

## TDF 'Heretic': Ron Surz

By Jenna Gottlieb     *Sun, Sep 8, 2013*

*This week's RetiremEntrepreneur is Ron Surz, president of San Clemente, Calif-based Target Date Solutions, which designs--and advocates for-- safer 'glidepaths' for TDFs. The 'cyberclone' image is taken from one of his satirical videos.*

<b>RetiremEntrepreneur:</b>	Ron Surz
<b>Company:</b>	Target Date Solutions
<b>Location:</b>	San Clemente, Calif.
<b>Founded:</b>	2009
<b>Niche:</b>	Target date funds
<b>Leisure activity:</b>	Travel, tinkering with investment ideas, fitness

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**What I do:** I work in the target-date fund space, and I've gotten to be the heretic of the whole industry. I think the idea of a target date fund is very good, but I'm afraid the idea is used to package products that favor fund managers instead of investors. Fund companies are paid more to manage risky assets and I think they are running much too much risk at the target date. I think it's wrong. I have a patented Safe-Landing Glide Path®. The basis for the patent was not necessarily new ideas, but liability-driven investing. My objective is to not lose participant money, to put enough aside in fairly safe investments. People believe that they're protected in a target date fund. When they allow their employer to default them they think they're being taken care of, but they're not. I'm not against target date funds. I just wish they were better.



**Who my clients are:** I have one client. My glide path design is being used in a collective trust in Houston called the SMART Funds. It's \$50 million in all, used by 10 small plans. I've been trying hard to get the word out but I'm the world's worst marketer. I'm working to get more investors in the SMART Funds. The funds are divided into three phases: accumulation, 15 years from retirement, and retirement date. In the last phase, retirement, in order to minimize the potential for loss, 95% of the allocations at the target date are held in the reserve asset (TIPS, Treasury bills and cash).

**Why people hire me:** Some advisors say that their clients can't retire on all cash. I think that's generally true; I don't expect them to keep their savings in cash. I expect participants to withdraw their accounts at retirement because that's what most do. I try to keep it safe and fully expect them to do something that makes sense, like buy an annuity, to make it last. I don't want them to lose it all like in 2008. I think there's going to be another 2008 and there will be lawsuits because there's way too much risk at the target date. Prior to the Pension Protection Act of 2006, the default option was cash or stable value funds. I can't fathom why people are taking on more risk now. Target date funds have caught on, but there's more to investing than just your age. One thing you can do that's beneficial is to provide more diversification and better risk controls. Err on the side of safety.

**How I get paid:** I have many roles that keep me busy and entertained. My patented Safe Landing Glide

Path is the basis for the Brightscope On-Target indexes and the asset allocation for SMART Funds on Hand Benefit & Trust in Houston. In addition, I manage model portfolios on several UMA platforms, based on Surz Style Pure Indexes. I also provide due diligence software for sophisticated investors and their consultants, including hedge funds. eVestment in Marietta purchased my holdings-based style and attribution system, and rolled out their version last month. For investors, I provide style-sector-country heat maps that identify momentum opportunities.

**Where I came from:** Having earned a masters in Applied Mathematics at the University of Illinois, my first job was with Northrop's Electronic Countermeasures Division, designing equipment to protect our military aircraft from heat-seeking missiles. Then I changed careers in 1970 to work for A.G. Becker, who sponsored my MBA in Finance from the University of Chicago. At Becker I developed some of the very first software for investment manager due diligence. Then in 2006, I entered into the target date fund space and have been spending a lot of time on that.

**How I mix business with pleasure:** After my mother passed away in 1990 I came in touch with my own mortality and decided to have some fun. Life is good. So in 1992 I left the firm I started in Chicago, Becker Burke, and set off to scratch a variety-pack of itches: my bucket list. I enjoy tinkering with software to create usable investment tools, and working with bright people to develop and promote their innovations. I've been fortunate to earn some money and do what I love. I recently teamed up with my sister, Kathy Tarochione, to create some really fun videos that share the fun with viewers. You can visit our on-line video channel at <https://vimeo.com/channels/ronsurz>, where you'll find four videos on a range of topics. I am having a great time, and wake up each morning pumped for the day ahead.

**My retirement philosophy:** Save and protect. The key to success is to save enough and not lose it. It's not profound, but no one is saying it. Risk will not compensate for lack of savings. I'm 68 and I've lived it. When you stop working, you look to see if you can maintain your standard of living. Some will make plans to live more modestly and some make plans to buy yachts. Disruption to those plans due to investment losses is painful in many ways, and is quite emotional.