

Life Cycle Funds



Life cycle funds are marketed as a maintenance-free way for individuals to invest for retirement. They were created under the assumption that many individuals needed a one-stop investment vehicle that properly rebalances their portfolios over their investment lives, as their investment needs change. Typically, in an individual's younger years, riskier but higher-return potential assets should be emphasized, but as the individual approaches retirement, the percentage commitment to these types of investments should be gradually reduced. Life cycle funds are designed to follow this investment pattern.

At first, life cycle funds were limited to mutual funds, but over the years, life cycle exchange-traded funds ETFs have been created.

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