



SOCIAL SECURITY

A guide for making informed decisions

Social Security was created in 1935 to help Americans supplement their retirement income. While almost everyone is familiar with the idea of Social Security, it is a complex system and can often cause confusion.

This guide provides an overview of some of the complexities of Social Security and explains the options you may have. By understanding the details of Social Security, you can make informed decisions for your future.



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This guide presents a general overview of the rules related to Social Security and the ideas presented are not individualized for your particular situation. Be sure to work with your financial professional to help you decide how to fit Social Security into your financial plan. This information is based on current law which can be changed at any time.



Calculating retirement benefits

What is my full retirement age?¹

Full retirement age is the age at which you can begin to collect full Social Security retirement benefits without any reductions. This age is determined by the year you were born.

YEAR BORN	FULL RETIREMENT AGE ¹
1943 -1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and after	67

Can I start taking my Social Security retirement benefits before I reach my full retirement age?¹

Yes, you can receive Social Security retirement benefits as early as age 62.

- If you begin to receive benefits before you reach full retirement age, your benefits will be permanently reduced. The amount of the reduction depends on the age when you begin receiving benefits and your full retirement age.
- The amount you receive when you first begin taking benefits sets the base for the retirement benefits you will receive for the rest of your life. You will also receive any annual cost-of-living adjustments, and depending on your work history, you may receive higher benefits if you continue to work.



You can receive Social Security retirement benefits as early as age 62.

Early Social Security Benefits (assuming a full retirement age of **66** and a \$24,000 annual benefit)

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
62	75.00%	\$18,000.00
63	80.00%	\$19,200.00
64	86.66%	\$20,798.40
65	93.33%	\$22,399.20
66	100.00%	\$24,000.00

Early Social Security Benefits (assuming a full retirement age of **67** and a \$24,000 annual benefit)

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
62	70.00%	\$16,800.00
63	75.00%	\$18,000.00
64	80.00%	\$19,200.00
65	86.66%	\$20,798.40
66	93.33%	\$22,399.20
67	100.00%	\$24,000.00

¹ www.ssa.gov as of December 2014

Calculating retirement benefits

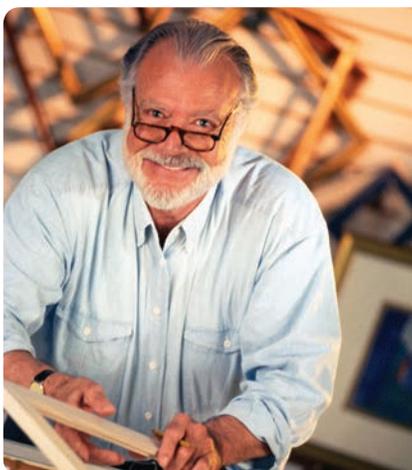
What happens if I take my Social Security benefits while I am still working?¹

It depends on your age. If you are at or above your full retirement age, working will not reduce your Social Security benefit.

- If you are under your full retirement age, \$1 of your benefit is reduced for every \$2 of wages you earn above a test level of \$15,720 in 2015.
- In the year in which you reach your full retirement age, from January 1st until the last day of the month prior to the month of your birthday, \$1 of your benefit is reduced for every \$3 you earn above a test level of \$41,880 in 2015.

These limits do not include withdrawals from retirement accounts, dividends, interest, or other unearned income. The reduction of your retirement benefit is based only on your wages – it does not include your spouse’s wages. If your spouse is under full retirement age and working, any benefits he or she is receiving will be reduced.

EXAMPLE:



Philip, age 62, is still working and is weighing his Social Security options. At his full retirement age of 66, his retirement benefit will be \$24,000.

He decides to begin Social Security at age 62, with a reduced benefit of \$18,000 (a 25% reduction). Phillip also continues to work and earns \$25,000 annually. His earnings put him \$9,280 over the earnings threshold, which will cause him to lose \$4,460 of his benefits. His annual benefit becomes \$13,360.

$\$18,000 \text{ benefit} - \$4,640 \text{ reduction} = \$13,360$

When Philip reaches his full retirement age at 66, the reduction to his benefit as a result of his wages will end if he is still working.

This is a hypothetical example for illustrative purposes only.

What happens if I delay taking my Social Security benefits until after I reach full retirement age?¹

From your full retirement age until you reach age 70, for every year you delay taking your Social Security benefits, your benefits will increase by 8%.

- After age 70, the 8% increase does not continue
 - As a result, there is no incentive to delay taking benefits after age 70.

