MICHIGAN OFFICE OF RETIREMENT SERVICES

VOYA FINANCIAL

Take Aim at Your Retirement

Target date funds offer an alternative investment approach.

A target date fund, also known as a lifecycle or age-based fund, is comprised of underlying mutual funds, made up of stocks, bonds, etc., for which shares are issued to investors.

The portfolio is designed around a projected retirement date and invests assets to increase growth potential through strategic asset allocation and diversification.

The allocation percentages of underlying mutual funds are adjusted as time progresses, becoming more conservative as the funds' target date approaches.

Key features

A key feature of target date funds is the mix of underlying mutual funds shifts as you approach retirement.

- **If you are a young investor**, your portfolio is more aggressive with the goal of long-term growth.
- **If you are an investor closer to retirement**, your portfolio becomes more conservative over time to minimize the potential losses because you may need to rely on your retirement investments soon.

The principal value of an investment is not guaranteed at any time, including on or after the target date.

How do I choose a fund?

That depends on your anticipated retirement date. Target date funds are designed to be selected based on a target retirement year. However, these are asset-allocation funds and it is important to review each fund's target allocation mix and how that will change over time to ensure you have selected a target date fund or funds that match your risk tolerance.

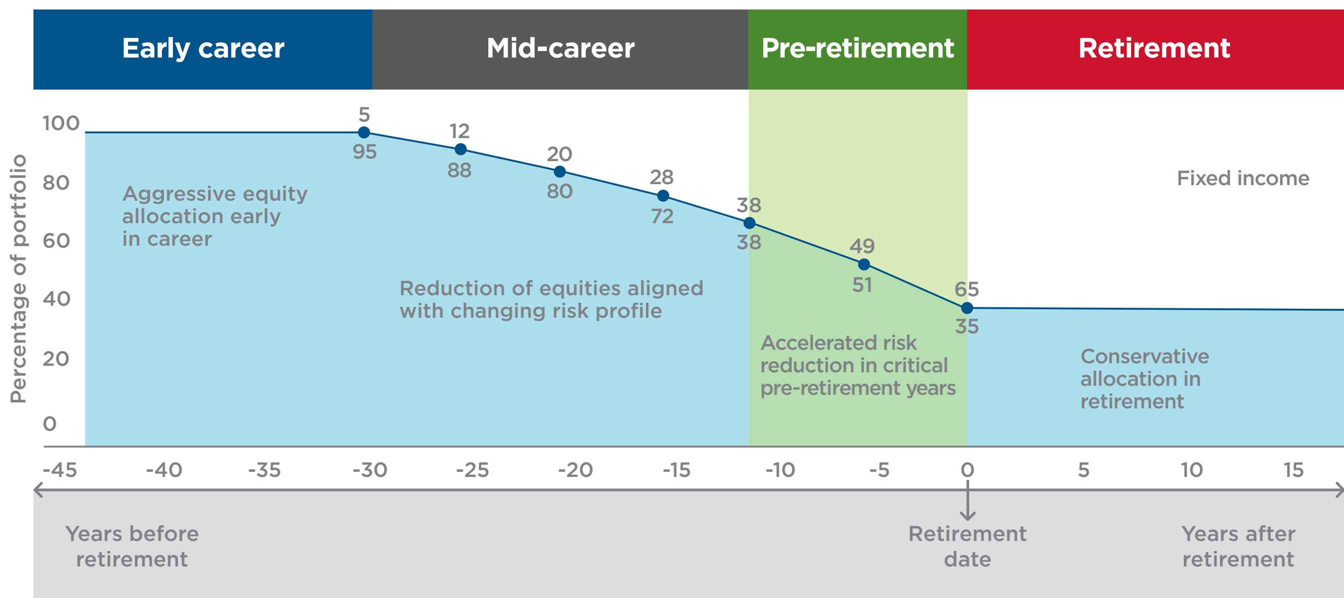
Should I change funds over time?

In a target date fund, investments are automatically rebalanced and allocations are adjusted as your target retirement date nears. This reduces the number of investments in your portfolio to manage and adjust to ensure they are on track continue to help you reach your retirement goals.

A step-down approach versus the glidepath

There are two methods financial managers may use to adjust portfolios over time: The step-down or the glidepath. The step-down method holds investment allocations steady until each portfolio reaches the next step in its journey toward a retirement date. This approach provides longer exposure to markets. Glidepath makes more modest, incremental reductions in equity exposure each year until it reaches its end point.

Keep in mind, the Michigan-based Voya Financial education team provides education and one-on-one account reviews at no cost to you.



This chart is for illustrative purposes only and may not reflect the current allocations of Voya Target Retirement Funds. This illustration is intended to show how Voya Target Retirement Funds transition over time.

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