

TARGET DATE FUNDS (TDF) TO SUPPORT RETIREMENT

AAII HOUSTON RETIREMENT SIG

NOVEMBER 14, 2024

APPENDIX – FRANK ERZINGER

**“GOOD PRACTICE” IN
TDF EVALUATION(S)**



Appendix – Compare / Contrast

- 6 +2.5 Questions - Illustration

OBJECTIVES:

- Compare and contrast similar TDFs to define the impact of key elements of the Fund offering.
- With your feedback, redraft as “TDF – Good Practice”

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

Voya Index Solution 2030 Portfolio Class Z VSZCX ★★★★★

(I) General Source: Finra.org, Morningstar, Vanguard, AmCap, Voya

Category: Target Date 2030 on 10/31/23

Index: Morningstar Lifetime Mod 2030 TR USD

Category Benchmark: ” “ “

Appendix – Compare / Contrast

- 6 +2.5 Questions - Illustration

GUIDANCE – BEST PRACTICE APHORISMS

For LIFE

- TGR – The Golden Rule;

“Do unto others, as you would have them do unto you ...”

For BUSINESS - RyC - The most anxiety provoking statement in business;

“Read Your Contract” ... before there is a problem

For TDFs

- RyP – Essential given the wide degrees of freedom;

“Read Your Prospectus”



Appendix – Compare / Contrast

- 6 +2.5 Questions - Revisited

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-
- **MANAGERS** - Issuers, Managers – Who, what really is this fund ... of funds?
 - **ASSETS** - Asset Allocations – Fund of funds, Equity vs Fix Inc, US vs Int?
 - **RETURN** - PF Overall Rate of Return, Risk & Vol. – from advisor or broker?
 - **BENCHMARK** - Asset mix vs the Index Benchmarks for Equity and Fixed Income?
 - **GLIDE PATH** - The Asset Mix “to and through” Retirement or Fund Terminus?
 - **COSTS** - Expense Ratio by Share Class?
 - **F&F* IRS** - Tax Efficiency of your non-IRA Taxable Assets (Goal < 30%)?
 - **CITs – FYI&E** - CITs (Dept of Labor) vs TDF (SEC)?

Source: Morningstar June 2024 Survey, CIT – Collective Investment Trusts, * Friends and Family,



Appendix – PROFILE the FUNDS

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

PROFILE

VTHRX ★★★★★

NAV / 1-Day Return	Total Assets	Adj. Expense Ratio ⓘ	Expense Ratio	Fee Level	Load
39.70 / -0.70%	96.7 Bil	0.080%	0.080%	Low	None

AAETX ★★★★★



NAV / 1-Day Return	Total Assets	Adj. Expense Ratio ⓘ	Expense Ratio	Fee Level	Load
18.04 / -0.66%	50.0 Bil	0.670%	0.670%	Low	5.75%

Good Practice
-Check Multiple
Share Classes
- 5 vs 4 Star?

VTHRX ★★★★★

Category	Investment Style	Credit Quality / Interest Rate Sensitivity	Status	SEC Yield / TTM Yield	Turnover
US Fund Target-Date 2030	 Large Blend	 High/Moderate	Open	2.72% / 2.36%	0%

AAETX ★★★★★

Category	Investment Style	Credit Quality / Interest Rate Sensitivity	Status	SEC Yield / TTM Yield	Turnover
US Fund Target-Date 2030	 Large Blend	 High/Moderate	Open	1.97% / 1.79%	0%

Good Practice
Reconcile
the Return
Arithmetic

Source: (I)

Appendix – PROFILE the FUNDS

Voya Index Solution 2030 Portfolio Class Z VSZCX ★★★★★

PROFILE

VSZCX ★★★★★

NAV / 1-Day Return	Total Assets	Adj. Expense Ratio ⓘ	Expense Ratio	Fee Level	Load
17.08 / 0.00%	948.0 Mil	0.170%	0.170%	Low	None


Good Practice

Stars \$AuM b

VTHRX ★★★★★ \$98

VSZCX ★★★★★ \$1

VSZCX ★★★★★

Category	Investment Style	Credit Quality / Interest Rate Sensitivity	Status	SEC Yield / TTM Yield	Turnover
US Fund Target-Date 2030	 Large Blend	—	Open	— / 1.46%	131%

Good Practice

Stars Turnover

VTHRX ★★★★★ 0%

VSZCX ★★★★★ 131%

Source: (I)

Appendix - MANAGERS

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

MANAGERS - EXPERIENCE

VTHRX ★★★★★

Inception Date	Number of Managers	Longest Tenure	Average Tenure	Advisor(s)
Jun 07, 2006	4	11.8 Years	4.3 Years	Vanguard Group Inc

AAETX ★★★★★

Inception Date	Number of Managers	Longest Tenure	Average Tenure	Advisor(s)
Feb 01, 2007	8	12.8 Years	4.3 Years	Capital Research and Management Company

Good Practice
Why Staffing 2x?

