

Prudential IncomeFlexTarget® Product Fact Sheet



Product Category: In-Plan Guaranteed Minimum Withdrawal Benefit (GMWB), also referred to as Guaranteed Lifetime Withdrawal Benefit (GLWB).

Product Category Defined: This is a benefit that guarantees a stream of income payments to a participant, regardless of the contract account value. This option allows participants to protect their income prior and during retirement while at the same time allowing participation in positive investment experience. Similar to other defined contribution plan investments, the participant always has complete access to the market value.

Product Summary:

Equity participation	Yes	Annuitization required	No
Nature of guarantee structure (fixed income, % of benefit base, other)	% of benefit base	Availability of account value (i.e., liquidity) (Accumulation (A), Distribution (D))	A,D
Form of guarantee (High Watermark (HW) ¹ , Minimum Rate (MR)) ²	HW	Fees for guarantees (implicit or explicit)	Explicit
Income guarantee applies during (Accumulation (A), Distribution (D))	A,D	Total fees for unregistered version Total fees for registered version	159-194 bps 205 bps
Payments guaranteed for life	Yes	Portability (IRA, QPDA) ³	IRA
COLA Option Available	No	Participant education with no additional fee	Yes

¹The highest account value annually at a fixed date

²Grows at a stipulated minimum interest rate

³ Qualified Plan Distributed Annuity

Product Description

Prudential Retirement offers Prudential IncomeFlexTarget® a GMWB, as a complement to target-date funds or asset allocation funds that can help plan participants protect retirement income against Market Risk and Longevity Risk.

IncomeFlex Target is added as a default option that can be part of a comprehensive Qualified Default Investment Alternative (QDIA). After IncomeFlex Target is added to the plan, participants can elect to transfer all or part of their balances or future contribution, to the appropriate target-date fund.

Ten years before the target-date of the selected fund, the IncomeFlex Target guarantee is automatically activated.

Once a participant elects to receive guaranteed withdrawals, his or her annual guaranteed withdrawal amount will be based on the higher of the current market value or the participant's Income Base. (The Income Base is based on the participant's highest market value on any of his/her past birthdays after the guarantees begin, adjusted for contributions, withdrawals and transfers).

Distribution Channel

Types of Plans Available

As a plan default or QDIA to 401(k), 403(b) plans or 457 plans: (403(b) plans require use of the registered product).

Currently offered to:

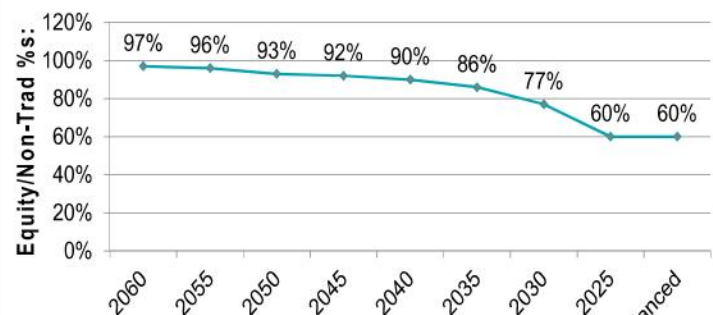
- Third-party recordkeepers
- Investment managers

Currently offered to plan sponsors through the Prudential, ICMA-RC, AonHewitt, Mercer and Wells Fargo recordkeeping platforms. Also available through the DST Retirement Income Clearing & Calculation "middleware" system.

Investment Structure⁴

- *Prudential* Day One IncomeFlex Target Funds target date solution
 - Prudential Day One IncomeFlex Target Balanced Fund embedded within an asset allocation solution
 - 3rd party Target-Date Funds wrapped with the IncomeFlex Target guarantee: 6 different managers currently available
 - Additional Target-Date Funds or an Asset Allocation Fund subject to underwriting⁴
 - Capable of delivering guarantees through a customized solution
 - Guarantees also offered through Alliance Bernstein's Lifetime Income Strategies which is a multi-insurer structure
- * For Further information on the LIS concept, please contact Alliance Bernstein

Prudential Day One IncomeFlexTarget Funds Glide Path



2020/2015/2010/Balanced

Composition of Underlying Investment funds

Multi-Manager Funds:

- Quantitative Management Associates
- Prudential Fixed Income
- Prudential Real Estate Investors (PREI)

Fees and Expenses^{4,5}

The Day One IncomeFlex Target Funds have a 0.59-0.94% Investment Management fee. There is a 1.00% fee on a current basis for the IncomeFlex Target guarantee when using the Prudential Day One IncomeFlex Target Funds, in addition to the investment management fees of the funds. The guarantee fee begins 10 years prior to the target-date of the fund when guarantees become active. No guarantee fees are charged prior to that point. The guarantee fee is asset-based and paid by participants in a same manner as investment management fees. The maximum guarantee fee that could be imposed (per contract language) is 1.50%. Any fee change is prospective only (i.e., on future contributions and step-ups).

The registered version charges a 1.15% guarantee fee and approximately 0.40% Investment Management expenses. Customized vehicles can have a higher or lower guarantee fee based on features. Please contact Prudential for more information on the registered version of IncomeFlex Target, including the prospectus for the Prudential Retirement Security Annuity IV.

Total Fees^{4,5}

The total fees on a current basis for a fund when the guarantee fee applies 1.59-1.94%. The fee is the same for a single or joint life election. Fees are approximately 1.55% for the registered version of IncomeFlex Target.

