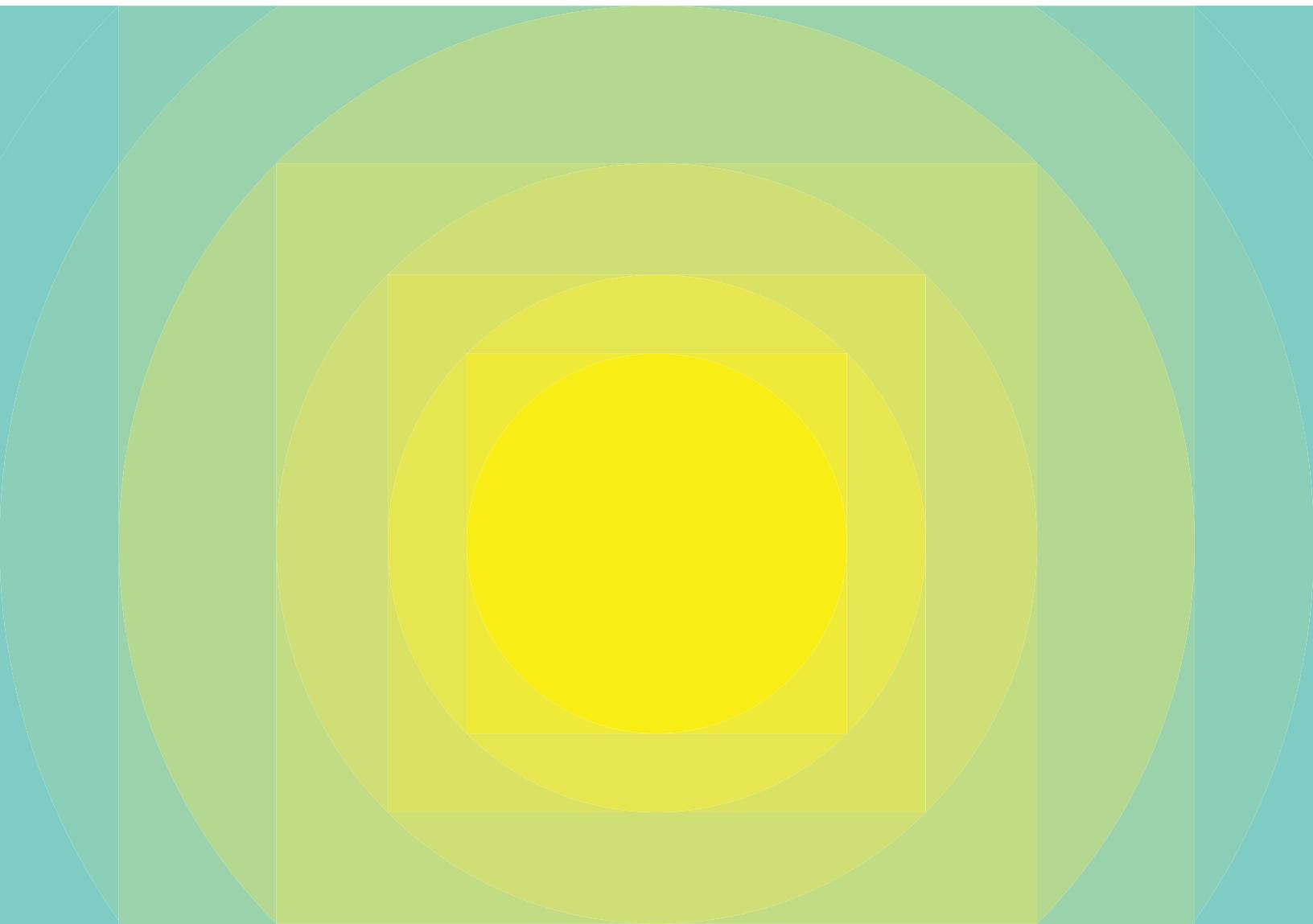


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## TARGET DATE RETIREMENT INCOME FUNDS

A Clearer View of Your Path to Retirement





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**Planning for your retirement can seem overwhelming. How should you save and invest today, and how much income will your savings provide during retirement?**

Gaining clarity on how today's decisions can impact tomorrow's retirement can make all the difference.

