



FINANCIAL SUPPORT FOR YOUR RETIREE HEALTH CARE

SMART CHOICES | HEALTHY LIVES



www.prubenefitscenter.com



Prudential

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If you have any questions or need additional details, please call the Prudential Benefits Center at 1-800-PRU-EASY (1-800-778-3279) and follow the prompts for Health and Welfare benefits. Prudential Benefits Center Representatives are available to assist you between 8 a.m. and 6 p.m. Eastern time, Monday through Friday, except on holidays. If you are deaf or hard of hearing, please contact your local relay service.

Overview

This brochure is designed to help you understand Prudential's financial support toward retiree health care coverage costs through the Retiree Medical Savings Account (RMSA). Retiree health care expenses are one of the many considerations you need to keep in mind as you think about, plan and save for your retirement.

The information outlined on the following pages provides important details on how the RMSA works, and describes the tools and resources available to help you determine how much you will need to save for health care coverage during retirement. Please read this brochure carefully and share it with your family.

The RMSA was established to provide a flexible approach to financial support for retiree health care coverage. The RMSA allows retirees to control how and when to use this financial support from Prudential.

The RMSA is available to all Prudential employees who are eligible for retiree medical benefits and who retire on or after January 1, 2011. Whether retirement is close, or years down the road, Prudential wants you to be aware of this important information.

Tools and Resources

This brochure is just one of the resources you have available to you to help you understand Prudential's financial support for retiree health care. Other resources include:

- **Retiree Health Care Cost Modeling Tool.** This Tool will help you estimate — based on assumptions you input — what portion of future retiree health care premiums you'll be expected to pay. The Tool is available on the home page of the Prudential Benefits Center website (at www.prubenefitscenter.com). More information about the Tool begins on page 9; and
- **Frequently Asked Questions on retiree health care and the RMSA.** Click on the [Plan Documents](#) link under the "Retirement Tools & Resources" section of the Retiring from Prudential website (at www.prudential.com/retiring) to find a series of questions and answers that may be helpful to you. A copy of the Frequently Asked Questions can also be found within the Retiree Health Care Cost Modeling Tool.

Prudential provides these tools to help you anticipate and prepare for your future retiree health care coverage costs.

► The Retiree Medical Savings Account

This section explains the financial support that is provided by Prudential for retiree health care — the Retiree Medical Savings Account (RMSA).

The RMSA is a record-keeping account you can use after retirement to be reimbursed for the cost of premiums for certain medical, dental, vision and prescription drug coverage.

The RMSA provides flexibility since you can use it to pay for:

- COBRA premiums for Prudential-sponsored medical, dental and vision coverage immediately after your retirement (see page 4 for more information on COBRA);
- Premiums for Prudential-sponsored retiree health care programs or non-Prudential-sponsored health care programs, with the exception of other employer-sponsored programs (such as active and retiree programs);
- Premiums for medical, dental, vision and prescription drug coverage through the Health Insurance Marketplace (Exchange); and
- Premiums for Medicare Parts B, C and/or D, after you become eligible for Medicare.

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What Is COBRA?

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (as amended), the law generally allows, under certain circumstances, continuation of group health coverage that otherwise might be terminated. COBRA provides certain former employees, retirees, spouses, former spouses and dependent children the right to temporary continuation of health coverage that they had during employment at group rates.

This coverage is only available when coverage is lost due to certain Qualifying Events and is only available for limited time periods, generally 18 months. The premium for group health coverage for COBRA participants is generally 102% of the average premium the employer pays for active employees. COBRA participants pay the entire COBRA premium.

Generally, the COBRA premium is less expensive than the premium for retiree coverage for those not eligible for Medicare. Consequently, many non-Medicare-eligible retirees who participate in the RMSA will find it beneficial to elect COBRA coverage prior to electing Prudential-sponsored retiree medical coverage.

Please note: The RMSA can be used to reimburse COBRA premiums for continuation of Prudential-sponsored active medical, dental and vision coverage.

How Your RMSA Grows While You Are an Active Employee

Your RMSA can grow in a number of ways — while you are an active employee and after you retire.

Opening Account Balance

If you were employed by Prudential and were eligible for active employee medical coverage as of December 31, 2007, an RMSA was established for you. This notional account received an initial allocation, or an RMSA opening account balance, equal to your number of years of continuous service at Prudential as of December 31, 2007, multiplied by the initial allocation rate of \$2,100.

If you were employed by Prudential prior to January 1, 2008, but not an active employee on December 31, 2007, and you returned to service after that date, an opening account balance was established for you upon your rehire. The opening balance was equal to your number of years of continuous service at Prudential on your rehire date, if any, multiplied by the initial allocation rate of \$2,100.

Going forward, your RMSA can grow in a number of ways during your working years and after you retire. If you were first hired by Prudential on or after January 1, 2008, you do not have an opening account balance.

Monthly Allocations When You Are an Active Employee

During employment with Prudential, you will receive a monthly allocation to your RMSA if you are eligible for active employee medical coverage. Your monthly allocation is based on your job grade. The monthly allocations shown in the table below are as of July 1, 2017, and may be changed at any time.

Job Grade	Other Equivalent Grade	Monthly Allocation
13P – 18P	D10, D30, D50, NEO, NPS	\$230 (\$2,760 annually)
10P – 12P	450, 45S, 500, PRD	\$210 (\$2,520 annually)
8P – 9P	520, 52S, 200, LMS	\$190 (\$2,280 annually)
Prudential Advisors Financial Professionals and Financial Professional Associates	90	\$185 (\$2,220 annually)
6P – 7P	07A, 540, 550, 560, 770, 790, AMS, DMS	\$170 (\$2,040 annually)
1P – 5P	56A	\$150 (\$1,800 annually)

If you are eligible for a monthly allocation, your RMSA will be credited at the end of each month based on your job grade at that time. If your job grade changes and this change results in a new allocation rate, the new allocation rate will be applied as of the effective date of your job grade change.

Monthly Allocations for Service Prior to July 1, 2017

Prior to July 1, 2017, monthly allocations were provided to active employees age 40 and older only. Effective July 1, 2017, this age restriction was removed.

If you were actively employed with Prudential on July 1, 2017, and did not receive monthly allocations previously as a result of this age restriction, an additional one-time allocation was made to your RMSA on July 1, 2017. The additional one-time allocation was based on the total amount of monthly allocations you would have received since January 1, 2008, (or your date of hire, if later) if the age restriction was not in place, using the monthly allocation amounts in effect prior to July 1, 2017 (which were lower than the amounts shown above) and your job grade at the end of each month during the period for which you did not receive a monthly allocation.

Health Reimbursement Account Transfer

There is an annual limit that you can have in the Health Reimbursement Account (HRA) under the HRA 1000. Any amount in excess of the limit on the HRA will become part of your RMSA. This transfer takes place on or after April 30 of the next plan year to ensure that all claims for the previous year have been processed.

In addition, if you are enrolled in the HRA 1000 and subsequently disenroll for any reason, including if you choose a different Prudential-sponsored medical program, any amount in your HRA will automatically transfer to your RMSA after 120 days following the date you disenroll.

Example

Let's assume your adjusted service date is May 15, 1995, so your continuous years of service as of December 31, 2007, was 12.632877.

Your RMSA was credited with an opening account balance that equals \$2,100 per year of continuous service, regardless of job grade.

On January 1, 2008, your opening account balance was: $\$2,100 \times 12.632877 = \$26,529.04$.

Assuming your job grade was 10P as of January 1, 2008, your RMSA began having an allocation of \$160 per month starting January 2008, for each month you continue to be employed by Prudential and eligible for active medical benefits (assuming no changes in job grade).