MANAGERS – VESTED INTEREST

VTHRX ★★★★★

Walter Nejman	Feb 22, 2013–Present	Roger Aliaga-Diaz	Feb 17, 2023–Present	Aurélie Denis	Feb 17, 2023–Present
Position in Investment		Position in Investment		Position in Investment	
0 10K 50K 100K 500K 1M >		0 10K 50K 100K 500K 1M >		0 10K 50K 100K 500K 1M >	

AAETX ★★★★★

Wesley K. Phoa	Jan 01, 2012–Present	Michelle J. Black	Jan 01, 2020–Present	David A. Hoag	Jan 01, 2020–Present
Position in Investment		Position in Investment		Position in Investment	
N/A		N/A		N/A	

Skin in Game?
Vs Independent
Management

Source: (I)

Appendix - MANAGERS

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Voya Index Solution 2030 Portfolio Class Z VSZCX ★★★★★

MANAGERS - EXPERIENCE



VSZCX ★★★★★

Inception Date	Number of Managers	Longest Tenure	Average Tenure	Advisor(s)
May 01, 2015	2	5.2 Years	3.3 Years	Voya Investments, LLC
				Sub-Advisor Voya Investment Management Co. LLC

Good Practice
Why Staffing 2x?

MANAGERS – VESTED INTEREST

VSZCX ★★★★★

Barbara Reinhard	Sep 30, 2019–Present	Lanyon Blair	May 31, 2023–Present
Position in Investment		Position in Investment	
			

Skin in Game?
Vs Independent Management

Source: (I)

Appendix - ASSETS a – A Fund of 6 Funds

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Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

ASSETS – FUND of FUNDS

Current Portfolio Date Sep 30, 2024	Equity Holdings 0	Bond Holdings 0	Other Holdings 6	% Assets in Top 10 Holdings 99	Reported Turnover % 3.00
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Holdings	% Portfolio Weight	Market Value	Prospectus Net Expense Ratio	1-Year Return	Total Assets	Morningstar Category
Vanguard Total Stock Mkt Idx Instl Pls	36.71	36,356,755,895	0.02	37.87	1.73 Tri	US Fund Large Blend
Vanguard Total Bond Market II Idx Inv	26.63	26,372,101,110	0.09	10.40	0.31 Tri	US Fund Intermediate Core Bond
Vanguard Total Intl Stock Index Inv	24.74	24,496,570,851	0.18	23.32	0.44 Tri	US Fund Foreign Large Blend
Vanguard Total Intl Bd II Idx Instl	11.32	11,213,850,003	0.07	9.57	0.12 Tri	US Fund Global Bond-USD Hedged
Mktliq 12/31/2049	0.60	594,194,981	—	—	—	—
Us Dollar	0.00	503,676	—	—	—	—

Good Practice

Is Simplest
The Best? ...

Use 6 funds

Source: (I)

Appendix - ASSETS a - A Fund of 24 Funds

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

ASSETS – FUND of FUNDS

Current Portfolio Date Sep 30, 2024	Equity Holdings 0	Bond Holdings 0	Other Holdings 24	% Assets in Top 10 Holdings 60	Reported Turnover % 2.00
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Good Practice

Does Complexity Drive Value?

- Return, Risk

Holdings	% Portfolio Weight	Market Value	Prospectus Net Expense Ratio	1-Year Return	Total Assets	Morningstar Category
American Funds American Balanced R6	7.99	4,036,970,838	0.25	26.84	239.52 Bil	US Fund Moderate Allocation
American Funds American Mutual R6	7.12	3,596,956,453	0.27	29.48	105.58 Bil	US Fund Large Value
American Funds Capital World Gr&Inc R6	6.98	3,529,151,238	0.41	29.89	127.72 Bil	US Fund Global Large-Stock Blend
American Funds Bond Fund of Amer R6	6.55	3,310,507,517	0.24	10.55	90.60 Bil	US Fund Intermediate Core Bond
American Funds AMCAP R6	6.07	3,067,531,724	0.34	38.26	92.25 Bil	US Fund Large Growth
American Funds Inflation Linked Bd R6	5.84	2,950,984,424	0.29	8.36	13.56 Bil	US Fund Inflation-Protected Bond
American Funds Washington Mutual R6	5.12	2,585,575,061	0.26	32.91	194.52 Bil	US Fund Large Blend
American Funds Global Balanced R6	4.97	2,510,429,434	0.48	21.55	26.67 Bil	US Fund Global Allocation
American Funds Mortgage R6	4.89	2,473,866,059	0.26	10.26	11.03 Bil	US Fund Intermediate Government
American Funds US Government Sec R6	4.89	2,473,145,664	0.25	9.13	22.22 Bil	US Fund Intermediate Government

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- Uses 24 Funds

Source: (I)

Appendix - ASSETS a – A Fund of 12 Funds

Voya Index Solution 2030 Portfolio Class Z VSZCX ★★★★★

ASSETS – FUND of FUNDS

Current Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	% Assets in Top 10 Holdings	Reported Turnover %
Sep 30, 2024	0	0	12	98	131.00

Holdings	% Portfolio Weight	Market Value	Prospectus Net Expense Ratio	1-Year Return
Voya VACS Index S	35.58	351,261,038	0.15	37.77
WisdomTree Voya Yld Enh USD Unvsl Bd Fd	24.75	244,377,274	0.15	11.03
VOYA VACS Index Series I Portfolio	15.56	153,655,905	0.15	22.07
Voya VACS Index MC	5.00	49,398,298	0.15	35.26
Voya US Bond Index Port I	4.98	49,211,060	0.36	10.09
VOYA VACS Index Series SC Portfolio	3.00	29,602,609	0.15	33.86
Schwab US TIPS ETF™	2.98	29,418,468	0.03	8.62
VOYA VACS Index Series EM Portfolio	2.02	19,969,426	0.15	23.44
Xtrackers USD High Yield Corp Bd ETF	2.00	19,727,907	0.05	16.21
Voya Short Duration Bond R6	1.99	19,670,875	0.30	7.11