Assuming a full retirement age of **66** and a \$24,000 annual benefit

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
66	100.00%	\$24,000.00
67	108.00%	\$25,920.00
68	116.00%	\$27,840.00
69	124.00%	\$29,760.00
70	132.00%	\$31,680.00

Assuming a full retirement age of **67** and a \$24,000 annual benefit

AGE	PERCENTAGE OF FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
67	100.00%	\$24,000.00
68	108.00%	\$25,920.00
69	116.00%	\$27,840.00
70	124.00%	\$29,760.00

Are my Social Security benefits taxable?¹

Maybe, depending on the amount of other income you received in the year.

If you are single, determine if your benefits are taxable by adding the following items together:

$$\begin{aligned} & \text{ADJUSTED GROSS INCOME} + \\ & \text{NONTAXABLE INTEREST} + \\ & \frac{1}{2} \text{ YOUR SOCIAL SECURITY BENEFITS} \\ \hline & = \text{PROVISIONAL INCOME} \end{aligned}$$

If that value is:

Between \$25,000 and \$34,000, up to 50% of your Social Security benefit is taxable.

Above \$34,000, up to 85% of your Social Security benefit is taxable.

If you are married and filing a joint tax return, you can determine if your benefits are taxable by adding the following items together:

$$\begin{aligned} & \text{ADJUSTED GROSS INCOME} + \\ & \text{NONTAXABLE INTEREST} + \\ & \frac{1}{2} \text{ OF COMBINED SOCIAL SECURITY BENEFITS} \\ \hline & = \text{PROVISIONAL INCOME} \end{aligned}$$

If that value is:

Between \$32,000 and \$44,000, up to 50% of you and your spouse's Social Security benefit is taxable.

Above \$44,000, up to 85% of you and your spouse's Social Security benefit is taxable.

Will I get a cost-of-living adjustment (COLA) every year?¹

Not necessarily. To determine a COLA, in the third quarter of each year, the Social Security Administration looks at what percentage increase an economic indicator (the CPI-W*) has had since the third quarter of the previous year. Whatever percentage that indicator has increased will be applied to Social Security benefits for the next calendar year. If there is no increase, there can be no COLA. If there is a percentage decrease in that indicator, there is no subsequent reduction in Social Security benefits.

Over the last 10 years, there have been eight cost-of-living adjustments

YEAR	COST-OF-LIVING ADJUSTMENT ¹
2006	4.10%
2007	3.30%
2008	2.30%
2009	5.80%
2010	0%
2011	0%
2012	3.60%
2013	1.70%
2014	1.50%
2015	1.70%

*The Consumer Price Index for Urban Wage Earners and Clerical Workers is an index of prices of goods and services typically purchased by urban wage earners and clerical workers. By law, it is the official measure used by the Social Security Administration to annually adjust benefits paid to Social Security beneficiaries and Supplemental Security Income recipients.

¹ www.ssa.gov as of December 2014



Spousal and survivor benefits

How do I calculate my spouse's benefit?¹

When your spouse applies for Social Security benefits, he or she will be eligible for the higher of two different amounts:

- His or her own benefit

OR

- Up to 50% of your benefit, assuming you have applied for Social Security benefits.

If your spouse is under full retirement age and their Social Security benefit based on their own work history is more than the spousal benefit, your spouse will not be eligible for a spousal benefit.

At what age can my spouse begin collecting a spousal benefit?¹

For your spouse to be eligible for Social Security spousal benefits, you must have applied for Social Security benefits and your spouse must be at least 62.

- If your spouse begins to collect spousal benefits before he or she has reached full retirement age, he or she will not be eligible for the maximum 50% spousal benefit.

EXAMPLE #1:

Tom's Social Security benefit is \$24,000 annually. Betty's Social Security benefit is \$8,000 annually.

At full retirement age, Betty is entitled to \$12,000 annually (her \$8,000 benefit + \$4,000 spousal benefit to increase her amount to 50% of Tom's benefit).

EXAMPLE #2:

Tom's Social Security benefit is \$24,000 annually. Betty's Social Security benefit is \$16,000 annually.

Since Betty's benefit is more than 50% of Tom's, she is not eligible for a spousal benefit.

Hypothetical examples for illustrative purposes only.

Assuming a full retirement age of **66** and a maximum \$12,000 spousal benefit

AGE	PERCENTAGE OF SPOUSES' FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
62	35%	\$8,400.00
63	37.5%	\$9,000.00
64	41.7%	\$10,008.00
65	45.8%	\$10,992.00
66	50%	\$12,000.00

Assuming a full retirement age of **67** and a maximum \$12,000 spousal benefit

AGE	PERCENTAGE OF SPOUSES' FULL RETIREMENT BENEFIT ¹	ANNUAL BENEFIT
62	32.5%	\$7,800.00
63	35%	\$8,400.00
64	37.5%	\$9,000.00
65	41.7%	\$10,008.00
66	45.8%	\$10,992.00
67	50%	\$12,000.00

How will my spouse's survivor benefits work?¹

Generally, if a surviving spouse is over the age of 60, he or she can begin to receive survivor benefits.

