Target Retirement Funds
Frequently Asked Questions

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**What is a Target Retirement Fund?**

A Target Retirement Fund is a pre-mixed, diversified selection of investments (typically stocks and bonds) that adjusts its risk levels automatically (becoming more conservative) as you near retirement. Its investment strategy is based on two simple principles: diversify your investments and manage them in relation to where you are in your retirement planning timeline.

Each Fund has a specific “target date” (e.g., 2035, 2045, 2055). The Fund you select should correspond with the year closest to when you will retire.

**How does a Target Retirement Fund work?**

Here’s an example:

The year is 2019 and Jane, age 38, starts a new job. Because she hopes to retire in 2046 at age 65, she chooses the 2045 Target Retirement Fund. As illustrated below, when Jane first invests in the Fund, it contains more stocks than bonds. In investor terms that means she is “taking on more risk,” because the value of a stock has a greater risk of moving up and down than the value of a bond or cash. But, as Jane gets older, the Fund evolves to contain fewer stocks and more bonds to reduce that risk. And by the time she is ready to retire, Jane’s portfolio is about half stocks and half bonds—giving her income while reducing her risk.

Finally, when Jane turns 70, her portfolio will transition automatically into the Target Retirement Income Fund, which contains the lowest number of stocks and highest number of bonds compared to the other Target Retirement Funds. This can help potentially protect Jane’s savings from jolts in the stock market.

Remember, there are always risks involved with investing and it is impossible to predict market returns. However, the Target Retirement Funds seek to manage these risks over time while still allowing individuals the opportunity to capture growth in the markets.
**Frequently Asked Questions**

**Should I choose more than one Target Retirement Fund?**

It’s not necessary to choose more than one Target Retirement Fund. A Fund automatically creates a diversified mix of investments so that you don’t have to do it yourself. As always, remember to check your investments regularly, even with a Target Retirement Fund, to make sure that they continue to meet your investing goals and risk tolerance.

**What do the years in the Target Retirement Funds’ names mean?**

The years refer to future retirement dates. Generally, the year that is chosen by an individual reflects the date closest to when he or she would turn 65. For example, if you plan to retire in 2029, you would choose the 2030 Target Retirement Fund. If you’re planning to retire in 2036, you would choose the 2035 Fund.

**Are Target Retirement Funds suitable for my risk tolerance level?**

Target Retirement Funds work for most risk tolerance levels. Remember, risk is based on your retirement goals and timelines. If you have specific circumstances that require a different risk level than indicated in your target retirement year, consult your Retirement Plan Advisor about how to best meet your goals.

**Which Target Retirement Fund should I choose?**

Typically you should choose the Target Retirement Fund that comes closest to your retirement date. For example, if you hope to retire in 2029, choose the 2030 Fund. If you have specific circumstances that require a different risk level than indicated in your target retirement year, consult your Retirement Plan Advisor about how to best meet your goals.

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Questions? Want to make changes?
Contact your local office at (877) SAV-N-RET (877-728-6738) and say “representative,” or go to www.hoosierstart.in.gov.
What investments are in Target Retirement Funds?
The Funds are pre-mixed, well-diversified, professionally managed portfolios of stocks and bonds.

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<thead>
<tr>
<th>Example of diversification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock funds:</td>
</tr>
<tr>
<td>- S&amp;P 500 Index Fund</td>
</tr>
<tr>
<td>- Russell Small/Mid-Cap Index Fund</td>
</tr>
<tr>
<td>- Global All Cap Equity ex-US Index Fund</td>
</tr>
<tr>
<td>- Bloomberg Roll Select Commodity Index Fund</td>
</tr>
<tr>
<td>- Global Real Estate Securities Index Fund</td>
</tr>
<tr>
<td>Bond funds:</td>
</tr>
<tr>
<td>- US Long Government Bond Index Fund</td>
</tr>
<tr>
<td>- US Bond Index Fund</td>
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<tr>
<td>- US High Yield Bond Index Fund</td>
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<tr>
<td>- US Inflation Protected Bond Index Fund</td>
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<td>- US Intermediate Inflation Protected Bond Index Fund</td>
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<td>- US Short Term Government/Credit Bond Index Fund</td>
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What is a Target Retirement Fund’s “glide path?”
A glide path is the “recipe” for the mix of stocks and bonds (the asset allocation) for a Fund. It is based on the number of years to the target retirement date. The further away from retirement you are, the more aggressive the glide path is towards investing in stocks. As you approach the year in which you will retire, the glide path becomes more conservative, shifting to a strategy of holding more bonds and less stocks.

Can I move my money from my Target Retirement Fund even if it has not reached its stated retirement date?
Yes, you can move your money to any other investment option within the Hoosier S.T.A.R.T. Plan at any time.

What if my retirement plans change?
As always, you can easily make changes to your savings rates or investment choices in the Hoosier S.T.A.R.T. Plan. If your retirement plans change, consider selecting a Target Retirement Fund that matches your new anticipated retirement date.

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If I retire, can I withdraw my savings from my Target Retirement Fund even if it has not reached its designated year?

Yes, you can withdraw your money at any time. However, if you retire early (before age 59 1/2), you may be subject to a tax penalty for early withdrawal.

Who manages the Target Retirement Funds?

SSGA manages the Funds. SSGA is one of the world's largest institutional asset managers and has been managing retirement money for over 30 years.

How have the Target Retirement Funds historically performed?

See the Fund Fact Sheet for information about performance and fees.

Why are Target Retirement Funds the default investment option for Hoosier S.T.A.R.T.?

Federal laws provide guidelines for US employers on enrolling eligible employees automatically into their defined contribution plans and into suitable default funds. While Hoosier S.T.A.R.T. is not subject to those laws, the broad mix of investments of Target Retirement Funds makes them suitable choices as default funds. If you are enrolled automatically, you can always opt to move your savings into other funds in your retirement plan.

Is my money safe in a Target Retirement Fund?

All investing involves risk, including the risk of loss of principal. However, one of the main principles of attempting to manage risk is diversification, and the Target Retirement Funds seek to provide you with a fully diversified portfolio.

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All plan participants should carefully consider all of the investment alternatives available under the Plan before deciding to invest, consult with their own financial advisor and contact their Plan Administrator for more information on the plan's available alternatives.

State StreetTarget Retirement Funds are available in multiple forms of investment vehicles. The type of vehicle may vary depending on the plan sponsor. Investing involves risk, including the risk of loss of principal.

Diversification does not ensure a profit or guarantee against loss.

The Target Retirement Funds are designed for investors expecting to retire around the year indicated in each fund's name. When choosing a fund, investors should consider whether they may anticipate retiring significantly earlier or later than age 65 and select their fund accordingly.

There may be other considerations relevant to fund selection and investors should choose the fund that best meets their individual circumstances and investment goals. Each fund's asset allocation strategy becomes increasingly conservative as it approaches the target date and beyond. The investment risks of each fund change over time as its asset allocation changes.

Asset allocation is a method of diversification which positions assets among major investment categories. Asset allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

Assumptions and forecasts used by State Street in developing the Target Retirement Funds asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in the losses near, at, or after the target date year; or could result in a portfolio not providing adequate income at or in retirement.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Bonds generally present less short-term risk and volatility than stocks, but contain interest-rate risk (as interest rates rise, bond prices usually fall), issuer default risk, issuer credit risk, liquidity risk, and inflation risk. These effects are usually more pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease and interest payments on these securities can be unpredictable.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

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