TARGET CORP
Form 11-K
June 17, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission File Number 1-6049

A. Full title of the plan and address of the plan, if different from that of the issuer named below: Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan.

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TARGET CORPORATION

1000 Nicollet Mall
Minneapolis, Minnesota 55403

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Financial Statements and Supplemental Schedules

Years Ended December 31, 2014 and 2013

Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Plan Participants
Target Corporation

We have audited the accompanying statements of net assets available for benefits of the Target Corporation 401(k) Plan as of December 31, 2014 and 2013, and the Target Corporation Ventures 401(k) Plan as of December 31, 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plans' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Target Corporation 401(k) Plan at December 31, 2014 and 2013, and the Target Corporation Ventures 401(k) Plan at December 31, 2014, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedules of delinquent participant contributions and schedules of assets (held at end of year) as of December 31, 2014, have been subjected to audit procedures performed in conjunction with the audit of Target Corporation 401(k) Plan's and Target Corporation Ventures 401(k) Plan's financial statements. The information in the supplemental schedules is the responsibility of the Plans' management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young, LLP

Minneapolis, Minnesota
June 17, 2015

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Statements of Net Assets Available for Benefits

Target Corporation 401(k) Plan	December 31	
(in thousands)	2014	2013
Assets		
Investments	$—	$6,833,912
Interest in Master Trust	7,454,737	—
Receivables:		
Due from broker for securities sold	—	28,350
Notes receivable from participants	153,800	153,184
Employer contributions	13,595	13,985
Participant contributions	14,795	14,123
Interest	—	2,450
Total receivables	182,190	212,092
Total assets	7,636,927	7,046,004
Liabilities		
Payables:		
Due to broker for securities purchased	—	31,448
Expenses	—	1,226
Total liabilities	—	32,674
Net assets available for benefits	$7,636,927	$7,013,330

Target Corporation Ventures 401(k) Plan	December 31,
(in thousands)	2014
Assets	
Interest in Master Trust	$2,235
Receivables:	
Notes receivable from participants	3
Employer contributions	7
Total receivables	10
Net assets available for benefits	$2,245

See accompanying notes.

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Statements of Changes in Net Assets Available for Benefits

Target Corporation 401(k) Plan	Year Ended December 31	
(in thousands)	2014	2013
Additions		
Net investment gain from plan interest in Master Trust	$640,654	$—
Interest and dividends	17,276	60,503
Net realized and unrealized appreciation in fair value of investments	59,001	728,063
Total investment income	716,931	788,566
Interest income on notes receivable from participants	6,278	5,845
Contributions:		
Participant contributions	336,050	345,765
Employer contributions	216,842	224,430
Total contributions	552,892	570,195
Total additions	1,276,101	1,364,606
Deductions		
Benefits paid to participants	650,433	507,496
Administration fees	2,071	10,935
Total deductions	652,504	518,431
Net increase	623,597	846,175
Net assets available for benefits:		
Beginning of year	7,013,330	6,167,155
End of year	$7,636,927	$7,013,330

Target Corporation Ventures 401(k) Plan	Year Ended
(in thousands)	December 31, 2014
Additions	
Net investment gain from plan interest in Master Trust	$17
Contributions:	
Participant contributions	230
Employer contributions	32
Total contributions	262
Plan transfer	2,163
Total additions	2,442
Deductions	
Benefits paid to participants	197
Net increase	2,245
Net assets available for benefits:	
Beginning of year	—
End of year	$2,245

See accompanying notes.

Target Corporation 401(k) Plan and Target Corporation Ventures 401(k) Plan

Notes to Financial Statements

December 31, 2014

1. Description of the Plans

In January 2014, Target Corporation (the Company and the Plans' Administrator) created the Target Corporation Ventures 401(k) Plan (Ventures 401(k) Plan), which began accepting contributions in May 2014 from a subset of Target team members. Prior to the creation of the Ventures 401(k) Plan, team members within that subset were contributing to the TCC Cooking Co. 401(k) Plan. Effective July 16, 2014, TCC Cooking Co. 401(k) Plan's net assets were transferred to the Ventures 401(k) Plan.

Target Corporation 401(k) Plan (401(k) Plan) and Ventures 401(k) Plan (collectively, the Plans), are each defined contribution plans available to all employees who meet eligibility requirements of age and hours worked. Effective May 1, 2014, the Plans' Administrator amended the agreement with State Street Bank and Trust Co. to create a Master Trust for the investments of both Plans.

Under the terms of the Plans, participants can invest up to 80% of their current gross cash compensation, within the limits of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Except for highly compensated participants, participants are allowed to make contributions to the Plans in any combination of before-tax and/or after-tax contributions. Highly compensated participants, as defined by the Internal Revenue Code (the Code), can only make before-tax contributions. Participants can contribute up to the annual contribution limits established by the Internal Revenue Service (the IRS) of $17,500 for both 2014 and 2013, plus a $5,500 catch-up for participants age 50 and older.

The Company matches 100 percent of each participant’s contribution up to 5 percent and 1 percent of total compensation under the 401(k) Plan and the Ventures 401(k) Plan, respectively. Participants of the Plans are immediately vested in both participant contributions and the Company’s matching contributions. All investments are participant-directed.

Each participant’s account is credited with the participant’s contributions and the Company’s matching contributions. Master Trust earnings are allocated based on the participant’s share of net earnings or losses of their respective elected investment options. Allocation of expenses are based on the participant’s account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.
Participants may receive benefits upon termination, death, disability or retirement in installments or as a lump-sum amount equal to the vested value of their account, subject to certain restrictions. Participants may also withdraw some or all of their account balances prior to termination, subject to certain restrictions.

The Plans allow for two types of loans: the purchase of a primary residence and a general-purpose loan. Participants may have one of each loan type outstanding at any given time. Principal and interest is paid through payroll deductions. Interest rates are set at 1% plus the prime rate as published by the Wall Street Journal on the first business day of the month the loan is issued. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Although it has not expressed any intent to do so, the Company has the right under the Plans to discontinue its contributions at any time and terminate the Plans subject to the provisions of ERISA.

For more detailed information regarding the Plans, participants may refer to the Plan Documents and Summary Plan Descriptions available from the Company.

2. Accounting Policies

Basis of Presentation

The accounting and financial reporting policies of the Plans conform to U.S. generally accepted accounting principles (U.S. GAAP).

Payment of Benefits

Benefits are recorded when paid.

Investment Valuation and Income Recognition

Investments are reported at fair value. Further information regarding the valuation techniques used to measure the fair value of investment assets is included in the Fair Value Measurements footnote (see Note 3).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Notes Receivable

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded when it is earned. Principal and interest from the repayment of loans are allocated to participants' investment accounts in accordance with each participant's investment election in effect at the repayment date. No allowance for credit losses has been recorded as of December 31, 2014 or 2013.

Plan Expenses

Prior to May 1, 2014, expenses paid by the 401(k) Plan included fund management fees, trustee fees, monthly processing and record-keeping costs, quarterly participant account statement preparation and distribution costs, and other third-party administrative expenses. All other expenses were paid by the Company.

Subsequent to May 1, 2014, expenses are paid by the Master Trust and are reflected in net investment gain from plan interest in Master Trust on the Statement of Changes in Net Assets Available for Benefits.

Use of Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting reported amounts in the financial statements, accompanying notes, and supplemental schedules. Actual results may differ significantly from those estimates.

New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 amended Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset valu