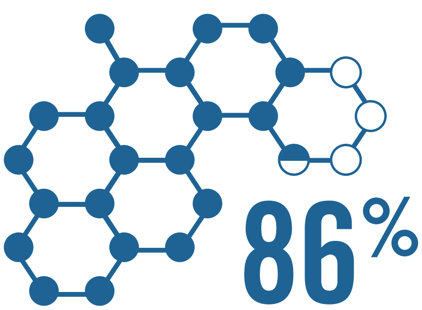
TIME FOR A CHANGE OF PLANS?

Consolidation is Impacting the Cost and Appeal of Many Retirement Benefits



86% of healthcare industry respondents expect M&A activity to increase in the next 12 months.[1]

The rapid rate of expansion due to the acquisition of other hospitals, specialty practices, and facilities is causing many healthcare systems to take pause. Many are realizing this growth trajectory cannot continue at the same pace and level of efficiency without centralizing many of the functions that were formerly handled by the legacy facilities being absorbed. At the core of this centralization are many human resources (HR) functions.

Centralization: Questions and Concerns

While talent isn't specifically spelled out as one of the strategic drivers of acquisitions, it's certainly a major consideration for healthcare systems looking to be competitive. Centralizing the HR functions creates its own set of concerns and questions related to talent acquisition and retention:

- Is there a way to create a single, system-wide retirement program that helps recruit and retain hard-to-find talent?
- As a healthcare system continues to grow, how does it most efficiently manage the mobility of staff between locations?
- Does a healthcare system's recordkeeping partner have the ability to monitor for system-wide compliance?

Arriving at an Industry Inflection Point

Many who have undergone this extensive M&A activity conclude that instead of maintaining a mix of legacy programs, they need a comprehensive, coordinated retirement program designed to provide the behavioral incentives to support recruitment and retention efforts. Organizations moving in this direction are quickly gaining an advantage in recruiting and retaining hard-to-replace employees. This allows them to build on the workforce they will need for future success, while also enabling more cost-effective benefits delivery.

Engage and Incent

We have extensive experience working with healthcare systems, so we know what it takes to deliver a retirement program that engages your employees and incents them to plan and save. It's equally important to understand that it's possible to deliver this type of market-leading retirement benefit coupled with behavioral incentives that help you positively impact your bottom line.

Prudential Retirement® is proud to unveil a progressive benchmarking study that addresses these specific questions and challenges. Prudential's study expands upon the traditional benchmarking concept, comparing what a healthcare system spends on retirement against its competitors, but also goes a step further to examine the likely outcomes generated by those expenditures. The study produces a rating that measures the level of effectiveness the dollars being spent are having on the retirement outcomes that are likely being produced for employees.

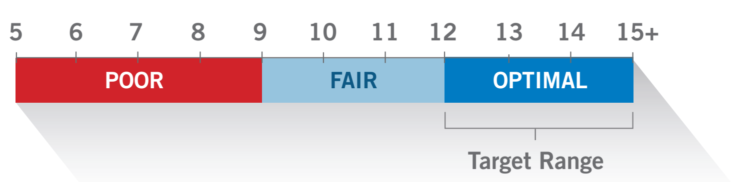
Measuring Contribution Effectiveness

Backed by actuarial experience, data and analysis, Prudential has created a rating scale to measure the effectiveness of contribution spending on the retirement outcomes of employees.

Rating the effectiveness of contributions helps you compare your program against those offered by your competitors.

The rating scale helps sponsors evaluate the income replacement ratio their current plan design produces for their employees. Knowing their rating, sponsors can measure the impact plan design changes would have on this replacement ratio and the return they are getting on their contribution spending.

Are your contributions optimal?



Prudential's benchmarking study provides plan sponsors with the data and analysis to truly understand what they are contributing to the plan, what their employees are getting out of the plan, and how their plan design can influence the two.

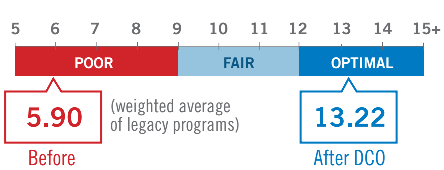
Results from this study can identify the pitfalls or positive outcomes generated by your plan. When coupled with DC Optimization℠, the proprietary retirement program design capability of Prudential, many healthcare systems have been able to:

- Identify any disconnects between the goals of the health system and the design of their current retirement program
- Understand the impact of the dollars spent across their system and in their programs and how that stacks up against the competition
- Design a new system-wide program that leverages the dollars spent to deliver a better outcome for employees and a better return on investment for the healthcare system itself by using the new retirement plan to help recruit and retain top talent

Prudential has already performed this consolidation and coordination design work for multiple healthcare systems. Here are two recent examples.

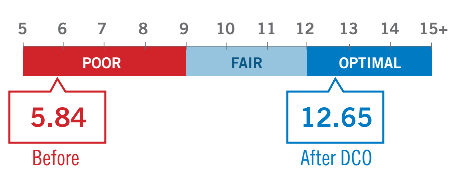
HEALTHCARE SYSTEM #1

Prudential consolidated 23 retirement programs into one program, maintaining a cost-neutral basis for the plan sponsor. The average projected replacement ratio* improved by 11 percentage points for 22,000 employees and the expected participation rate grew to 90%, up from 35%.



HEALTHCARE SYSTEM #2

Prudential partnered with the employer to improve the employee outcomes of the program while reducing employer contributions by $2M annually. The number of non-participating employees was cut in half, and within 14 months, more than 34% of employees are saving 10% or more of their own money. Prudential won two industry awards for implicit and explicit communication of new plan design and its influence on behavior for this effort.



What is DC Optimization?

DC Optimization is our proprietary service that looks at all employer retirement plan contributions, including matching, non-elective, profit sharing, nonqualified programs, and any defined benefit plan in place. We develop strategies to minimize your costs while achieving the full range of enterprise goals.

By providing plan sponsors with actionable information about their program and designing custom alternatives, we've helped many achieve an effective retirement program that helps improve outcomes for employees and bottom line results for employers.

What Can We Do For You?

As a sponsor, if you're questioning whether your organization is getting the most value for the money spent, and are unsure if your programs are attracting and retaining the talent necessary for growth and success, **then it's time for a change of plans.**

With Prudential's benchmarking study, discover how well your contributions are working for you, learn your rating, **how your retirement formula compares to those of your peers,** and see how it's impacting your employees' retirement readiness. We'll help you uncover ways to improve your rating and the outcomes in your retirement plan.

Learn more about DC Optimization and how your contributions are impacting your plan's performance.

Contact your **Prudential representative** or

call our Sales Desk at 800-353-2847

Prudential
Bring Your Challenges®

[1] "Healthcare & Life Sciences M&A Outlook." Bass, Berry & Sims, June 2014.

*The projected income replacement ratio is the estimated percentage of an individual's final income replaced in retirement by social security and savings. The ratio most commonly cited as a good rule of thumb target is between 70 and 85 percent of pre-retirement income, in order to maintain the same standard of living.

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or its affiliates. PRIAC is a Prudential Financial company. Plan statistics are from Prudential Retirement's Internal Analysis. Unless indicated otherwise, statistics are reflective of Q3 2014 results.

Prudential representatives and Sales Desk representatives are registered representatives of Prudential Investment Management Services LLC (PIMS), Newark, NJ. PIMS is a Prudential Financial Company.

0276634-00002-00 RSCA009

For Plan Sponsor and Financial Advisor Use Only.