



SELECTING AND
IMPLEMENTING
A TARGET
DATE FUND

A guide to help advisors
and plan sponsors

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Why a target date fund?

ONLY

1/2

of plan sponsors are confident that their participants have an appropriate asset allocation.¹

88%

of participants fall outside of the range of equity exposure generally considered appropriate for their age.²

Choosing an appropriate target date fund

APPROXIMATELY

1/3

of plan sponsors are not confident that there is an effective process in place to document or monitor investment decisions.¹

1/4

of plan sponsors do not fully understand the methodology used to construct the target date funds in their defined contribution plan.¹

► RESEARCH THAT DEMONSTRATES THE IMPORTANCE AND BENEFITS OF TARGET DATE FUNDS



- **Plan Participant Research** provides insight into 401(k) plan participants' attitudes and behaviors when it comes to saving and investing for retirement.
- **Plan Sponsor Research** provides insight into plan sponsors' interpretation of the roles of their DC plans and considerations driving plan-related decisions.
- **Choosing a target date strategy** discusses considerations in selecting an off-the-shelf target date fund versus a recordkeeping platform model.

► TOOLS TO HELP YOU EVALUATE AND SELECT TARGET DATE FUNDS WITH GREATER KNOWLEDGE AND CONFIDENCESM



- **Translating DOL guidance into action** helps simplify the DOL's tips on target date fund selection.
- **Target Date CompassSM** helps financial advisors and plan sponsors compare and select the target date fund family that may be appropriate given the needs and goals of the plan and its participants.

TDFs may suffer investment losses, including near and following retirement. There is no guarantee that a TDF will provide adequate retirement income.

¹J.P. Morgan Plan Sponsor Research 2017.

²J.P. Morgan Retirement Research, data as of December 31, 2016.

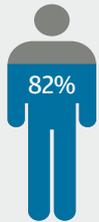
³J.P. Morgan Plan Participant Research 2016



Implementing a target date fund

DID YOU KNOW?

A re-enrollment can dramatically increase target date fund utilization to **49% to 97%** from only **1% to 4%** when target date funds are simply added to the investment lineup.²



82% of participants support employers conducting a re-enrollment.³

Educating participants



Participants lack basic knowledge on how target date funds work, with 44% of participants stating that they are getting more information than they can absorb.³



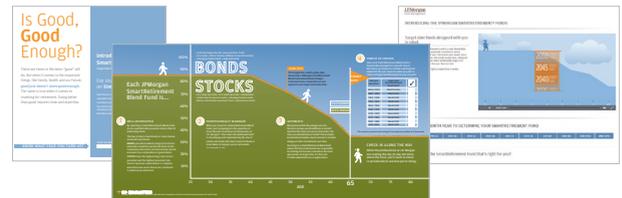
55% of participants don't take the time to read the investment information provided.³

▶ INSIGHTS THAT DEMONSTRATE THE POTENTIAL BENEFITS OF RE-ENROLLMENT



- **Understanding Re-enrollment** explains the potential benefits of plan re-enrollment for both plan sponsors and participants.
- **Participant Allocation IllustrationSM** gives plan sponsors the ability to view each participant's equity exposure by age, to help paint an accurate picture of participants' allocations.
- **Re-enrollment misperceptions** explains and debunks the top four re-enrollment misperceptions uncovered in our 2017 Plan Sponsor Research.

▶ RESOURCES TO EDUCATE PARTICIPANTS ON SMARTRETIREMENT[®]



- **SmartRetirement[®]** communications easily and quickly help educate participants on the target date fund in which they may invest. The communications series includes a brochure, website, newsletter template and other resources.
- For a sample view of one of our participant sites visit us at jpmorgansmartretirement.com.

Visit:

jpmorgan.com/funds/definedcontribution
for more Retirement resources

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TARGET DATE FUNDS. Target date funds are funds with the target date being the approximate date when investors plan to start withdrawing their money. Generally, the asset allocation of each fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears the target retirement date. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

Certain underlying Funds of the SmartRetirement Blend Funds may have unique risks associated with investments in foreign/emerging market securities, and/or fixed income instruments. International investing involves increased risk and volatility due to currency exchange rate changes, political, social or economic instability, and accounting or other financial standards differences. Fixed income securities generally decline in price when interest rates rise. Real estate funds may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector, including but not limited to, declines in the value of real estate, risk related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by the borrower. The Fund may invest in futures contracts and other derivatives. This may make the Fund more volatile. There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends. Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than original cost. Past performance is no guarantee of future results. Small- and mid-capitalization funds typically carry more risk than stock funds investing in well-established "blue-chip" companies because smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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