



For immediate release

## DALBAR AND TARGET DATE ANALYTICS CALL FOR FIVE POINT RISK INDICATORS

(June 9, 2014, Boston, MA) DALBAR, Inc. and Target Date Analytics LLC (DALBAR/TDA) have jointly filed a [comprehensive response](#) to the Securities and Exchange Commission (SEC) request for comments on Target Date Fund Name Marketing.

In the filing, DALBAR/TDA point to the importance of communicating to the millions of non-professional investors who are unable or unwilling to decipher complex disclosures and the imprudent actions taken when these investors are shocked by foreseeable threats to their investments.

DALBAR/TDA have proposed the use of five traditional risk indicators that are already familiar to the non-professional investing public. The five indicators are "High", "Moderately High", "Moderate", "Moderately Low" and "Low". These indicators will set critical expectations and permit investors to make more prudent choices for their investments and prepare for the shock of potential losses.

These simple indicators transfer the burden of deriving a risk conclusion from an array of factors from the non-professional investor to the expert investment manager.

"Non-professional investors make up the overwhelming majority of target date fund investors and professional measures serve no useful purpose for them. They need a simple and clear method of assessing the total spectrum of risks they face as participants in retirement plans" said Louis S. Harvey, DALBAR'S President and CEO.

Joseph Nagengast, Managing Partner of TDA points out that "the distinction between the professional and non-professional is essential for the SEC to be effective in solving the challenge of making prudent investment decisions concerning target date funds", adding "It is imperative that the mandated measure of risk recognize that not all fixed income investments are safe and there is a wide array of investments that can be labeled as fixed income."

The DALBAR/TDA recommendations also included several key items for SEC consideration.

- Require a uniform presentation of risk indicators but leave the determination of which indicator is applicable to the asset allocator's written procedures that are examined by an auditor.
- Require all target date funds to include an explicit asset preservation strategy that may exceed a predetermined asset allocation.
- Synchronize reassessment of risk indicators with publication schedule of documents on which the indicators are displayed (marketing materials, quarterly statements, semi-annual shareholder reports, etc.).
- Require explanations of risk indicators to be brief and simple and contain only three elements: 1) Why the information is shown, 2) How it is to be used, 3) Where to find out how determinations were made.



*DALBAR and Target Date Analytics Call for Five Point Risk Indicators*

***About DALBAR***

DALBAR, Inc. is the financial community's leading independent expert for evaluating, auditing and rating business practices, customer performance, product quality and service.

Launched in 1976, DALBAR has earned the recognition for consistent and unbiased evaluations of investment companies, registered investment advisers, insurance companies, broker/dealers, retirement plan providers and financial professionals.

DALBAR awards are recognized as marks of excellence in the financial community.

***About Target Date Analytics***

Serving investors, plan sponsors, advisors and portfolio managers, Target Date Analytics LLC is the leading independent provider of analysis, and benchmarking of target date funds. Target Date Analytics solves target date problems for plan sponsors and their advisors.

Target Date Analytics developed and maintains the OnTarget Indexes, built on proven investment principles and a fundamental glidepath, suitable for benchmarking the widely divergent strategies employed by target date portfolio managers. Target Date Analytics is also home to [\*Popping the Hood\*](#), a comprehensive analysis of target date fund families that helps investors, advisors and plan sponsors make informed selection and monitoring decisions.

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