

“It would be nice if there was an investment option that would track the number of years employees have left until retirement.”

Target Year Funds allow members to invest in a single fund based on their projected retirement date. No more worries about rebalancing, realigning or reviewing!

Target Year Funds are similar to balanced funds with the added benefit that the asset allocation is actively managed over time and becomes more conservative as the target year approaches.

The Standard Life Target Year Funds are managed by McLean Budden Limited, a well respected Canadian institutional investment manager with a track record going back to 1947. McLean Budden has been part of the Standard Life Quality and Choice Program since 1996.

The benefits of Target Year Funds

- Target Year Funds simplify the role of the sponsor by helping members invest in a sound retirement strategy without having to be fully knowledgeable in retirement planning.
- The asset allocation of the funds is dynamically managed to account for the increasingly conservative nature of investors as they get closer to retirement.
- Target Year Funds offer simplicity of use and ease of manageability for the member.
- Target Year Funds could make an interesting default option for members who fail to make an investment selection at the time of enrolment.
- Target Year Funds allow members to invest in a single fund based on their projected retirement date. The money manager automatically adjusts the asset allocation of each fund as time marches on. No more worries of forgetting to rebalance or realign your portfolio as your time left before retirement shortens!

Despite sponsors' best efforts to provide investment information and suitable tools to help members make informed choices, many members neglect to manage their investments over the long run. In some cases, they may fail to realign their assets as their investment horizon or risk tolerance changes. In others, they may have never made an investment decision and are languishing in a Money Market or Daily Interest Default Fund.

Target Year Funds address these concerns. The member simply needs to answer the question: *“when do I plan to retire?”* Once this question is answered, they need not make any more decisions. As the member's retirement date nears, the assets are automatically realigned.

The workings of Target Year Funds

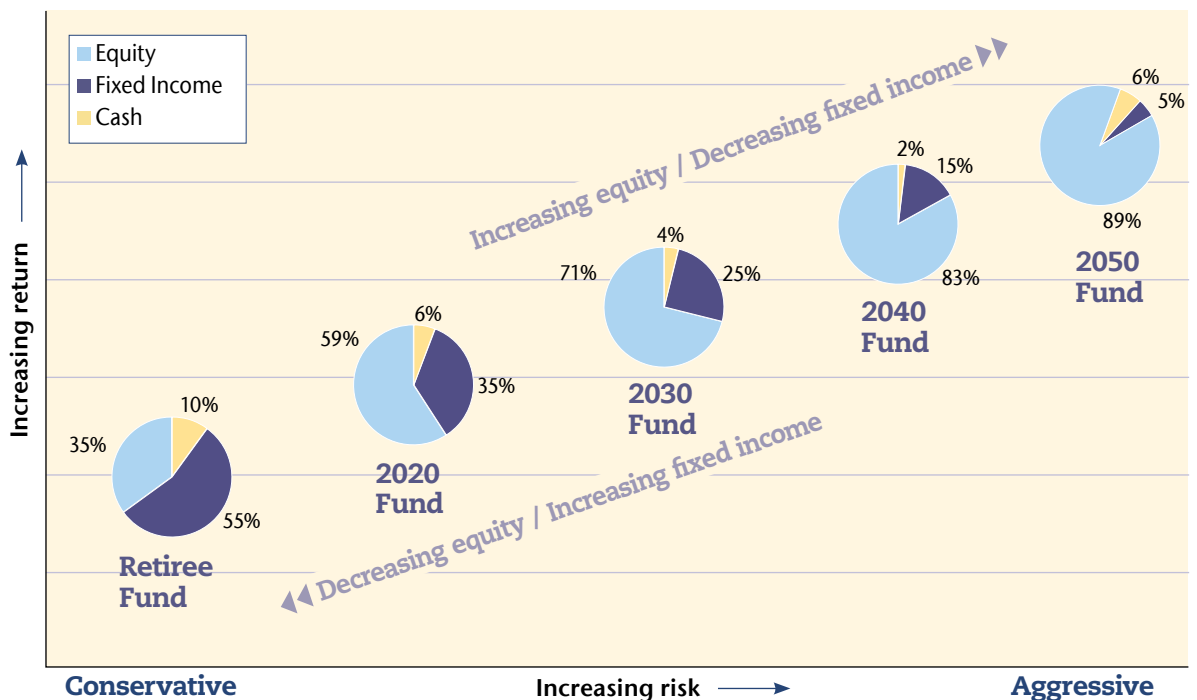
As members near retirement, they should typically decrease the expected risk of their portfolio. This is often achieved by increasing the portfolio allocation of Fixed Income. Target Year Funds systematically manage this shift towards a more conservative portfolio as investors near retirement so the investor does not need to worry about this transition and change the asset allocation of the investments.

Over time, the risk profile is lowered as the member gets closer to retirement by gradually shifting to a more conservative mix of investments in line with the member's investment horizon. Once the target year is reached, the mix remains static. This means fewer decisions for the member and greater peace of mind for the sponsor.

The Standard Life Target Year Funds are offered with dates of 2015, 2020, 2025, 2030, 2035, 2040, 2045 and 2050.

Here is an example of the Standard Life Target Year Funds at work:

- If a member expects to retire in 2030, he would invest in the 2030 fund. The member would have approximately 71% invested in equities. As his retirement nears, the portion in equities would gradually decrease.



Talk soon.

For more information about Standard Life Target Year Funds, please speak with your advisor or a Standard Life Group Savings and Retirement representative.

www.standardlife.ca

The Standard Life Assurance Company of Canada
Standard Life Assurance Limited