It is never too early to start planning. And no matter how close you are to retirement, with the right information and a sound investment approach, you can take meaningful steps to improve your retirement readiness.

# Which Strategy Is Right for You?

You have two choices when it comes to how you want to approach investing.

## ► WHAT IS AN INVESTMENT MANAGER?

A team of investment professionals dedicated to managing a portfolio of assets according to specific investment guidelines and objectives. To learn more about Dimensional's philosophy and approach, see page 13.

### Do It for Me

One option is to have an investment manager provide a single strategy that seeks to deliver a diversified portfolio of stocks and bonds. A professionally managed target date retirement income fund aims to provide diversification and portfolio rebalancing and makes adjustments over time as you approach your target retirement date. The details of the portfolio are managed by professionals during your working years and throughout retirement.

### Do It Myself

The alternative is for you to research and choose the mix of funds for your account, be responsible for rebalancing decisions, and make adjustments to your portfolio while you are working and into your retirement years.

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*Are you comfortable selecting and monitoring your investments?*

*Do you have the time and expertise to manage your retirement portfolio throughout your lifetime?*

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If you are not interested or comfortable with this level of commitment, relying on professionals may be the right direction for you.

Preparing for retirement is an active choice, and you have a great opportunity to work toward that future through your company-sponsored retirement plan.

An investment in a target date portfolio does not eliminate the need for investors to decide—before investing and periodically thereafter—whether the portfolio fits their financial situation. For more information, please refer to the prospectus.

### Choose the strategy that's right for you:

- Do it for me.** I will select an appropriate Dimensional Target Date Retirement Income Fund® and enjoy the convenience of professional fund management.  
*Learn more on the following pages.*
- Do it myself.** I will manage my own portfolio and feel comfortable researching, selecting, and monitoring investments, rebalancing the asset mix periodically, and making other adjustments as needed.

# Saving with Income as the Goal

Think of the primary goal of retirement savings as having a steady stream of income throughout retirement. With that in mind, the main challenge of retirement planning is managing the uncertainty of future income.

What risks contribute to that uncertainty?

## ► WHAT ARE INTEREST RATES?

The percentage rate earned on the money held in a savings account or invested in a bond or other fixed income vehicle.

### Fluctuating Markets and Interest Rates

Financial markets are subject to volatility and can change quickly. Interest rates influence how much income you can generate from savings, and a market decline near retirement can reduce your wealth and result in less available income.

### Rising Inflation

Over time, inflation can reduce the value of your savings, resulting in lower real wealth and a diminished standard of living. A dollar today may buy less in the future.

## ► WHAT IS INFLATION?

An increase in the general level of prices. With inflation, the amount of goods and services a dollar can buy diminishes over time. Long-term inflation has averaged 2.9% per year.<sup>1</sup>

*A comprehensive retirement solution should consider these risks and help you estimate retirement income so you can make better saving and investment decisions.*

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1. As measured by the changes in the US Consumer Price Index (1926–2018). © 2019 and earlier, Morningstar. All rights reserved. Underlying data is from the Ibbotson SBBI Yearbook, by Roger G. Ibbotson and Rex A. Sinquefield. Updated annually. Roger Ibbotson is a Director on the Board of Directors of Dimensional US mutual funds.

