



The Target Date Fund Standard

Ron Surz
President of Target Date Solutions
(949)488-8339
Ron@TargetDateSolutions.com

About Us

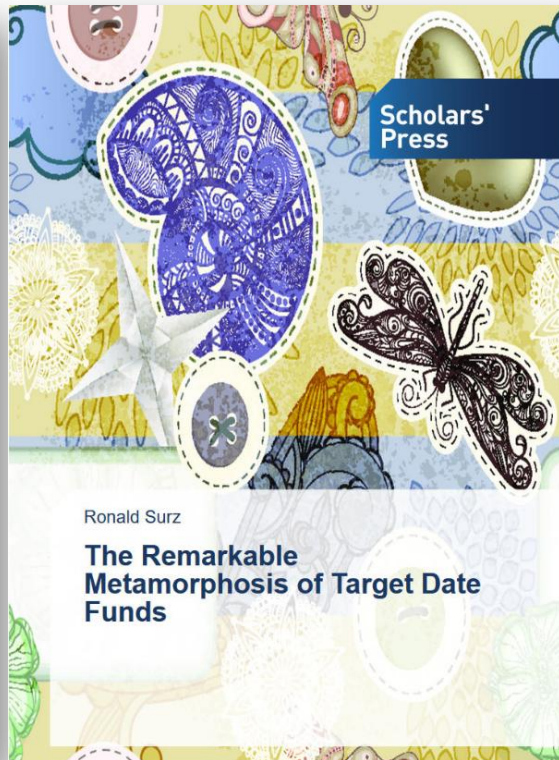
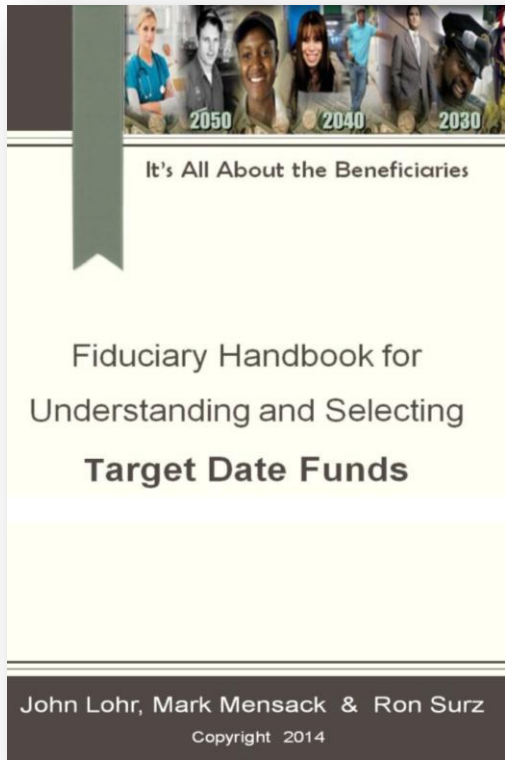
About Ron Surz

- MS in Applied Mathematics, University of Illinois
- Northrop Engineer designing electronic countermeasures to jam heat-seeking missiles
- Senior VP of Investment Policy at AG Becker pension consultants. Advised several \$trillion in asset allocation & investment policy
- MBA Finance, University of Chicago
- Serial entrepreneur : Pension consulting, manager due diligence innovations, target date funds, hedge funds, factor investing...

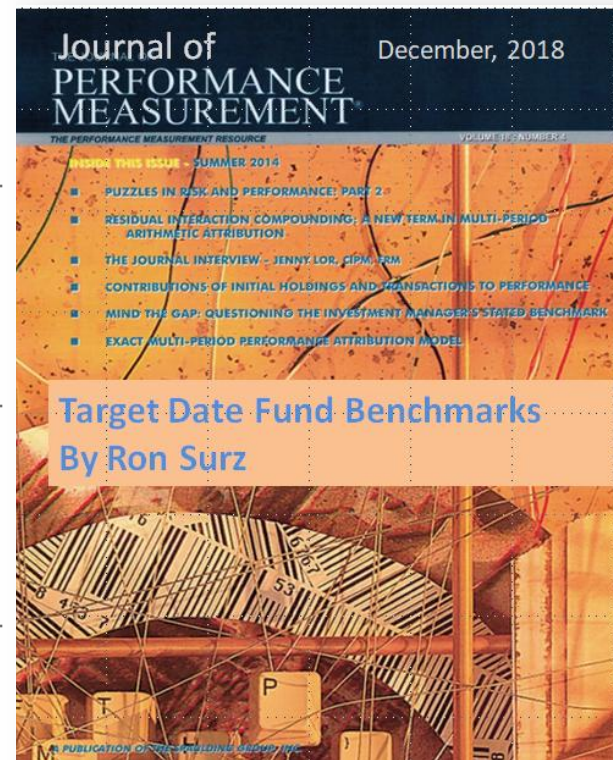
About Target Date Solutions

- DBA of PPCA, a registered investment advisor and 3(38) fiduciary
- PPCA founded in 1992, owned entirely by Ron
- TDS founded in 2008
- Patented Safe Landing Glide Path
- Sub-advisor of the SMART Target Date Fund Index on Hand Benefit & Trust, Houston, launched in 2008
- TDS Book for Fiduciaries is on IFEBP Resource list
- Focus on Prudence
- Fiduciary Library, including videos