After an additional 12 years of active employment at a 10P job grade, your account will have grown as follows:

Opening account balance (12.632877 years x \$2,100)	\$26,529.04
10P job grade of \$160 per month x 12 years (144 months)	+ \$23,040.00
Total RMSA after 12 years	\$49,569.04

If You Are Not Actively at Work

Monthly Allocations

If you are eligible for active medical benefits and are on a paid leave of absence, on an accommodation leave of absence or on Short Term Disability, you will receive monthly allocations to your account for the first six months from the start of your leave of absence based on your job grade at the beginning of your leave.

If you are eligible for active medical benefits and are on an unpaid leave of absence, you will receive allocations to your account based on your job grade at the beginning of your leave, for up to six months from the start of your leave.

For most other situations, you will receive no allocations to your account while you are not actively at work.

If you are on Long Term Disability, please refer to page 28 for more details.

How Your RMSA Grows After Retirement

As a retiree, you will no longer be eligible for monthly allocations. Instead, your account may grow during retirement in the following three ways.

One-Time Spousal/Domestic Partner Allocation (occurs at retirement only)

If, at retirement, you have a spouse or eligible domestic partner (same- or opposite-sex), you are eligible to receive an additional one-time allocation equal to 50% of your RMSA balance at that time.

Your spouse or domestic partner does not have to be enrolled in Prudential-sponsored coverage for you to receive the one-time allocation, but must meet the qualified dependent eligibility rules under The Prudential Retiree Welfare Benefits Plan as of your retirement date.

Interest

After retirement, your account will be credited with interest on the last day of each month. The annual interest rate will be 4%, credited on a monthly compound basis, based on your RMSA account balance on the last day of each month. The interest rate may be changed at any time.

Example

Continuing the example from page 6, assume you retire after the additional 12 years of active employment, are eligible for retiree medical coverage and have a spouse. When you retire, your RMSA account will be:

Account balance before retirement	\$49,569.04
Additional one-time allocation equal to 50% of your account balance	+ \$24,784.52
Total RMSA at retirement	\$74,353.56

Interest will be credited to your account starting on the last day of the month in which you retire.

Health Reimbursement Account Transfer

If you are enrolled in the active HRA 1000 through COBRA or the Retiree HRA 1000, any amount in excess of the annual limit on the Health Reimbursement Account (HRA) will become part of your RMSA. Please note that this transfer takes place on or after April 30 of the next plan year to ensure that all claims for the previous year have been processed.

If you continue in the active HRA 1000 through COBRA or enroll in the Retiree HRA 1000, any HRA balance will continue to be available for the payment of eligible health care expenses under the program and you will continue to get the annual HRA allocation at the beginning of each year. At any time in the future when you disenroll, including if you choose another Prudential-sponsored medical program or become eligible for Medicare, any remaining HRA balance will be transferred into the RMSA after 120 days following the date you disenroll.

If you are enrolled in the HRA 1000 immediately prior to retirement and do not enroll in the active HRA 1000 through COBRA or the Retiree HRA 1000 at retirement, any remaining HRA balance will be transferred to your RMSA after 120 days following your retirement date.

If you disenroll from the HRA 1000 or Retiree HRA 1000, keep in mind that claims submitted after 120 days (that is, after the HRA balance has been transferred to your RMSA), will be paid as if the HRA was depleted.

Using Your RMSA

You control when and how you use your RMSA. After you retire, you can use your account balance to help pay for all or a portion of your health care premiums after retirement by submitting appropriate documentation to UnitedHealthcare, the RMSA administrator. You can use your balance for premiums for Prudential-sponsored retiree health care coverage or for premiums for medical, dental, vision and prescription drug coverage that are not sponsored by Prudential (with the exception of other employer coverage, including COBRA, active and retiree programs).

You determine which premium payments you would like to submit for reimbursement from your RMSA, as well as what portion of the premiums should be reimbursed. For example, you can elect to submit 100% of your Medicare Part B premiums for the year but only 50% of your dental coverage premiums.

Remember, if you have other coverage available, you can defer using your RMSA for as long as you wish. This way, your RMSA can continue to grow with interest until you are ready to begin to use it.

RMSA Reimburses Premiums, Not Services

The RMSA is a premium reimbursement account that can be used to pay for the cost of purchasing coverage. It cannot be used for any out-of-pocket expenses you may incur when obtaining health care services, such as copays, coinsurance or deductibles.

The RMSA also cannot be used for long term care premiums, critical illness insurance premiums or premiums for concierge services.

Please note: You or your eligible surviving dependents will not be eligible for an RMSA if:

- You are ineligible to retire when your employment with Prudential ends for reasons other than death or disability;
- You are eligible to retire, but are ineligible for retiree medical benefits under the Plan when you retire;
- You die or commence Long Term Disability and have less than 10 years of vesting service at that time; or
- You die without eligible dependents. (However, if you die after retirement and had access to your RMSA, your estate will have up to one year after your death to submit eligible claims for reimbursement.)

If one of these events occurs, your RMSA will be forfeited. You and, if applicable, your dependents will not receive Prudential's financial support for retiree health care coverage.

► The Retiree Health Care Cost Modeling Tool

The Retiree Health Care Cost Modeling Tool is generally available 24 hours a day, 7 days a week on the Prudential Benefits Center website.

The Retiree Health Care Cost Modeling Tool (the Tool) can help you estimate how much health care coverage will cost you and your family during retirement. It will allow you to:

- Model both Prudential-sponsored and non-Prudential-sponsored medical coverage and Medicare Part B coverage;
- Model both Prudential-sponsored and non-Prudential-sponsored dental and vision coverage;
- Model the percentage of your annual premiums that you would like reimbursed from your RMSA and HSA (if applicable);
- View projected results based on your assumptions, such as your estimated retirement date;
- Project how your accumulated HSA balance (if applicable) might pay for retiree health care premiums after you reach age 65;
- Estimate at what age your RMSA and HSA (if applicable) will be depleted or if you will have a sufficient amount to last you throughout retirement;
- See a summary of your results as well as detailed and graphical results on the same screen;
- Review past modeling of projected costs, including the inputs you used, that you saved in previous sessions; and
- Print your modeled calculations.

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How to Find It

The Retiree Health Care Cost Modeling Tool is easy to access from:

- My Prudential — On the [Total Health & Benefits](#) menu, select “Retirement & Insurance.” The link for the tool is located on this page under “See Also.”
- Prudential Benefits Center website (at www.prubenefitscenter.com) – The tile for the tool is located on the home page.

Tips for Using the Retiree Health Care Cost Modeling Tool

When you use the Tool, there are certain symbols or other features that help with the navigation of the site.

Here are some of the more common tips:

? By clicking the question mark next to a term or phrase, you’ll receive the definition or the explanation.

Text Text that is in blue font may indicate a link that will either take you to a new screen or allow you access to another feature of the Tool.

 **Back** Using the “Back” button on your Internet toolbar may interfere with or invalidate your modeling.
We recommend using the “Previous,” “Next,” “Cancel” and “Update Assumptions” buttons that can be found on the bottom of most screens, especially when entering your assumptions. “Cancel” returns to the assumptions summary with no changes captured.

Tutorial Click on this and you’ll access a short video tutorial to help you understand a specific section in the Tool. Each tutorial walks you through a section to help you understand how making changes may affect your retiree health care modeling results.

The Retiree Health Care Cost Modeling Tool will be unavailable for a limited amount of time late each night to allow for system maintenance.

Features of the Tool

Prudential
Retiree Health Care Cost Modeling Tool

Welcome, [Log Out](#)

[Home](#)

[Model My Retiree Health Care Costs](#)

[View Saved Results](#)

[My Personal Information](#)

[Premium Rates](#)

[Supporting Information](#)

- [About the RMSA](#)
- [FAQs](#)
- [Resources](#)
- [Glossary](#)

Home

Welcome to the Retiree Health Care Cost Modeling Tool. This website has been developed to help you estimate how much it will cost you and your family to purchase health care coverage during retirement. Watch this [video](#) to learn more.