Page 1 of 2 Viewing 1 to 10 of 12

Source: (I)

Good Practice

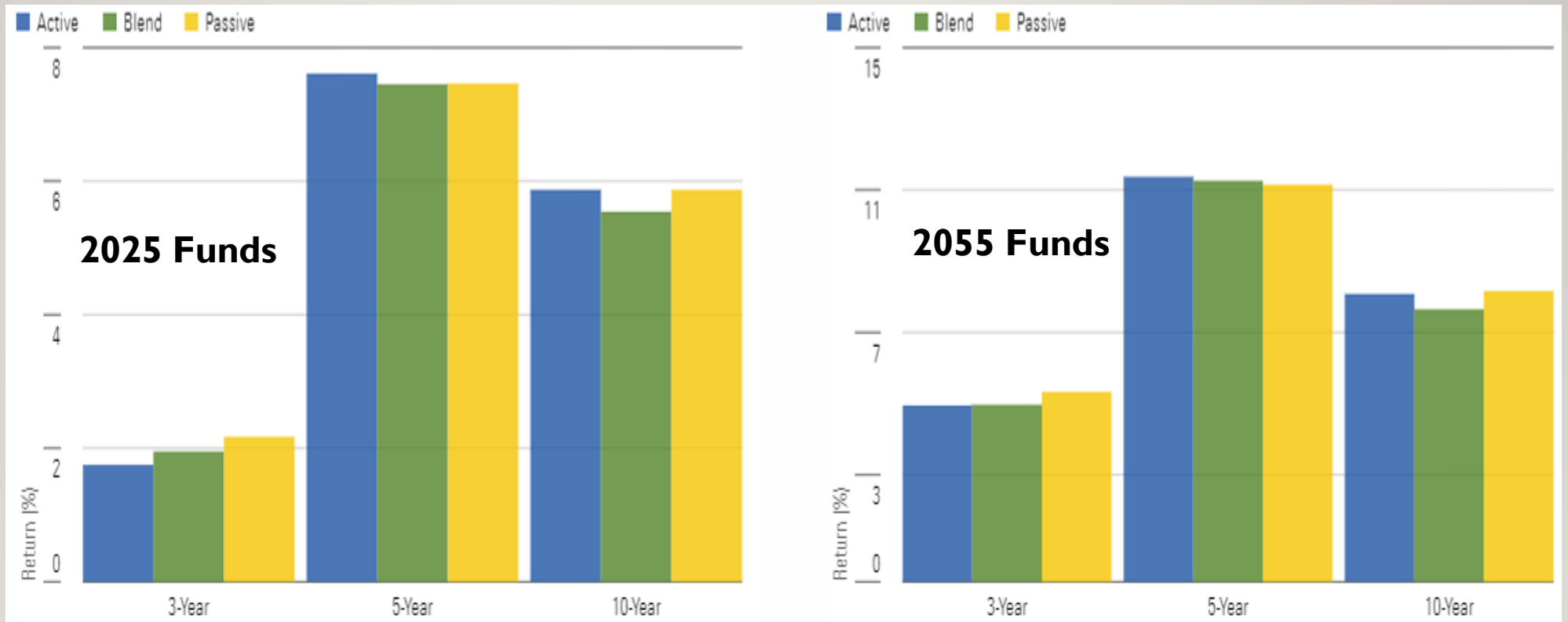
Is Simplest
The Best? ...

Use 12 funds

Appendix – RETURN Asset Class Medians

12

Median
Return %



Source: (I)

Appendix - RETURN

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

VTHRX ★★★★★

AAETX ★★★★★

Total Return %	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	2021	2022	2023	YTD	2021	2022	2023	YTD
Investment	7.17	-1.03	7.85	17.52	-5.86	21.07	14.10	11.38	-16.27	16.03	11.89	12.74	-14.75	14.08	11.77	12.64	-16.31	15.52	11.85
Category	5.04	-1.79	7.33	16.57	-6.25	20.07	12.99	11.68	-16.01	14.40	—	11.68	-16.01	14.40	11.12	11.68	-16.01	14.40	10.88
Index	6.01	-2.30	9.26	16.59	-5.82	21.24	13.69	11.69	-17.94	13.33	—	11.69	-17.94	13.33	10.41	11.69	-17.94	13.33	—
Quartile Rank											—								—
Percentile Rank	5	31	32	34	37	32	38	61	44	12	—	25	22	70	33	27	44	26	—
# of Invest. in Cat.	228	237	221	234	239	241	224	221	221	211	—	221	221	211	208	221	221	211	209
Category Name	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH	TH

Source: (I)

Appendix - RISK & VOLATILITY

Vanguard Target Retirement 2030 Fund VTHR ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

	VTHR	AAETX		
Trailing	Investment	Category	Index	
Alpha	0.68	1.58	0.02	-0.89
Beta	1.01	0.98	0.98	1.08
R ²	98.64	98.50	98.16	99.52
Sharpe Ratio	-0.05	0.47	-0.10	-0.17
Standard Deviation	12.80	12.19	12.53	13.63

