Two questions. One answer. It’s easy.

An Overview of the Easy Choice Portfolios
Your CalSTRS Pension2 voluntary supplemental savings plan lets you choose how to invest your contributions. If you’re an experienced investor, you can build your own diversified portfolio using the Core Investment Options or the Self-Managed Brokerage Account and manage your investments yourself.

But if you’d like an easier option that lets you make a single investment choice and leave the decisions to professionals, consider the Easy Choice Portfolios.

One-stop investment options
The Easy Choice Portfolios are designed as one-stop investment options.

Simply answer two questions:
1. When do I plan to retire?
2. How much investment risk am I willing to take?

The portfolios are offered with four target dates — 2020, 2030, 2040 and 2050+ — which represent your expected retirement date or the date you will begin to withdraw your savings. There is also a portfolio for retired members.

Each target date portfolio is further customized into three risk profiles — conservative, moderate and aggressive, giving you a range of 15 portfolios to choose from. The idea is to invest all of your contributions into the one portfolio that most closely matches your expected retirement date and risk profile. Keep in mind, an investment in the target date portfolios is not guaranteed at any time, including on or after the target date.

Pre-mixed portfolios of core funds
Each portfolio is a fully diversified investment program made up of a select mix of six Pension2 core investment options. Think of the portfolios as “funds within a fund.”

Core funds in the Easy Choice Portfolios
• Vanguard Total Stock Market Index
• Vanguard Developed Markets Index
• Vanguard Emerging Markets Index
• PIMCO All Asset
• Vanguard Inflation-Protected Securities
• Voya Fixed Plus III

The mix of core funds varies depending on the target date and the risk profile of each portfolio. Portfolios with target dates further into the future and with moderate to aggressive risk profiles contain a higher percentage of stock funds to help maximize growth potential. Historically, stock funds have provided higher investment returns over the long haul compared to fixed-income funds. However, stock funds experience more ups and downs in value over the short term, so they are riskier. And remember, past performance is no guarantee of future results.
To explain further, take a look at the example below. It compares the investment mix for the Easy Choice Aggressive 2050+ Portfolio (the most aggressive option) and the Easy Choice Conservative Retired Portfolio (the most conservative option). Notice the difference in percentage of equity funds versus fixed-income funds. The investment mixes for the other portfolios fall somewhere in-between these two:

### Easy Choice Aggressive 2050+ Portfolio
- 39% Vanguard Total Stock Market Index
- 28% Vanguard Developed Markets Index
- 6% Vanguard Emerging Markets Index
- 18% PIMCO All Asset
- 1% Vanguard Inflation-Protected Securities
- 8% Voya Fixed Plus III

### Easy Choice Conservative Retired Portfolio
- 9% Vanguard Total Stock Market Index
- 6% Vanguard Developed Markets Index
- 1% Vanguard Emerging Markets Index
- 4% PIMCO All Asset
- 12% Vanguard Inflation-Protected Securities
- 68% Voya Fixed Plus III

The portfolio mix gets more conservative over time

Over time and as the target date nears, the portfolios gradually become more conservative by reducing the percentage of equity funds and increasing the percentage of fixed-income funds. Historically, fixed-income funds have provided lower returns than equity funds but they help to generate income and may offer more stability for your savings as you get closer to retirement. Past performance is no guarantee of future results.

Once the Easy Choice Portfolio you elected reaches its intended target date, its asset allocation mix will have rebalanced to the Easy Choice Retired Portfolio based on your initial risk preference and target date. For example, the Easy Choice Moderate 2030 Portfolio will over time rebalance to the Moderate Retired by the year 2030. It’s like a car at highway speed gradually slowing down for the retirement offramp and then cruising slowly down a country lane.

The Easy Choice Portfolio investment managers take care of the investment decisions, so you don’t have to.

Understand the risks

If any of the funds lose value, the portfolio may lose value as well. Target date investing does not guarantee a profit and cannot prevent losses. However, the multiple-fund diversification along with the gradual shift to more conservative investment mixes over time can help to manage the risks.
To learn more about the Easy Choice Portfolios, including investment management fees, log on to your account at Pension2.com or call toll free 888-394-2060. Review the core investment options that comprise the portfolios before making your Easy Choice election.
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