- If the surviving spouse is at full retirement age, his or her benefit is generally equal to what the decedent's Social Security benefit was, or would have been at the time of his or her death. However, if the deceased spouse dies before full retirement age and had not yet begun receiving retirement benefits, the surviving spouse is entitled to a benefit equal to 100% of the deceased spouse's full retirement benefit.
- If the surviving spouse is under full retirement age, the amount of the survivor benefit is reduced.

Assuming a full retirement age of **66** and a deceased spouse benefit of \$24,000

AGE	PERCENTAGE OF DECEASED SPOUSE'S BENEFITS ¹	ANNUAL BENEFIT
60	71.50%	\$17,160.00
61	76.30%	\$18,312.00
62	81.00%	\$19,440.00
63	85.80%	\$20,592.00
64	90.50%	\$21,720.00
65	95.30%	\$22,872.00
66	100.00%	\$24,000.00

Assuming a full retirement age of **67** and a deceased spouse benefit of \$24,000

AGE	PERCENTAGE OF DECEASED SPOUSE'S BENEFITS ¹	ANNUAL BENEFIT
60	71.50%	\$17,160.00
61	75.60%	\$18,144.00
62	79.60%	\$19,104.00
63	83.70%	\$20,088.00
64	87.80%	\$21,072.00
65	91.90%	\$22,056.00
66	95.90%	\$23,016.00
67	100.00%	\$24,000.00

There are a few exceptions where survivor benefits can begin under age 60, including:

- A surviving spouse caring for children under the age of 16 or disabled, receives 75% of the deceased spouse's benefit.
- A surviving spouse who is disabled can collect a survivor benefit as early as age 50, and receives 71.5% of the deceased spouse's benefit.



¹ www.ssa.gov as of December 2014

Divorced spouse and survivor benefits



If I am divorced, can I still claim retirement benefits based on my ex-spouse's Social Security benefits?¹

Depending on the length of your marriage and whether you have remarried, you may be able to collect benefits based on your divorced spouse's Social Security benefits. Collecting these benefits has no effect on your former spouse's benefits.

In order to collect benefits from a divorced spouse:

- You and your ex-spouse must both be over the age of 62.
- Your marriage must have lasted 10 years or more.
- You must have not remarried.

If your divorced spouse has not yet applied for benefits, you can still receive benefits based on his or her record if you have been divorced for more than two years.

If I am divorced, can I still claim survivor benefits based on my ex-spouse's Social Security benefits?

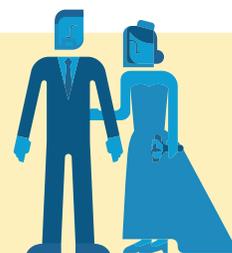
If your divorced spouse has passed away, you may be eligible to collect survivor benefits as a widow/widower if:

- You are over the age of 60.
- The marriage lasted more than 10 years.
- You are not now remarried.

OR

- You are over the age of 60.
- The previous marriage lasted 10 years or more.
- You have remarried, but after the age of 60.

If you remarried before the age of 60 and are still married, you cannot collect survivor benefits from a former spouse. If you remarried before the age of 60 but that marriage has now ended, you may collect survivor benefits from a deceased ex-spouse.



Medicare and Social Security

At what age will I become eligible for Medicare?²

While there are some exceptions for those who have certain disabilities, most Americans will become eligible for Medicare at age 65. If you are already receiving Social Security benefits at age 65, you will automatically be enrolled in Medicare. To enroll in Medicare, you must sign up during a seven-month period that spans the three months prior to the month of your birthday, the month of your birthday, and the three months following your birthday month.

- If you sign up for Medicare during this period, you will pay the standard premiums, where necessary.
- If you sign up for Medicare Part B after this period, you will pay the standard premium and potentially a 10% penalty for life.

If you are covered by a group health-based plan based on current employment when you reach the Medicare eligibility period, you are not required to enroll in Medicare. When the employment ends or the group health coverage ends, you will have eight months to enroll in Medicare without any premium penalties.

Do my Medicare premiums reduce my Social Security benefit?³

It is possible that your Social Security benefits check will be lower than you had expected because of the deductions for Medicare premiums.

- When you sign up for Medicare and you have already started to receive Social Security benefits, the premiums for Medicare Part B will automatically be deducted from your monthly Social Security check.
- You may also elect to have your Part D premiums deducted from your monthly Social Security check.

Other Medicare premiums, or if you have enrolled in Medicare but have not yet begun to receive Social Security, will be paid out of pocket.

