

Online Retirement Resource Center



For additional tools and information on the topics mentioned in Steps 1-5 in this worksheet, visit our special retirement Web site at www.prudential.com/retireready. You'll find a wealth of information, useful tools and research tips as well as guides and calculators that can help you develop a rock-solid retirement plan.

For questions about this seminar content, please call **1-800-992-4472**.

For questions about Prudential IncomeFlex (if your plan offers this income protection option), please call **1-888-PRU-FLEX**.

PRUDENTIAL RETIREMENT
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5 steps to help you toward a solid
financial foundation
yourRockforRetirement

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Congratulations!

Just by attending Prudential's seminar, you've learned **5 steps to help you toward a solid financial foundation.**

Now, by using this special retirement planning worksheet, you can make even more progress toward helping you achieve your future goals. It's designed to help you take actionable steps toward a secure retirement and to provide you with important facts and information you'll need as you continue to plan for a rewarding future.

Step 1: What lifestyle do I want—and how much will it cost?

Envision your lifestyle

In the spaces below, write some notes about the kind of lifestyle you want in retirement.

How will you spend your time and who will you spend it with?

Will you continue to work?

Where will you live? Will you sell or buy a home?

✓ THINGS TO CONSIDER

- Leisure activities
- Travel
- Career goals
- Volunteer work
- Mental fitness
- Physical fitness
- Family time
- Entertainment/friends
- Nearly 70% of baby boomers say they expect to continue working well into their retirement years.
Source: AARP surveys, 2006
- Over half-a-million 50-somethings are enrolled in undergraduate or graduate degree programs.
Source: AARP Poll, 2005

Plan your budget

Now's the time to get a handle on what your retirement expenses may be. Consider, too, which expenses will be "must-haves" and which may be "nice-to-haves." Then estimate how much each one may cost you. Keep in mind that some of your expenses may fall into both categories, as in the example below.

Expense Category	"Must-Haves" (estimated annual cost)	or	"Nice-to-Haves" (estimated annual cost)
<i>For Example:</i> Clothing	\$ <u>2,000</u>		\$ <u>5,000</u>
• Housing: e.g., mortgage and rent	\$ _____		\$ _____
• Utilities: e.g., electricity, gas, oil, phone, cable and Internet	\$ _____		\$ _____
• Transportation: e.g., car payments, gas and repairs	\$ _____		\$ _____
• Child care, eldercare	\$ _____		\$ _____
• Pets: e.g., care, vet, supplies, etc.	\$ _____		\$ _____
• Food	\$ _____		\$ _____
• Clothing	\$ _____		\$ _____
• Travel	\$ _____		\$ _____
• Medical bills: e.g., co-pays, insurance	\$ _____		\$ _____
• Entertainment: e.g., dining out, theatre, parties, etc.	\$ _____		\$ _____
• Memberships: e.g., clubs and subscriptions	\$ _____		\$ _____
• Charitable donations: e.g., church, alma maters, community, etc.	\$ _____		\$ _____
• Other expenses	\$ _____		\$ _____
Total	A \$ _____		B \$ _____

HELPFUL RESOURCE

More information, online tools and financial calculators are easily and readily available at one comprehensive Web site. Just log on to www.prudential.com/retiready and click on Step 1 to figure out how to determine what lifestyle you want—and how much it will cost.

Step 2: What will my health care expenses be?

Review the health care coverage you'll have in retirement

Starting at age 65, you're likely to be covered by Medicare. But even then, Medicare won't cover all your health care expenses. Take a minute now to consider how you'll cover the gap.

Individual health insurance

Insurer Annual Premium \$ _____

Insurer Annual Premium \$ _____

Supplemental healthcare insurance

Insurer Annual Premium \$ _____

Insurer Annual Premium \$ _____

Long-term care insurance

Insurer Annual Premium \$ _____

Insurer Annual Premium \$ _____

✓ THINGS TO CONSIDER

- 22% of retirees' income is spent on healthcare costs.

Source: International Longevity Center, NYC; AARP, 2006.

- Medicare pays only 55% of medical expenses.

Source: U.S. Government Accountability Office, Federal Trustees of the Medical Program 2006.

HELPFUL RESOURCE

More information, online tools and financial calculators are easily and readily available at one comprehensive Web site. Just log on to www.prudential.com/retireready and click on Step 2 for more details on how to figure out what your health care expenses could be.

Step 3: Where will my income come from?

