Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

However, assets in the Fixed Account (available only in RecordkeeperDirect®-Multifund) are guaranteed by Great-West Life & Annuity Insurance Company, Corporate Headquarters: Greenwood Village, CO, or in New York by Great-West Life & Annuity Insurance Company of New York, Home Office: NY, NY. Payments on investments are subject to the insurer’s claims-paying ability.

American Funds offers a range of share classes designed to meet the needs of retirement plan sponsors and participants. The different share classes incorporate varying levels of advisor compensation and service provider payments.

Figures shown are past results and are not predictive of results in future periods.
Good [morning/afternoon]. I’m [Name], a [Title] with American Funds.
I want to thank you for inviting me here today.
Let’s talk about progress.
Progress comes in different ways.
Sometimes it’s slow and incremental.
Sometimes it comes in a series of breakthroughs.
[CLICK]
Notes

- This is Lawrence Sperry, inventor of the autopilot.
- He and his father were both prolific inventors.
- In 1914, Lawrence entered his autopilot innovation in a Paris aviation safety competition.
- [CLICK]
Notes

• This is an actual photo of a mechanic on the wing and Sperry in the cockpit with his hands raised — demonstrating his autopilot to the judges and the crowd.
• Sperry won first place — a prize of 50,000 Francs.
• Many pilots probably wondered why they needed this, but today the autopilot is an acknowledged safety feature on almost all aircraft. It is the pilot who decides when it is appropriate to engage the autopilot and when not to.
• To apply this innovation to our business, this decision is analogous to the one made with respect to target date funds. Plan sponsors and advisors decide when they are appropriate.

[CLICK]
• Target date funds can be a valuable tool for you and participants.
• In fact, they may be integral to making workplace retirement plans an economically viable business for advisors in an era of fee compression.
• That’s what I’d like to talk about today: the target date fund revolution.
• It can mean better retirement plans for employers and better outcomes for investors.

[CLICK]
Notes

- [This slide contains a series of builds.]
- I’ll cover three areas today:
  - [BUILD reveals left column] First, I’d like to put target date funds in a broader perspective.
  - [BUILD reveals center column] Then, I’d like to talk to you about how you can differentiate among target date fund families.
  - [BUILD reveals right column] And last, I’d like to offer you several ideas to get the most out of the target date fund revolution.

[CLICK]
Notes

- Let's start by putting target date funds in perspective.

[CLICK]
For most of its history, the retirement plan industry assumed more was better. “Your plan only offers 20 investment choices … you should upgrade to 50!” But when we offered participants more choices, few knew how to properly use them. In fact, the increased complexity turned them off.

According to a recent academic study, financial education and training have a 0.1% effect on behavior. UCLA professor Shlomo Benartzi said that the way we teach financial education is akin to teaching high school students algebra in a one-hour course annually — and making attendance optional.

Sparked by the need for a simple and effective default investment option, a breakthrough innovation was created — the target date fund. The beauty of target date funds is that they’re incredibly simple for participants to understand, yet surprisingly sophisticated investments.

Their simplicity is evident to participants when used as a default investment. But when you look under the hood, there’s a large degree of sophistication at work.
Notes

- We have several decades of experience now in designing and operating 401(k) plans. How’s it working?
- Here’s a scenario that’s all too common.
- If we just looked at the overall asset allocation for a plan with a typical range of participants and found a 60/40 equity-to-fixed-income ratio, it wouldn’t raise any alarms.
- But the real story is almost always different at the participant level.

[CLICK]
What’s Wrong With This Plan’s Asset Allocation?

Participants’ Asset Mixes Can Be All Over the Map

(1,500 participants each identified by a data point symbol 🌟)

Note: This is a hypothetical example that doesn’t reflect actual data.

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Notes

• [This slide contains a series of builds.]
• When participants construct their own portfolios, their selections can be literally all over the map.
• [BUILD reveals blue diamonds] An uncomfortably high proportion end up at the two extremes of asset allocation — all fixed income or all equity.
• [BUILD reveals blue glide path over blue diamonds] Relatively few fall into the suggested balance of a target date fund glide path, as shown by the blue band.

[CLICK]
We’ve Learned From Experience

The Challenges of Participant-Directed Plans

- Financial education is challenging
- Large investment menus can intimidate
- Personalized assistance is labor-intensive

Notes

- Think about the investment challenges of a workplace retirement plan.
- It’s certainly a challenge to deliver education to participants.
- Folks are often scared off by a lengthy list of investment options.
- And, it’s time- and labor-intensive to offer one-on-one assistance to all participants.

[CLICK]
Notes

- [This slide contains a build.]
- Target date funds reflect the best thinking of our industry.
- [BUILD begins animation] In fact, they incorporate knowledge from other academic areas.
- Their innovation was heavily influenced by the emerging field of behavioral finance (the power of simplicity), while incorporating the latest investment science developments — including complex computer modeling, Monte Carlo simulations, asset-class correlation analysis and more.