Your Default Modeling Results

Retiree Health Care Over Your Lifetime	Present Value as of:	
	January 1, 2017	Your Retirement
Total Projected Premium Costs	\$185,462	\$187,903
Amount from your RMSA	\$69,757	\$70,675
Amount from your HSA	\$6,620	\$6,707
Your Share	\$109,085	\$110,521

[Modify Assumptions](#) [See Detailed Results](#)

Above is a snapshot of some of the results you will see in this Modeling Tool based on default assumptions. Click one of the buttons below the results to modify the assumptions used or to see additional details of your default results.

The Retiree Medical Savings Account

The Prudential Retiree Medical Savings Account (RMSA) will be available to any Prudential employee who is eligible for retiree medical coverage and retires on or after January 1, 2008. An RMSA provides a record-keeping account that may be used toward the cost of premiums during retirement for certain medical, dental, vision and prescription drug coverage.

About the Retiree Health Care Cost Modeling Tool

The Retiree Health Care Cost Modeling Tool can help you estimate how much health care coverage will cost you and your family during retirement. It gives you the ability to project the amount you would need to save by the time you retire to pay for retiree health care benefits after retirement (excluding additional costs such as deductibles, coinsurance and copays). It also shows the total costs and the portion that Prudential is estimated to provide as financial support toward the cost of your retiree health care coverage.

From the home page, you can:

- Use [Model My Retiree Health Care Costs](#) to:
 - Estimate the projected costs for you and your family to enroll in retiree health care coverage (Prudential-sponsored as well as non-Prudential-sponsored) using your own assumptions;
 - Project how your accumulated HSA balance (if applicable) might pay for retiree health care premiums after you reach age 65;
 - Model different scenarios such as different retirement dates, covered dependents and when to begin using your RMSA or HSA (if applicable);
 - View year-by-year results; and
 - Understand how much you may have to pay in the future for coverage, taking into account Prudential's financial support.

Retiree Health Care Cost Modeling Tool Overview Video

On the Modeling Tool home page, you can access a video that summarizes the key features of the Tool, how to interpret modeling results and how to change different assumptions to help you plan for the future.

- Use [View Saved Results](#), which allows you to look at past modeling sessions that you've saved as well as inputs you've used.
- Review your [My Personal Information](#), which includes:
 - Information we have on file for you that is used to determine calculations for you and is updated periodically;
 - See the information on file for your dependents. The Modeling Tool has been prepopulated with this information; and
 - Your RMSA Account Balance, which shows your total account, including monthly allocations and Health Reimbursement Account transfers made to your account.
- View [Premium Rates](#) to find the current cost for all Prudential-sponsored retiree programs, as well as for COBRA rates for active medical, dental and vision coverage, available in your zip code or the zip code in which you expect to live during retirement.
- Find [Supporting Information](#), including:
 - Highlights of the RMSA;
 - Frequently asked questions;
 - Details behind assumptions used for premium rates and mortality tables;
 - Prudential-sponsored COBRA premiums;
 - Information about independently purchased coverage;
 - Information about Medicare; and
 - The glossary of terms.

On the home page, you can find a summary of your projected costs based on default assumptions. It shows the total projected premium costs and a breakdown of the financial support from Prudential and your expected share. From this section of the home page, you can modify the default assumptions or view detailed results based on the default assumptions.

Please access the Retiree Health Care Cost Modeling Tool for details on the assumptions used to calculate your estimated cost for retiree health care coverage, as well as for information on how Prudential's financial support helps offset your costs. In this brochure, we'll focus on how you can use the Tool to model your retiree health care costs.

Please Note:

The estimates are based on certain assumptions, including your assumed date of retirement, your assumed spouse/ domestic partner status on the last day of your employment, future health care costs, the expected number of years you (and, if applicable, your spouse or a domestic partner) will be covered under the program after retirement, and interest rates.

The actual amount needed to pay for retiree health care coverage will be different than that shown to the extent actual experience differs from the assumptions used to prepare these estimates.

Using “Model My Retiree Health Care Costs”

Model My Retiree Health Care Costs

Model My Retiree Health Care Costs can help you estimate how much health care coverage will cost during your retirement and understand your portion of the cost. It gives you the ability to estimate the amount you would need to save by the time you retire to pay for retiree health care coverage after retirement (excluding additional costs such as deductibles, coinsurance and copays).

* Click here for Instructions and Tips
Please note that any changes you make in this section will NOT affect your actual records.

~ Collapse All

Your Personal Information Tutorial Save

Assumed date of retirement 05/01/17
Anticipated job grade on the last day of your employment OSP
Zip code where you expect to live when you retire 10701
Your assumed total life span 84
Expected spouse status (partner status on the last day of your employment) Single

Your Dependent Information Tutorial Add Adult Dependent Add Child Dependent Save

First Name	Dependent Type	Date of Birth	Assumed Total Life Span	Maximum Coverage End Age	Disabled Dependent Status
No dependents.					

Your Retiree Health Care Coverage Tutorial Add Coverage Save

Type of Coverage	Coverage Description	Monthly Premium	Coverage Start Date	Coverage End Date	Assumed to be reimbursed from:	Percentage of Premium Reimbursed
					RMSA HSA	
Coverage for You						
Prudential's preferred Medical	Retiree HSA 1000	*	05/01/2017 (Retiree's retirement date)	05/01/2020 (Retiree's Medicare eligibility)	Yes No	100%
Prudential's preferred Medical	Retiree Indemnity Medical Program	*	05/01/2020 (Retiree's Medicare eligibility)	05/00/2039 (Retiree's life span)	Yes Yes	100%
Medicare Part B	Medicare Part B Premium (Standard)	\$134.00	05/01/2020 (Retiree's Medicare eligibility)	05/00/2039 (Retiree's life span)	Yes Yes	100%
Prudential's preferred Dental	Dental PPO	*	05/01/2017 (Retiree's retirement date)	05/00/2020 (Date Retiree reaches age 65)	Yes No	100%
Prudential's preferred Vision	Vision Care Insurance Program	*	05/01/2017 (Retiree's retirement date)	05/00/2039 (Retiree's life span)	Yes Yes	100%

Model My Retiree Health Care Costs gives you the ability to estimate your costs for health care coverage during retirement under the RMSA using your own assumptions. These estimates are based on the premiums you will need to pay for retiree health care coverage after retirement, and exclude additional costs, such as deductibles and copays.

By using Model My Retiree Health Care Costs, you can see:

- The present value as of your assumed retirement date of:
 - The total projected cost of retiree health care coverage;
 - The amount Prudential is expected to provide to you for financial support through the RMSA;
 - Your projected HSA balance (if applicable) to pay for retiree health care premiums after you attain age 65; and
 - Your expected share of the cost.
- The present value as of January 1 of the current year of the items above. This common date for the present value allows you to model different retirement dates and compare your expected share of the cost as of the same date;
- An estimate of the age at which your RMSA and HSA (if applicable) are expected to be depleted based upon assumptions input into the tool; and
- Year-by-year costs divided between you and Prudential.

Please see [Understanding Your Results](#) on page 22 for more information about how to interpret the results.

You can create and compare new projections using different assumptions, including your date of retirement, the number of years you expect to be covered after retirement, your expected marital/domestic partner status at retirement, your expected covered dependents in retirement and your job grade. You can also model the cost of non-Prudential-sponsored health care coverage (including dental, vision and Medicare Part B premiums) as well as the percentage of your premiums to be reimbursed from the RMSA and HSA (if applicable) instead of the full amount.

In addition, you can model your projected accumulated HSA balance (if applicable) that you can use to help pay for retiree health care premiums after you attain age 65. When you begin to model, you will be shown a page that summarizes all of the default assumptions, many of which are based on the current information that is on file for you. You can choose to model using these defaults, or you can edit each of the assumptions, as well as get more information on how each assumption is used in the calculation, including general guidance on ranges or historical rates for some of the assumptions.