How is my Medicare Part B premium calculated?²

Your Medicare Part B premium will be calculated based on your income from two years ago. In 2014 or 2015, for an individual with taxable income less than \$85,000 or a married couple with an income less than \$170,000, the monthly premium is \$104.90 per person. If your income from two years before was higher than those figures, your monthly premiums will be higher.

If your yearly income in 2014 or 2015 was:

FILE INDIVIDUAL TAX RETURN	FILE JOINT TAX RETURN	MONTHLY PREMIUM ²
\$85,000 or less	\$170,000 or less	\$104.90
\$85,001 up to \$107,000	\$170,001 up to \$214,000	\$146.90
\$107,001 up to \$160,000	\$214,001 up to \$320,000	\$209.80
\$160,001 up to \$214,000	\$320,001 up to \$428,000	\$272.70
\$214,000	\$428,000	\$335.70

² www.medicare.gov as of December 2014

³ The Impact of Medicare Premiums on Social Security Beneficiaries, January 27, 2010

The four parts of Medicare

- Medicare Part A provides hospital insurance coverage
- Medicare Part B provides supplementary medical insurance, which covers physicians services and other outpatient expenses
- Medicare Part C, also known as Medicare Advantage, covers the same services as Parts A and B through private health insurance plans
- Medicare Part D provides prescription drug coverage



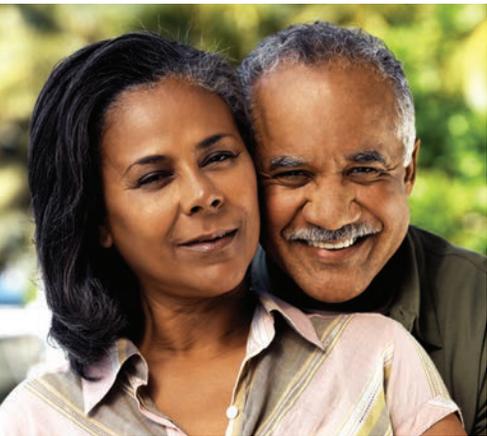
Social Security filing strategies

The two strategies

File and Suspend Strategy
Restricted Application Strategy



FILE AND SUSPEND EXAMPLE:



How does the File and Suspend strategy work?⁴

If you have decided to begin your Social Security benefits, but your spouse has not, there is a strategy that could increase your monthly Social Security payments. You may want to consider using this strategy if you meet the following criteria:

- The spouse who wants to begin receiving Social Security benefits is either not eligible for a Social Security benefit based on his or her own earnings history, or his or her own benefit is less than half of his or her spouse's benefit.
- The spouse who will be filing and suspending his or her benefit has reached full retirement age, and the younger spouse is at least 62.

Although Matt and Jen could have filed to receive benefits as early as age 62, they elected to wait and make their claims later. When Matt reaches his full retirement age of 66, he will be eligible for a \$2,000 a month (\$24,000 per year) benefit, but he would rather delay receiving benefits until age 70 to receive the delayed retirement increase. Jen has never worked outside the home, so when she reaches full retirement age she will have no benefit on her own record. But by using the File and Suspend strategy, Jen can start to receive a Social Security benefit based on Matt's working history. Matt files for his Social Security benefit, but then immediately suspends his application. This means he will not begin to receive any benefits, but Jen is now eligible to file for her spousal benefit based on Matt's earnings history.

This is a hypothetical example for illustrative purposes only.

SOME OF THE ADVANTAGES OF THIS STRATEGY:

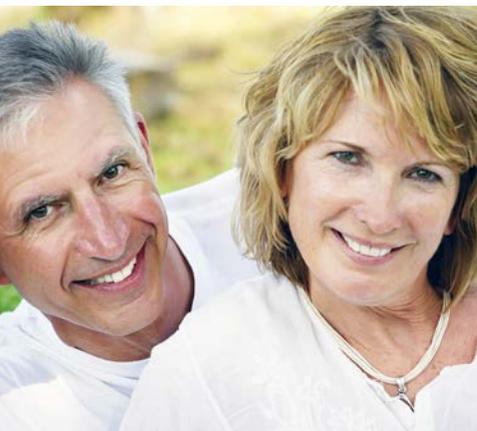
- Once Matt files for his benefits, Jen becomes eligible to receive a spousal benefit equal to 50% of Matt's full retirement age benefit.
- When Matt suspends his benefit after Jen has begun to receive her spousal benefit, for each year he delays taking benefits from age 66 to age 70, his payments will increase by 8%.
- If he had taken his Social Security benefits at age 66, his payments would have been \$2,000 per month / \$24,000 per year.
- By delaying his benefits by 4 years, the payments are 32% larger at age 70 and will be \$2,640 per month / \$31,680 per year.
- By waiting until age 70 to begin benefits, not only will Matt's payments be larger, but at his passing, Jen's survivor benefit increases as well. At Matt's death, Jen's benefit will increase to equal what Matt was receiving. Her survivor benefits will be \$2,640 per month / \$31,680 per year.
- Assuming Matt lives to age 85 and Jen to age 92, they would have received an additional \$179,160 in benefits by employing the File and Suspend strategy, compared to filing early claims at age 62.

