



## NO ACTION IS REQUIRED

# Target 401(k): Information About Your Investment Options, Fees, and Other Expenses

As required by federal regulations, each year Target sends this notice with information about your investment options, fees, and other expenses in the Target 401(k). This notice is for your information only. **No action is required.**

The Target 401(k) is a great way to build savings for your future:

- Enjoy convenient automatic savings through payroll deductions.
- Choose any combination of before-tax, Roth, or regular after-tax contributions.
- Select from the comprehensive investment lineup.

Take full advantage of the Target 401(k) by choosing a savings rate and investments that meet your long-term saving needs.

### What's Inside

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## Learn More

Review this notice to learn more about Target 401(k) fees and expenses, investment options, and where to go for more information.

Also, visit **[targetpayandbenefits.com](https://targetpayandbenefits.com)**:

- For tools to help you explore how your saving and investing decisions impact your long-term savings goals.
- To review the Summary Plan Description, which includes additional details about the Target 401(k).

# 1. About Fees and Expenses

As with other investments, many fees and expenses for the Target 401(k) are paid by investors, in this case, participants in the plan. There are several types of fees:

- Some fees are **asset-based fees** that you won't see directly because they are paid as a percent of plan assets (also called an expense ratio) and come out of your investment earnings. The asset-based fees are shown in Section 3 of this document. Asset-based fees are used to pay for investment management fees and services, such as recordkeeping and participant services, trustee, accounting, and other expenses relating to the maintenance of the plan or plan funds.
- You may also have **individual fees** charged to your account that are based on activity you have requested. See the box on the right to learn about individual fees that may apply to your account.

**Note:** There are no upfront charges when you decide to invest in any of the funds in the Target 401(k).

Fees and expenses are important because they can substantially reduce the growth of your account. You can find an example that illustrates this concept on the Department of Labor's website: <https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/a-look-at-401k-plan-fees.pdf>

Fees and expenses are only one of several factors to consider when making investment decisions. You also should carefully consider asset class, investment risk, investment objectives, principal investment strategies, and historical performance when selecting investment options. Learn more about the funds at [targetpayandbenefits.com](https://www.targetpayandbenefits.com).

## 2. The Plan's Investment Options

As a participant in the Target 401(k), you're responsible for investing your account in one or any combination of the plan's investment options. Within the plan, you will find several options:

- **Core Funds, Specialty Funds, and Target Date Funds** (sometimes called LifePath® Funds) provide you with investments that have returns that can change as markets go up and down. More information on these funds is found in Section 3.
- To help you create an investment strategy, Target has designated Alight Financial Advisors, LLC (AFA), an independent registered investment advisor, to provide fiduciary investment services to plan participants. An **Online Advice** tool can help you fine-tune your investing strategy, and the **Professional Management** program offers personalized portfolio management from professional investment advisors. Fees apply for the Professional Management program; see the **Individual Fees in the Target 401(k)** box in Section 1. AFA has hired Financial Engines Advisors L.L.C. (FEA) to provide sub-advisory services. AFA is a federally registered investment advisor and wholly owned subsidiary of Alight Solutions, LLC. FEA is a federally registered investment advisor and wholly owned subsidiary of Edelman Financial Engines, LLC. Neither party guarantees future results.

### Individual Fees in the Target 401(k)

- **Professional Management program fees:** If you sign up for the Professional Management program offered by Alight Financial Advisors, you will be charged a fee that is based on the size of your account:

Portion of Account	Annual Rate	Annual Cost
Up to \$75,000	0.40%	\$4.00 per \$1,000
\$75,000 to \$150,000	0.30%	\$3.00 per \$1,000
Over \$150,000	0.20%	\$2.00 per \$1,000

The fee is calculated on a monthly basis, based on your average amount of assets under management for the period and deducted in arrears at the end of the month. If you take a full distribution of your account during the month, the managed account service fee will be prorated for the partial period and will be deducted from your account at the time the distribution is processed.

Other investment management fees are paid through the asset-based fees that come out of your investment earnings.

- **Loan fees:** You will pay a \$75 fee whenever you take a loan from the Target 401(k). This fee is paid by a reduction in your loan proceeds. As you pay back your loan, you will pay interest at a rate of prime plus 1%.
- **Withdrawal fees:** You will pay a \$20 fee for each non-hardship withdrawal you make while you are an active team member.
- **Domestic relations order fees:** You will pay a \$600 fee when a domestic relations order is processed on your account. This happens when a court awards a portion of your account to another person due to a divorce settlement. The fee is deducted before the order is applied.

