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"DO IT FOR ME" INVESTMENT STRATEGIES:

MANAGED ACCOUNT VS. TARGET DATES

Deciding how to invest your retirement plan savings can be challenging and intimidating. Doing it in the best way requires understanding different investments and strategies, as well as having the time to track performance and make changes. If you find yourself uncomfortable in the driver's seat when it comes to selecting your retirement plan investments, your plan may offer solutions – in the form of Managed Accounts or Target Date Funds.

Managed accounts and target date funds share similar attributes, such as being multi-asset vehicles that adjust their allocations as you approach retirement. Through professional management, they both simplify portfolio diversification, help mitigate potential behavior biases and take investor emotions out of the decision-making process.

WHAT IS A MANAGED ACCOUNT?

A managed account is a service in which your account is managed by an investment professional who assumes ERISA fiduciary responsibility for selecting and monitoring investments. The investment manager will construct and continually monitor the asset allocation strategy from the investments offered within your Retirement Plan. Although managed accounts generally do charge a fee, they come with important benefits that can help drive retirement readiness, such as taking into account your risk tolerance and investor profile. Whereas many "self-directed" participants may choose their retirement plan investments and then forget about them, investments in managed accounts are professionally managed and monitored.

WHAT IS A TARGET DATE FUND?

Target date funds provide a single diversified fund based on the approximate year you would like to retire (which is assumed to be at age 65) and/or begin withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. Target date funds – also known as lifecycle or age-based funds typically invest in a mix of stock and bond funds that gradually adjust to become more conservative over time as the target retirement date approaches. (For example, a target retirement 2040 fund is allocated for investors who plan to retire between the years 2035 and 2044.) This adjustment, known as the glide path, reflects how the fund's allocation of stocks and bonds changes over time.

Managed accounts or target date funds can be a solution for what is often the most difficult part of planning for retirement: choosing your investments.

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