



# One Choice® Target Date Portfolios

An Intentionally Moderate Approach



## Introduction

Target-date portfolios were never meant to be a high-stakes gamble for investors. The original intent of target-date portfolios was to offer retirement savers an investment option that focused on growing wealth over time while becoming more conservative as retirement neared. But, over the most recent decade, an increasing number of target-date providers have moved to a more aggressive equity positioning, justified by trends extrapolated from an unprecedented bull market.<sup>1</sup>

We believe this doubling down on growth in the primary retirement solution for most DC plans disregards the inherent risk that market conditions will, can and do turn negative—which may result in losses for participants that they may not be able to recover from.

### ONE CHOICE STANDS OUT™ WITH ITS MODERATE APPROACH



Designed to seek a smoother investor journey through a flatter glide path.



Focused on providing more wealth for tomorrow by managing across the entire market cycle.



Aligned with plans seeking a more risk-balanced approach for their participants.

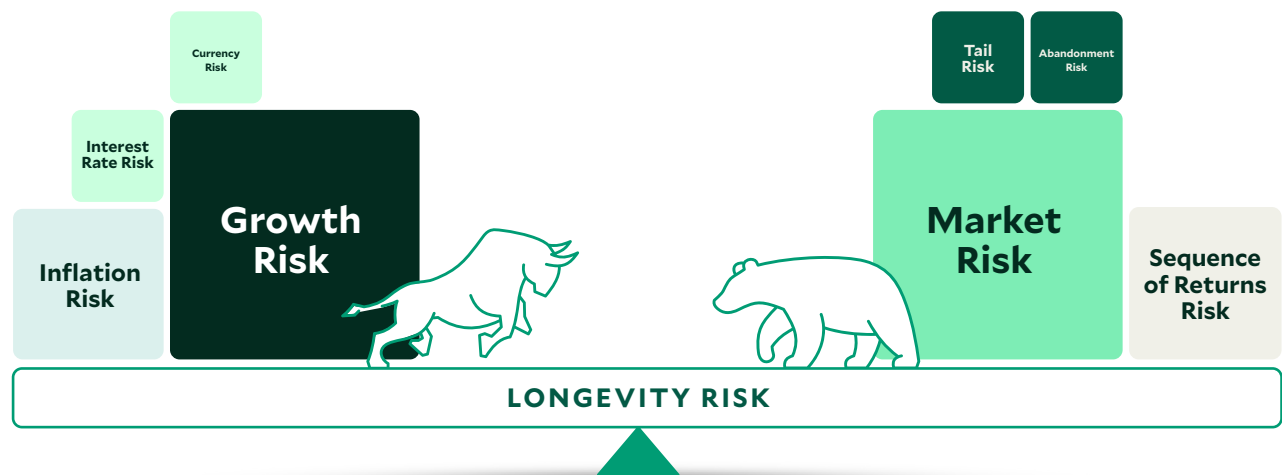
**We have stayed true to target date's original purpose with our design—an intentionally moderate approach.** Why? It's math. When you aim for the highest growth, you also introduce a higher risk of loss. The more a portfolio loses, the more it must gain to get back to even.

Our more moderate, risk-balanced approach seeks to mitigate losses. We believe this can generate a smoother path of investment returns that may lead to better outcomes over time for more investors.

<sup>1</sup>Source: S&P Dow Jones Indices LLC, Morningstar. Data as of May 31, 2015 and as of Dec. 29, 2023.