Books



Articles



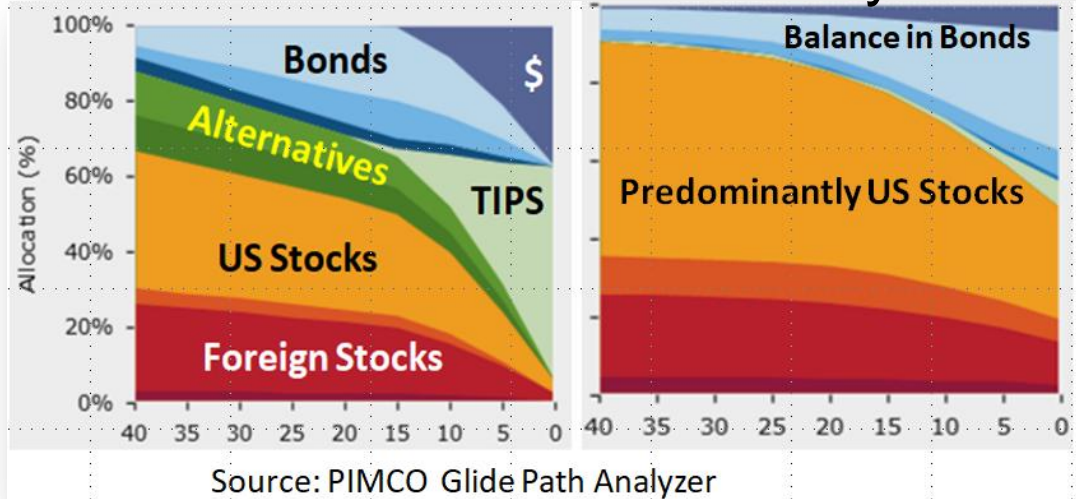
SMART is Best Benchmark

Recommended Reading Available on Request

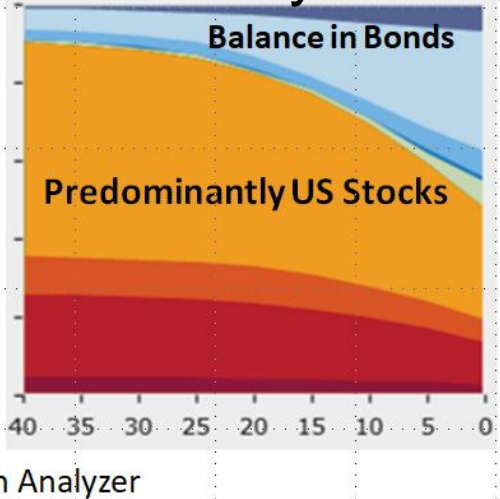
Visit the [Fiduciary Corner](#) for Articles and Videos

