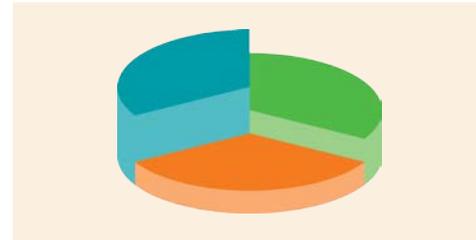




The “How Do I Save For Retirement” Challenge



Presented by Dallas Chastain



Magellan Health, Inc. Retirement Savings Plan





This presentation is intended to provide information only.
This material is not intended as advice or recommendation about investing or managing your retirement savings. By sharing this information, Prudential Retirement® is not acting as your fiduciary as defined by the Department of Labor's Fiduciary rule or otherwise. If you need investment advice, please consult with a qualified professional.



Today we will discuss

1

The challenges
of saving for
retirement

2

Your investment
options

3

Next steps for
your planning
process

The five challenges



Longevity Disconnect

We treat our future selves as strangers



Procrastination

The average person procrastinates two hours per day



Optimism Bias

We think things will turn out better for "us" than "them"



Overreaction

Our emotions too often guide our decisions



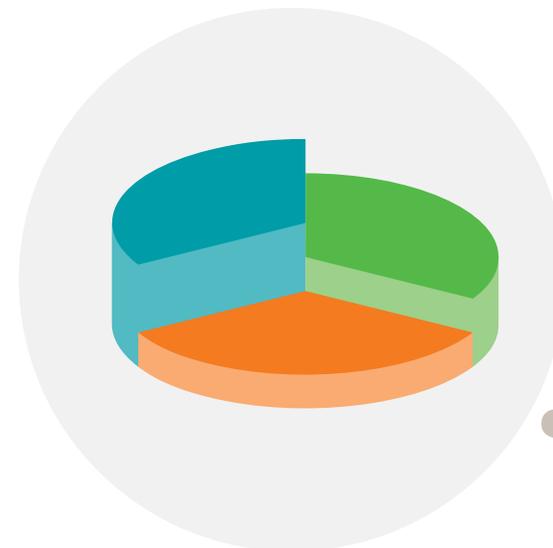
Impulse Control

We're simply preconditioned to want things NOW

Step toward your retirement. Consider:



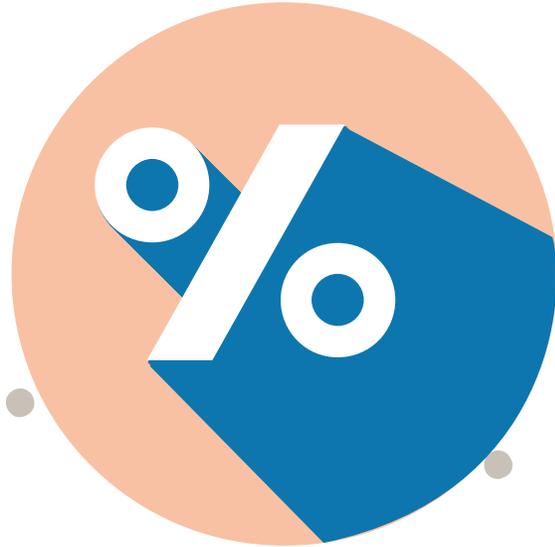
Joining
your retirement plan



Allocating
your investments



Step toward your retirement. Consider:



Increasing
your contributions regularly



Catching up
by making additional contributions if you're
50 or older and meet eligibility requirements



Plan highlights

Eligibility: Immediately eligible and can enroll at anytime

Auto Enrollment

- You are automatically enrolled at 3%
- Contributions will be invested in a default fund
- Contributions may be stopped at any time
- Enrollment may be declined within 45 days of eligibility (by choosing “0” as your deferral percentage) directly with Prudential, either via phone or online

Employee contribution: 1 -75%

*Please refer to your Enrollment Materials for more information about the default fund.



Plan highlights

Contribution Accelerator

Roth contribution

Match: \$0.50 for every \$1, up to the first 6% of your eligible compensation

Vesting: After 1 year of service = 34%, 2 years = 67% and 3 years = 100%

Loans: 1 at a time, \$50 fee/loan application, payroll deduction, \$1,000 min. loan, prepayment allowed, Interest = Prime + 1%

Withdrawals

Electronic delivery of notices and statements

Amounts withdrawn are subject to income taxes and potentially a 10% federal income tax penalty if taken before age 59½. Penalty does not apply to 457(b) plans.



