

INFLATION

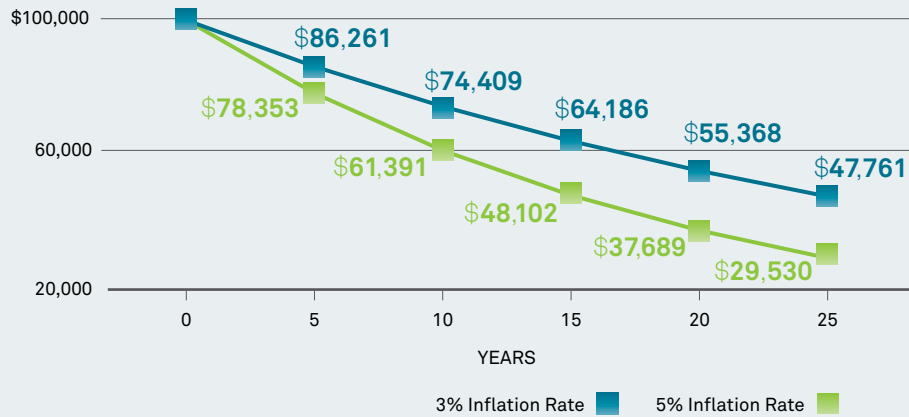
The Impact on Expenses



The effects of inflation can be viewed in two ways: as the erosion of purchasing power over time or as the rise of prices. Either way, inflation has a significant impact on expenses.

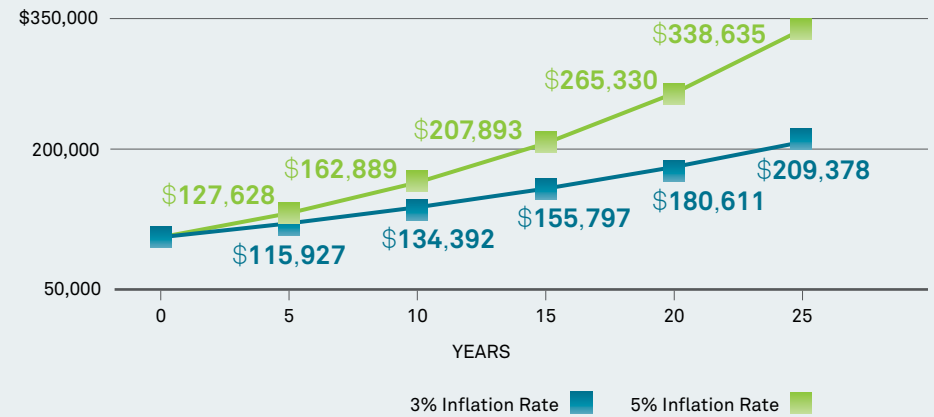
EROSION OF PURCHASING POWER

In 25 years, \$100,000 will be worth the equivalent of \$47,761 today assuming 3% annual inflation or \$29,530 assuming 5% annual inflation.



GROWTH OF PRICES

The same item that costs \$100,000 today will cost \$209,378 in 25 years assuming 3% annual inflation or \$338,635 assuming 5% annual inflation.



Source: BlackRock. Assumes constant annual inflation rates.

HISTORICAL IMPACT OF INFLATION ON COMMON EXPENSES

	White Bread (1 lb.)	Whole Milk (1 gal.)	Postage Stamp	Regular Gas (1 gal.)
Cost in December 1990	\$0.70	\$2.78	\$0.29	\$1.35
Cost in December 2015	\$1.43	\$3.30	\$0.49	\$2.06
25-Year Inflation Rate	2.9%	0.7%	2.1%	1.7%

Sources: BlackRock; Bureau of Labor Statistics.

This information is provided for illustrative purposes only and not indicative of any investment.