What is a Restricted Application?⁵

If your spouse is still working and you decide to retire, here is a strategy that could allow your spouse to claim a spousal benefit while letting his or her own benefit grow. You may want to consider using this strategy if you meet the following criteria:

- Both you and your spouse are eligible for a Social Security benefit based on your own work histories, and one spouse has filed for his or her Social Security benefits.
- At least one spouse has reached full retirement age, and that spouse wants to delay his or her own Social Security benefits to take advantage of the 8% delayed retirement credit. You cannot file a restricted application until you have reached full retirement age.

RESTRICTED APPLICATION EXAMPLE:



Adam has reached his full retirement age of 66 and is eligible for a \$2,000 a month (\$24,000 a year) benefit, but he is not ready to start his Social Security payments. Meghan also has reached her full retirement age of 66 and decides to begin taking her Social Security benefits which are \$1,500 per month or \$18,000 per year. By using the Restricted Application strategy, when Meghan starts taking her Social Security benefits, Adam can file for Social Security and request only his spousal benefit. Meghan files for her Social Security benefits and receives \$1,500 per month. Adam then files a restricted application for spousal benefits only - making him eligible for \$750 per month. Since Adam is not receiving his own benefits, from age 66 until age 70, he will be eligible to receive the 8% per year delayed retirement credit - increasing his own Social Security benefits.

This is a hypothetical example for illustrative purposes only.

SOME OF THE ADVANTAGES OF THIS STRATEGY:

- By having Adam receive a spousal benefit from ages 66-70, they have increased their cash flow.
- This strategy allows them to receive \$36,000 from Social Security over those four years that Adam would not have otherwise received.
- For each year Adam delays taking his own benefits past age 66 to age 70, his benefit will increase by 8%.
 - At age 66, his benefit would have been \$2,000 per month / \$24,000 per year.
 - At age 70, his benefit will be 32% larger - \$2,640 per month / \$31,680 per year.

By waiting until age 70 to begin his own benefits, not only will Adam's benefit be larger, but at his passing, Meghan's survivor benefit will increase as well. It will equal what Adam was receiving - \$2,640 per month / \$31,680 per year.

Talk to your financial professional, and together, you can determine which Social Security strategy fits best into your overall plan for creating lasting retirement income.

Social Security statement

Reviewing your Social Security statement can provide you with the details about your Social Security benefits. You and your financial professional can examine your statement and your current retirement plan to see if you're on track to reach your goals, and help you decide between an early or late retirement.

Here are tips on how to read your statement and better understand your Social Security benefits.

SOCIAL SECURITY ADMINISTRATION
Prevent identity theft—protect your Social Security number
Your Social Security Statement www.socialsecurity.gov
 Prepared especially for **Wanda Worker**

January 2, 2014
 See inside for your personal information →

WANDA WORKER
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 MAINTOWN, USA 11111-1111

What's inside...
 Your Estimated Benefits..... 2
 Your Earnings Record..... 3
 Some Facts About Social Security..... 4
 If You Need More Information..... 4

What Social Security Means
 This Social Security Statement can help you for your financial future. It provides estimates your Social Security benefits under current updates your latest reported earnings. Please read this Statement carefully. If you make a mistake, please let us know. That's important because your benefits will be based on your lifetime earnings. We recommend you keep a copy of your Statement with your financial records. Social Security is for people of all ages... We're more than a retirement program. Social Security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement. Without changes, in 2033 the Social Security Trust Fund will be able to pay only about 77 cents for each dollar of scheduled benefits.* We need for each dollar of scheduled benefits.* We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations. Social Security on the Net... Visit www.socialsecurity.gov on the Internet to learn more about Social Security. You can read publications, including *When To Start Receiving Retirement Benefits*; use our Retirement Estimator to obtain immediate and personalized estimates of your benefits; and when you're ready to apply for benefits, use our improved online application—so easy!

Work to build a secure future...
 Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire. Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit www.nyfmoney.gov, a federal government website dedicated to teaching all Americans the basics of financial management.