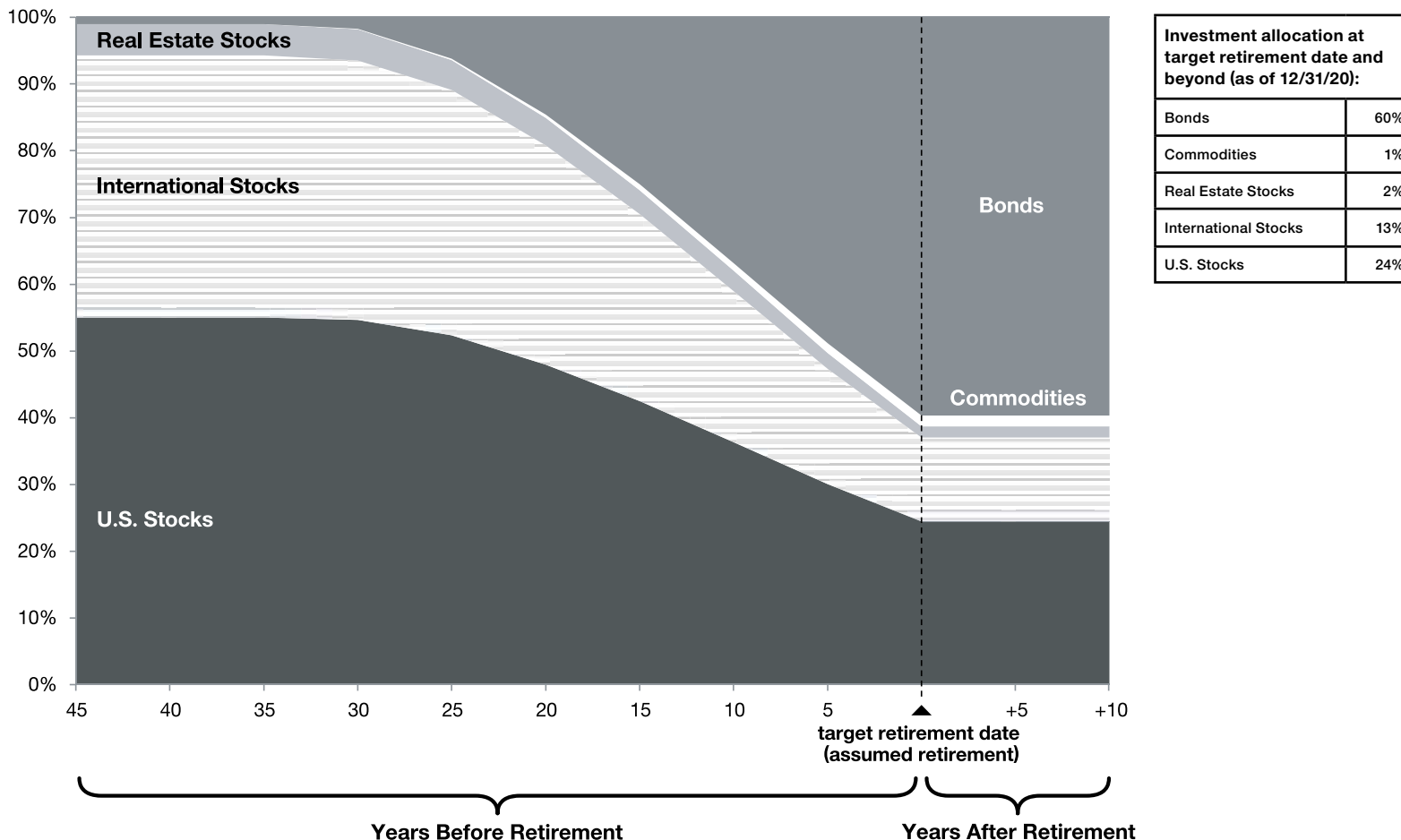
You may change your investment elections as often as you like. However, keep in mind that some funds are subject to trading restrictions. If trading restrictions apply, they will be listed in Section 3.

Ultimately, how you invest should depend on your age, lifestyle, accumulated wealth, years to retirement, and comfort level around risk, among other factors.

This notice only provides some information about your investment choices like fees, expenses, and historical returns. Your decisions should be based on the full picture, taking into account your individual situation, not just the information in this notice.

