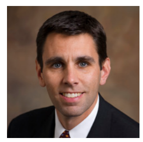
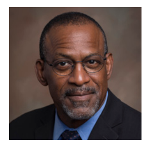
The Art and Science of Developing Retirement Investment Strategies

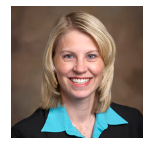
Talking with Portfolio Management, Target Date Solutions



Wyatt A. Lee



Jerome Clark



Kim DeDominicis

Developing and managing a retirement investment strategy for millions of individual investors with wide-ranging needs is a daunting challenge. To meet those demands, an experienced team of T. Rowe Price investment professionals knows that some of the best analysis they can draw on is from the individuals who will be impacted by their decisions.

That's why the team of investment professionals regularly engages with plan sponsors, financial intermediaries, and individuals.

"Understanding investors' retirement goals and the lifestyle they hope to enjoy during those years is key to determining a retirement investment strategy," says T. Rowe Price investment professional Wyatt Lee. "One of the things I love about my job is meeting with employers, plan consultants, financial intermediaries, and, of course, the individuals investing in target date products. While these sessions are currently virtual due to the pandemic, it's gratifying to know that our work can have a positive impact on a lot of people."

Wyatt and other asset allocation team members are responsible for managing the firms' target date funds, which are designed to help investors maintain an asset allocation strategy before and through retirement. The products consist of a broadly diversified portfolio of T. Rowe Price-managed stock and bond funds that represent various asset classes and sectors.

The asset allocation team employs a "glide path" for each target date fund that is designed to balance the right mix of growth and income during the accumulation phase of one's working life in order to support individuals through retirement years.

While the team gains valuable perspectives from meeting directly with individuals and businesses that the asset allocation products are intended to help, the investment professionals also develop in-depth data analysis to support the asset allocation framework, including glide-path construction.

Going Beyond the Numbers Reveals the Full Story

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating what companies may offer the best future potential. By meeting with executives, employees, and customers firsthand, we gain insights and a deeper understanding of where a company or industry stands and where it could go in the future.

> "Understanding investors' retirement goals and the lifestyle they hope to enjoy during those years is key to determining a retirement investment strategy.
>
> — **Wyatt Lee**
> *Portfolio Manager, Target Date Solutions*

Such research also helps us construct asset allocation strategies for those who want to delegate these decisions to professional managers.

"We've spent decades gathering data firsthand and understanding investor needs," says T. Rowe Price investment professional Jerome Clark. "These unique insights have helped us design and refine our target date funds to ensure they consider investor preferences, behaviors, and actions so that investors can focus on their long-term goals while we monitor the markets and model different outcomes based on our insights."

Kim DeDominicis, an investment professional and another member of the team, adds, "We're continually testing our solutions, going beyond our models to get input from employers, consultants, financial intermediaries, and investors. We are laser-focused on developing strategies that reflect the priorities and concerns we've heard from clients."

Living Longer, Healthier Lifestyles

"Retirement means something different today than it did generations ago," Wyatt says. "Some people are working longer, others are starting new businesses or pursuing passion projects, while others choose to travel or spend time with family. That's why we go beyond the numbers to help investors meet their retirement goals."

INVEST WITH CONFIDENCE®

T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term.

To learn more, please visit troweprice.com.

T.RowePrice®

Important Information

Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information you should read and consider carefully before investing.

The principal value of target date funds is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The funds' allocations among a broad range of underlying T. Rowe Price stock and bond funds will (with the exception of the Retirement Balanced Fund) change over time. The funds (other than the Retirement Balanced Fund) emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term post-retirement withdrawal horizon. The funds are not designed for a lump sum redemption at the target date and do not guarantee a particular level of income. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility over shorter time horizons.

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

The views contained herein are those of the authors as of August 2020 and are subject to change without notice; these views may differ from those of other T. Rowe Price associates.

This information is not intended to reflect a current or past recommendation concerning investments, investment strategies, or account types, advice of any kind, or a solicitation of an offer to buy or sell any securities or investment services. The opinions and commentary provided do not take into account the investment objectives or financial situation of any particular investor or class of investor. Please consider your own circumstances before making an investment decision.

Information contained herein is based upon sources we consider to be reliable; we do not, however, guarantee its accuracy.

Past performance is not a reliable indicator of future performance. All investments are subject to market risk, including the possible loss of principal. All charts and tables are shown for illustrative purposes only.

T. Rowe Price Investment Services, Inc.

ID0003536 (08/2020)
202008-1296262