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New Target-Date Fund Research from Janus

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New research shows widespread target-date fund misuse and misperceptions by defined contribution plan participants

- 65% of target-date fund holders believe target-date funds need to be combined with other funds to achieve their desired level of retirement income.
- Over 60% of target-date fund holders believe these funds need to be combined with other funds to achieve a diversified portfolio.
- Approximately 60% of target-date fund holders who rely on their employer the most for advice incorrectly believe that target-date funds provide pension-like guarantees.
- More than 40% of target-date fund holders believe a target-date fund is a fund that blends all the other funds in their 401(k) for them.
- 40% of target-date fund holders select the year of the fund based on the year they expect to leave their current employer, even if they don't retire then.

These findings reveal that many participants do not have sufficient understanding of target-date funds or how to use them. Financial advisors who understand the strengths, weaknesses and appropriateness of target-date funds have a largely untapped opportunity to add value for their clients.

Janus recently conducted two in-depth research projects around target-date funds, and is making the findings available to financial advisors who wish to learn more about:

- How participants may be viewing and using target-date funds
- Information sources that participants rely on most to research target-date funds
- The role financial advisors play in providing advice about target-date funds

To learn more about the findings, [download a copy of "The Burden of Good Intentions: Opportunities and Challenges for Target-Date Funds"](#), a paper summarizing the results of Janus' target-date fund research. For more information about Janus' thought papers and market perspectives, [visit janus.com](http://janus.com).



Survey Methodologies

In October 2008, Janus Capital Group engaged Brightwork Partners LLC, an independent provider of investor research, to conduct a proprietary online survey of participants in 401(k) plans. The 503 respondents were employed full- or part-time at for-profit organizations; were contributing to their employer-sponsored 401(k) plan or had a balance of \$1,000 or more; and held one or more target-date fund(s) in their account.

Janus developed a series of proprietary questions in conjunction with PLANSPONSOR designed to provide insight into plan sponsors' target-date fund selection, construction, monitoring, and satisfaction. These questions were included in PLANSPONSOR's annual survey of DC plan sponsors, conducted from July to September 2008. PLANSPONSOR e-mailed approximately 25,000 questionnaires to sponsors of DC plans that were welldiversified by size (less than \$5 million to more than \$200 million in assets); 6,123 usable responses were received by September 2008.

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