## Target Date (LifePath®) Funds

Target Date Funds (also called LifePath® Funds) provide you with a well-diversified blend of stocks, bonds, and other investments that is automatically adjusted to a lower risk level as you near retirement. To best use the funds, simply select the one fund closest to your retirement date. You do not need to take any further action; the fund's manager will gradually adjust the asset mix of the fund to include more bonds and fewer stocks. The funds reach their most conservative investment mix on their target retirement date. After that date, the investment mix will stay about the same. The funds do not guarantee that you will have sufficient retirement income at the target retirement date. You can lose money in the funds, both before and after the applicable target retirement date.



Visit [targetpayandbenefits.com](http://targetpayandbenefits.com) for more information.

## Learn More About the Plan's Investment Options

Learn more about the investment options and fees that apply to these funds at [targetpayandbenefits.com](https://targetpayandbenefits.com). The most up-to-date information is available on the **Fund Detail Pages** and is refreshed on a monthly basis. Go to the **Savings & Retirement** tab on [targetpayandbenefits.com](https://targetpayandbenefits.com). Select **Investments** from the TGT 401(k) drop-down menu. Click on the **Fund Performance** tab and click on a specific fund to view its **Fund Detail Page**. The fund information is managed by Lipper, a global leader in supplying fund information, analytical tools, and benchmarking information. You can also receive more information about the funds, including paper copies of any information that is provided online, by calling the Target Benefits Center at **800-828-5850**. Representatives are available from 9 a.m. to 7 p.m. CST, Monday through Friday.

## To Enroll or Make Changes to Your Investments

You can enroll in the Target 401(k) or make changes to your investments at any time by logging in to [targetpayandbenefits.com](https://targetpayandbenefits.com). Once you have logged in, you can:

- **Enroll**—simply follow the enrollment prompts on the home page.
- **Change your current investment mix or your investment elections for future contributions**—go to the **Savings & Retirement** tab, select **Investments** from the TGT 401(k) drop-down menu and click on **Change Investments**. Follow the instructions on the website to update your investments.

If you are unable to log in to the website, you may also enroll or change investment options by calling the Target Benefits Center at **800-828-5850**. Benefits Center representatives are available from 9 a.m. to 7 p.m. CST, Monday through Friday. Transactions completed after 3 p.m. Central time (or market close, if earlier) will be processed the following business day.

### Voting and Tender Rights

As a participant in the Target 401(k), you can direct the manner in which the Trustee will vote the Target Common Stock shares credited to your Target Common Stock Fund account. The Trustee votes your shares in accordance with the voting instructions received from you. If you fail to vote your shares, those not voted shares are voted in proportion to the shares voted by all voting plan participants.

In the event of a tender or exchange offer for 5% or more of the outstanding Target Common Stock, you may direct the Trustee whether to tender or exchange shares allocated to your account. If you fail to provide instructions, the Trustee will not tender the shares allocated to your accounts.

### 3. Investment-Related Information

The following table shows the plan’s investment options, including:

1. General information about the type of investment
2. Fee information, including asset-based fees<sup>1</sup> (often called the expense ratio), plus other shareholder-type fees or investment restrictions<sup>2</sup>
3. Historical fund performance and an appropriate benchmark for the same period of time<sup>3</sup>

Keep in mind, however, that past performance does not guarantee how the investment option will perform in the future. Your investment in these options could lose money. Information about an option’s principal risks is available on [targetpayandbenefits.com](http://targetpayandbenefits.com). Click on **Plan Documents** from the resources section of the home page. Go to **Other Retirement Documents** and click on **Fund Fact Sheets**.

General Information			Fee Information			Historical Performance				
Fund Name/ Benchmark	Investment Manager	Asset Class	Total Asset-Based Fees <sup>1</sup>	Annual Cost per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions <sup>2</sup>	Average Annual Total Return as of 12/31/2020 (Fund and Benchmark) <sup>3</sup>				Fund Inception Date
Target Date Funds						1 yr.	5 yr.	10 yr.	Since Inception	
LifePath® Retirement Fund						11.85%	7.77%	6.05%	5.73%	
<i>Benchmark: Bloomberg Barclays Aggregate Index</i>	BlackRock	Premixed	0.16%	\$1.60	N/A	7.51%	4.44%	3.84%	4.42%	8/1/2005
<i>Benchmark: Custom<sup>4</sup></i>						11.80%	7.82%	6.18%	5.89%	

<sup>1</sup>Total asset-based fees are investment management fees, recordkeeping fees, and other administrative costs incurred by the plan which are charged to the participant. Administrative costs make up approximately 0.09% of the total asset-based fee for each fund.

