

**American Funds Insurance Series®**

Target Date Series



**CAPITAL  
GROUP®**

**AMERICAN  
FUNDS®**



**Target date funds &  
variable annuities:  
A new road to  
retirement income**

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

# A smart choice for retirement investing

## What are target date funds?

Investments in target date funds are allocated among a diversified portfolio of mutual funds comprising stocks and bonds. Investors select a target date fund, typically the one nearest their anticipated retirement date. Over time, that fund's mix of stocks and bonds will shift toward more conservative investments. This gradual shift over time is called a "glide path." These professionally managed solutions make up a growing asset class, widely used in workplace retirement savings plans.

### A growing opportunity

**19%**

Average annual growth rate of target date assets between 2015 and 2020, ending 2020 at \$2.7 trillion.<sup>1</sup>

**70%**

Projected target date contributions as a percentage of 401(k) contributions by 2025, up from 59% in 2019.<sup>2</sup>

**\$3.6 trillion**

Projected 401(k) target date fund assets by 2025.<sup>2</sup>

## Why investors use target date funds

**Easy**

**Easy selection**

Simplifies choosing and managing retirement investments

**Diverse**

**Broad asset allocation**

Diversifies investments among various asset classes

**Oversight**

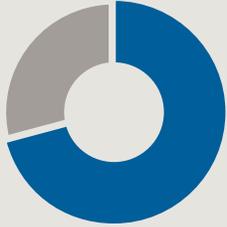
**Professionally managed**

Professional managers oversee asset allocation and glide path decisions

<sup>1</sup> Source: Sway Research, LLC. "The State of The Target-Date Market: 2021." Compound annual growth rate; for CITs and mutual funds combined.

<sup>2</sup> Source: "The Cerulli Report – U.S. Defined Contribution Distribution 2020: Adapting to Changes in the Regulatory Environment."

# Why protected income?



**71%** of Americans

highly value protected lifetime income in addition to Social Security.<sup>3</sup>



**63%** of Americans

have no guaranteed source of retirement income other than Social Security.<sup>4</sup>

## Retirement income that can't be outlived

As people prepare for and transition to living in retirement, their needs and priorities change. Generating income and protecting what they've worked hard to save are top-of-mind – but Social Security and pensions may not cover the needs of many retirees.

## A closer look at the benefits

At Capital Group, we believe protected income from variable annuities can play a strategic role in retirement income plans, among other investments.

Annuities can be an important part of a diversified retirement portfolio because they can ensure that your retirement income is protected even when there are downturns in the market that might affect your portfolio. So no matter how your other retirement investments perform, annuities can provide you with a source of protected lifetime income that few other financial products can offer.

## Other considerations

Be careful not to overinsure your client's retirement income plan. Things to consider:

**Higher potential fees** – Variable annuities may impose a variety of fees that may affect the growth of your client's portfolio.

**Lower flexibility/liquidity** – Variable annuities have investment and/or withdrawal limitation requirements. Early withdrawals may incur a fee. About the guarantee: Guarantees are subject to the claims-paying ability of the issuing insurance company.

<sup>3</sup> Source: Greenwald & Associates and CANNEX, "Sixth Annual Guaranteed Lifetime Income Study (GLIS)," 2020.

<sup>4</sup> Source: Alliance for Lifetime Income, "Annuities Language Discussion Guide for Financial Professionals," 2019.

## Target date funds + protected income: A powerful combination

**Pairing target date funds with variable annuities** is intended to bring retirement savings and protected income together. For investors, that means helping achieve an outcome many of them need – retirement income – with an investment solution they already may be comfortable with – a target date fund.

Introducing

### **American Funds Insurance Series® – Target Date Series**

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Investors have long had access to target date funds in workplace-sponsored plans as they save for retirement.

Now, target date funds are available within variable annuities, which can provide protected income. The American Funds Insurance Series – Target Date Series funds are designed to meet investors' changing needs to and through retirement.



# Capital Group: An industry leader in target date investing

Since 1931, Capital Group, home of American Funds, has been singularly focused on delivering superior outcomes for long-term investors using high-conviction portfolios, rigorous research and individual accountability.

With \$229 billion of target date assets under management,<sup>5</sup> Capital Group is one of the largest providers<sup>6</sup> and offers the fastest-growing retirement target date fund family (mutual funds and CITs combined).<sup>7</sup>

## MORNINGSTAR® "Thrilling" strategies

Seven equity strategies underlying the insurance series were recognized on Morningstar's "The Thrilling 36" list.<sup>8</sup>

### Our underlying funds have provided a strong foundation

#### Results vs. peers

Our underlying funds have outpaced their respective Lipper peer indexes/averages in 87% of rolling 10-year periods.<sup>9</sup>



#### Results vs. benchmarks

Over their lifetime, 84% of our underlying funds have outpaced their respective benchmarks.<sup>10</sup>



<sup>5</sup> Source: Capital Group, based on assets under management as of 6/30/21.

