Lingnan University 嶺南大學 香港 Hong Kong

Faculty of Business 嶺南大學商學院

Department of Finance
Hong Kong Institute of Business Studies

Reaching for Yield in Target Date Funds

Target date funds (TDFs) are widely perceived as passive "set-and-forget" investment vehicles that automatically rebalance for retirement savers according to a predetermined schedule. I challenge this view by showing that investors chase recent TDF performance and that managers, in turn, adjust their allocation schedules to reach for yield. Examining changes in the glide path, the fund's planned asset allocation, I find that managers systematically increase portfolio risk when interest rates are low, and that this tendency is more pronounced when they face greater pressure to attract flows. A lifecycle simulation shows that these adjustments generate economically meaningful welfare losses for households, equivalent to about 1.4% of retirement consumption.

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Sejin Kang is a Ph.D. candidate in Finance at The Ohio State University's Fisher College of Business. His research focuses on asset management, household finance, and retirement plans, with work examining topics such as target date funds and portfolio disclosure regulations. Sejin has presented his research at major conferences including the MFA and FMA Annual Meetings. He holds a B.A. in Business Administration and Financial Engineering from Korea University and has teaching experience in corporate finance, investments, and FinTech. His technical skills include Python, SAS, and Stata, and he is fluent in English and Korean.

15 January 2026, Thursday

10:00am - 11:30am

SEK210

English

For enquiries, please contact 2616-8373 or by email (hkibs@ln.edu.hk).
Due date: 16 January 2026

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