	VTHR	AAETX		
Capture Ratios	Investment	Category	Index	
Upside	104	104	99	104
Downside	100	96	99	110
Drawdown	Investment %	Investment %	Category %	Index %
Maximum	-21.60	-20.69	-21.22	-23.79
Drawdown Peak Date	Drawdown Valley Date	Max Drawdown Duration		
Jan 01, 2022	Sep 30, 2022	9 Months		

Source: (I)


Appendix - BENCHMARK the EQUITY

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

ASSETS – EQUITY

VTHRX						AAETX				
Asset Class	Net	Short	Long	Cat.	Index	Net				
U.S. Equity	36.62	0.00	36.62	34.55	39.04	42.01				
Non-U.S. Equity	24.15	0.00	24.15	15.73	17.94	15.65				
Fixed Income	36.46	0.04	36.50	33.17	41.11	37.35				
Other	0.03	0.00	0.03	15.95	1.91	0.41				
Cash	2.71	7.77	10.48	3.59	0.00	4.47				
Not Classified	0.03	0.00	0.03	0.09	0.00	0.11				



VTHRX				AAETX	
Value & Growth Measures	Investment	Cat. Average	Index	Investment	
Price/Earnings	16.94	17.84	17.59	18.33	
Price/Book	2.49	2.84	2.55	3.41	
Price/Sales	1.81	2.07	1.89	2.41	
Price/Cash Flow	11.20	12.28	11.59	13.04	
Dividend Yield %	2.16	1.98	2.15	2.03	
Long-Term Earnings %	11.60	11.70	11.15	12.68	
Historical Earnings %	5.40	12.51	5.27	6.72	
Sales Growth %	7.01	7.70	7.37	3.24	
Cash-Flow Growth %	5.68	6.84	6.42	6.71	
Book-Value Growth %	5.08	5.33	5.75	-3.46	

Source: (I)

Appendix - BENCHMARK FIXED INCOME

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

ASSETS – FIXED INCOME

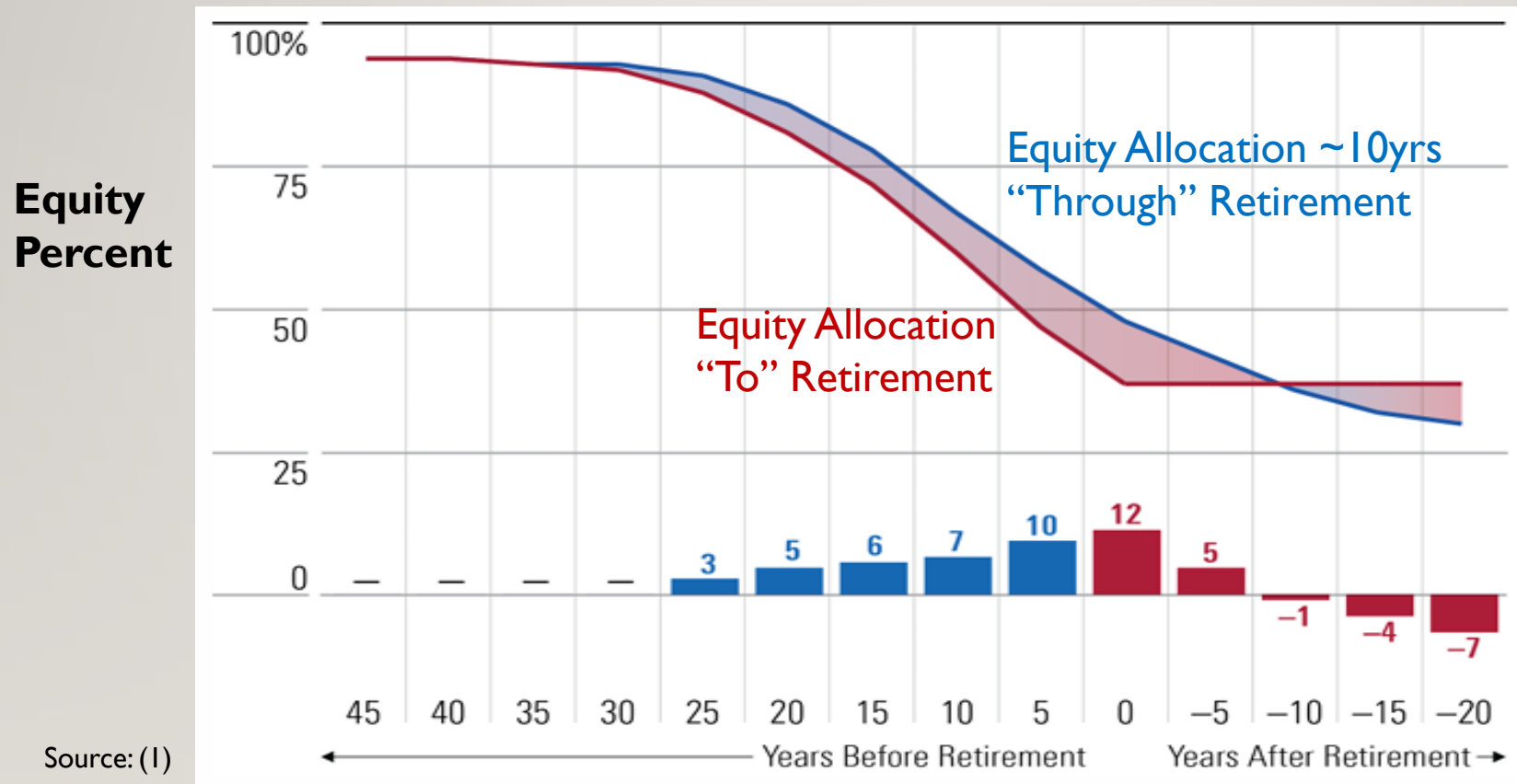
VTHRX							AAETX						
Asset Class	Net	Short	Long	Cat.	Index	Net							
U.S. Equity	36.62	0.00	36.62	34.55	39.04	42.01							
Non-U.S. Equity	24.15	0.00	24.15	15.73	17.94	15.65							
Fixed Income	36.46	0.04	36.50	33.17	41.11	37.35							
Other	0.03	0.00	0.03	15.95	1.91	0.41							
Cash	2.71	7.77	10.48	3.59	0.00	4.47							
Not Classified	0.03	0.00	0.03	0.09	0.00	0.11							

