Red Flags in The Retirement Red Zone®

How to prepare for the risks

RETIREMENT RISK PLANNING WORKBOOK

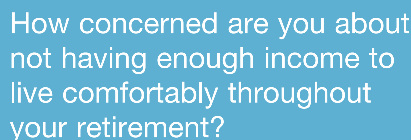
IFS-A128988 Ed. 02/2008

How to get the most from this workbook

This workbook has been designed to be used either one-on-one with your financial professional or to accompany *Red Flags in The Retirement Red Zone,* a financial and insurance seminar and sales presentation developed by Prudential Financial. By using the workbook you will be able to:

- Understand the three Red Flag risks that you are likely to find in The Retirement Red Zone
- Do a series of exercises that will allow you to focus on your own circumstances
- Learn about strategies available today that can help you mitigate some of these risks

Beforeyou begin, consider the questions below, on a scale from 1 to 10:



How concerned are you about not having enough income to live comfortably throughout your retirement?

1	2	3	4	5	6	7	8	9	10

NOT AT ALL CONCERNED — VERY CONCERNED

To what extent does the uncertainty of investing in equities affect your retirement investment decisions?

1	2	3	4	5	6	7	8	9	10

NOT AT ALL — TO A GREAT EXTENT

How concerned are you about market downturns affecting your retirement savings?

1	2	3	4	5	6	7	8	9	10

NOT AT ALL CONCERNED — VERY CONCERNED

Are you in
The Retirement Red Zone®?

If you are within the five years before retirement or the first five years after retirement, you are in what Prudential calls The Retirement Red Zone. Why? Because you may have less time to recover from poor investment performance than before, so mistakes here, or just plain bad luck, can have negative consequences on a retirement that might last 30 years or more. Fortunately, there are ways you, along with your financial professional, can help prepare for the risks you may encounter.

Here are the three Red Flag risks facing investors in The Retirement Red Zone:

		What it is	Possible effects
Longevity		Living longer in retirement than expected	Shortage of funds in the later stages of retirement
Behavioral		Investment decisions made under the stress of uncertainty	Disappointing and unanticipated returns
Sequence		Market downturns coinciding with the five years before and five years after retirement	Loss of retirement savings; savings deplete sooner than expected

> “Aging is not ‘lost youth’ but a new stage of opportunity and strength.”
>
> – Betty Friedan (1921–2006)

LONGEVITY RISK

Will you outlive your retirement savings?

The good news is that we're living longer as a result of more healthful lifestyles and advances in medical science.

But living longer could be challenging if you don't prepare to have a reliable income stream to last up to 30 years, or more.

Here's to long life!

For a couple age 65 today there is a...

50% chance one will live to age 92	25% chance one will live to age 97

Source: U.S. Annuity 2000 mortality table, Society of Actuaries

Where will the money come from?

Many people acknowledge that they will not be able to rely solely on pensions or Social Security to provide a comfortable retirement lifestyle. Therefore, other sources of income are more important than ever.

Take a look at the chart on the next page to see just how much times have changed when it comes to sources of income.

#1: Longevity Risk

Sources of retirement income – The "old" versus "new" reality

Times have changed!

Check the sources of income you will be relying on.

	Old reality	New reality	
Traditional pensions	Funded and guaranteed for life	• Fewer than 1 in 5 Americans have one[1] • Some are threatened by underfunding and defaults	☐
Social Security	Faith in the system	• 2007: 3.3 workers for each beneficiary vs. 16 workers in 1950[2] • 2017: Social Security projected to pay out more than it takes in[3]	☐
401(k)s, 403(b)s, etc.	Growing source, but did not replace traditional pensions	• Replacing traditional pensions • Only 42% of workers participate[4] • Median household retirement balance in 2004, ages 55–64: $58,600[5]	☐
Employment	76% of pre-retirees say they plan to work full- or part-time in retirement	• 32% of retirees actually work full- or part-time in retirement[6] • 44% of workers are forced to stop working earlier than they had planned[7]	☐
Inheritance	"Trillions of dollars passing to the next generation"	• Median inheritance received by Baby Boomers to date: $49,000[8]	☐
Personal investments	Supplemental to other sources	• 48% of surveyed adults say personal savings will be a major source of retirement income[9]	☐

1 Center for Retirement Research at Boston College, Retirements at Risk: A New National Risk Index, June 2006
2 Social Security Trustees' Report, 1999
3 Annual individual Social Security Statements, 2006, Page 12
4 Employee Benefit Research Institute, based on the U.S. Census Bureau's March 2004 Current Population Survey
5 Federal Reserve Bulletin, Recent Changes in U.S. Family Finances, 2006, Page 12
6 LIMRA, Retirement Planning: Is it Happening?, 2006, Page 14
7 Center for Retirement Research, Issue #4, August 2000
8 National Underwriter, June 26, 2006, Page 1
9 © 2007 The Bond Market Foundation

