



# Navigating the retirement income challenge

Understanding and addressing the income needs of DC participants in retirement

A rapidly growing number of U.S. workers are finding it necessary to flip the switch from saving to spending as they enter retirement. In response, new strategies are emerging to help retirees convert their retirement savings into a sustainable stream of income. This guide offers J.P. Morgan's latest research and insights into the retirement income challenge and an overview of the emerging spectrum of strategies designed to help defined contribution (DC) plan participants translate savings into income they can rely on throughout retirement. It also highlights a range of considerations plan sponsors should examine when determining if a specific retirement income strategy is right for their plan.





## It's time to make retirement plans work in retirement

DC plans have primarily been designed to help participants save and invest for retirement with limited consideration for helping them manage the transition to drawing income once they stop working. The result is a retirement system that doesn't work particularly well during retirement, when employees are tasked with turning what may be their single biggest asset into reliable, long-lasting income—often with little or no assistance. The good news: A growing number of retirement income solutions are becoming more readily available within DC plans. Each, however, can come with its own set of potential benefits and trade-offs, making it important to understand which approach may make the most sense for a particular plan's needs and goals.

1

### Challenge

The need for retirement income solutions

2

### Insights

Research into real-life retiree behaviors and preferences

3

### Landscape

Overview of the growing spectrum of solutions

### Using real-life data to better understand behaviors

J.P. Morgan has unique access to DC participant data and Chase consumer spending data, as well as a research collaboration with the Employee Benefit Research Institute (EBRI). Collectively, this has provided the first holistic insights into retirees' saving and spending behaviors and how their habits change over time. Looking at real-life behaviors helps go beyond conventional industry assumptions to more deeply understand income needs and effectively evaluate various solutions.

**1.4 million**

DC participants across 4,500 plans<sup>1</sup>

**23 million**

DC and IRA accounts through collaboration with EBRI<sup>2</sup>

**66 million**

Chase banking households<sup>3</sup>

<sup>1</sup> J.P. Morgan retirement research, replacement rate shown for household income \$70k.

<sup>2</sup> In 2020, J.P. Morgan Asset Management formed a research collaboration with the Employee Benefit Research Institute (EBRI). This research draws on their joint database of IRA and 401(k) accounts that is maintained in partnership with the Investment Company Institute (ICI). In an ongoing collaborative effort, EBRI and ICI maintain the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, which is the largest, most representative repository of information about individual 401(k) plan participant accounts.

<sup>3</sup> JPMorgan Chase Bank, N.A. (Chase) is proud to serve nearly half of America's households with a broad range of financial services. For more information, visit our website: <https://www.chase.com/digital/resources/about-chase>.



1

## Challenge

The need for retirement income solutions

### Retirement income expectations are evolving

As DC plans have become the sole employer-sponsored retirement savings plan for most Americans, the need for solutions that help retiring employees convert savings into sustainable income continues to gain momentum.

### Today's retirees face different headwinds than past generations

#### Fewer pension benefits

**32%** U.S. households with a pension—including just 8% of the youngest workers<sup>4</sup>

#### Higher income replacement needs at retirement

**83%** Average percentage of pre-retirement income needed at age 65<sup>1</sup>

#### Longer life expectancies

**43%** Chance that at least one retirement-age spouse will live to age 95 or beyond, putting more pressure on assets to last longer<sup>5</sup>

<sup>4</sup> LIMRA Secure Retirement Institute analysis of 2022 Survey of Consumer Finances, Federal Reserve Board, 2020. Latest available data as of December 31, 2024.

<sup>5</sup> For non-smoker in excellent health; Social Security Administration, Period Life Table, 2021 (published in the 2024 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator (accessed December 2024); J.P. Morgan Asset Management.

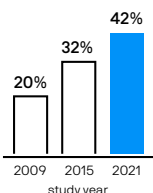


## People are looking to employers for answers



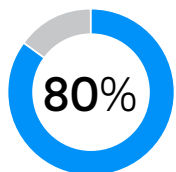
### Most employees want someone else to handle retirement planning for them

Three in five plan participants wish they could push an easy button when it comes to planning for retirement.<sup>6</sup>



### More retirees than ever are remaining in plan

The number of participants with in-plan balances three years after retirement has more than doubled since 2009.<sup>1</sup>



### Income strategies make plans more attractive

Four in five (80%) say they would likely stay in plan if there were a retirement income option.<sup>6</sup>



## More employers are answering the call

Our most recent plan sponsor survey found that:

- More than half of sponsors say providing retirement income is a core purpose of their plans.
- Most feel a degree of responsibility to help participants generate income in retirement.
- Almost half without a current retirement income solution are considering adding options in the upcoming year.

<sup>6</sup> J.P. Morgan Plan Participant Research 2024.



2

## Insights

Research into real-life retiree behaviors and preferences

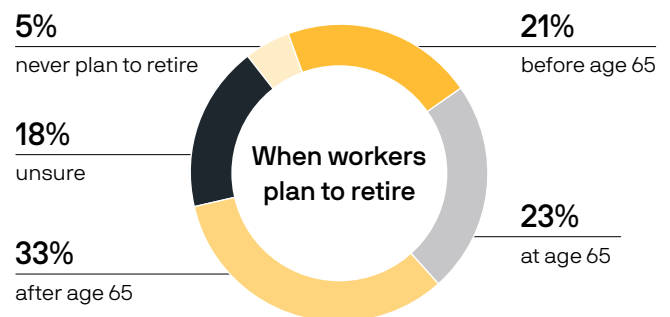
### Helping participants navigate the shift from saving to spending

Research shows three key takeaways when it comes to helping employees successfully convert retirement savings into income.

