

**Media Contacts:**

Jessica Greaney  
212.810.5498  
Jessica.Greaney@BlackRock.com

Farrell Denby  
212.810.8034  
Farrell.Denby@BlackRock.com

**New BlackRock Indexes Help to Measure Americans' "Retirement Readiness:"****COST OF FUTURE RETIREMENT INCOME INCREASED OVER THE PAST 12 MONTHS BUT STOCK MARKET GAINS HELPED RETIREMENT SAVERS STAY ON TRACK**

---

**55-Year-Olds Better Prepared for Retirement than Workers Closer to Retirement Age, According to Data from BlackRock's CoRI™ Retirement Indexes**

---

**New York, July 9, 2014** – The estimated cost of generating future retirement income is more expensive than a year ago. However, the good news is that American pre-retirees – those ages 55, 60 and 64 with median income and retirement savings<sup>1</sup> – are on track to replace as much as two-thirds of their on-the-job earnings each year in retirement from savings and Social Security payments, according to new data from BlackRock that examines Americans' retirement readiness.

The new analysis, which the firm unveiled in its inaugural "*CoRI Retirement Indexes Analysis*," uses BlackRock's proprietary CoRI Retirement Indexes ("CoRI Indexes"), which are designed to measure the estimated cost of future retirement income, and also incorporates data regarding U.S. workers' median income and retirement savings (based on the ratio of combined 401(k) and IRA savings to income at the median level) provided by the Employee Benefit Research Institute (EBRI), one of the nation's leading retirement research organizations.

"For the first time, investors and financial planners have a unique lens into how Americans across the board are doing on one of the most urgent financial planning issues facing investors," said Chip Castille, head of BlackRock's U.S. Retirement Group. "Our goal in creating this analysis is to further reinforce how essential it is for individuals to understand their retirement income need and goal, and to save and invest appropriately in seeking to generate the income they want in retirement."

According to BlackRock's analysis, 55-year-olds with median income and retirement savings are best positioned for income replacement compared to 60- and 64-year-olds, having already saved enough, when combined with savings and Social Security payments, to generate an estimated 69% of median workplace income after retirement. However, 64-year-olds with median income and retirement savings face a more daunting challenge, with enough saved today to replace only about 59% of their pre-retirement income. Individuals age 60 with median income and retirement savings have the potential to replace about 64% of their income.

This is particularly striking given that the CoRI Indexes, which BlackRock launched one year ago, indicate that the estimated cost of future retirement income has increased for investors ages 55, 60 and 64. For example, for someone age 55, every \$1 of lifetime retirement income was estimated to cost \$14.09 as of June 30, 2014 – a 7.15% increase from a year ago. At the same time, because workers' investments, and in some cases contributions, have increased in value due to the continued bull market over the past 12 months, the level of pre-retirement income they may be able to maintain after they quit working has stayed steady.

"With the S&P 500 up 22% year-over-year, investors may look at their retirement portfolios, see positive investment performance and think they are doing quite well," Castille added. "However, investors still have to be saving – pure investment returns alone may not tell the complete picture when it comes to retirement preparedness. Understanding how the cost of retirement income changes and how that may impact your income stream in retirement completely transforms the entire retirement conversation."

"The reality for investors is that you can't plan your future if you don't know where you are today," said Robert Fairbairn, global head of BlackRock's Retail and iShares businesses. "As a firm, we are committed to helping investors answer the question, '*Do I have enough money to retire?*' and providing the guidance and solutions designed to help generate enough income from those savings, no matter what age you are."

Additional findings from the analysis include:

- The youngest pre-retirees (55-years-old) are best positioned to close their income gap compared to 60- and 64-year-olds. For example, to reach the 80% income replacement rate<sup>2</sup> typically recommended by financial advisors, a 55-year-old with median retirement savings (\$263,755.84) and median income (\$57,961.13) is likely to have an income-replacement gap of approximately 14%.
- This is compared to a 64-year-old worker with median retirement savings (\$251,142.49) and median income (\$48,972.05), who would have a gap of approximately 26%, according to the analysis. As a result, many of these older pre-retirees are expected to work longer or attempt to cut their living expenses.

