

LIFEPATH RETIREMENT INCOME

GUARANTEED INCOME:
THE NEXT EVOLUTION IN
TARGET DATE FUNDS

BLACKROCK®



91% of participants are interested in an **income solution.**

70% of plan sponsors consider adding one a **top priority.**

YET ONLY 7% of defined contribution plans **offer one.¹**

The Time Has Come for Guaranteed Income

Social Security is under threat, traditional pensions are disappearing, and expanding life expectancy is stretching retirement savings to the breaking point.

It's no wonder that plan sponsors and participants are looking for income solutions for their defined contribution (DC) plans. The challenge is finding one that is easy for participants to understand and easy for plan sponsors to implement.

That's why BlackRock® developed LifePath® Retirement Income—the first target date fund to combine growth and guaranteed lifetime income in a single comprehensive solution. **By making a simple change in the traditional target date structure, LifePath Retirement Income delivers:**

Guaranteed

monthly income
throughout retirement

Easy

implementation and portability
across record keepers

Qualified

default investment
alternative (QDIA) eligibility

Lifelong growth

exposure, risk management,
and inflation protection

LifePath Retirement Income can be added seamlessly to your DC plan to meet the growing demand for guaranteed income while preserving the benefits participants have come to expect from a target date fund.

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THE CHALLENGE

Providing Secure Lifetime Income

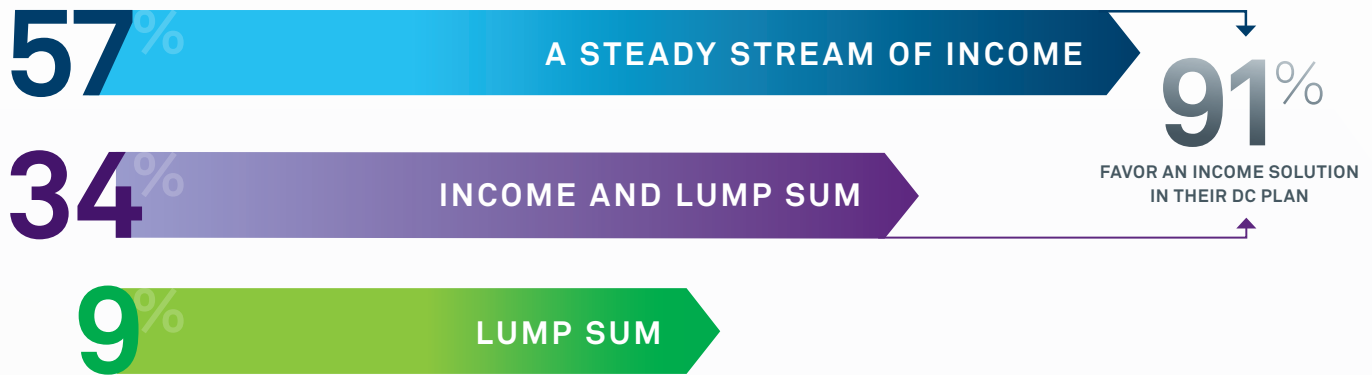
The retirement landscape has changed dramatically. Defined benefit pensions have all but disappeared. DC plans, once a part of the retirement puzzle, no longer supplement retirement savings—they are retirement savings.

What will replace the retirement income counted on by previous generations, particularly for younger participants? So far, the answer has been the lump sum savings created by DC plans. Unfortunately, most participants lack the expertise needed to make their savings last a lifetime. And with Social Security increasingly under threat and life expectancy growing, the need for guaranteed lifetime income solutions within DC plans is more urgent than ever.

In fact, in a recent BlackRock survey, over 90% of participants expressed interest in a DC plan solution that provided them with a steady stream of income in retirement. Are you ready to meet their needs?

BLACKROCK SURVEY: PARTICIPANTS LOOKING FOR INCOME SOLUTIONS

“How do you prefer to receive retirement payments?”



Source: BlackRock Participant Survey, March 2010.

THE SOLUTION

Guaranteed Income Through TDF

In 1993, BlackRock invented the first target date fund, which simplified participant decisions to a single question: when do you plan to retire? Today, the target date strategies we pioneered are the most popular default choice among DC plan sponsors and participants. But, so far, target date funds have not been able to solve the retirement income challenge. Until now.

