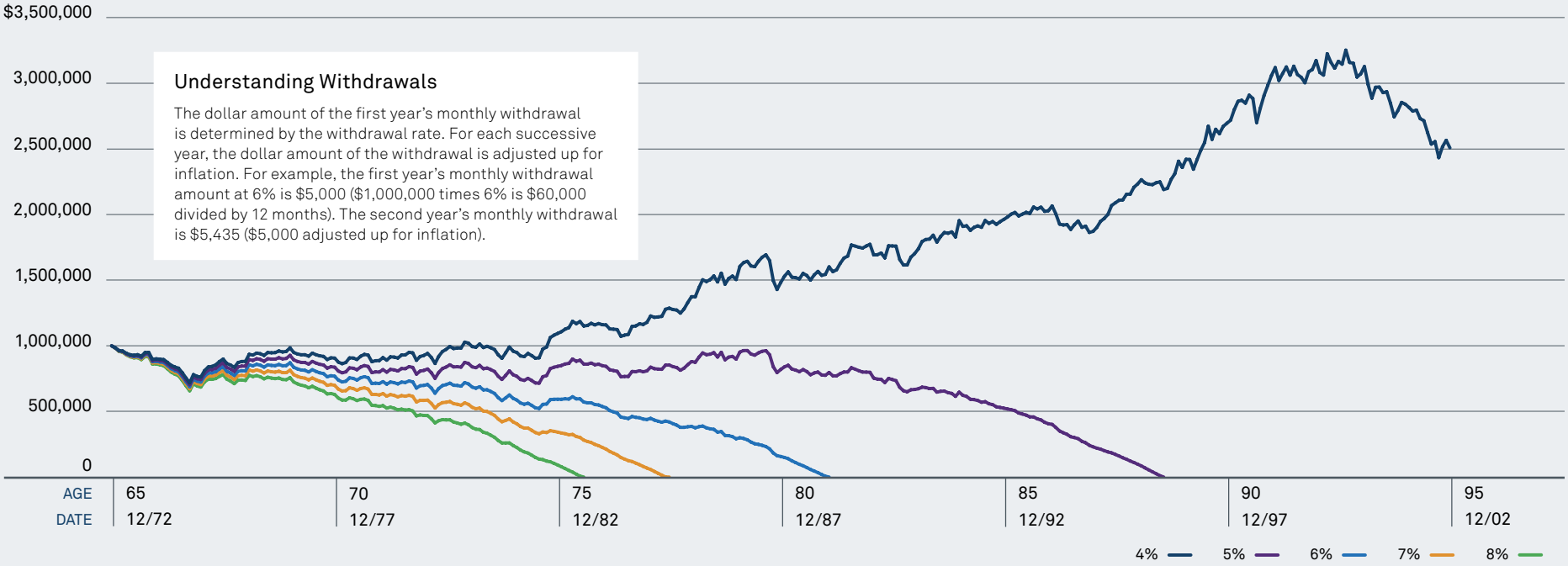
WITHDRAWAL RATES

The Long-Term Impact

BLACKROCK®

A MODEST WITHDRAWAL RATE CAN INCREASE THE LONGEVITY OF YOUR PORTFOLIO

Portfolio Value Over 30-Year Withdrawal Period



Understanding Withdrawals

The dollar amount of the first year's monthly withdrawal is determined by the withdrawal rate. For each successive year, the dollar amount of the withdrawal is adjusted up for inflation. For example, the first year's monthly withdrawal amount at 6% is $5,000 ($1,000,000 times 6% is $60,000 divided by 12 months). The second year's monthly withdrawal is $5,435 ($5,000 adjusted up for inflation).

Sources: BlackRock; Informa Investment Solutions. This graphic looks at the effect that the amount withdrawn from a portfolio has on how long that portfolio may last. A prudent withdrawal rate (3% to 5%, adjusted and revisited annually) can increase the probability of success. Other factors that may affect the longevity of assets include the investment mix, taxes, expenses related to investing and the number of years of retirement funding (life expectancy). This is a hypothetical illustration starting at the beginning of a severe stock market downturn in 1973 to 1974. Beginning withdrawals in a rising market could improve the longevity of your portfolio. The portfolio is made up of 50% stocks and 50% bonds. Stocks are represented by the S&P 500 Index, which is an unmanaged group of securities and considered to be representative of the stock market in general. Bonds are represented by the Barclays Government Bond Index, which is an unmanaged index comprised of all publicly issued, non-convertible debt of the US government, its agencies of quasi-federal corporations and corporate or foreign debt guaranteed by the US government. Inflation is represented by the Consumer Price Index. This illustration assumes a hypothetical initial portfolio balance of $1,000,000 as of December 31, 1972, and monthly withdrawals beginning in 1973. Each monthly withdrawal is adjusted annually for inflation. Each portfolio is rebalanced monthly. All dividends and interest are reinvested. Results will vary based on selection of other time frames and over time as assumptions change. These figures are for illustrative purposes only and do not represent any particular investment, nor do they reflect any investment fees or expenses, or taxes. It is not possible to invest directly in an index. Past performance is no guarantee of future results.