## GLIDE PATH DESIGNED FOR A SMOOTHER JOURNEY

Our Balance of Risks Framework

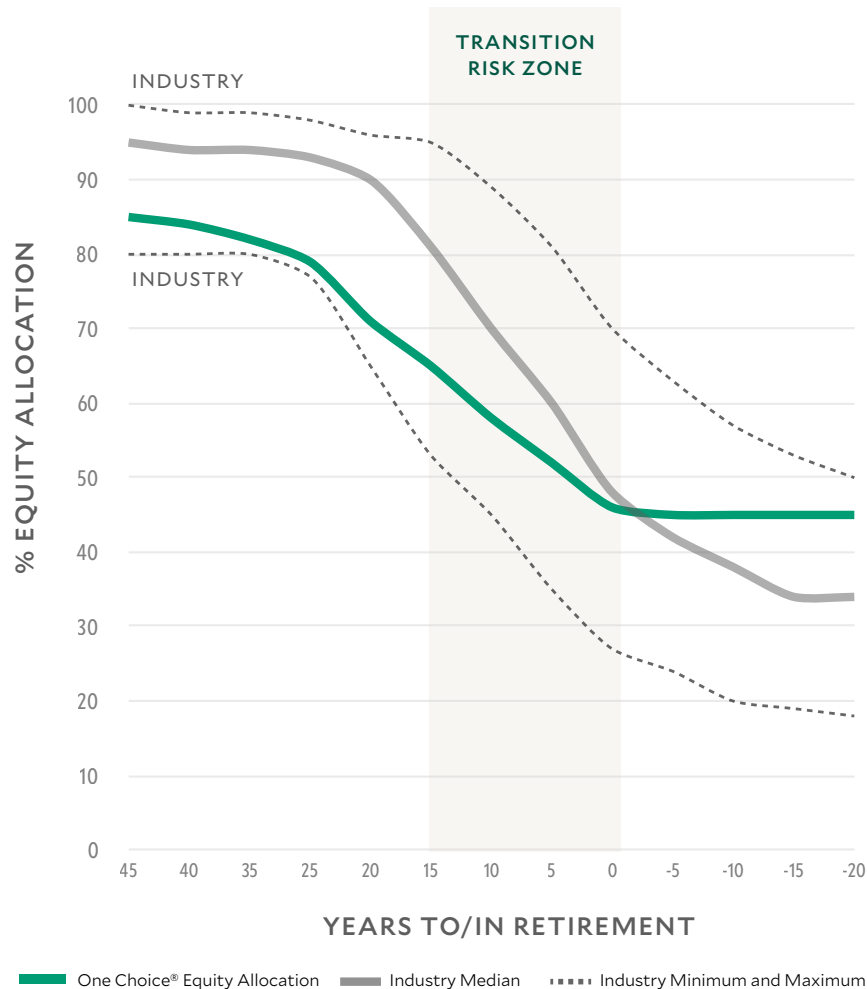


Constructing a glide path is not as simple as aiming for the highest growth. That's because doing so potentially ignores the other risks in life cycle investing. And it creates a wider range of potential outcomes that could result in a larger probability of failure in retirement.

In contrast, American Century Investments' glide path design seeks to balance the multiple risks participants face when investing for retirement. These risks must be managed as they change in relative importance during the target-date life cycle and through various market environments.

The result is a more moderate, flatter glide path, which aims to keep more participants on course throughout the journey to and through retirement.

## OUR FLATTER GLIDE PATH BALANCES MULTIPLE RISKS



Source: American Century Investments®

The industry median glide path represents the 50th percentile equity allocation among funds in the Morningstar Target-Date universe. The industry max and min represent the equity allocation among funds in the Morningstar Target-Date universe.

### Moderate equity allocations in the accumulation years.

Historically, index returns of an 85% stock/15% bond portfolio earned 95% of the gains of an all-equity portfolio with only 86% of the risk.<sup>2</sup>

### Flatter glide path during the “transition risk zone.”

The 15-year period before retirement is arguably the most critical time for retirement investing. That’s because account balances are highest near retirement, so a downturn here is particularly painful.

### Retirement allocation that balances growth risk and market risk.

Our research shows a 45% equity allocation throughout retirement is in the “sweet spot.”

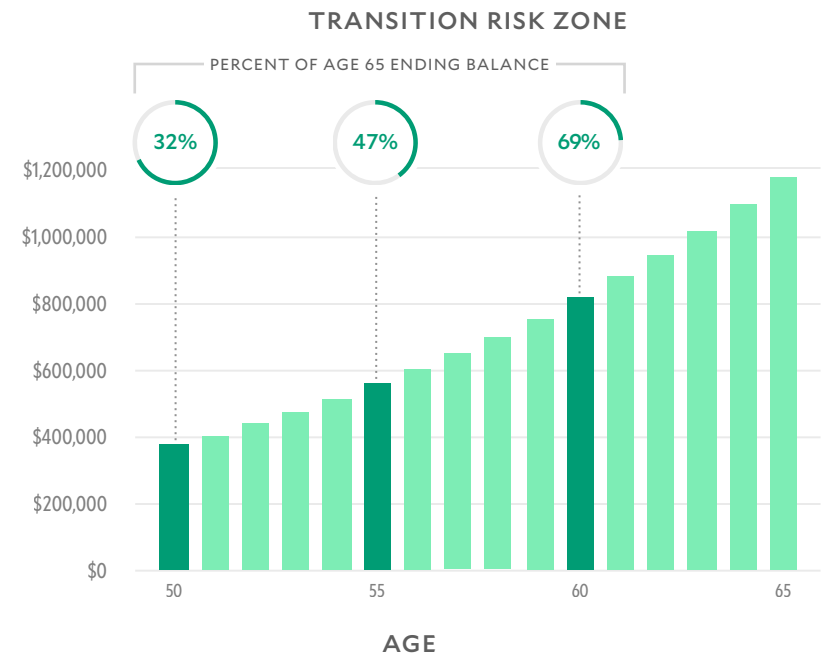
<sup>2</sup>Source: FactSet. Based on annualized returns and standard deviation of a portfolio consisting of 85% Russell 1000 Index/15% Bloomberg U.S. Aggregate Bond Index. The all-equity portfolio is represented by 100% Russell 1000 Index. Annualized data from 12/31/1983 to 3/31/2024.