LifePath Retirement Income is the next evolution of target date solutions. By making a simple change in the traditional target date structure, LifePath Retirement Income preserves the simplicity and benefits plan sponsors and participants expect from a target date fund but also delivers guaranteed monthly income throughout retirement.

Here's How it Works:

Instead of investing in bonds as the asset allocation grows more conservative, LifePath Retirement Income buys deferred unallocated annuities. Unallocated annuities are easier to manage and less expensive to buy than individual annuities, while locking in future income for participants. As a participant's annuity income allocation grows, so does his or her future monthly income in retirement.

When participants retire, their annuity income asset class becomes an individual annuity providing guaranteed lifetime income.

The balance of the allocation is reinvested in the LifePath Retirement Portfolio to seek continued growth and protection against inflation, as well as provide a flexible source of additional drawdown income or emergency cash.

LIFEPATH RETIREMENT INCOME: PURSUING GROWTH, CREATING INCOME



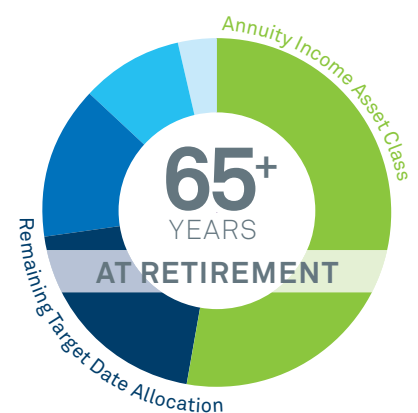
EMPHASIS ON GROWTH EXPOSURES

Like a traditional target date fund, the allocation favors diversified growth exposures early.



ANNUITY INCOME GROWS OVER TIME

The annuity income class grows, locking in income and helping offset equity volatility.



GUARANTEED INCOME AND CONTINUED GROWTH

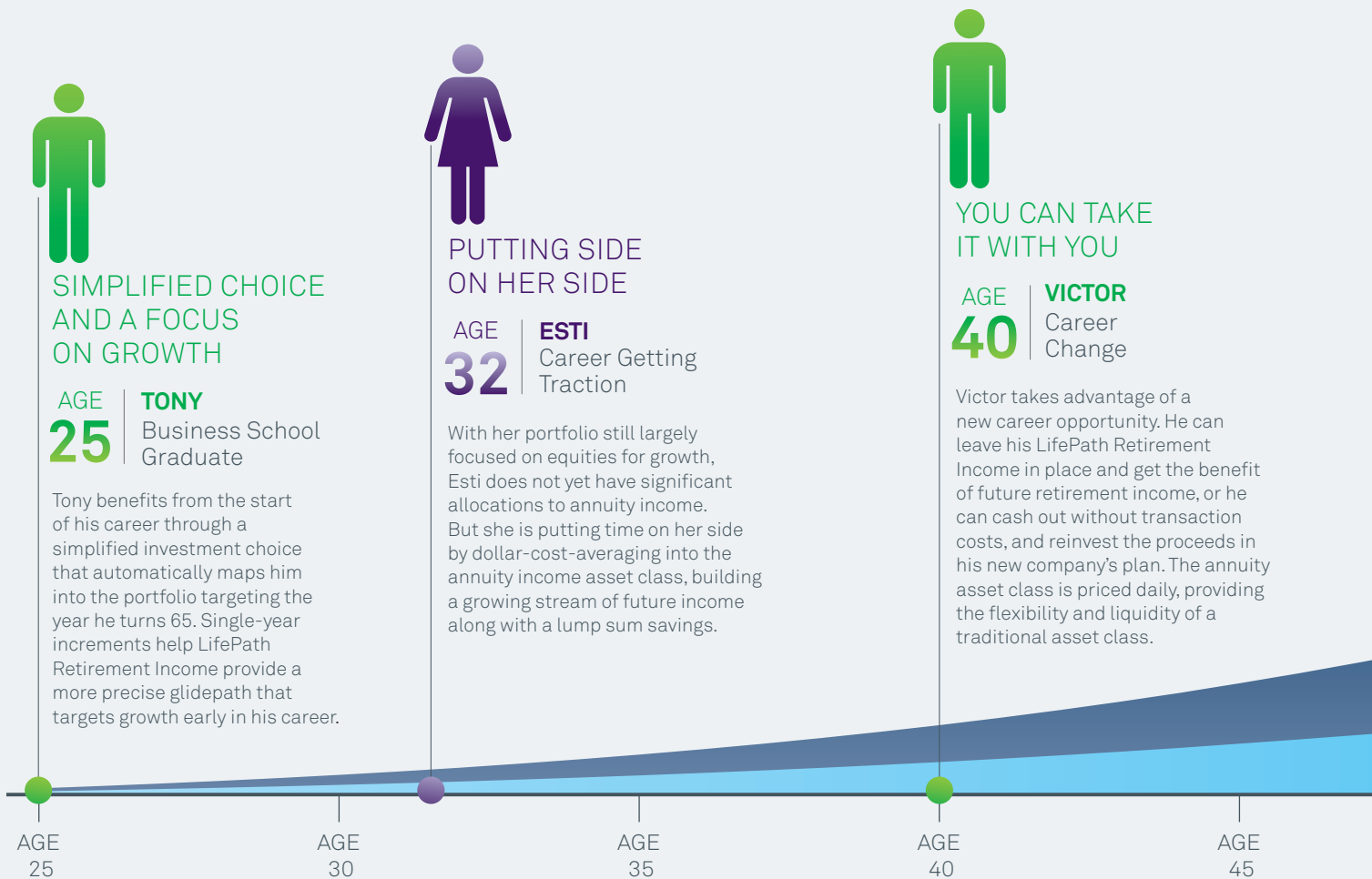
Two solutions at retirement: an individual annuity and an investment portfolio for flexibility.

