

# Target-date funds proving to be profitable

By Ben Steverman, Bloomberg Business

For a decade, a new kind of mutual fund has been taking over Americans' retirement portfolios.

The target-date fund is designed for people with no knowledge of investing. You pick the fund closest to the year you expect to retire—the Vanguard Target Retirement 2030, for example – and the fund does the rest. Containing a variety of stock and bond funds, the all-in-one funds gradually and automatically get less risky as retirement approaches.

There's now evidence that target-date funds may be working. They're giving investors solid returns, data from research firm Morningstar show. Just as importantly, they're boosting those returns by protecting investors from their worst instincts.

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