NOT Another “Me Too” Fund

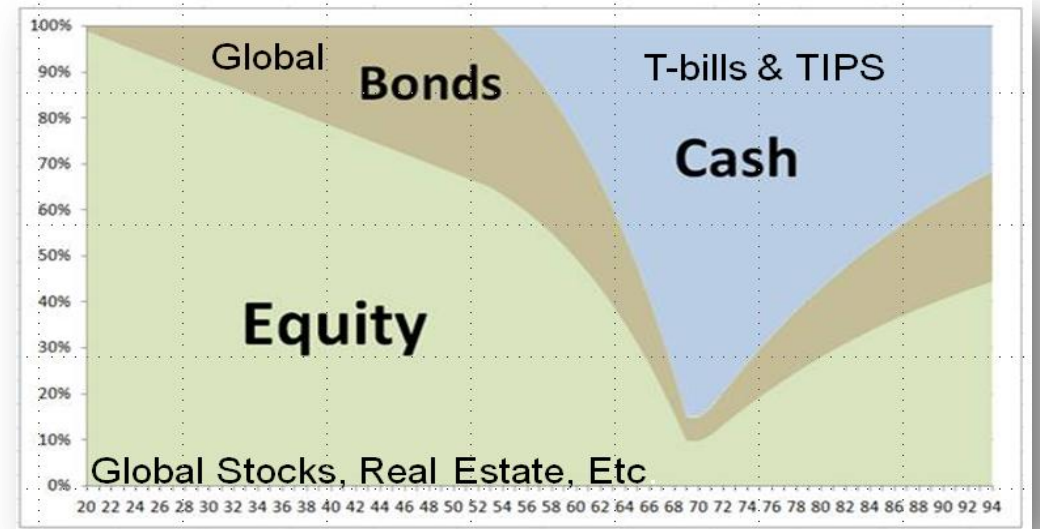
SMART



Industry



U-Shape



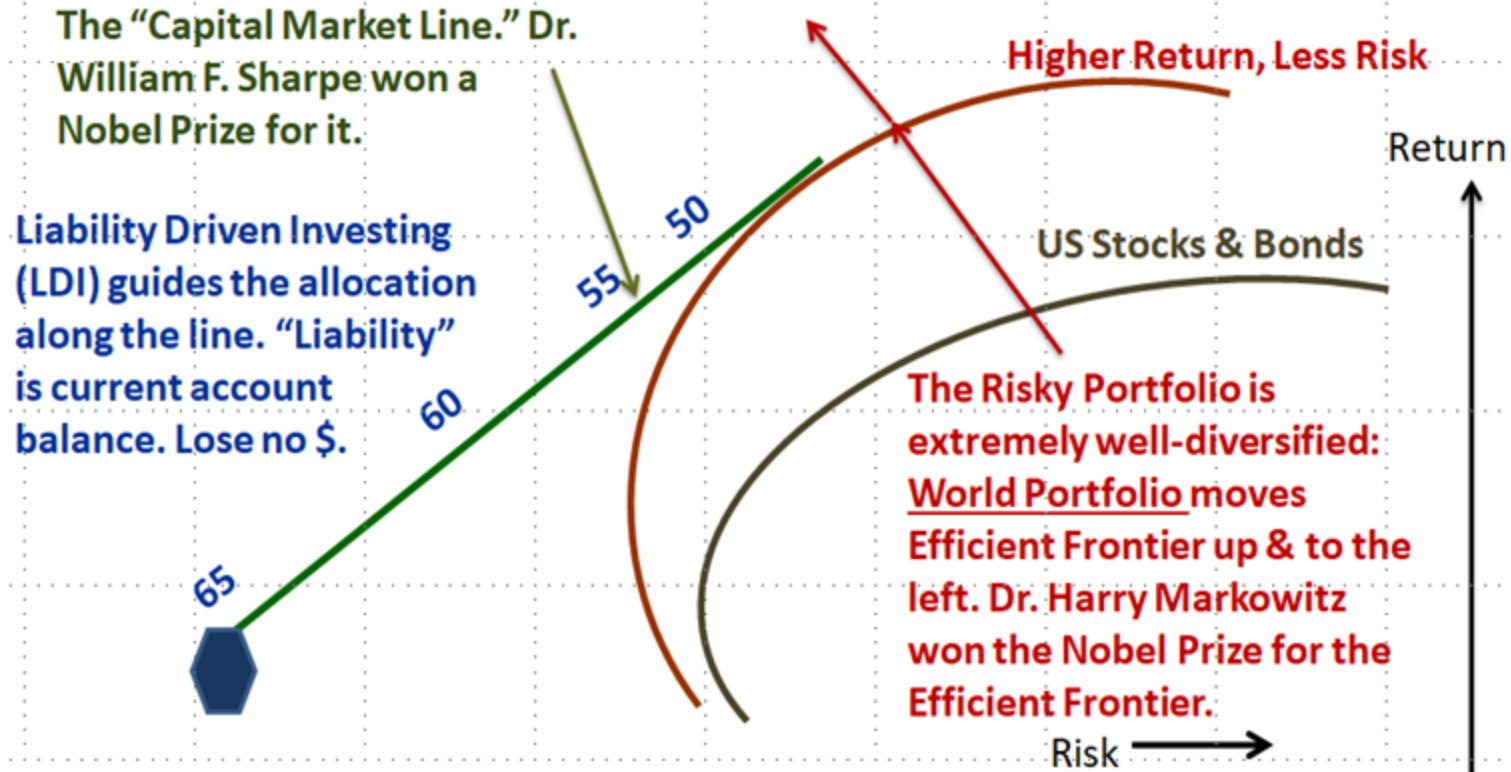
We'd do better for beneficiaries with:

Very Safe at the Target Date, Broad Diversification, U-Shape
Financial Engineering is Patent # 8352349

Patented Safe Landing Glide Path[®]

Unique Investment Structure: [Patent 8352349](#)

Integrates 2 Nobel prize (1990) winning discoveries with principles of modern finance



Whose Objectives Should be Served? Who is the “Client”?



Big 3



SMART

Most assets in TDFs (about 80%) are from defaulted participants

Sticks work: Lawsuits.
Carrots don't

TDFs are Not Vetted

The Duty of Care

Fiduciaries are responsible for harm to their beneficiaries that should have been avoided.

Big 3 are 55% in equities at the target date. Their 2010 funds lost 30% in the 2008 correction.

Beneficiaries need and want more protection.

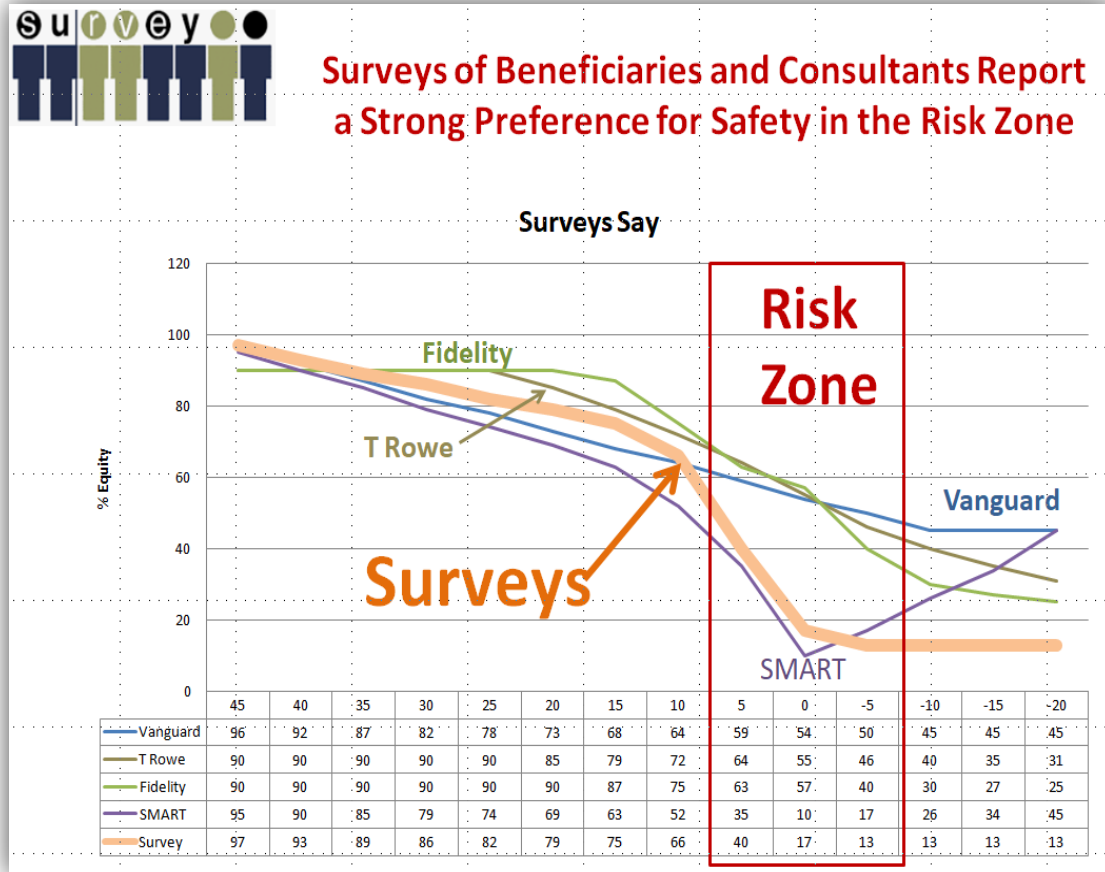
Fiduciaries are not getting the Legal Protection they think, because:
Beneficiaries are not getting the Asset Protection they deserve.