Source: BlackRock Participant Survey, March 2010. For illustrative purposes only. Not actual allocations.

Benefits at Every Stage of Your Participants' Careers

At the heart of your decision to add an income solution to your DC plan is a single question: **Will it help my participants?**

And not just at retirement but throughout their careers. As this illustration shows, LifePath Retirement Income offers benefits at every stage, from its simplified choice and more precise target date for those early in their careers, to the monthly “paycheck” and investment nest egg in retirement.



For illustrative purpose only. Not meant to represent the past or future performance of any BlackRock product.



EASY-TO-TRACK PROGRESS

AGE **48** | **JENNIFER**
Getting Serious About Retirement

Jennifer is serious about preparing for retirement. The income window maintained by SunGard and accessible through her record keeper's website lets her check her accrued future income. Easy-to-track progress can be a powerful savings motivator and a great retirement planning tool.



ANNUITY INCOME AT INSTITUTIONAL PRICES

AGE **57** | **TODD**
New to The Firm

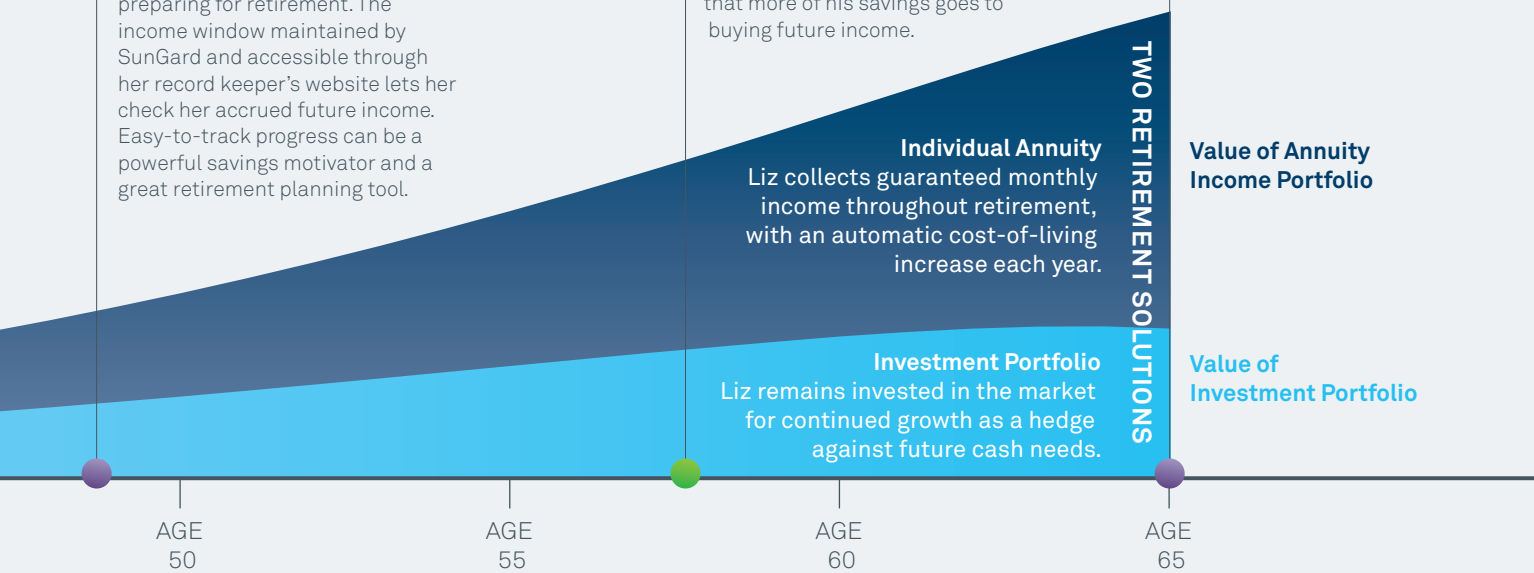
Taking advantage of an exciting management offer, Todd joins the firm and rolls his previous retirement savings into LifePath Retirement Income. His sizable allocation to the annuity income class locks in retirement income at a lower price than a comparable individual annuity so that more of his savings goes to buying future income.