## Why Interest Rates Matter

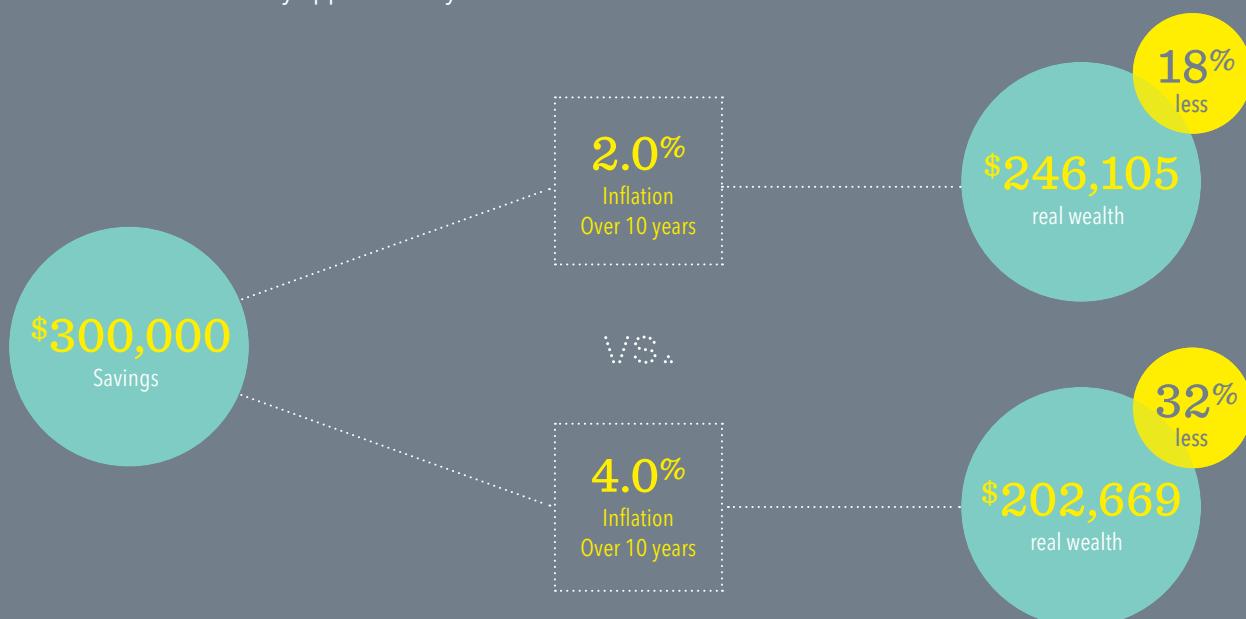
Earning 1.0% vs. 3.5% on \$300,000 of savings results in a 71% reduction in annual income.



*Hypothetical scenarios. For illustration purposes only. First-year income is calculated by applying interest rate to the \$300,000 account balance. Assumes no compounding, fees, costs, or taxes.*

## How Inflation Can Impact Your Wealth

Over 10 years, a 2% annual inflation rate reduces your real wealth (purchasing power) by about 18%. A 4% inflation rate reduces it by approximately 32%.



*Hypothetical scenarios. For illustration purposes only. The value of wealth after 10 years of inflation at the assumed 2% and 4% rates is calculated by dividing \$300,000 by  $(1.02)^{10}$  and  $(1.04)^{10}$ , respectively.*

# The Benefits of Diversification in a Single Fund

You have probably heard the old phrase "don't put all your eggs in one basket." Applied to investing, this idea encourages broad diversification in a portfolio.

## ► WHAT IS AN ASSET CLASS?

A group of investments that have similar financial characteristics and market behavior. The two main asset classes are stocks and bonds.

But with multiple choices in your plan's menu, you might assume that diversification means holding several funds. Keep in mind that diversification involves more than simply investing in multiple funds. In fact, a single fund can offer more diversification than a combination of funds. It depends, of course, on the fund.

Dimensional's Target Date Retirement Income Funds are designed to seek diversification across asset classes and markets. The funds are monitored and rebalanced periodically. As you get closer to retirement, their asset allocation shifts to reflect your changing investment time horizon.

## ► WHAT IS DIVERSIFICATION?

It involves spreading your investments across asset classes and markets to help manage risk in your portfolio.

Investment costs are important to consider, as they can have a meaningful impact on your wealth. For example, reducing fees, expenses, and other costs from 0.75% to 0.25% would save \$500 per year on a \$100,000 account. These savings can really add up over 30 or 40 years—and with the power of compounding, your wealth can grow even faster. Dimensional's Target Date Retirement Income Funds incorporate the principles of asset allocation and diversification into a single portfolio, which can help keep investment costs low.