THE IMPORTANCE OF THE TRANSITION RISK ZONE

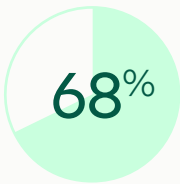
Glide path design involves more than just the level of equity allocation—the rate at which equity decreases is important too. We know that a shock—an unexpected job loss or significant market event—could jeopardize savings plans just when participants have the most to lose and the least amount of time to recover.

In contrast to our flatter, moderate approach, steep glide path descents in the transition risk zone have a higher probability of locking in losses for participants near retirement.

PARTICIPANTS AGES 50+ TYPICALLY HAVE THE MOST TO LOSE



Growth of a hypothetical participant's retirement savings from age 25 to 65. Assumptions: starting salary \$45,000, growing at 2% per annum. Contribution rate fixed at 10% of salary each year Annual portfolio return of 6.5% per year.



of final retirement balances are typically accumulated between the ages of **50-65**.

Source: American Century Investments.



decline in the stock market **every 8 years**.

Source: FactSet, S&P 500 Index Returns. Average returns 1/1/1929 - 12/31/2023.



of people **retire earlier** than expected.

Source: 2023 Transamerica Center for Retirement Studies "Life in Retirement: Pre-Retiree Expectations and Retiree Realities."

THE UNFORGIVING MATH OF RECOVERY

Participants close to or in retirement may not have enough time to recover from a market shock. This hypothetical example illustrates how larger losses can pose a significant drag on longer-term performance. That’s because portfolios must generate exponentially higher returns just to recover from the losses.

If you're down this much	You'll need to gain this to break even	Number of years needed to break even at the following rates of return				
		2%	4%	6%	8%	10%
-10%	11.1%	5.3	2.7	1.8	1.4	1.1
-20%	25%	11.3	5.7	3.8	2.9	2.3
-30%	42.9%	18.0	9.1	6.1	4.6	3.7
-40%	66.7%	25.8	13.0	8.8	6.6	5.4
-50%	100%	35.0	17.7	11.9	9.0	7.3

Hypothetical illustration. Results not intended to represent any actual investment strategy.

FOCUSED ON PROVIDING WEALTH FOR TOMORROW

When the goal is to provide more retirees with retirement savings to last a lifetime, short-term performance is not an accurate indicator of a portfolio’s long-term outcome. Rather, it’s about keeping participants on course through the market’s ups and downs.

One Choice Target Date Portfolios stand out for the downside protection provided in major market downturns and over the short- and long-term relative to peers. We believe that downside risk management not only helps participants stay confidently invested in their portfolios but also is a key factor in overall wealth accumulation.