#### KEY TAKEAWAY 1

### Retirement timing expectations versus reality can vary widely

Our research into how and when people expect to retire showcases the uniqueness of the retirement journey—and also challenges some of the industry’s long-held beliefs. Only one in three expect to completely stop working all at once, and just 23% are planning on a traditional retirement at age 65.



Source: J.P. Morgan Plan Participant Research, 2024.

### However, individuals may have less control over when they retire than they think.

**49%** of retirees left the workforce earlier than planned. Of those:

**35%** cited health reasons; and

**32%** cited changes at their company.<sup>7</sup>

In addition, individuals expecting to rely on income from “post-retirement” employment may be in for a surprise. While 73% of participants expect generating income from “work for pay” in retirement, only 23% of retirees reported it as a source of income they actually rely on.<sup>7</sup>

<sup>7</sup> EBRI Retirement Confidence Survey 2024.

## KEY TAKEAWAY 2

### Retirement spending varies and can be volatile

Our Chase consumer spending data shows that retiree behavior in the real world doesn't always reflect the conventional wisdom around providing a static target amount of replacement income throughout retirement. On average, retirement spending usually starts much higher and moves lower over the years.

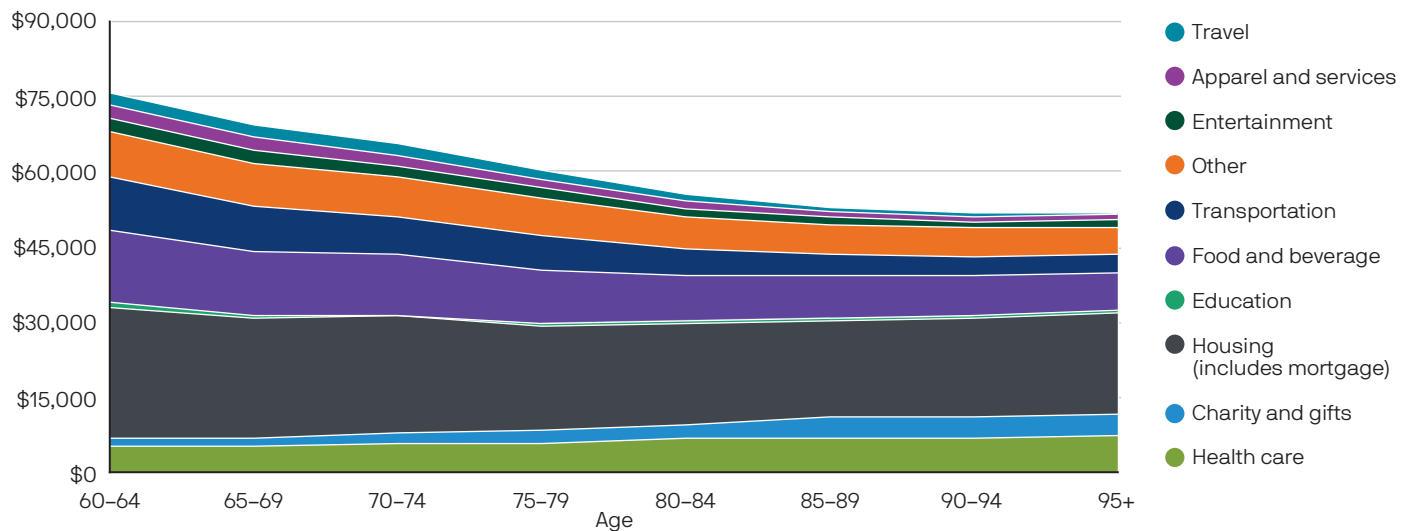
**83%** Average replacement income needed at the point of retirement

**63%** Average replacement income, in real terms, needed 20 years later at age 85



### Actual retirement spending patterns of partially and fully retired households

Average annual household spending by age in real terms



2025 J.P. Morgan Asset Management Guide to Retirement.



---

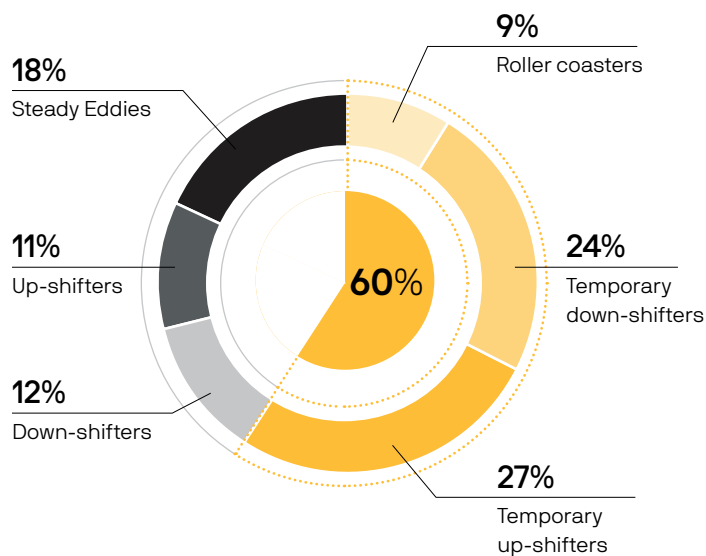
**Additionally, spending volatility can continue throughout retirement, with a notable number of people making sizable payments in medical expenses, automobile repairs or taxes in any given year.**

**60%**

of retirees experience notable annual spending volatility in the three years following retirement versus the 12 months prior to retirement

**23%**

make longer-term changes in spending behaviors



Source: Three New Spending Surprises, 2024, J.P. Morgan Asset Management.

