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Blackrock boss warns of a global retirement crisis as people live longer but cannot afford to pay for it

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The boss of Blackrock has warned of a global retirement crunch as people live longer but cannot afford to pay for it.

In his annual letter to investors, Larry Fink said: 'As a society, we focus a tremendous amount of energy on helping people live longer lives.

'But not even a fraction of that effort is spent helping people afford those extra years.'

He cited figures showing that one in six people will be over 65 by the middle of the century, up from one in 11 in 2019.

And he said the situation was so dire in his native America, companies and the government were effectively telling workers: 'You're on your own.'



© Bloomberg via Getty Images
Retirement shock: Blackrock boss Larry Fink cited figures showing that one in six people will be over 65 by the middle of the century, up from one in 11 in 2019

Fink argued that capital markets – in other words, investments in stock and bonds – could help provide the answer 'so long as governments and companies help people invest'.

He said governments globally would have to prioritise creating the kind of 'robust' capital markets that the US already has.



But even in America, a 'retirement crisis' looms, and the social security administration has warned that it may not be able to pay people their full benefits beyond 2034.

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Fink said 'economically anxious' younger people believed older generations 'focused on their own financial well-being to the detriment of who comes next'.

'In the case of retirement, they're right,' said Fink, 71.

'Today in America, the retirement message that the government and companies tell their workers is effectively: "You're on your own."

'And before my generation fully disappears from positions of corporate and political leadership, we have an obligation to change that.'

Fink said that, like the financial crisis of 2008, it should be seen as a problem 'so big and so urgent that government and corporate leaders stop business as usual' and 'step out of their silos and sit around the same table to find a solution'.

The comments reflect demographic issues being grappled with by politicians across the globe.

In Britain, those are being partly addressed by an increase in the retirement age.

And even as they have to work for longer, most retirees are increasingly unlikely to be in receipt of generous 'final salary' company pensions, instead having to hope that the pension pots they have saved into over their working lives will be big enough to provide for them.



Public sector workers, however, continue to enjoy state-backed gold-plated pensions. Meanwhile, over the weekend Chancellor Jeremy Hunt pledged that the state pension would continue to increase using the so-called 'triple lock'.

That means it will go up by either average earnings growth, inflation or 2.5 per cent each year – whichever is highest – despite question marks over its long-term costs.

Hunt told the BBC's Sunday with Laura Kuenssberg that he was confident the 'expensive' promise would be paid for by growing the economy.

Former pensions minister Ros Altmann said: 'The key issue is helping people plan their working life differently and keep working longer if possible while also removing the residual age discrimination in employment.'