

How to Maximize Participation, Contribution Rates, and Financial Security in Retirement

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- **Retirement plan design**
 - Prudential Financial, Inc. has been a financial services leader for over 135 years and has over 85 years of retirement experience
 - Offers innovative ways to manage risk and provide guaranteed retirement income
- **Defined benefit, pension risk transfer and annuities**
 - Prudential Retirement has been meeting the needs of over 4 million participants and annuitants
 - Over \$300 billion in retirement account values
- **Guaranteed lifetime income**
 - An industry leader in providing guaranteed retirement income solutions to Americans since 2001
 - Largest in-plan guaranteed lifetime income provider (47% market share)¹

As of 06/30/2015

Guarantees are based on the claims-paying ability of the insurance company and are subject to certain limitations, terms, and conditions.

¹LIMRA In-Plan Guarantee Availability and Election Tracking Survey, May 2015.

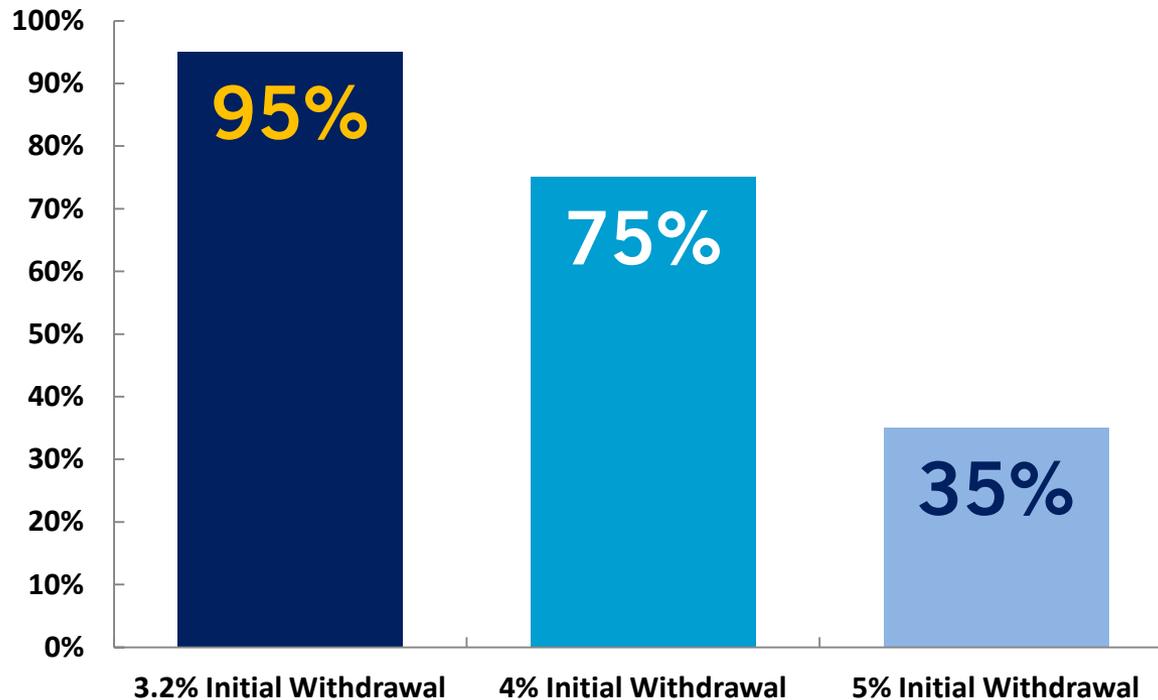
A Successful Outcome

- **Delivers Retirement Security to the largest number of participants**
- **Income in Retirement, not accumulated value at Retirement**
- **Reduces key risks in retirement**
- **Minimizes complex decisions for participants**
- **Incorporates what we know about expected participant behavior**

Participants can “safely” withdraw only a small portion of their savings each year in retirement