Digging a little deeper, we observe significant variances in spending patterns at the individual level even when controlling for age and levels of wealth. These variances can be attributed to an individual's lifestyle choices, income sources, medical needs and legacy plans—to name just a few considerations.



---

### KEY TAKEAWAY 3

## People largely share the same preferences when it comes to retirement income

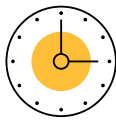
While individual retiree needs may differ, the general outlook on retirement income tends to be largely the same. Throughout our focus group testing, people consistently expressed the same concerns and priorities.

---

### Four common concerns



How much income will I receive?



How long will my money last?



How much risk should I take?

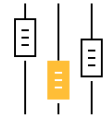


Will I have access to my money?

### Two top priorities



I want to spend with confidence



I want flexibility

---

## They also face the same range of risks and uncertainties

### The risks of poor timing

Drawing income from savings when markets are down (i.e., sequence of returns risk) or purchasing an annuity when interest rates are low may have a detrimental impact on even the best laid retirement plans.

### Unknown time horizon

No one knows how long they are going to live, which leads to the risk of spending too aggressively and outliving savings (i.e., longevity risk) or spending too conservatively and sacrificing potential income and lifestyle.

### Spending variability

Spending needs can evolve over time and unforeseen life events can wreak havoc on a retirement budget. Plus, inflation means costs for even the most essential needs are likely to increase over time.

---





### 3

#### Landscape

Overview of the growing spectrum of solutions

#### Comparing retirement income strategies

Employers interested in adopting a retirement income option face an evolving spectrum of potential solutions. The following summary highlights some commonly available approaches and the potential benefits and trade-offs of each.

At a high level, most retirement income strategies tend to fall into three broad categories:

1

**Market-based strategies** that utilize traditional investments, such as stocks and bonds, to support spending strategies

2

**Annuity products** purchased from insurance companies at retirement; and

3

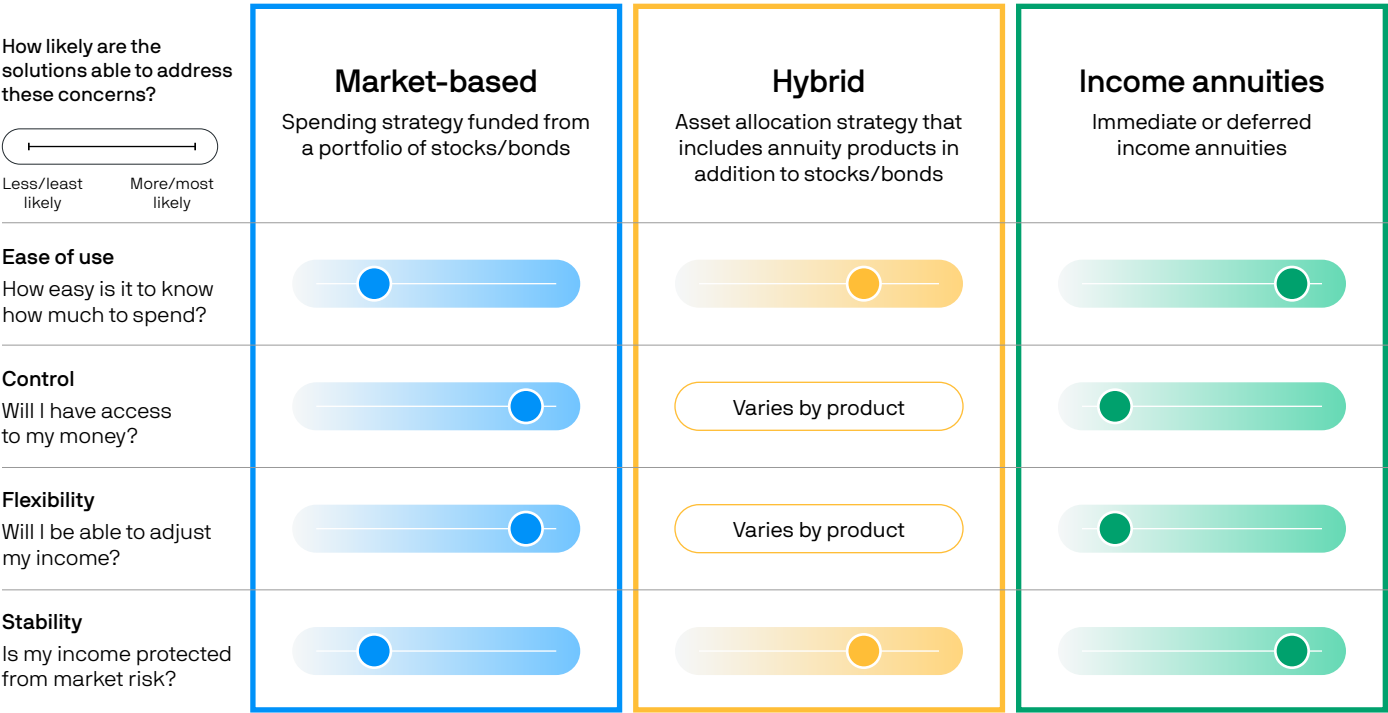
**Hybrid solutions** that seek to optimize the potential benefits and trade-offs of both of these options within a single solution.