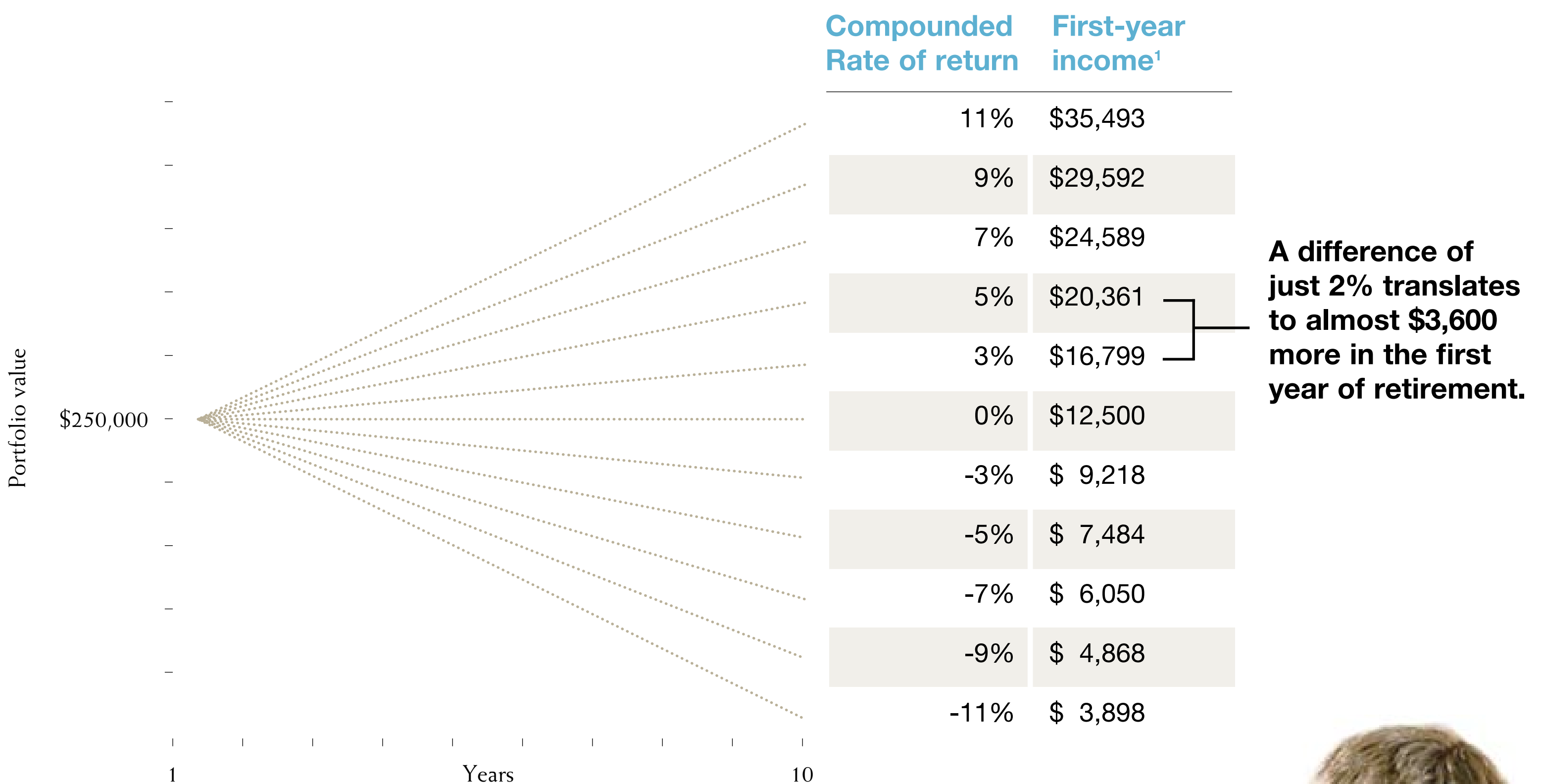
Every bit of additional retu

LONGEVITY RISK

The importance of growth as you get close to retirement

As you approach retirement, you may have accumulated significant savings, and a few percentage points in investment return at this time can make a big difference in your future income. The chart below illustrates how a $250,000 investment, growing at various compounded rates of return over a 10-year period, translates to income once you've retired.[1]

Portfolio growth and first-year retirement income at different rates of return

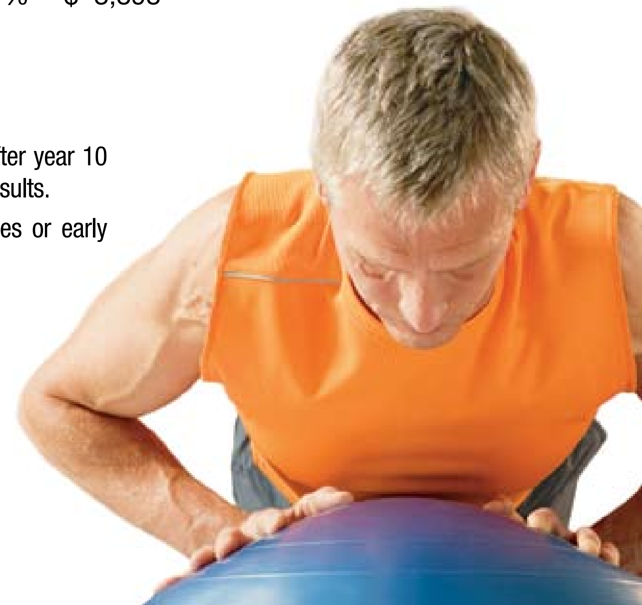


Compounded Rate of return	First-year income[1]
11%	$35,493
9%	$29,592
7%	$24,589
5%	$20,361
3%	$16,799
0%	$12,500
-3%	$ 9,218
-5%	$ 7,484
-7%	$ 6,050
-9%	$ 4,868
-11%	$ 3,898

Source: Standard & Poor's.

[1] The first-year income value is based on withdrawing 5% of whatever the value of the portfolio was after year 10 assuming no withdrawals. For illustrative purposes only. Past performance does not guarantee future results.