**Effective 5/1/2019, the total fee for IncomeFlex inside of Prudential's Smart Solution IRA will be lowered to 1.40%. This is comprised of an investment management fee of 0.40% and a guarantee fee of 1.00%.*

Determination of Retirement Income

Age Lifetime Income Can Begin

For either a single or joint Annual Guaranteed Withdrawal election the youngest Covered Person must be age 55 or older to begin distributions. Withdrawals are subject to plan rules and the appropriate early withdrawal tax and penalty.

Guaranteed Income Benefit Calculation

The Annual Guaranteed Withdrawal Amount will be determined as: (Income Base at the Guaranteed Withdrawal Lock-In Date) x (payout based on age, as described below)

The Income Base will be automatically reviewed and potentially increased on an annual basis on the participant's birthday.

Characteristics of Account Balance During Accumulation

IncomeFlex Target protects participants while they are saving to provide income in retirement. Like most investment options, the IncomeFlex Target Funds have a market value that rises and falls based on actual performance. But unlike other options, for an additional charge, IncomeFlex Target also enables participants to build a basis for income or, Income Base, which will determine the amount of the guaranteed withdrawals they can take when they are ready to begin receiving income.

This Income Base is also referred to as the Highest Birthday Value (HBV). Once guarantees begin, the HBV allows participants to automatically capture market gains.

Prudential will track the highest IncomeFlex Target market value that exists on any of the participant's past birthdays. Then, when they are ready to begin taking their annual withdrawals, the final Income Base will be the highest of:

- the HBV; OR
- the market value of their IncomeFlex Funds at that time.

The first HBV will equal the initial investment, even if the initial investment date is not the participant's birthday. The HBV will then be adjusted on an ongoing basis for contributions, transfers and withdrawals. The HBV will be reduced proportionately for any transfers or withdrawals taken from the IncomeFlex Target Funds during the year. On each birthday the HBV will be compared to the market value. If the market value is higher it will replace the current HBV, if not, then the HBV will remain and continue to adjust with any future contributions, transfers or withdrawals.

Characteristics of Account Balance During Distribution

When individuals are ready to turn their savings into income, IncomeFlex Target will guarantee them a certain level of income for as long as they live, even if guaranteed withdrawals or market performance causes the market value of their IncomeFlex Target funds to reach zero.

The Annual Guaranteed Withdrawal Amount is equal to a percentage of the participant's Income Base. This percentage varies by age.

The withdrawal percentages for single-life are:

Age 55 – 64: 4.25%

Age 65–69: 5.00%

Age 70 +: 5.75%

If the participant chooses to cover his/her spouse, the withdrawal percentages are 0.50% less than the amounts indicated above. The Annual Guaranteed Withdrawal Amount is reduced proportionately for any excess withdrawals taken during the year.

Portability

Participant Leaves the Plan

Participants may stay in the plan subject to plan rules. Otherwise, participants can take their market value, or transfer any accumulated guarantees to an individual variable annuity available through a Prudential Smart Solutions IRA. Please contact Prudential for more information, including the prospectus, on the Prudential Retirement Security Annuity III.

Plan Sponsor Changes Recordkeepers

If the sponsor wishes to continue offering IncomeFlex Target to its participants, Prudential Retirement will work with the new recordkeeper to keep the investments and guarantees available.

Plan Sponsor Changes Investment Options

The sponsor can change the underlying investments within IncomeFlex Target to one of the other currently available target date fund managers within the Prudential IncomeFlex Target product suite.

⁴ Additional customization may be available for plans with DC assets greater than \$1B, subject to underwriting by Prudential Retirement Insurance Annuity Company (PRIAC).

⁵ Other expenses for Funds: Day One IncomeFlex Target 2060 Fund, Day One IncomeFlex Target 2055 Fund, Day One IncomeFlex Target 2050 Fund, Day One IncomeFlex Target 2045 Fund, Day One IncomeFlex Target 2040 Fund, Day One IncomeFlex Target 2035 Fund, Day One IncomeFlex Target 2030 Fund, Day One IncomeFlex Target 2025 Fund are projected to be 0.03%. Other expenses for Day One IncomeFlex Target 2020 Fund, Day One IncomeFlex Target 2015 Fund, Day One IncomeFlex Target 2010 Fund, and the Day One IncomeFlex Target Balanced Fund are projected to be 0.02%.

Insurer Termination

Prudential cannot terminate existing guarantees, however, the Company can close the product to future contributions.

Insurance Company Offering Product

Prudential Retirement Insurance and Annuity Company (PRIAC)

Participant Experience

Education and Training for participants

Prudential provides complimentary access to experienced Retirement Counselors, online seminars and tools, webinars, and printed materials.

Contact Information (Insurer)

Doug McIntosh

Contact phone number

860-534-6013

Contact email address

Douglas,mcintoshjr@prudential.com

Brian Rose

Contact phone number

860-534-6013

Contact email address

brian.rose@prudential.com

This report is for informational purposes only and does not constitute a solicitation or an offer to buy or sell any securities mentioned herein. Information contained in this report has been obtained from a representative from each company. Institutional Retirement Income Council (IRIC) makes no representation as to its accuracy or completeness. Any opinions expressed herein reflect our judgment as of the date of the materials and are subject to change without notice. The securities discussed in this report may not be suitable for all investors and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. Investors must make their own investment decisions based on their financial situations and investment objectives.