Key advantage: It simplifies investing

Contributions are automatically deducted from your pay



When you don't *see it*,
you don't *miss it*.
And you don't *spend it!*



Key advantage: It simplifies investing

Wide variety of investment options selected by your plan sponsor



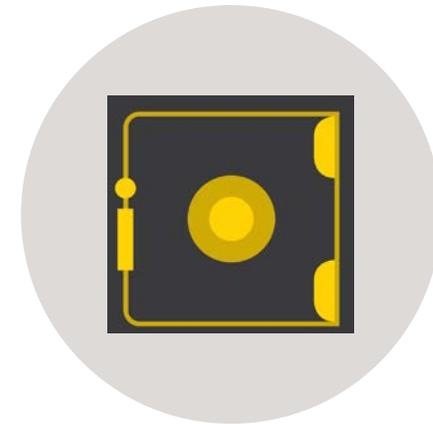
Key advantage: It can reduce your current taxes*

Out of every dollar you put aside for retirement you can:



Let the government take 25 cents
and you only save 75 cents

or



Put one dollar into
your plan

Example above assumes 25% tax bracket. Putting money in retirement plans, the taxes are deferred until withdrawal and are generally taxable at ordinary rates. The examples shown in this document are for illustrative purposes only. **You can lose money by investing in securities.**

*Contributions to a Roth account are made on an after-tax basis and do not reduce current taxes.

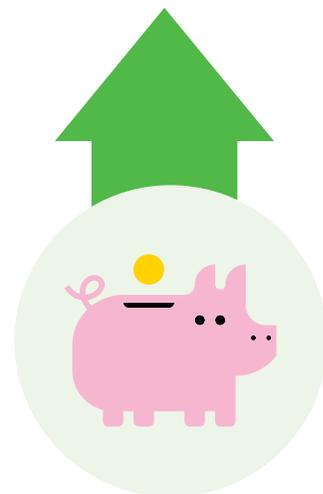
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Key advantage: It lets you save more tax-deferred

	Type of Plan	2018 Contribution Limits
IRAs	<ul style="list-style-type: none">• Up to age 49• Age 50+	<ul style="list-style-type: none">• \$5,500• \$6,500
Retirement Plans 401(k)	<ul style="list-style-type: none">• Up to age 49• Age 50+	<ul style="list-style-type: none">• \$18,500• \$24,500

Neither Prudential Financial nor any of its representatives are tax or legal advisors and encourage you to consult your individual legal or tax advisor with any specific questions.

Key advantage: It's disciplined



Tax benefits
encourage saving
for retirement

Tax penalties
discourage spending
retirement savings prematurely



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See plan information regarding limitations on withdrawals from your 401(k) account.



IRS contribution limits

- You can make pre-tax and Roth contributions.
- Maximum combined contribution limits for 2018:

Under age 50
\$18,500

If age 50 or older
\$24,500

[For 403b plans:]: There are special catch up provisions for individuals who have completed 15 years of service with your current employer. Consult your plan description for more information.

[For 457 plans:] If you are in the three calendar years prior to normal retirement age, you may also be able contribute up to twice the annual limit (\$36,000 in 2015), depending on how much you were able to contribute in previous years but did not.

Nonqualified withdrawals, are generally taxed at ordinary income tax rates and, except for withdrawals from a Roth 457(b), may be subject to a 10% tax penalty. Neither Prudential Financial nor any of its affiliates provide tax or legal advice, for which you should consult your qualified professional.



Roth contributions

- Plans may allow for a combination of pre-tax and Roth Contributions
- Contributions are made after tax
- No reduction in taxes today
- If held in your plan for 5 tax years or more AND you attain age 59½, all distributions are tax free
- Money distributed from a ROTH to beneficiaries is also income-tax free
- Matching contributions are made to a pre-tax account



Who might benefit from Roth?

Individuals who are:

- On track for retirement
- Maximum savers to the plan
- Not eligible for Roth IRA
- Don't earn a lot today—but just wait.
- In a low tax bracket today (10% or 15%)

Consult a tax advisor!

Neither Prudential Financial nor any of its representatives are tax or legal advisors; we encourage you to consult your individual legal or tax advisor with any specific questions.



Who might not benefit from Roth?

Individuals who are:

- Behind on saving for retirement and expect Social Security to be the mainstay of their retirement
- Eligible for certain valuable tax credits

Consult a tax advisor!

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Some things to think about

- Do you think your tax rate will be higher when you retire than it is now?
- Can you afford to take a reduction in take-home pay in order to contribute the same percentage as you would with pre-tax contributions?
- Do you want to diversify your tax strategy in retirement?
- Are you prevented from making Roth IRA contributions due to your income?
- Are you willing to forgo current tax breaks for tax benefits at retirement?

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Next steps

- Review your personal financial situation
 - Current tax rate
 - Flexibility to decrease current take-home pay
 - Expected tax rate in retirement
- Consult your tax or financial advisor
- Utilize the online tools and calculator. You can access the Roth Comparison Calculator at roth.connectwithpru.com
- Review and adjust your contribution rate as appropriate

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Save all you can



Chris starts contributing 4% each year

at age

25



Increases 1% each year until reaching 15%



Pat starts contributing 4% each year

\$328,095

Annual income in retirement:

\$26,986

at age

65

\$947,508

Annual income in retirement:

\$77,932

Assumptions: \$50,000 annual salary, contributions beginning at 4% made weekly, 6% rate of return, invests for 40 years until age of 65, takes equal benefit payments at the beginning of each year for 20 years until no money remains, assumes no salary increases. The compounding concept is hypothetical, for illustration only, and not intended to represent the performance of any specific investment, which may fluctuate. No taxes are considered; generally withdrawals are taxable at ordinary rates and may be subject to tax penalties. **You can lose money by investing in securities.** This information has been provided for your benefit and is not intended or designed to be tax advice. Neither Prudential Retirement, nor any of its representatives, may give legal or tax advice.