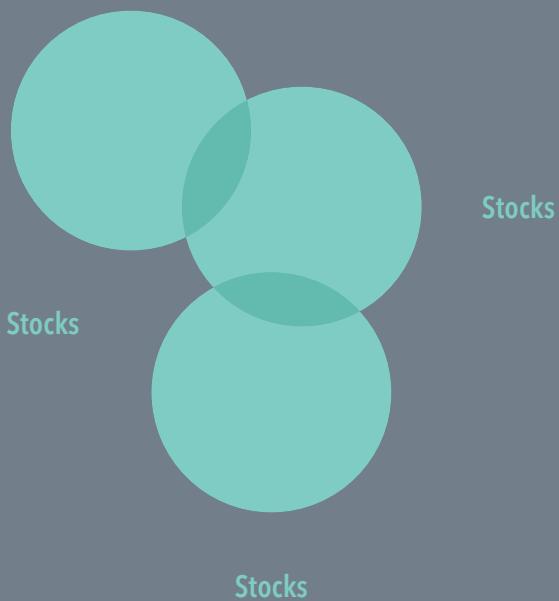
## Can One Fund Be Diversified?

Holding multiple funds in your retirement account (Portfolio A) may result in overlapping investments and different investment objectives or styles.

A single fund (Portfolio B) can pursue broad diversification while offering compatible objectives and a coordinated asset mix, and can reduce holding duplicative investments.

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Retirement Portfolio A



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Retirement Portfolio B



# How Do the Funds Work?

Dimensional's Target Date Retirement Income Funds are professionally managed funds designed to offer a convenient, long-term solution for investors who expect to retire in or around a particular year.

## ► **WHAT IS ASSET ALLOCATION?**

The mix of asset classes included in a particular investment fund. Target date funds are normally designed to be diversified across a mix of asset classes that include US and international stocks and bonds.

Each fund holds a broadly diversified asset class mix that corresponds to a specified retirement date. As you approach that date, the fund gradually reduces the portion of assets invested in US and international stocks and bonds (income-growth assets) and increases the amount held in inflation-protected bonds backed by the US government (income risk management assets).

The shift in allocation is designed to help manage the effects of risks—like inflation or a market decline—on income uncertainty as you approach retirement.

Assumptions used by Dimensional in developing the funds' asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in losses near, at, or after the target date year.

## Asset Allocation Over Time

Dimensional's Target Date Retirement Income Funds are designed to be diversified across a mix of asset classes that include stocks and bonds. Over time, the investment emphasis shifts from income growth to income risk management.

### Early Working Years



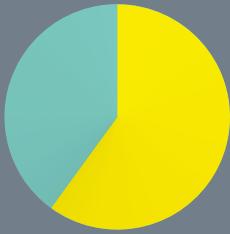
Contributions are invested primarily in **income-growth assets**, which are expected to increase in value over time.

### Later Working Years



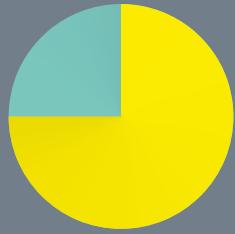
Any increase in value of the income-growth assets can be invested toward more inflation-protected securities later in your career.

### Approaching Retirement



The investment focus shifts from growing income to managing income risk, with more portfolio assets invested in inflation-protected securities to manage future retirement income risk.

### In Retirement



The portfolio remains focused on **income risk management assets** in an effort to guard against risks like inflation or a market downturn.

# Choosing a Dimensional Target Date Retirement Income Fund

The funds are offered in five-year increments, with the target date indicating when an investor may expect to retire and stop making contributions in the fund.