				VTHRX				AAETX			
Sectors	Cat %	Investment %	Investment %	Grades	Cat %	Investment %	Investment %	Grades	Cat %	Investment %	Investment %
Government	41.82	46.41	28.42	AAA	20.64	57.85	73.18	AAA	20.64	57.85	73.18
Municipal	0.24	0.29	0.32	AA	51.29	10.08	3.10	AA	51.29	10.08	3.10
Corporate	23.86	17.85	16.63	A	10.90	16.60	8.96	A	10.90	16.60	8.96
Securitized	23.60	13.16	35.88	BBB	12.14	14.65	8.30	BBB	12.14	14.65	8.30
Cash & Equivalents	8.08	5.79	18.73	BB	2.05	0.00	3.41	BB	2.05	0.00	3.41
Other	2.39	16.50	0.00	B	1.01	0.00	1.44	B	1.01	0.00	1.44
				Below B	0.38	0.47	0.43	Below B	0.38	0.47	0.43
				Not Rated	1.58	0.35	1.18	Not Rated	1.58	0.35	1.18

Source: (I)

Appendix - GLIDE PATH Equity -> FxInc Shift

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Appendix - ASSETS GLIDE PATH

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

HOW dynamic are the Equity allocations?

VTHRX ★★★★★ 4 year “glide” = -11%

Year	Category	Style	Equity %
2024	US Fund Target-Date 2030	 Large Blend	56.37
2023	US Fund Target-Date 2030	 Large Blend	60.18
2022	US Fund Target-Date 2030	 Large Blend	61.46
2021	US Fund Target-Date 2030	 Large Blend	62.56
2020	US Fund Target-Date 2030	 Large Blend	67.64