Increase your contributions at age 45



Chris starts contributing 4% each year

at age

45



Pat starts contributing 4% each year



Increases 1% each year until reaching 15%

65

\$294,248
Annual income in retirement:
\$24,202
at age

\$433,141
Annual income in retirement:
\$35,626

Assumptions: \$55,000 annual salary, contributions at 4% made weekly, current account balance is \$65,000, 6% rate of return, continues to invest for 20 years until age of 65, takes equal benefit payments at the beginning of each year for 20 years until no money remains, assumes no salary increases. The compounding concept is hypothetical, for illustration only and not intended to represent performance of any specific investment, which may fluctuate. No taxes are considered; generally withdrawals are taxable at ordinary rates and may be subject to tax penalties. **You can lose money by investing in securities.** This information has been provided for your benefit and is not intended or designed to be tax advice. Neither Prudential Retirement, nor any of its representatives, may give legal or tax advice.

You are an investor

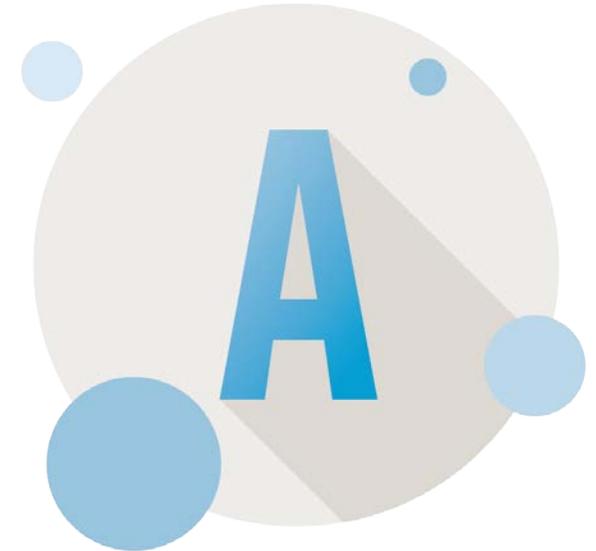
The three types of investors



Conservative



Moderate



Aggressive

Why is asset allocation important?



Market



Inflation

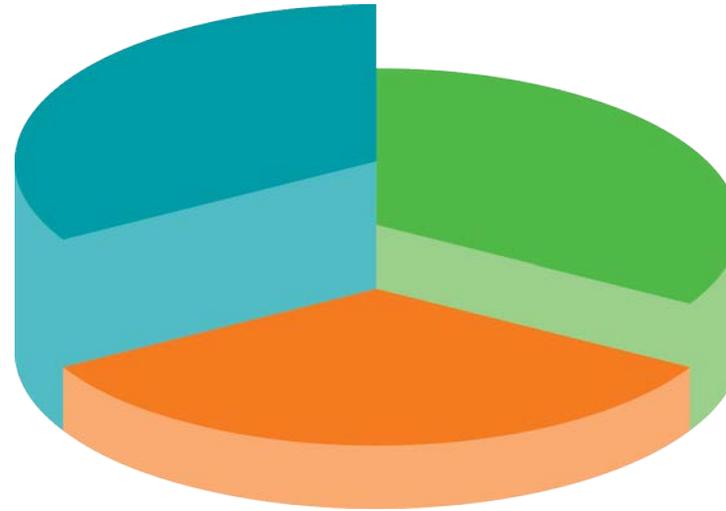


Longevity

Understand your plan's investment options

Fixed-income funds

Invest in bonds (loans to companies or government agencies) and preferred stock. These are subject to interest rate risk; their value will decline as interest rates rise.



Stock funds

Invest in shares (ownership) of companies and participate in the profits and losses.

Stable value funds

Pay a rate of return, promised by financial institutions, for a stated period of time.