[CLICK]
• While target date funds could be considered a revolutionary breakthrough in workplace retirement plans, they’re actually the most recent evolutionary step in a progression of professionally managed investments.
• Long ago we were limited to individual stocks and bonds.
• Through the decades we’ve evolved to age-based, dynamically managed funds of funds — or put simply, target date funds.
• Now, like all innovations, target date funds are not without their critics.
• No doubt when mutual funds were first introduced, some advisors felt these vehicles were “taking away their job.”
• And it’s interesting to think about where we’re headed.
• Dynamic asset-allocation funds, such as target date funds, are already being introduced to help participants pursue other investment goals, like saving for college through 529 plans.
The Popularity of Target Date Funds Is Soaring
An Increasingly Important Part of Retirement Plans

Notes

• According to Morningstar, target date fund assets totaled just $71 billion in 2005 — that’s prior to the Pension Protection Act (PPA), which established target date funds as a viable qualified default investment alternative, often referred to as a QDIA.

• Assets have spiked tenfold to $753 billion and are projected to reach $1.3 trillion by 2020.

• And, there’s still room to grow: There’s a huge untapped opportunity to use target date funds with rollover IRAs and with SEPs and SIMPLEs.

[CLICK]
So what does the future hold for target date funds?

According to investment consultant Strategic Insight, target date strategies across all vehicles, including insurance separate accounts, will account for nearly a quarter of all DC assets by 2020.

That translates to growth of over 50% to $2.1 trillion in assets.

If this projection is even close to where we’re headed, you should be asking yourself: “How can I take advantage of this trend?”

[CLICK]
• We've talked about the advanced design of target date funds, but what really matters is: DO THEY WORK?
• You tell me.
• One of these bar graphs represents the range of five-year returns of plan participants who assemble their portfolio from a menu of individual funds — the traditional approach.
• The other is the range of five-year returns of those who just picked the appropriate target date fund.
• Want to guess which is which?
• [BUILD reveals labels “Do-it-yourselfers” and “Target date fund users”] There is the potential for a tighter range of outcomes among participants investing in target date funds vs. those constructing their own portfolios.
• Please note that this study covers a five-year period. Results should be evaluated over longer periods of time.

Notes
• When participants’ asset allocations are out of whack, it’s both a threat and an opportunity for plan sponsors.
• If sponsors do nothing to improve this situation, they could be accused of being negligent in their responsibilities.
• But fixing this has now become much easier, thanks to target date funds. In fact, as we’ll see in a few minutes, plan sponsors can do much more than simply add target date funds.
• I love this quote from Callan that suggests that target date funds can protect participants … from themselves.

[CLICK]
Notes

- Target date funds are not just for retirement anymore.
- Their use has extended well beyond the realm of employer-sponsored DC plans.
- They're widely used as age-based investment options in 529 college savings plans.
- They can be used in individual IRAs, including rollovers.
- Also, they can be used in SIMPLEs and SEPs.
- And we’ve made our target date funds available in nonretirement share classes: A, C and F.
- So the market for these products is quite broad.

[CLICK]
Notes

- Target date funds aren’t exactly like ordinary funds.
- Some advisors may be wary of target date funds, thinking that this product could diminish their role.
- That’s not the case. The role you play as a plan’s advisor will shift; you will be freed up to devote more time to helping plan sponsors.
- Evaluating target date plans skillfully is extremely important.
- Helping plan sponsors evaluate and monitor target date funds would be something valuable to them and can set you apart.
- Let’s talk about the evaluation of target date fund families.

[CLICK]
Let's review the five factors you should consider when evaluating target date funds:

- **Glide path design**
- **Management experience**
- **Quality of underlying funds**
- **Costs**
- **Results**

[CLICK]
Let’s lay a foundation for our discussion by reviewing the basics.

One of the most lively debates in the industry is “to” vs. “through” glide path design.

“Through” funds are designed with the assumption that, at the retirement date, a participant will begin taking distributions from the fund over a span of two to three decades. Consequently, an appropriate portion of the fund will be allocated to meeting this longevity challenge.

“To” funds assume that a participant will withdraw and “use” their retirement savings at the target date. Consequently, they put a higher focus on reducing volatility (becoming more conservative) as the participant approaches the retirement date and beyond.

“To” proponents may also assume that many participants will leave the plan at some point prior to retirement.

However, life spans are expanding, and retirees will have to stretch their assets for two or three decades in retirement. A “to retirement”-designed glide path puts the onus of investment selection during retirement on participants.

[CLICK]
Here you see the typical target date fund glide path. As you may know, the equity portion rolls down over the years, as the bond allocation increases.

We’ve placed against this glide path the goals that participants are pursuing at the three investment stages: accumulation, transition and distribution.

As you can see, as participants’ goals evolve over time, the asset mix in target date funds changes as well. This is true for all glide paths in the industry.