“Pure heart and empty head” is no excuse.



Surveys Report Preference for Safety



Beneficiaries & Consultants Want Asset Protection

[MassMutual Retirement Savings Risk Study](#) examines beneficiary risk preferences in 401(k) plans.

Pacific Investment Management Company (PIMCO) conducted another survey entitled the [“2018 12th Annual DC Consulting Support & Trends Survey”](#).

U-shaped **SMART TDF Index** is real & is best fit for the 20 years spanning the decade before & after retirement

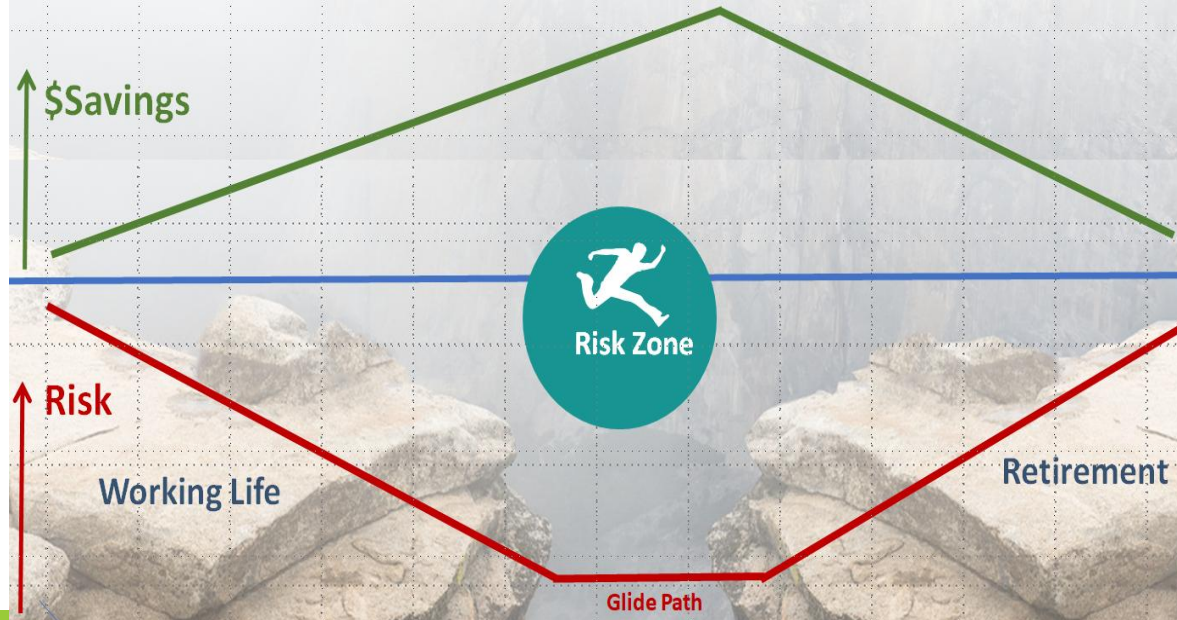
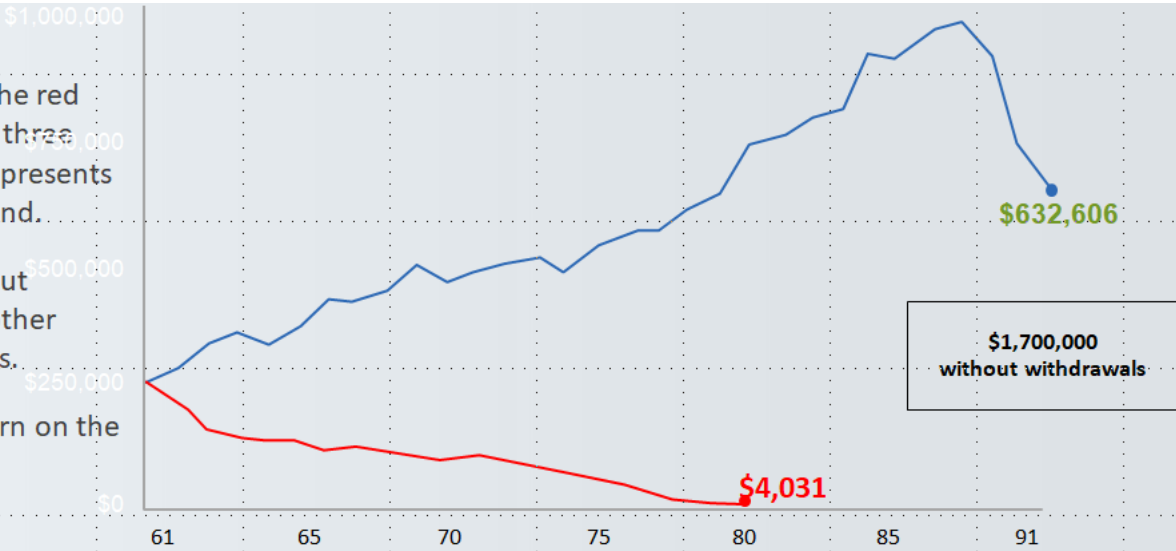
Sequence of Return Risk

This chart shows two 30-year income scenarios. The red line shows a withdrawal plan that started off with three years of negative returns in a row. The blue line represents a withdrawal plan with the negative years at the end.

