Designing Successful Target-Date Strategies for Defined Contribution Plans
Putting Participants on the Optimal Glide Path

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Foreword by Bill Gross

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Your nuts-and-bolts road map to understanding how to create custom target-date strategies

One of the hottest investment products of the past few years, target-date retirement funds have taken hold in the world of 401(k) and other defined-contribution plans, forcing you as a plan administrator or sponsor, to rethink your program.

Written by one of the nation’s most qualified and experienced experts in the field, Designing Successful Target-Date Strategies for Defined Contribution Plans gives you the detailed answers you need to your questions about defined contribution plan design and building custom target-date strategies, with in-depth coverage of:

- Definitive contribution plans in the American retirement system
- Evolving DC plan design
- Target-date strategies: packaged versus custom
- Legal and fiduciary considerations
- Recordkeeping and trust setup
- Communication issues
- Evaluating costs
- Glide path design
- Asset classes and alternatives
- Protecting DC assets
- Benchmarking
- Advice and retirement planning
- Retirement income and guarantees

Since target-date strategies place participants on "autopilot," you need to take a good, long look at what you offer so you can confirm that participants will arrive at the right destination. Designing Successful Target-Date Strategies for Defined Contribution Plans demonstrates the often daunting and confusing task of understanding these retirement investments, with sound advice from experts across the industry on the best way to design your own asset allocation, keep plan fees at the lowest possible level, and help protect both plan participants and sponsors from risk.

Covering:

- The expertise of many of the nation’s leading consultants, legal experts, plan sponsors, academics, and others
- Various perspectives and innovative approaches to designing optimal DC plans
- The history of the development and restructuring of retirement plans in America, especially in light of the Pension Protection Act and recent regulations

(continued from back flap)
Designing Successful Target-Date Strategies for Defined Contribution Plans
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The Wiley Finance series contains books written specifically for finance and investment professionals as well as sophisticated individual investors and their financial advisors. Book topics range from portfolio management to e-commerce, risk management, financial engineering, valuation, and financial instrument analysis, as well as much more.

To John, Robert, and Julia
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So often when we talk about investing, what we really mean is trading. But providing for one's retirement is investing indeed, and awfully important investing at that, now that most Americans (and, increasingly, people elsewhere in the world) no longer receive traditional defined benefit pensions from their employers. Yet given the solemn duty most of us have to ourselves to ensure we will be able to pay our bills in our golden years, it is alarming how poorly armed we are when it comes to creating a retirement savings plan. Sure, we know that we have to “save.” Most folks also probably know they are supposed to generate something like 75 percent or so of their final years’ income from their retirement savings once they quit the working world. But how to go about creating that nest egg can stump even the most astute among us. The likelihood of many years of lower U.S. gross domestic product rates, a greater percentage of global growth coming from elsewhere, and more volatility everywhere in the post-financial crisis “New Normal”—and, therefore, lower portfolio returns—is not making that goal any easier to reach. And so employees must look to those they trust—defined contribution (DC) plan sponsors in particular—to put them on the path to reaching their retirement goals. Indeed, plan sponsors today have more control than ever as more of them craft custom target-date strategies for their participants.

This book is an essential resource for these important decision makers as well as their consultants, advisors, and service providers. Stacy Schaus, leader of PIMCO’s DC practice, not only provides a definitive overview of trends in the American retirement system, but she also expertly guides pension plan sponsors on how to establish, refine, and maintain the most effective DC plans. Stacy’s pension-industry leadership, based on nearly three decades of experience, is particularly on display in her discussion of how to design best-in-class target-date strategies that allow sponsors to effectively manage the DC assets for a diverse employee base, from the young factory employee to the near-retirement executive officer. Other issues critical to the building of custom strategies—costs, fiduciary duty, benchmarking, communication—enjoy an equally authoritative discussion. Underlying all of this is a commitment to a principle that has always motivated everything