

Hypothetical Examples:

The examples provided below are for educational purposes only and are not intended to be used as personal financial advice nor a substitute for professional financial services.

Active Defined Contribution Rebalancing: Nora is 40 years old and currently has a combined asset allocation in her Defined Contribution account and her SBS account of 37% Domestic Stocks and 13% International Stocks, making her total stock allocation 50%. According to the Alaska Target Date Glidepath, the recommended stock allocation for someone her age is 90%, with a 50% stock allocation being appropriate for a 67-year-old. Nora decides to gradually rebalance her current assets over the next year to bring her stock allocation much closer to the 90% recommended by the glidepath. This gradual approach helps Nora avoid making sudden changes to her portfolio, reducing the potential impact of market timing while aligning her investments more closely with her long-term retirement goals.

Active Defined Contribution Conversion to Target Date Fund: Sam is 55 years old and currently has 30% of his Defined Contribution account invested in Domestic Stocks and 10% in International Stocks, resulting in a total stock allocation of 40%. According to the Alaska Target Date Glidepath, the recommended stock allocation for someone his age is 72%, while his current 40% stock allocation aligns more closely with that of a 75-year-old. Sam decides that he does not want to spend time monitoring his glidepath or rebalancing his portfolio over time. Instead, he chooses to convert all of his assets to a Target Date Fund that is closest to his planned retirement date. By doing this, Sam ensures that his assets will automatically follow the Alaska Target Date Glidepath, providing the appropriate asset allocation adjustments as he ages, without the need for any further monitoring or intervention on his part.

Retired Defined Contribution Monitoring: Jacob is 70 years old and retired. His current asset allocation in his Defined Contribution account includes 30% Domestic Stocks and 13% International Stocks, resulting in a total of 43% of his assets invested in stocks. According to the Alaska Target Date Glidepath, the recommended stock allocation for someone his age is 46%, while a 43% stock allocation is more typical for a 72-year-old. After discussing his situation with his financial planner, Jacob decides that he is comfortable maintaining his current asset allocation at 43% stocks. However, he plans to monitor his asset allocation annually and considers rebalancing in the future, recognizing that since he is no longer making new contributions, his asset allocation not invested in Target Date Funds will not automatically adjust according to the Alaska Target Date Glidepath. This approach allows Jacob to stay aligned with his retirement goals while keeping a close eye on his risk exposure as he continues through retirement.

Retired Defined Benefit Monitoring: Lena is 60 years old and retired, with a Defined Benefit retirement plan that covers nearly all of her living expenses. Her current asset allocation in her SBS account and Deferred Compensation account includes 20% Domestic Stocks and 8% International Stocks, meaning she has 28% of her assets invested in stocks. According to the Alaska Target Date Glidepath, the recommended stock allocation for someone her age is 64%, while her current 28% stock allocation is more typical for an 88-year-old. Lena is considering rebalancing her portfolio to increase her stock allocation closer to the Alaska Target Date Glidepath. However, she hasn't made a decision yet, as she is fairly comfortable financially and doesn't feel an urgency to act immediately. Lena plans to continue monitoring her asset allocation and regularly compare it to the Target Date Glidepath to ensure that her investments remain aligned with her long-term financial goals.