Evaluate your own income sources (taxable)

Annual pension from current and past employers \$ _____

Annual Social Security benefit, depending on when you can retire \$ _____

Annual payments from any annuities you own \$ _____

A. Total annual guaranteed income \$ _____

Inventory your own potential income sources

I. Taxable Sources

<input type="checkbox"/> Stocks	Current Value	\$ _____
<input type="checkbox"/> Bonds		\$ _____
<input type="checkbox"/> Savings/CDs		\$ _____
<input type="checkbox"/> Real estate		\$ _____
<input type="checkbox"/> Part-time income		\$ _____

✓ THINGS TO CONSIDER

- To get an estimate of your personal income benefit from Social Security when you retire go to: www.ssa.gov

- If you have a pension, call your benefits manager for a pension estimate.

- Some sources suggest it may be preferable to spend principal from after-tax savings first, and then draw down proceeds from an IRA or company-sponsored plan.

B. Total from Taxable Sources
\$ _____

II. Tax-Deferred Sources

<input type="checkbox"/> 401(k), 403(b), 457	Current Value	\$ _____
<input type="checkbox"/> Traditional IRA		\$ _____
<input type="checkbox"/> Annuity		\$ _____

C. Total from Tax-Deferred Sources
\$ _____

III. Tax-Free Sources

<input type="checkbox"/> Roth IRA	Current Value	\$ _____
<input type="checkbox"/> Life insurance (cash value)		\$ _____
<input type="checkbox"/> Municipal bonds		\$ _____

D. Total from Tax-Free Sources
\$ _____

Grand Total \$ _____

HELPFUL RESOURCE

More information, online tools and financial calculators are easily and readily available at one comprehensive Web site. Just log on to: www.prudential.com/retireready and click on Step 3 for more details on how to figure out where your retirement income will come from.

Step 4: How can I save more for retirement?

Save more in your retirement plan

Use the space here to jot down how much more you may be able to afford.

	% of Salary	Dollar Amount
Current contribution	_____	\$ _____
Increased contribution	_____	\$ _____

Supplement your savings with an IRA

Are you contributing as much as you can to your retirement plan? Is your spouse not covered by a retirement plan? Then consider supplementing your retirement savings by contributing to a Traditional or Roth IRA.

	Traditional IRA	Roth IRA
Who can contribute?	Anyone of any age who earns some income	Those under age 70½ whose income doesn't exceed \$156,000 (\$99,000 for single filers)
Are contributions taxed?	Yes, unless you meet certain income limits	Yes
Are earnings taxed?	No, which may help your money grow faster	No, which may help your money grow faster
Are withdrawals taxed?	Yes, at ordinary income tax rates	No, as long as certain conditions are met*

*If five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, death, disability or qualified first-time home purchase.

✓ THINGS TO CONSIDER:

For 2007, you can save up to \$15,500 in your employer-sponsored plan. (In following years, the maximum will increase by a cost-of-living factor.) If you're age 50+, you may be able to save even more.

✓ THINGS TO CONSIDER

If your salary exceeds the limits for a Roth IRA, you can always open a Traditional IRA. While your contributions may not be tax-deductible, they will still grow tax deferred.

IRA Contributions Limits:

2006-	\$4,000
2007:	\$5,000 (if age 50+)
2008:	\$5,000 \$6,000 (if age 50+)
2009+:	Increases \$500 each year

HELPFUL RESOURCE

More information, online tools and financial calculators are easily and readily available at one comprehensive Web site. Just log on to: www.prudential.com/retireready and click on Step 4 for more details on how to figure out how you can save more for retirement.

Step 5: How can I protect my future income?

Balance your investment/income strategies

Investment Strategy

Need to consider how much you hope to earn each year on your remaining savings and investments—without investing either too conservatively or too aggressively.

Withdrawal Strategy

Need to balance this against how much you hope to withdraw from your remaining assets each year—so that you don't withdraw too much too fast.

Income Protection

Earmark your guaranteed income sources to cover your "must-have" expenses

Annual Income from Guaranteed Sources (refer back to Step 3A) \$ _____

Annual "Must-Have" Expenses (refer back to Step 1A) - \$ _____

Annual Guaranteed Income Surplus (gap) = \$ _____

✓ THINGS TO CONSIDER

Investment Strategy. Since your retirement will likely last 30 years or more, you may want to keep some of your money invested in stocks, since these types of investments have historically provided the best opportunities for growth.

Withdrawal Strategy. Many experts suggest no more than a 4% withdrawal rate. Find out how much you can take out per year with our online calculator, *How Long Will My Money Last*.

Ways to Address Any Gap in Guaranteed Income:

- Ladder maturities of fixed-income securities (bonds/CDs)
- Invest in dividend-paying stocks
- Create a systematic withdrawal plan
- Consider an annuity
- Ask how your retirement plan can help you turn savings into a reliable income stream

HELPFUL RESOURCE

More information, online tools and financial calculators are easily and readily available at one comprehensive Web site. Just log on to: www.prudential.com/retireready and click on Step 5 for more details on how you can protect your future income.