Providing Income Certainty for The Retirement Red Zone®

Helping you prepare for the financial challenges of retirement.

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This material must be accompanied by a current variable annuity product prospectus and the applicable variable annuity summary card.

Prudential
Bring Your Challenges®

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Planning for Tomorrow Means Understanding the Challenges Today

Challenge: **Living Longer**
Outliving your retirement income

How can you create income that can last a lifetime?

Challenge: **Rising Costs**
Inflation, taxes, healthcare

Have you saved enough to address rising expenses in retirement?

Challenge: **Market Uncertainty**
The impact of volatility and interest rates

How can you help protect your retirement income against market downturns?
You’ve spent a lifetime saving for retirement.
And now, whether you’re recently retired or just beginning
to think about retirement, you need a strategy for turning your
savings into income that can last you the rest of your life.

At Prudential Annuities®, we call this period The Retirement
Red Zone, a critical time when careful planning and prudent
action are essential. Why is this period so important? Because
today you could be looking at a retirement that lasts 30 years
or more. And given the time frame, issues such as market
volatility and rising costs could dramatically affect how long
your income will last, and perhaps even more important,
your lifestyle during your retirement years.

As a leader in the retirement income industry, we’re
committed to working closely with you and your trusted
financial professional to help you prepare for your
retirement challenges.

YOUR RETIREMENT RED ZONE IS UNIQUE.
Of course, not everyone’s needs and goals for retirement are the same. Some may be closer to retirement, seeking
to transition their savings into income. Others may be years away and looking to grow their assets with as little risk
as possible. But regardless of where you are in the planning process, there are three issues you face that can jeopardize
your retirement savings – increasing life spans, rising costs of living and market uncertainty. All can make preparing for
retirement more challenging than ever.

WHAT’S YOUR PLAN FOR THE FUTURE?
Having a clear understanding of the risks you face is the first step in addressing them. With knowledge and
the right planning, your Retirement Red Zone doesn’t have to be a time of anxiety or concern. It can be a time of
great opportunity.

“Good fortune is what happens when opportunity
meets with planning.” – Thomas Edison
WE’RE LIVING LONGER WHICH MEANS WE NEED TO PLAN SMARTER.

The Good News: We have more time to spend with loved ones. The challenge is, we’re not exactly sure how we’re going to pay for a longer life. Consider:

• The first person to live to 150 is most likely alive today
• Over the last 60 years, the average life expectancy has increased by more than 10 years
• What’s more, it is estimated that women now live five years longer than men

Your retirement could last longer than you think.

Today, if you are age 65 and married, there is a 50% chance that you or your spouse will live to age 92.

Source: U.S. Annuity 2000 Mortality Table, Society of Actuaries

Challenge: Outliving your retirement income

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Today, you could be preparing for a retirement that lasts 30 years or more.

′Forbes.com, John Nosta: The First Person to Live to 150 has Already Been Born - Revisited, February 3, 2013
′www.data360.org, as of May 2013
WE NEED TO PLAN SMARTER.

PENSIONS ARE PLAYING A SMALLER ROLE FOR AMERICANS AS THEY PREPARE FOR RETIREMENT

The number of traditional employer pension plans has decreased, from a high of 175,000 in 1983 to just 25,000 today.¹

WHERE WILL THE MONEY COME FROM? THE ANSWER: YOU.

With the future of Social Security uncertain and traditional pensions becoming a luxury of the past, the burden of financing retirement is increasingly falling on the shoulders of individuals. Defined contribution plans, such as 401(k)s and 403(b)s, have become the default vehicles for helping to fund retirement, but they often leave investors exposed to market volatility without any protection. This is a key reason why guaranteed income strategies are becoming more popular for retirement investing.

KEY ISSUES TODAY:

- Pension plans are on the decline
- The future of Social Security is uncertain
- 401(k)s and 403(b)s can leave investors unprotected against market volatility

Average life expectancy increased by 10 years between 1950 and 2010.² This translates into the need for 120 additional monthly income payments to help cover expenses!

¹USAA, “Retirement Income: It’s Up to You Now,” 2012
**Taxes: Will History Repeat Itself?**

While taxes today are relatively low across all income brackets, a U.S. national debt of over $15 trillion means there’s a chance that taxes will increase, taking a bigger bite out of your retirement income. And keep in mind, the national debt could also have a ripple effect on state and local taxes if government subsidies are reduced.

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**Did you know...**

Income tax rates would have to double across the income spectrum to balance the federal budget.

*Source: The Heritage Foundation, Federal Budget in Pictures, 2012; using data from the Congressional Budget Office*

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**Inflation: Will Your Money Keep Up?**

Prices for basic necessities (food, transportation, utilities, etc.) tend to increase over time. But most of us underestimate the cumulative impact inflation can have on our standard of living in retirement. The chart below shows the impact of inflation on basic living expenses between 1988 and 2008. Assuming a 3% rate of inflation each year from 2008 to 2028, these costs would rise another 81% over that period, which means a retiree would need almost $400,000 to cover them.