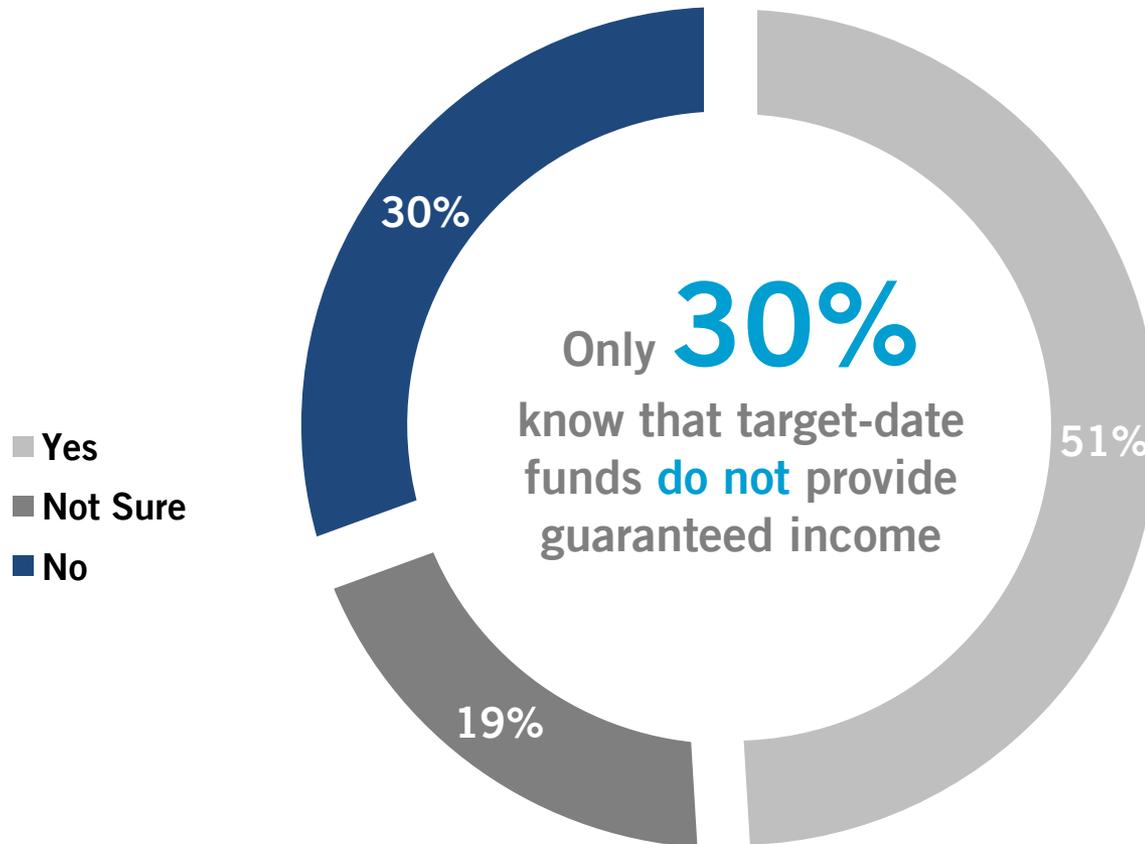
Probability of a participant’s retirement assets lasting through age 95 (Distributions start at age 65)



Note: Assumes participant retires at age 65 and that withdrawals are increased after the first year of retirement to account for inflation; assumes retirement assets are invested in a target-date fund; glidepath is based on the S&P Target Date Fund Index; investment fees of 60 bps.

This is a hypothetical example and is not meant to represent the performance of any Prudential product. It is possible to lose money investing in securities.

Target-Date Funds Alone Are Not a Complete Solution



1. Saving behavior:

- Providing an in-plan guaranteed income option correlates with participants contributing more than average DC plan participants contribute

2. Investing behavior:

- Nearly three out of four said guaranteed income would make them more likely to “stay the course”¹

3. Spending behavior:

- Guaranteed income participants may exceed a 4% “safe withdrawal strategy” with protection²

The information above is generated from two proprietary research studies of plan participants, invested and not-invested, in an in-plan guaranteed retirement income option.

1) Book of Business Analysis: Study of 20,000 Prudential Retirement full-service defined contributions plan participants age 50+, in plans that did and did not offer Prudential IncomeFlex. (Mid-2011).

2) Prudential Retirement Plan Participant Survey: 42-question survey distributed to all participants in plans that offered Prudential IncomeFlex, regardless of age. (2,300+ responses. December 2011).

Successful Outcomes: Default Investment with Guaranteed Income



- Participation grows by **34%**
- Contribution rates rise by **7.7%**
- **67%** Reduction in Non-Diversified Investors
- **3%** Lower Opt-Out Rate

A Successful Option

- **Delivers Retirement Security to the largest number of participants**
- **Minimizes complex decisions for participants**
- **Incorporates what we know about expected participant behavior**

Guaranteed Income Options: Fixed Annuities compared to GMWB

	Level of Income	Flexibility and Control	Upside Market Potential	Fees	Asset Allocation
Fixed Annuities <ul style="list-style-type: none"> • Fixed payout annuity • In-Plan/Out-of-Plan 	Highest			Implicit	Fixed Income
Guaranteed Minimum Withdrawal Benefits (GMWB)	High	✓	✓	Explicit	Balanced

Guaranteed Minimum Withdrawal Benefits protections vary. Restrictions and limitations may apply.