AAETX ★★★★★ 4 year “glide” = -4% -11%*

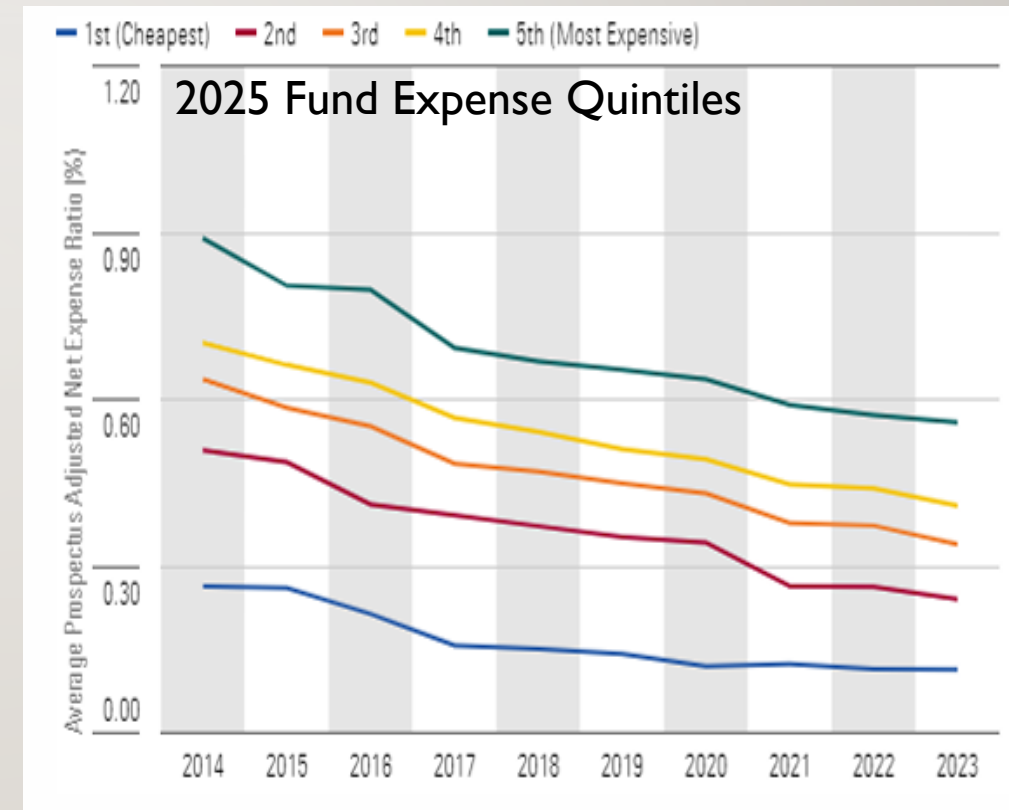
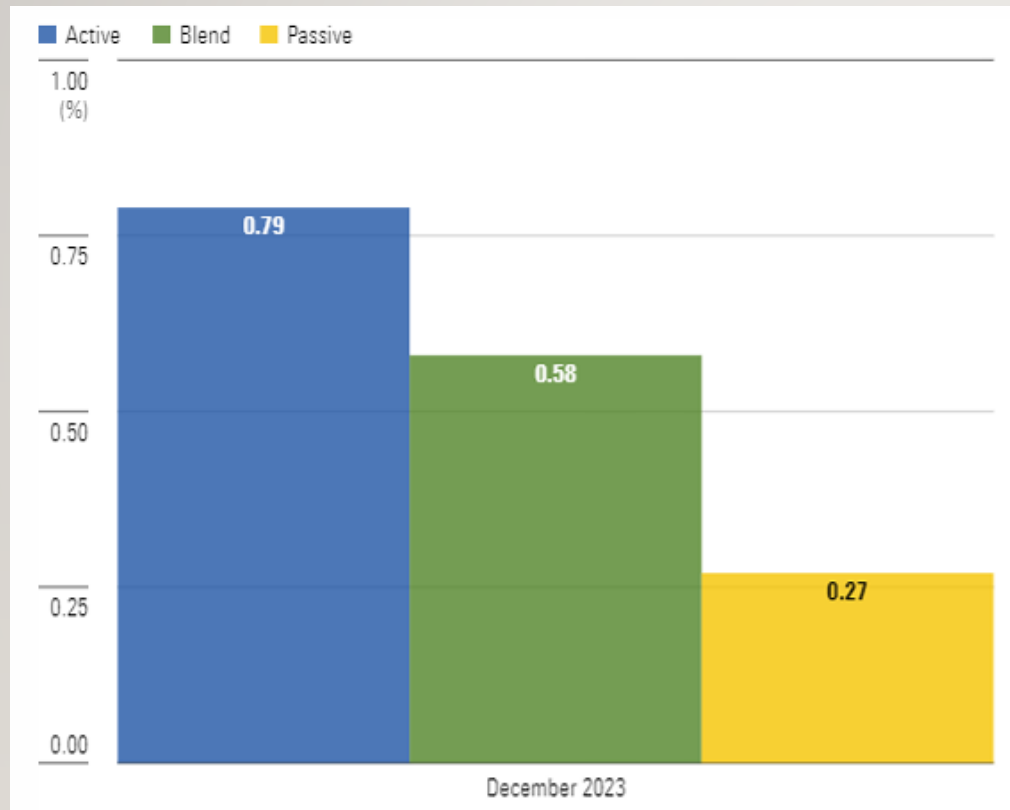
Year	Category	Style	Equity %	Equity %
2024	US Fund Target-Date 2030	 Large Blend	54.98	58.82
2023	US Fund Target-Date 2030	 Large Blend	55.03	61.81
2022	US Fund Target-Date 2030	 Large Blend	52.92	62.15
2021	US Fund Target-Date 2030	 Large Blend	60.65	68.36
2020	US Fund Target-Date 2030	 Large Blend	59.69	70.47

Source: (I),*

VSZCX ★★★★★

Appendix – COST EXPENSE RATIOS

Net
Expense
Ratio



Source: (I)

Appendix - COSTS

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

VTHRX

Maximum Sales Fees

Front Load

—

Deferred Load

—

Redemption Load

—

Min. Initial Investment

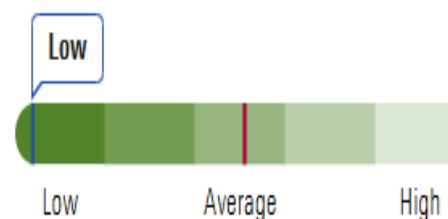
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USD

Ongoing Fee Level ⓘ

Net Expense Ratio

Investment | Target Retirement 2026-2030 No Load
0.080 | 0.555



As of Oct 31, 2024

AAETX

Maximum Sales Fees

Front Load ▼

5.75%

Deferred Load

—

Redemption Load

—

Min. Initial Investment

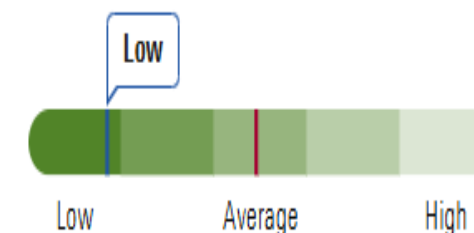
250.00

USD

Ongoing Fee Level ⓘ

Net Expense Ratio

Investment | Target Retirement 2026-2030 Front Load
0.670 | 0.840



Source: (1)