[CLICK]
Now let's take a look at a typical target date fund glide path. As you see, it divides assets into equity, fixed income and money market/short-term funds.
• Many glide paths are managed based on asset classes.
• In contrast, we at American Funds believe that target date glide paths should be oriented around investor objectives.
• The American Funds Target Date Retirement Series® is oriented toward the same objectives around which the underlying equity funds have been managed since the 1930s: growth, growth-and-income and income.
• Equity-income funds increase gradually over time, eventually dominating the equity allocation in retirement.
• Growth-and-income funds remain heavily emphasized, even at retirement, but diminish over time.
• And as you can see, growth funds diminish sharply in the 20 years immediately before retirement. [CLICK]
In this chart, you see a static equity glide path that doesn’t shift the exposure from growth equity toward income-oriented equity.

- It keeps the mix of income and growth equity funds constant.
- As a result, this static approach misses out on potential opportunities to reduce volatility and provide income in retirement.
- Now, some traditional glide paths break down the equity exposure by market cap, style and geography (meaning, non-U.S. and U.S. stocks). But they don’t map out the income orientation of the equity exposure over time.
- This means that a 65-year-old investor has the same equity mix as a 25-year-old investor. In our opinion, that doesn’t make sense.
Notes

- [This slide contains a build.]
- Now let’s take a look at how American Funds manages the equity side of the portfolios.
- Our approach helps mitigate two key risks of retirement investing — market risk and longevity risk.
- Our funds essentially have an equity glide path within the overall glide path.
- Our equity glide path reduces the overall equity exposure as investors age.
- But it also changes the nature of the equity exposure over time.
- It shifts the exposure to focus more on income strategies, which have tended to be less volatile. And it shifts the exposure away from more volatile equities, such as growth, emerging markets and small-cap stocks.
- [BUILD reveals white arrow] As you can see, equity income increases over time while growth equity decreases.
- The end result has potentially less volatility while still maintaining a healthy equity allocation.
[CLICK]
Let’s take a look at the results of our “glide path within a glide path” approach.

In this chart, the y-axis shows the percentage of the fund in equities as of December 31, 2015.

The x-axis shows volatility as measured by the three-year standard deviation.

The blue dots represent each of the American Funds target date funds.

The gray dots are the peer averages for each Morningstar target date category.

As you can see, the American Fund target date funds — the blue dots — are generally above the gray dots, indicating higher equity exposure.

Remember that the x-axis is volatility. If the blue dots are near or to the left of the gray dots, that signifies that the American Funds target date series has similar or less volatility than its Morningstar peers, despite its higher equity exposure.

So our funds generally have had higher equity exposure with similar or lower levels of volatility.

This illustrates the potential benefit of a dividend equity approach as participants enter retirement, the period during which longevity and market risk concerns are at the fore.

[CLICK]
### Our Approach Manages Longevity Risk and Market Risk

**How American Funds Target Date Retirement Series Stacks Up**

<table>
<thead>
<tr>
<th>Results for the Five-Year Period Ended December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>American Funds 2060 Target Date Retirement Fund</strong>&lt;sup&gt;*&lt;/sup&gt; (R-3)&lt;br&gt; Morningstar Target Date 2051+ Funds</td>
</tr>
<tr>
<td>American Funds 2055 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2051+ Funds</td>
</tr>
<tr>
<td>American Funds 2050 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2046-2050 Funds</td>
</tr>
<tr>
<td>American Funds 2045 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2041-2048 Funds</td>
</tr>
<tr>
<td>American Funds 2040 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2036-2040 Funds</td>
</tr>
<tr>
<td>American Funds 2035 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2031-2035 Funds</td>
</tr>
<tr>
<td>American Funds 2030 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2026-2030 Funds</td>
</tr>
<tr>
<td>American Funds 2025 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2021-2025 Funds</td>
</tr>
<tr>
<td>American Funds 2020 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2016-2020 Funds</td>
</tr>
<tr>
<td>American Funds 2015 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2011-2015 Funds</td>
</tr>
<tr>
<td>American Funds 2010 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2000-2010 Funds</td>
</tr>
<tr>
<td>American Funds 2005 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 2000-2005 Funds</td>
</tr>
<tr>
<td>American Funds 2000 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 1996-2000 Funds</td>
</tr>
<tr>
<td>American Funds 1995 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 1991-1995 Funds</td>
</tr>
<tr>
<td>American Funds 1990 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 1986-1990 Funds</td>
</tr>
<tr>
<td>American Funds 1985 Target Date Retirement Fund* (R-3)&lt;br&gt; Morningstar Target Date 1981-1985 Funds</td>
</tr>
</tbody>
</table>

*American Funds 2060 Target Date Retirement Fund launched on March 27, 2015.

Volatility measured by annualized standard deviation (based on monthly returns) over the five-year period ending December 31, 2015, calculated at net asset value by Morningstar.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Investment results, when applicable, reflect fee waivers and/or expense reimbursements, without which results would have been lower and expenses would have been higher. Please see americanfundstableteetirement.com for more information.

Sharpe ratio is calculated by using standard deviation and excess returns to determine yield per unit of risk. The higher the Sharpe ratio, the better the portfolio’s risk-adjusted performance.

The retirement efficiency ratio illustrates a target date fund’s amount of equity per unit of volatility, which indicates how the fund balances market and longevity risk. It is calculated by dividing the five-year average equity exposure as of December 31, 2015 by the five-year standard deviation. A higher number indicates greater efficiency in addressing both risks.

