

BlackRock LifePath Paycheck™ Target Date Funds

Frequently asked questions

What is LifePath Paycheck?

LifePath Paycheck™ (“LPP”) funds were designed by BlackRock to be an all-in-one investment solution for managing retirement savings up to and throughout retirement by offering you,¹ when eligible, the opportunity to purchase a lifetime income stream from selected insurers.



¹ To be eligible to apply for and purchase annuities from the selected Insurers, you must be (i) invested in a LifePath Paycheck Target Date Fund, (ii) at least age 59½ years old, and (iii) no older than age 71, subject to certain exceptions.

How does LifePath Paycheck work?

LPP is a series of target date funds that allocate a portion of their investment portfolio to the “lifetime income” asset class, which in turn, can provide you the option, when eligible,¹ to purchase annuities from insurers selected by BlackRock. These annuities can provide you with a lifetime income stream in the form of a paycheck for life.

Let’s take a step back. What is a target date fund?

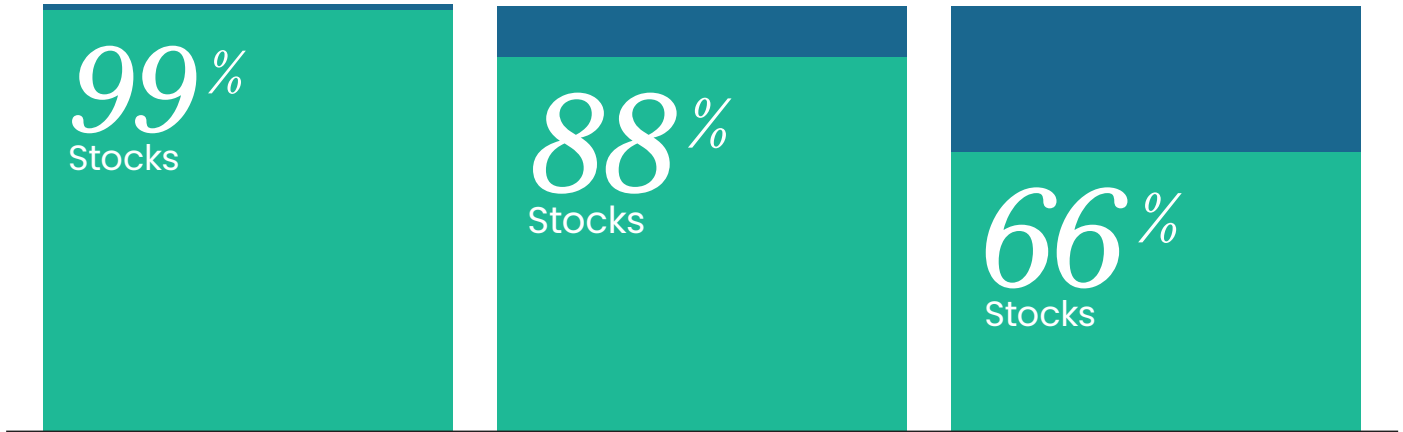
A target date fund is a professionally managed and diversified investment product that invests in an age-appropriate mix of stocks and bonds. Typically, target date funds shift risk overtime from an initial asset allocation weighted heavily in stocks to a more conservative asset allocation weighted more heavily in bonds.

Ok, got it. So, then what is the difference between a target date fund and LPP?

Unlike a typical target date fund, LPP includes an optional lifetime income benefit for eligible investors¹. If exercised, this option will provide you with an income stream in the form of a monthly paycheck for life.

¹ To be eligible to apply for and purchase annuities from the selected Insurers, you must be (i) invested in a LifePath Paycheck Target Date Fund, (ii) at least age 59½ years old, and (iii) no older than age 71, subject to certain exceptions.

Let's take a look at an example of a typical target date fund



Early working years²

Retirement is farther away, so the investment portfolio is primarily invested in stocks to emphasize growth.

Halfway²

As you approach the target date, the investment portfolio allocates a higher proportion of its portfolio to bonds to help reduce risk.

At retirement²

At retirement, the investment portfolio will be allocated more heavily towards bonds but will still have a portion invested in stocks to take advantage of potential growth in the stock market.



