

PRUDENTIAL'S INSIGHT

California Secure Choice Retirement Savings Program

Bennett Kleinberg, VP Prudential Retirement

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California Secure Choice Program



Objectives: Delivering Successful Participant Outcomes

- Applying best practices from DB and DC plan design
- Addressing investment risk (sequencing of return risk)
- Addressing longevity risk (avoiding reckless conservatism)
- Minimizing decisions for participants
- Maintaining Benefit Portability

Segmenting Participant Strategy



- Tier 1... "Do it for me" with a ready mixed TDF portfolio with guaranteed lifetime income benefit
- Tier 2... "Do it with help" with advised choice of core and non-traditional asset classes
- Tier 3... "Do it yourself" with a broad universe of investment choices for sophisticated investors

Improving the Likelihood of Positive Outcomes for California Workers: Behavioral Benefits



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”

3. Spending behavior:

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

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).

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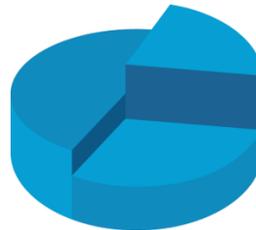
GMWB Value Proposition: Maintain Flexibility and Portability



Prudential
Bring Your Challenges[®]

What if You...

Don't want to invest all your money in the Fund?



Change your mind?



Separate from service



You can...

...elect to protect all or just a portion of your account balance

...can withdraw some or all Market Value, with no withdrawal fees....

...leave your money in the plan or potentially take the guarantee with you

GMWB Value Proposition: Maintain Flexibility and Portability

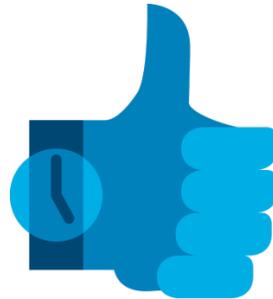


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What if You...

You can...

Want to retire early?



...start withdrawals as early as age 55 or as late as you'd like¹

Need more than your guaranteed amount?



...withdraw more (or less or nothing) at any time¹

Pass Away?



...have income continue for your spouse² or pass on any remaining market value to beneficiary

¹ Withdrawals or transfers out *in excess of* the guaranteed amounts proportionately reduce guarantees. Exception: IRS required minimum distribution (RMD) or any applicable plan rules

² Assumes Spousal Benefit is elected

Tier 1: Alternative Income Solutions



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	Market Risk	Flexibility and Control	Longevity Risk
No Income Guarantee <ul style="list-style-type: none"> • Managed payout program • Systematic withdrawals 	Market protection pre and post-retirement	Access to funds at any time	Lifetime income protection
Fixed Annuities <ul style="list-style-type: none"> • Fixed payout annuity • In-Plan/Out-of-Plan 	✓	✓	✓
Guaranteed Minimum Withdrawal Benefits (GMWB)	✓	✓	✓

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

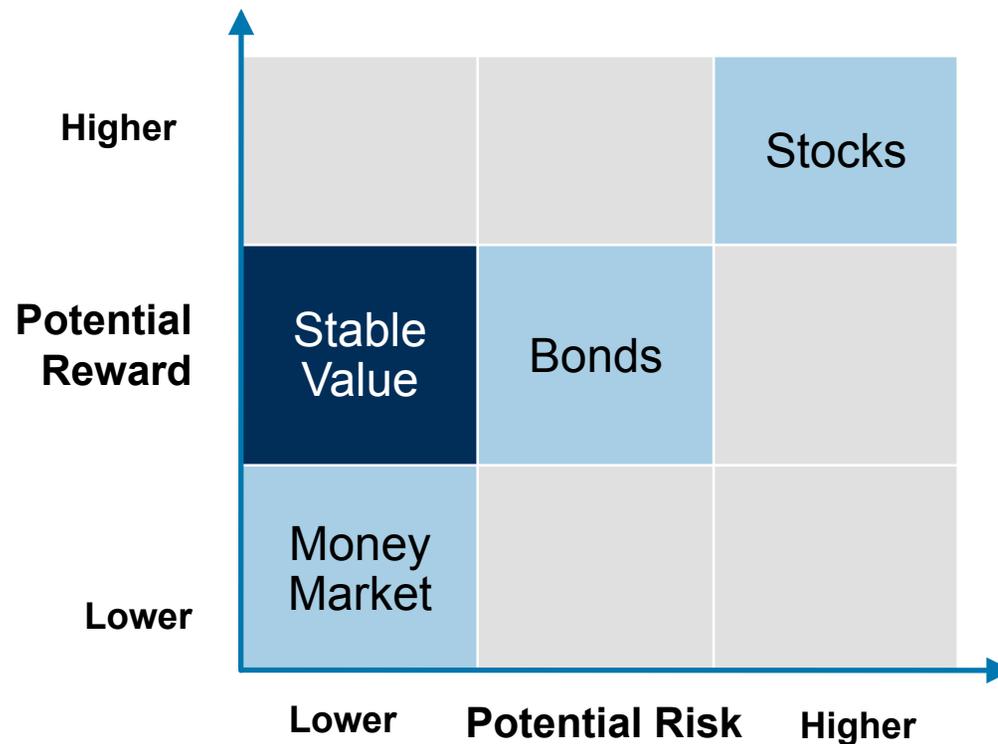
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Tier 2: Stable Value Should be One of Core Asset Classes