TWO SOLUTIONS: MONTHLY INCOME AND NEST EGG

AGE **65** | **LIZ**
Ready to Explore the World!

In the months before she retires, Liz selects an annuity option that provides monthly income for life. The investment portion of her allocation is reinvested into the LifePath Retirement Portfolio for continued growth exposure and inflation protection, becoming a nest egg that can be used for additional income, special purchases or emergency cash.



The Power of Guaranteed Income

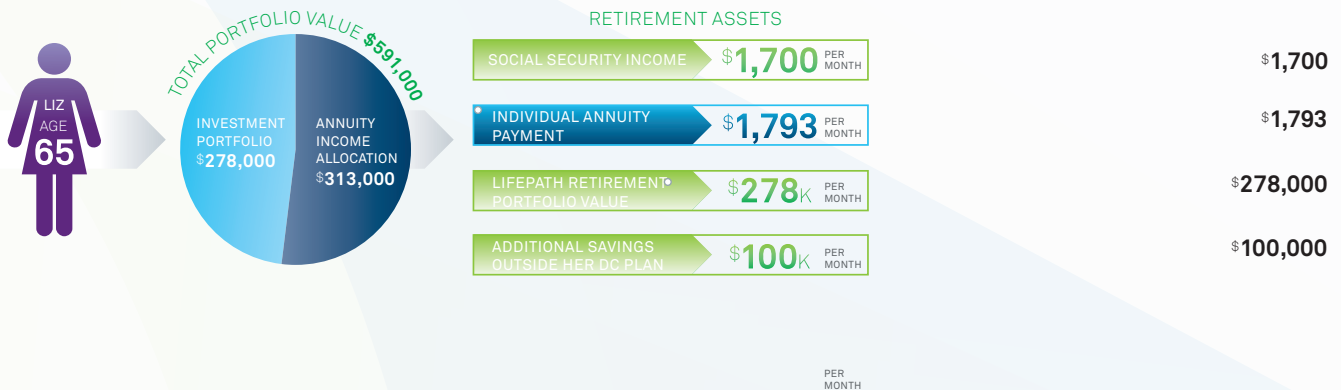
Ask participants if they can enjoy retirement with \$500,000 in savings and they may say yes. But the truth is most lack the expertise to draw down sustainable income from a large lump sum.

Ask them if they can enjoy retirement on \$3,400 a month, and they will be able to do some quick calculations and give you a definitive answer. That's the power of providing your participants with a clear, easy-to-understand income solution.

LifePath Retirement Income describes retirement in terms participants can easily understand: monthly income. You will be able to talk to your participants about monthly income, Social Security, their investment nest egg and any additional savings so that they can have realistic expectations for their retirement and be motivated to save more to meet their goals.

And because their income is guaranteed for life, they have the added security of knowing they won't outlive their income—a benefit not found in traditional target date funds.

MEET LIZ AT RETIREMENT: MONTHLY INCOME PLUS FLEXIBILITY



For illustrative purposes only. Does not represent actual or projected accumulation or income.