Carolyn W. Colvin
 Carolyn W. Colvin
 Acting Commissioner

* These estimates are based on the intermediate

Don't rely exclusively on Social Security to reach your retirement income goals. Be sure to consider other sources of income as well. Keep in mind that Social Security:

- Was never intended to be the only source of income when at retirement
- Is the largest source of income for most elderly Americans today

According to the Social Security Administration: "Without changes, in 2033 the Social Security Trust Fund will be able to pay out only about 77 cents for each dollar of scheduled benefits."

Your Estimated Benefits

your full retirement age (67 years), your payment would be about.....	\$ 1,680 a month
age 70, your payment would be about.....	\$ 2,094 a month
age 62, your payment would be about.....	\$ 1,159 a month
*Disability You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about..... \$ 1,527 a month	
Your child.....	\$ 1,176 a month
Your spouse who is caring for your child.....	\$ 1,176 a month
Your spouse, if benefits start at full retirement age.....	\$ 1,569 a month
Total family benefits cannot be more than.....	\$ 2,908 a month

Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
 You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 77 percent of scheduled benefits.

Your date of birth (please verify your name on page 1 and this date of birth).....	April 3, 1974
Your estimated taxable earnings per year after 2014.....	\$47,423
Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXXX-XX-1234

How Your Benefits Are Estimated

To qualify for benefits, you earn "credits" through your work—up to four each year. This year, for example, you earn one credit for each \$1,200 of wages or self-employment income. When you've earned \$4,800, you've earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven't earned enough yet to qualify for any type of benefit, we can't give you a benefit estimate now. If you continue to work, we'll give you an estimate when you do qualify.

What we assumed—If you have enough work credits, we estimated your benefit amounts using your average

(3) Your estimated benefits are based on current law. The law governing benefit amounts may change.
 (4) Your benefit amount may be affected by military service, railroad employment or pensions earned through work on which you did not pay Social Security tax. Visit www.socialsecurity.gov to learn more.

Windfall Elimination Provision (WEP)—In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you

It may pay to wait. The longer you wait to start taking Social Security benefits, the larger your monthly payment will be.

- If you can delay taking Social Security benefits, you may be able to take advantage of an increase in your monthly payments.

How much income will your spouse need if you pass away?

- Social Security can provide survivor benefits to your family based on your working history.

What sources of retirement income do you have? It's never too late to take inventory of where your retirement income is going to come from.

- Your financial professional can help you estimate how much retirement income you'll need and how much you'll have.
- Doing this now may give you the opportunity to help fill in any gaps or shortfalls.

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,678	4,678
1994	6,367	6,367
1995	7,923	7,923
1996	9,985	9,985
1997	13,095	13,095
1998	16,232	16,232
1999	19,252	19,252
2000	22,340	22,340
2001	24,543	24,543
2002	26,341	26,341
2003	28,412	28,412
2004	30,970	30,970
2005	33,253	33,253
2006	35,799	35,799
2007	38,342	38,342
2008	40,065	40,065
2009	40,191	40,191
2010	41,790	41,790
2011	43,768	43,768
2012	45,718	45,718
2013	Not yet recorded	

You and your family may be eligible for valuable benefits:

When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

working career through the last year reported on the chart above:

Estimated taxes paid for Medicare:	
You paid:	\$7,744
Your employers paid:	\$7,744

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$117,000 of your earnings; and a 1.45 percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employee and employer amount, which is a 12.4 percent Social Security tax on up to \$117,000 of your net earnings and a 2.9 percent Medicare tax on your entire net earnings. *If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from last year may not be shown on your *Statement*. It could be that we still were

processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. Note: If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

There's a limit on the amount of earnings on which you pay Social Security taxes each year. The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

Call us right away at 1-800-772-1213 (7 a.m.–7 p.m. your local time) if any earnings for years before last year are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

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Pay close attention to the *Your Earnings Record* section of the statement that details your taxed Social Security earnings over the years.

- It is important to check this record for accuracy because your Social Security benefit is based on these numbers.

Some Facts About Social Security

About Social Security and Medicare...

Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay inpatient hospital care, nursing care, doctors' fees, drugs and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more. Medicare does not pay for long-term care, so you may consider options for private insurance. Your Social Security covered earnings qualify you for both programs. For information about Medicare, visit www.medicare.gov 1-800-633-4227 (TTY 1-877-486-2048 if you are deaf or hard of hearing).

Retirement — If you were born before 1938, your full retirement age is 65. Because of a 1983 change in the law, your full retirement age will increase gradually to 67 for people born in 1960 and later.

Some people retire before their full retirement age. You can retire as early as 62 and take benefits at a reduced rate. If you retire after your full retirement age, you can receive higher benefits because of additional earnings and credits for retirement.

Disability — If you become disabled before full retirement age, you can receive disability benefits after six months if you have:

- enough credits from earnings (depending on your age, you must have earned six to 20 of your credits in the three to 10 years before you became disabled); and
- a physical or mental impairment that is expected to prevent you from doing "substantial" work for a year or more or result in death.