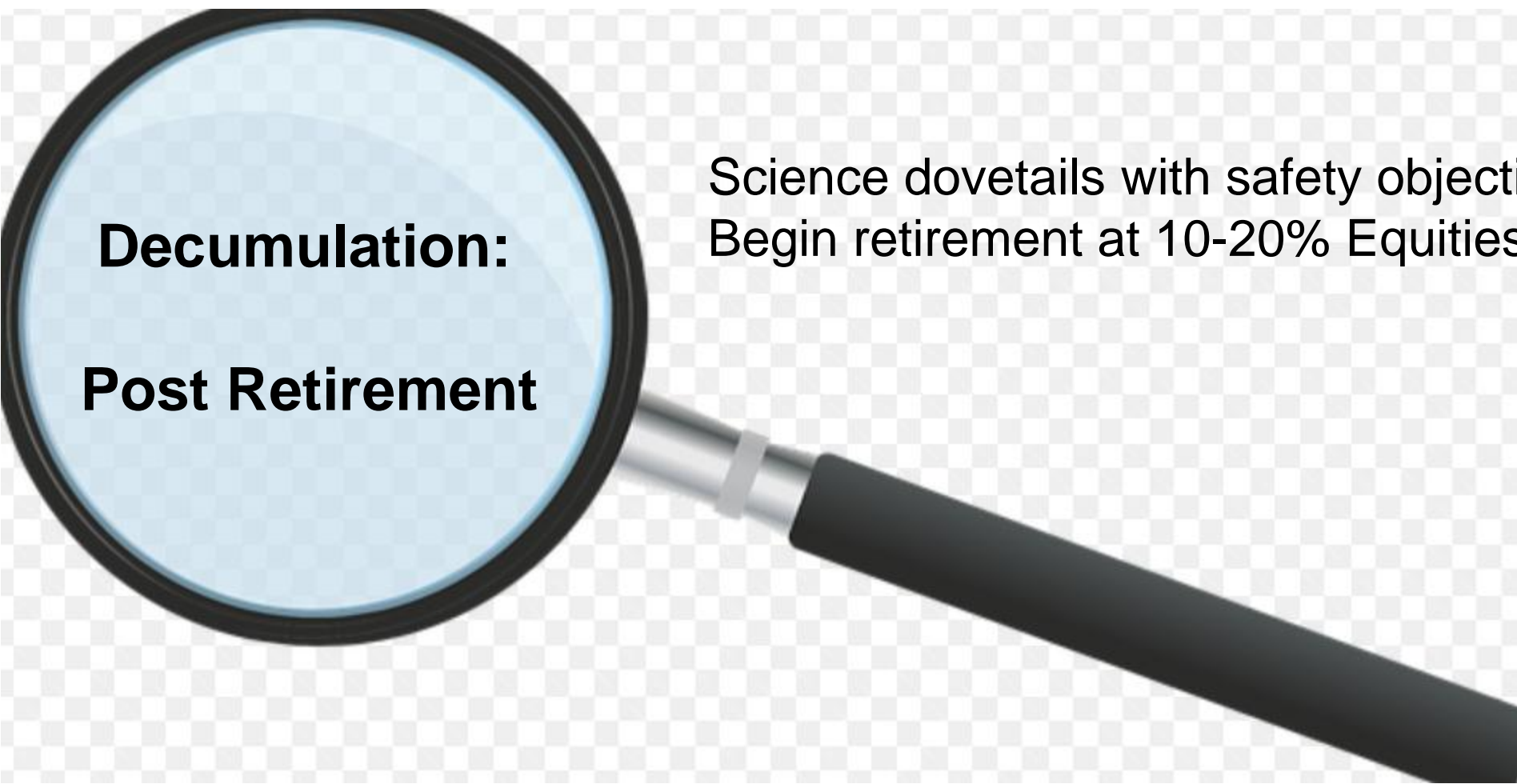
Both plans started with \$250,000 and both took out \$12,500 per year inflated by 3% for inflation. No other actions were taken to manage income withdrawals.

Both plans had a 6.6% average annual rate of return on the underlying investment for the 30-year period.

