Get into your comfort zone

Risk-Based Funds Explained

Special Report

Although managing your own retirement planning is a big decision, it's not one you need to shy away from. You know that investing carries risks and that you need to find some balance between risk and reward. Creating a portfolio that works with your risk tolerance may be easier than you think. Risk Based Funds can help you to achieve a well rounded portfolio that directly addresses your investment comfort level.

Risk Based Funds

Risk based funds can eliminate the need for you to evaluate and choose individual investment options by providing portfolios based on your personal risk tolerance. The pre-selected underlying mutual funds enable you to achieve asset allocation while aligning your portfolio to your tolerance level. The portfolio is managed by professionals and you simply monitor the risk based fund to be sure it is in line with your investment goals.

Risk Tolerance

Your personal risk level is a key component to your retirement portfolio. Investing comes with a degree of uncertainty and you have to be comfortable with the potential losses your investment may experience.

Risk tolerance is not solely based on a feeling of comfort. Other factors such as age and time horizon (when the investment money is needed) play a very important role in determining your risk tolerance. For example, a young investor may be willing to experience more loss knowing they may have time to recover before retirement whereas an older investor may not be willing to experience a significant loss if they plan to retire shortly.

Generally speaking, risk tolerance can be categorized into groups from conservative, to moderate, to aggressive. Each category endures an increasing level of potential risk, and accordingly, an increasing level of potential reward.

The Importance of Asset Allocation

As an investor, you are well aware of the importance of asset allocation. By dividing your investment portfolio among different asset categories, such as stocks, bonds, and cash, you can attempt to hedge against significant losses. Historically, the returns of the three major asset classes have not moved up and down at the same time. This means that if one asset category's investment return falls, you could be in a better position to counteract your losses in that asset category with better investment returns in another asset category.

This information is provided for your education only by the Voya® family of companies.

Risk based funds do not overlook this key component. Each portfolio contains underlying mutual funds from a wide range of asset classes in order to help shield investors from potential loss.

Of course, using asset allocation as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

Confused by Similar Offerings?

The most notable similar product is a Target Date Fund. Risk Based Funds are similar in the sense that the portfolio is made up of pre-selected underlying mutual funds which are monitored by professionals. The difference lies in the selection method and ongoing maintenance.Target Date Funds* are aligned with your anticipated retirement date. As the time horizon to your retirement date lessens your portfolio is adjusted to become more conservative to hedge against loss. Risk Based Funds are aligned with your risk tolerance and do not change over time. Therefore, it is important to continuously analyze your risk level to determine if your portfolio is still helping you pursue your retirement goals.

Determining Your Risk Tolerance

Each individual investor has a tolerance level. Where do you fall on the scale?

Conservative ← **Moderately Conservative** — **Moderate** — **Moderately Aggressive** → **Aggressive**

Conservative

Minimal risk. Willing to sacrifice upside potential. Seeking inflation-adjusted income to help pay living expenses in retirement.

Moderately Conservative

Tolerant of a little more risk for a little more return. Wants enhanced returns when the market is up, to cover inflation and taxes. Willing to be only partially involved in up markets, in order to gain additional hedging in down markets.

Moderate

Interested in good returns and willing to take additional risk. Looking to gain greater returns, but should expect to lose when markets go down.

Moderately Aggressive

Planning to outperform indices when the market is up, but willing to accept more loss when the market is down. Expecting to gain much greater returns.

Aggressive

Looking to significantly out perform the markets, but willing to be exposed to an increased amount of risk. Striving for tremendous gains, but ready to take the risk of losing a larger percentage of assets.

* Investments in Target Date Funds are subject to the risks of their underlying funds. Generally speaking, an investment in a target date fund is not guaranteed at any time, including on or after the target date.

Not FDIC/NCUA/NCUSIF Insured | Not a Deposit of a Bank/Credit Union | May Lose Value | Not Bank/Credit Union Guaranteed | Not Insured by Any Federal Government Agency

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya® family of companies. **Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement.** All products and services may not be available in all states.

158280 1220600_0222 WLT P0143202 © 2022 Voya Services Company. All rights reserved. CN2029563_0224

PLAN | INVEST | PROTECT

VOYA FINANCIAL

Voya.com