

California Stable Value Discussion

Prudential Retirement

Presenter: Bennett Kleinberg, Lacey Lockward

October 24, 2016



Prudential
Bring Your Challenges®

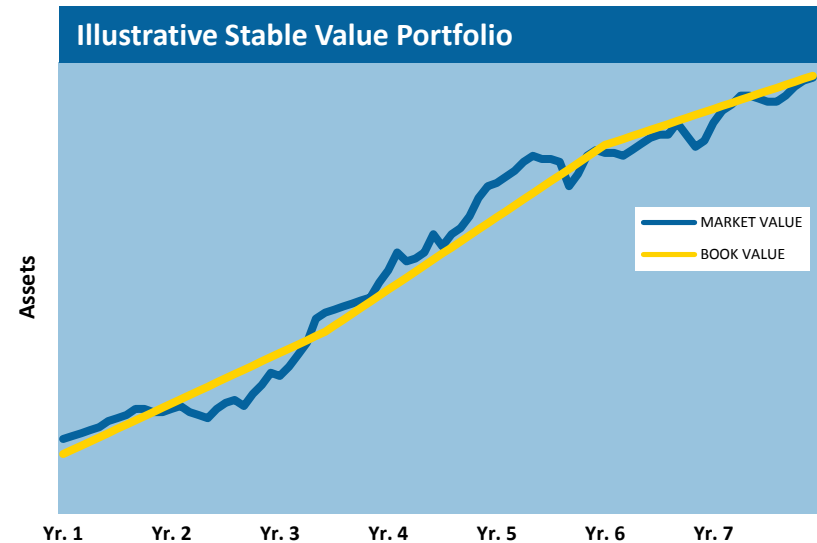
What is Stable Value?

Stable Value is built for safety, liquidity and a competitive return:

Stable Value provides the following unique combination of benefits:

- Principal preservation
- Stability and steady growth in principal and earned interest
- Returns similar to intermediate bond funds with the liquidity of money market funds*
- Benefit-responsive liquidity

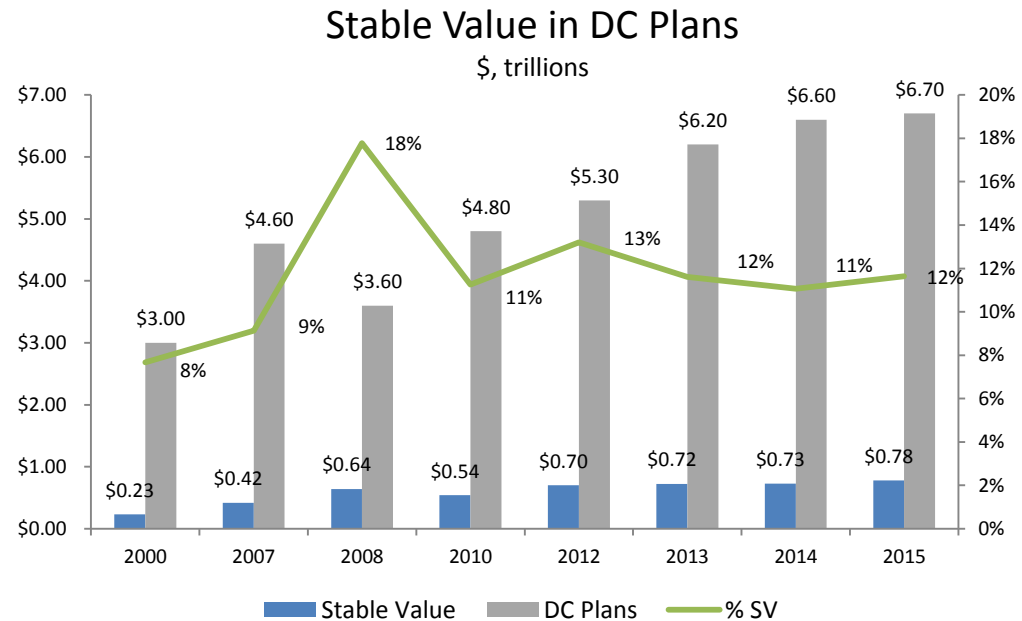
*Money market funds are diversified. Stable value allows withdrawals at book value for benefit-responsive withdrawals.



