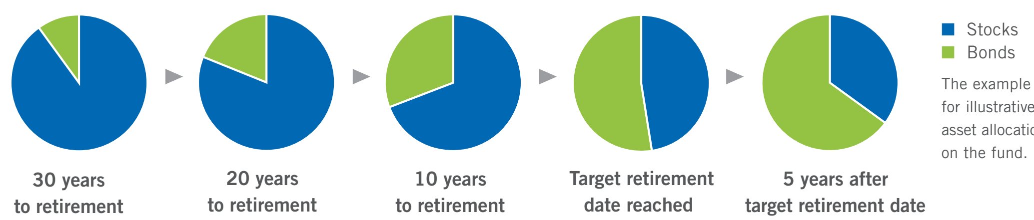
A Target Retirement Fund (sometimes called a target date or lifecycle fund) is an investment vehicle based on retirement investing principles that are fairly simple to understand: diversify your investments and manage them in relation to where you are in your retirement planning timeline.

A Target Retirement Fund is a premixed, diversified selection of investments (typically stocks and bonds) that automatically adjusts its risk level to become more conservative as you near retirement. You select the fund in which you invest according to the date you anticipate to retire.

How does a Target Retirement Fund work?

Here's an example:

The year is 2012 and Jane, age 35, starts a new job. She hopes to retire in 2040 at age 63, so she chooses the 2040 Target Retirement Fund. As illustrated below, when Jane first invests in the fund it contains significantly more stocks than bonds. Stocks have much greater risk and return potential than bonds, so at this point the fund offer high risk as well as high potential reward. 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 — providing a balance of stability and return potential that's appropriate for this stage of life.



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

Finally, when Jane turns 70, her portfolio automatically transitions into the Target Income Fund, which holds less stock and more bonds than the other funds to help protect against large losses.

Remember, there are always risks involved with investing, and it is nearly impossible to predict market returns. Target Retirement Funds seek to manage these risks over time while providing investors the opportunity to capture market returns.

FREQUENTLY ASKED QUESTIONS

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

Although a balanced fund also has a mix of investments, that mix doesn't change unless you move your investments to a different balanced 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 will evolve with your changing needs, automatically becoming more conservative as you near retirement.

Should I choose more than one Target Retirement Fund?

No. The fund automatically creates a diversified mix of investments so that you don't have to do it yourself. Even with a Target Retirement Fund you should check your investments regularly to make sure they continue to suit your savings goals.

Which Target Retirement Fund should I choose?

Typically you should choose the Target Retirement Fund that comes closest to your retirement date and your risk tolerance. For example, if you hope to retire in 2029, choose Fund 2030. 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 the Target Retirement Fund?

The fund is a premixed, well-diversified, professionally managed portfolio of stocks, bonds and other assets. These investments may include U.S. large-cap, mid-cap, small-cap, developed and emerging market international stocks; global real estate investment trusts (REITS); U.S. long-dated government bonds; U.S. broad-based fixed income securities; U.S. high yield bonds; U.S. Treasury Inflation–Protected Securities (TIPS) and short-term fixed income securities.

What is the Target Retirement Fund's "glidepath"?

The glidepath shows the way the fund's mix of stocks and bonds changes over time. The more years to retirement, the more the fund holds in stocks and the less it holds in bonds. Over time the percentage it holds in stocks "glides" down, while its allocation to bonds "glides" up. The fund's glidepath governs the amount it holds in each type of investment at any given time.

FREQUENTLY ASKED QUESTIONS

Can I move my money out of the Target Retirement Fund even if it has not reached the designated target year?

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

What if my retirement plans change?

You can easily make changes to your savings rates or Target Retirement Fund choices. If your retirement plans do shift, consider selecting a Target Retirement Fund that matches your new, anticipated retirement date.

If I retire, can I withdraw my savings from the Target Retirement Fund even if it has not reached its designated year?

Yes, you can withdraw your money at any time. For example, if you are invested in Target Retirement Fund 2030 and you retire in 2025, you can withdraw your money as needed. Be aware, however, that if you retire before age 59½ you may be subject to a tax penalty for early distribution.

Who manages the Target Retirement Fund?

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

How have the Target Retirement Funds performed?

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

Why is the Target Retirement Fund the default investment option for my plan?

The Pension Protection Act of 2006 and regulations from Department of Labor, allow defined contribution plans to enroll employees automatically and place the assets they contribute in a default investment. A Target Retirement Fund qualifies as an acceptable default investment. If you are automatically enrolled, you can always opt to move your savings into other investment options within your retirement plan.

This communication material is in draft form and is being provided to you only as a working document. It should be reviewed by your own legal and compliance advisors to ensure you are meeting any fiduciary obligations prior to any further distribution.