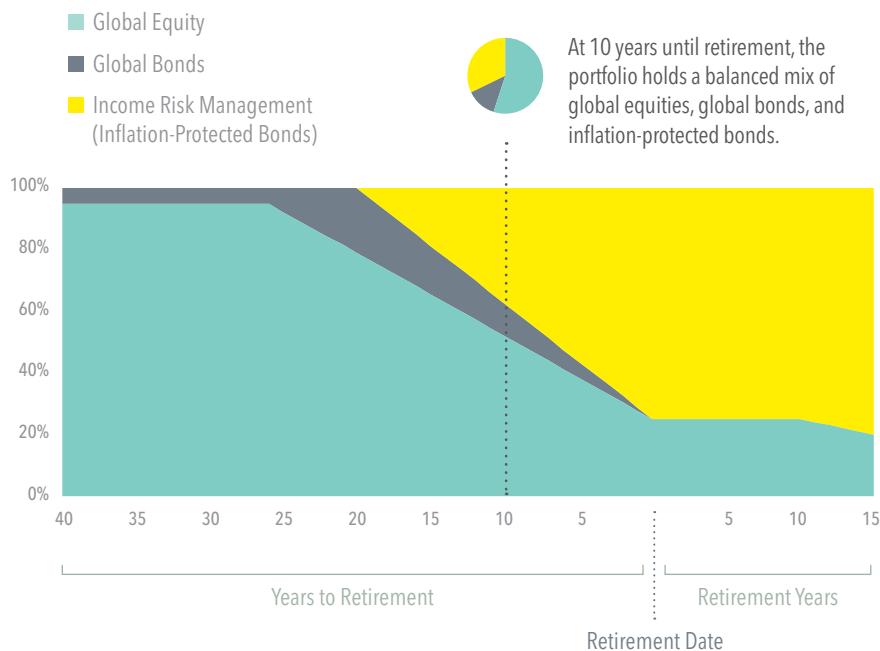
For example, if it is 2015 and you expect to work another 30 years, the 2045 fund might be an appropriate target date fund for you. If you are planning to retire earlier or work longer, you can choose a fund with a date closer to your anticipated retirement.

## ► WHAT IS A GLIDE PATH?

It informs each fund's asset mix based on the specified retirement date and investment goals. The funds farther from their target date have more assets invested in stocks, while the funds closer to retirement emphasize inflation-protected bonds.

## Glide Path for the Funds

Over time, a fund's asset allocation shifts to reflect your changing investment time horizon.



*Glide path based on expectation of the Dimensional Target Date Retirement Income Funds' asset allocation changes over time. The actual asset allocations utilized by each fund may deviate from the allocations illustrated by this glide path.*

## Choosing a Fund

To determine your anticipated retirement year, add your birth year to the age when you plan to retire and begin making withdrawals.

$$\frac{\text{Birth Year} + \text{Retirement Age}}{\text{Retirement Year}}$$

Birth Year	Retirement Date at Age 65	Fund Name
1942 and before	2007 and before	Dimensional Retirement Income Fund
1943-1947	2008-2012	Dimensional 2010 Target Date Retirement Income Fund
1948-1952	2013-2017	Dimensional 2015 Target Date Retirement Income Fund
1953-1957	2018-2022	Dimensional 2020 Target Date Retirement Income Fund
1958-1962	2023-2027	Dimensional 2025 Target Date Retirement Income Fund
1963-1967	2028-2032	Dimensional 2030 Target Date Retirement Income Fund
1968-1972	2033-2037	Dimensional 2035 Target Date Retirement Income Fund
1973-1977	2038-2042	Dimensional 2040 Target Date Retirement Income Fund
1978-1982	2043-2047	Dimensional 2045 Target Date Retirement Income Fund
1983-1987	2048-2052	Dimensional 2050 Target Date Retirement Income Fund
1988-1992	2053-2057	Dimensional 2055 Target Date Retirement Income Fund
1993-1997	2058 -2062	Dimensional 2060 Target Date Retirement Income Fund
1998 and after	2063 and after	Dimensional 2065 Target Date Retirement Income Fund

As an example, this table outlines the different fund selections for individuals planning to retire at age 65.

# Staying on Track

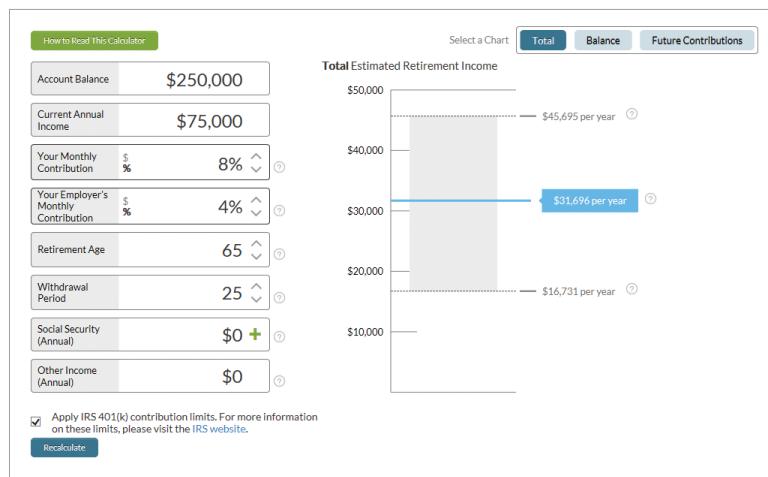
When thinking about retirement, understanding how much income you can expect makes planning easier.