# Available solutions

## Comparing retirement income strategies

For employers interested in offering retirement income options, it’s important to understand not only what’s available – but also how each approach aligns with employees’ behaviors, in addition to their wants and needs. This table examines different strategies based on the key questions people are asking about their

retirement income. At the highest level, solutions fall into one of two categories – those relying solely on “market-based” investments like mutual funds, and those incorporating insurance-guaranteed components like annuities. These retirement income solutions can be used as stand-alone investment options or integrated into a life cycle QDIA, such as a save-to-spend target date fund.



Source: J.P. Morgan Asset Management. For illustrative purposes only. While this grid includes broad groupings of retirement income options, it is not meant to be exhaustive.



---

## Market-based solutions

Market-based solutions utilize investments in stocks and/or bonds to help support income in retirement and are typically offered as a standalone investment option or integrated within the tail-end of a target date fund. Generally, they tend to fall within one of two groups.

### Strategies designed to preserve principal

- Typically seek to fund retirement income through dividend and/or interest income while maintaining participants' original investments
- Usually require a substantial initial investment to replace a material amount of pre-retirement income

### Strategies designed to spend down principal and earnings/interest

- Typically designed as a multi-asset investment portfolio accompanied with a spending strategy that adjusts over time
- Spending strategies can vary widely, from portfolio agnostic rule-of-thumb strategies (e.g., the 4% rule) to purpose-built investment portfolios managed to a specific spending goal

### Potential benefits

- Generally considered to be among the most flexible retirement income solutions, as participants often retain full discretion over their investments
- Usually considered to be among the easiest to implement and administer for plans
- Typically, the fee structure is transparent and manager performance can be assessed against a stated benchmark



### Trade-offs

- Amount of income that may be generated each year can vary and there is no certainty income will last a lifetime
- Typically require ongoing engagement to ensure participants are following the prescribed spending strategy
- Operational limitations may prevent a participant's ability to execute spending strategies as intended by the provider

---

## Annuity products

The spectrum of annuity products is incredibly vast and complex, but for simplicity the table below focuses on common types marketed to participants transitioning into retirement seeking a reliable income stream (i.e., single premium income annuities).

### Immediate annuities

- Seek to provide regular income payments immediately upon purchase

### Deferred annuities

- Seek to provide regular income payments that begin at an agreed upon date in the future
- Qualified longevity annuity contracts (QLACs) are deferred annuities intended to be purchased at retirement with income payments commencing no later than age 85

---

### Potential benefits

- Provide certainty in the amount of income purchasers will receive each year
- Offer purchasers peace of mind that they will have an income stream they can rely on for the rest of their lives
- “Set it and forget it” approach does not require ongoing participant engagement to execute properly

### Trade-offs

- Typically require purchasers to give up control of their savings upon purchase
- Annuity rates are generally highly sensitive to prevailing interest rates at the time of purchase
- Subject to the claims-paying ability of the issuing insurer





# Hybrid solutions

Hybrid solutions seek to deliver the combined benefits of both market-based strategies and annuity products within a single offering and are often intended to serve as a plan’s qualified default investment alternative (QDIA). These solutions often leverage the familiar target date framework to help serve as a comprehensive approach to saving, investing and now income generation in retirement. They typically introduce an annuity product within a target date fund in the years leading up to retirement. Hence, hybrid solutions are intended to offer participants access to a stream of lifetime income generated through the annuity product and flexible income generated through market-based strategy in an effort to help replicate the “three-legged stool” that past generations of retirees once relied on for retirement income.