Appendix - COST VARIATIONS f(Share Class) ²¹

Vanguard Target Retirement 2030 Fund VTHRX ★★★★★

American Funds 2030 Target Date Retirement Fund® Class A AAETX ★★★★★

Ticker	Name	Average Credit Quality	Morningstar Rating for Funds (3Y)	Morningstar Rating for Funds (Overall)	Medalist Rating (Overall)	Morningstar Return Rating (Overall)	Morningstar Risk Rating (Overall)	Adjusted Expense Ratio	Total Return (3Y)	3Y Return Rank in Category	Standard Deviation (3Y Monthly)
▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
RFETX	American Funds 2030 Trgt Date Retire R6	A	5	5	Gold	High	Below Average	0.33	3.10153	8	12.079
FCETX	American Funds 2030 Trgt Date Retire F3	A	5	5	Gold	High	Below Average	0.33	3.11234	8	12.071
REETX	American Funds 2030 Trgt Date Retire R5	A	5	5	Gold	High	Below Average	0.38	3.05212	8	12.04
FBETX	American Funds 2030 Trgt Date Retire F2	A	5	5	Silver	High	Below Average	0.42	3.01425	9	12.059
RHETX	American Funds 2030 Trgt Date Retire R5E	A	5	5	Silver	High	Below Average	0.48	2.95152	11	12.063
AAETX	American Funds 2030 Trgt Date Retire A	A	4	5	Silver	High	Below Average	0.67	2.76186	14	12.069
RDET X	American Funds 2030 Trgt Date Retire R4	A	4	5	Silver	High	Below Average	0.68	2.73737	14	12.058
FAETX	American Funds 2030 Trgt Date Retire F1	A	4	5	Silver	High	Below Average	0.69	2.72596	14	12.065
VTHRX	Vanguard Target Retirement 2030 Fund	A	4	4	Silver	Above Average	Average	0.08	2.543	20	12.803
RCETX	American Funds 2030 Trgt Date Retire R3	A	4	4	Bronze	Above Average	Below Average	0.98	2.44607	22	12.063
RBEE X	American Funds 2030 Trgt Date Retire R2E	A	4	4	Bronze	Average	Below Average	1.13	2.30102	30	12.055
CCETX	American Funds 2030 Trgt Date Retire C	A	3	3	Neutral	Average	Below Average	1.40	2.00831	46	12.064
RAETX	American Funds 2030 Trgt Date Retire R1	A	3	3	Neutral	Average	Below Average	1.42	1.98848	47	12.051
RBETX	American Funds 2030 Trgt Date Retire R2	A	3	3	Neutral	Average	Below Average	1.42	1.96822	48	12.078

Source: (I)

Appendix - COST VARIATIONS f(Share Class) ²²

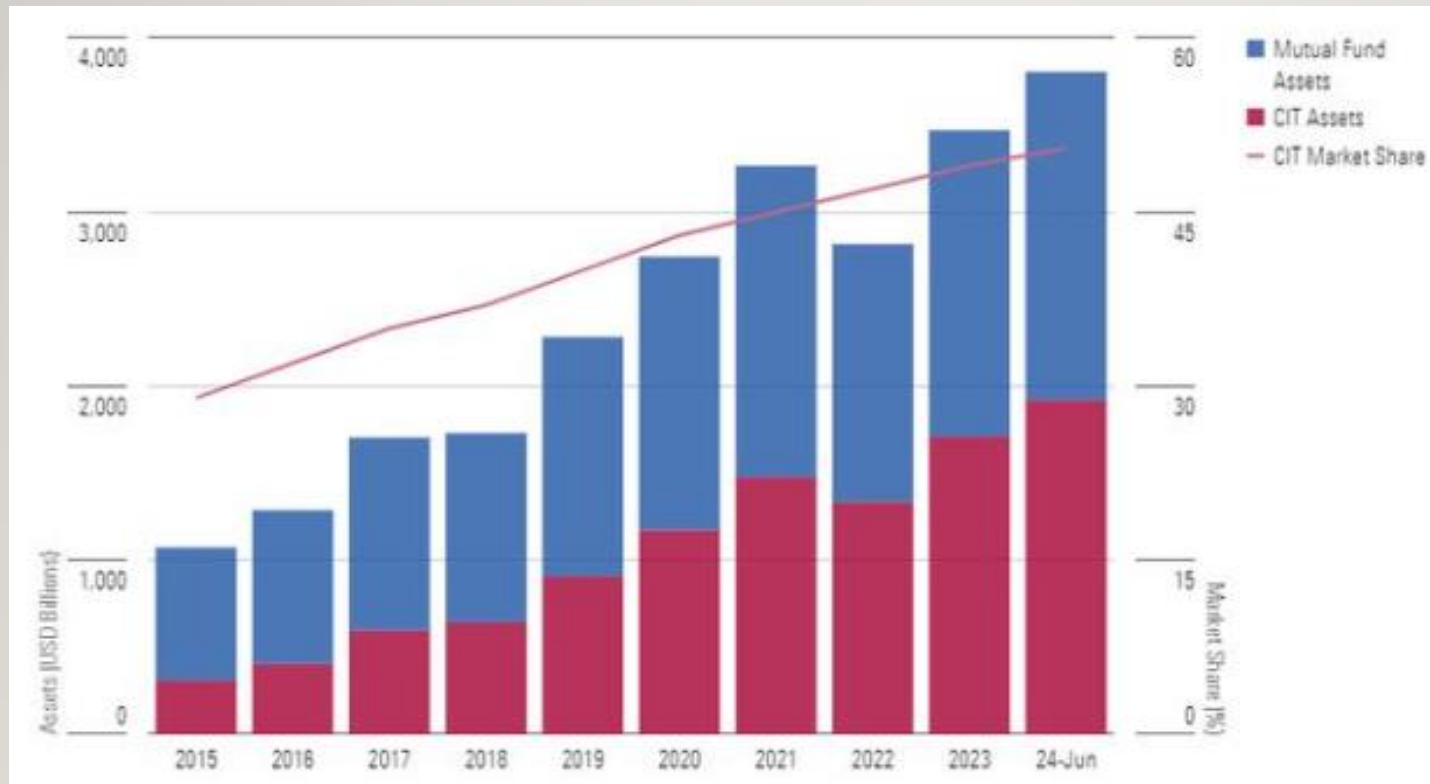
Voya Index Solution 2030 Portfolio Class Z VSZCX ★★★★★