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**Challenge:**

**Keeping Up with Rising Costs**

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**Annual Costs for Basic Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>Food</th>
<th>Gas</th>
<th>Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988*</td>
<td>$3,748</td>
<td>$932</td>
<td>$1,747</td>
</tr>
<tr>
<td>2008*</td>
<td>$6,443 (+72%)</td>
<td>$2,715 (+191%)</td>
<td>$3,649 (+109%)</td>
</tr>
<tr>
<td>2028†</td>
<td>$11,637 (+81%)</td>
<td>$4,904 (+81%)</td>
<td>$6,590 (+81%)</td>
</tr>
</tbody>
</table>

* Source: United States Department of Labor
† Figures are estimated. Assumes an annual inflation rate of 3%
Healthcare: The Escalating Impact on Retirement Savings.

The cost of healthcare is arguably one of the biggest financial issues facing Americans today. It is now projected that over 43% of Americans age 39-65 will lack adequate income to pay for basic expenses and uninsured healthcare costs during retirement. Rising healthcare costs are an even bigger concern if you’re entering retirement, a time when health issues are more likely to arise. And since women tend to live longer than men, they can incur even higher healthcare expenses during their lifetime.

Did you know... 40% of those in retirement indicated their spending on healthcare has been higher than expected.

Source: Employee Benefit Research Institute (EBRI), 2011 Retirement Confidence Survey™

Healthcare Costs Are One of the Biggest Financial Issues Facing Americans

Healthcare can take a healthy bite out of retirement savings.

It is estimated that an average, healthy, 65-year-old couple will need $220,000 to pay for medical expenses for the remainder of their lives.

Challenge:
PROTECTING AGAINST MARKET UNCERTAINTY

SEQUENCE RISK: WHAT IF A MARKET DOWNTURN COLLIDES WITH YOUR RETIREMENT?

Over the last few years, the U.S. – and the world – have experienced increased volatility in the financial markets. Many Americans have seen firsthand how an ill-timed downturn can affect their retirement portfolio. The truth is, you can have a good plan, make regular contributions and allocate sensibly, but you may still have the misfortune of facing a down market just before you retire. This is referred to as Sequence Risk and it can have a devastating impact on unprotected retirement savings.

The hypothetical example below illustrates that it can take years to recover from such a scenario. And note that this example reflects a downturn which occurs prior to beginning retirement income. If income had already begun, the recovery timeframe would be even longer.

POOR PERFORMANCE CAN HAVE A BIG IMPACT IN THE RETIREMENT RED ZONE

For illustrative purposes only. This chart is hypothetical and one example of the returns an investor theoretically could experience during a given period, and is not intended to depict past or future performance of a variable annuity or subaccount within a variable annuity. If this were an actual example, various costs would be factored into the gross return, including annual insurance and administrative charges of the annuity, annual contract charges, investment management fees of the underlying funds, the cost for any optional features and any other applicable fees.

1 CBS MoneyWatch, Some Perspective on the Stock Market Insanity, August 12, 2011
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BEHAVIORAL RISK: BE WARY OF YOUR EMOTIONS.

The financial markets have exhibited some dramatic swings during the last decade. And volatility has become even more of a factor in recent years. In fact, between 2008 and 2011 the S&P 500® had 147 days with a movement of 2% or more in either direction.¹

How you react to volatility can dramatically affect your retirement portfolio. Common emotions such as fear or overconfidence often lead to poor investment decisions. This is highlighted by the fact that the average annual return of an equity investor over the 20-year period ending December 31, 2011 was just 3.5% – less than half of the average return of the S&P 500 over the same period (7.8%).²

INTEREST RATE RISK: WHAT IF INTEREST RATES REMAIN LOW FOR AN EXTENDED PERIOD?

During times of market uncertainty, investors often shift money away from equities into fixed income investments.³ Many people in or nearing retirement use these investments to generate a more predictable stream of income. The trouble is, when interest rates remain low for an extended period – as they have in the U.S for the last few years – the returns on fixed-income investments tend to decrease as well, posing a difficult challenge for retirement investors. The example below illustrates how lower rates (represented here by the 10-Year, 3-Year and 6-Month Treasuries) can have a profound impact on income-producing investments. We assume a $100,000 investment in a 6-Month Treasury Bond for the interest income example.

![Graph showing interest rates and income](image)

For illustrative purposes only. Interest rates may change over time. This chart is hypothetical and is an example of one set of interest rates during a given period, and is not intended to depict past or future performance of any specific investment or subaccount within a variable annuity.