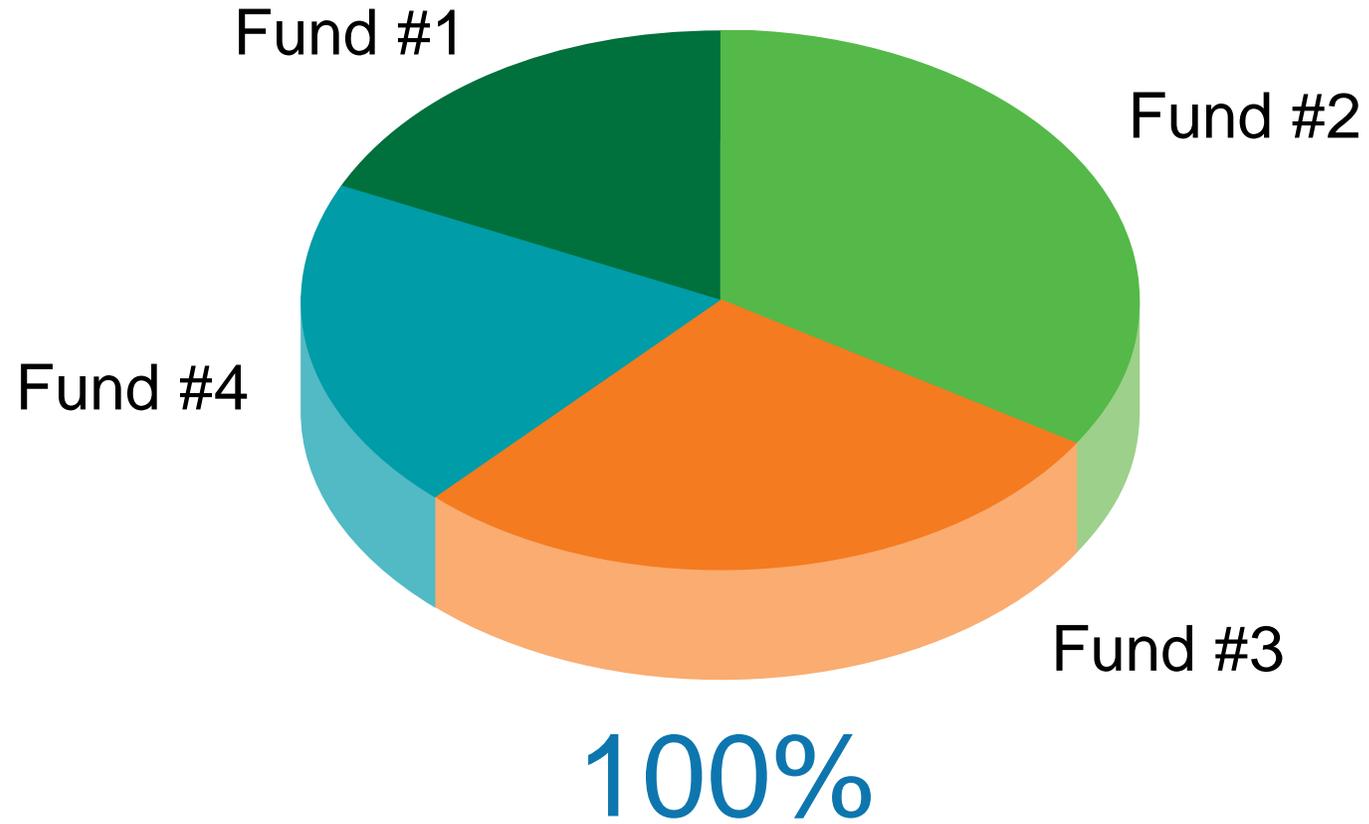
Risk vs. return



This is a simplified illustration of the relationship between investment risk and potential rate of return. There is no assurance that higher risk investments will provide greater returns over time. Past performance is not indicative of future performance.



You'll need to build your portfolio





Asset allocation is all about you

It is a highly individualized process, based on:

- Person's investor style
- Years to retirement
- Financial goals

Put your asset allocation plan into action!

You have two options

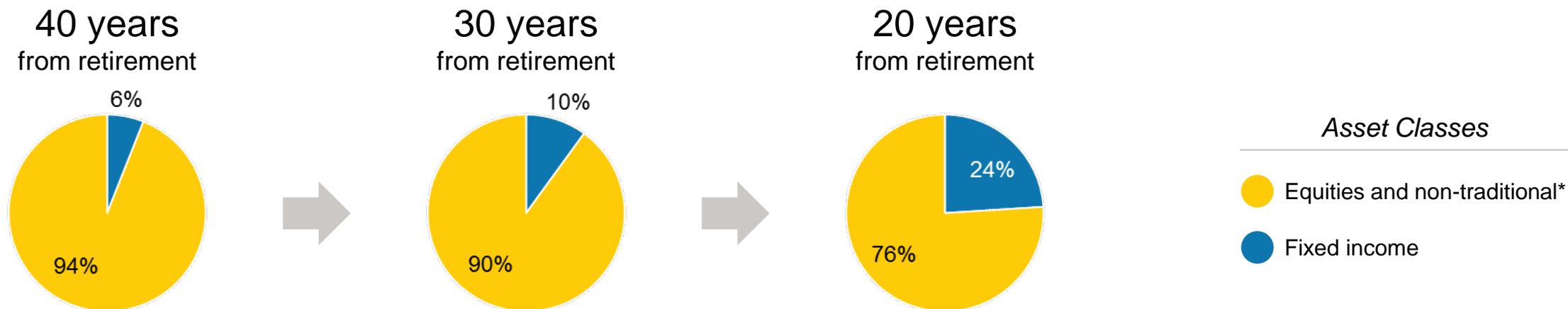


For help determining an appropriate asset allocation, log in to your account to take the Investor Style Quiz at prudential.com/online/retirement

What is a target-date fund?

