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BlackRock CEO Declares Longevity “Defining Challenge of Our Age”

Urges U.S. Government, Business Leaders to Make Retirement Funding Crisis a National Priority

Calls for a Comprehensive Solution Including Gradual Adoption of a Mandatory Retirement Savings Program and Policies That Encourage Retirement Saving

New York, May 7, 2013 – BlackRock, Inc. (NYSE: BLK) Chairman and Chief Executive Officer Laurence D. Fink today called on government and business leaders to recognize that Americans are woefully unprepared for increasing longevity, and said policymakers should make resolving the resulting retirement funding crisis a national priority.

In a speech to students and faculty at New York University Stern School of Business, Mr. Fink noted the great progress made in achieving longer lifespans but added that this blessing is severely straining resources for governments and individual investors worldwide, and also may be restricting job opportunities for younger people as older people remain in the workforce longer. [Click here](#) to view a webcast of Mr. Fink’s remarks.

“Longevity is the defining challenge of our age,” said Mr. Fink, who noted that one in four Americans age 65 today is expected to live until the age of 90. He said the traditional mix of retirement funding from Social Security, pensions and personal savings was in the grip of “a systemic crisis that is threatening not only retirement systems but also our economic futures.”

“Because of its far-reaching effects, a solution needs to be as big and urgent a national priority as anything we have faced in recent years. The longer we wait to act, the bigger the problem will become,” Mr. Fink said.

To help meet this challenge, Mr. Fink called for a comprehensive solution that, in addition to Social Security, includes some form of mandatory retirement savings, similar to Australia’s superannuation system or the new National Employment Savings Trust in the UK. Calling for the gradual introduction of such a provision, Mr. Fink said, “It would relieve the crisis of financing longevity that will be a drag on our economy and job creation for years to come if we don’t deal with it soon.”

Mr. Fink also said that corporate America has a “moral obligation to help employees prepare for retirement” and urged more employers to offer retirement plans, provide

matching funds, auto-enroll all employees and “educate employees on the absolute necessity of maxing out their plans.” He said that BlackRock and other asset managers needed to do a “better job” of helping prepare savers for retirement. “That means much less of a focus on short-term sales and products – and more on investors’ long-term needs,” Mr. Fink said.

Mr. Fink spoke as BlackRock published its latest Investor Pulse Survey – [“Investing in a Low-Yield Environment”](#) – which found that while more than half of respondents fear they will outlive their savings, some 73 percent are more concerned about keeping their savings “safe” than generating the returns they will need to fund retirements that are now lasting up to three decades or more.

“We’re not going to change human behavior, but we need to find ways to influence it. Investors don’t take a long-term view. They are too concerned about all the noise out there, all the ups and downs in the markets,” Mr. Fink said, citing behavioral studies on risk aversion among individual savers.

“That noise – and the concern people have about outliving their savings – are ironically driving investors to investments they perceive to be safer, like traditional bonds,” Mr. Fink said. “But they should do just the opposite, taking advantage of their longer investment horizon to keep their money working for them.”

The Old Rules of Investing “Won’t Work”

Pension plans and individuals have long used traditional government bonds to help fund retirement obligations. “That worked for 30 years of falling inflation and interest rates and eight percent returns on Treasuries. But it doesn’t work today when the 10-year Treasury yields less than two percent. And the very real risk is that people over-allocating to traditional bond funds are going to lose money when interest rates rise,” Mr. Fink said.

“The old rules of investing – 60 percent equities, 40 percent fixed income and an increasing share of fixed income the closer you got to retirement – won’t work today,” Mr. Fink added.

“As an industry, we need to measure our performance not against benchmarks, but against investors’ objectives or liabilities,” Mr. Fink said. “Investors don’t care if a fund holds mid-cap stocks or Mexican government debt. Investors want products that will provide long-term outcomes to help buy a house, send a kid to college or fund a decent retirement,” Mr. Fink said.

About BlackRock

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At March 31, 2013, BlackRock’s AUM was \$3.936 trillion. BlackRock offers products that span the risk spectrum to meet clients’ needs, including active, enhanced and index strategies across markets and asset classes. Headquartered in New York City, as of March 31, 2013, the firm has approximately 10,600 employees in 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 www.blackrock.com.