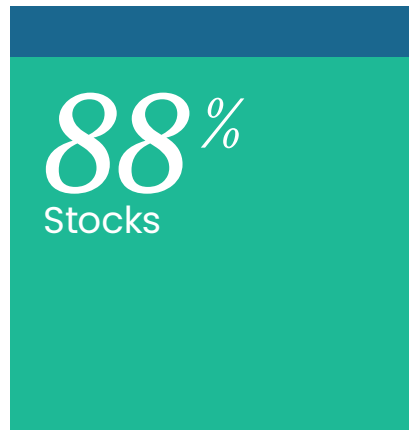
² The approximate asset allocation depicted assumes a participant who is 25 years old in "Early working years," a participant who is 45 years old at "Halfway," and a participant who is 55 years old for "Closer to retirement." For illustrative purposes only. Reference to "stocks" includes allocation to U.S. Large/Mid-cap Equities, U.S. Small-cap Equities, International Equities, Global REITS and Commodities. Reference to "bonds" includes allocation to U.S. Bonds and U.S. TIPS.

Let's take a look at an example of the LPP lifecycle



Early working years²

Retirement is farther away, so the fund is primarily invested in stocks to emphasize growth, similar to a traditional target date fund.



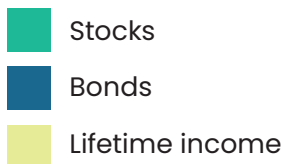
Halfway²

As you approach the target date, the fund allocates a higher proportion of its investment portfolio to bonds to help reduce risk – again, similar to a traditional target date fund.



Closer to retirement²

On or around the beginning of the calendar year that you turn age 55, your investment in LPP will be moved to the LifePath Paycheck Income Fund. Once moved, your LifePath Paycheck Income Fund will allocate a portion of its investment portfolio to the “lifetime income” asset class. The lifetime income asset class provides you the option to purchase annuities from selected insurers that provide you with a lifetime income stream – also known as the “annuity purchase option”, which can be exercised starting at age 59 ½ and until shortly before the end of the calendar year in which you turn age 71. If you exercise your annuity purchase option, you’ll receive an income stream from the selected insurers in the form of a monthly paycheck for life.



² The approximate asset allocation depicted assumes a participant who is 25 years old in “Early working years,” a participant who is 45 years old at “Halfway,” and a participant who is 55 years old for “Closer to retirement.” For illustrative purposes only. Reference to “stocks” includes allocation to U.S. Large/Mid-cap Equities, U.S. Small-cap Equities, International Equities, Global REITs and Commodities. Reference to “bonds” includes allocation to U.S. Bonds and U.S. TIPS.

What is an annuity?

In general, an annuity is a financial product issued by an insurance company that you can purchase via a lump-sum payment or series of payments over time, and, in exchange, you'll receive a steady stream of income payments. You can elect to receive these payments either immediately or at some point in the future.

Why might I want to purchase lifetime income?

Retirement plans are generally designed to help you save for retirement. Lifetime income can be a useful tool to help you manage your spending once you retire. It can provide you with greater income certainty in the form of a monthly paycheck, similar to Social Security, which can help you minimize the risk of outliving your savings.

So, what makes the “lifetime income” asset class so unique?

The lifetime income asset class is valued daily and fully liquid – similar to other asset classes in a target date fund. However, in order to gain exposure to the lifetime income asset class – and by extension, your annuity purchase option – you must be invested in the LifePath Paycheck Target Date Fund designed for investors your age.

If I elect to exercise my annuity purchase option, what happens to the rest of my money that is not used to purchase annuities?

Your remaining retirement plan savings can be invested in a fund designed to complement your lifetime income stream – the LifePath Paycheck Retirement 50/50 fund. The LifePath Paycheck Retirement 50/50 fund is a diversified portfolio with an asset allocation of approximately 50% stocks and 50% bonds. It provides daily liquidity so you can make withdrawals whenever you'd like (subject to your plan's rules).

Alternatively, you can elect to have your remaining retirement plan savings directed to another investment option in your retirement plan or can be withdrawn at your discretion.

What if I decide not to exercise my annuity purchase option?

As the name suggests – you have the “option” to purchase a lifetime income stream from selected insurers but aren’t obligated to exercise it.

As such, if you don’t elect to exercise your annuity purchase option, then, subject to plan rules, you can either: (i) move your LPP Investment to another investment option on your plan menu (similar to other investment options, including a traditional target date fund), (ii) can be withdrawn at your discretion, or (iii) do nothing. If you go with option (iii), at the end of the calendar year in which you turn 71, your investment will be automatically moved to the LifePath Paycheck Retirement 40/60 fund, which is a diversified portfolio with an asset allocation of approximately 40% stocks and 60% bonds.

How does LPP affect my regular contributions to my workplace retirement plan?

Your regular contributions won’t change if you decide to invest in an LPP fund. Instead, beginning in the year that you turn age 55, your investment will transfer to an LPP Target Date Fund which will begin allocating a portion of its investment portfolio to the lifetime income asset class. The amount invested in this asset class will gradually increase over time and, by age 65, the allocation to lifetime income is expected to be approximately 30%.

Will investing in LPP mean I will have less money in my regular retirement savings?