If you are filing for disability benefits, please let us know if you are an active military duty or are a recently discharged veteran, so that we can handle your claim more quickly.

Family — If you're eligible for disability or retirement benefits, your current or divorced spouse, minor children or adult children disabled before age 22 also may receive benefits. Each may qualify for up to about 50 percent of your benefit amount.

Survivors — When you die, certain members of your family may be eligible for benefits:

- your spouse age 60 or older (50 or older if disabled, or any age if caring for your children younger than age 16); and
- your children if unmarried and younger than age 18, still in school and younger than 19 years old, or adult children disabled before age 22.

If you are divorced, your ex-spouse could be eligible for a widow's or widower's benefit on your record when you die.

Extra Help with Medicare — If you know someone who is on Medicare and has limited income and resources, extra

Receive benefits and still work...

You can work and still get retirement or survivors benefits. If you're younger than your full retirement age, there are limits on how much you can earn without affecting your benefit amount. When you apply for benefits, we'll tell you what the limits are and whether work would affect your monthly benefits. When you reach full retirement age, the earnings limits no longer apply.

Before you decide to retire...

Carefully consider the advantages and disadvantages of early retirement. If you choose to receive benefits before you reach full retirement age, your monthly benefits will be reduced.

To help you decide the best time to retire, we offer a free publication, *When To Start Receiving Retirement Benefits* (Publication No. 05-10147), that identifies the many factors you should consider before applying. Most people can receive an estimate of their benefit based on their actual Social Security earnings record by going to www.socialsecurity.gov/estimator. You also can calculate future retirement benefits by using the Social Security Benefit Calculators at www.socialsecurity.gov.

- Other helpful free publications include:
 - *Retirement Benefits* (No. 05-10035)
 - *Understanding The Benefits* (No. 05-10024)
 - *Your Retirement Benefit: How It Is Figured* (No. 05-10070)
 - *Windfall Elimination Provision* (No. 05-10045)
 - *Government Pension Offset* (No. 05-10007)
 - *Identity Theft And Your Social Security Number* (No. 05-10064)

We also have other leaflets and fact sheets with information about specific topics such as military service, self-employment or foreign employment. You can request Social Security publications at our website, www.socialsecurity.gov, or by calling us at 1-800-772-1213. Our website has a list of frequently asked questions that may answer questions you have. We have easy-to-use online applications for benefits that can save you a telephone call or a trip to a field office.

You may also qualify for government benefits outside of Social Security. For more information on these benefits, visit www.govbenefits.gov.

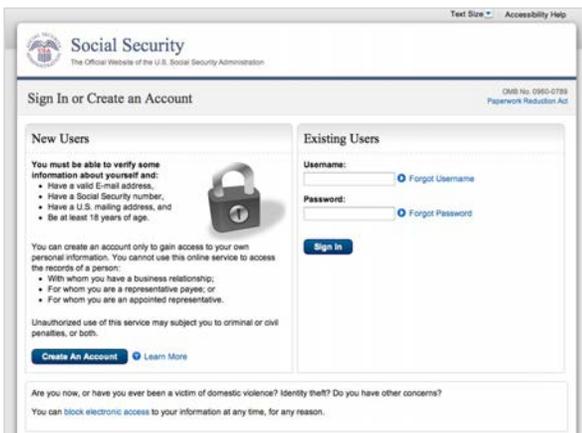
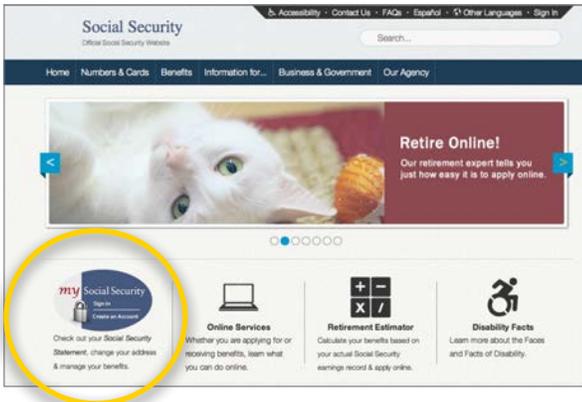
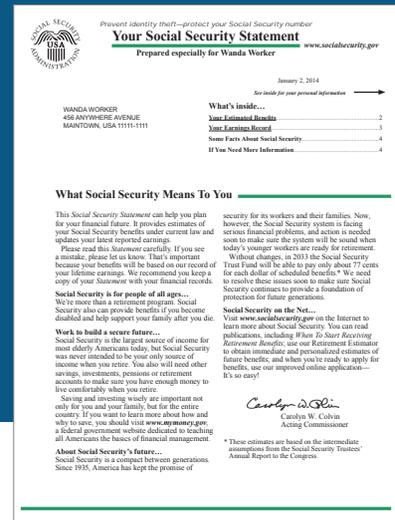
Consider the impact that working can have on a monthly Social Security payout.