To make changes to a section, select the "EDIT" button next to the header. You'll have the ability to move from one input section to the next using the "Next" and "Previous" buttons. Once you've made all of your updates, click "Update Assumptions" to return to the main input summary page.

The following pages describe the sections of the summary page that you can edit when modeling your assumptions.

User's Tip

Dates are generally entered as MM/YYYY. Where this is done, the date used in the Tool will be the first day of the month (that is, MM/01/YYYY). The exception to the rule is when coverage ends, in which case the last day of that month is used.

Editing "Your Personal Information"

Under "Your Personal Information," you can modify the date you are assumed to retire, a future job grade change, the zip code for where you plan to live in retirement, your assumed life span and whether or not you will have a spouse or domestic partner when you retire.

Example

Based on Alice's personal information on file with Prudential, Alice is first eligible to retire at age 58 on December 1, 2018. The Tool automatically pre-populates her assumed retirement date with the date she is first eligible to retire, or December 1, 2018. However, she wants to model retiring at age 60 on December 1, 2020 instead. She'll click the "EDIT" button for this section of the input page and change the date.

Your Personal Information		EDIT
Assumed date of retirement	12/01/2020	
Anticipated job grade on the last day of your employment	14P	
Zip code where you expect to live when you retire	43321	
Your assumed total life span	84	
Expected spouse/domestic partner status on last day of your employment	Married	

Navigating the Modeling Tool — Tutorials Can Help

Click on each TUTORIAL for a short video tutorial to help you understand a specific section of the Modeling Tool. Each tutorial walks through the section to help you understand how making changes may affect your retiree health care cost modeling results.

Your Dependent Information					EDIT
First Name	Dependent Type	Date of Birth	Assumed Total Life Span	Maximum Coverage End Age	Disabled Dependent Status
Adult Dependents					
John	Spouse	05/15/1959	84	N/A	N/A
Dependent Child(ren)					
Tiffany	Dependent Child	02/01/2003	N/A	26	No

Editing “Your Dependent Information”

The “Your Dependent Information” section asks several questions about your dependents. Make sure the dependents you plan to include in health care coverage are captured here, as the “Your Retiree Health Care Coverage” section will use this information for each health care coverage you model. You may add a new dependent, edit information on an existing dependent or delete a dependent.

Example

The Tool automatically pre-populates Alice’s adult dependents and dependent children with those on file. She would like to update the assumed total lifespan for her spouse. She’ll click the “EDIT” button for this section of the input page to change this number.

User’s Tip

As you enter your assumptions, you should proceed through each entry in the order in which it appears on the screen. This will help you evaluate each scenario completely and will also adjust some of the following inputs. For example, if you will not cover your spouse or dependent children during retirement, any inputs pertaining to dependent coverage will not need to be completed.

Note: You should model a few different retirement dates to see how retiring earlier or later will affect how much you pay for retiree health care coverage in the future. Changing your retirement date may have a significant impact on results. Whenever you want to compare the results of two different retirement dates, use the Present Value results as of 1/1 of the current year (see page 25 for more information).

Editing “Your Retiree Health Care Coverage”

In this section, you’ll have an opportunity to model all types of health care coverage for you and your dependents. You can model Prudential-sponsored retiree health coverage (medical, dental and vision), independently purchased coverage, other employer-sponsored coverage and Medicare Part B premiums.

- For all types of coverage, you can modify the coverage period for you and your dependents. For Prudential-sponsored coverage, you may choose from the options currently available in your zip code. For independently purchased coverage and other employer-sponsored coverage, you will need to enter your own assumed costs.
- You will also be able to specify whether you assume coverage to be reimbursed from your RMSA and HSA (if applicable), and the percentage of your premiums that will be reimbursed from the RMSA (for example 50%).

To update your retiree health care coverage, you can add new coverage, edit an existing coverage or delete the coverage completely. From the initial page, select “EDIT.”

An Example

Alice plans to retire prior to age 65 and intends to enroll in Prudential-sponsored retiree medical coverage. She needs to enter the period that she and her spouse will be covered, as well as the medical program options, both before and after attainment of Medicare eligibility, in which she anticipates enrolling.

Your Retiree Health Care Coverage							EDIT
Type of Coverage	Coverage Description	2017 Monthly Premium	Coverage Start Date	Coverage End Date	Assumed to be reimbursed from:		Percentage of Premium Reimbursed
					RMSA	HSA	
Coverage For You							
Prudential-sponsored Medical	Retiree HSA 1500	\$837	12/01/2020 (Retiree's retirement date)	06/30/2025 (Retiree's Medicare eligibility)	Yes	No	100%
Prudential-sponsored Medical	Retiree Indemnity Medical Program	\$458	07/01/2025 (Retiree's Medicare eligibility)	07/31/2044 (Retiree's life span)	Yes	Yes	100%
Medicare Part B	Medicare Part B premium (Standard)	\$134	07/01/2025 (Retiree's Medicare eligibility)	07/31/2044 (Retiree's life span)	Yes	Yes	100%
Prudential-sponsored Dental	Dental PPO	\$62	12/01/2020 (Retiree's retirement date)	07/31/2025 (Date Retiree reaches age 65)	Yes	No	100%
Coverage For Your Spouse (John)							
Prudential-sponsored Medical	Retiree HSA 1500	\$837	12/01/2020 (Retiree's retirement date)	06/30/2025 (Retiree's Medicare eligibility)	Yes	No	100%
Prudential-sponsored Medical	Retiree Indemnity Medical Program	\$458	07/01/2025 (Retiree's Medicare eligibility)	07/31/2043 (Spouse's life span)	Yes	Yes	100%

Your Retiree Health Care Coverage							EDIT
Type of Coverage	Coverage Description	2017 Monthly Premium	Coverage Start Date	Coverage End Date	Assumed to be reimbursed from:		Percentage of Premium Reimbursed
					RMSA	HSA	
Coverage For You							
Prudential-sponsored Medical	Retiree HSA 1500	\$837	12/01/2020 (Retiree's retirement date)	06/30/2025 (Retiree's Medicare eligibility)	Yes	No	50%
Prudential-sponsored Medical	Retiree Indemnity Medical Program	\$458	07/01/2025 (Retiree's Medicare eligibility)	07/31/2044 (Retiree's life span)	Yes	Yes	50%
Medicare Part B	Medicare Part B premium (Standard)	\$134	07/01/2025 (Retiree's Medicare eligibility)	07/31/2044 (Retiree's life span)	Yes	Yes	50%
Prudential-sponsored Dental	Dental PPO	\$62	12/01/2020 (Retiree's retirement date)	07/31/2025 (Date Retiree reaches age 65)	Yes	No	50%
Coverage For Your Spouse (John)							
Prudential-sponsored Medical	Retiree HSA 1500	\$837	12/01/2020 (Retiree's retirement date)	06/30/2025 (Retiree's Medicare eligibility)	Yes	No	50%
Prudential-sponsored Medical	Retiree Indemnity Medical Program	\$458	07/01/2025 (Retiree's Medicare eligibility)	07/31/2043 (Spouse's life span)	Yes	Yes	50%

Alice also wants to model her cost for dental coverage from her spouse's employer until she reaches age 65, at which time she will enroll in Prudential's Dental Discount Program. She'll need to enter the name of the coverage (for example, "Dan's Employer Dental Plan"), the current monthly premium for that coverage, when she wants coverage to start and when she wants coverage to end. For the input that asks whether Alice wants this premium reimbursed from her RMSA, the Tool will automatically select "No" since other employer-sponsored coverage is not eligible for reimbursement from the RMSA.

Alice will then enter her Prudential Dental Discount Program coverage to begin at age 65 and to end at her assumed lifespan.