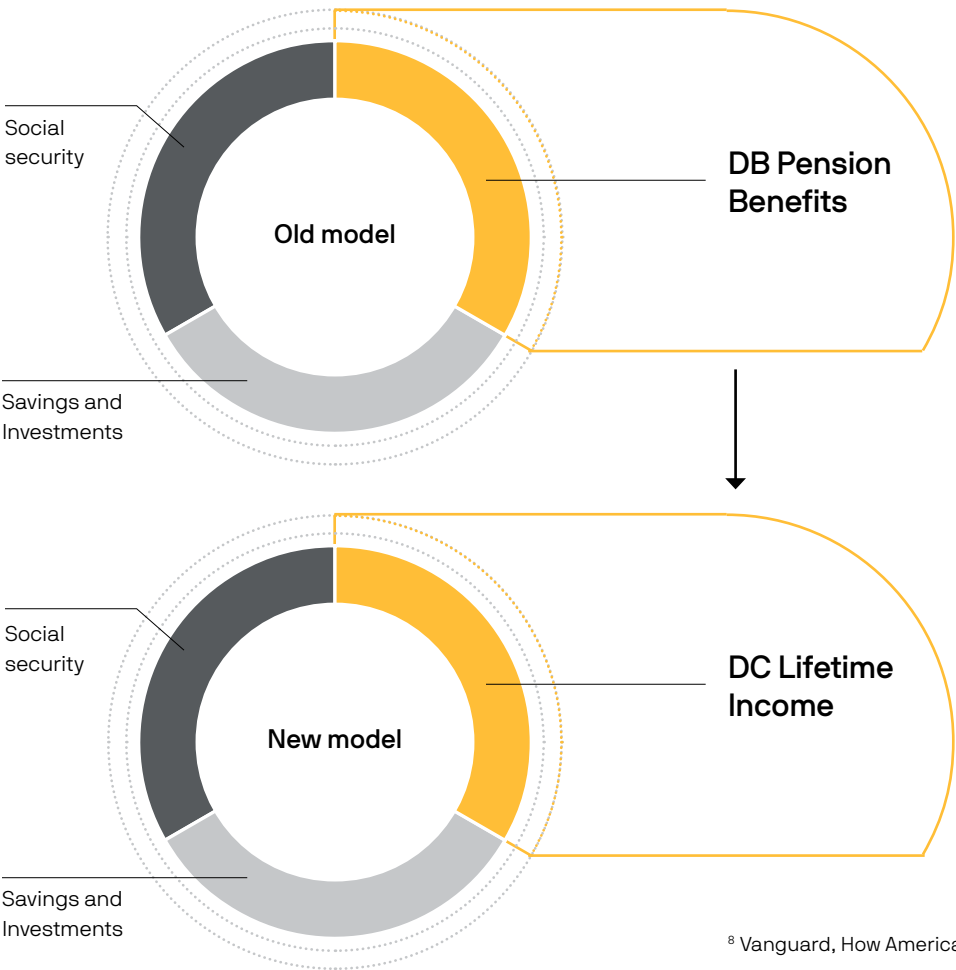
## Builds on what plans and participants know and use

**96%** of DC plans already offer a target date fund<sup>8</sup>

**83%** of all participants invest in a target date fund<sup>8</sup>

Hybrid solutions can offer varying philosophies and approaches for how to best translate participants’ plan savings into sustainable income streams they can rely on for life. To help accomplish this, each may include allocations to various types of annuity products that may provide additive benefits, such as lower volatility pre-retirement, and protection against longevity risk post-retirement. The type of annuity products and how they are incorporated into a glidepath will shape the overall degrees of certainty, flexibility and liquidity offered by each hybrid solution.

## Helping to replicate the retirement income “three-legged stool” of the past



<sup>8</sup> Vanguard, How America Saves.



## Potential integration into a target date glide path

Please see appendix for a more detailed look at the types of annuity products and other strategies often used in hybrid solutions.

### Early career

Typically reflects traditional target date glidepaths that emphasize growth

Participants have a long time horizon to retirement and, therefore, can tolerate higher risk exposure

### Near retirement

Typically introduce allocations to an annuity product to begin preparing participants for retirement income

- Allocations to stable value, fixed annuities and/or fixed indexed annuities can offer growth and explicit downside protection which can reduce overall portfolio volatility (e.g., sequence of returns risk)
- Allocations to variable annuity products with guaranteed withdrawal benefit features help establish an income base that will be used to calculate guaranteed withdrawal amounts upon retirement (income base is a notional value that is typically protected from market risk but can increase with positive market performance and/or increasing glidepath allocations)
- Allocations to asset classes designed to track the price of immediate or deferred income annuities may help reduce the point-in-time interest rate sensitivity that purchasers of these products face through dollar cost averaging

### Post-retirement income strategy

Participants generally have the option to initiate the solution's retirement income strategy, typically comprised of guaranteed income backed by participating insurers and a market-based drawdown strategy

#### Guaranteed income:

- Annuitization: Participants transfer the portion of their investments that corresponds to the annuity or annuity tracking asset classes allocation to an insurer in exchange for annuity income that can begin immediately or at a future date (transfers are typically irrevocable and result in a portion of participant assets moving out-of-plan)
- Guaranteed withdrawal benefits: Participants begin withdrawing an agreed upon amount from their investments each year. Once their balances are depleted, insurers begin making income payments to participants for the rest of their lives

#### Market-based strategy:

- Bridge strategy: Participants spend down a portion of their investments to generate retirement income while they wait for their deferred annuity income to begin or to delay the age at which they claim Social Security
- Flexible income: Participants spend down a portion of their investments to generate non-guaranteed retirement income that is typically intended to cover discretionary spending



---

## Potential benefits

- Seek to offer a comprehensive retirement income strategy comprised of guaranteed income sources and more flexible non-guaranteed income sources
- Typically designed as an option not an obligation—participants invested in the hybrid solution will usually have the choice to opt in to the retirement income strategy or not
- Takes advantage of participant inertia and simplifies the decision-making process
- Addition of new annuity allocations near retirement often may help reduce overall volatility in the critical years leading up to retirement
- Some strategies allow for personalization at the point of retirement

## Trade-offs

- Outcomes and overall participant experience can vary widely based on the types of annuity products utilized
- May introduce insurance fees (implicit or explicitly) that may not be appropriate for participants not interested in guaranteed income upon retirement
- The returns for some structures can be influenced by annuity rates set by insurers with limited transparency
- Some structures may increase volatility near retirement
- Most structures increase administrative complexity for recordkeepers



---

## Getting started

The term “retirement income” can mean different things to different stakeholders across the DC ecosystem and can range anywhere from tools and education to purpose-built investment, annuity and hybrid solutions. While education plays a critical role in helping to prepare for retirement, education alone is unlikely to solve the retirement income challenge for most participants.