- Select the fund whose target date most closely matches the date you expect to retire and may begin withdrawing money
- Your investment's allocations automatically rebalance to a more conservative approach by lessening equity exposure and increasing exposure to fixed income type securities as you move closer to your chosen date of retirement

Sample target-date fund equity vs. Fixed income exposure



A target-date fund should not be selected based solely on age or retirement date, is not a guaranteed investment and the stated asset allocation may be subject to change. As with all investments, there are a number of factors and risks to consider in selecting a target-date fund. In addition to anticipated retirement date, relevant factors for Fund selection may include age, risk tolerance, other investments owned, and planned withdrawals. In addition, participants should carefully consider the investment objectives, risks, charges, and expenses of any Fund before investing. You can lose money in a Fund—including near or following retirement—and there is no guarantee that the Funds will provide adequate retirement income. Investments in the Funds are not deposits of obligations of any bank and are not insured or guaranteed by any governmental agency or instrumentality.



How GoalMaker works

Tell us:

- Your investor style
- When you will retire and begin withdrawing from your account

You get:

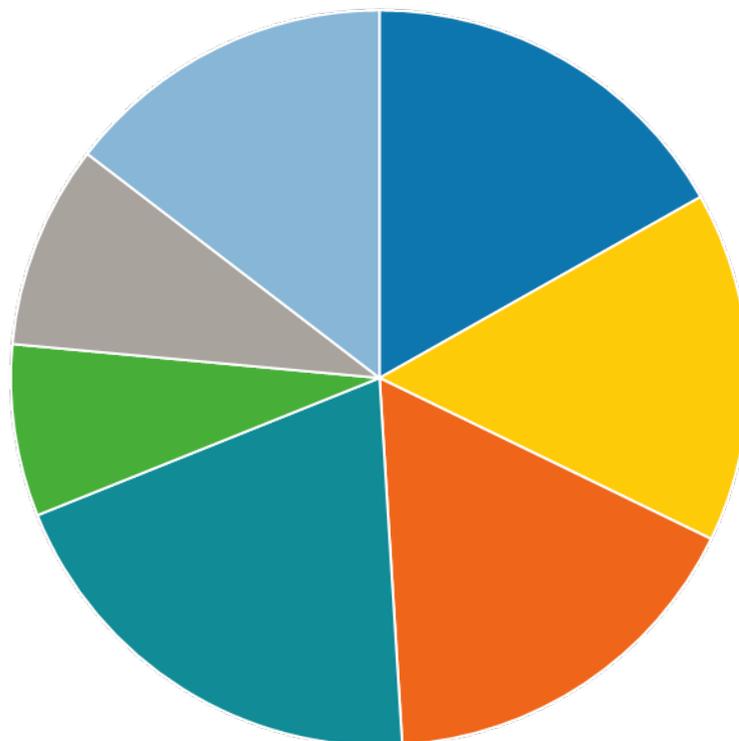
- Automatic asset allocation
- Automatic rebalancing
- Automatic Age Adjustment

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Participants should consider their other assets, income and investments (e.g., equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to their interest in the plan, to the extent those items are not taken into account in the model. Participants should also periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon.

Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **You can lose money by investing in securities.**

Automated portfolio creation with GoalMaker

For a moderate investor



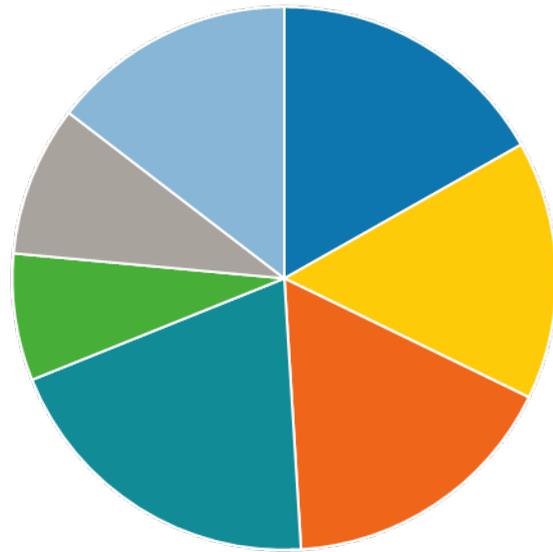
Asset classes

- Stable value
- Fixed income
- Large-cap stock—Growth
- Large-cap stock—Value
- Small/Mid-cap stock—Growth
- Small/Mid-cap stock—Value
- International stock