Coverage Type	Prudential-sponsored Dental
Individuals Covered?	You, Spouse (John)
Is this Pre-65 or Post-65 coverage?	Post-65
Coverage Option Description	Dental Discount Program
Reimburse from your HSA after you turn age 65?	No
Percentage of premium to be reimbursed	100%
Your Coverage Start Date	07/01/2025
Your Coverage End Date	07/31/2044
Spouse's (John) Coverage Start Date	07/01/2025
Spouse's (John) Coverage End Date	07/31/2043
Reimburse from RMSA?	Yes

User's Tip

If you choose to model non-Prudential-sponsored health care coverage, for example, an individual Medicare Advantage HMO or private dental insurance, you must know the current monthly cost and enter it in the Tool.

Note: You must enter the current monthly premium rate. The Tool will calculate the projected future costs for this coverage, based on the assumed rate of increase in health care cost that you have entered in the economic assumptions section (see page 20).

Editing “Model Your Health Savings Account (HSA)”

You can project your accumulated HSA balance that you can use to pay for retiree health care premiums after you attain age 65. You can estimate the HSA contributions you intend to make both before and after your retirement.

You can also select when you want to begin using your HSA to pay for coverage and at what level (visit the “Your Premium Reimbursement Options” and “Your Retiree Health Care Coverage” sections respectively to make these selections).

By modeling your HSA, you can see how far your HSA will last into retirement (given your assumptions) and plan appropriately.

An Example

Alice wants to see the effect of increasing expected annual contributions to the HSA as an active employee. She selects “Update Assumptions” and changes her annual HSA contribution amount. By increasing her contributions, she will see that it will increase the overall amount saved in her HSA to help pay for retiree health care premiums after she reaches age 65.

Health Savings Account (HSA) modeling included	Yes
HSA Account Balance as of today	\$0.00
Assumed annual rate of return on your HSA	5.0%
While you are an active employee enrolled in a high deductible health plan (HDHP)	
Your contributions to the HSA begin	01/2017
Your contributions to the HSA end	11/2020
Amount you expect to contribute annually (including any expected contributions from Prudential)	\$3,400
Are you planning to make catch-up contributions after you turn 55?	No
While you are Pre-65 retiree and enrolled in a high deductible health plan (HDHP)	
Amount you expect to contribute annually when you have high deductible health plan (HDHP) coverage	\$3,400
Are you planning to make catch-up contributions after you turn 55?	No

Editing “Your Premium Reimbursement Options”

You can modify the date you start having reimbursements paid from your RMSA and HSA (if applicable), including the date you will begin using the accounts and whether you would like to use the RMSA or HSA first for reimbursement. Your HSA cannot be used to pay for health care premiums until you reach age 65, for modeling purposes.

If you defer the start date of when your reimbursements begin, you will be given the option to model reimbursement of eligible premium expenses that you are expected to incur between your retirement date and your reimbursement start date. If you select “Yes” to the option, those expenses are assumed to be reimbursed in a lump sum on the date you indicated for your reimbursements to begin.

An Example

Alice wants to model extending the life of her RMSA by delaying reimbursements by a few years. She updates her assumptions and assumes that reimbursements begin five years after her assumed retirement date, to see how long the RMSA will last her into retirement. She assumes that she gets reimbursed for all eligible premiums (from her retirement date to the present) at once.

Date your reimbursements begin if different than your assumed retirement date	12/01/2025
If both your RMSA and HSA are available, which account should be used first for reimbursement after you turn age 65?	RMSA

Editing “Your Economic Assumptions”

This section allows you to modify the default rates of health care cost increases and your rate of return on investments. By changing the health care cost assumptions, you will see a change in the cost of health care premiums and a difference in how quickly your RMSA account balance is depleted in your results. By changing the rate of return on investments, you will see how investment returns can have a significant impact on how much you need to have saved by your retirement date in order to pay for your retiree health care coverage premiums. See page 23 for more information on how this assumption is used in determining the present value amounts shown in the results page (“What Is Present Value and How Is It Used?”).

Example

Alice wants to be more conservative in her assumption around the rising cost of health care as well as her own investment return assumption. She modifies the default rate of increase in health care cost assumption of 5% to 6%, and the default assumed rate of return on her investments from 4% to 3%. By changing these financial assumptions, Alice is able to see how higher expected increases in health care costs and lower expected investment returns can impact the amount she would need to pay for retiree health care coverage in the future.

Your Economic Assumptions		EDIT
Assumed annual rate of increase in health care costs	6.0%	
Assumed annual rate of return on your investments	3.0%	

User’s Tip

You can also click on a question mark located next to the term to obtain more detail.

Tips for Modeling Scenarios

- Be realistic in your assumptions. Your results are only as reliable as the assumptions you input. In addition, the Tool will help you determine the general ranges for most assumptions that you can enter.
- Try different scenarios and observe how your results may change. This will help give you a better understanding of the RMSA and how it will apply to your specific circumstances.
- Review your results carefully. Consider why a specific alternative may be better for your particular situation. Will you be providing coverage for a child and a spouse? Do you intend to remain covered under Prudential-sponsored coverage for the duration of your retirement?
- Consider your retiree health care coverage as one part of your overall retirement plan. When were you planning to retire? Is that date flexible or feasible? Do you have other coverage options (for example, a working spouse with employer-sponsored coverage) that you can use in place of your Prudential-sponsored retiree health care coverage for a period of time?

Be sure to model more than one set of assumptions so you can see how adjustments in each of the assumptions will affect your results.

Please Note:

It is important that you take the time to model different scenarios for you and your family that take into account different coverage options and different retirement dates. Use Present Value results as of 1/1 of the current year to compare results as of different retirement dates.

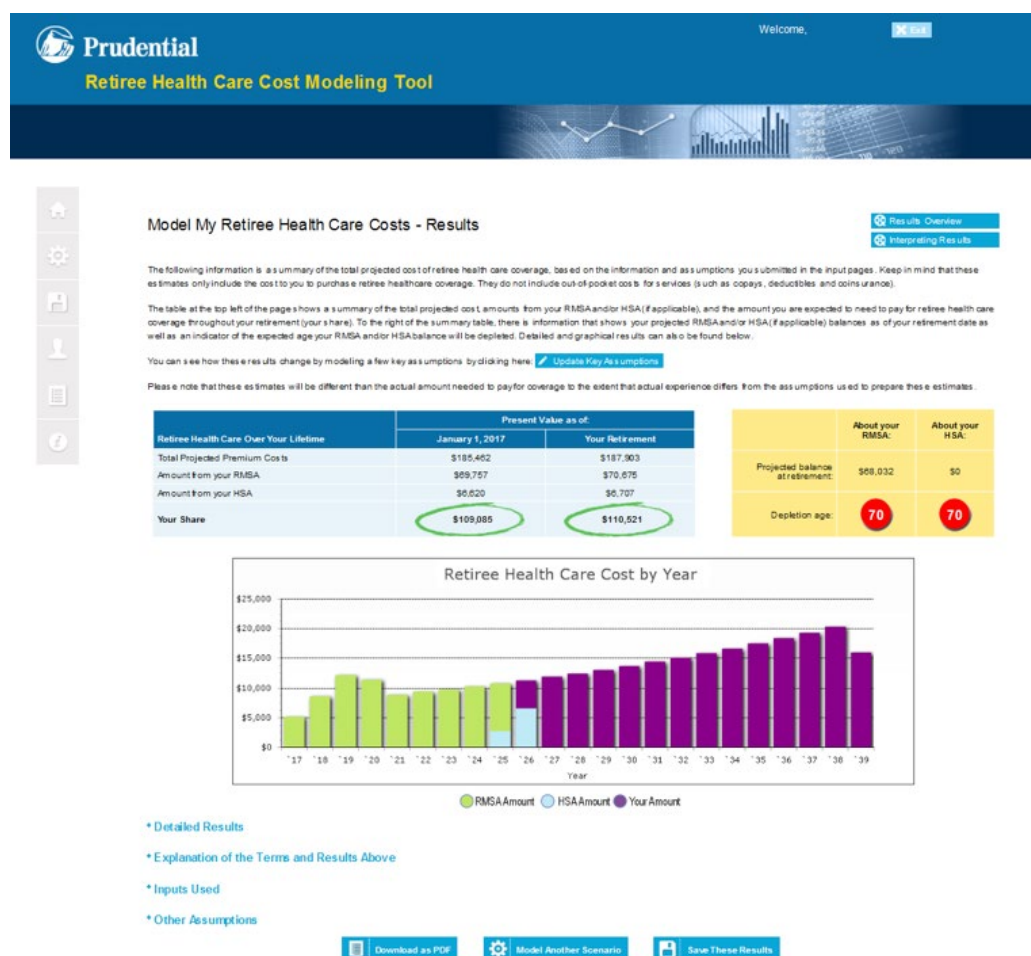
Understanding Your Results

At the top of the Results Page, based on the assumptions you input, summary results are provided for the RMSA. The summary includes the total projected cost of the coverage, the amount of financial support available from the RMSA and the share of the total cost that you will likely need to provide from your own resources. This is provided to give you an estimate of your financial responsibility under the RMSA and HSA (if applicable) using the assumptions you input.