- [NOTE: CORE CONTENT SLIDE 8 – UPDATED ANNUALLY.]
- This table shows the data from the previous slide in a tabular format, plus the five-year average annual return, five-year Sharpe ratio and the Retirement Efficiency Ratio.
- The Retirement Efficiency Ratio illustrates a target date fund’s amount of equity per unit of volatility, which indicates how the fund balances market and longevity risk. It is calculated by dividing the five-year average equity exposure as of December 31, 2015 by the five-year standard deviation. A higher number indicates greater efficiency in addressing both risks.
- We’re using the R-3 share class here and throughout the presentation.

[CLICK]
Factor 2: Evaluate Manager Experience

Our Series Has the Highest Manager Retention Rate in the Industry

- **American Funds Target Date Retirement Series average**: 9.5 years
- **Target date fund industry average**: 5.8 years

Strength in numbers:
- **100%** of our portfolio managers have 10+ years of experience.
- **83%** of our fixed-income portfolio managers experienced the difficult 1994 bond market.
- **41%** of our portfolio managers experienced the October 1987 crash.

*Source: Morningstar, Inc. 2015 Target-Date Fund Landscape, April 7, 2015.*

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Notes

- Let’s take a look at the second factor you should consider when evaluating target date families — the level of *experience* of the people managing the series.
- You see on this slide the results of a recent Morningstar study — the portfolio managers of our target date series’ underlying funds have significantly longer average tenure than the industry average.

[CLICK]
Moving to our third factor — the *quality* of the underlying funds.
- A target date fund is only as good as its underlying funds.
- Many of the individual American Funds are the same ones we’ve been offering to plan sponsors and advisors for years.
- These underlying funds have long and distinguished track records — in fact, our underlying funds have outpaced their respective Lipper peer indexes in 92% of rolling 10-year periods.
Morningstar’s “Fantastic 45” Lists 11 American Funds

"American Funds Target Date Retirement series’ enduring appeal stems from its standout equity strategies."
– Morningstar Target-Date Fund Series Report, March 31, 2016

New World Fund®
EuroPacific Growth Fund®
AMCAP Fund®
The Growth Fund of America®
New Perspective Fund®
Capital World Growth and Income Fund®
The Investment Company of America®
Washington Mutual Investors Fund™
American Balanced Fund®
American Funds Global Balanced Fund™
Capital Income Builder®

2060 2055 2050 2045 2040 2035 2030 2025 2020 2015 2010

American Funds Target Date Retirement Series Funds

• [NOTE: CORE CONTENT SLIDE 12 – UPDATED ANNUALLY.]

• Morningstar, in a September 13, 2016 Fund Spy article, put together a rigorous study of individual mutual funds.

• It tested nearly 8,000 funds in their database based on the following criteria:
  — Must beat the fund’s benchmark since the start date of the longest-tenured manager
  — Must have expense ratios in the cheapest quintile of the category
  — Must have a manager who has run the fund for at least five years
  — Must have a Morningstar Analyst Rating of Bronze or better
  — Must have a Parent rating of Positive
  — Must have at least one manager with more than $1 million invested
  — Must have overall Morningstar Risk that is below the High level

• After rigorous analysis, a grand total of 45 funds — out of nearly 8,000 — made the list.

• I’m happy to say that 11 of those funds are American Funds.

• I’m also pleased to tell you that all 11 of those funds from Morningstar’s “Fantastic 45” are included in our target date series — more than any other target date family in the industry.

[CLICK]
The fourth factor to consider when evaluating any target date fund series is cost. Over the course of decades of investing, high costs can really take a toll. Cost is crucial to retirement plan investors. You can see, in the box on the right, what the Department of Labor had to say about the importance of costs in retirement savings.

Low costs can help plan sponsors show that they have plan participants’ best interests in mind. We offer a range of share class options that are designed to meet the needs of plan sponsors and participants. The different share class options incorporate various advisor compensation and service provider fees.

How do American Funds target date funds stack up on costs? [REFER TO SLIDE] The American Funds target date funds are among the lowest cost, actively managed target date funds in the industry. In fact, all but one of our funds have lower costs than those of their respective industry averages, as of the most recent prospectus.
We believe that the design of our target date fund series — and the glide path in particular — has contributed to a history of above-average results with lower relative volatility.