No. The money you contribute to LPP is earmarked for you – just like a traditional target date fund and other investment options in your workplace retirement plan.

How do I invest in LPP?

Please visit AHRP.com or call 1-800-730-2477 for additional information.

How can I learn more?

Visit the MyLifePath™ digital platform through your AHRP's Retirement Center.



Important information

Note to plan sponsors and responsible plan fiduciaries: This document is intended for use by plan sponsors and other responsible fiduciaries of an eligible retirement plan only and is being provided by BlackRock for informational and educational purposes [as you consider developing materials related to the LifePath Paycheck™ (“LPP”) solution that you may wish to provide to your plan participants in the future]. This document and statements herein should not be considered fiduciary investment advice by anyone nor be construed as a promise regarding your plan’s investment options or plan outcomes. It is strictly confidential and may not be reproduced for, disclosed to or otherwise provided in any format to any other person or entity (other than your professional advisors bound by obligations of confidentiality) without the prior written consent of BlackRock.

The LPP solution includes an accompanying digital experience known as MyLifePath™ (“MLP”). There are no guarantees that the features of the LPP solution or MLP digital experience will be implemented as they are described herein. [The LPP solution is subject to, among other things plan sponsor adoption and implementation considerations. The LPP solution will initially only be available to U.S. employer-sponsored defined contribution plans qualified under Sections 401(a) and 403(b)(9) of the Internal Revenue Code of 1986, as amended (“IRC”) and may thereafter be available to other investor types, such as governmental plans qualified under Section 457(b) of the IRC, that have each entered into an investment management agreement with BlackRock Institutional Trust Company, N.A.] Puerto Rico qualified, or U.S. and Puerto Rico dual-qualified defined contribution plans, will not be eligible to participate in LPP. A plan sponsor and/or the responsible fiduciary of an eligible plan should expect to allocate time and resources in connection with the onboarding and operational implementation of LPP in the event LPP is adopted as an investment option for its participants. In support of a plan sponsor’s decision to adopt LPP as an investment option for its plan participants, BlackRock can make available to plan sponsors and/or responsible fiduciaries information regarding, among other things: legal documentation, onboarding and operational implementation requirements, participant experience, disclosures, and technology integration.

Group annuity contracts in connection with LPP are issued by Brighthouse Life Insurance Company, Charlotte, NC 28277, and individual retirement annuity contracts are issued by Brighthouse Life Insurance Company, Charlotte, NC 28277, and, in New York only, by Brighthouse Life Insurance Company of NY, New York, NY 10017 (collectively, “Brighthouse Financial”). Brighthouse Financial® and its design are registered trademarks of Brighthouse Financial, Inc. and/or its affiliates. All product guarantees are solely the responsibility of and subject to the financial strength and claims paying ability of the Brighthouse Financial issuing company. Annuities issued by Equitable Financial in connection with LPP, and any product guarantees associated therewith, are solely the responsibility of Equitable Financial Life Insurance Company, New York, NY (“Equitable Financial” together with Brighthouse Financial are the “Selected Insurers”).

The annuity purchase option associated with an investment in certain LPP funds and which may be described or referenced in these materials is designed to provide eligible plan participants with a stream of lifetime income payments. The obligation to make the stream of lifetime income payments will be guaranteed under the terms of an individual retirement annuity contract a Selected Insurer issues to an eligible participant. The issuance of individual retirement annuity contracts by the Selected Insurers is subject to, among other things, receipt of an eligible participant’s applications determined by each of the Selected Insurers to be in good order and the participant’s rollover of a lump sum distribution from the plan to individual retirement annuities maintained by each Selected Insurer. The stream of lifetime income payments would be made directly to the participant by each Selected Insurer. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company. Each issuing insurance company is solely responsible for its own financial condition and contractual obligations. BlackRock is not an insurance company, does not offer insurance products or provide any financial guarantee with respect thereto. The Selected Insurers are not affiliated with one another or with BlackRock, Inc. and its affiliates, and subsidiaries.

The LPP solution may include collective investment funds maintained by BlackRock Institutional Trust Company, N.A. (“BTC”), which are available only to certain qualified employee benefit plans and governmental plans and not offered to the general public. Accordingly, prospectuses are not required and prices are not available in local publications. To obtain pricing information, please contact your local service representative at BlackRock. BTC is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, “BlackRock” may be used to refer to BlackRock, Inc. and its affiliates, and subsidiaries, including BTC (unless the context otherwise indicates). Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, is not guaranteed by BlackRock, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

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The LifePath® products are covered by US patent 8,645,254. The LifePath Paycheck™ funds and MyLifePath™ digital platform use patented technology covered by US Patent No. 11,605,131.

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