<sup>2</sup>Shareholder-type fees and investment restrictions outline any fees paid directly from your investment in this option and any restrictions on trading that might exist for a specific investment option.

<sup>3</sup>In general, 1-year, 5-year, 10-year, and since inception performance is shown. Each fund’s returns have been reduced by that fund’s total asset-based fees. The benchmarks’ returns have not been reduced by fees.

<sup>4</sup>The custom benchmark is calculated using blended returns of third-party indices that reflect the weightings of the fund’s asset classes.

General Information			Fee Information			Historical Performance				
Fund Name/Benchmark	Investment Manager	Asset Class	Total Asset-Based Fees <sup>1</sup>	Annual Cost per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions <sup>2</sup>	Average Annual Total Return as of 12/31/2020 (Fund and Benchmark) <sup>3</sup>				Fund Inception Date
Target Date Funds (cont.)						1 yr.	5 yr.	10 yr.	Since Inception	
LifePath® 2025 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	12.06%	9.00%	7.22%	6.19%	7/5/2006
LifePath® 2030 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	12.76%	9.82%	7.79%	6.55%	8/1/2005
LifePath® 2035 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	13.50%	10.60%	8.33%	6.75%	7/5/2006
LifePath® 2040 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	14.03%	11.28%	8.79%	7.06%	8/1/2005
LifePath® 2045 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	14.75%	11.76%	9.15%	7.10%	7/5/2006
LifePath® 2050 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	15.14%	11.96%	9.39%	6.30%	9/30/2007
LifePath® 2055 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	15.23%	11.98%	9.57%	10.61%	1/29/2010
LifePath® 2060 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	15.22%	12.03%	N/A	9.70%	1/1/2015
LifePath® 2065 Fund <i>Benchmark: Russell 1000 Index</i> <i>Benchmark: Custom<sup>d</sup></i>	BlackRock	Premixed	0.16%	\$1.60	N/A	N/A	N/A	N/A	N/A	9/24/2020

General Information			Fee Information			Historical Performance				
Fund Name/Benchmark	Investment Manager	Asset Class	Total Asset-Based Fees <sup>1</sup>	Annual Cost per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions <sup>2</sup>	Average Annual Total Return as of 12/31/2020 (Fund and Benchmark) <sup>3</sup>				Fund Inception Date
						1 yr.	5 yr.	10 yr.	Since Inception	
<b>Core Funds</b>										
Intermediate-term Bond Index Fund <i>Benchmark: Bloomberg Barclays U.S. Intermediate Government/Credit Index</i>	State Street Global Advisors	Bond	0.117%	\$1.17	N/A	6.86%	3.62%	3.02%	2.66%	6/5/2012
Money Market Option <i>Benchmark: ICE BofA 3-Month U.S. Treasury Bill Index</i>	State Street Global Advisors	Money Market	0.17%	\$1.70	N/A	0.54%	1.23%	0.65%	0.64%	10/1/2010
Inflation Protected Bond Index Fund <i>Benchmark: Bloomberg Barclays U.S. TIPS Index</i>	State Street Global Advisors	Bond	0.13%	\$1.30	N/A	10.78%	4.94%	3.65%	5.31%	8/1/2000
U.S. Large Company Stock Index Fund <i>Benchmark: S&amp;P 500® Index</i>	State Street Global Advisors	U.S. Large-Cap Stock	0.103%	\$1.03	N/A	18.28%	15.12%	13.77%	8.58%	5/1/1997
U.S. Small Company Stock Index Fund <i>Benchmark: Russell Small Cap Completeness® Index</i>	State Street Global Advisors	U.S. Small-Cap Stock	0.125%	\$1.25	N/A	32.54%	16.15%	12.90%	8.96%	7/1/1997
International Developed Markets Stock Index Fund <i>Benchmark: MSCI EAFE® Index</i>	BlackRock	International Developed Markets Stock	0.143%	\$1.43	N/A	8.07%	7.88%	5.68%	8.27%	12/1/2008
<b>Specialty Funds</b>										
Target Corporation Common Stock Fund <i>Benchmark: Target Stock Total Return</i>	State Street Global Advisors	Common Stock	0.098%	\$0.98	See footnote 6 below	40.31%	23.07%	14.35%	13.61%	1/1/1990
International Emerging Markets Stock Index Fund <i>Benchmark: MSCI Emerging Markets Index</i>	BlackRock	International Emerging Markets Stock	0.165%	\$1.65	See footnote 7 below	18.00%	12.69%	3.32%	9.34%	10/1/2003

<sup>6</sup>On June 22, 2017, a purchase freeze went into effect. You may not contribute or transfer money into the Target Stock Fund; however, any amounts you have already invested in the Target Stock Fund can remain there.