¹ Vanguard calculations, using data provided by Thomson Reuters Datastream and Barclay’s, 2012
² DALBAR Inc., Quantitative Analysis of Investor Behavior (QAIB), March 2012 (most recent available).
HOW YOU CAN ADDRESS THE RETIREMENT RED ZONE WITH INCOME CERTAINTY.

EXPLORE THE ADVANTAGES OF GUARANTEED INCOME PRODUCTS

Today, variable annuities are increasingly being used to provide income certainty to help address the financial challenges of retirement by creating guaranteed retirement income that can last a lifetime.

WHAT EXACTLY IS A VARIABLE ANNUITY?

It’s a long-term investment designed to create lifetime income in retirement. The money is allocated to professionally managed investment portfolios where it accumulates tax-deferred. When you retire, your savings can be used to generate a stream of regular income payments that are guaranteed for as long as you live. In addition, variable annuities provide a guaranteed death benefit for your beneficiaries.

It’s important to note that with annuities, withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59½, may be subject to an additional 10% federal income tax penalty, sometimes referred to as an additional income tax. Prudential Annuities offers a choice of variable annuities to fit your specific Retirement Red Zone needs.

A variable annuity

- Is intended for long-term retirement investing
- Accumulates tax-deferred
- Provides payout options
- Offers death benefits for your beneficiaries
CONSIDER TODAY’S INNOVATIVE LIFETIME INCOME PRODUCTS AND BENEFITS

At Prudential Annuities, we offer a variety of variable annuity strategies – featuring innovative products and benefits which are available for a fee – that are designed to provide guaranteed lifetime income in retirement. These strategies:

- Help protect your retirement income during market downturns
- Offer the opportunity for guaranteed income growth
- Provide tax deferral advantages
- Give you the flexibility to access your account value if needed (subject to contract terms)

INCOME FOR ONE LIFETIME, OR TWO

Each of our guaranteed income products offer spousal options enabling you to secure lifetime income for both you and your spouse. Please note that there are many factors you should consider when deciding which product and benefit is right for you, including your age, the amount you intend to invest, the length of time you intend to hold the annuity, your ability to access your annuity and the range of investment options offered.

All references to income certainty and guarantees are backed by the claims-paying ability of the issuing company and do not apply to the underlying investment options.

Withdrawals in excess of the income amount impact the value of a product or benefit and can also affect the certainty of your income. An excess withdrawal occurs when your cumulative Lifetime Withdrawals exceed the income amount in an annuity year. If an excess withdrawal is taken, only the portion of the Lifetime Withdrawal that exceeds the remaining income amount for that year will proportionally and permanently reduce future guaranteed amounts. If an excess withdrawal reduces the account value to zero, no further amount would be payable and the contract terminates.
 MAKE THE MOST OF YOUR RETIREMENT

Living longer, rising costs and market uncertainty are all formidable challenges you face in The Retirement Red Zone. But you can better address these challenges with a guaranteed retirement income strategy that offers income certainty for a lifetime.

GETTING STARTED:

STEP 1  Gather your account statements and identify the assets you plan to use for retirement.

STEP 2  Meet with your financial professional to review your assets, discuss your needs and goals for retirement, and identify any potential income gaps.

STEP 3  Work with your financial professional to create an income plan that addresses your specific Retirement Red Zone needs.
PARTNER WITH YOUR FINANCIAL PROFESSIONAL.

He or she can review the assets you’ve accumulated and help you determine if one of our guaranteed income products is right for your needs.

Did you know…

Retirement investors who work with an advisor are almost twice as likely (43% vs 26%) to feel very confident about their financial decisions, compared to those who don’t.


FOR MORE DETAILS on guaranteed lifetime income products and benefits offered by Prudential Annuities, contact your financial professional.
BRING YOUR CHALLENGES®

From corporate boardrooms to our nation’s living rooms, Prudential Financial, Inc. has been taking on America's toughest financial challenges for over 135 years. And we'll continue to do so tomorrow and beyond. Prudential Annuities is a business of Prudential Financial, Inc. and a respected leader in the guaranteed retirement income industry. We’re committed to researching, analyzing and understanding the financial issues facing retirees today. And we’re continuously developing innovative products and benefits to help address them.

Tomorrow belongs to people who prepare for it today.
Investors should consider the features of the contract and the underlying portfolios’ investment objectives, policies, management, risks, charges and expenses carefully before investing. This and other important information is contained in the prospectus, which can be obtained from your financial professional. Please read the prospectus carefully before investing.

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Because qualified retirement plans, IRAs and variable annuities offer a tax-deferral feature, you should carefully consider the other features, benefits, risks, and costs associated with a variable annuity before purchasing one in either a qualified plan or an IRA. Before purchasing a variable annuity, you should take full advantage of your 401(k) and other qualified plans.

Your needs and suitability of annuity products and benefits should be carefully considered before investing.

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