Focusing on Retirement Outcomes

Dimensional Target Date Retirement Income Funds

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Dimensional funds are distributed by DFA Securities LLC.
The Need for Consumption in Retirement
Industry experts agree that now is the time to focus on retirement income

“88% of plan participants find information regarding how retirement savings can last throughout retirement valuable.”

—2014 EBRI Retirement Confidence Survey¹

“S&P DJI believes there is room in the target date industry for a new category, because it is possible to combine a glide path with a risk management framework, where the risk that one seeks to manage is the uncertainty of future income.”

—Philip Murphy²
Vice President
S&P Dow Jones Indices

“Showing participants their retirement plan account balance as level monthly payments for their lifetime will help them assess their retirement readiness and plan for their retirement.”

—US Department of Labor³

1. Survey funded in part and underwritten by Dimensional Fund Advisors. Used with permission of EBRI.
2. Dimensional Fund Advisors LP worked collaboratively with S&P Dow Jones Indices (S&P DJI) to develop the S&P Shift to Retirement Income and DEcumulation (STRIDE) Index series and receives compensation from S&P DJI in connection with licensing rights to the same.
Perception vs. Reality

Key questions for retirement savers:

- What is the uncertainty about the income projection?
- Is the uncertainty being managed appropriately?

Estimates can be meaningful if the right risks are being managed and the range of uncertainty can be expected to narrow over time.
Return Volatility vs. Income Volatility

Risk/return characteristics differ when examined through the income lens.

Monthly returns in wealth units are the returns of the S&P/BG Cantor 0-1 Treasury Bond Index (January 2003–December 2014).

Monthly returns in income units are the returns of the S&P/BG Cantor 0-1 Treasury Bond Index adjusted by monthly change in the cost of a $1 cash flow for 25 years starting in January 2015.

When examined through the income risk and inflation lens, short-term bonds appear more volatile.

The S&P data is provided by Standard and Poor’s Index Services Group. Indices are not available for direct investment.
A Building Block to Support Retirement Consumption

What is a “slice” of retirement income?

An income slice is a stream of $1 of inflation-adjusted income from retirement to expected end of life.

- Its current value is the present discounted value using real interest rates.
- What is the risk? How is that risk managed?

For illustrative purposes only.
1. Retirement savings is composed of pre-retirement contributions and investment performance.
Making the Risk-Return Tradeoff

**Early Years**

Contributions invested in income-growth assets—a diversified portfolio of global equities and fixed income.

**Later Years**

Any increase in value of income-growth assets can be invested toward more income slices¹ later in your career.

**Approaching Retirement**

Investment focus shifts from income growth to income risk management, with more portfolio assets invested in inflation-protected securities.

**In Retirement**

As you begin spending income, the portfolio is invested in assets designed to reduce income uncertainty.

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¹ Refers to a liability-driven investment (LDI) strategy. See "Disclosures and Risks" for more information.
Key Decisions for Participants

1. Consumption Needs or Replacement Income?

2. How Much to Save?

3. When Can I Retire?

Meaningful information allows participants to:

- Relate saving today to potential future retirement income
- Plan and take actions that improve their potential outcomes
- Monitor progress toward retirement
Enabling Meaningful Engagement
Dimensional’s My Retirement Income Calculator: A Hypothetical 35-Year-Old

For illustrative purposes only. The estimated retirement income projections of the calculator are hypothetical in nature and are not a guarantee of future results. Since past performance is not an accurate predictor of the future and reliance on historical and current data involves inherent limitations, it is important to understand that the estimates are only a tool to be used in evaluating your retirement portfolio. Actual results will vary.
My Retirement Income Calculator
Increasing levels of clarity around how much income your savings may provide in retirement

Inputs:

<table>
<thead>
<tr>
<th></th>
<th>EARLY YEARS</th>
<th>APPROACHING RETIREMENT</th>
<th>IN RETIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Age</td>
<td>35</td>
<td>60</td>
<td>65</td>
</tr>
<tr>
<td>Retirement Age</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Current Account Balance</td>
<td>$80,000</td>
<td>$700,000</td>
<td>$860,000</td>
</tr>
<tr>
<td>Current Annual Income</td>
<td>$100,000</td>
<td>$100,000</td>
<td>—</td>
</tr>
<tr>
<td>Monthly Contributions¹</td>
<td>12%</td>
<td>12%</td>
<td>—</td>
</tr>
<tr>
<td>Withdrawal Period</td>
<td>25 years</td>
<td>25 years</td>
<td>25 years</td>
</tr>
</tbody>
</table>

Estimated Annual Retirement Income:

- 75th percentile: $56,119
- Median: $37,251
- 10th percentile: $18,453

As of March 31, 2016. For illustrative purposes only. The estimated retirement income projections of the calculator are hypothetical in nature and are not a guarantee of future results. Since past performance is not an accurate predictor of the future and reliance on historical and current data involves inherent limitations, it is important to understand that the estimates are only a tool to be used in evaluating your retirement portfolio. Actual results will vary.