## A LITTLE DOWNSIDE PROTECTION GOES A LONG WAY

### PEER RANKINGS DURING THE 10 LARGEST MARKET DRAWDOWNS

		% RANK / # PEERS					
Drawdown Date	S&P 500 - Total Return	American Century One Choice 2050 I	American Century One Choice 2045 I	American Century One Choice 2040 I	American Century One Choice 2035 I	American Century One Choice 2030 I	American Century One Choice 2025 I
Inflation, Fed Tightening, Russia-Ukraine War							
1/4/2022 - 10/12/2022	-24.5	19 / 219	17 / 212	13 / 216	12 / 212	18 / 221	17 / 219
COVID-19							
2/20/2020 - 3/23/2020	-33.8	18 / 245	10 / 233	13 / 245	11 / 233	20 / 251	34 / 240
Inflation Fears, Rising Rates, Tariffs/Trade Wars							
9/21/2018 - 12/24/2018	-19.4	30 / 259	13 / 241	14 / 258	13 / 241	24 / 258	39 / 249
China Economic Slowdown							
12/30/2015 - 2/11/2016	-11.8	14 / 270	3 / 247	9 / 280	3 / 247	14 / 280	20 / 256
7/21/2015 - 8/25/2015	-12.0	18 / 277	3 / 249	11 / 291	3 / 249	16 / 287	14 / 258
European Debt Crisis							
7/23/2011 - 10/3/2011	-17.9	21 / 223	8 / 184	10 / 250	4 / 192	12 / 247	9 / 207
4/24/2010 - 7/2/2010	-15.6	22 / 183	4 / 174	15 / 244	2 / 180	17 / 243	20 / 178
Financial Crisis							
1/3/2009 - 3/9/2009	-27.0	20 / 178	15 / 156	14 / 262	4 / 167	10 / 263	5 / 182
5/16/2008 - 11/20/2008	-46.5	N/A	1 / 138	N/A	1 / 152	N/A	1 / 167
12/11/2007 - 3/17/2008	-15.3	N/A	5 / 124	N/A	1 / 137	N/A	1 / 139

■ 1st-25th percentile ■ 26th-50th percentile

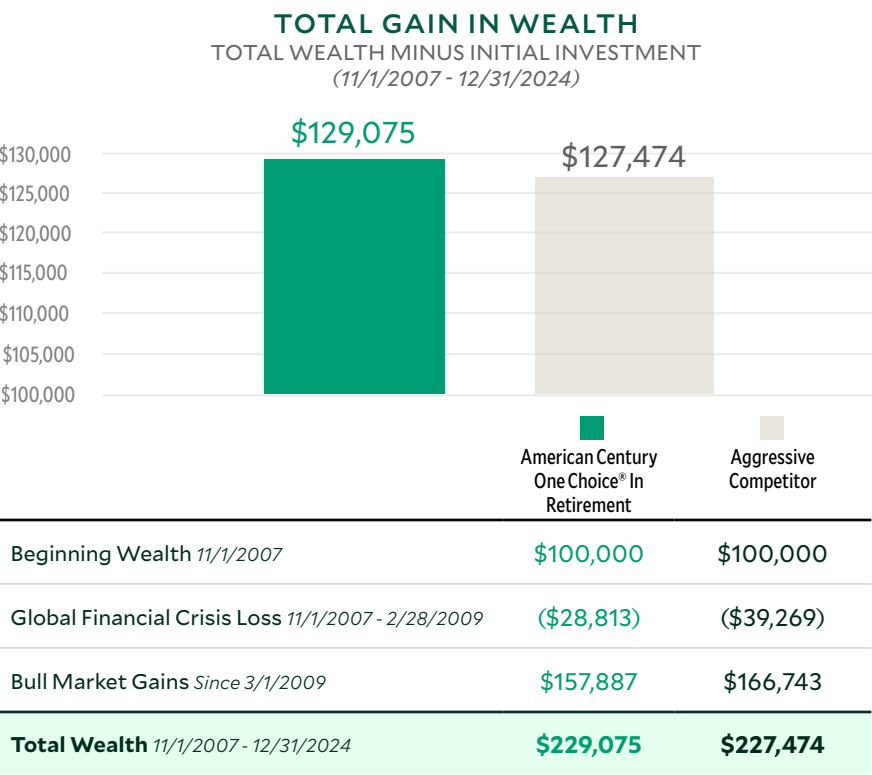
Data from 8/31/2004 to 12/31/2024. Morningstar Category: US Fund Target-Date. I Class Mutual fund shown.

Source: FactSet, Morningstar. The Morningstar percentile ranking is based on the fund's total return relative to all funds in the category.

ONE CHOICE STANDS OUT™  
ACROSS A FULL MARKET CYCLE

One Choice’s more moderate approach historically has performed as designed. Again, it’s math—by losing less in down markets and pursuing responsible growth in up markets, the portfolio has provided better overall wealth accumulation than more aggressive strategies.

As you can see in this example, our risk-aware approach resulted in better participant outcomes than an aggressive target date over a full market cycle.