Source: MFS Research



Save and Protect

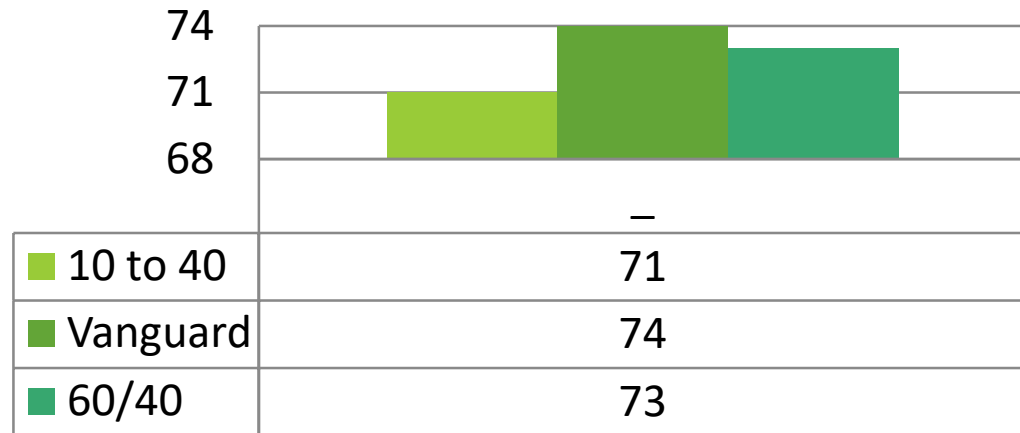


**Decumulation:
Post Retirement**

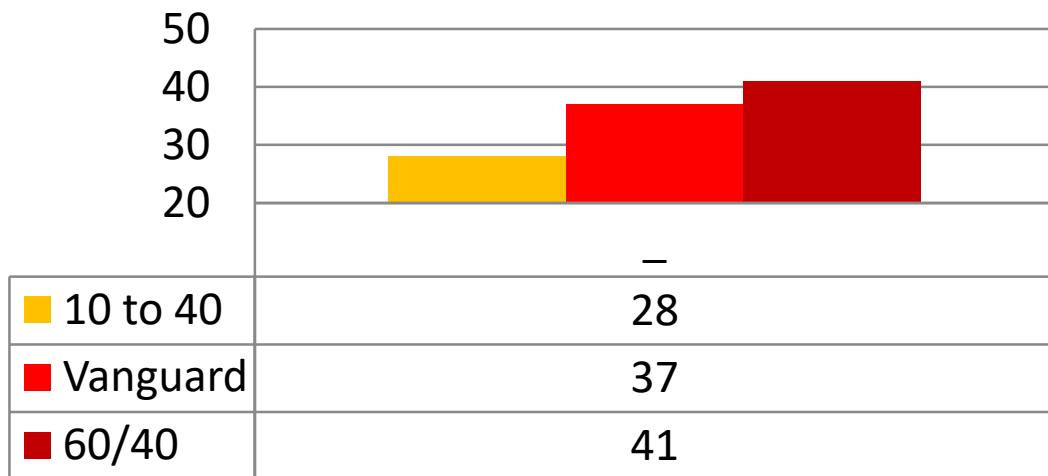
Science dovetails with safety objectives:
Begin retirement at 10-20% Equities

According to PSCA, 25% of employers are encouraging retirees to remain in plan.
There are 75 million Baby Boomers

Probability of Success



Major Shortfall Risk(Very Broke)



Post Retirement Academic Research Supports Increasing Risk in Retirement

[Reducing Retirement Risk With a Rising Equity Glidepath.](#)

Same probability of success with better protection

[Dr Wade Pfau](#) Ph.D and CFA, is Professor of Retirement Income at the American College of Financial Services

[Michael Kitces](#) MSFS, MTAX, CFP, CLU, ChFC, RHU, REBC, CASL, is a highly regarded financial planner who holds Masters Degrees in Financial Services and Taxation, plus extensive professional designations

Also [Richard Fullmer's Framework for Portfolio Decumulation](#) Uses math to prove increasing risk.

U-shape

Beginning retirement at 10% equity means ending working life at 10%. Then increase risk to increase life of investments.

The Prudent Choice



All courses of action are risky, so prudence is not in avoiding danger (it's impossible), but calculating risk and acting decisively.

