

# Your Betterment 401(k)'s investing features

Get to know the smart, tax-aware tools working behind the scenes to help you invest efficiently, minimize taxes, and stay on track for retirement.



Auto-adjust<sup>1</sup>



Automatic rebalancing<sup>2</sup>



Tax Coordination



Personalized retirement planning

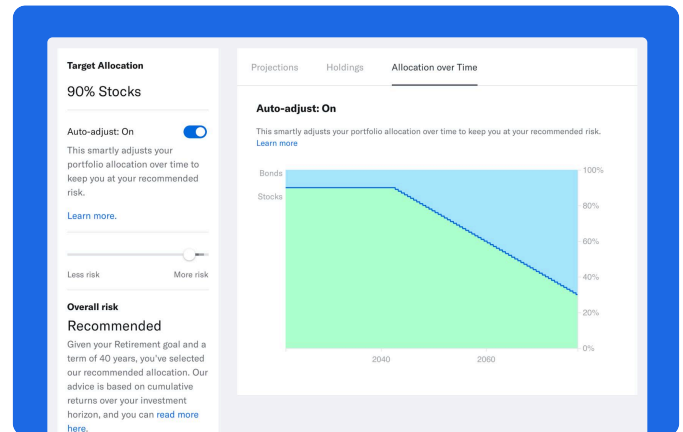
<sup>1</sup> Auto-adjust is only available for participants using Betterment's managed portfolios and may not be available for all strategies.

<sup>2</sup> Investing portfolios require a portfolio minimum balance of \$50 in order for a rebalancing transaction to occur (which can be the aggregate of balances in a tax-coordinated portfolio).

# Auto-adjust<sup>1</sup> to follow an appropriate glidepath

Betterment's auto-adjust feature helps keep your investments aligned with your retirement goals. As you get closer to retirement, your portfolio automatically shifts—gradually reducing risk by moving from stocks to bonds over time. **It works like a target date fund but is more personalized and flexible to align to your specific retirement age.**

By default, your stock allocation starts up to 90% and gradually lowers to 30% as you near retirement. You can also choose from other portfolio strategies and still take advantage of the auto-adjust feature.



<sup>1</sup> Auto-adjust is only available for participants using Betterment's managed portfolios and may not be available for all strategies (i.e., BlackRock Target Income and Flexible Portfolio options).

## Automatic rebalancing to help manage risk

When investing, portfolio asset class weights will fluctuate due to market movements. Betterment's system works to keep portfolios close to their target allocation. We do this in a number of ways:

1

### Reactive rebalancing

Contributions, dividends, and withdrawals are used to reduce drift. Fractional shares let us use that money more precisely.

2

### Proactive rebalancing

If deposits or withdrawals haven't been enough to keep things on track, we rebalance by buying and selling investments. Automated rebalancing is generally triggered when drift surpasses 3%. Portfolio drift is calculated by the sum of asset class drifts divided by two.

3

### Allocation change rebalancing

If you manually change your target allocation—even by just 1%—your portfolio will be fully rebalanced to match the new allocation.

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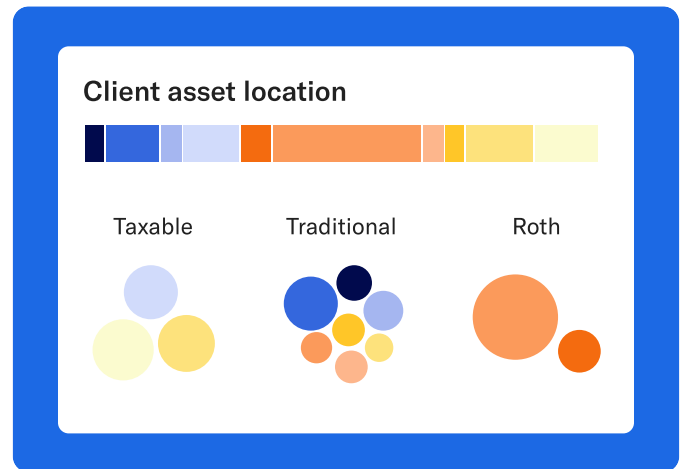
# Tax Coordination

Asset location is different from asset allocation. Asset allocation comes first—it's choosing how much to invest in stocks and bonds based on your goals, risk level, and how long you plan to invest.

[Asset location](#) means placing the least tax-efficient assets in the most tax-advantaged account, when an investor holds an overall portfolio split across different account types (i.e., Traditional 401(k), Roth 401(k), taxable).

- ✓ It combines traditional rebalancing with strategies to optimize tax efficiency.
- ✓ An overall target allocation is retained, while assets are placed in accounts to target higher after-tax returns

Your assets may be located between traditional and Roth accounts. Taxable accounts may also be added, allowing the system to locate assets according to their tax efficiency while maintaining the appropriate overall allocation.



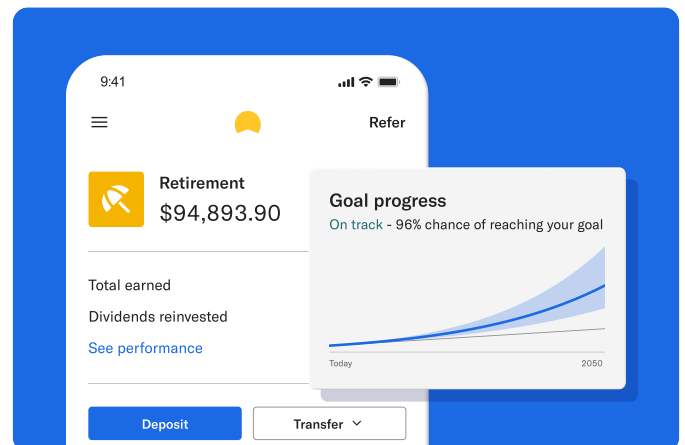
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# Personalized retirement planning

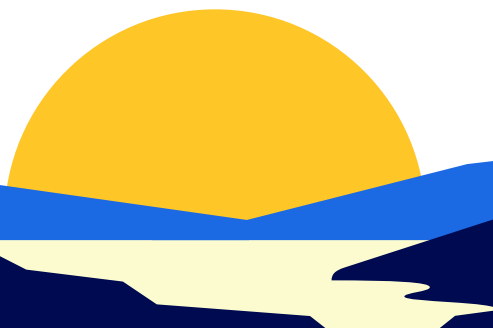
You can access in-app [planning tools](#) and tailored advice to help them determine how much and where to save for retirement, guiding you to help achieve your retirement goals.

Betterment provides personalized estimates of how your savings could grow over time as you contribute to your account—and how they might support you when you start withdrawing in retirement. Your forecast shows whether you're on track to reach your retirement goals, factoring in things like your contribution rate, investment strategy, and expected retirement age.

- ✓ Market return and volatility assumptions
- ✓ Inflation
- ✓ Deposits and withdrawals
- ✓ Retirement age
- ✓ Estimated Social Security payments



To see what investment options are available in your plan, log in to your account at [betterment.com](https://betterment.com) or download the [Betterment app](#).



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