

Target Date Fund

An investment that will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date.

Target date

The approximate year when you will leave the work force and retire.

Glide path

The process by which a target date fund changes its asset allocation as the target date approaches.

Asset allocation

The process of dividing your investment portfolio among different asset classes such as stocks, bonds, real estate, commodities, and cash.

Rebalancing

The process to bring the investment mix to the target allocations at any given point.

Annual allocation adjustments

The change in the allocation in accordance with the glide path.



Brethren Pension Plan
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TARGET DATE FUNDS



**Helping take
the guesswork
out of investing
your money**

A glide path to retirement

FAQ

TARGET DATE FUNDS are an excellent investment opportunity for members of Brethren Pension Plan.

Each TDF offers a professionally managed strategy in which a mix of stocks, bonds, and other diversifying investments gradually shift from an aggressive to more conservative mix, based on a target retirement date.

TDFs give you a diversified portfolio over many years — a good option if you don't have the time or inclination to make investment decisions yourself. By delegating adjustments to a process that's predetermined by professionals, you will have a disciplined strategy and you will avoid emotional decisions.

If the target date is far in the future, the asset allocation will be heavily weighted with equities (stocks), which historically produce higher returns but entail more risk. Generally, when money can be left in a fund, the longer time horizon helps mitigate the risk, because there is more time for recovery should a downturn occur.

As retirement draws closer, the investments become more conservative. The beauty of a TDF is that these changes from higher to lower risk, called the "glide path," take place automatically each year as the fund proceeds toward the target date. Further, the fund is rebalanced quarterly to ensure it is aligned with the prescribed asset allocation.

To shift funds to a TDF, go to the Brethren Pension Plan Portal —

www.brethrenpension.org

For questions call **866-723-0001** or email pension@cobbt.org

What are TDFs and why should I have them?

TDFs are investment funds that automatically balance according to your retirement year. The farther you are from retiring, the more your portfolio will be weighted with equities, which is a riskier balance, but also has more potential for greater returns. For those who are closer to retirement, investments follow a glide path to a more conservative portfolio, weighted more heavily with bonds.

Why should I consider a TDF?

It will give you a well-diversified portfolio over many years. This is a good option if you don't have the time or inclination to make investment decisions yourself. By delegating adjustments to a process that has been predetermined by professionals, you will have a disciplined strategy and will avoid emotional decisions.

The target dates are 10 years apart. My retirement date does not fall on one of the target dates. What should I do?

You can choose the target date closest to your retirement date. If you choose a TDF with a date before your retirement date, you can keep the asset allocation at the target date level until you retire. If you choose a target date after your retirement date, then the glide path (the asset allocation cycle) will not quite be completed when you retire.

Where is the money in the TDFs invested?

It will be placed within BBT's family of funds.

The pie charts below show how each TDF begins, but may I see a chart showing the yearly changes in asset allocation?

Yes, email that request to pension@cobbt.org

Do these Target Date Funds comply with BBT's Brethren Values investing guidelines?

The core investments of stocks, bonds, and short-term funds conform to BBT's BVI guidelines. Some of the funds in which the TDFs will be invested are publicly traded mutual funds, which are not guaranteed to meet BBT's BVI screens. When there are enough assets in these mutual funds to self-manage the funds, the plan is to move them into such an arrangement. At that time the BVI screens will be guaranteed.

Is the performance of TDFs guaranteed?

No, they are subject to the risks and market forces of their underlying funds.

How do I shift funds to a TDF?

Go to the Brethren Pension Plan portal:

www.brethrenpension.org

Once I've put money in a TDF, can I shift it to another BBT investment option?

Yes. These investments are like all other Brethren Pension Plan investments. You can move your assets among them at any time.

What if I have additional questions?

Contact us at **866-723-0001** or pension@cobbt.org

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