

GET (K)ONNECTED 403(B) PLAN NEWSLETTER



PUT YOUR PLAN ON AUTOMATIC BY ADDING TARGET DATE FUNDS

As companies have shifted away from defined benefit plans to defined contribution plans, participants are increasingly expected to direct their own investments. Unfortunately, most participants are ill-equipped to make sound investing choices. They are easily overwhelmed by the investment options within the plan and are often stymied by the lack of professional investment advice. If this describes the average participant in your plan, there may be an easy answer for you.

With the passage of the Pension Protection Act of 2006, target date funds have become an increasingly popular option within 403(b) plans because they do the asset allocation work for the participant. Each target date fund is tied to a particular target retirement date. A participant chooses a target date fund based on their expected date of retirement.

For instance, a target date 2055 fund would be appropriate for participants who are approximately 30 years old because they will be retiring around the year 2055.

Each target date fund is invested in a mix of stocks, bonds, and cash equivalents and follows a pre-

determined “glide path.” The mix of stocks, bonds and cash equivalents varies as the fund moves along its glide path, starting with a more aggressive mix and moving gradually into a more conservative mix as the fund’s target retirement date approaches.

These funds do for the participant what few participants do for themselves. First, they diversify among stocks,

bonds, and cash equivalents through proper asset allocation. Second, they base their asset allocation at any particular time on the fund’s investment time horizon and adjust that allocation over time-- the shorter the horizon, the more conservative the allocation. Finally, they rebalance their portfolio regularly to take into consideration any drift in the fund’s asset allocation due to market conditions or other factors.

MOST PARTICIPANTS
ARE ILL-EQUIPPED
TO MAKE SOUND
INVESTING CHOICES

By adding a slate of target date funds to your plan, you can provide an easy, reliable investment option that will help to ensure that your participant’s portfolios are well diversified and age-appropriate and that they will stay that way as time passes.

DO YOUR PARTICIPANTS NEED A HELPING HAND?

In our Plan, the investment menu is designed to meet the needs of every type of investor. For the more experienced investor, the investment menu includes top-tier funds in a variety of asset categories that span the risk/reward spectrum. For the average investor that would like some guidance, there are easy one-stop options that help ensure that their asset allocation is appropriate for their age and risk tolerance. Participants can pick the target date fund closest to their expected retirement date or pick a profile fund that matches their investor profile. Either way, a participant can pick a single fund and be done.

If you would like more information about joining a pooled employer plan, contact us today! We will arrange a plan consultation with a retirement specialist to help you determine if joining a pooled employer plan is the right move for your company.

Name of the Company: _____

Form of Entity (check one):

Corporation

S Corporation

Non-Profit/Tax-Exempt

Sole Proprietorship

LLC

LLP

Partnership

Other

Business Product or Service: _____

Company Address: _____ City: _____ State: _____ Zip: _____

Company Phone: _____ Fax: _____

Company Contact: _____

Name: _____ Title: _____

Email: _____ Phone: _____

Alternative Contact: _____

Name: _____ Title: _____

Email: _____ Phone: _____

Return this form to:

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