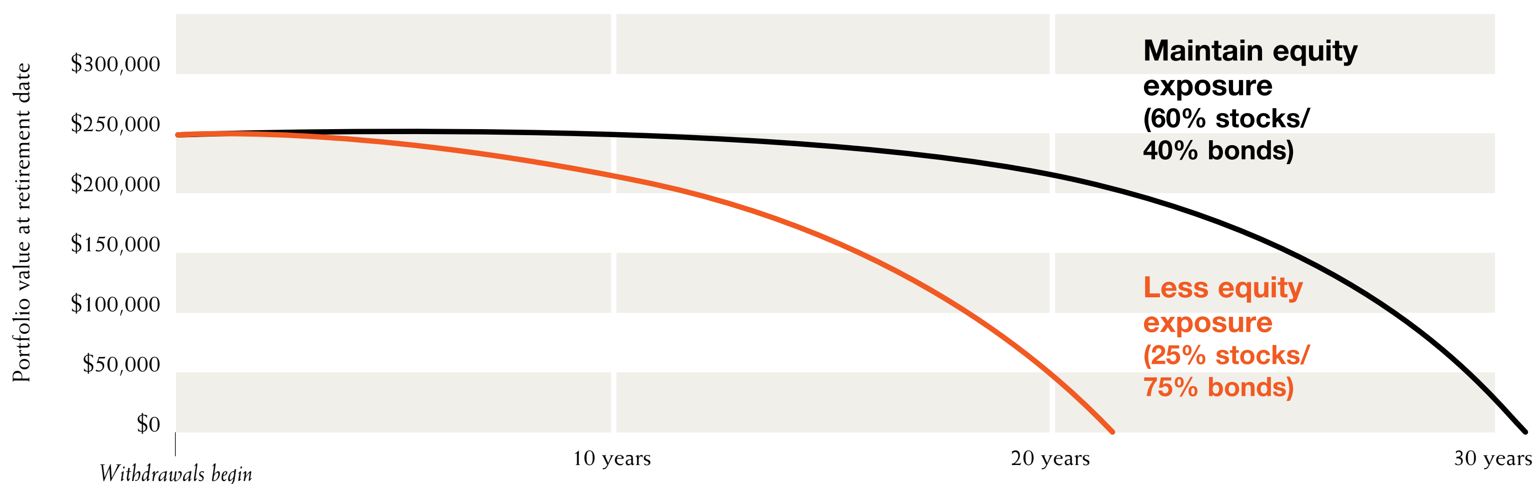
Does not represent a particular product. No taxes, product-related expenses, asset management fees or early withdrawal penalties are taken into account.



The benefits of a balanced approach once you've retired

Let's examine the average historical portfolio longevity of two different approaches to investing while you're taking income in retirement. Suppose you had $250,000 at the start of retirement and in the past you were comfortable with a 60/40 mix of stocks and bonds. If you reduced your stock exposure to 25% at retirement, your savings would have only lasted, on average, just over 20 years. Alternatively, if you maintained your original investment mix of 60/40, your savings would have lasted, on average, about 30 years.

A balanced approach may help savings last longer



Sources: Standard & Poor's; the Federal Reserve. For illustrative purposes only. Illustration is based on the average longevity of all rolling periods for the thirty-year period ended December 31, 2005. Stocks are represented by the S&P 500 Index. Bonds are represented by the long-term Treasuries (average maturity of 10+ years). Portfolios assume $12,500 first-year income payments, thereafter adjusted for real inflation. No taxes, product-related expenses, asset management fees or early withdrawal penalties are taken into account. Average portfolio longevity for the allocations represented in the chart were 21 years and 31 years, respectively. The average portfolio longevity is based on a number of sample portfolios measured by S&P. Actual results will vary, and such results may be better or worse than the simulated scenario. Investors may not invest directly in any index. The S&P 500 and other Indices are unmanaged groups of securities considered to be representative of the stock market in general. Indices should not be considered investments and do not include payment of any expenses, fees or sales charges investors would pay when purchasing the securities they represent. Such costs would lower performance. The charts are not intended to represent the performance of any offering. Past performance does not guarantee future result.

What do *you* think? (Check one)

- [ ] Investing too conservatively is riskier to my retirement savings.
- [ ] Investing too aggressively is riskier to my retirement savings.

Retirement Red Zone Flag

BEHAVIORAL RISK

Investors are only human

Uncertainty is a natural part of investing, yet as illustrated in the "Frequent feedback" study below, behavioral finance researchers have found that when faced with uncertainty, investors may not always act in their own best interest. We call this phenomenon behavioral risk, and it can override thoughtful planning and measured action.

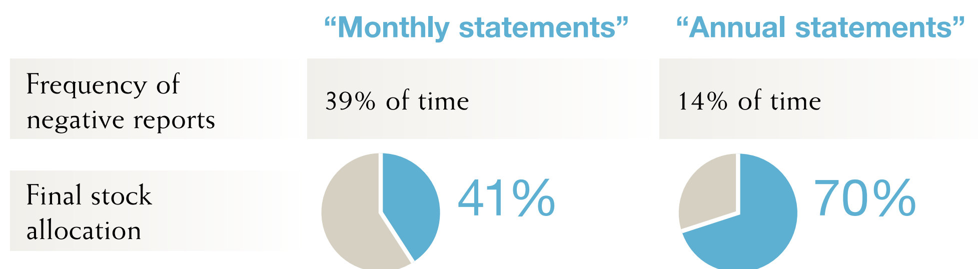
Short-term volatility can sway asset allocation decisions

Behavioral finance researchers, Richard Thaler and his team, conducted a study and discovered that investors may overreact to short-term performance even on their long-term investments.

- The study below showed that the more frequently investors viewed the performance of their investments (i.e., monthly), the more likely they were to see negative performance – and they reacted by decreasing their stock investments.
- On the contrary, investors who viewed performance of the same investment, but less frequently (i.e., annually), were more likely to stay invested and increase their allocation to stock investments.