- If you are under your full retirement age, you give up \$1 in benefits for every \$2 earned over \$15,720.⁶
- If you are in the year you reach your full retirement age, you give up \$1 in benefits for every \$3 earned over \$41,880.⁶
- Once you reach your full retirement age, your benefit will no longer be reduced.⁶

⁶ www.ssa.gov as of December 2014

Why don't I receive a Social Security statement every year?

In the effort to reduce costs, the Social Security Administration now mails Social Security statements to contributors every **five** years. However, your statement is also available online. Go to socialsecurity.gov to create a secure user account and view your statement today.



- Go to socialsecurity.gov
- Click on **my Social Security**
- Click on **Create an Account** on the following two screens
- Read and agree to the **Terms of Service**
- **Verify your identity** by providing personal information such as name and Social Security number
- **Secure your identity** by answering personal questions only you would know
- **Create your account** by creating a username and password
- **Congratulations! You now have an account**
- To sign in for the first time, agree to the **Terms of Service** again

Work with your financial professional

UNDERSTANDING SOCIAL SECURITY CAN HELP YOU PREPARE FOR RETIREMENT

If you're among the more than 77 million baby boomers approaching or in retirement, you may be looking to the future with some apprehension. Not surprisingly, today's workers would like to retire without compromising their current lifestyle, yet many are counting heavily on Social Security and company pensions to meet their retirement income needs. On average, Social Security provides only 4 of every 10 dollars of a retiree's income, and pension plans are increasingly becoming a thing of the past.⁷

TAKE THREE STEPS TO HELP PLAN FOR YOUR FUTURE

Conventional wisdom says you'll need as much as 70% to 80% of your pre-retirement income, adjusted each year for inflation, to continue your current lifestyle. There are many factors to consider when deciding how much more money you will need from Social Security and other sources to create your retirement income. By taking these three steps, you may be better prepared for the future.

Step 1: Review your tax-advantaged investment accounts and company pension plans to see how much income you can expect to receive from these sources.

Step 2: List other income sources you may have to help bridge the gap between Social Security benefits and the income you'll actually need to last a lifetime in retirement.

Step 3: Talk to your financial professional and review your Social Security benefits and your retirement plans. Your financial professional can use a variety of tools to develop a strategy that will help you build more assets and bridge your income gap.

SEE IF A VARIABLE ANNUITY FITS IN YOUR PLAN

Ask your financial professional about how a variable annuity can help provide retirement income certainty by creating guaranteed income that can last a lifetime. There are many types of variable annuity strategies that may:

- Help protect your retirement income during market downturns
- Offer the opportunity for guaranteed income growth
- Provide tax deferral advantages
- Give you the flexibility to access your account value if needed (subject to contract terms)

Your financial professional can help you decide which variable annuity strategy is right for your unique situation.

⁷Employee Benefit Research Institute, ebri.org Issue Brief, March 2012, No.369

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

Withdrawals in excess of the income amount impact the value of a product or benefit and can also affect the certainty of the income. An excess withdrawal occurs when cumulative Lifetime Withdrawals exceed the income amount in an annuity year. If an excess withdrawal is taken, only the portion of the Lifetime Withdrawal that exceeds the remaining income amount for that year will proportionally and permanently reduce future guaranteed amounts. If an excess withdrawal reduces the account value to zero, no further amount would be payable and the contract terminates.

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

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

A variable annuity is a long-term investment designed for retirement purposes. Investment returns and the principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original investment. Withdrawals or surrenders may be subject to contingent deferred sales charges.

All references to income certainty and guarantees, including the benefit payment obligations arising under the annuity contract guarantees, rider guarantees, optional benefits, any fixed account crediting rates or annuity payout rates are backed by the claims-paying ability of Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey. Those payments and the responsibility to make them are not the obligations of the third party broker/dealer from which this annuity is purchased or any of its affiliates. All guarantees, including optional benefits, do not apply to the underlying investment options.

Please note that if you are investing in this Annuity through a tax-advantaged retirement plan (such as an Individual Retirement Account or 401(k) plan), you will get no additional tax advantage through the Annuity itself. If you are investing through a tax-advantaged plan, you should work with your financial professional and tax advisor to determine whether the features of this Annuity, such as the optional Return of Purchase Payments Death Benefit, the annuitization options and the investment options, make the Annuity an appropriate investment for you.

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