UNDERSTANDING RETIREMENT PLAN FEES AND SERVICES
AN OVERVIEW OF PRUDENTIAL’S DISCLOSURE SOLUTIONS FOR PLAN SPONSORS
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UNDERSTANDING YOUR RETIREMENT PLAN PROVIDER’S FEES AND SERVICES:
AN OVERVIEW OF PRUDENTIAL’S DISCLOSURE SOLUTIONS

At Prudential Retirement®, we believe that the best client relationships are founded on trust and communication. Fee transparency has always been an integral part of how we do business. With the implementation of formal disclosure regulations from the Department of Labor (DOL), we’ve enhanced our ability to provide you with detailed information around plan services and fees on a more regular basis so you’ll have access to this type of information when you need it.

FEE DISCLOSURE REGULATIONS

There are two primary disclosure regulations that you need to understand and may have to comply with as a plan sponsor:

1) Plan Sponsor Fee Disclosure or 408(b)(2), regulations require plan providers like Prudential to describe for retirement plan sponsors the services they provide and the fees associated with those services. The plan sponsor, in turn, must review these fees and service descriptions to make sure they are necessary and reasonable.

2) Participant Fee Disclosure or 404(a), regulations require sponsors of participant-directed Defined Contribution (DC) plans governed by ERISA to provide the information participants need to make informed decisions about their plan and its investment options. Prudential, as your plan provider, can help you comply with these requirements in a number of convenient ways, outlined on the following page.
Participant Disclosures: In support of the 404(a) requirements, Prudential has developed a comprehensive disclosure document that includes the required “Investment Information” and “Plan Information.” If you are a sponsor of an ERISA DC plan, we will create a disclosure document for your plan(s) and will post it to the Sponsor Center for your review.

You select the level of support we can offer to assist with your fiduciary responsibility to deliver the disclosures to required employees. Your election will be documented within an administrative directive, and can be changed upon request.

There are essentially two options:

Partial Support—Prudential creates the disclosures, and you as plan sponsor deliver the disclosures to your participants. Prudential will notify plan sponsors when disclosures are available.

Full Support—Prudential creates the disclosure and delivers the disclosures to participants via email or direct mail on your behalf. Your Prudential representative can help you understand the participant data required for us to provide full support, as well as the additional fees that may apply.

For information and help navigating the disclosure document, participants can access our helpful Guide to Understanding Retirement Plan Fees and Services—Overview of the Plan Investment Options and Fees Report.

Plan Sponsor Disclosures: Our fee disclosure documents adhere to the most current regulatory requirements. They, along with our Expense Schedules, are available on the Sponsor Center.

This guide will help you understand our plan sponsor fee disclosure report, which provides you with the information needed to perform the fiduciary review required for your plan.

At the beginning of each calendar year, we will issue an annual 408(b)(2) disclosure report. Reportable changes that occur throughout the year will produce an updated report that marks the change(s). You will be notified via email each time an updated report is ready to be viewed online.

Your plan-specific report, which you can access via the Sponsor Center, provides a summary of the compensation Prudential earns in connection with servicing your plan. The report is organized in sections that will help identify the information required by the 408(b)(2) regulations. The following pages will give you an overview of what you can expect.
ACCESSING AND VIEWING YOUR PLAN’S DISCLOSURES

We’ve made accessing your disclosure documents simple and convenient through our Sponsor Center. The authorized signers on file for your plan will be notified via email each time a new disclosure document is posted for your review.

You can access the information by following these steps:

1) Visit sponsorcenter.prudential.com
2) Enter your User ID and Password and then click “Log In”
3) Select Manage Plan and Fee Disclosures under Administration in the navigation menu.
4) Under “Plan Level Fee Disclosures”
5) Select “Current Plan Level Disclosure”

Under the section titled Plan Level Fee Disclosures, you’ll find:

**Current Plan Disclosure**
This report includes the most current information for your plan, and marks any changes from prior publications, if applicable.

**Prior Plan Disclosure**
The report issued prior to the current version will be posted so you can easily access the information that was in place prior to any changes noted in the current report.

**Expense Schedule**
A list and description of the services in place for your plan(s). This may include separate schedules for Administrative Fees, Global Portfolio Strategies and Retirement Plan Strategies.

As you can see, our web page will hold the last two disclosure reports and the most current Expense Schedule. Your internal processes should document where and how you will archive all disclosures issued for your plan.
GETTING STARTED—PLAN-LEVEL DISCLOSURES

The first page of your plan sponsor fee disclosure report provides an overview to explain what you can expect to find in the pages to come.

The cover page will explain why you are receiving this report, and will provide basic information about your plan, including how to directly contact your Prudential representative. You’ll also see the date the report was generated and the date reflected by the information. Updated information will be issued following the close of the calendar month in which reportable changes occur. The cover page also provides sponsors of ERISA DC plans instructions on how to access the information Prudential has prepared to assist with participant disclosure regulations.

Changes from the prior report will be marked for easy identification. In the event a change removes a service or an investment from the report, the discontinued item will be noted on this page.

You should consider developing and documenting a simple process for periodic review of plan information and ensure you’ve developed a mechanism to store all reports that have been issued for your plan(s).

OVERVIEW OF PLAN SERVICES AND COMPENSATION

This report is intended to assist plan sponsors in complying with the following disclosure standards under section 408(b)(2) of ERISA. This report will be updated and released at least annually (and in any event no later than the last day of the calendar month). To ensure you have the information needed to make informed decisions about your Plan, the report will display information at the close of the plan’s calendar year. Any subsequent reports generated during the calendar year will mark applicable changes from the most recently issued report with an asterisk, and will list any investments or services discontinued by the Plan. This Prudential client service representative is available to assist you with any questions you may have about the information contained in this report.