Study background
Participants had to manage a portfolio of just two investments – a simulated stock fund and a simulated bond fund. They started out with a 50/50 split and the investment returns were identical, but one group received "monthly statements" while the other group received "annual statements." Each time they saw returns, they had to make a decision on how to allocate between the funds and then had to make one final decision for their long-term allocation.

Frequent feedback impacts asset allocation



	"Monthly statements"	"Annual statements"
Frequency of negative reports	39% of time	14% of time
Final stock allocation	41%	70%

Source: Richard H. Thaler, Amos Tversky, Daniel Kahneman and Alan Schwartz, "The Effect of Myopia and Loss Aversion on Risk Taking: An Experimental Test," by the President and Fellows of Harvard College and Massachusetts Institute of Technology, The Quarterly Journal of Economics, May 1997. The "monthly" group made 200 investment decisions, while the "annual" return group made 25 investment decisions. How the subjects allocated their portfolios was completely at their own discretion.

Asset Allocation does not guarantee a profit or protect against a loss.

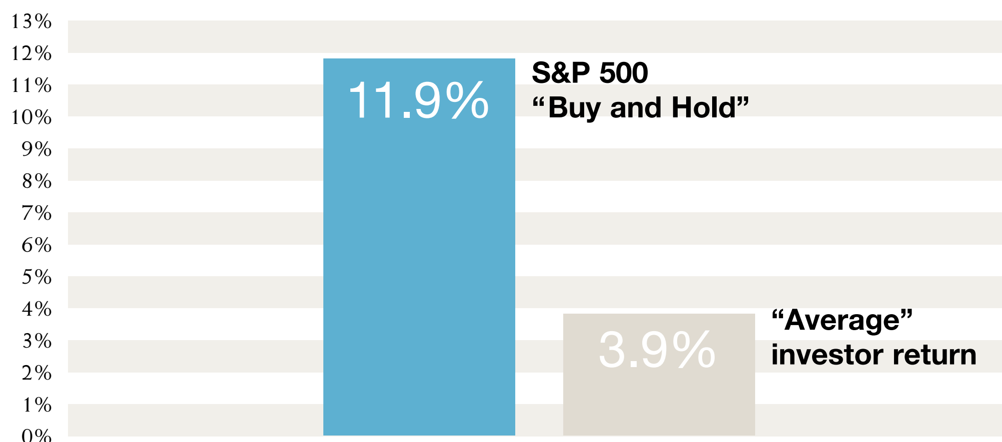
#2: Behavioral Risk

Investor decisions may compromise long-term results

What and when to buy? Sell? Hold? Uncertainty can have a substantial impact on our decisions and investment results. Almost 70% of Americans in The Retirement Red Zone feel they could have realized greater returns from their investments.*

This is not surprising. The chart below demonstrates that the "average" equity mutual fund investor underperformed the S&P 500 substantially over the past 20 years.

Equity investors' performance: Returns for 20 years, 1986–2005

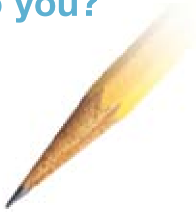


Source: Dalbar, Inc., Quantitative Analysis of Investor Behavior 2006. Dalbar defines the Average investor as the universe of all mutual fund investors whose actions and financial results are restated to represent a single investor. The study calculates the Average Investor Return as the change in assets, after excluding sales, redemptions and exchanges. This calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs. The total investor return rate is determined by calculating the investor return dollars as a percentage of the net sales, redemptions and exchanges for the period. An investor cannot invest directly in an index. The example does not reflect the effects of fees and charges. When fees and charges are applied, actual earnings will be lower. Past performance is not indicative of future results.

This is a hypothetical example of long-term investing and is not intended to reflect the actual performance of any specific investment vehicle nor is it an estimate or guarantee of future value.

* Source: Prudential Global Market Research, Behavioral Risk in The Retirement Red Zone, March 2007.

Which of these common behavioral risks are familiar to you?



- Short-term loss aversion: selling at the first signs of adversity
- "Chasing returns" by concentrating on last year's winners
- Holding an investment too long – in the face of unfavorable evidence
- Overconfidence: unrealistic belief in one's ability or good luck

Retirement Red Zone Flag

SEQUENCE RISK

Retiring in a down market

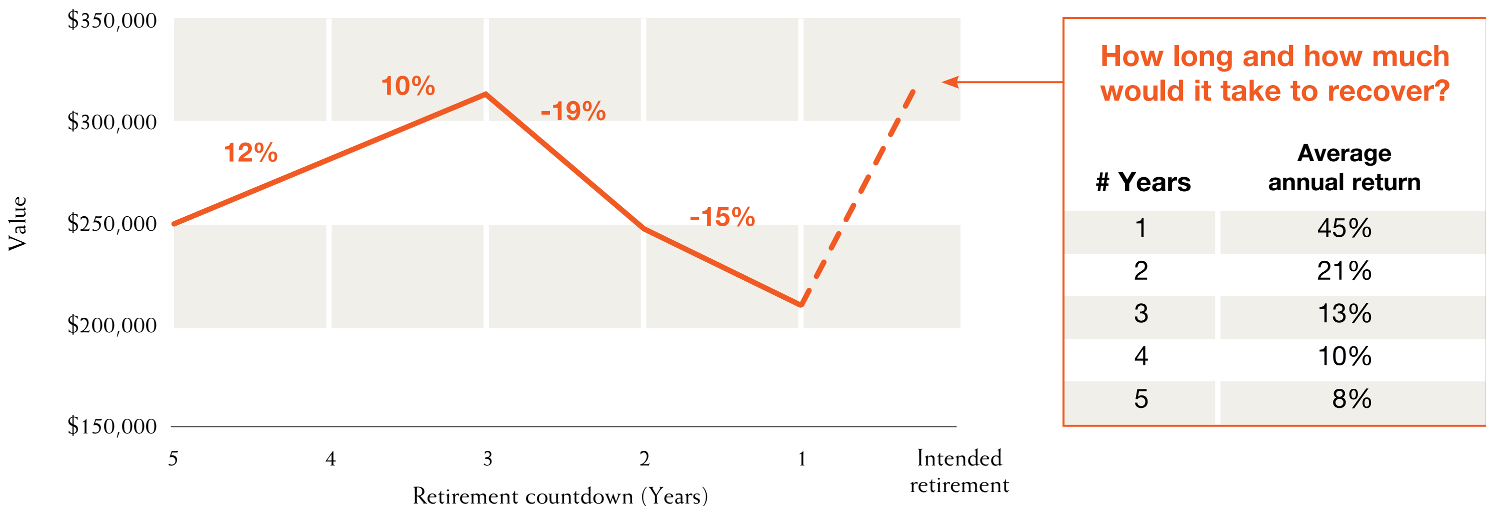
You can have a good plan in place, make regular contributions to your retirement plans and allocate your savings sensibly, but you may still have the misfortune to experience a market downturn around your retirement date. This is what we call sequence risk.