The analysis assumes a \$100,000 starting balance and tracks the performance of the two products from the beginning of the Financial Crisis to the most recent quarter-end. The hypothetical situations shown contain assumptions that are intended for illustrative purposes only and are not representative of the performance of any security. There is no assurance similar results can be achieved, and this information should not be relied upon as a specific recommendation to buy or sell securities. See additional disclosures at the end of this document.

**More gains in wealth with less volatility over a full market cycle.**

1/1/2007-12/31/2024

**8.61% Standard Deviation vs. 9.33% for a more aggressive TDF.**

11/1/2007- 12/31/2024

**0.43 Risk-Adjusted Return (Sharpe Ratio) vs. 0.40 for an aggressive TDF.**

11/1/2007-12/31/2024

**52.19% Downside Capture vs. 55.82% for a more aggressive TDF.**

11/1/2007-12/31/2024

Source: American Century Investments, FactSet and Morningstar. Data as of 12/31/2024. Data presented reflects past performance. Past performance is no guarantee of future results.

One Choice is represented by One Choice In Retirement Portfolio, Class I. One Choice 2015 merged with One Choice In Retirement effective 3/27/2015. Data presented reflects past performance. Past performance is no guarantee of future results. The Aggressive Target Date Fund (TDF) is represented by American Funds 2015 Trgt Date Retire R5.

The chosen vintage represents each product’s respective glide path over the course of its accumulation and decumulation years. One Choice Target Date In Retirement Portfolio features a lower equity allocation than the American Funds 2015 Target Date Portfolio at every point of the glide path up until the intended retirement date, at which point it begins to de-risk at a slower rate.



## ALIGNED WITH PLANS SEEKING A RISK-BALANCED APPROACH

Selecting the right target-date strategy is a critical decision for plan sponsors and their consultants. Plan populations differ in many ways, including savings levels, demographics and risk appetites.

Given the ups and downs of financial markets and a natural aversion to losses, it's not surprising that two-thirds of plan sponsors and participants prefer an approach that prioritizes protection from loss over growth potential.

## DETERMINING FIT— PRUDENCE LOOKS FOR PROCESS

The DOL has given fiduciaries guidance on the selection and monitoring of a target-date strategy to meet safe harbor status and reduce the potential for litigation. The department's Tips for ERISA Plan Fiduciaries clearly states the importance of documenting that the QDIA selection aligns with a plan's objectives and demographics.

Recent court rulings further underscore the importance of evincing that a prudent process was followed and the target-date selection was made with the best interest of plan participants in mind.

The significance of fit was highlighted in a 2024 ruling in favor of the defendant plan sponsor and its retirement plan investment manager. The litigation alleged mismanagement of target-date selection. However, U.S. District Court Judge James Selna cited a 2023 4th Circuit Court of Appeals' decision in noting that "prudence looks for process, not results." In that spirit, he concluded, "Considering participant demographics and the plan's unique circumstances supports a finding of prudence."

Source: Benjamin Reetz v. Aon Hewitt Inv. Consulting, Inc. (Reetz II), 74 F.4th 171, 182 (4th Cir. 2023); Robert Lauderdale et al., v. NFP Retirement, Inc., et al., 8:21-cv-00301-JVS-KES, (C.D. Cal. Feb. 23, 2024).



**2 out of 3** plan sponsors and nearly half of participants prefer a target-date approach that **prioritizes protection from losses** over growth potential.<sup>3</sup>

<sup>3</sup> Even if it means waiting out significant losses. Source: American Century Greenwald Retirement Survey 2024. The participant survey was conducted between June 11, 2024 and June 27, 2024. Survey included 1,505 full-time workers between the ages of 25 and 65 saving through their employer's retirement plan. The data were weighted to reflect key demographics (gender, income, and education) among all American private sector participants between 25 and 65.

This sponsor survey was conducted between June 10, 2024 and June 26, 2024. Survey included 500 plan sponsor representatives holding a job title of Director or higher, and having considerable influence when it comes to making decisions about their company's retirement plan (either 401(k), 403(b), or 457 plans). The data were weighted to reflect the makeup of the total defined contribution population by plan asset size.



## STAYING TRUE TO FIT IS THE RIGHT STRATEGY FOR CLIENTS

Target-date selection should be focused on the “right fit” for the most participants, which means evaluating all types of target-date approaches. One Choice Target Date Portfolios’ more moderate approach may meet the needs of those seeking a lower-risk focused solution.