<sup>6</sup> Source: "The Cerulli Report – U.S. Defined Contribution Distribution 2020: Adapting to Changes in the Regulatory Environment." As of 2019.

<sup>7</sup> Source: "The State of the Target Date Market: 2021"; Sway Research, LLC. Fastest growth is based on the highest compound annual growth rate of assets under management for mutual funds and CITs combined from year-end 2017 to year-end 2020.

<sup>8</sup> Source: Morningstar, "Fund Spy: The Thrilling 36," by Russel Kinnel, September 2020. Morningstar's screening took into consideration expense ratios, manager ownership, returns over manager's tenure, and Morningstar Risk, Analyst and Parent ratings. The universe was limited to share classes accessible to individual investors with a minimum investment no greater than \$50,000 and did not include funds of funds. Class A shares were evaluated for American Funds. American Funds Insurance Series invests in Class R-6 shares of the underlying American Funds. Not all seven American Funds strategies are in each target date fund. Underlying funds may change over time. For more on the specific fund allocations, see page 7.

<sup>9</sup> The underlying American Funds have beaten their Lipper peer indexes in 87% of 10-year periods based on class R-6 share results for rolling periods through December 31, 2020 and underlying fund allocations as of June 30, 2021. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary.

<sup>10</sup> Based on Class R-6 share results through December 31, 2020 and underlying fund allocations as of June 30, 2021. Seventeen out of 17 equity funds had lifetime returns that outpaced their respective benchmarks. Four out of eight fixed-income funds had lifetime returns that outpaced their respective benchmarks.

# American Funds Insurance Series – Target Date Series

The series shares important characteristics with Capital Group’s target date retirement strategy.

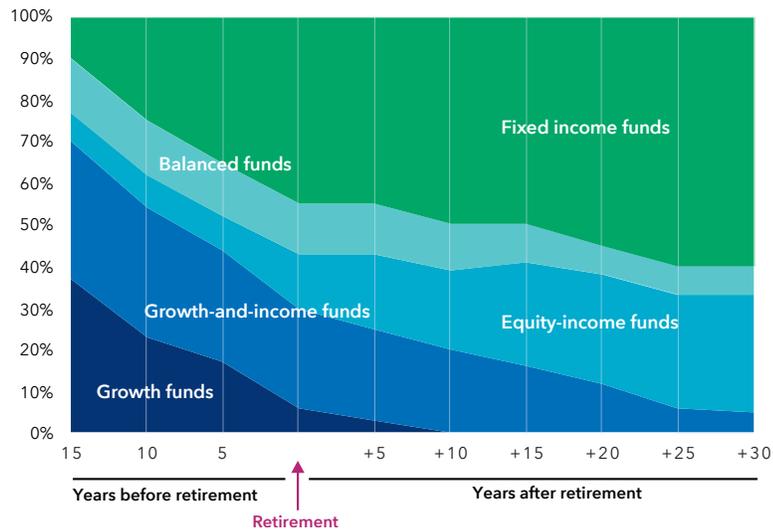
1. The same portfolio management team of veteran investment professionals, with an average of 30 years of investment experience.<sup>11</sup>
2. Identical allocations to underlying funds in the American Funds family.
3. Identical glide paths designed to build and preserve wealth.

Although the target date portfolios are managed for investors on a projected retirement date time frame, the allocation strategy does not guarantee that investors’ retirement goals will be met. Investment professionals manage the portfolio, moving it from a more growth-oriented strategy to a more income-oriented focus as the target date gets closer. The target date is the year that corresponds roughly to the year in which an investor is assumed to retire and begin making withdrawals. Investment professionals continue to manage each portfolio for approximately 30 years after it reaches its target date.

## The distinguishing characteristics of our glide path

- Managed for approximately 30 years past retirement so investors could feasibly use a single fund for decades.
- Meaningful equity exposure throughout retirement to help manage the risk of outliving savings.
- Emphasizes dividends with the intent of providing more equity exposure without increasing volatility.

## A well designed glide path



The target allocations shown are as of May 27, 2021, and are subject to the oversight committee’s discretion. The investment adviser anticipates assets will be invested within a range that deviates no more than 10% above or below the allocations shown in the prospectus. Underlying funds may be added or removed during the year. Visit [capitalgroup.com/afis](http://capitalgroup.com/afis) for current allocations.

<sup>11</sup> As of the prospectus dated 5/1/21.