This chart shows lifetime results and volatility for our target date funds versus their Morningstar peers. The blue dots represent American Funds and the gray dots are Morningstar peer average funds.
Working with American Funds Has Benefited Investors

R-3 Lifetime Fund Returns Compared to Morningstar Averages (February 1, 2007 to December 31, 2015*)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Standard Deviation (%)</th>
<th>Average Annual Lifetime Total Return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Funds Target Date 2060 (R-3)**</td>
<td>12.70</td>
<td>9.03</td>
</tr>
<tr>
<td>Morningstar Target Date 2051+</td>
<td>12.70</td>
<td>9.03</td>
</tr>
<tr>
<td>American Funds Target Date 2055 (R-3)</td>
<td>11.90</td>
<td>9.74</td>
</tr>
<tr>
<td>Morningstar Target Date 2051+</td>
<td>12.70</td>
<td>9.03</td>
</tr>
<tr>
<td>American Funds Target Date 2050 (R-3)</td>
<td>14.56</td>
<td>5.01</td>
</tr>
<tr>
<td>Morningstar Target Date 2046–2050</td>
<td>15.03</td>
<td>3.42</td>
</tr>
<tr>
<td>American Funds Target Date 2045 (R-3)</td>
<td>14.54</td>
<td>5.01</td>
</tr>
<tr>
<td>Morningstar Target Date 2041–2045</td>
<td>16.04</td>
<td>3.35</td>
</tr>
<tr>
<td>American Funds Target Date 2040 (R-3)</td>
<td>14.52</td>
<td>5.00</td>
</tr>
<tr>
<td>Morningstar Target Date 2036–2040</td>
<td>15.42</td>
<td>3.32</td>
</tr>
<tr>
<td>American Funds Target Date 2035 (R-3)</td>
<td>14.39</td>
<td>4.94</td>
</tr>
<tr>
<td>Morningstar Target Date 2031–2035</td>
<td>15.24</td>
<td>3.46</td>
</tr>
<tr>
<td>American Funds Target Date 2030 (R-3)</td>
<td>14.12</td>
<td>4.94</td>
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<tr>
<td>Morningstar Target Date 2026–2030</td>
<td>13.98</td>
<td>3.11</td>
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<tr>
<td>American Funds Target Date 2025 (R-3)</td>
<td>13.44</td>
<td>4.57</td>
</tr>
<tr>
<td>Morningstar Target Date 2021–2025</td>
<td>13.48</td>
<td>3.18</td>
</tr>
<tr>
<td>American Funds Target Date 2020 (R-3)</td>
<td>12.00</td>
<td>4.06</td>
</tr>
<tr>
<td>Morningstar Target Date 2016–2020</td>
<td>11.30</td>
<td>3.18</td>
</tr>
<tr>
<td>American Funds Target Date 2015 (R-3)</td>
<td>10.71</td>
<td>3.84</td>
</tr>
<tr>
<td>Morningstar Target Date 2011–2015</td>
<td>10.62</td>
<td>2.96</td>
</tr>
<tr>
<td>American Funds Target Date 2010 (R-3)</td>
<td>9.83</td>
<td>3.59</td>
</tr>
<tr>
<td>Morningstar Target Date 2000–2010</td>
<td>8.78</td>
<td>3.30</td>
</tr>
<tr>
<td>Standard &amp; Poor’s 500 Composite Index</td>
<td>15.89</td>
<td>6.22</td>
</tr>
<tr>
<td>MSCI ACWI ex USA</td>
<td>19.91</td>
<td>0.40</td>
</tr>
<tr>
<td>Barclays U.S. Aggregate Index</td>
<td>2.09</td>
<td>4.59</td>
</tr>
</tbody>
</table>

Source: Morningstar for Morningstar category averages and indexes. Capital Group for American Funds Target Date Retirement Series.

* Results for the 2005 Fund are from fund inception on February 1, 2010, to December 31, 2015.

** American Funds 2060 Target Date Retirement Fund launched on March 27, 2015.

Volatility is measured by annualized standard deviation (based on monthly returns) over the fund’s lifetime, calculated at net asset value by Morningstar. The Barclays U.S. Aggregate Index is a measure of the broad fixed-income market. The S&P 500 is a measure of large company U.S. stocks. MSCI ACWI ex USA measures stock markets in more than 40 developed and developing countries except for the U.S. Indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the funds have lagged the indexes.

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Notes

- **[NOTE: CORE CONTENT SLIDE 4 – UPDATED ANNUALLY.]**
- This table shows the same data as the previous slide in a tabular format.

[CLICK]
Let’s review the five factors you should consider when evaluating target date funds:
- Glide path design
- Management experience
- Quality of underlying funds
- Costs
- Results

[CLICK]
American Funds Can Help

- Target date fund evaluation white paper
- Target Date ProView℠
- Target Date Fund Peer Analysis
- Call your financial professional

Notes

- [NOTE: THIS SLIDE CAN’T BE USED WITH A PUBLIC AUDIENCE.]
- [This slide contains a build.]
- American Funds has a number of tools to assist you with evaluating target date funds.
- [BUILD reveals TDF evaluation white paper thumbnail and bullet] First, we have a white paper authored by our leading thinkers on the subject of target date fund evaluation.
- [BUILD reveals Target Date ProView℠ bullet] Second, we have a powerful online tool that makes target date fund evaluation easier than ever. American Funds Target Date ProView creates a client-ready, U.S. Department of Labor-aligned document comparing funds.
- [Use of Target Date ProView℠ may be subject to approval by your home office.]
- [BUILD reveals TDF Peer Analysis thumbnail and bullet] Third, we offer a target date fund peer analysis, which compares several metrics of many leading target date fund families.
- [BUILD reveals call financial professional bullet] You can order a copy of the peer analysis by contacting your financial professional.