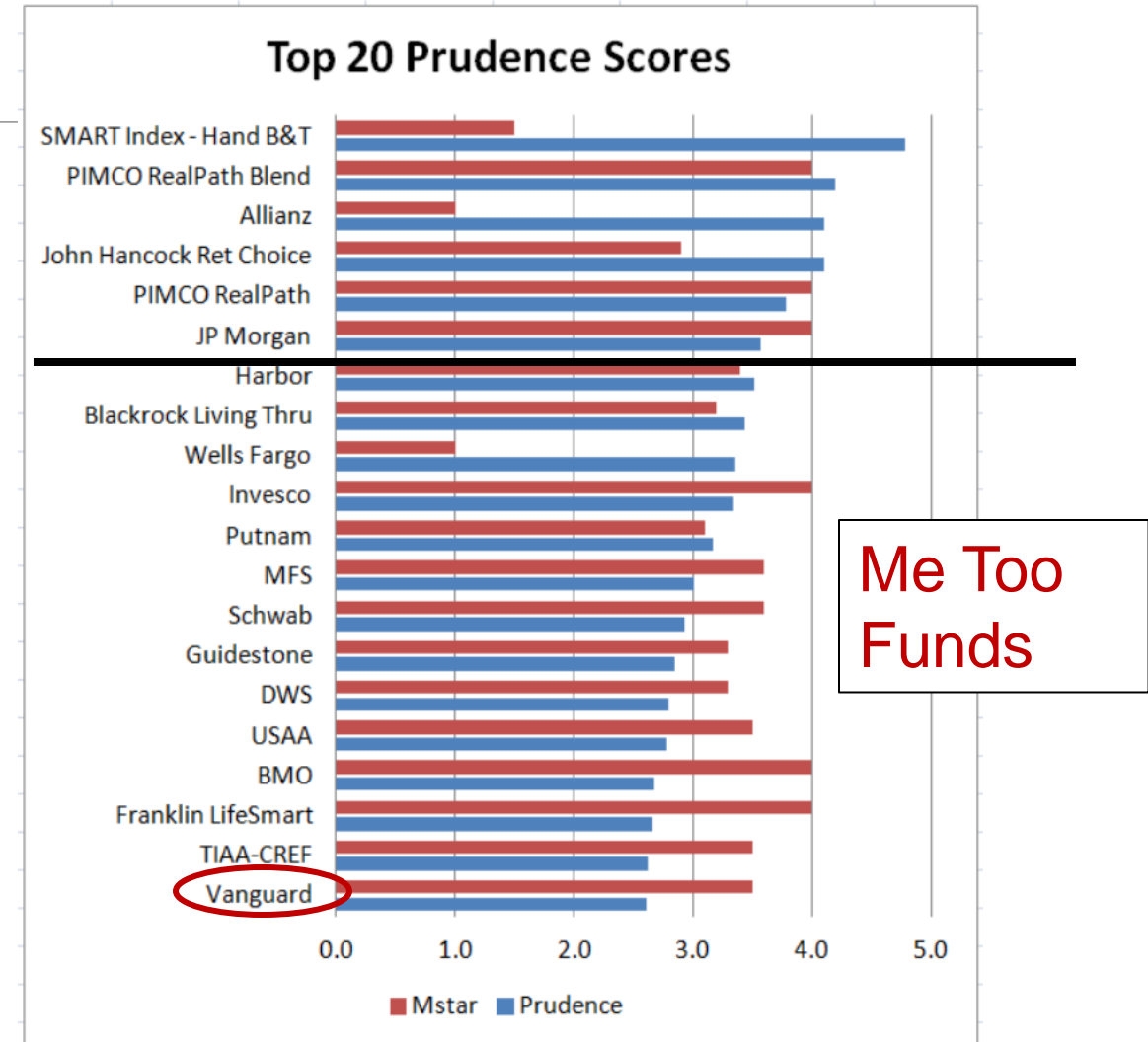
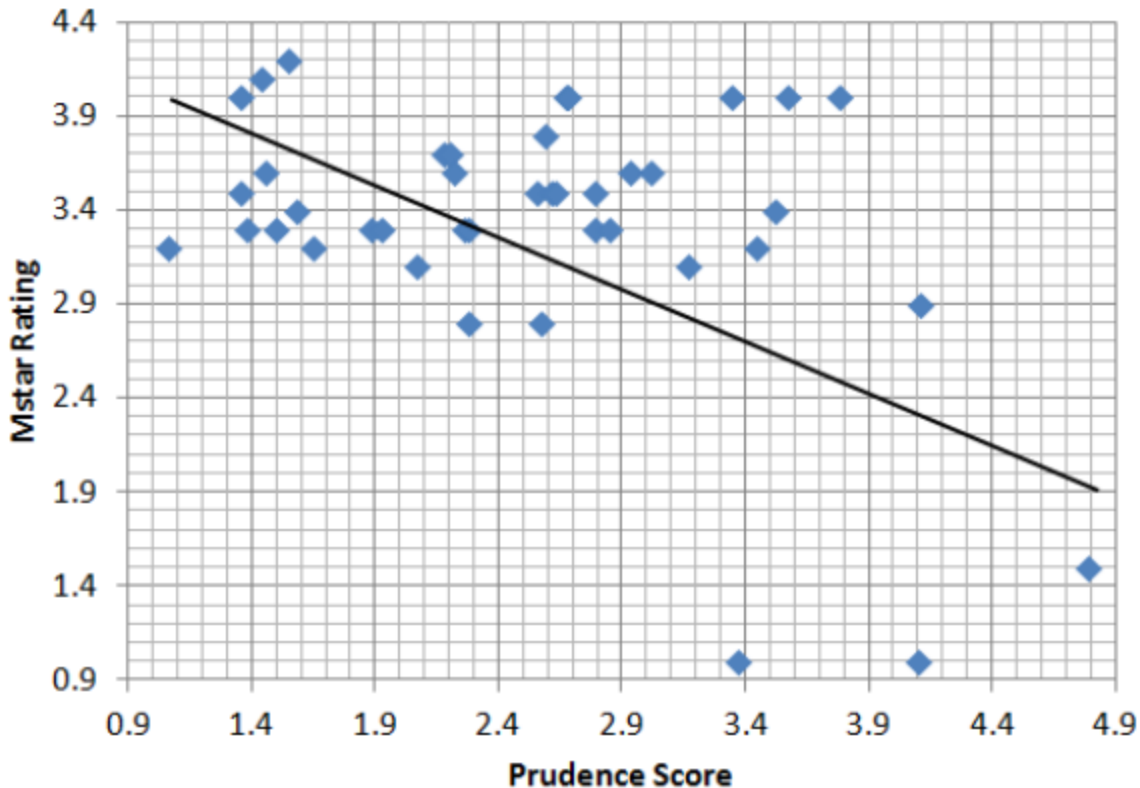
Make mistakes of ambition and not mistakes of sloth.

Develop the strength to do bold things, not the strength to suffer.