Sequence risk five years *before* retirement

Market losses during the five years before retirement can be difficult to recoup. In this hypothetical example, an investor received returns of 12% in the fifth year before retirement and 10% in the fourth year.

But the next two years are unkind, with losses of 19% and 15%, respectively. It would require a return of 45% the following year to recoup the loss. How realistic is that? More likely, it would require several years at a more realistic rate of return.

Will poor performance in The Retirement Red Zone change your plans?



How long and how much would it take to recover?

# Years	Average annual return
1	45%
2	21%
3	13%
4	10%
5	8%

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 variable subaccounts, the cost for any optional features, and any other applicable fees.

#3: Sequence Risk

What would *you* do if a down market collided with your retirement?

Check which option you would choose.

What pre-retirees said they would do

51% would work longer	
31% would reduce lifestyle	
18% would rely on stock market to catch up	

Source: Prudential Global Market Research, Are You in The Retirement Red Zone?, June 2006

Poor performance early in

SEQUENCE RISK

Sequence risk during the first five

A healthy projected rate of return over your entire retirement is of limited value if you start off your retirement with a few down years that significantly deplete your savings.

In the hypothetical example on the opposite page, an investor retires at age 62 with retirement savings of $250,000. His plan is to withdraw 5% of his account value each year ($12,500), adjusted for 3% annual inflation thereafter. He anticipates a 7% average annual return over the next 30 years. As you can see, his portfolio got off to a bad start, with three straight years of negative performance. (A)

Because this poor performance coincides with the need to make withdrawals, this investor will run out of money in 17 years, at age 79. (B)

Now look at what could have happened if the sequence of annual returns were *exactly reversed*. The investments did well in the early years of retirement, (C) with declines coming much later. (D) Not only would his savings probably last 30 years, but there may be substantial savings left. (E)

Even with the same average rate of return of 7%, (F) you can see the power of the sequence of returns. Positive returns early in retirement may mean a lifetime income stream, while early losses can mean running out of money in the middle of your retirement.

What would *you* do?

Check which of these actions you might take after two or three years of negative performance just when you retired.

- ☐ I would move some or all of my savings out of the market.
- ☐ I would invest more in the market.
- ☐ I would stop taking withdrawals until the market rebounded.
- ☐ I would not do anything.

retirement can have a dramatic effect

years of retirement

Sequence of returns: It can be hard for a portfolio to recover from early losses

5% Withdrawals Begin at Age 62	Hypothetical Annual Rate of Return	Hypothetical $250,000 Portfolio Value: *Negative Returns Early*	Hypothetical Annual Rate of Return	Hypothetical $250,000 Portfolio Value: *Positive Returns Early*	Hypothetical Annual Rate of Return	Hypothetical $250,000 Portfolio Value: *Uniform 0% Return*
Beginning Value		$250,000		$ 250,000		$250,000
62	-17.6%	$193,500	16.6%	$ 279,000	0.0%	$237,500
63	-12.8%	$155,857	7.4%	$ 286,771	0.0%	$224,625
64	-3.5%	$137,141	12.0%	$ 307,922	0.0%	$211,364
65	6.4%	$132,259	11.3%	$ 329,058	0.0%	$197,705
66	8.3%	$129,167	3.3%	$ 325,848	0.0%	$183,636
67	15.4%	$134,568	20.7%	$ 378,740	0.0%	$169,145
68	-3.0%	$115,605	3.3%	$ 376,313	0.0%	$154,219
69	7.1%	$108,440	8.8%	$ 394,055	0.0%	$138,846
70	16.9%	$110,932	9.7%	$ 416,444	0.0%	$123,011
71	6.7%	$102,054	14.3%	$ 459,686	0.0%	$106,702
72	7.2%	$ 92,603	9.7%	$ 487,476	0.0%	$ 89,903
73	11.9%	$ 86,320	7.2%	$ 505,272	0.0%	$ 72,600
74	12.1%	$ 78,943	14.9%	$ 562,735	0.0%	$ 54,778
75	8.1%	$ 66,981	9.1%	$ 595,588	0.0%	$ 36,421
76	12.0%	$ 56,111	-3.2%	$ 557,621	0.0%	$ 17,514
77	-3.2%	$ 34,841	12.0%	$ 605,061	0.0%	$ 0
78	9.1%	$ 17,953	8.1%	$ 634,013	0.0%	$ 0
79	14.9%	$ 0	12.1%	$ 690,067	0.0%	$ 0
80	7.2%	$ 0	11.9%	$ 750,905	0.0%	$ 0
81	9.7%	$ 0	7.2%	$ 783,051	0.0%	$ 0
82	14.3%	$ 0	6.7%	$ 812,939	0.0%	$ 0
83	9.7%	$ 0	16.9%	$ 927,073	0.0%	$ 0
84	8.8%	$ 0	7.1%	$ 968,943	0.0%	$ 0
85	3.3%	$ 0	-3.0%	$ 915,205	0.0%	$ 0
86	20.7%	$ 0	15.4%	$1,030,737	0.0%	$ 0
87	3.3%	$ 0	8.3%	$1,090,116	0.0%	$ 0
88	11.3%	$ 0	6.4%	$1,132,926	0.0%	$ 0
89	12.0%	$ 0	-3.5%	$1,065,507	0.0%	$ 0
90	7.4%	$ 0	-12.8%	$ 900,523	0.0%	$ 0
91	16.6%	$ 0	-17.6%	$ 712,574	0.0%	$ 0
Average Annual ROR for 30-year period	7.0%		7.0%		0.0%	