As the need for retirement income solutions becomes more apparent among sponsors and demand from participants continues to increase, the DC industry has responded with new and innovative approaches that seek to replicate the pension income that past generations once relied on.

To help identify which approach may make the most sense for a particular plan’s needs and goals, plans can start by asking a range of important questions.

## Solving for retirement income:

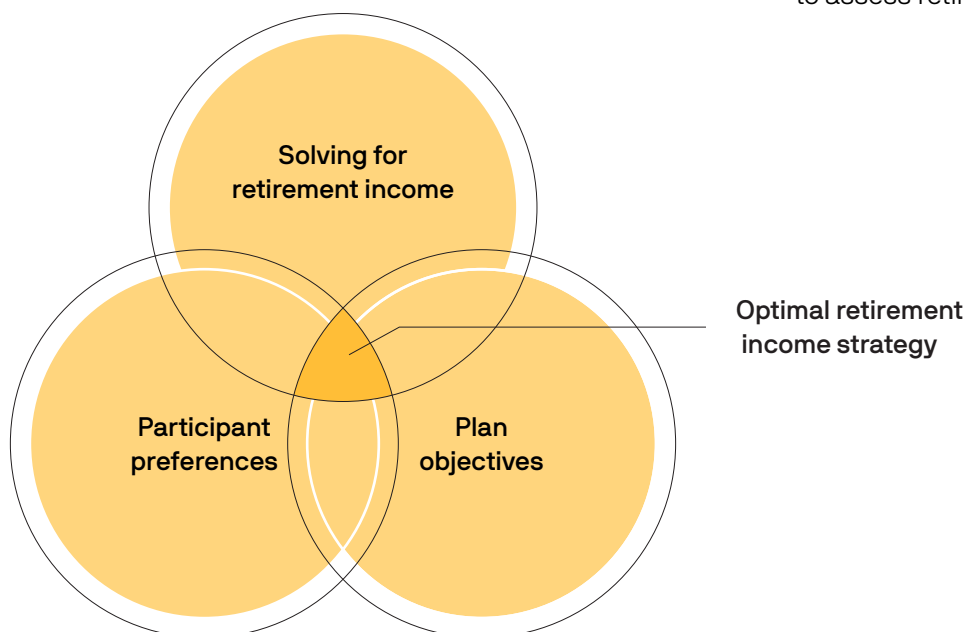
- How does a potential solution mitigate the risks and uncertainties typically associated with providing sustainable retirement income?
- What are the potential trade-offs that need to be considered?
- Are participants disadvantaged if they don’t use the features?
- Is the approach something participants can access and execute effectively?

## Participant preferences:

- How comfortable are the plan’s participants in making their own decisions?
- How much flexibility and certainty does the solution offer?
- Does the solution offer features that the plan’s participants will value?

## Plan objectives:

- How do fiduciary responsibilities change, if at all?
- Does the plan prefer retaining retiree assets or not?
- How difficult is it to terminate or change providers?
- Can existing frameworks and processes be used to assess retirement income options?



## Conclusion

The DC industry has made great strides in helping participants prepare for retirement through the broad adoption of auto features and professionally managed target date funds. Now it is time to help make retirement plans work in retirement as well. In our view, the logical place to start is by evolving the products that plans and participants know and use today.

The retirement income challenge isn't one that simply arises when an individual chooses to leave the workforce. It is a multifaceted problem that entails navigating numerous risks over an unknown time horizon that begins well in advance of the actual decision to retire. While the target date funds of today seek to mitigate a range of these risks by becoming more conservative as participants approach retirement, evolving these popular structures to help also solve for decumulation is an obvious progression.

As a leading provider of target date solutions, J.P. Morgan Asset Management already has taken the first steps in making retirement income solutions more accessible for DC plans by integrating a proprietary spending methodology informed by real-life behaviors of retirees observed through our access to Chase banking data. Currently available within our JPMorgan SmartRetirement family of target date solutions, this optional feature can help offer participants valuable assistance in making the transition from saving to spending.

Looking ahead, and as interest in solutions that can offer even greater retirement income certainty continues to increase and regulatory protections for plan sponsors continue to strengthen, we will continue driving innovation in our target date and stable value offerings to help meet the evolving needs and preferences of participants, plans and their advisors.



## Appendix

A deeper dive into potential underlying allocations in a hybrid model.