Ticker	Name	Average Credit Quality	Morningstar Rating for Funds (3Y)	Morningstar Rating for Funds (Overall)	Medalist Rating (Overall)	Morningstar Return Rating (Overall)	Morningstar Risk Rating (Overall)	Equity Style Box (Funds)	Adjusted Expense Ratio	Total Return (3Y)	3Y Return Rank in Category	Standard Deviation (3Y Monthly)
VSZCX	Voya Index Solution 2030 Port Z		4	4	Bronze	Above Average	Average	Large Blend	0.17	2.65093	20	13.001
IDXGX	Voya Index Solution 2030 Port I		3	3	Bronze	Average	Average	Large Blend	0.23	2.51114	26	13.005
IDXHX	Voya Index Solution 2030 Port S		3	3	Neutral	Average	Average	Large Blend	0.48	2.26404	41	12.966
IDXIX	Voya Index Solution 2030 Port S2		3	3	Neutral	Average	Average	Large Blend	0.63	2.11353	48	13.02
IDXFX	Voya Index Solution 2030 Port ADV		3	3	Neutral	Average	Average	Large Blend	0.73	2.0132	52	13.03
VTRFX	Voya Target Retirement 2030 R6	BBB	3	3	Neutral	Above Average	Above Average	Large Blend	0.25	2.42323	32	13.139
IRSMX	Voya Target Retirement 2030 I	BBB	3	3	Neutral	Average	Above Average	Large Blend	0.4	2.37402	37	13.206
VTREX	Voya Target Retirement 2030 A	BBB	3	3	Neutral	Average	Above Average	Large Blend	0.65	2.12172	48	13.187
VRRIX	Voya Target Retirement 2030 R	BBB	2	3	Negative	Average	Above Average	Large Blend	0.9	1.90986	59	13.164
ISNGX	Voya Solution 2030 Port I	BBB	3	3	Neutral	Average	Above Average	Large Blend	0.72	2.16208	45	13.157
ISNHX	Voya Solution 2030 Port S	BBB	2	3	Negative	Average	Above Average	Large Blend	0.97	1.87346	64	13.173
ISNIX	Voya Solution 2030 Port S2	BBB	2	2	Negative	Average	Above Average	Large Blend	1.12	1.74246	72	13.185
ISNFX	Voya Solution 2030 Port ADV	BBB	2	2	Negative	Below Average	Above Average	Large Blend	1.22	1.64314	77	13.162

Source: (I)

Appendix

TARGET DATE ASSETS - \$4t, Split 50/50



Source: (I)

Appendix - CITs – Collective Investment Trusts

- **Lower Admin and Distribution costs, not regulated by SEC like mutual funds.**
- **Regulated by OCC Office of the Comptroller of the Currency**
- **Pension Protection Act of 2006 made CITs the default option for defined contribution plans used in Corporate Benefit Programs.**
- **Tax Efficiency - CITs are available only in qualified retirement plans, thus, unlike mutual funds, are tax deferred.**
- **Asset Selection – Fewer restrictions on asset selection.**
- **DoL – Department of Labor restrictions apply to mutual funds used in TDFs.**
- **Disclosure – CITs do not have disclosure Managers, Experience or Strategy.**
- **Disclosure – ERISA of 1974 does require due diligence of Fund Sponsors**

Source: Mstar 08-08-24, - M Pacholok

Appendix – Compare / Contrast

- 6 +2.5 Questions – Revisited

Best Practice – **RYP – Read Your Prospectus**

- **MANAGERS** - Issuers, Managers – Who, what really is this fund ... of funds?
- **ASSETS** - Asset Allocations – Fund of funds, Equity vs Fix Inc, US vs Int?
- **RETURN** - PF Overall Rate of Return, Risk & Vol. – from advisor or broker?
- **BENCHMARK** - Asset mix vs the Index Benchmarks for Equity and Fixed Income?
- **GLIDE PATH** - The Asset Mix “to and through” Retirement or Fund Terminus?
- **COSTS** - Expense Ratio by Share Class?
- **F&F* IRS** - Tax Efficiency of your non-IRA Taxable Assets (Goal < 30%)?
- **CITs – FYI&E** - CITs (Dept of Labor) vs TDF (SEC)?

Source: Morningstar June 2024 Survey, CIT – Collective Investment Trusts, * Friends and Family,