A B C D E F

Negative returns early deplete savings after 17 years

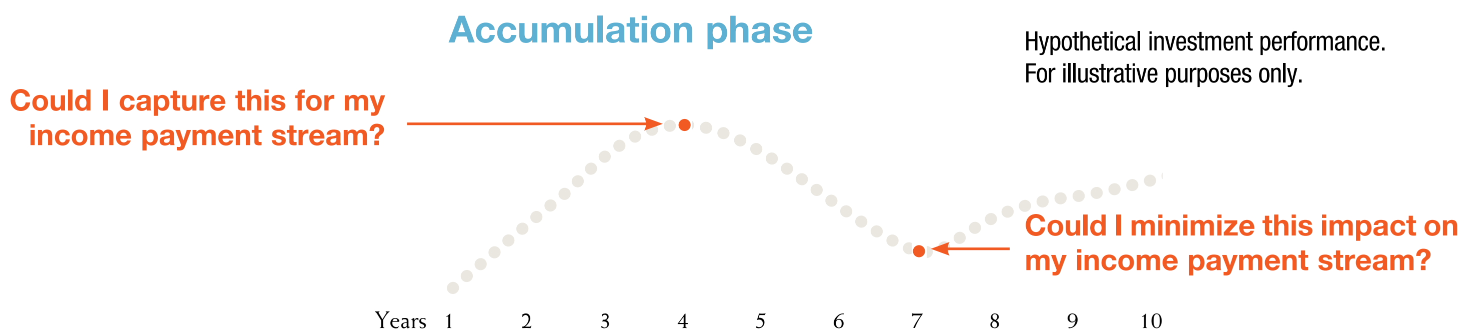
Positive returns early can extend savings more than 30 years despite the same average annual rate of return

This example is hypothetical and is for illustrative purposes only and not meant to represent the performance of any particular investment. It assumes a 7% average annualized return on a $250,000 value rounded to the first decimal. The various columns are intended to demonstrate the impact of the sequence of returns, assuming 5% annual withdrawals of $12,500 (increasing at 3% annually for inflation). Past performance does not guarantee future results. If this were an actual variable annuity, 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 variable subaccounts, the cost for any optional features, and any other applicable fees.

A variable annuity with optional living benefits

As it pertains to a **guaranteed lifetime stream of income payments**, what if you could capture some of the upside of the market and minimize some of the impact from a market decline as depicted here?

Accumulation phase



While you will never be able to eliminate longevity, behavioral and sequence risks, there is a way to transfer a portion of these risks. A variable annuity with optional benefits, available for an additional cost, can provide certain growth and protection guarantees to those savings that you wish to **convert to a lifetime income payment stream**. And you maintain a measure of control over your annuity. No other investment vehicle can provide this combination of benefits.

What is a variable annuity?

A variable annuity is a long-term investment designed for retirement purposes. It is a contract between you and an insurance company whereby the insurer agrees to make periodic payments to you, beginning either immediately or at some future date. You can make a single or a series of purchase payments and there are generally no contribution limits. Variable annuities offer a wide range of professionally managed investment options, guaranteed death benefits and a variety of payout options, including guaranteed income for life.

