AUGUST 1, 2014 (UPDATED FROM JUNE 3, 2014 RELEASE)

Q&A about changes to Russell LifePoints® Funds, *Target Date Series*

Russell continuously reviews the positions of our multi-asset portfolios to determine if strategic asset allocation shifts are required. During the last year, Russell conducted research on the assumptions used to model the LifePoints Funds, *Target Date Series'* glide path, the results of which prompted changes to the glide path and modifications to the strategic target allocations to the Underlying Funds in which they invest. This document provides answers to questions we expect you may have about these changes.

Summary

The *Target Date Series* is designed primarily for participants in retirement plans who plan to retire close to the target year indicated in the fund name. Investors in these funds generally desire an asset allocated portfolio that becomes more conservative over time. The In Retirement Fund is intended for investors who have reached retirement age and are no longer contributing to their retirement savings.

Since the inception of the funds, we have made several overall updates to the underlying fund allocations based on changes in the preferences of plan participants and in the investment landscape. Now, for the first time since the Department of Labor's 2007 regulations on capital preservation assets, we have refreshed the shape of our glide path and introduced new allocations with the goal of bringing plan participants a more diversified combination of potential return sources.

In addition, Russell believes the changes described herein enhance the investment proposition of the Target Date funds by increasing the expected return with a corresponding increase in the amount of risk of each of the funds while remaining price competitive in the DC market.

What has changed and when did the changes occur?

In addition to refreshing the shape of the glide path (see more information below), the target strategic asset allocation has changed for the 10 funds in the Target Date Series. These changes, which occurred on August 1, 2014, are documented in the Russell LifePoints Funds, *Target Date Series*, Prospectus dated March 1, 2014, as supplemented through August 1, 2014.

- The equity, alternative and fixed income broad asset class allocations changed modestly in funds with shorter time horizons (the In Retirement, 2015, 2020, 2025, 2030, and 2035 Strategy Funds).
- The largest differences occurred in funds with longer time horizons (the 2040, 2045, 2050, and 2055 Strategy Funds), reflecting an increase in equities and a decrease in fixed income allocations.

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As part of the reallocation that was implemented on August 1, 2014, two current Underlying Funds were removed and four Underlying Funds were added in which the *Target Date Series* may invest:

- The Russell U.S. Core Equity and Russell International Developed Markets Funds were removed
- The Select U.S. Equity Fund and Select International Equity Fund were added
- The Russell Global Opportunistic Credit Fund was added
- The Russell Global Infrastructure Fund was added.

Did the expense ratios for the *Target Date Series change*?

Changes in the total expense ratios are a function of several factors including assets under management (AUM), actual expenses paid in the previous fiscal year, expenses expected to be incurred in the current fiscal year, and management (addition or subtraction) of expense waivers.

A reallocation event is an additional factor that can affect each Target Date Fund's acquired (underlying) fund fee and expenses.

Based on the asset allocation changes, the *Target Date Series'* expenses have been reduced between 3 to 14 basis points. While the expenses are fully outlined in the August 1, 2014, prospectus, the chart below compares the 3/1/2014 expense ratios to 8/1/2014 expense ratios for the Class R1 shares for each of the Funds.

Russell LifePoints® Funds, *Target Date Series*

Prospectus Expense Ratio Variance 3/1/2014 vs. 8/1/2014

Fund	Class	Total Net Expenses Prospectus 3/1/2014	Total Net Expenses Prospectus 8/1/2014	3/1/2014 vs. 8/1/2014 Prospectus Variance Increase/-decrease
In Retirement	R1	0.62%	0.59%	-0.03%
2015 Strategy	R1	0.62%	0.59%	-0.03%
2020 Strategy	R1	0.67%	0.61%	-0.06%
2025 Strategy	R1	0.72%	0.63%	-0.09%
2030 Strategy	R1	0.77%	0.67%	-0.10%
2035 Strategy	R1	0.84%	0.70%	-0.14%
2040 Strategy	R1	0.84%	0.70%	-0.14%
2045 Strategy	R1	0.84%	0.70%	-0.14%
2050 Strategy	R1	0.84%	0.70%	-0.14%
2055 Strategy	R1	0.84%	0.70%	-0.14%

Why did Russell update the glide path?