Below the summary table is a graph that visually breaks down your projected retirement costs, year by year. It shows you how your RMSA and HSA might be used to pay your premiums and what your share of the cost will be. Based on the graph, you will be able to see the age at which your RMSA and HSA are expected to be depleted. Or, it will note if your accounts are assumed to adequately cover your expected share of the cost.

Below the graph is a table with a more detailed breakdown, showing expected amounts year by year, of the present value of your projected health care costs.

The summary results show present values of the projected costs, amount from the RMSA and HSA (if applicable), and your share of the projected costs at two different dates. Each of these elements is described on the next page.



Total Projected Premium Costs – The total amount needed to pay for health care coverage. This amount is not offset by any financial support provided by Prudential.

1. **Amount from your RMSA** – The amount of Prudential's share of the total cost.
2. **Amount from your HSA (if applicable)** – The amount of the cost that can be covered by the HSA (after you turn age 65).
3. **Your Share** – The amount you need to pay for your portion of retiree health care coverage.
4. **Present Value as of 1/1/YYYY (where YYYY is the current year)** – This is the amount needed at the beginning of the current year to pay for your future retiree health care coverage. Use this to help evaluate your current savings amounts or to compare your costs when you model scenarios with different retirement dates.
5. **Present Value as of Assumed Retirement Date** – This is the amount of money needed at the time of your retirement in order to pay for your future retiree health care coverage. Use this to help determine your savings goal at retirement or to compare your costs when you model scenarios with the same retirement date.
6. **Update Key Assumptions** – From the Results Page, you can see a summary of some of your key assumptions. You can quickly change any of the key assumptions used for modeling.
7. **Age your RMSA and HSA (if applicable) are expected to be depleted** – This section indicates the age at which your RMSA and HSA (if applicable) are expected to be depleted, or whether the accounts are assumed to adequately cover your expected share of the cost. It also includes a table that shows a breakdown of how the total projected cost is shared between you and the RMSA and HSA (if applicable).

What Is Present Value and How Is It Used?

Present Value is the amount that a future sum of money is worth today given a specified rate of return. For purposes of the Retiree Health Care Cost Modeling Tool, this represents the total projected amount needed to pay for retiree health care coverage during retirement (based on certain assumptions).

Present Value is an efficient way to compare different income or expense streams. For example, in one scenario you might assume enrolling in Prudential-sponsored retiree medical coverage when you retire and in another scenario you might assume enrolling in a non-Prudential-sponsored medical coverage and then a Medicare supplement policy. Since these two expense streams are not comparable at each point in time, Present Value converts each stream to a single amount, which can then be used for comparison.

For an illustration of what Total Present Dollar Value represents, go to the Tool under Supporting Information–Resources, then choose “Total Present Dollar Value Illustration.”

User's Tip

- When reviewing the results, you should pay close attention to your share of the costs. This column shows the amount you need to have in order to pay for retiree health care coverage at the time you are assumed to retire or how much you needed as of the beginning of the current year to pay for your future retiree health care coverage. The lower this amount is, the better the scenario is for you (based on the assumptions you input).
- As you compare the calculations, keep in mind that the RMSA gives you the option to be reimbursed for premiums for health care coverage (medical, dental, vision or prescription drug) in the individual market, through the government or through Prudential. It is possible that health plans offered in the individual market or sponsored by the government may be less expensive than Prudential-sponsored coverage.

Please Note:

The Tool is updated every year, primarily to include updated premiums for Prudential-sponsored retiree health care coverage. In addition, the Total Present Dollar Value as of 1/1 of the Current Year will be determined as of the year in which you are running your model. Therefore, you should discard results you may have saved from prior years. Run them again in the current year so you have updated comparisons.

A Closer Look at Total Present Value “As of Retirement” Versus “As of 1/1 of the Current Year”

Let’s say that you wanted to make a comparison of retiring on July 1, 2017 versus July 1, 2018, and that you are modeling this scenario in 2017. The results for the RMSA assuming you retire on July 1, 2017, might look like this:

Summary Results for July 1, 2017 Retirement

Summary Results								
Projected Cost						Source for Paying Costs		
	Prudential-Sponsored Retiree Medical	Other Coverage Reimbursable from RMSA	Other Coverage Not Reimbursable from RMSA	Medicare Part B Premiums	Total	Amount from RMSA	Amount from HSA	Your Share
Present Value as of 1/1/2017	\$229,501	\$49,757	\$0	\$55,291	\$334,549	\$42,897	\$0	\$291,652
Present Value as of Assumed Retirement Date	\$275,490	\$57,672	\$0	\$74,973	\$408,135	\$51,178	\$0	\$356,957

And the results for the RMSA assuming you retire on July 1, 2018, might look like this:

Summary Results for July 1, 2018 Retirement

Summary Results								
Projected Cost						Source for Paying Costs		
	Prudential-Sponsored Retiree Medical	Other Coverage Reimbursable from RMSA	Other Coverage Not Reimbursable from RMSA	Medicare Part B Premiums	Total	Amount from RMSA	Amount from HSA	Your Share
Present Value as of 1/1/2017	\$222,970	\$48,341	\$0	\$53,718	\$325,029	\$42,800	\$0	\$282,229
Present Value as of Assumed Retirement Date	\$276,649	\$59,979	\$0	\$74,973	\$411,601	\$53,104	\$0	\$358,497

The second row in each table shows hypothetical results as of the assumed retirement dates.

- As of the assumed retirement date of July 1, 2017, “Your Share” of expected costs is expected to be \$356,957.
- As of the assumed retirement date of July 1, 2018, “Your Share” of expected costs is expected to be \$358,497. This means that you would need to save \$356,957 by July 1, 2017, in order to retire then and pay for your future retiree health care coverage, or \$358,497 by July 1, 2018, if you retired then instead.

If you solely looked at these results in the second row, you might come to the conclusion that it is more expensive for you to retire on July 1, 2018, since \$358,497 is more than \$356,957.

However, these figures are not comparable because they are measured at different points in time. By comparing figures as of the same date, you can see why it may actually be less expensive to retire on July 1, 2018.

Let's look at the first row of each table to see why it may actually be less expensive to retire on July 1, 2018.

- If you retired July 1, 2017, using the present value result as of the beginning of the current year, "Present Value as of 1/1/2017," the present value of "Your Share" is \$291,652. This means that \$291,652 on January 1, 2017, would be expected to grow to \$356,957 by July 1, 2017, based on the assumed rate of return on your investments.
- If you retired on July 1, 2018, using the present value result as of the beginning of the current year, "Present Value as of 1/1/2017," the present value of your share is \$282,229. This means that \$282,229 on January 1, 2017, would expect to grow to \$358,497 by July 1, 2018, based on the assumed rate of return on your investments.