Stable Value in Defined Contribution Plans

Stable Value is a core investment in DC Plans:

- 12% of DC Plan assets allocated to Stable Value¹
- \$779 billion invested in Stable Value assets²
- 160,000 DC Plans that include Stable Value²
- Offered in approximately 50% of 401(k) plans²

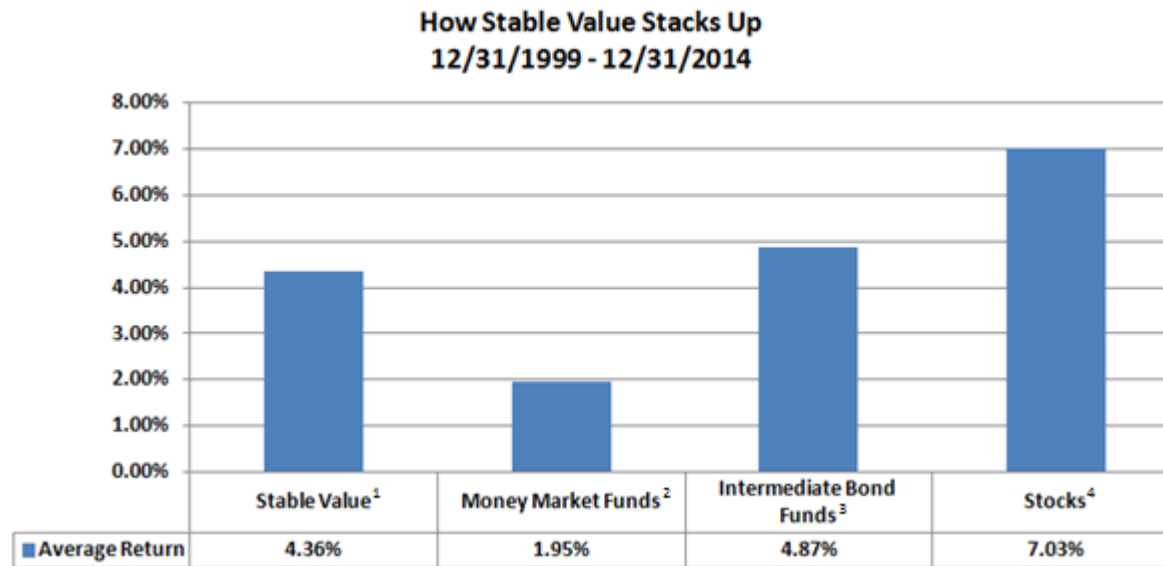


¹ Source: Investment Company Institute, as of May 2016

² Source: SVIA 20th Annual Stable Value Funds Investment & Policy Survey covering 2015, as of June 2016

How Stable Value Stacks Up

Stable Value investment options have historically provided gross returns similar to short- to intermediate-maturity bond strategies but without the daily mark-to-market volatility



1. SVIA 19th Annual Stable Value Investment & Policy Survey, 1999-2014. Net 12-month return.

2. iMoneyNet MFR Money Funds Index, 1999-2014. Returns illustrated are gross before any fees.

3. Barclays Intermediate Government/Credit Bond Index, 1999-2014. Returns illustrated are gross before any fees.

4. S&P 500 Index with dividends reinvested, 1999-2014. Returns illustrated are gross before any fees.

Asset Class Comparison

	Stable Value	Money Market	Investment Grade Intermediate-Term Bond
Objective	Safety of principal while providing intermediate-term fixed income returns	Safety of principal while providing short and ultra-short-term fixed income returns	Safety of principal while providing intermediate-term fixed income returns
Underlying Investment	High quality intermediate-term fixed income securities	High quality liquid securities such as government securities, CDs, and commercial paper	High quality intermediate-term fixed income securities
Yields	Rate may be fixed for a period of time, with many stable value products providing a guarantee for a minimum rate of return	Rates fluctuate with short-term interest rates	Rates fluctuate with intermediate-term interest rates
Safety of Principal	Book value and accumulated earnings guaranteed by the issuer	Net asset value generally stays constant	Market value fluctuates based on bond prices and exposure to credit risk within the portfolio

Stable Value in a Rising Rate Environment

Stable Value products deliver key benefits in rising rate environments:

SAFETY: Provides peace of mind for investors

- Guarantees of both book value and accumulated earnings

LIQUIDITY: Provides book value liquidity for investor activity, separate from market value fluctuations

- Allows for daily transactions and benefit-responsive payments at book value

CREDITING RATE PERFORMANCE: Investors enjoy competitive long term returns

- Crediting rates trail changes in more volatile interest rate markets, providing consistent returns over time

Important Considerations

Insurance products are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or The Prudential Insurance Company of America (PICA), Newark, NJ. Both are Prudential Financial companies. Each company is solely responsible for its financial condition and contractual obligations.

© 2016 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo, the Rock symbol and Bring Your Challenges are service marks of Prudential Financial, Inc., and its related entities, registered in many jurisdictions worldwide.

0298010-00001-00