- **Delivering Retirement Security to the largest number of participants**
 - Guaranteed Income integrated with default investment option vs. optional annuitization at Retirement
 - Tradeoff between level of guaranteed income and flexibility and control
- **Minimizes complex decisions for participants**
 - One-time annuitization decision and considerations
- **Participant Behavior**
 - Participants views on annuitization
 - Potential impact of guaranteed income design on opt-outs

Stable Value Needs Appropriate Risk Mitigating Protections

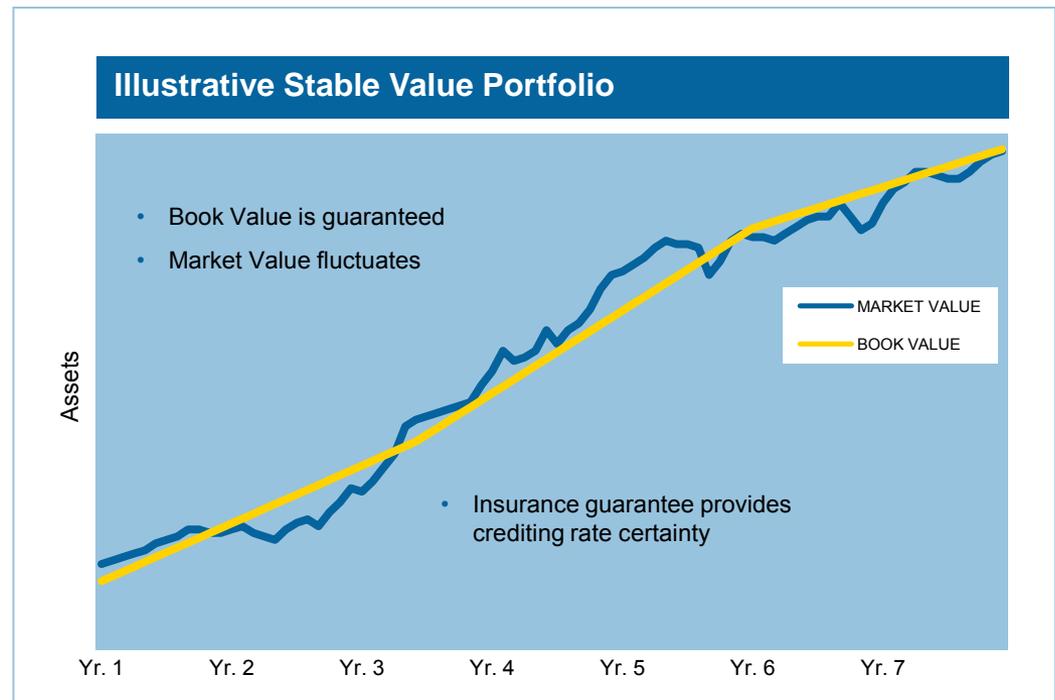


Stable Value funds are built for safety, liquidity* and a competitive rate of return.

Stable value funds are designed to:

- Preserve principal and accumulated interest
- Provide smooth, positive returns
- Provide liquidity*

Stable Value funds seek to combine intermediate returns with safety and low volatility offered through insurance company guarantee. Stable value allows withdrawals at book value for benefit-responsive withdrawals.



Important Information



Prudential IncomeFlex Target Funds are separate accounts under group variable annuity contracts issued by **Prudential Retirement Insurance and Annuity Company (PRIAC)**, Hartford, CT. PRIAC does not guarantee the investment performance or return on contributions to those separate accounts. You should consider the objectives, risks, charges, and expenses of the Funds and guarantee features before purchasing this product. Like all variable investments, these funds may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Contract form # **GA-2020-TGWB4-0805** or state variation.

The S&P Target Date Index Series is a component of the S&P Target Allocation Index Family. It is related to the S&P Target Risk Index Series, also a component of the S&P Target Allocation Index Family. Both series are broadly representative of the investment opportunity available to investors in target risk and target date funds, respectively.

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For this and other information, please call your Prudential sales partner for a copy of the Prudential IncomeFlex Target® Important Considerations prior to investing.

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