The Russell glide path methodology was first developed in 2006 with a goal of structuring the target date funds' risk characteristics in the most efficient manner over a lifetime to meet the glide path's objective of building sufficient wealth for investors saving for retirement while limiting the risk of falling substantially short. As market environments have changed and new participant behavioral information has become available, we thought it prudent to reconfirm and refresh the original assumptions and modeling used to generate the Russell glide path. Over the past year, we have researched each of the major inputs to our glide path model, including:

- Target Replacement Income rate (TRI) – including assumptions about Social Security
- Retirement age
- Contribution rates (both employee and employer)
- Salary and salary growth rates – including the relationship of Social Security
- Capital markets assumptions

Many of our findings reconfirmed our original assumptions while others were slightly altered, causing us to make modest changes to some while leaving others completely unchanged. More discussion about how our findings impact our assumptions is available in the paper called, "*New research findings evolve our target date series offering*," June 3, 2014, which can be found on www.RussellLINK.com.

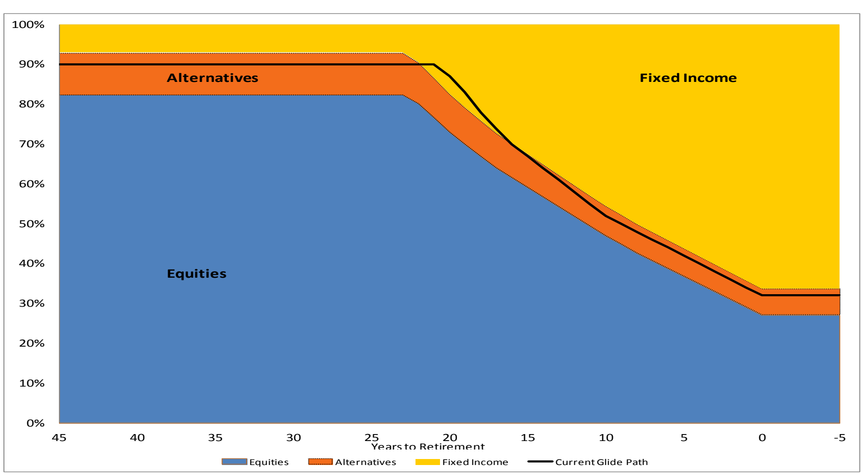
How did the glide path change?

The following chart illustrates the previous and new glide path and how the target asset allocation for the Target Date Funds becomes more conservative over time. The Target Date Funds will change their allocation to the Underlying Funds in which they invest once a year, typically at the beginning of the year.

Under the new glide path, at approximately the target year, the target allocations of each Target Date Fund to the Underlying Funds are now fixed at 66% exposure to underlying fixed income funds, 27% exposure to underlying equity funds, and 7% to underlying alternative funds. This means the investor will have 34% of their investment exposed to the equity and alternative Underlying Funds, and the risks of such exposure, while in retirement.

When compared to the previous glide path target allocations of 68% fixed income, 27% equity, and 5% alternative funds, it's obvious that the changes to the ending target allocations of the new glide path are indeed modest. The most important changes occur along the glide path, not at the end.

PREVIOUS AND NEW GLIDE PATH



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What are the changes that occur along the glide path?

The new glide path is slightly more aggressive across the board with a modestly flatter slope approaching retirement. Russell believes that the new glide path helps accumulate wealth throughout a career in an efficient manner given the new assumptions. Risk is taken earlier for a longer time period relative to other providers' glide paths*, but the new Russell glide path has a more conservative landing point at retirement than other providers' glide paths in order to attempt to limit shortfall risk.