[CLICK]
Now, let's get practical with some specific ideas for using target date funds within your investment lineup.

[CLICK]
We can start the discussion by reconsidering the sequence of decisions when considering a new platform. Traditionally, the plan’s recordkeeper has often been selected before individual investments were chosen. When it came to investment flexibility, the recordkeeper was deemed acceptable if it offered a reasonably broad array of quality funds. But given the growing importance of target date funds, many are rethinking this approach and concluding that selecting the target date funds should perhaps be the very first decision a plan sponsor or advisor makes. In addition, the Department of Labor came out with guidance in 2013 recommending that plan sponsors put in place a process for selecting and evaluating target date funds offered in plans.
Notes

• Of course, our target date funds are available within our proprietary recordkeeping solutions.
• These are RecordkeeperDirect® and PlanPremier®.
• The RecordkeeperDirect®-Multifund program offers the funds through a group annuity.

[CLICK]
But did you know that our target date funds are also available on many other recordkeeping platforms? Here’s a list.

You’re looking at a wide range of some of the most respected recordkeepers in the industry.

Please keep in mind that not all of the recordkeepers shown are approved for use at all broker-dealers.

Check with your home office for specifics regarding your firm.

[CLICK]
Notes

• [This slide contains a series of builds.]
• Now, I know that you may be familiar with target date funds.
• But I’d just like to take a moment to reinforce the features and benefits that have made them so popular.
• Target date funds offer a host of features and benefits:
  — [BUILD reveals ”Easy selection”] Easy selection
  — [BUILD reveals ”Dynamic asset allocation”] Dynamic asset allocation
  — [BUILD reveals ”Broad diversification”] Broad diversification
  — [BUILD reveals ”Automatic rebalancing”] Automatic rebalancing, and
  — [BUILD reveals ”QDIA protection”] They have been approved for use as a QDIA
• And don’t forget, offering target date funds doesn’t preclude do-it-yourselfers from assembling their own portfolio from a plan’s menu.
• Participants can also use a target date fund as a core position and supplement it with individual funds.
[CLICK]
Now I’d like to present three strategies you can use with target date funds.

- **Introduce** target date funds if your investment lineup doesn’t have them.
- **Upgrade** your plan’s target date fund option.
- **QDIA** And utilize target date funds as either a QDIA option or for re-enrollment in existing plans to improve participant asset allocations.
The most obvious strategy is adding target date funds if your investment lineup doesn’t yet include them. That proportion of plans is shrinking fast, but there’s still plenty of them. Approximately 15% of plans that have a qualified default investment alternative don’t have target date funds as the default investment fund — yet.

Target date funds are also available for SEP and SIMPLE plans for small businesses as well as individual IRAs.

[BUILD reveals question] Here’s a question to consider.
But if a plan is already offering target date funds, then advance to your next opportunity — evaluating and hopefully upgrading the plan’s target date option.

[CLICK]
• While target date funds are incredibly popular, the unfortunate truth is that most plan sponsors have performed little or no serious evaluation of their target date options.
• Many just went with the house brand, a fund family they recognized, or a low-cost option.
• It’s understandable, considering that evaluating target date funds is more complex than traditional funds — but this also means it’s a great opportunity.
• And one can certainly make the point that the most rigorous evaluation should be applied to the investment options most widely utilized by participants.
• In 2015, 32% of plan sponsors used the recordkeeper’s proprietary offering, down from about 70% in 2011, according to a Callan study.
• That percentage is expected to drop to 25% in 2016, as plan sponsors take a second look at their target date funds.
• 30% of plan sponsors plan to evaluate the suitability of their glide path in 2016, representing three-quarters of those that expect to take action.
• [BUILD reveals question] Here’s a question that gets to the heart of the matter.

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Because the Department of Labor is aware of the growing importance of target date funds, it issued guidance in February 2013 for their careful evaluation by plan sponsors.

Some of the DOL’s key points include:
- Establish a process for comparing and selecting target date funds
- Establish a process for the periodic review of selected target date funds
- Understand the funds’ investments
- Review the funds’ fees and investment expenses

Doing nothing is not a process, and it’s not an option for plan sponsors.

[BUILD Reveals question] Consider the following question.

[CLICK]
<table>
<thead>
<tr>
<th>QDIA With Target Date Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider This Question</td>
</tr>
</tbody>
</table>

“Would you be interested in a technique for improving participants’ investment selection?”

