

# The role of target-date funds in financial well-being

**Amber Czonstka:** I think we established more and more employees are looking to their employers for assistance in achieving financial well-being. And I know our plan sponsors are feeling that responsibility. So help me understand—how do target-date funds fit into that overall picture?

**Matthew Brancato:** Target-date funds fit in a couple different ways. You know, when you think about what a target-date fund is, it's the first entry point. It's really the entry point that many investors experience coming into the workforce. It becomes the basis for the investing experience that happens between that point and retirement.

For many investors, that's where they start and that's where they end, and the target-date funds are designed to do that. So if an investor wants to take that into the retirement experience, a target-date fund can be a terrific launching point to building a systematic withdrawal program and delivering income that complements that accumulation experience that investors experience over the course of their lives.

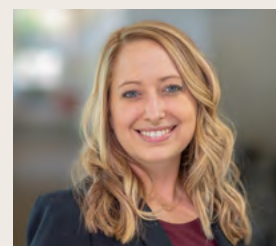
For many other investors, though, I think it goes beyond that, and the target-date funds become a basis for delivering more individualized advice and an entry point into either getting that in a digital way or with a human associated with that. So that's kind of the role that they play.

Now, the benefit, I think, associated with this, when you think about what's happened over the last year, part of the benefit of the target-date experience is that it helps investors stay the course because of the diversification that's provided in the structure. And so when we look over the last year during a really tough market environment, 98% of Vanguard Target Retirement investors stayed the course. And those investors, because they stayed the course, increased their wealth by \$133 billion.

## Meet the speakers



**Matthew Brancato**  
Principal and Head of  
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**Amber Czonstka**  
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## Important information

Increase in 2020 TDF shareholder wealth is a Vanguard calculation for period from January 1, 2020, through December 31, 2020. The shareholder wealth calculation is the return generated on Vanguard assets throughout the year after adjusting for net flows into the funds.

**For more information about any fund, visit [institutional.vanguard.com](https://institutional.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.**

All investing is subject to risk, including the possible loss of the money you invest.

Diversification does not ensure a profit or protect against a loss.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

Vanguard is responsible only for selecting the underlying funds and periodically rebalancing the holdings of target-date investments. The asset allocations Vanguard has selected for the Target Retirement Funds are based on our investment experience and are geared to the average investor. Regularly check the asset mix of the option you choose to ensure it is appropriate for your current situation.

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