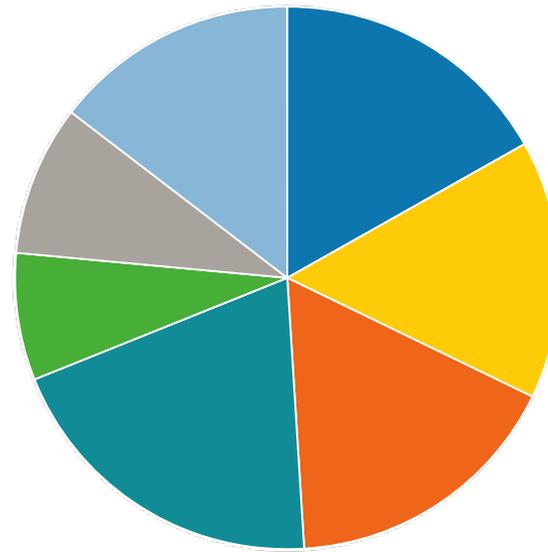
GoalMaker® portfolio

Make change work for you

For a moderate investor



**GoalMaker
portfolio**



**Rebalanced
GoalMaker portfolio**

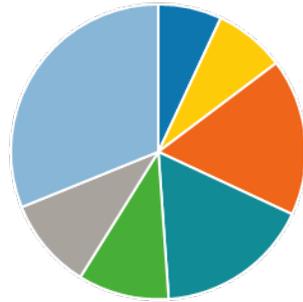
Asset classes

- Stable value
- Fixed income
- Large-cap stock—Growth
- Large-cap stock—Value
- Small/Mid-cap stock—Growth
- Small/Mid-cap stock—Value
- International stock

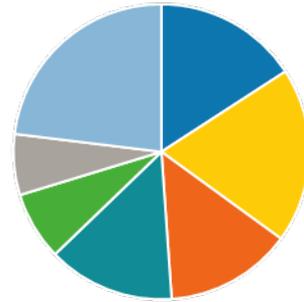
*Developed by Morningstar Associates, LLC, a respected industry leader

Automatically adjusts as you near retirement

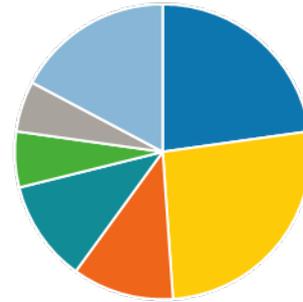
Age adjustment for a moderate investor



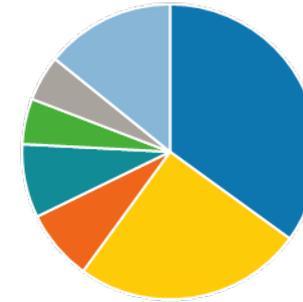
16+
Years



11-15
Years



6-10
Years



0-5
Years

● Stable value

● Fixed income

● Large-cap stock—Growth

● Large-cap stock—Value

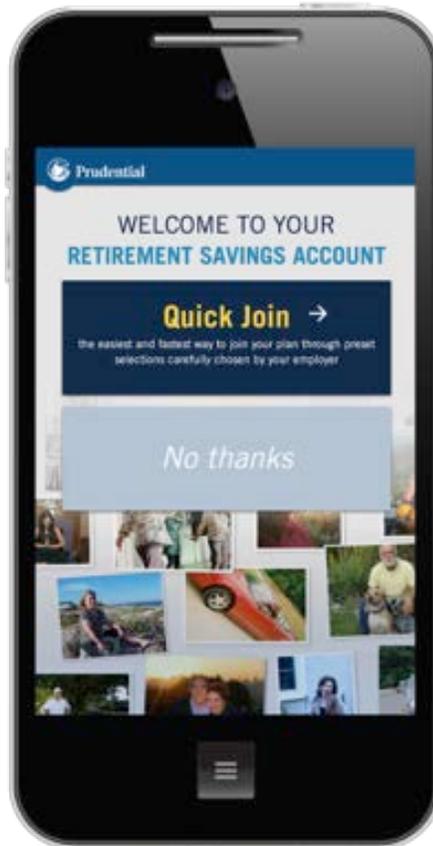
● Small/Mid-cap stock—Growth

● Small/Mid-cap stock—Value

● International stock

These model portfolios are provided as samples and not as investment recommendations. The model portfolios are based on generally accepted investment practices and take into account the principles of modern portfolio theory, in which allocations are adjusted in an effort to achieve maximum returns for a given level of risk. You should consider other assets, income, and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to your interest in the plan, to the extent those items are not taken into account in the model before applying these models to your individual situation. Please note that in addition to the specific investments used in the GoalMaker model portfolios, other designated investment alternatives have similar risks and return characteristics. Information regarding those designated investment alternatives can be found in your plan enrollment materials or by logging into your retirement account at Prudential.com. The GoalMaker portfolios are subject to change including, for example, the replacement of investment options and allocations within the portfolios. You will be notified in writing in advance of such changes. Past performance of investments or asset classes does not guarantee future results

Joining the plan is easy and quick



Takes less than a minute

Uses investments and savings percentages pre-selected by your plan

Also works on any regular PC

prudential.com/quickjoin

Keeping asset allocation working for you

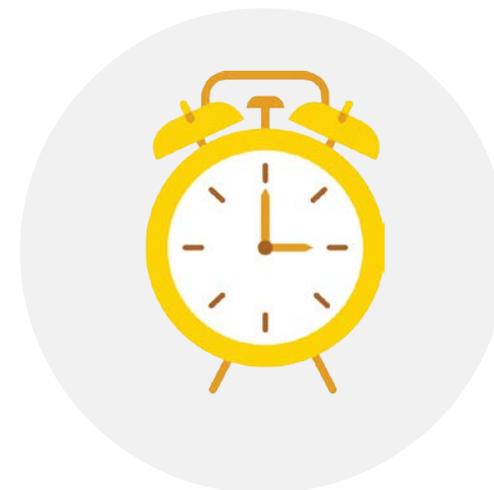
Three important elements



Monitoring



Rebalancing
(at least once a year)



Adjusting over time

Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. It is possible to lose money by investing in securities.