Notes

- [This slide contains a build.]
- [BUILD reveals question] Here’s another good question.
  [CLICK]
QDIA and Re-enrollment with Target Date Funds

The Benefits of QDIA and Re-enrollment

**QDIA**
- Enhanced participant diversification
- Help plan sponsors fulfill their fiduciary obligations

**Re-enrollment**
- Automatic reset of participants’ investments
- Participants are moved to plan’s qualified default investment
- Help balance unbalanced portfolios
- Opportunity to increase individual contributions
- The participant can choose to opt out

Notes
- Our last strategy utilizes target date funds as either a QDIA option or for re-enrollment.
- The major benefits of target date funds utilized as a QDIA option include:
  - Enhanced participant diversification
  - Help plan sponsors fulfill their fiduciary obligations
- There are also major benefits associated with target date funds if a plan allows re-enrollment.
  - [Note: Continue to next slide if a plan does not offer re-enrollment]
- Communications is key to a successful re-enrollment by keeping participants informed.
- The major benefits include:
  - A plan re-enrollment is essentially a reboot of participants’ investments.
  - Under re-enrollment, all existing assets and future contributions are transferred to the plan’s QDIA based on each participant’s date of birth.
  - Doing so should improve asset allocation.
  - The process can be combined with efforts to increase individual contributions.
  - Participants can also chose to opt out.

[CLICK]
The TDF Revolution: Better Plans, Better Outcomes

Slide 48

QDIA and Re-enrollment With Target Date Funds

The QDIA and Re-enrollment Process

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janice</td>
<td>QDIA 2055 Target Date Fund</td>
</tr>
<tr>
<td>Portfolio: 100% money market funds</td>
<td></td>
</tr>
<tr>
<td>Maria</td>
<td>Opted out 65% equity funds</td>
</tr>
<tr>
<td>Portfolio: 65% equity funds 35% bond funds</td>
<td>35% bond funds</td>
</tr>
<tr>
<td>Adam</td>
<td>Re-enrolled 2020 Target Date Fund</td>
</tr>
<tr>
<td>Portfolio: 100% equity funds</td>
<td></td>
</tr>
</tbody>
</table>

Notes

- [This slide contains a series of builds.]
- Let’s take a look at how utilizing target date funds as QDIAs might look in practice.
- We can see how this process plays out for three participants: Janice, Maria and Adam.
- [BUILD reveals Janice] Janice, age 25, has all of her assets in money market funds. This is probably not the best portfolio for her based on her 40-year time horizon.
- [BUILD reveals Maria] 55-year old Maria has a 65/35 mix between equity and bond funds. That looks like a good portfolio based on her 10-year time horizon.
- [BUILD reveals Adam] Lastly, Adam, age 60, has a portfolio that’s 100% equity funds. Considering that he’s on the brink of retirement, this may not be ideal.
- Let’s take a look at their portfolios after using a target date QDIA option.
- [BUILD completes page with additional columns and info] Janice selected the QDIA option and Adam re-enrolled. Their assets were invested in the target date funds based on their projected retirement year.
- These scenarios show a key target date fund benefit: aligning asset mixes with time horizons.
- Maria, on the other hand, was comfortable with her asset mix and chose to keep it the same.

[CLICK]
Notes

- I mentioned earlier that we believe target date funds can be a powerful tool for plan advisors.
- Retirement plan advisors have two different “clients”: the plan sponsor and the participant.
- The sponsor is the Alpha client, because if you don’t win over sponsors, you won’t get hired; and if you don’t keep them happy, you will be fired. Sponsors want to see results, but they’ll usually defer to the advisor on the methods used.
- Participants can, in many ways, be more challenging. Most have little knowledge of investing, and they’re easily influenced by forces that may hinder their ability to achieve their long-term goals. For example, they are emotionally biased to buy high and sell low.
- Meeting individually with participants is one solution, but it’s labor-intensive.
- Viewed in this light, target date funds can help you as the plan’s financial advisor get the results sponsors are looking for while greatly increasing your productivity.
- It’s a win/win scenario.
- [CLICK]
To summarize our presentation:

- I provided a perspective on the target date fund revolution.
- I offered five criteria to help differentiate target date fund families.
- And last, I presented three ideas that can help you make the most of the target date fund revolution.

[CLICK]
The Target Date Fund Revolution: Pursue Better Plans and Better Outcomes.
American Funds Investment Results

R-3 Average Annual Total Returns as of 6/30/2016

American Funds investment professionals actively manage each target date fund’s portfolio, moving it from a more growth-oriented approach to a more income-oriented focus as the fund gets closer to its target date. The target date is the year in which an investor is assumed to retire and begin taking withdrawals. Although the target date funds are managed for investors on a projected retirement date timeframe, the funds’ allocation approach does not guarantee that investors’ retirement goals will be met. The following target date funds are offered without a sales charge to eligible retirement plans. Results assume all distributions are reinvested and reflect applicable fees and expenses.

Figures shown are past results for Class R-3 shares at net asset value and are not predictive of future results. Current and future results may be lower or higher than those shown here. Results would be different if offered through RecordKeeperDirect Multifund. Share prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, investors should visit americanfundsretirement.com.