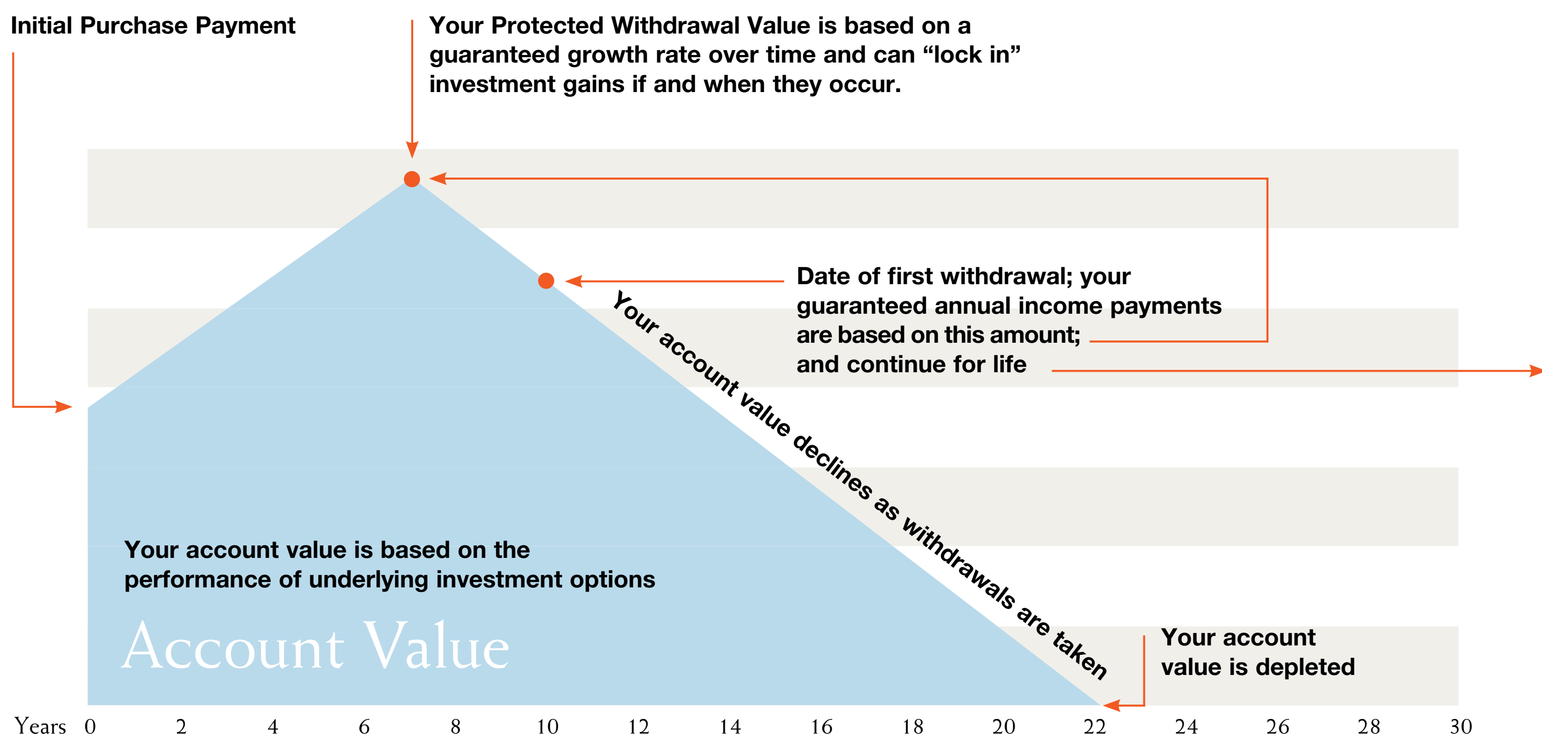
Plus, any investment gains grow tax-deferred. When you need income, annuities generally offer, without charge, annual access up to 10% of purchase payments. Withdrawals are subject to ordinary income taxes and, if taken prior to age 59½, a 10% federal income tax penalty may apply. Withdrawals exceeding a specified annual amount may be subject to a withdrawal charge which is assessed for a period of time and generally reduces each year. Withdrawals will reduce the death benefit.

The costs vary depending on the annuity and include the cost of: issuing and maintaining the contract, base death benefit and investment management expenses. Also, many variable annuities offer guaranteed optional living and death benefits that, for an additional fee, can help provide an added measure of security during your lifetime and for your beneficiaries. All guarantees are based on the claims-paying ability of the issuing company. Please note that all investment options may not be available with certain optional benefits.

Here's how a variable annuity can help protect you

- A variable annuity provides growth opportunity with an array of professionally managed investment choices and…
- Optional living benefits, available for an additional cost, guarantee minimum annual income payments you can't outlive, based on your initial purchase payment *(which is called your Protected Withdrawal Value)*.
- Until withdrawals are taken, or for up to a maximum of 10 years, a variable annuity with living benefits can increase your Protected Withdrawal Value and hence your lifetime payment amount by:
  - Guaranteeing a minimum rate of return on your initial purchase payment
  - Locking in gains if and when your underlying investment options perform well

How an annuity with optional benefits can help protect your retirement income



This is a hypothetical example for illustrative purposes only. Does not reflect performance of any investment.

Getting started

Where will my retirement income

There are different optional living benefits available today, so it is important that you work with your financial professional to see which one may be right for you.

	Annual income		My estimate	
1	How much do/might I receive from a pension?		$	per year
2	How much do/might I receive from Social Security?	+	$	per year
3	How much do/might I receive from other sources?	+	$	per year
4	**Total annual income in retirement**	=	$	per year
5	How much annual income do/might I need? (As a guide, you may want to estimate 80-90% of pre-retirement income)		$	per year
6	**My annual lifetime income gap:** (Difference between lines 4 and 5)		**$**	**per year**
7	**What amount may need to be allocated to a variable annuity today to help close my annual lifetime income gap?**		$	

See chart A

See chart B

When will I begin to take withdrawals?

	Annual lifetime income gap		
	$5,000	**$10,000**	**$15,000**
Now$	100,000	$200,000	$300,000
In one year	$93,458	$186,916	$280,374
In two years	$87,344	$174,688	$262,032
In three years	$81,630	$163,260	$244,889
In four years	$76,290	$152,579	$228,869
In five years	$71,299	$142,597	$213,896
In six years	$66,634	$133,268	$199,903
In seven years	$62,275	$124,550	$186,825
In eight years	$58,201	$116,402	$174,603
In nine years	$54,393	$108,787	$163,180
In ten years	$50,835	$101,670	$152,505

come from?

Fill in this information so you and your financial professional can begin to determine the amount you may need to allocate to a variable annuity today to help provide guaranteed lifetime income payments.

A Social Security benefits

For your specific situation, refer to your Social Security statements or go to www.ssa.gov.