Therefore, as of January 1, 2017, you would need to have less money saved in order to pay for your future retiree health care if you retire on July 1, 2018 (\$282,229), compared to retiring on July 1, 2017 (\$291,652).

Please Note:

The Tool estimates the cost of retiree health care coverage, which is only one of many factors you will want to consider when retiring. As you evaluate potential retirement dates, you should also consider the additional factors associated with continuing employment, including continued salary or commissions, active medical premiums, additional time to save money or a shorter amount of time until you become eligible for Medicare.

Resources

This section describes how certain life events may impact your RMSA and defines other key terms.

This section of the brochure includes information to help you understand the RMSA and what it means for your retirement planning.

In This Section You Will Find...

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What Happens If...

This section discusses how certain life events will impact your RMSA.

What Happens If	Then...
I divorce my spouse or domestic partnership is dissolved?	If your divorce or the dissolution of your domestic partnership occurs prior to your retirement, you will not be eligible for the one-time allocation (50% of your RMSA balance) when you retire. If your divorce or dissolution of your domestic partnership occurs after your retirement, your one-time allocation already included in your RMSA will not be affected.
I go on Long Term Disability?	If you have less than 10 years of vesting service at the time Long Term Disability (LTD) benefits begin, you will not be eligible for Prudential-sponsored retiree medical benefits. Active medical coverage may be continued for up to 18 months under COBRA, with no subsidy from Prudential. If you have at least 10 years of vesting service when you begin receiving LTD income benefits, you will be eligible for retiree medical benefits while you are receiving LTD income benefits (and after age 65, if you are still disabled at that time). While you are receiving LTD income benefits, you and Prudential will share in the cost of Prudential-sponsored retiree medical benefits coverage. Note that monthly allocations to the RMSA will be made under normal RMSA rules during the period of your disability. When LTD Income Benefits End: • If you are disabled until age 65 and LTD income benefits end due to your attainment of age 65 (or older, as provided for in the LTD program), the financial support you were receiving from Prudential will cease. You will then use your RMSA to pay for retiree health care coverage going forward. • If you recover from your disability and immediately return to employment at Prudential, your RMSA will continue to grow through monthly allocations (provided you are eligible) and you can use that balance to apply toward your health care coverage at retirement, if you're eligible for retiree medical benefits when you retire. • If you recover from your disability, do not return to employment at Prudential and you were not retirement-eligible when your LTD income benefits began, you are not eligible for Prudential financial support for retiree medical benefits. • If you recover from your disability and you do not return to employment at Prudential and you were retirement-eligible when your LTD income benefit began, continued financial support will be provided through the RMSA.
I retire and my spouse or domestic partner also works for Prudential?	Provided you are retirement-eligible and are eligible for retiree medical coverage, when you retire from Prudential, you will be eligible for the RMSA. You will receive the additional 50% allocation for your spouse or domestic partner, based on your account balance. If your spouse or domestic partner is also eligible for retiree medical coverage and is retirement-eligible, when your spouse or domestic partner retires from Prudential, your spouse or domestic partner will be eligible for a separate RMSA. Your spouse or domestic partner will receive the additional 50% allocation for you, based on the account balance of your spouse's or domestic partner's account.
I die after I retire?	The amount that you have in your RMSA remains intact. Your eligible surviving dependents may continue to use the RMSA to be reimbursed for their eligible health care premiums. The account is forfeited upon the death or loss of eligible status of your last eligible dependent. If you have no spouse or eligible dependent, your account is forfeited at your death. However, your estate will have up to one year after your death to submit eligible claims for reimbursement from your RMSA.
My spouse or domestic partner dies after I retire?	The amount that you have in your RMSA remains intact — there will be no reduction in your account balance for the death of your spouse or domestic partner.

I die prior to retirement?	If you have less than 10 years of vesting service at the time of death while an active employee, your surviving dependents are not eligible for Prudential-sponsored retiree medical benefits and your RMSA will be forfeited. Active medical coverage may be continued for up to 36 months under COBRA, subsidized by Prudential for 12 months. If you have 10 or more years of vesting service, have a spouse or dependent child(ren) enrolled in active medical coverage at that time and die while an active employee: • An RMSA account will be established for your surviving spouse (or your oldest dependent child if you have no spouse). The amount in the account will be equal to your account balance at the time of death. • There is no one-time allocation (50% of your RMSA balance for your spouse or domestic partner) in this situation. Note that the RMSA can be used to pay for Prudential-sponsored medical, dental and vision coverage continued through COBRA. • If your surviving spouse or dependent child(ren) were enrolled for Prudential-sponsored medical coverage at the time of your death, your surviving spouse or dependent child(ren) will have 90 days from the date of your death to elect to continue Prudential-sponsored coverage. If coverage is not elected in that timeframe, your dependents will no longer be eligible for Prudential-sponsored retiree coverage. Your surviving spouse will still have access to the RMSA for non-Prudential-sponsored eligible coverage. • Your surviving spouse and dependent child(ren) may want to elect continuation of coverage through COBRA. After COBRA continuation coverage is exhausted (up to 36 months), they will be able to enroll in the Prudential Retiree Medical Program, but must enroll within 60 days of exhaustion of COBRA continuation coverage. If you have 10 or more years of vesting service, but your spouse and dependent child(ren) are not enrolled in active medical coverage at the time of your death, an RMSA will be established for your spouse (or your oldest dependent child if you have no spouse) if you are eligible for retiree medical benefits. The amount of the account will be equal to your account balance at the time of death. Your dependents may not enroll in Prudential-sponsored coverage, but may use the RMSA for other eligible coverage. If you have 10 or more years of vesting service, but you have no spouse or eligible dependent child, your RMSA is forfeited at your death. Your surviving domestic partner, if applicable, may want to elect continuation of coverage through COBRA-like continuation coverage. However, after COBRA-like continuation coverage is exhausted (up to 36 months), your domestic partner will not be able to enroll in the Prudential Retiree Medical Program.
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Glossary

This section includes important terms to know in order to understand the changes to Prudential's financial support toward retiree health care.

Account balance

The amount in your RMSA. Your account balance is dependent upon your monthly allocation during your working years at Prudential, your RMSA opening account balance, additional allocations for your spouse/domestic partner, your amount rolled over from the Health Reimbursement Account under the HRA 1000 (if applicable) and interest on your account balance each month after retirement. This amount is reduced each time you are reimbursed from the account for health care premiums.

Adjusted service date

The date you were first employed (or re-employed if you had a "break in service"— see definition below) by Prudential or its Affiliates, adjusted, if applicable, to reflect any period in which you were not affiliated with Prudential or its Affiliates.

Break in service

Generally, a break in service occurs if you were not vested in The Prudential Merged Retirement Plan when you separated from service with Prudential or its Affiliates and then were not affiliated with Prudential or its Affiliates for at least the next five years.

Continuous service

The period from your adjusted service date to the date of termination.

Cost of coverage

Refers to the charge determined by Prudential, using the best tools reasonably available, to estimate the total amount that will be expended for your Prudential-sponsored coverage during the year. If the program is self-insured (rather than provided through an actual insurance policy with a premium), the actual expenditures for the year may be higher or lower than the determined charge.

Cost of coverage does not include out-of-pocket costs for services, such as copays and coinsurance amounts.

Covered dependents

Your dependents who are enrolled in your Prudential-sponsored retiree health care coverage. Generally, this may include your spouse or domestic partner and your dependent children.

For more information, please refer to your Summary Plan Description booklets available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

Date first eligible for retiree medical

Provided you are a Prudential employee who is full-time or part-time scheduled to work at least 20 hours a week (other than a part-time Field Force Marketing Assistant), the date on which you (1) have 10 or more years of vesting service (as defined under The Prudential Merged Retirement Plan, and including any additional periods of vesting service granted under The Prudential Retiree Welfare Benefits Plan for the purposes of eligibility); and (2) either have attained the first day of the month on or following your 55th birthday or are considered a Retired Participant under the terms of The Prudential Traditional Retirement Plan (a component of The Prudential Merged Retirement Plan).

