

Thinking of Adding Target-date Funds?

The growing popularity of target-date funds has many employers considering adding them as an investment option under their retirement plans. If you are among those thinking of adding target date funds, or if you've recently added them to your plan, you also may want to educate plan participants about these funds. A recent study by the Center for Financial Security at Boston College found that many people, particularly those who are not currently invested in target date funds, know little about them.

Here are some of the findings:

- Nearly a third (29%) of survey respondents incorrectly thought, or weren't sure whether, these funds are guaranteed against losses.
- Only 66% of them correctly agreed that target-date funds offer a diversified mix of stock and bond investments.
- 27% of respondents disagreed with, or were unsure about, the statement "target-retirement funds become more conservative as you approach the target year."