Why roll other savings into one plan?

	Money remains tax-deferred	Avoid taxes and penalties	Convenience	Potentially lower cost	Easier to manage and maintain asset allocation
Consolidated Account	✓	✓	✓	✓	✓
Multiple Accounts	✓	✓			

To consolidate your accounts at Prudential call:
800-249-2430, between 8 a.m. and 6 p.m. ET, Monday through Friday.

Rollover assets may be assessed fees or other surrender charges.

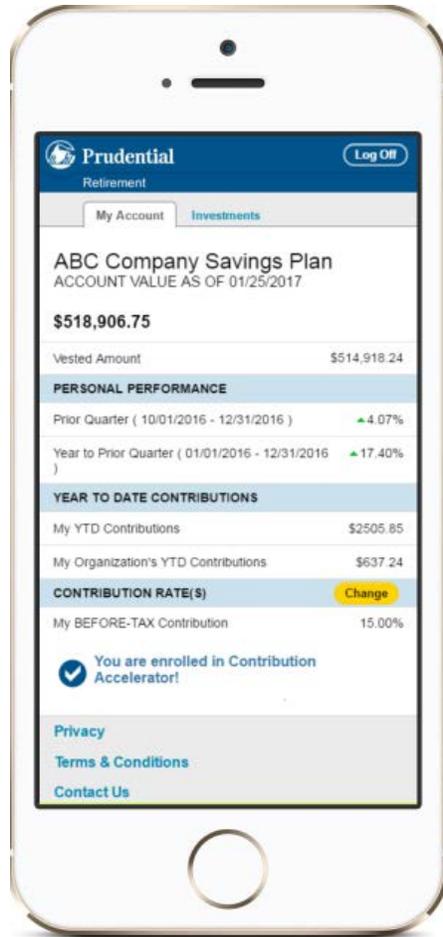


Access your account—register online

prudential.com/online/retirement

- Track your account balances and performance
- Make changes to your investments
- Perform transactions
- Update your beneficiary
- Update your contact information
- Get electronic delivery of all of your account info

Access your account – on the go!



Download the mobile app

- Available on Google Play or the App Store
- View your account balances
- View investment performance

Retirement income calculator

Meet the Challenge of Building the Future You Want
Start preparing for the life you desire on your Day One and every day that follows
[Tour this page](#)

[Print](#) [Close](#)

Retirement Income Calculator

See how a few small changes can make a big difference.

Gap \$1,123 Goal \$5,353

\$4,230 /mo. as of 05/02/20XX
Estimated Retirement Income
in Future Dollars (2033)

Along with your numbers, we've made some assumptions to calculate your estimated retirement income. [View/Edit](#)

You may also [Start Over](#)

1 Save More

ABC Defined Contribution Plan

The best thing you can do is to increase your contributions from 3% to 7% to add about \$1,229 to your estimated monthly retirement income.

If that's too much, try increasing your contributions to 5% to take full advantage of your organization's match

7% Suggested

3% 5% Maximize Match **DO IT**

2 Consider Delaying Your Retirement

67 **SAVE**

You will be able to receive full Social Security Benefits (67).

Day One Achievements

Almost There

You're close to making the most of your plan.

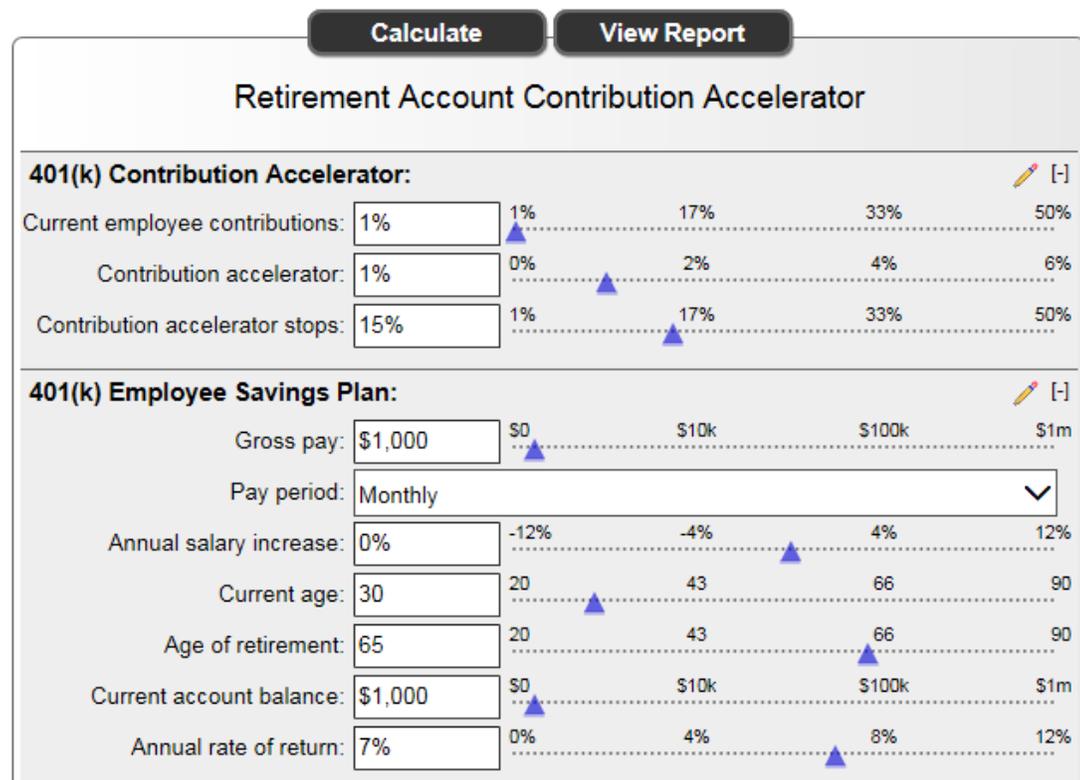
Review your achievements — see how you can get even closer.