### **About the BlackRock CoRI Retirement Indexes**

The BlackRock CoRI Retirement Indexes began tracking the estimated cost of future, cost-of-living-adjusted lifetime income as of June 28, 2013, one year ago. The series of 11 fixed income indexes, specifically designed for individuals in the pre- and early-retirement years, use several factors, including interest rates and inflation adjustments, to generate estimated future retirement income costs. An individual can use the indexes to determine either how much estimated annual lifetime income their savings may provide beginning at age 65, or the appropriate level of savings they would need today to generate a desired amount of annual retirement income. For more information on planning for retirement income, visit the CoRI tool at [www.BlackRock.com/CoRI](http://www.BlackRock.com/CoRI).

## **About BlackRock**

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At March 31, 2014, BlackRock managed \$4.401 trillion on behalf of clients. BlackRock helps clients meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. Headquartered in New York City, as of March 31, 2014, the firm had approximately 11,500 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company's website at [www.blackrock.com](http://www.blackrock.com).

<sup>1</sup>Based on the ratio of combined 401(k) and IRA savings to income at the median level.

<sup>2</sup>Aon Hewitt's 2008 Replacement Ratio Study, which finds that an 80% income replacement rate is needed for single people with \$50,000 in pre-retirement income who retire at age 65 to maintain their standard of living.

The BlackRock CoRI Retirement Indexes, allocations and data are subject to change.

This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the use or suitability of the indexes or (ii) any security in particular. Investors should consult their financial advisor to evaluate their investment needs.

The CoRI Retirement Indexes do not guarantee future income or protect against loss of principal. There can be no assurance that an investment strategy based on the CoRI Retirement Indexes will be successful. Indexes are unmanaged and one cannot invest directly in an index.

Examples shown in this material are for informational purposes only and do not represent an actual account. The CoRI Retirement Indexes do not reflect the fees, expenses and cost that may be associated with an annuity or any other retirement income product that an individual may purchase, or any assumption that such a product will be available for purchase at the time of retirement. Actual investment outcomes may vary. A number of factors may contribute to variations in retirement income.

Investing involves risk, including possible loss of principal. Past performance is no guarantee of future results.

The opinions expressed may change as subsequent conditions vary. Reliance upon information in this material is at the sole discretion of the reader. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.



This information is the property of BlackRock, Inc. and /or its subsidiaries (collectively, "BlackRock"). It is provided for informational purposes only. The CoRI Retirement Indexes are supported by proprietary BlackRock research about annuity pricing and income generation; the methodology of the CoRI Retirement Indexes are supported by assumptions about the relationship between annuity pricing and fixed income markets, the accuracy of third party reporting and compilation of current annuity pricing, and the predictive nature of the components of the methodology. There is no assurance that these assumptions are correct or will perform in the manner that they have in the past. Although BlackRock obtains information from sources which BlackRock considers reliable, neither BlackRock nor its subsidiaries or any other third party involved in, or related to, compiling, computing or creating the information (collectively, the "BlackRock Parties") guarantees the accuracy and/or the completeness of any of this information. All BlackRock indices and data are the exclusive property of BlackRock and may not be used in any way without the express written permission of BlackRock.

The CoRI Retirement Indexes are maintained by BlackRock Index Services, LLC (the "Affiliated Index Provider"), a subsidiary of BlackRock, Inc., that designs, sponsors and publishes indices for use in portfolio benchmarking and portfolio management. While the Affiliated Index Provider publishes descriptions of what the CoRI Retirement Indexes are designed to achieve, the Affiliated Index Provider does not provide any warranty or accept any liability in relation to quality, accuracy or completeness of data in respect of the CoRI Retirement Indexes, and does not guarantee that the CoRI Retirement Indexes will not deviate from their stated methodologies. The Affiliated Index Provider does not provide any warranty or guarantee for Affiliated Index Provider errors.

Prepared by BlackRock Investments, LLC ("BRIL"), member FINRA. BRIL is a subsidiary of BlackRock, Inc.

©2014 BlackRock, Inc. All rights reserved. **BLACKROCK** and **CoRI** are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries. All other trademarks are those of their respective owners. DC-1365-0714