NICCOLO MACHIAVELLI. AUTHOR OF *THE PRINCE*

SMART Ranks 1st in Prudence (out of 42): Diversification, Risk Management, Fees

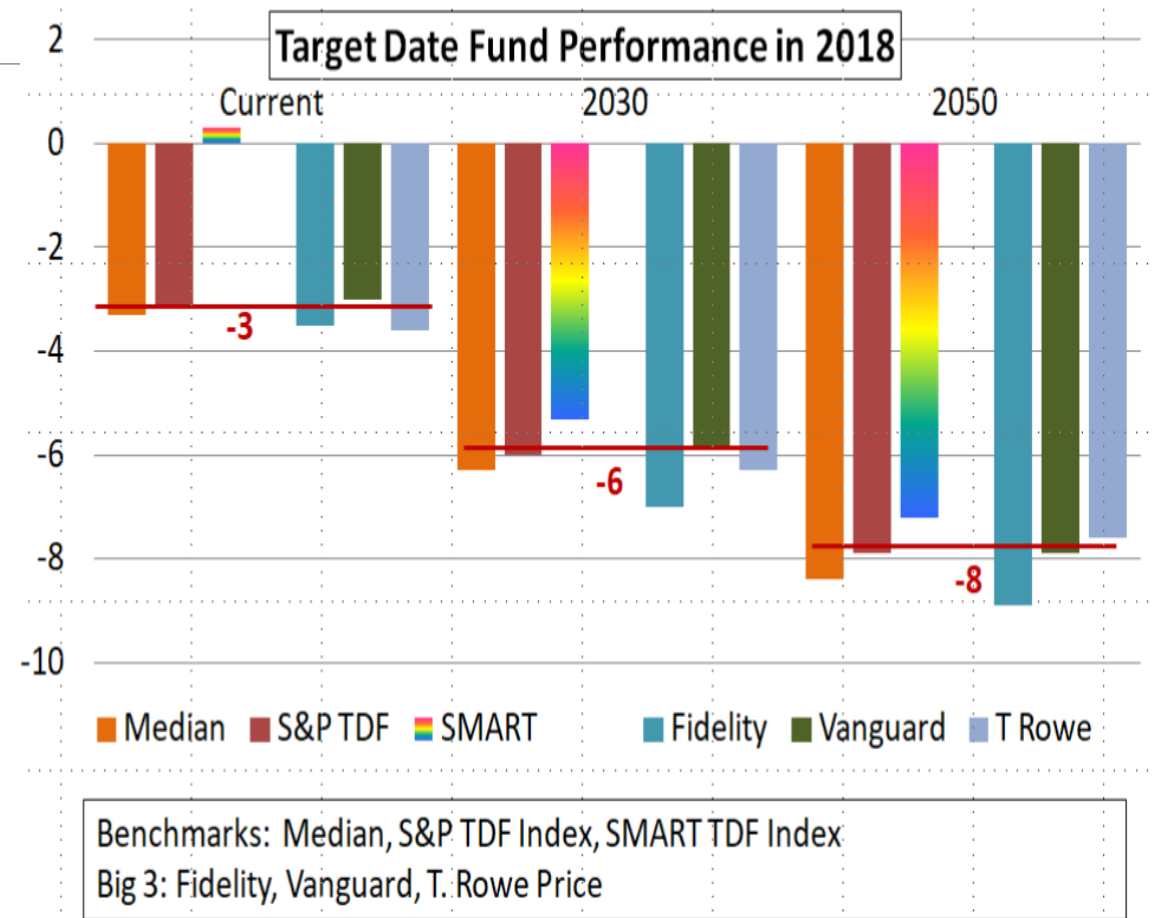
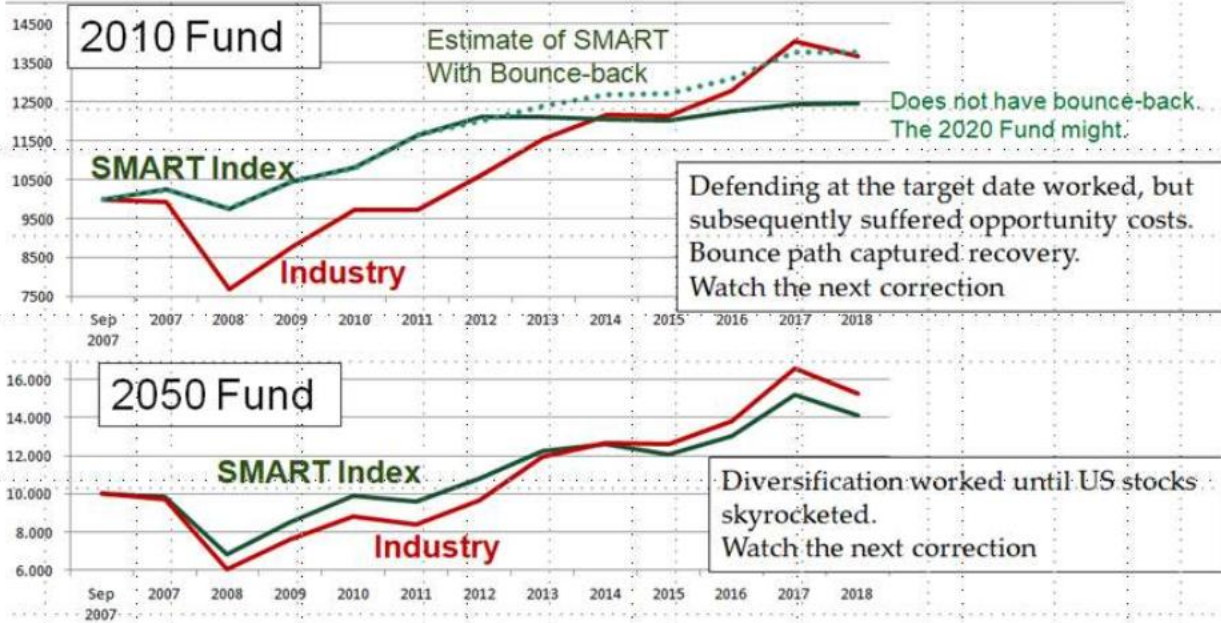
Morningstar Ratings Punish Prudence



Big 3 Ranks: Vanguard ranks 20th, T Rowe & Fidelity are 29th & 30th

Win by Not Losing

Growth of \$10,000 From 9/2007 to 12/2018



Source: Target Date Solutions

(Disclosure: SMART went live in August, 2008. Prior performance is backtested.)

Source: Capital Market Consultants and Target Date Solutions



- ✓ Unique & Better (**Not** a “Me Too”)
- ✓ Best Benchmark
- ✓ Patented (Gene Maloney story)
- ✓ Most Prudent
- ✓ Real Risk Management in the **Risk Zone**
- ✓ Innovative U-shape for Decumulation
- ✓ Proven 10+ Year Track Record

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