



A more human resource.™

Automatic Account Rebalancing

Some experts consider your asset allocation decision to be the most important investing decision you can make in your retirement planning. In fact, over time it has been shown to account for over 90%¹ of investment results. Carefully selecting your investment mix and sticking with a long-term plan has the potential to greatly influence your investment results.

Staying Balanced

Over time, your account will drift away from your original allocation simply because of the way the stock market moves. Different investments – stocks, bonds and money market/stable value investments – react differently to the same market conditions. For instance, when one is at a high, another is at a low, and the third may be somewhere between the two. This means that periodically, you should review your asset allocation to determine whether you need to rebalance your holdings to return them to your original desired percentages.

Putting Automatic Account Rebalancing to Work for You

Automatic Account Rebalancing is an account management feature that automatically keeps your asset allocation in balance according to your most recent investment elections. This realignment is accomplished by selling shares in one investment option (or options) and using the proceeds to purchase shares in another investment option (or options) to bring your entire account balance back in line with your intended investment elections.

You choose the frequency in which automatic Account Rebalancing takes place – your account can be rebalanced quarterly, semi-annually or annually. Be sure to carefully review your current investment allocation designations for new contributions as well as your existing balances in your account.

EXAMPLE

On January 1, Judy enrolls in her retirement plan contributing \$100 per month. She elects to have the automatic Account Rebalancing feature realign her account. She chooses the following asset allocation for her retirement account:



Initial Allocation

Fund 1 - 25%
Fund 2 - 25%
Fund 3 - 25%
Income Fund 1 - 25%



Allocation After a Market Downturn

Fund 1 - 20%
Fund 2 - 20%
Fund 3 - 20%
Income Fund 1 - 40%



Rebalanced Allocation

Fund 1 - 25%
Fund 2 - 25%
Fund 3 - 25%
Income Fund 1 - 25%

The values of your investment options will vary with market conditions, and upon redemption, may be worth more or less than the original value. A plan of systematic savings does not ensure a profit or prevent a loss in declining markets. This material is not intended as investment advice. Consult your financial advisor.

¹ Ibbotson, Roger G. and Paul Kaplan, "Does Asset Allocation Policy Explain 40 Percent, 90 Percent or 100 Percent of Performance?" Financial Analysts Journal, Jan./Feb. 2000.



A more human resource.™

Automatic Account Rebalancing

Automatic Account Rebalancing can help you stay on track toward the more comfortable retirement you envision. It helps you stick with your long-term plan for success, and can help you:

- ▶ Stay on track with the investment mix you determined was most appropriate for you
- ▶ Manage market risk (depending upon diversification within your total account)
- ▶ Maintain the asset allocation that reflects your overall tolerance for investment risk
- ▶ Buy more shares of funds at lower market prices (during a market downturn)
- ▶ Lock in potential gains by selling funds at higher prices (during a market upturn)

ADP Retirement Services 71 Hanover Road, Florham Park, NJ 07932

ADP, LLC and its affiliates (ADP) do not endorse or recommend specific investment companies or products, financial advisors or service providers; offer financial, investment, tax or legal advice or management services; engage or compensate any financial advisor to provide investment advice to plans or participants; or serve in a fiduciary capacity with respect to retirement plans. Nothing in these materials is intended to be, nor should be construed as, advice or a recommendation for a particular situation or plan, nor is this publication the sole authority on any regulation, law or ruling. Please consult with your own advisors for such advice.

ADP and the ADP Logo are registered trademarks of ADP, LLC. ADP – A more human resource. is a service mark of ADP, LLC. All other trademarks and service marks are the property of their respective owners. 99-0207-0516 © 2006-2016 ADP, LLC. ALL RIGHTS RESERVED.

Automatic Account Rebalancing ▶ **FOR PLAN SPONSOR USE ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC.**