SFDCP TARGET DATE FUNDS
Guiding you along the path to retirement.

San Francisco
Deferred Compensation Plan

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Streamlined retirement investing: SFDCP Target Date Funds

Successful retirement investing takes time and skill. You need a diversified portfolio to help keep your investments on track to meeting your retirement income goals. But finding time to understand and evaluate investments can be challenging. You can simplify this task by choosing to invest in one of the San Francisco Deferred Compensation Plan (SFDCP) Target Date Funds.

Each SFDCP Target Date Fund is a “fund-of-funds” containing underlying stock and bond funds strategically mixed for your approximate retirement year. The combination of underlying funds is diversified across different asset classes like U.S. and foreign stocks and government and corporate bonds. Investment professionals will take care of the ongoing work of monitoring and adjusting allocations for you.

The City and County of San Francisco’s Retirement Board has selected the SFDCP Target Date Fund series as the Plan’s default investment. This means that if you do not select a specific fund or combination of funds when you enroll in the plan, you will automatically be placed in the Target Date Fund that most closely matches your expected retirement year.

Managing investment risk

Risk management is an important factor when saving for retirement. In general, over the long term, stocks tend to earn higher returns than bonds. However, stocks tend to be riskier than bonds with more frequent fluctuations over the short term.

Good investing principles generally recommend that if you’re a long way from retirement, you should consider placing more of your retirement savings in stocks and other higher-risk investments that have the potential to offer higher returns over the long term. Then, as you near retirement, gradually shift to more conservative investments like bonds. The idea is that a younger person has a longer time period to recover from a market downturn and to continue making contributions.

SFDCP Target Date Funds automatically manage the allocation process for you. The funds gradually reduce stock holdings and increase bond holdings over time. When the target year is reached, the assets will transfer to the Retirement Fund where the investment mix is fixed at 39% stocks and 61% bonds. The Retirement Fund is the only fund with an asset allocation that does not change over time. Occasionally, the allocation of the SFDCP Target Date Funds may be adjusted slightly to respond to changing market conditions.
How to select a Target Date Fund:

Use this chart to determine your expected retirement year (based on the year you were born OR when you plan to retire) and find the fund name closest to that year.

If your estimated retirement year falls between two SFDCP Target Date Funds, your choice may not be clear. Consider choosing an earlier fund if you want a more conservative approach, or a later fund if you’re comfortable with a more aggressive approach with a bit more risk and potential for greater return.

By investing in an SFDCP Target Date Fund, you’ll have access to investment types that aren’t available through the Plan’s core funds. This makes your Target Date Fund a truly diversified and professionally managed solution.

Additional asset classes include:
• Commodities (such as oil, gold, copper)
• Real estate investment trusts (REITS)
• Treasury Inflation Protection Securities (TIPS)
• Emerging markets and international stocks
• Infrastructure (such as bridges, roads and tolls)
• High yield bonds (fixed income with higher potential risk/reward than investment grade bonds like corporate bonds)

Example:

Angie Johnson is a 34-year-old Business Analyst at the Department of Public Health. She plans to retire in 2050 at age 65 and decides to invest in the 2050 Target Date Fund. This fund currently has a 92% stock and 8% bond allocation. Beginning in year 2030 (about 20 years before retirement) Angie’s 2050 Target Date Fund will begin to decrease its stock allocation and increase its bond allocation. This trend continues until she retires in 2050 and the fund reaches a final allocation of 39% stocks and 61% bonds.

Chart assumes retirement at age 65. Participants who have not made an investment selection in the SFDCP will automatically be enrolled in a Target Date Fund based on data shown in this table.

For additional information about each of the funds and to make changes, please log into your SFDCP account.
Why choose a Target Date Fund?

- Professionally managed funds for those who have a planned retirement date and want to “set it and forget it.”
- As the qualified default investment, the Retirement Board approved Target Date Funds to be the best choice for those who do not know how to invest.
- Each fund offers a strategically diversified portfolio of underlying stock, real asset, and bond funds.
- Exclusive access to diversifying asset classes not available in the core lineup such as commodities, real estate investment trusts and infrastructure.
- Asset allocation guidance is provided by Russell Investments, a firm with more than 30 years’ experience in multi-asset investing.
- By investing more in stocks early in your career, your savings will have more time to benefit from long-term growth.
- These funds automatically shift to bonds as you approach retirement, helping to protect your retirement portfolio when you need it most.
- These funds are actively managed by investment professionals, which allows for investments to be responsive to evolving market conditions.

For more information, go to sfdcp.org or call toll-free 888-SFDCP-4U (733-2748).

Carefully review the allocations, objectives, risks, charges and expenses of the funds. Also consider other factors, such as your age, risk tolerance, other investments and planned withdrawals. Remember, investment values and returns will fluctuate over time.

Diversification does not ensure a profit or protect against loss in declining markets. All investing involves risks, such as fixed income (interest rate), default, small cap, international and sector—including the possible loss of principal.

The target date is the approximate date when investors plan to retire and may begin withdrawing their money. The asset allocation of the target-date funds will become more conservative as the target date approaches by lessening the equity exposure and increasing the exposure in fixed income type investments. The principal value of an investment in a target-date fund is not guaranteed at any time, including the target date. There is no guarantee that the fund will provide adequate retirement income. A target-date fund should not be selected based solely on age or retirement date. Participants should carefully consider the investment objectives, risks, charges and expenses of any Fund before investing. Funds are not a guaranteed investment and the stated asset allocation may be subject to change. You can lose money by investing in securities, including losses near and following retirement.

Target Date Glide Path allocations provided by Russell Investments.

Russell Investments’ ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners and Russell Investments’ management. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the “FTSE RUSSELL” brand.

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AI-27480-12-22 First used August 2019, Revised February 2020