An Asset Allocation Strategy is Key to Choosing the Right Investment Mix. GoalMaker Makes the Choice Easy.
The origin of asset allocation dates back to the 1950s when a University of Chicago graduate student was researching for his thesis. The student, Harry Markowitz, hadn’t yet come up with a topic for his thesis when a stockbroker suggested he study the stock market. Markowitz took his advice and developed the Modern Portfolio Theory—the foundation for financial economics. He later earned the 1990 Nobel Prize in Economics for his efforts. Since then, the Modern Portfolio Theory has been renamed as asset allocation and it’s a strategy widely used by investors around the globe.
Harnessing the power of asset allocation doesn’t have to be difficult.

GOALMAKER MAKES IT EASIER.

At Prudential Retirement*, we believe that selecting the appropriate mix of investments for your retirement should be easier. That’s why Prudential Retirement created GoalMaker™—an asset allocation tool that takes the hard work and guesswork out of choosing an investment mix that meets your retirement goals.

You can take advantage of this hassle-free solution to selecting investments while benefiting from asset allocation.

To take advantage of this great tool, all you need to do is follow three easy steps:

1. **UNDERSTAND THE IMPORTANCE OF ASSET ALLOCATION.**

   Market volatility is hard to predict and it affects different asset classes in different ways. By using asset allocation—the strategy of spreading your savings across several different asset classes, such as stocks, bonds, and money market/stable value investments—you help balance risk and reward within a portfolio. So, if stocks aren’t performing well, but bonds are, you would be in a better financial position than if you had all of your money invested in stocks.

   As you develop an asset allocation strategy for yourself, you should keep in mind that generally, the younger you are, the more risk you can afford to take. However, as you get closer to retirement, your objective may shift from growth to preservation wealth, so investment styles usually start to inch toward the conservative end of the risk-reward spectrum. While age is a key factor, the level of risk you are comfortable taking can also be a factor in determining the appropriate asset mix for your portfolio.
DETERMINE YOUR INVESTOR PROFILE.

For asset allocation to potentially be more successful, you should keep your retirement goals in mind and determine what type of investor you are. While every investor has different financial needs and expectations, each generally falls into one of three investor categories:

Conservative Investor Personality (C)

- Concerned about short-term ups and downs in the market
- Wants to minimize risk and maintain principal
- Seeks stability; little fluctuation in the value of investment

Moderate Investor Personality (M)

- Willing to sacrifice safety of principal for potentially greater returns
- Can tolerate modest fluctuations
- Concerned with safety, but wants to stay ahead of inflation

Aggressive Investor Personality (R)

- Seeks to maximize investment returns
- Can tolerate substantial market fluctuations
- Accepts greater risk in exchange for the prospect of greater rewards

If you’re not sure of your investor personality, complete the Investor Type Quiz included in this brochure. This quiz will further help you determine your investor personality based on the answers you provide.

Once you know your investor personality, you can easily figure out your “time horizon,” or years until retirement, using this simple calculation:

\[
\text{Planned Retirement Age} - \text{Current Age} = \text{TIME HORIZON UNTIL RETIREMENT}
\]

Find your time horizon below and circle its assigned code:

- 0–5 years = 01
- 6–10 years = 02
- 11–15 years = 03
- 16+ years = 04

Circle your investor personality: C    M    R

Insert your assigned time horizon number: __________

THIS COMBINED CODE IS YOUR PORTFOLIO INDICATOR CODE.

Example: MO2 (Moderate investor, 6 to 10 years from retirement)

Now all you have to do is locate the assigned portfolio indicator (CO1, MO1, etc.) in the chart on the next page to view an appropriate portfolio allocation.
Investor Personality

<table>
<thead>
<tr>
<th>Time Horizon to Retirement</th>
<th>CONSERVATIVE</th>
<th>MODERATE</th>
<th>AGGRESSIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 Years</td>
<td>50% Money Market/Stable-Value</td>
<td>40% Bonds</td>
<td>10% Stocks</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>15% Money Market/Stable-Value</td>
<td>60% Bonds</td>
<td>25% Stocks</td>
</tr>
<tr>
<td>11-15 Years</td>
<td>25% Money Market/Stable-Value</td>
<td>60% Bonds</td>
<td>15% Stocks</td>
</tr>
<tr>
<td>16+ Years</td>
<td>75% Money Market/Stable-Value</td>
<td>25% Bonds</td>
<td>0% Stocks</td>
</tr>
</tbody>
</table>

ASSET CATEGORIES
- Money Market/Stable-Value
- Bonds
- Stocks
**Investor Type Quiz**

If you are not sure which investor type you are, just take this simple quiz to help get a clearer picture. Once you’ve added up your score, go back to Step 1 and continue.

1) The possibility that I won’t achieve a high enough rate of return over the long-term.
   - I am very concerned 10
   - I am somewhat concerned 7
   - I am not concerned 3

2) The loss of “buying power” or “quality of life” from the effects of inflation.
   - I am very concerned 6
   - I am somewhat concerned 4
   - I am not concerned 1

3) Wide swings in the value of my account over 1–3 months.
   - I am very concerned 0
   - I am somewhat concerned 4
   - I am not concerned 12

4) Wide swings in the value of my account over 1–2 years.
   - I am very concerned 2
   - I am somewhat concerned 6
   - I am not concerned 12

5) Which of the following causes you the most concern about the investments in your account?
   - My future ability to get back at least the same amount of money that I put in 2
   - That my money is not earning enough 6
   - How much I have gained or lost this month 0

6) One of the investments in your program has performed very well for a few years. If it suddenly dropped 15 percent in 3 months, what would you do?
   - Sell immediately 0
   - Hold it 6
   - Buy more 8

Your experience with various investments can affect your comfort with the investments in your account. Please indicate the level of your experience and comfort with the following investment categories:

7) Your experience with stocks or stock funds
   - A great deal 6
   - A fair amount 4
   - Very little 2
   - None 1

7a) Your comfort level with stock or stock funds
   - A great deal 12
   - A fair amount 10
   - Very little 4
   - None 0

8) Your experience with bonds or bond funds
   - A great deal 5
   - A fair amount 3
   - Very little 2
   - None 1

8a) Your comfort level with bonds or bond funds
   - A great deal 7
   - A fair amount 4
   - Very little 3
   - None 0

Add the points corresponding to each of your answers to determine your total score.

**Total Score:** _____________________________

- Conservative 0 – 40 points
- Moderate 41 – 60 points
- Aggressive 61+ points

*This questionnaire is designed to be used as a guide only and is not intended as financial advice. Your financial decisions should not be based solely on the score you have obtained using the Investor Type Quiz.*
Enrolling in GoalMaker is simple—just complete the enclosed Rollover IRA application and insert your portfolio indicator code in section 3 (see below).

Return the application to Prudential Retirement, or call our Personal Retirement Services Center toll-free number at 888-244-6237, and start putting asset allocation to work for you!