	<b>Stable value</b> Insured bond portfolios that offer steady income with guaranteed principal	<b>Fixed annuities</b> Annuity contracts that pay a guaranteed interest rate on contributions and later provide guaranteed income	<b>Fixed indexed annuities</b> Annuity contracts that pay an interest rate based on the performance of a specified market index and later provide guaranteed income	<b>Deferred income annuities</b> Annuity contracts that pay guaranteed income beginning at some agreed point in the future based on lump sum or multiple purchases	<b>Guaranteed withdrawal benefits (GWB)</b> An annuity rider that allows for annual withdrawals from an underlying market-based or accumulation annuity product guaranteed to continue for life if the underlying cash value becomes depleted
<b>Overview</b>	<p>Offer explicit downside protection</p> <p>Earn interest based on their crediting rates, which generally track prevailing Treasury rates and reset periodically (e.g., quarterly)</p> <p>Various structures provide varying degrees of transparency in insurance fees and how crediting rates are set</p>	<p>Allocated assets earn interest based on a guaranteed interest rate determined by an insurer for a predetermined period of time (e.g., five to 10 years) and are protected from market volatility</p> <p>Insurers retain sole discretion in setting guaranteed interest rates, which are generally correlated to prevailing interest rates; however, contracts typically include stated minimum guaranteed interest rates (e.g., 1%)</p>	<p>Offer explicit downside protection</p> <p>Offer a return that is correlated with a reference index, typically an equity index</p> <p>Returns are typically calculated based on the reference index's performance and the annuity's participation rate up to a predetermined maximum, or "cap"</p>	<p>Offer the ability to purchase future annuity income in exchange for payment due immediately</p> <p>Typically included in hybrid solutions in one of two ways: through the incorporation of an annuity tracking asset class intended to fund an optional purchase of a single premium QLAC at the point of retirement or through accumulating interest in a deferred annuity product whose contract value can be converted into an immediate annuity upon retirement</p>	<p>Typically used to "wrap" a market-based portfolio or accumulation annuity product</p> <p>Establishes a participant's "benefit base" or "income base," which is a notional value used by the insurer to calculate how much income is eligible to be received upon retirement</p>
<b>Accumulation</b>	<p>May help reduce overall portfolio volatility</p> <p>Use within a hybrid solution can offer more consistent cash flows, which can help manage book value to market value spreads</p>	<p>May help reduce overall portfolio volatility, given the product's explicit downside protection</p> <p>Risk of purchasing when interest rates are low may be mitigated by dollar cost averaging into a fixed annuity over time</p>	<p>May help reduce overall portfolio volatility, given the product's explicit downside protection</p> <p>May enhance return potential if used in lieu of fixed income assets, given that performance is typically tied to an equity index</p>	<p>Generally seeks to help mitigate the point-in-time interest rate risk associated with purchasing these types of annuities by dollar cost averaging into them over time</p>	<p>Benefit bases or income bases can typically increase due to positive market performance but will not decrease due to poor performance</p> <p>The risk/return characteristics reflect the underlying investment portfolio or accumulation annuity product net of rider fees</p>

<b>Decumulation</b>	<p>Primarily considered principal preservation vehicles</p> <p>Provide interest that can be used as source of income, while preserving principal</p> <p>No explicit decumulation feature currently offered in market</p>	<p>Typically considered accumulation products; however, adding a guaranteed withdrawal benefit rider or converting the contract value into an immediate income annuity via annuitization at retirement may help offer access to a guaranteed source of retirement income</p>	<p>Typically considered accumulation products</p> <p>Some hybrid solutions pair fixed indexed annuities with a guaranteed withdrawal benefit rider to allow participants to spend down their investment over time.</p>	<p>The portion of a participant's account balance that is allocated to the annuity tracking asset class or used to accumulate interest in a deferred income annuity contract is generally intended to be annuitized at retirement through the purchase a single premium QLAC product or a single premium immediate annuity at retirement</p>	<p>The amount of guaranteed income received each year is determined by multiplying the participant's benefit base by the product's withdrawal rate</p> <p>Participants are eligible to withdraw this amount each year, and if the portfolio becomes depleted, insurers begin making payments for the rest of their life.</p> <p>Participants retain full access to their investment until it is depleted</p>
<b>Considerations</b>	<p>Determination of crediting rates and fee transparency vary based on the type of product used</p> <p>Stable value CITs typically set crediting rates formulaically each quarter, provide fee transparency and may offer more favorable liquidity terms for plan sponsors (one year maximum) looking to terminate than general account products</p>	<p>Insurers typically earn their compensation through an implied "spread" that is not typically communicated</p> <p>Insurers typically retain full discretion in how crediting rates are set</p> <p>Restrictions around plan direct redemption activity can be significant (e.g., 5+ years)</p> <p>May lead to operational complexities and portability challenges</p>	<p>Insurers typically earn compensation through an implied "spread" that is not typically communicated</p> <p>Special attention should be paid to how each product calculates its returns (e.g., participation rates, cap rates and reference index)</p> <p>May lead to operational complexities and portability challenges</p>	<p>Tend to be more sensitive to changes in interest rates and may increase a portfolio's volatility</p> <p>Insurers typically earn compensation through an implied "spread" that is not typically communicated</p> <p>Rates tend to have wider variance than immediate annuities, by insurer</p> <p>May lead to operational complexities and portability challenges</p>	<p>Offers explicit fees and transparent performance based on underlying market-based portfolio or accumulation annuity product</p> <p>Generally perceived as expensive compared to spread-based annuity products</p> <p>Certain products may charge insurance fees to all investors regardless of preference for or against lifetime income</p> <p>May lead to operational complexities and portability challenges</p>

---

The issuer of this communication is not insurance producer licensed and is not permitted to provide specific information about any annuity, analyze, give advice or make recommendations concerning insurance contracts or potential insurance contract terms, or otherwise answer any questions regarding any annuity contract or the issuer of the contract. For any such analysis, advice or recommendations, or for answers to any other questions related to an annuity, users must reach out to a properly licensed individual or the issuer of the contract.

J.P. Morgan Asset Management (JPMAM) is not an insurance company and makes no representations or recommendations whatsoever about any specific annuity product. Any discussion relating to an annuity option contained herein is for educational/information purposes. Annuities are issued and backed by third-party insurance companies that are not affiliated with JPMAM.

Any questions relating to the annuity must be directed to the insurance company. All guarantees are based on the claims-paying ability of the issuing insurance company.