What are the changes to the strategic asset allocation?

Russell's analysis showed that the risk/return profile and investment strategy diversification of each of the Target Date Funds can be improved by replacing the Russell U.S. Core Equity and Russell International Developed Markets Funds with the new Select U.S. Equity Fund and Select International Equity Fund, respectively, and by allocating a portion of each Target Date Fund to the Russell Global Infrastructure and Russell Global Opportunistic Credit Funds.

In addition, the new asset allocation of the Target Date Funds is designed to evolve with investors' capacity for risk as they approach retirement. As a result, the new asset allocation provides greater exposure to equity securities and less exposure to commodities early in the glide path, with greater exposure to diversifying asset classes such as infrastructure and global high yield in the glide path close to retirement.

What are the principal factors that impacted the analysis and the new allocations?

The following principal factors impacted our analysis and the resulting allocation recommendations:

- To better align asset allocation with risk/return capacity of investors over time, we changed allocations both on the early side of the glide path as well as later in the glide path:

  Early in the glide path:

  1. Total allocation of growth-oriented assets (equities and alternatives) increased to 93% from 90%.
  2. Within growth-oriented assets, higher allocation to equities and adjusting the alternative allocations between commodity strategies, infrastructure and real estate.
  3. Within equities, an increase in the emerging markets and small cap allocations.

  Later in the glide path (closer to retirement):

  1. Increased exposure to commodity strategies, infrastructure, and real estate (alternatives) and global high yield (fixed income).
  2. Within equities, a decrease in the emerging markets and small cap allocations.

- To reflect Russell's capital markets views on a rise in interest rates over the next several years, which will likely impact the return potential of the fixed income underlying funds relative to other assets, we made the following fixed income allocation changes:

  1. A decrease in the core fixed income allocation.
  2. An addition of a global high yield allocation.

- To maintain the price competitiveness of our *Target Date Series*:

  1. A change in the composition of the U.S. large cap and non-U.S. large cap equity allocations (see below).

*Source for top five competitors: most recent fund prospectuses as of 12/31/2013. Russell glide path as of 1/2/2014. The average glide path is the average of T. Rowe Price Retirement, Fidelity Freedom, Vanguard Target Retirement, Blackrock Lifepath, and JP Morgan Smart Retirement Blend.

How did the composition of the U.S. large cap and non-U.S. large cap equity exposures change?

Russell's analysis showed that the risk/return profile and investment strategy diversification of each of the Target Date Funds could potentially be improved by using an approach to investing in U.S. and non-U.S. large cap equity that is not dependent on active fundamental stock selection. This allowed for further portfolio diversification where an increase in active stock selection risk and return could be leveraged through other asset class exposures. As such, two new funds were added: Select U.S. Equity Fund and Select International Equity Fund.
For more information on these new funds, please refer to the Russell LifePoints Funds, *Target Date Series*, Prospectus dated March 1, 2014, as supplemented through August 1, 2014.

How did the composition of the alternative allocations change?

The Russell Global Infrastructure Fund was added to the list of Underlying Funds in which the *Target Date Series* may invest:

1. The infrastructure asset class has had a historically lower correlation to other equity asset classes; therefore, we added this fund in an attempt to improve returns in periods of high inflation.
2. Investments in infrastructure assets can help lower a portfolio's overall long-term volatility when included as a part of a diversified portfolio.

How did the composition of the fixed income allocations change?

The Russell Global Opportunistic Credit Fund was added to the list of Underlying Funds in which the *Target Date Series* may invest:

1. Adding this fund provides higher anticipated return and risk of the high yield and emerging market debt strategies relative to the existing fixed income Underlying Funds.
2. Exposure to global high yield and emerging market debt asset classes offers diversification with historically low correlation to other fixed income sectors.

Why are the Target Date Series funds the first strategies that utilize these two new funds?