SEAMLESS IMPLEMENTATION

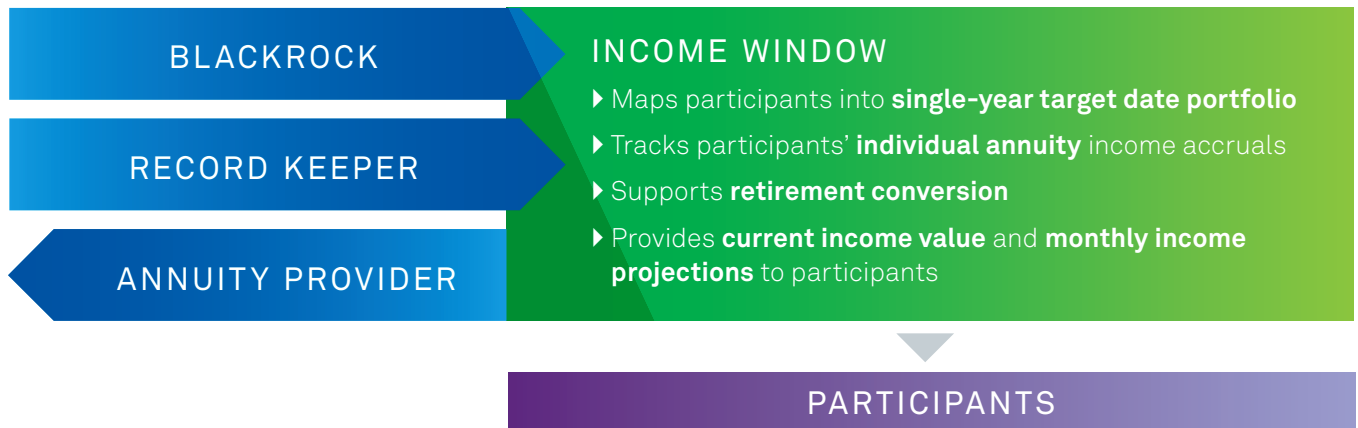
Record Keeper Portability

Embedding the annuity income asset class into the target date structure is the key to simplifying retirement income for participants and plan sponsors. But until now, the challenge of tracking and administering the annuity pool limited plan sponsors to working with record keepers who were willing to build the necessary operational support.

To solve the problem, BlackRock partnered with SunGard, a leading technology company specializing in financial services. Together, we developed the income window, which provides the support and reporting needed to seamlessly implement LifePath Retirement Income into DC plans.

The income window requires only a simple connection, keeping SunGard's support portable across record keeper platforms. That means plan sponsors can work with any record keeper who meets their needs, rather than be limited based on investment options.

INCOME WINDOW: PLUG-IN SUPPORT



Delivering Retirement Income

In 1993, LifePath Portfolios simplified DC investing by providing a single solution that managed asset allocation and market risk throughout a participant's lifetime.

Today, the changing retirement landscape has created the need for the next evolution in target date funds, one that provides guaranteed lifetime income throughout retirement.

LifePath Retirement Income helps meet the critical need for income, while preserving all the benefits participants and plan sponsors have come to expect from a target date fund.

▶ **QDIA**

LifePath Retirement Income is QDIA eligible, so you can feel confident that you are fulfilling your fiduciary responsibilities.

▶ **Simple**

Most participants are already familiar with target date funds, simplifying communication and investment education.

▶ **Transparent**

Participants can track their projected monthly income, so their progress toward their goals is transparent and easily understood.

▶ **Real**

Retirement income is not only guaranteed, it's inflation-protected to help preserve purchasing power throughout retirement.

▶ **Seamless**

The income window makes LifePath Retirement Income easy to add to your DC plan and keeps it portable across record keepers.

▶ **Automatic**

The embedded income solution automatically builds guaranteed income alongside a growth portfolio and converts to an individual annuity at retirement.

▶ **Support**

BlackRock's deeply experienced team works with some of the most complex plans in the industry and can help you add LifePath Retirement Income into your plan, offering comprehensive plan design and implementation support.



Who is BlackRock DC?

Retirement is harder than ever before. That's why many of the world's largest DC plans trust BlackRock with their participants' retirement futures. As an independent, global defined contribution investment-only provider, BlackRock provides a breadth of capabilities and depth

of knowledge across asset management, plan design, client engagement and participant communications. Our dedicated DC professionals work with plan sponsors, consultants and financial advisors to share the best thinking from across the globe and objective insights on the ever-evolving challenges of this new world. BlackRock aims to help you bring clarity to the most complex retirement plan objectives, so that together we can deliver the best possible outcomes for participants.

¹ Sources: Boston Research Group participant and plan sponsor surveys (2009). Hewitt Associates, LLC 2010.

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