1. Includes employee contributions of 8% and employer contributions of 4%.
### Dimensional Target Date Retirement Income Funds

Asset allocation as of June 30, 2016

<table>
<thead>
<tr>
<th>Target Retirement Date</th>
<th>2060</th>
<th>2055</th>
<th>2050</th>
<th>2045</th>
<th>2040</th>
<th>2035</th>
<th>2030</th>
<th>2025</th>
<th>2020</th>
<th>2015</th>
<th>2010</th>
<th>2005</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Equity</strong></td>
<td>94.9</td>
<td>94.9</td>
<td>94.9</td>
<td>95.0</td>
<td>88.2</td>
<td>74.9</td>
<td>60.7</td>
<td>47.0</td>
<td>33.6</td>
<td>24.4</td>
<td>24.4</td>
<td>23.1</td>
<td>20.2</td>
</tr>
<tr>
<td><strong>US Equities</strong></td>
<td>59.1</td>
<td>59.2</td>
<td>59.2</td>
<td>59.5</td>
<td>55.0</td>
<td>46.7</td>
<td>37.8</td>
<td>29.3</td>
<td>21.0</td>
<td>15.2</td>
<td>15.2</td>
<td>14.4</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>International Equities</strong></td>
<td>27.9</td>
<td>27.8</td>
<td>27.8</td>
<td>27.6</td>
<td>25.8</td>
<td>21.9</td>
<td>17.8</td>
<td>13.8</td>
<td>9.8</td>
<td>7.1</td>
<td>7.2</td>
<td>6.8</td>
<td>5.9</td>
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<tr>
<td>** Emerging Markets Equities**</td>
<td>7.9</td>
<td>7.9</td>
<td>8.0</td>
<td>8.0</td>
<td>7.3</td>
<td>6.3</td>
<td>5.1</td>
<td>3.9</td>
<td>2.8</td>
<td>2.1</td>
<td>2.1</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Global Bonds</strong></td>
<td>5.1</td>
<td>5.1</td>
<td>5.1</td>
<td>5.0</td>
<td>11.8</td>
<td>19.4</td>
<td>14.0</td>
<td>8.8</td>
<td>3.7</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>** Inflation-Protected LDI**</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.7</td>
<td>25.3</td>
<td>44.2</td>
<td>62.7</td>
<td>75.6</td>
<td>75.6</td>
<td>76.9</td>
<td>79.8</td>
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<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1. Allocations and holdings are subject to change. Please see the prospectus for more information on target ranges for allocations to underlying equity and fixed income funds.

Numbers may not add to 100% due to rounding.
Appendix
Investments in target date funds are subject to the risks of their underlying funds, and asset allocations are subject to change over time in accordance with each fund’s prospectus. An investment in or retirement income from a target date portfolio is not guaranteed at any time, including on or after the target date. An investment in a target date portfolio does not eliminate the need for investors to decide—before investing and periodically thereafter—whether the portfolio fits their financial situation. Target Date Funds are designed to target a year in which an investor may withdraw funds for retirement or other purposes. For more information, please refer to the prospectus.

There is no guarantee this investment strategy will be successful, and it is possible to lose money with this investment. Investments in stocks and bonds are subject to risk of economic, political, and issuer-specific events that cause the value of these securities to fluctuate. Fixed income securities are subject to increased loss of principal during periods of rising interest rates and may be subject to various other risks, including changes in credit quality, liquidity, prepayments, and other factors. Inflation-protected securities may react differently from other debt securities to changes in interest rates. A liability-driven investment strategy is designed to focus on assets that match future liabilities. LDI strategies contain certain risks that prospective investors should evaluate and understand prior to making a decision to invest. These risks may include, but are not limited to, interest rate risk, counterparty risk, liquidity risk, and leverage risk.

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### Dimensional Target Date Retirement Income Funds

<table>
<thead>
<tr>
<th>Name</th>
<th>Ticker</th>
<th>CUSIP</th>
<th>Net Expense Ratio&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Total (Gross) Expense Ratio&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Management Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensional Retirement Income Fund</td>
<td>TDIFX</td>
<td>23320G190</td>
<td>0.23</td>
<td>0.23</td>
<td>0.03</td>
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<td>Dimensional 2005 Target Date Retirement Income Fund</td>
<td>DRIMX</td>
<td>23320G182</td>
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<td>0.21</td>
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<td>Dimensional 2010 Target Date Retirement Income Fund</td>
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<td>0.21</td>
<td>0.03</td>
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<td>Dimensional 2015 Target Date Retirement Income Fund</td>
<td>DRIQX</td>
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<td>0.21</td>
<td>0.03</td>
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<tr>
<td>Dimensional 2020 Target Date Retirement Income Fund</td>
<td>DRIRX</td>
<td>25239Y527</td>
<td>0.23</td>
<td>0.23</td>
<td>0.03</td>
</tr>
<tr>
<td>Dimensional 2025 Target Date Retirement Income Fund</td>
<td>DRIUX</td>
<td>25239Y519</td>
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<td>0.25</td>
<td>0.03</td>
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<tr>
<td>Dimensional 2030 Target Date Retirement Income Fund</td>
<td>DRIWX</td>
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<td>0.27</td>
<td>0.27</td>
<td>0.03</td>
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<td>Dimensional 2035 Target Date Retirement Income Fund</td>
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<td>0.03</td>
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<tr>
<td>Dimensional 2040 Target Date Retirement Income Fund</td>
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<td>0.29</td>
<td>0.03</td>
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<tr>
<td>Dimensional 2045 Target Date Retirement Income Fund</td>
<td>DRIIX</td>
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<td>0.03</td>
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<tr>
<td>Dimensional 2050 Target Date Retirement Income Fund</td>
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<td>0.03</td>
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<tr>
<td>Dimensional 2055 Target Date Retirement Income Fund</td>
<td>DRIKX</td>
<td>25239Y444</td>
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<td>0.03</td>
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<tr>
<td>Dimensional 2060 Target Date Retirement Income Fund</td>
<td>DRILX</td>
<td>25239Y436</td>
<td>0.29</td>
<td>0.29</td>
<td>0.03</td>
</tr>
</tbody>
</table>

<sup>1</sup>Target Date Retirement Income Funds were launched on November 2, 2015, therefore the “Other Expenses” and “Acquired Fund Fees and Expenses” components of their expense ratios shown are based on anticipated fees and expenses for the first full fiscal year. The fund prospectus contains more information on fees and expenses.