<sup>7</sup>A purchase block applies to this fund. This means that if you sell \$5,000 or more in this fund on a single day, you will not be able to make any purchases for 30 calendar days in this fund. Purchases that are a result of regular salary deferrals, automatic rebalancing, or that are directed by Alight Financial Advisors will not be blocked.

## 4. Terms You Should Know

Here are some key terms and concepts that will help you understand the information described in this notice.

**Asset-based fees:** Fees that are charged as a percent of holdings in an investment to cover investment management fees plus any asset-based administrative service fees. See chart at right for an example of how asset-based fees work.

**Asset class:** A specific category of assets or investments (such as stocks, bonds, premixed, or money market), as well as certain types of stocks (such as international stocks and large-cap stocks). Assets within the same class generally exhibit similar characteristics.

**Benchmark:** A benchmark is typically a market index that tracks general market performance of similar types of investments. For example, the S&P 500® index is commonly used as a benchmark for large-cap stocks.

**Core funds:** Each of these funds represents a single asset class. A combination of core funds is needed to have a diversified portfolio that will provide the most optimal long-term investment experience.

**Designated investment advisor:** This is the individual or organization that manages investments for individuals who choose to participate in the Professional Management program. In this case, it's Alight Financial Advisors.

**Individual fees:** These fees generally only apply to certain transactions in the plan, like taking a loan from your account.

Other individual fees may be charged to each participant to pay for services available to all participants, such as Professional Management.

**Investment management fees:** Fees paid to the investment manager for selecting and managing the investments in an investment option.

These fees may also include costs such as advertising and promotion, administration, and other services.

**Investment risk:** This is the chance that a fund will lose value. While all investments have some risk, the level of risk can vary greatly across types of investments.

**Professional Management program:** You have the option to sign up for managed account services where the designated investment advisor will manage your investment mix for you. If you choose this service, the fees described in the Individual Fees in the Target 401(k) box in Section 1 will apply.

**Recordkeeping and participant services fees:** Costs for activities like keeping data on participants and participant accounts, communication materials, Internet services, and assisting participants with transactions.

### How Asset-Based Fees Work

Let's say your current account balance is \$30,000 and you've invested in three funds as shown below. Here's an estimate of what you might pay annually in total expenses.

Investment	Balance	Asset-Based Fees	
		As % of Assets	Dollar Amount
Inflation Protected Bond Index Fund	\$10,000	0.13%	\$13.00
U.S. Large Company Stock Index Fund	\$17,000	0.103%	\$17.51
International Developed Markets Stock Index Fund	\$ 3,000	0.143%	\$4.29
<b>Total</b>	<b>\$30,000</b>	<b>0.116%</b>	<b>\$34.80</b>

Because asset-based fee expenses are accumulated daily, your actual cost will vary as your account value changes.

To see more definitions related to investments, go to the Investments Page on [targetpayandbenefits.com](http://targetpayandbenefits.com) or call **800-828-5850**.

**Revenue sharing:** Fees paid by some investment funds to plan service providers (including affiliates of the investment manager) or directly to the plan for administrative, recordkeeping, and other services. For this plan, any revenue sharing is used to reduce plan costs before they are charged to participants.

**Target date funds:** These funds, which are sometimes called LifePath® Funds, are premixed, diversified investment strategies that are designed to be a single investment solution. They have a mix of underlying investments that are generally appropriate for a given retirement date.

### 401(k) Plan Administrator Address:

Sr. Vice President, Pay & Benefits  
Target  
33 South 6th Street, CC-1712  
Minneapolis, MN 55402

**Trustee fees:** Fees paid to the trustee who manages some of the operations of the plan, including trading and holding plan assets.

**Turnover ratio:** A measure of how frequently investments are bought and sold within an investment fund during a year, which is usually expressed as a percentage of the total value of the fund.