

Understanding fixed income funds

Fixed income funds aim to provide consistent income while also focusing on preserving your investment. These funds typically invest in bonds or other debt obligations and are affected by changes in interest rates and the credit worthiness of their issuers.

An individual bond works like a loan from investors to companies, federal government (treasuries), and local governments (municipals). The borrower promises to pay back the loan plus interest over a set period.

Fixed income funds carry more risk than a stable value or money market fund but are generally less risky than stock funds. However, they can be volatile due to changing market conditions.

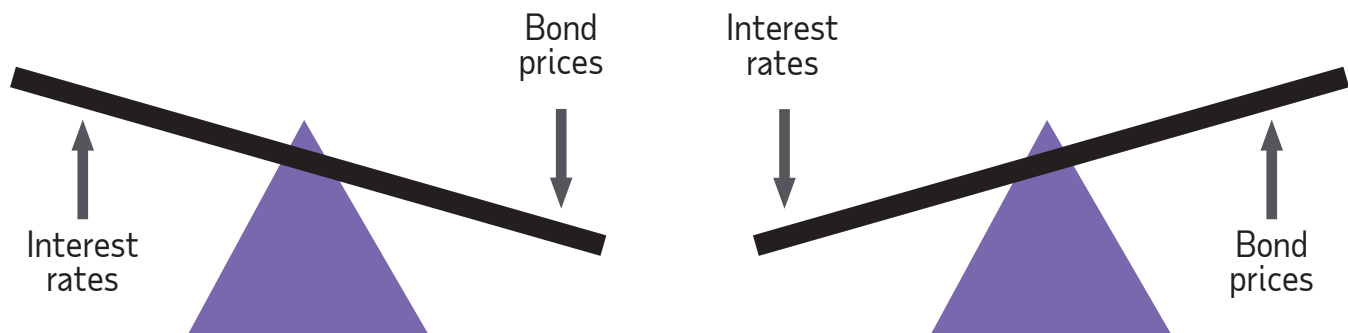


WHAT YOU NEED TO KNOW

- Fixed income funds are typically less aggressive than equity mutual funds and are considered more conservative than stable value and money market funds.
- Bond funds and interest rates have an inverse relationship, meaning when interest rates increase, bond fund prices will decrease and vice versa.
- There are many types of fixed income funds. Some are more volatile than others. Be sure to review the fund's objective and prospectus carefully before investing.

Bond funds and interest rates

Your investment in a bond fund will fluctuate in price. One of the biggest factors behind this fluctuation is interest rates. As the Federal Reserve (the Fed) raises and lowers interest rates, the value of bonds goes up and down. This is known as an inverse relationship and as the chart below shows, when interest rates increase, the price of bonds decrease. If interest rates decrease, you will see an increase in the price of bonds.



Retirement planning tools

In addition to when you start saving for retirement, and how much you plan to save, making sure the investments in your retirement portfolio are properly allocated is an important factor in pursuing your long-term financial goals.

[Click here](#) or scan the QR code to take advantage of the retirement planning tools and resources available in the ADP Achieve Engagement Hub.



This website includes:

- Personal investor profile questionnaire with sample asset allocation models
- Investment videos
- Interactive calculators



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