## NEED HELP FINDING THE RIGHT TARGET DATE?

**Target-Date Blueprint** is an online tool designed to help you apply a prudent process to identify the right QDIA solution for each plan.

Narrow the target-date universe to focus on only those with appropriate strategies aligned to participant profiles.

### OTHER RESOURCES

- [DOL Tips](#)
- [Fiduciary Responsibility Page](#)
- [American Century Investments QDIA Options](#)

## AMERICAN CENTURY INVESTMENTS' FULL SUITE OF QDIA OPTIONS

➞ One Choice Portfolios	➞ One Choice Target Date Trust <sup>4</sup>	➞ Retirement Readiness Trust	➞ Retirement Date Hybrid Trust	➞ Income America™ 5ForLife <sup>5</sup>	➞ One Choice Blend+
American Century Investments' Flagship Mutual Fund Suite	Trust Version of Our One Choice Flagship Suite	Exclusive to Nationwide Recordkeeping Clients	Exclusive to Empower Recordkeeping Clients	QDIA Solutions Target Date + Guaranteed Lifetime Income Benefit	Glide Path With a Growth Tilt for a More Risk-Tolerant Demographic

<sup>4</sup> Effective September 30, 2024, the funds that serve as the underlying investment funds of the American Century Retirement Date Trust were renamed One Choice Target Date Trusts.

<sup>5</sup> American Century Investments provides underlying sub asset class management and target date glide path management as well as marketing support for Income America. Great Gray Trust Company, LLC is Trustee.

The opinions expressed are those of American Century Investments and are no guarantee of the future performance of any American Century Investments portfolio.

This material has been prepared for educational purposes only and is not intended as a personalized recommendation or fiduciary advice. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.

**You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained by visiting [www.americancentury.com](http://www.americancentury.com), contains this and other information about the fund, and should be read carefully before investing.**

**COLLECTIVE INVESTMENT TRUSTS:** American Century Retirement Date Collective Investment Trust, Retirement Date Hybrid Trust, and Retirement Readiness Trust are not registered with or required to file prospectuses or registration statements with the SEC or any other regulatory body, and accordingly, neither is available. The trusts are available only to certain qualified retirement plans and governmental plans and are not offered to the general public. Units of the trusts are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risks, charges, and expenses of the trusts before investing.

**The American Century Retirement Date Collective Investment Trust** consists of a series of common or collective trust funds established and maintained by Global Trust Company (GTC) under a declaration of trust. American Century Investment Management, Inc. is the advisor to the trust. Global Trust Company is a Maine-chartered non-depository Trust Company. As an independent fiduciary and fund sponsor, GTC maintains the fund and oversees all compliance-related functions for the fund including trade monitoring, pricing, performance, annual reporting and investor eligibility.

**Retirement Date Hybrid Trust** consists of a series of collective trust funds established and maintained by Benefit Trust Company (BTC) under a declaration of trust. American Century Investment Management, Inc. is the advisor to the trust. BTC is a non-depository trust company with operations in Overland Park, Kansas. As an independent fiduciary and fund sponsor, BTC maintains the fund and oversees compliance-related functions for the fund including trade monitoring, pricing, performance, annual reporting and investor eligibility. American Century is not affiliated with Empower Retirement, Empower Financial Services, Inc., or its parent company Empower Annuity Insurance Company of America.

**Retirement Readiness Trust** consists of a series of collective trust funds established and maintained by Benefit Trust Company (BTC) under a declaration of trust. American Century Investment Management, Inc. is the advisor to the trust. BTC is a non-depository trust company with operations in Overland Park, Kansas. As an independent fiduciary and fund sponsor, BTC maintains the fund and oversees compliance-related functions for the fund including trade monitoring, pricing, performance, annual reporting and investor eligibility. Retirement Readiness Trust may invest in a fixed annuity contract issued by Nationwide Life Insurance Company. Neither Benefit Trust Company nor American Century Investment Management, Inc. are affiliated with Nationwide Life Insurance Company or any of its affiliates.

**INCOME AMERICA 5forlife:** Income America Funds are bank collective investment funds; they are not mutual funds. Great Gray Trust Company, LLC serves as the Trustee of the Funds and maintains ultimate fiduciary authority over the management of, and investments made in, the Funds. The Trustee has appointed Wilshire Advisors LLC as Sub-Advisor to the Funds to assist it in connection with the investment of the assets of the Funds. Funds and their units are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933, respectively.