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Stable Value is a hybrid fixed income asset class that has attractive risk reward characteristics.



Tier 2: Stable Value Needs Appropriate Risk Mitigating Protections



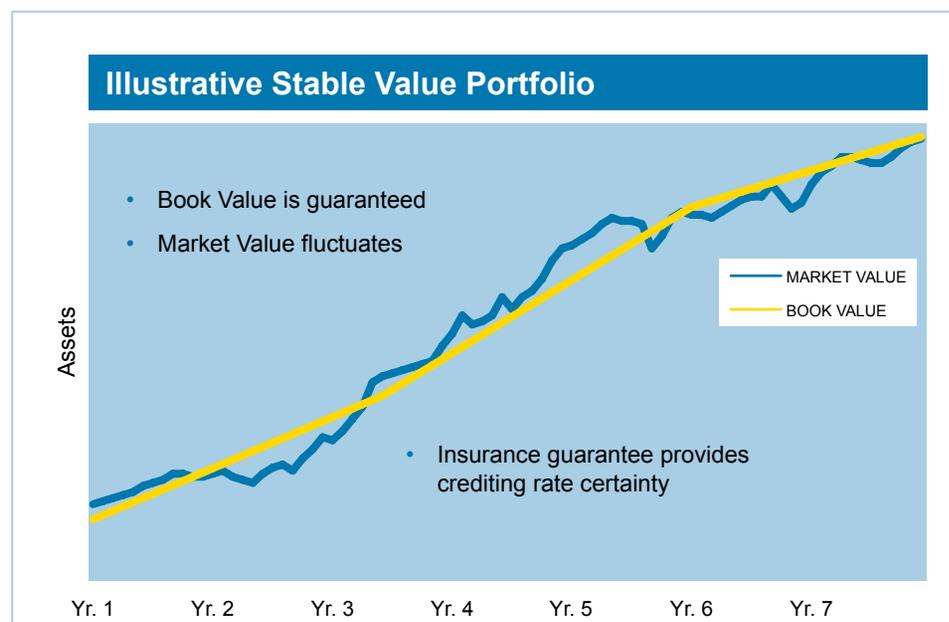
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Stable Value funds are built for safety, liquidity* and a competitive rate of return.

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 investments may have liquidity restrictions.

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. Participants should consider the objectives, risks, charges, and expenses of the Funds and guarantee features before purchasing this product. The principal value of target date funds is not guaranteed at any time; including the target date. Like all variable investments, these funds may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. **For this and other information, participants should access the participant website or call 1- 877-778-2100 for a copy of the Prudential IncomeFlex Target Important Considerations before investing.**

Before electing the Spousal Benefit (if available) on behalf of any beneficiary not recognized as your spouse under Federal law (for example, a same gender domestic partner, civil union partner or spouse), be aware that provisions of the plan or Internal Revenue Code might prevent, limit or otherwise affect the ability of the beneficiary to receive the Spousal Benefit.

Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Contract form #GA-2020-TGWB4-0805 or state variations thereof.

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