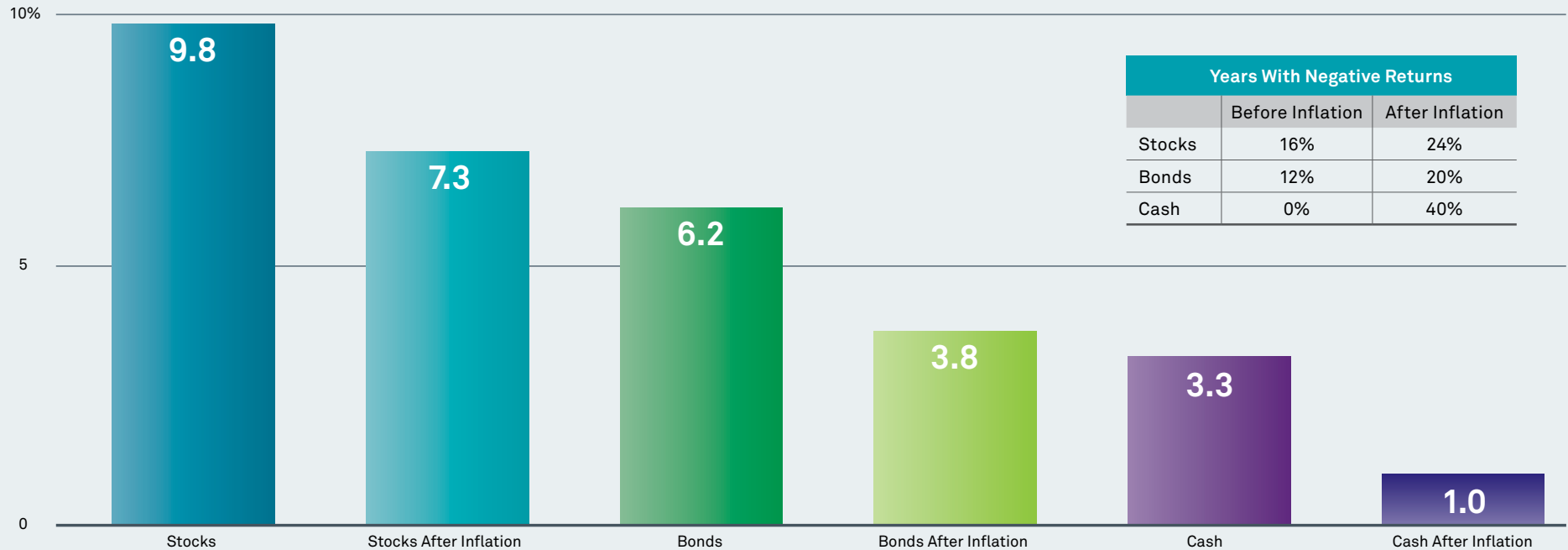
INFLATION

The Impact on Returns



INFLATION DRAMATICALLY REDUCES INVESTMENT RETURNS

Average Annual Total Returns Over the Last 25 Years (1991–2015)



	Years With Negative Returns	
	Before Inflation	After Inflation
Stocks	16%	24%
Bonds	12%	20%
Cash	0%	40%

Want to know more?  [blackrock.com](https://www.blackrock.com)

Sources: BlackRock; Informa Investment Solutions. Past performance is no guarantee of future results. This is for illustrative purposes only and is not indicative of any investment. It is not possible to invest directly in an index. Assumes reinvestment of income and no transaction costs or taxes. Stocks are represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large-capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange. Bonds are represented by the Barclays US Aggregate Bond Index, an unmanaged market-weighted index that consists of investment-grade corporate bonds (rated BBB or better), mortgages and US Treasury and government agency issues with at least one year to maturity. Cash is represented by the ML US Treasury Bill 3 Month Index, an unmanaged index based on the value of a 3-month Treasury Bill assumed to be purchased at the beginning of the month and rolled into another single issue at the end of the month. US Treasury Securities are direct obligations of the US Government and are backed by the "full faith and credit" of the US Government if held to maturity. Inflation is represented by the Consumer Price Index.

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