SEE DETAILS

Visiting Museums

Participants using the Retirement Income Calculator should consider other assets, income and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) when assessing the adequacy of the estimated income stream as provided by this tool. The Retirement Income Calculator is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. It is possible to lose money by investing in securities.

Consider trying the contribution accelerator calculator

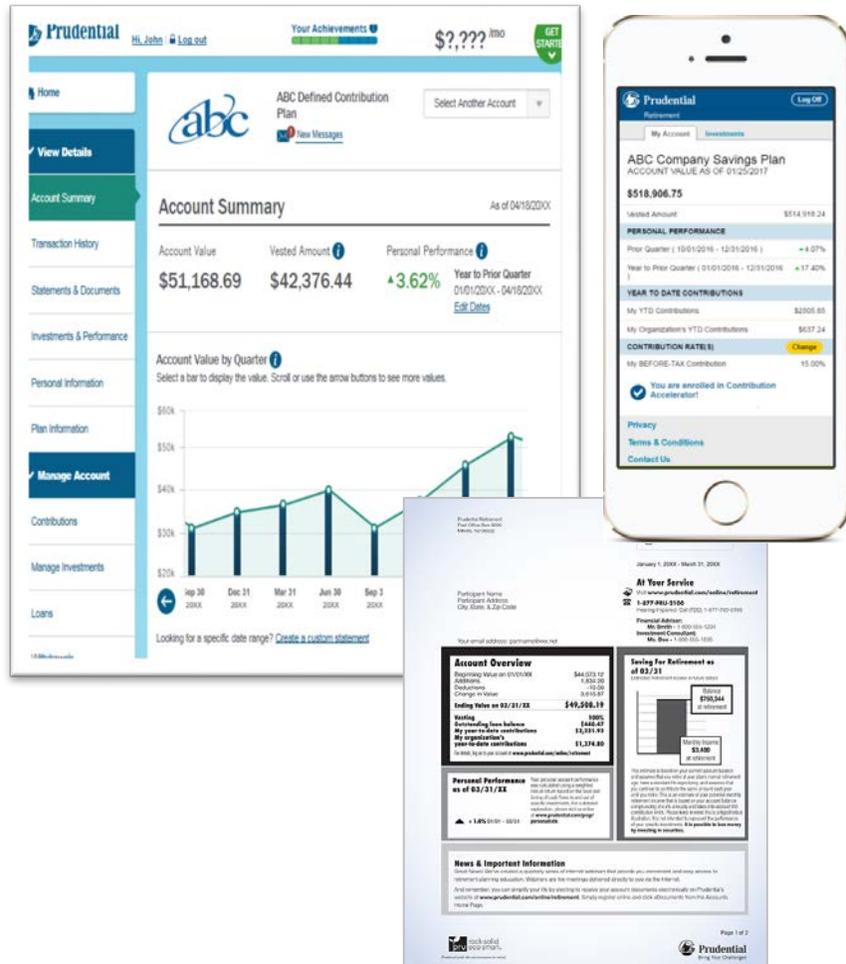


See how small increases can make a difference using the Contribution Accelerator Calculator

savemore.connectwithpru.com

Information and interactive calculators are made available to you as self-help tools for your independent use and are not intended to provide investment advice. We cannot and do not guarantee their applicability or accuracy in regards to your individual circumstances. All examples are hypothetical and are for illustrative purposes. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. We do not provide investment or tax advice, please consult a tax advisor for more information.

Account tools for your better tomorrow



- Retirement statement
- Toll-free number 877-778-2100
- prudential.com/online/retirement
- Mobile app

Your next steps to consider:



Determine your
strategy today



Take
action today



Re-evaluate
your portfolio
periodically and
make adjustments
as needed

Survey says ...



- We'd like to hear from you on how today's session went!
- Our survey will only take minutes to complete.
- Simply go to the url below which is also on the card I will provide:
<http://www.prudential.com/seminar>
- Enter counselor code DC1

Thanks for viewing this presentation!

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