**Investments in the Funds are not bank deposits or obligations of and are not insured or guaranteed by Great Gray Trust Company, LLC, any bank, the FDIC, the Federal Reserve, or any other governmental agency. The Great Gray Funds are commingled investment vehicles, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the Funds.**

Participation in Collective Investment Trust Funds is limited primarily to qualified retirement plans and certain state or local government plans and is not available to IRAs, health and welfare plans and, in certain cases, Keogh (H.R. 10) plans. Collective Investment Trust Funds may be suitable investments for plan fiduciaries seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges, and expenses of any pooled investment fund carefully before investing. The Additional Fund Information and Principal Risk Definitions (PRD) contains this and other information about a Collective Investment Trust Fund and is available at [www.greatgray.com/principalriskdefinitions](http://www.greatgray.com/principalriskdefinitions) or ask for a free copy by contacting Great Gray Trust Company, LLC at (866) 427-6885.

The performance of the portfolios is dependent on the performance of their underlying American Century Investments' funds and will assume the risks associated with these funds. The risks will vary according to each portfolio's asset allocation, and a fund with a later target date is expected to be more volatile than one with an earlier target date.

Target-Date Fund	Fund Ticker	Net Expense Ratio (%)	Gross Expense Ratio (%)	5-Year Standard Deviation (%)	1-Year Return (%)	5-Year Return (%)	10-Year Return (%)	15-Year Return (%)	20-year Return (%)	Inception Date
American Century One Choice® In Retirement I	ATTIX	0.56	0.62	9.91	7.75	4.76	4.97	6.10	5.40	8/31/04
American Funds 2015 Target Date Retire R5	REJTX	0.35	0.35	9.28	8.39	5.22	5.50	6.70	-	2/1/07

### One Choice Target Date Portfolios - I Class

Vintage	2050	2045	2040	2035	2030	2025
---------	------	------	------	------	------	------

#### Current Return Percentile Rank out of Total Funds Ranked

1-Year	98/200	99/199	97/202	95/204	87/208	71/192
3-Year	99/191	99/190	98/193	95/190	80/198	47/184
5-Year	95/181	97/180	97/181	94/180	83/186	64/177
10-Year	92/143	97/145	97/143	96/145	92/143	80/141
15-Year	71/82	84/94	83/100	89/95	76/100	76/100

#### Total Returns

1-Year	11.40%	10.55%	9.73%	8.90%	8.21%	7.88%
3-Year	2.11%	1.75%	1.54%	1.36%	1.25%	1.29%
5-Year	7.30%	6.69%	6.18%	5.69%	5.27%	4.92%
10-Year	7.51%	7.04%	6.57%	6.12%	5.71%	5.33%
15-Year	8.98%	8.61%	8.16%	7.66%	7.17%	6.74%

Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. To obtain performance data current to the most recent month end, please visit [www.americancentury.com/performance](http://www.americancentury.com/performance). Investment return and share value will fluctuate, and redemption value may be more or less than original cost. Data assumes reinvestment of dividends and capital gains.

The gross expense ratio is the fund's total annual operating costs, expressed as a percentage of the fund's average net assets for a given time period. It is gross of any fee waivers or expense reimbursement. The net expense ratio is the expense ratio after the application of any waivers or reimbursement. This is the actual ratio that investors paid during the fund's most recent fiscal year. Please see the prospectus for more information.

Returns or yields for the fund would be lower if a portion of the management fee had not been waived. The advisor expects this waiver to continue until November 30, 2025, and cannot terminate it prior to such date without the approval of the Board of Directors. Review the prospectus report for the most current information.



As one of the longest-running target-date providers in the industry, American Century Investments has proudly offered retirement solutions for over 20 years.

*As of August 31, 2024*



4500 Main Street  
Kansas City, MO 64111  
1-866-628-8826

330 Madison Avenue  
New York, NY 10017  
1-866-628-8826

3945 Freedom Circle, Suite 800  
Santa Clara, CA 95054  
1-866-628-8826

360 East 2nd Street, 5th Floor  
Los Angeles, CA 90012  
1-866-628-8826

2 Ice House Street  
Hong Kong  
+852 3405 2600

12 Henrietta Street  
London, WC2E 8LH  
+44 20 7024 7080

1 Farrer Place  
Sydney, NSW, 2000  
+61 2 8823 3403

Taunusanlage 8  
60329 Frankfurt, Germany  
+49 69 8088 5501