Average earnings over time	Annual benefit estimate at retirement	
	At age 66	At age 62
$25,000	$10,392	$ 7,536
$50,000	$16,056	$11,508
$75,000	$21,024	$15,456
$100,000+	$23,628	$17,328

Source: Social Security Administration

B Lump-sum amount required to close the gap

Use the guide below to estimate how much of your savings you may need to consider allocating to a variable annuity with an optional living benefit.

$20,000	$25,000	$30,000	$35,000	$40,000	$45,000	$50,000
$400,000	$500,000	$600,000	$700,000	$800,000	$900,000$	1,000,000
$373,832	$467,290	$560,748	$654,206	$747,664	$841,121	$934,579
$349,375	$436,719	$524,063	$611,407	$698,751	$786,095	$873,439
$326,519	$408,149	$489,779	$571,409	$653,038	$734,668	$816,298
$305,158	$381,448	$457,737	$534,027	$610,316	$686,606	$762,895
$285,194	$356,493	$427,792	$499,090	$570,389	$641,688	$712,986
$266,537	$333,171	$399,805	$466,440	$533,074	$599,708	$666,342
$249,100	$311,375	$373,650	$435,925	$498,200	$560,475	$622,750
$232,804	$291,005	$349,205	$407,406	$465,607	$523,808	$582,009
$217,573	$271,967	$326,360	$380,754	$435,147	$489,540	$543,934
$203,340	$254,175	$305,010	$355,845	$406,679	$457,514	$508,349

How much do/might I need?
(Line 6)

Lump-sum amount I may need to allocate today to close my guaranteed lifetime income gap.*

* Assumes a minimum growth rate of 7% compounded for every year until retirement.

Please rank in order of importance, from 1 to 5

What is important to you?

- Guaranteed income payments for life
- Guaranteed income payments for life for my spouse
- Potential for growth through market participation
- Leaving a legacy for heirs
- A measure of principal protection

Working with professionals can make all the difference

Your retirement is too important to leave to guesswork. Be sure you are working with an experienced financial professional. Your financial well-being may depend on it.

Let Us Be Your Rock℠

When it pertains to guarantees, be sure to work with a rock-solid financial institution. Variable annuities are issued by Pruco Life Insurance Company (in New York, Pruco Life Insurance Company of New Jersey) or by Prudential Annuites Life Assurance Corporation. All are members of the Prudential Financial family of companies and each is responsible for its own financial condition and contractual obligations. All are highly rated by the major independent rating agencies for their ability to meet financial obligations.

Rock Solid℠ financial strength

A.M. Best Company	Fitch Rating	Standard & Poor's	Moody's*
A+ (2nd category of 15) Superior ability to meet ongoing obligations to policyholders	**AA** (3rd category of 24) Very strong capacity to meet policyholder and contract obligations	**AA** (3rd category of 24) Very strong financial security characteristics	**Aa3** (4th category of 21) Excellent financial security

All ratings are as of 2/6/08 and currently are the same for all three companies. Ratings are intended to reflect the financial strength or claims-paying ability of the issuer and are not intended to reflect the investment performance or financial strength of the variable accounts, which are subject to market risk. Ratings are not a guarantee of the future financial strength and/or claims-paying ability of a company.

* Pruco Life Insurance Company of New Jersey and Prudential Annuites Life Assurance Corporation are not rated by Moody's.

“The longer I live the more beautiful life becomes.”

– Frank Lloyd Wright (1869–1959)

This material was prepared to support the promotion and marketing of variable annuities available through Prudential. Prudential, its affiliates, its distributors and their respective representatives do not provide tax, accounting or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S. federal, state or local tax penalties. Please consult your own independent advisor as to any tax, accounting or legal statements made herein.

Investors should consider the contract and the underlying portfolios' investment objectives, risks, charges and expenses carefully before investing. This and other important information is contained in the prospectuses, which can be obtained from your financial professional. You should read the prospectuses carefully before investing.

Variable annuities are long-term investments designed for retirement purposes. Investment return and principal value of an investment will fluctuate so that an investor's unit values, when redeemed, may be worth more or less than their original cost. Withdrawals or surrenders may be subject to surrender charges. Withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59 ½, may be subject to an additional 10% federal income tax penalty. Withdrawals, for tax purposes, are deemed to be gains out first. Withdrawals can reduce the living benefit, death benefit and account value.

Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your licensed financial professional can provide you with costs and complete details.

Optional Benefits may not be available in every state and may not be elected in conjunction with certain optional benefits. The fees are in addition to fees and charges associated with the basic annuity. See the prospectus for more detailed information.

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

Variable annuities are issued by Pruco Life Insurance Company (in New York, by Pruco Life Insurance Company of New Jersey), Newark, NJ, or by Prudential Annuities Life Assurance Corporation, Shelton, CT. All are distributed by Prudential Annuities Distributors, Inc., Shelton, CT. All are Prudential Financial companies and each is solely responsible for its own financial condition and contractual obligations. Wachovia Corporation is the majority owner and Prudential Financial, indirectly through subsidiaries, is a minority owner of Wachovia Securities, LLC. Prudential Annuities is a business unit of Prudential Financial.

Prudential, Prudential Financial, the Rock logo the Rock Prudential logo and The Retirement Red Zone are registered service marks of The Prudential Insurance Company of America and its affiliates.

Issued on forms: RID-HD7(1/08) and P-RID-HD7(1/08)

ANNUITIES

NOT FDIC OR GOVERNMENT AGENCY INSURED	MAY LOSE VALUE	NOT BANK OR CREDIT UNION GUARANTEED

WO# 40413 IFS-A128988 ORD04334 Ed. 02/2008
AFS0308