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<https://www.wsj.com/articles/blackrock-microsoft-to-build-retirement-planning-platform-11544715121>

MARKETS

BlackRock, Microsoft to Build Retirement-Planning Platform

New platform would offer guaranteed-income products to workers through their workplace saving plans



BlackRock is trying to stand out from other money managers by bolstering its technology offerings. PHOTO: LUCAS JACKSON/REUTERS

By Dawn Lim

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BlackRock Inc. [BLK -0.72%](#) ▼ reached an agreement with Microsoft Corp. [MSFT 0.34%](#) ▲ to build tools that will help workers spend and invest their retirement money.

The firms plan to develop a technology platform that will provide digital financial-planning tools and new BlackRock funds offering guaranteed retirement income to employees through their workplace saving plans.

The moves shows how BlackRock, the world's largest money manager, wants to shape the technology plumbing that connects it to different parts of the financial ecosystem handling workers' retirement money. The firm, with \$6.4 trillion under management, has no channel to sell funds directly to retail investors.

For Microsoft, an investment platform built with its technology could bring in new revenues as it looks to become a bigger cloud-computing player.

The idea for a partnership was hatched after the chief executives of both companies, Laurence Fink and Satya Nadella, held a private conversation during May in Redmond, Wash., on ways their companies could work to tackle pressures on society as a generation of Americans enters old age with declining financial resources, said people familiar with the matter. The two men have continued speaking about the matter, the people said.

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The exact technology being created is still being worked out and the project is still in early days. Executives at both firms have been looking at prototypes of the tools that could be provided through the technology platform. Mobile apps that reward thrifty behavior are among ideas that could be explored, said a person familiar with the matter. BlackRock could roll out financial literacy content and digital apps tailored to how the workforce of a company skews by age.

“We are trying to nudge people a little bit towards a more active relationship with retirement,” said Mark McCombe, the firm’s head of the Americas, who is taking a key role in the partnership with Microsoft. The technology could “prompt you through daily life and show there are ways to reach financial goals in retirement.”

BlackRock won’t collect individual customer data through apps it creates on the platform, said people close to the effort.

BlackRock, which oversees about \$1 trillion in defined-contribution assets, is competing for market share at a time firms face relentless pressure to cut fees. One way it is trying to stand out is by bolstering its technology offerings.

The firm plans to bundle digital and asset-management offerings through the platform it creates with Microsoft. Companies will have to buy into the technology platform to give employees access to new funds BlackRock plans to market in 2019.

The funds seek to provide guaranteed income streams to participants as they get older, an element not common in 401(k) and other retirement plans. These funds will be similar to target-date funds, a blend of investments that get more conservative as investors head into retirement, but with a twist. The funds BlackRock wants to roll out on the platform will also increase their concentration in financial instruments like annuities that provide regular payouts as participants get older.

Many employers are uneasy about including annuities in target-date funds because of their complexity and costs.

BlackRock will be in talks with insurance firms that create products similar to annuities, as well as other parties involved in handling worker accounts such as record-keepers that hold data on customers and custodians that house assets on whether they will be willing to be tied to the platform in 2019, said a person familiar with the matter.

The firm continues to build a network of partners in the financial-technology business. It bought a robo adviser in 2015 and this year invested in Acorns, a company aiming to invest millennials' spare change, and Envestnet, a provider of online investment tools. Finance Chief Gary Shedlin told analysts in a recent conference that its strategic minority investments would give BlackRock more information on how customers use technologies that distribute asset-management products.

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