## DISCLOSURES

**This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be a recommendation for any specific investment product, strategy, plan feature or other purposes. By receiving this communication you agree with the intended purpose described above. Any examples used in this material are generic, hypothetical and for illustration purposes only. None of J.P. Morgan Asset Management, its affiliates or representatives is suggesting that the recipient or any other person take a specific course of action or any action at all. Communications such as this are not impartial and are provided in connection with the advertising and marketing of products and services. Prior to making any investment or financial decisions, you should seek individualized advice from personal financial, legal, tax and other professionals that take into account all of the particular facts and circumstances of your own situation.**

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve.

The projections utilized throughout are based on J.P. Morgan Asset Management Capital Market assumptions, are provided for illustration/discussion purposes only and are subject to significant limitations. "Expected" or "alpha" return estimates are subject to uncertainty and error. For example, changes in the historical data from which it is estimated will result in different implications for asset class returns. Expected returns for each asset class conditional on an economic scenario; actual returns in the event the scenario comes to pass could be higher or lower, as they have been in the past, so an investor should not expect to achieve returns similar to the outputs shown herein. References to future returns for either asset allocation strategies or asset classes are not promises of actual returns a client portfolio may achieve.

Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making a decision. The model cannot account for the impact that economic, market and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact the future returns. The model assumptions are passive only—they do not consider the impact of active management. A manager's ability to achieve similar outcomes is subject to risk factors over which the manager may have no or limited control.

**RISKS ASSOCIATED WITH INVESTING IN TARGET DATE STRATEGIES:** A target date strategy may invest in foreign/emerging market securities, small capitalization securities and/or high yield fixed income instruments. There may be unique risks associated with investing in these types of securities. International investing involves increased risk and volatility due to possibilities of currency exchange rate volatility, political, social or economic instability, foreign taxation and differences in auditing and other financial standards. A target date strategy may invest a portion of its securities in small cap stocks. Small capitalization funds typically carry more risk than stock funds investing in well-established "blue-chip" companies since 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. Securities rated below investment grade are called "high yield bonds," "non-investment-grade bonds," "below investment-grade bonds" or "junk bonds." They generally are rated in the fifth or lower rating categories of Standard & Poor's and Moody's Investors Service. Although these securities tend to provide higher yields than higher rated securities, there is a greater risk that the overall portfolio value will decline. Real estate investments may be subject to a higher degree of market risk because of a concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the



---

underlying property owned by the trust and defaults by the borrower. A target date strategy may use derivatives, which are instruments that have a value based on another instrument, exchange rate or index. In addition, a target date strategy may invest directly in derivatives. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic and market conditions than other types of investments and could result in losses that significantly exceed the portfolio's original investments. Many derivatives will give rise to a form of leverage. As a result, the target date strategy and its underlying portfolio may be more volatile than if the target date strategy and its underlying portfolio had not been leveraged because the leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's or the underlying funds' portfolio securities. Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. The use of derivatives for hedging or risk management purposes or to increase income or gain may not be successful, resulting in losses, and the cost of such strategies may reduce the target date strategy and its underlying portfolio's returns. Derivatives also expose the target date strategy and its underlying portfolio to the credit risk of the derivative counterparty. There may be additional fees or expenses associated with investing in a target date strategy.

**TARGET DATE FUNDS:** Target date funds are funds with the target date being the approximate date when investors plan to retire. 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.

**CONFLICTS OF INTEREST:** Refer to the Conflicts of Interest section of the Fund's Prospectus.

Certain underlying funds of target date 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. The gross expense ratio of the fund includes the estimated fees and expenses of the underlying funds. A fund of funds is normally best suited for long-term investors.

**DATA PRIVACY:** We have a number of security protocols in place which are designed to ensure all customer data are kept confidential and secure. We use reasonable physical, electronic, and procedural safeguards that are designed to comply with federal standards to protect and limit access to personal information. There are several key controls and policies in place which are designed to ensure customer data are safe, secure and anonymous: (1) Before J.P. Morgan Asset Management (JPMAM) receives the data, all unique identifiable information, including names, account numbers, addresses, dates of birth and Social Security numbers, is removed. (2) JPMAM has put privacy protocols for its researchers in place. Researchers are obligated to use the data solely for approved research and are obligated not to re-identify any individual represented in the data. (3) JPMAM does not allow the publication of any information about an individual or entity. Any data point included in any publication based on customer data may only reflect aggregate information. (4) The data are stored on a secure server and can be accessed only under strict security procedures. Researchers are not permitted to export the data outside of J.P. Morgan Chase's (JPMC) systems. The system complies with all JPMC Information Technology Risk Management requirements for the monitoring and security of data. (5) JPMAM provides valuable insights to policymakers, businesses and financial advisors, but these insights cannot come at the expense of consumer privacy. We take every precaution to ensure the confidence and security of our account holders' private information.

Telephone calls and electronic communications may be monitored and/or recorded. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://www.jpmorgan.com/privacy>.

J.P. Morgan Asset Management is the marketing name for the investment management businesses of JPMorgan Chase & Co. and its affiliates worldwide.

J.P. Morgan Funds are distributed by JPMorgan Distribution Services, Inc.; member of FINRA.

If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

© 2025 JPMorgan Chase & Co. All rights reserved.

PROD-0325-3787704-AM-RI-BRO-ADV | 09jk221905210328