WITHDRAWAL RATES

Making Your Assets Last

BLACKROCK®

CHANCE YOUR ASSETS WILL LAST THROUGH YOUR RETIREMENT

Inflation-Adjusted Withdrawal Rate (%)	**20-Year Period** — Stock/Bond Allocations (%)					**25-Year Period** — Stock/Bond Allocations (%)					**30-Year Period** — Stock/Bond Allocations (%)				
	20/80	40/60	60/40	80/20	100/0	20/80	40/60	60/40	80/20	100/0	20/80	40/60	60/40	80/20	100/0
1	100	100	100	100	100	100	100	100	100	100	100	100	100	100	99.9
2	100	100	100	100	99.9	100	100	100	99.9	99.4	100	100	99.8	99.6	98.9
3	100	100	100	100	98.7	99.8	99.8	99.3	98.1	96.5	98.2	98.5	97.9	95.4	93.8
4	99.5	99.7	98.4	96.9	94.3	94.5	95.5	93.6	89.9	85.8	83.1	87.3	86.9	84.4	81.9
5	93.3	93.6	91.5	87.6	84.8	68.0	75.2	77.2	75.2	73.1	45.8	58.2	63.2	64.3	65.8
6	64.6	73.8	73.8	73.0	73.4	32.7	45.8	53.9	57.2	58.8	15.2	29.5	39.7	45.2	50.6
7	31.3	43.1	50.1	55.1	57.5	10.1	21.6	31.5	39.9	44.5	4.0	10.9	21.6	29.5	37.1
8	10.5	21.1	31.9	38.4	42.5	2.9	7.5	16.0	23.5	33.4	1.2	4.2	10.2	17.9	26.7
9	3.5	8.1	17.1	26.3	32.2	0.4	2.6	7.2	13.4	23.1	0.1	1.5	4.4	10.8	16.5
10	0.9	3.4	8.5	15.4	23.2	0.1	0.8	3.8	8.2	16.4	0.0	0.1	2.5	5.6	11.4

Interpreting the results: If you plan on being retired for 20 years, have an allocation of 60% stocks and 40% bonds and plan to take 6% inflation-adjusted withdrawals, you have a 73.8% chance that your assets will outlast your 20-year horizon. This means that when we ran 1,000 Monte Carlo simulations, your assets lasted at least 20 years in 738 simulations and you ran out of money in 262. What is an acceptable probability that your assets will last through your retirement?

0%–75% Confidence is low; significant changes to goals may be necessary now and into the future. You may want to adjust your plan.

75%–90% Confidence is sufficiently high without undue sacrifice; changes to goals are likely to be minor and manageable.

90%–100% Confidence is high; may imply unnecessary sacrifice to lifestyle or undue investment risk. You may want to adjust your plan.

Sources: BlackRock; Financeware. The projections shown above assume the withdrawal in the first year of the stated percent of the original portfolio value. Each year thereafter, the amount withdrawn is adjusted upward 3% to account for inflation. IMPORTANT: The projections or other information generated by Financeware regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. A probabilistic approach is used to determine the likelihood that you may be able to achieve the goal of the stated withdrawal rate. Probabilistic (Monte Carlo) modeling is a statistical modeling technique in which a set of future outcomes is forecasted based on the variability or randomness associated with historical occurrences. It involves generating thousands of scenarios, each simulating the growth of assets over a specified period of time, taking into account a variety of factors, such as economic conditions, the allocation of assets, portfolio value, net cash flow and market volatility. This analysis is not a guarantee, prediction or projection of any particular result and your actual results may vary materially. Rather, this analysis is directional in nature and can be used to help you evaluate how certain decisions or strategies may impact your ability to achieve your goals. Underlying each scenario presented in this analysis are certain capital market assumptions (e.g., rates of return, volatility as measured by standard deviation, correlation between asset classes). These are forward-looking rates of return developed by Merrill Lynch. The capital market assumptions regarding rates of return for various asset classes and the probability analysis applied to these returns are key to the underlying results. In this analysis, stocks have an expected return of 8.56% and a standard deviation of 16.33% while bonds have an expected return of 5.25% and a standard deviation of 7.50%. Other investments not considered may have characteristics similar or superior to those being analyzed. There is no guarantee that actual future market returns will be consistent with these assumptions and limitations.

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