Why Target Annuitization Date (TAD) Funds Help Protect Your Future

The Pension Boards' mission is to provide our members with valued services leading to greater financial security and wellness. Target Annuitization Date (TAD) Funds are among those valued services that offer our members the opportunity to secure the best financial outcome at retirement without the hassle of hands-on portfolio reallocations. Whether you are 30 years from retirement or five, there are benefits to investing in TAD Funds that can help protect your financial future.

What Are Target Annuitization Date (TAD) Funds?

A TAD, also known as a target date fund (TDF), lifecycle, dynamic-risk, or age-based fund, is a simple investment solution that rebalances the asset allocation and risk of a member's portfolio using a "glidepath" tool for the member's life stages. The asset allocation mix becomes more conservative as the target date approaches – typically one's expected date of retirement.

The Pension Boards offers six TAD Fund options (see below) based on individual age and expected retirement dates. We utilize a best-in-class approach to the underlying managers we hire on your behalf, combining the best of active stock pickers and low-cost index managers in areas of the market that will produce the best possible financial outcome for our members.

Similar to commercially-available TDFs, Pension Boards' TAD Funds are based on the expected date of the member's retirement. They are called TAD Funds because all the funds can transition into a lifetime income feature for participants. Many other plans do not provide this option.

TAD Fund 2025

TAD Fund 2030

TAD Fund 2035

TAD Fund 2040

TAD Fund 2045

TAD Fund 2050

Why are TAD Funds a good investment choice for Pension Boards Members who are not avid investors?

TAD funds are a good investment option, as it makes investing simpler. Your money gets reallocated based on your years to retirement and risk tolerance.

The Pension Boards' Investment Team does the asset allocation for our members, which is very important especially in volatile times, as we have seen recently. Investing in TAD funds takes the guesswork out of fund selections and allocations. We do the work for our members, so they won't have to.

Do TAD Funds have the right mix of stocks and bonds a person needs to secure retirement income?

Yes. TAD Funds are meant to shift one's asset allocation based on individual age and expected retirement date. Individuals can take greater investment risks when they are younger through a higher allocation to growth investments like equities. As you move along on the path to retirement, your investments will automatically become more conservative, with an increased allocation to fixed income and cash-like investments. The glidepath tool used by our Investment Team adjusts the asset allocation accordingly among sub-asset classes of the Equity, Bond, and Stable Value Funds.

How can members know or trust that TAD Fund allocations being made on their behalf are the best allocation?

Our foremost concern is our members' financial security and wellness and helping to protect their financial future. Our team of professionals have decades of experience in the financial services industry, and they collaborate with our consultant for the most up-to-date processes and best practices.

Why are TAD Funds ideal for younger Pension Boards members and those members who are closer to retirement?

TAD funds are ideal for individuals of all ages. The investment process is meant to be a hands-off approach for the individual, allowing members to leave the decision-making to the investment professionals. The team will ensure that the allocation is more growth-oriented if you are a young investor and more conservative as you approach retirement. This will safeguard your assets based on the correct return-risk profile for your age group.

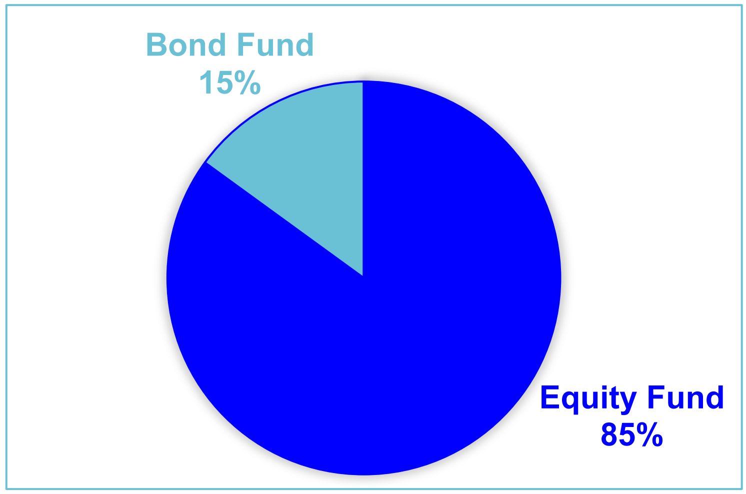
Here are two scenarios that show the potential financial outcome of a TAD Fund as a Pension Boards member approaches retirement.

Example 1: “Marc” Age 35.

“Marc” is 35 years old, so he may invest in the TAD 2050 Fund. This means he expects to retire in the year 2050 at age 65.

Based on Goldman Sachs’ assumptions and a current 85% Equity / 15% Bond / 0% Stable Value Fund mix, the expected one-year return / risk would be 6.9% return / 12.4% risk.

TAD Fund 2050



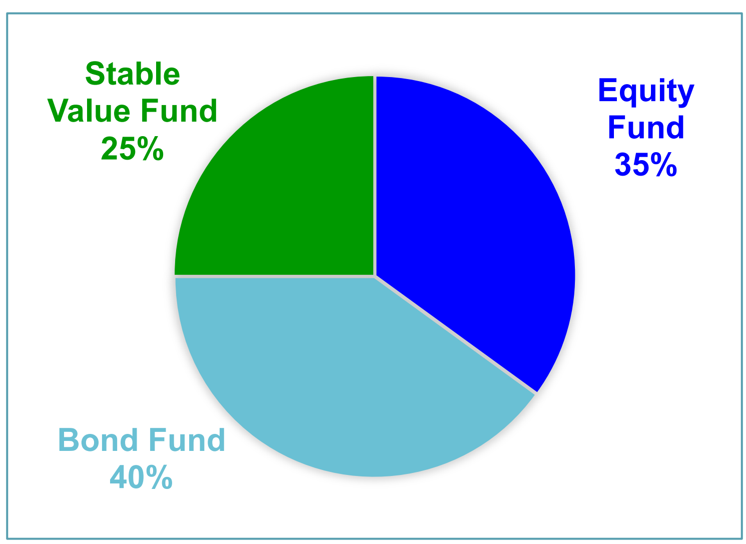
Example 2: “Carolyn” Age 60.

“Carolyn” is 60 years of age. She can invest in the TAD 2025 Fund.

This means she expects to retire in the year 2025 at age 65. While she is only five years away from retirement, a TAD Fund can still be a good investment option.

Based on the Goldman Sachs’ assumptions and a current 35% Equity / 40% Bond / 25% Stable Value Fund mix, the expected one-year return / risk would be 3.6% return / 5.6% risk.

TAD Fund 2025



These scenarios above utilize return/risk assumptions provided by from the Pension Boards’ consultant, Goldman Sachs Asset Management.

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