## A suite of six target date funds

Advisors and investors should carefully consider the target date fund they select. Generally, investors and advisors pick a fund with the year closest to the date on which they plan to retire. A 45-year-old investor who wishes to retire at age 65 might choose a target date fund with a date close to 20 years in the future. Similarly, a 55-year-old planning to retire at age 70 might choose a fund with a date around 15 years in the future.

The American Funds Insurance Series – Target Date Series funds are designed to gradually reduce risk within the fund through retirement. To provide protected lifetime income benefits, insurers may limit access to some funds in the series that investors normally may have selected to match their retirement date.

Underlying funds as of 6/30/21	Target date funds					
	2035	2030	2025	2020	2015	2010
<b>Growth allocation (%)</b>	<b>33.3</b>	<b>21.4</b>	<b>13.9</b>	<b>5.1</b>	<b>2.1</b>	<b>–</b>
The New Economy Fund®	2.9	–	–	–	–	–
New World Fund®	1.4	–	–	–	–	–
The Growth Fund of America® ✓	6.8	5.5	2.9	–	–	–
New Perspective Fund® ✓	5.9	2.7	1.4	–	–	–
SMALLCAP World Fund®	5.5	3.4	1.4	–	–	–
American Funds Global Insight Fund <sup>SM</sup>	4.0	3.7	3.0	2.7	1.4	–
AMCAP Fund®	6.8	6.1	5.2	2.4	0.7	–
<b>Growth-and-income allocation (%)</b>	<b>32.2</b>	<b>29.7</b>	<b>26.1</b>	<b>23.4</b>	<b>21.4</b>	<b>18.8</b>
International Growth and Income Fund <sup>SM</sup>	2.0	1.9	1.7	0.7	–	–
Fundamental Investors®	6.7	5.1	3.0	3.0	2.7	1.7
The Investment Company of America®	4.0	3.7	3.0	3.0	3.0	3.0
Capital World Growth and Income Fund® ✓	7.0	7.0	6.7	5.7	5.0	4.4
Washington Mutual Investors Fund <sup>SM</sup>	5.6	5.0	5.0	5.0	4.7	4.0
American Mutual Fund® ✓	6.9	7.0	6.7	6.0	6.0	5.7
<b>Equity-income/balanced allocation (%)</b>	<b>20.3</b>	<b>21.0</b>	<b>22.1</b>	<b>26.5</b>	<b>29.9</b>	<b>31.2</b>
American Funds Global Balanced Fund <sup>SM</sup>	5.0	5.0	4.7	4.0	4.0	3.4
American Balanced Fund® ✓	8.0	8.0	8.0	8.0	7.7	7.0
Capital Income Builder® ✓	3.3	4.0	4.3	5.3	6.0	6.3
The Income Fund of America® ✓	4.0	4.0	5.1	9.2	12.2	14.5
<b>Fixed income allocation (%)</b>	<b>14.4</b>	<b>27.9</b>	<b>37.9</b>	<b>45.0</b>	<b>46.4</b>	<b>50.0</b>
U.S. Government Securities Fund®	7.6	6.7	5.7	5.0	3.5	–
American Funds Inflation Linked Bond Fund®	2.6	4.3	5.6	7.0	7.0	6.4
American Funds Mortgage Fund®	1.5	5.0	5.3	6.0	6.0	6.3
Capital World Bond Fund®	1.5	4.9	4.9	5.0	4.9	3.5
Intermediate Bond Fund of America®	1.2	5.5	9.0	9.0	10.5	15.2
The Bond Fund of America®	–	1.5	5.9	8.0	8.0	8.6
American High-Income Trust®	–	–	1.5	5.0	5.0	3.5
Short-Term Bond Fund of America®	–	–	–	–	1.5	6.5

Totals may not reconcile due to rounding.

The allocations shown are as of June 30, 2021, and are subject to the oversight committee's discretion. The investment adviser anticipates assets will be invested within a range that deviates no more than 10% above or below the allocations shown in the prospectus. Underlying funds may be added or removed during the year. Visit [capitalgroup.com/afis](http://capitalgroup.com/afis) for current allocations.

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.**

Each target date fund is composed of a mix of American Funds and is subject to the risks and returns of the underlying funds. Investing outside the United States involves risks such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the funds' prospectuses. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks. The return of principal for bond funds and for funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Higher yielding, higher risk bonds can fluctuate in price more than investment-grade bonds, so investors should maintain a long-term perspective. While not directly correlated to changes in interest rates, the values of inflation-linked bonds generally fluctuate in response to changes in real interest rates and may experience greater losses than other debt securities with similar durations. Investments in mortgage-related securities involve additional risks, such as prepayment risk, as more fully described in the prospectus. Bond prices and a bond fund's share price will generally move in the opposite direction of interest rates. Fund shares of U.S. Government Securities Fund are not guaranteed by the U.S. government.

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