Having a clear picture of where you are today can help you make informed decisions that can influence your future.

My Retirement Income Calculator is designed to help give you a sense of how much potential income your savings may provide in retirement.<sup>2</sup> Generated from savings withdrawals, income estimates are based on several inputs that you provide, along with assumptions regarding a shifting asset allocation and expected returns on investments. You can adjust these inputs, including your monthly contribution, retirement age, and expected Social Security benefit, to see how various retirement scenarios may affect your estimated income.

Explore how contributing more to your retirement plan and making other planning decisions today may impact your retirement readiness.

Visit [us.dimensional.com/retirement-professional/retirement-calculator](http://us.dimensional.com/retirement-professional/retirement-calculator).



*My Retirement Income Calculator example.*

2. The estimated retirement income projections of the calculator are hypothetical in nature and are not a guarantee of future results. Since past performance is not an accurate predictor of the future and reliance on historical and current data involves inherent limitations, it is important to understand that the estimates are only a tool to be used in evaluating your retirement portfolio. Estimates may change with each use, and actual results may vary. See key assumptions and other important disclosures on the calculator web page.

## DIMENSIONAL AT A GLANCE<sup>3</sup>

1981

YEAR  
FOUNDED

\$609B

ASSETS UNDER  
MANAGEMENT

1,460+

EMPLOYEES IN  
13 GLOBAL OFFICES

One

INVESTMENT  
PHILOSOPHY

**Dimensional<sup>4</sup> is a global investment manager dedicated to implementing the great ideas in finance.** We have a long history of applying academic research to practical investing. Today, we offer a full suite of equity and fixed income strategies designed to target higher expected returns.

Dimensional's investment approach is grounded in economic theory and backed by decades of research. By integrating our investment process with a flexible trading strategy, we work to manage the tradeoffs that arise when implementing portfolios. We consistently apply this process in all of our global and regional equity and fixed income strategies, with an aim to add value beyond what traditional managers and benchmarks can achieve.

We regard the assets we manage as more than just shares in a portfolio. The money represents the savings, sacrifice, and dreams that investors have entrusted to us. We take this responsibility seriously.

Dimensional is headquartered in Austin, Texas, and has trading offices across North America, Europe, and Asia, which enables us to cover global markets and manage strategies continuously.

3. Assets under management as of December 31, 2019, in US dollars (billions). Number of employees and offices as of December 31, 2019.

4. "Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., Dimensional Ireland Limited, Dimensional Japan Ltd., and Dimensional Hong Kong Limited. Dimensional Hong Kong Limited is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) regulated activities only and does not provide asset management services.

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By choosing a Dimensional Target Date Retirement Income Fund, you can take an important step toward planning for retirement.

Whether your retirement date is near or many years from now, focusing on income can help you see where you are headed—allowing you to better plan today and giving you a **clearer view of your path to retirement**.

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Investments in target date funds are subject to the risks of their underlying funds, and asset allocations are subject to change over time in accordance with each fund's prospectus. An investment in or retirement income from a target date portfolio are not guaranteed at any time, including on or after the target date. An investment in a target date portfolio does not eliminate the need for investors to decide—before investing and periodically thereafter—whether the portfolio fits their financial situation. For more information, please refer to the prospectus.

There is no guarantee this investment strategy will be successful, and it is possible to lose money with this investment. Investments in stocks and bonds are subject to risk of economic, political, and issuer-specific events that cause the value of these securities to fluctuate. International investments are subject to additional risks, such as currency fluctuation, political instability, and adverse economic conditions. Fixed income securities are subject to increased loss of principal during periods of rising interest rates and may be subject to various other risks, including changes in credit quality, liquidity, prepayments, and other factors. Inflation-protected securities may react differently from other debt securities to changes in interest rates.

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