As target date funds have become the primary qualified default investment vehicle for defined contribution plans, providers of these funds have experienced increased pressure to reduce fees and provide transparency. RIMCo has taken a variety of actions in the last several years to address the DC market's sensitivity to price. However, to remain competitive in the marketplace, RIMCo decided to launch the new funds as a complement to the other active strategies in the Target Date Funds and will do so through a rebalance by replacing two existing funds with the new funds.

Where are the details of the new allocations?

Please see the document titled "*Comparison of Current and New Allocations for the LifePoints® Funds, Target Date Series, Effective August 1, 2014*" which is available on www.Russell.com for the allocation percentages.

When were LifePoints Funds, *Target Date Series* shareholders be notified?

The changes to the *Target Date Series* were outlined in the June 3, 2014, prospectus supplement and were communicated to investors through shareholder notices in June.

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What are the tax implications of the reallocation to the *Target Date Series*?

LifePoints Funds incur their capital gains from sales of shares of the Underlying Funds and from the capital distributions made by the Underlying Funds. Because the capital distributions by the Underlying Funds are made in December (i.e., after fiscal year-end of October 31), LifePoints Funds will not distribute any applicable gains received from the Underlying Funds in 2014 until December 2015.

Russell Investment Management Company (RIMCo) is not able to determine the impact of the reallocation on the capital gain distributions of the Underlying Funds for fiscal year 2014 at this time as there are too many variables that could affect the distributions.

RIMCo cannot provide tax advice. Please consult a tax consultant for further questions.

Why is the LifePoints® Funds, *Target Portfolio Series* not reallocating?

The Russell LifePoints Funds, *Target Portfolio Series* and *Target Date Series* have fundamentally different investment objectives, so not all changes are appropriate for each series. Further, the *Target Portfolio Series* was reallocated as recently as this past January 2014.

When will the *Target Date Series* quarterly fund performance fact sheets reflect the August allocation changes?

The third quarter (September 30, 2014) RIC LifePoints Funds, *Target Date Series* fact sheets, which will be published around the second week of October, will reflect the new allocations that will take effect on August 1. The performance data will be as of September 30, 2014, incorporating the historical and new underlying fund allocations.

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〉For more information:

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Fund objectives, risks, charges and expenses should be carefully considered before investing. A summary prospectus, if available, or a prospectus containing this and other important information can be obtained by calling 800-787-7354. Please read a prospectus carefully before investing.

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Mutual fund investing involves risk. Principal loss is possible.

Bond investors should carefully consider risks such as interest rate, credit, repurchase and reverse repurchase transaction risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage backed securities, especially mortgage backed securities with exposure to subprime mortgages. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. Investment in infrastructure related companies are subject to various risks including governmental regulations, high interest costs associated with capital construction programs, costs associated with compliance and changes in environmental regulation, economic slowdown and surplus capacity, competition from other providers of services and other factors. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

Investments that are allocated across multiple types of securities may be exposed to a variety of risks based on the asset classes, investment styles, market sectors, and size of companies preferred by the investment managers. Investors should consider how the combined risks impact their total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal.

Strategic asset allocation and diversification do not assure profit or protect against loss in declining markets.

The LifePoints® Funds are a series of fund of funds which expose an investor to the risks of the underlying funds proportionate to their allocation. Investments in LifePoints Funds involves direct expenses of each fund and indirect expenses of the underlying funds, which together can be higher than those incurred when investing directly in an underlying fund.

Each of the LifePoints® Funds, Target Date Series funds, invests its assets in shares of a number of underlying Russell Funds. The allocation of each Fund’s assets is based solely on time horizon and will become more conservative over time until approximately the year indicated in the Fund’s name, at which time the allocation will remain fixed. The asset allocation of the In Retirement Fund is fixed. From time to time, the fund’s adviser expects to modify the target strategic asset allocation for any fund and/or the underlying funds in which a fund invests including the addition of new underlying funds. In addition, the fund’s adviser may also manage assets of the underlying funds directly for a variety of purposes.

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