Automated Services: Automatic Investment

Overview—The popularity of target-date funds increased during 2010, as 84% of plans in the T. Rowe Price universe used this investment option, compared to 82% in 2009.

Target-date funds continue to be a popular choice for both plan sponsors and participants. During 2010, these funds were offered in 84% of plans in the T. Rowe Price universe, and they were included in 63% of participants’ portfolios. Most sponsors are still using target-date funds as a qualified default investment alternative (QDIA), with 95% of auto-enrollment plans using them as the default.

Looking forward—Target-date fund usage among sponsors and participants should remain strong. Look for continued discussion of “to” versus “through” during 2011 while regulatory and legislative bodies work to ensure that participants fully understand their retirement investments.

Key Findings

- 84% of plans offered target-date funds in 2010 compared with 82% in 2009
- 63.1% of participants used target-date funds in 2010 compared with 59.4% in 2009
- 28.8% of plan assets are in target-date funds or trusts

The principal value of target-date funds is not guaranteed at any time, including at or after the target date, which is the approximate date when investors plan to retire. These funds typically invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. In addition, the objectives of target-date funds typically change over time to become more conservative.

Call 1-800-922-9945 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

T. Rowe Price Investment Services, Inc., distributor, T. Rowe Price mutual funds.