See also the definition of “retirement-eligible” or the *Retirement Plan* Summary Plan Description booklet available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

Domestic partner

To meet the eligibility requirement as a same-sex or opposite-sex domestic partner under the Prudential Retiree Medical Program, your domestic partner must:

- Be age 18 or older;
- Have lived with you for at least six months and remain a member of your household during the period of coverage;
- Be and have been in a serious and committed relationship with you for at least six months;
- Be financially interdependent with you;
- Not be related to you in any way that would prohibit legal marriage (laws vary from state to state); and
- Not be legally married to, or a domestic partner of, anyone else.

For more information, please refer to your Summary Plan Description booklets available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

Health Reimbursement Account

The Health Reimbursement Account (HRA) is a record-keeping account set up for participants enrolled in the HRA 1000 or Retiree HRA 1000 medical programs. The HRA helps satisfy part of your responsibility under the HRA 1000 or Retiree HRA 1000 (for example, annual deductible or coinsurance). If you enroll in the HRA 1000 or Retiree HRA 1000 and remain enrolled (either as an active employee or a retiree), any unused HRA balance will carry over from one year to the next until you enroll in a different medical program option or terminate your employment (except if you retire). At that time, you will lose any remaining balance in your HRA, unless you are retired and eligible for retiree medical benefits, in which case your HRA will roll over into your RMSA.

Initial allocation rate

This amount (\$2,100) is multiplied by your years of continuous service to determine the RMSA opening account balance as of January 1, 2008. The initial allocation rate is not based on job grade.

Job grade

Your level in the organization based on your duties and responsibilities. Under the RMSA, the monthly allocation made to your account during your working years at Prudential (when eligible for an allocation) is based on your job grade. A table is included on page 5 of this brochure that shows the monthly allocation for each job grade.

Medicare-eligible

Generally, if you are age 65 or older, you are eligible for Medicare. In addition, people of any age who have been receiving Social Security disability benefits for 24 months and people with permanent kidney failure treated with dialysis or transplant may be eligible for Medicare.

Opening account balance

A one-time allocation to the RMSA account on January 1, 2008, for individuals who are eligible for active employee medical coverage on December 31, 2007. The RMSA opening account balance was a product of your number of years of continuous service as of December 31, 2007, and the initial allocation rate of \$2,100.

Premiums

The amount charged by an insurance company to pay for health care coverage or the charge determined by Prudential, using the best tools reasonably available, to estimate the total amount that will be expended for your benefits during the year.

Prudential Retiree Medical Program

A variety of medical options Prudential offers under The Prudential Retiree Welfare Benefits Plan to its eligible retirees, Long Term Disability participants and surviving dependents.

For more information, please refer to the *Retiree Medical Program* Summary Plan Description booklet available on My Prudential and Benefits at Pru (at www.BenefitsatPru.com, refer to the information for "Post-2000 Retirees").

The Prudential Retiree Welfare Benefits Plan

The Prudential Retiree Welfare Benefits Plan was established by the Company effective January 1, 2014, to provide various retiree health and welfare benefits for participants who are former Employees of the Company. Benefits provided under the Plan effective January 1, 2014, include the Retiree Medical Savings Account, and effective March 31, 2014, include Retiree Medical, Retiree Dental and Retiree Vision benefits.

The Prudential Welfare Benefits Plan

An employee benefits plan established by the Company to provide various health and welfare benefits for participants. Benefits provided under the Plan include medical, dental, vision, disability, life insurance, long term care and legal care.

Qualifying Event

A Qualifying Event is an event that allows you to continue certain health care coverage under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended). This event can be the loss of a job, death, divorce or a qualified dependent reaching the age of ineligibility. For more information on specific Qualifying Events, please refer to your Summary Plan Description booklets available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

Retirement-eligible

You are retirement-eligible:

- If your pension benefits are determined under The Prudential Traditional Retirement Plan Document component of The Prudential Merged Retirement Plan (the "Retirement Plan") or if you chose to have your pension benefits determined under the Prudential Cash Balance Pension Plan Document component of the Retirement Plan through the Pension Choice process in 2001, you are considered retirement-eligible if your employment ends after:
- The first day of the month on or following your 65th birthday; or
- The first day of the month on or following your 55th birthday and completion of at least 10 years of vesting service; or
- You became eligible for a 50/20 pension benefit; or

- If your pension benefits are determined under the Prudential Cash Balance Pension Plan Document component of the Retirement Plan, but you did not have an election through the Pension Choice process in 2001, then you are considered retirement-eligible for purposes of eligibility for retiree medical benefits if your employment ends after the first day of the month on or following your 55th birthday and completion of at least 10 years of vesting service.

For more information, please refer to the *Retirement Plan* Summary Plan Description booklet available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

Substantially dependent

To be considered substantially dependent, your dependent child(ren) must receive more than 50% of their maintenance and support from you or your spouse, as defined by Section 152 of the Internal Revenue Code.

Total present dollar value

Total present dollar value is the amount that a future sum of money is worth today given a specified rate of return. For purposes of the Retiree Health Care Cost Modeling Tool, this represents the total projected amount needed to pay for retiree health care coverage during retirement (based on certain assumptions). The Tool provides two total present dollar value figures: one at your projected retirement date and another at the beginning of the year in which you are modeling.

Vesting service

Determined in accordance with The Prudential Merged Retirement Plan (and including any additional periods of vesting service granted under The Prudential Retiree Welfare Benefits Plan for the purpose of eligibility).

Generally, your vesting service includes time worked and certain approved or authorized time away from work, including vacations, holidays, sick days and certain time away on a paid or unpaid leave of absence. You generally receive credit for vesting service beginning with your first day of employment with Prudential and its Affiliates and ending on the date your employment with Prudential and its Affiliates ends.

For more information, please refer to the *Retirement Plan* Summary Plan Description booklet available on My Prudential, Benefits at Pru (at www.BenefitsatPru.com) and the Prudential Benefits Center website (at www.prubenefitscenter.com).

IMPORTANT NOTICE

This brochure is intended to help you understand Prudential's financial support toward the cost of retiree health care coverage during retirement, if you are or become eligible for Prudential retiree medical benefits. For more details on the retiree medical programs available to eligible retirees under The Prudential Retiree Welfare Benefits Plan (the "Plan"), please refer to the *Retiree Medical Program* Summary Plan Description (SPD) booklet. It is not intended to persuade you to select any particular retiree medical program. Please note that Prudential and the Plan Administrator for the Plan may, in their sole discretion, establish and change the amounts charged to participants for retiree health care at any time, for any reason and for any coverage.

This brochure is not a substitute for the official Plan Document(s), which governs the operation of the Plan. All terms and conditions of the Prudential Retiree Medical Programs, including your eligibility and any benefits, will be determined pursuant to and are governed by the provisions of the applicable Plan Document(s). If there is any discrepancy between the information in this brochure or in any other Prudential materials relating to these programs and the actual Plan Document(s), or if there is a conflict between information discussed by anyone acting on Prudential's behalf and the actual Plan Document(s), the Plan Document(s) as interpreted by the Plan Administrator in its sole discretion will always govern.

Prudential may, in its sole discretion, modify, amend, suspend or terminate any and all of its HR policies, programs, Plans and benefits, including those described in this document, in whole or in part, at any time, without notice to or consent of any participant, employee or former employee to the extent permissible under applicable law.

Nothing contained in this brochure is intended to constitute or create a contract of employment, nor shall it constitute or create the right to remain associated with or in the employ of Prudential for any particular period of time. In addition, no oral or written statements made by anyone acting on Prudential's behalf are intended to create the right to remain associated with or in the employ of Prudential for any particular period of time. Employment with Prudential is employment at-will. This means that either you or Prudential may terminate the employment relationship at any time, with or without cause or notice.