<table>
<thead>
<tr>
<th>Average Annual Total Returns (%) as of 6/30/16</th>
<th>Inception Date</th>
<th>Lifetime</th>
<th>10 Years</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>Expense Ratios* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Funds Target Date 2060 (R-3)</td>
<td>3/27/15</td>
<td>0.40</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–0.29</td>
<td>1.37</td>
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<tr>
<td>American Funds Target Date 2055 (R-3)</td>
<td>2/1/10</td>
<td>9.39</td>
<td>–</td>
<td>8.02</td>
<td>7.91</td>
<td>–0.27</td>
<td>1.14</td>
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<tr>
<td>American Funds Target Date 2050 (R-3)</td>
<td>2/1/07</td>
<td>5.02</td>
<td>–</td>
<td>8.03</td>
<td>7.94</td>
<td>–0.28</td>
<td>1.11</td>
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<tr>
<td>American Funds Target Date 2045 (R-3)</td>
<td>2/1/07</td>
<td>5.02</td>
<td>–</td>
<td>8.01</td>
<td>7.90</td>
<td>–0.37</td>
<td>1.10</td>
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<tr>
<td>American Funds Target Date 2040 (R-3)</td>
<td>2/1/07</td>
<td>5.02</td>
<td>–</td>
<td>8.00</td>
<td>7.89</td>
<td>–0.27</td>
<td>1.09</td>
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<tr>
<td>American Funds Target Date 2035 (R-3)</td>
<td>2/1/07</td>
<td>4.99</td>
<td>–</td>
<td>7.97</td>
<td>7.89</td>
<td>0.05</td>
<td>1.09</td>
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<tr>
<td>American Funds Target Date 2030 (R-3)</td>
<td>2/1/07</td>
<td>5.02</td>
<td>–</td>
<td>8.02</td>
<td>7.92</td>
<td>0.65</td>
<td>1.07</td>
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<tr>
<td>American Funds Target Date 2025 (R-3)</td>
<td>2/1/07</td>
<td>4.74</td>
<td>–</td>
<td>7.72</td>
<td>7.58</td>
<td>2.00</td>
<td>1.07</td>
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<tr>
<td>American Funds Target Date 2020 (R-3)</td>
<td>2/1/07</td>
<td>4.30</td>
<td>–</td>
<td>6.93</td>
<td>6.86</td>
<td>2.76</td>
<td>1.03</td>
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<tr>
<td>American Funds Target Date 2015 (R-3)</td>
<td>2/1/07</td>
<td>4.19</td>
<td>–</td>
<td>6.41</td>
<td>6.36</td>
<td>3.52</td>
<td>1.03</td>
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<tr>
<td>American Funds Target Date 2010 (R-3)</td>
<td>2/1/07</td>
<td>3.97</td>
<td>–</td>
<td>5.94</td>
<td>5.79</td>
<td>3.68</td>
<td>1.03</td>
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</table>

*Expense ratios are as of each underlying fund’s prospectus available at the time of publication and include the weighted average expenses of the underlying American Funds. The 2060 fund’s expense ratios are estimated.
1 Cumulative total return since the fund’s inception on March 27, 2015.
Investment results assume all distributions are reinvested and reflect applicable fees. Investment results, when applicable, reflect expense reimbursements, without which results would have been lower. Please see americanfundsretirement.com for more information. The investment adviser is currently reimbursing a portion of other expenses for each class of the 2050 fund. The reimbursement will be in effect through at least January 1, 2017, unless modified or terminated by the investment adviser. Investment results and net expense ratios reflect the reimbursement, without which the results would have been lower and the expenses would have been higher. Class R-3 shares were first offered on May 16, 2002. Class R-3 share results prior to the date of first sale are hypothetical based on Class A share results without a sales charge, adjusted for typical estimated additional expenses. Please see each fund’s prospectus for more information on specific fees.

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Notes

- [NOTE: CORE CONTENT SLIDE 1 – UPDATED QUARTERLY.]
- [REFER TO SLIDE.]
- [CLICK.]
Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing. For an investment offered through a group annuity, some of this information may differ and can be obtained from a financial professional.

American Funds investment professionals actively manage the target date fund’s portfolio, moving it from a more growth-oriented strategy to a more income-oriented focus as the fund gets closer to its target date. Allocation percentages and the underlying American Funds of the target date funds are subject to the Portfolio Oversight Committee’s discretion and will evolve over time. Underlying funds may be added or removed during the year. For quarterly updates of the underlying fund allocations, visit americanfundsretirement.com. Investment professionals continue to manage each fund for 30 years after it reaches its target date.
Although target date funds are managed for investors on a projected retirement date time frame, the funds’ allocation strategy does not guarantee that investors’ retirement goals will be met. The target date is the year in which an investor is assumed to retire and begin taking withdrawals.

Target date funds are subject to the risks of the underlying funds, as follows: Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

The return of principal for bond funds and for funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. While not directly correlated to changes in interest rates, the values of inflation-linked bonds generally fluctuate in response to changes in real interest rates and may experience greater losses than other debt securities with similar durations. Investments in mortgage-related securities involve additional risks, such as prepayment risk, as more fully described in the prospectus. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.
Notes

• I'd be happy to take your questions at this time.

[CLICK]
Thank you for attending today’s presentation.
As always, thank you for your hard work on behalf our clients.
We appreciate the fact that you’ve placed your trust in American Funds.
I wish you continued success in the future.
[CLICK]