Date: [Date]

Name of Plan: [Plan Name]

Plan or Contract Number: [Number]

Cost of Services Representative: [Name]

Contact Information: [Phone Number]

INTRODUCTION: Prudential Retirement Insurance and Annuity Company (“PRINCIPAL”) has been engaged to provide a variety of services to the Plan. These services, described above, are provided to the Plan by PRINCIPAL as its affiliates or subaffiliates, which, among others, may include Prudential Retirement Management Services, LLC and Prudential Retirement Management, Inc. (referred to collectively within this “Plan” except where otherwise indicated).

PRINCIPAL is compensated for Plan services through premiums received directly from the Plan (“direct compensation”) and also on a per-unit basis, through premiums received from other sources such as the Plan’s annuities administrators (“indirect compensation”). Set forth below is an overview of the services PRINCIPAL provides to the Plan and the compensation, direct and indirect, of expenses incurred in connection with providing these services. Also included in this report is summary information concerning the fees and expenses associated with the various annuities administrators offered by the Plan in connection with PRINCIPAL’s recordkeeping services, where applicable.

ADDITIONAL INFORMATION: As a plan administrator, you are required under the Department of Labor (DOL) participant-level disclosure regulations (29 CFR 1.304(a)(6) to prepare and distribute participant information and participant disclosures, fees, and expenses. Under DOL’s new final rule, PRINCIPAL must provide information to help you properly participant-level disclosure. For your convenience, PRINCIPAL will forward this information to you through our Plan Sponsor portal. The required information will be posted for all applicable plans, and the identified plans’ officials will be notified via email when the updated document is posted. Sponsors who have requested PRINCIPAL to deliver participant-level disclosure information via email or other means should notify the information provider prior to delivery. Sponsors who will manage the required disclosure independently may use the information to prepare their own disclosures. Before using the document, be sure to update the information included to the extent of the most recently completed calendar year. To access the document, go to www.prudential.com/participant-level-disclosure.html and select the “Current Participant Disclosure” link.

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RECORDKEEPING SERVICES AND COMPENSATION

If Prudential provides recordkeeping for your plan, the Recordkeeping Services and Compensation section will include information specific to the cost of recordkeeping. There are two components to this section:

DESCRIPTION OF SERVICES
For a full list of the services provided for your plan, you can reference the Administrative Services Agreement (ASA) or the Expense Schedule found alongside the disclosure documents on the Sponsor Center.

DESCRIPTION OF COMPENSATION
Prudential is compensated for its recordkeeping services in two ways:

1) Indirect recordkeeping compensation (Row A) is generated by investments in the plan.

2) Direct recordkeeping compensation (Row B) includes amounts billed to you, or deducted from plan assets at your direction.

\[ A + B = \text{TOTAL ESTIMATE} \]

of annualized recordkeeping compensation.

In some cases, our compensation is offset by commission payments to a financial professional (“intermediary” or “advisor”) servicing your plan, or by amounts available through an ERISA or Communication budget (Rows C and D) to offset plan expenses.

These expenses are subtracted, and the resulting net compensation (Row E) is the estimated amount Prudential expects to retain for recordkeeping your plan.
The chart included in this section lists each investment option within your plan and shows the “indirect” recordkeeping compensation generated from these investments.

The total estimated amounts shown here provide the detail to support Row A (indirect recordkeeping compensation) on the prior page.

Prudential reflects Net Expense Ratio in the Recordkeeping Services and Compensation section to show our plan sponsor clients what they actually pay for the funds in their plan after any expense waivers and reimbursements have been deducted from the Gross Expense Ratio. The Final 408(b)(2) Regulations required covered service providers to display Gross Expense Ratio to indicate the highest expense ratio that a shareholder could pay for mutual fund operating expenses and management fees. The Gross Expense Ratio is included in the Related Parties and Compensation section. The Gross and Net Expense Ratios will only match in cases where no fee waivers apply. Otherwise, the difference in the two amounts will be reflective of any expense waivers and reimbursements that apply.

FIDUCIARY SERVICES AND COMPENSATION

If we provide any fiduciary services for your plan, they will be summarized in this section of the report, as featured here. If no fiduciary services are provided, you will find a statement to that effect.

We encourage you to read through the documents referenced in this section for a full understanding of the fiduciary services provided and related compensation.
The Related Parties and Compensation section estimates the total indirect compensation transacted in connection with all services provided to the plan, including both investment and recordkeeping services.

The chart highlights compensation earned by Prudential or paid by Prudential to a “related party” as defined within the 408(b)(2) regulations and summarized within the report.

The payee and payor are shown to distinguish between amounts earned by, or paid by, Prudential. We’ve also included information on how each amount is collected. It is important to note that some components listed here are attributable to recordkeeping and are also shown in the Recordkeeping Services and Compensation section, if we provide recordkeeping services for your plan. These amounts should not be counted twice when determining the total estimated costs for your plan.

This section also includes the gross expense ratio of each investment, as well as any amounts that may apply in addition to that total annual expense.

The Eligibility For Other Compensation section summarizes compensation we may earn in the course of providing services to your plan.

You’ll also find a helpful glossary that includes an alphabetized listing of terms used within the report and will serve as a useful reference tool as you review the report.
A QUICK RECAP
PLAN SPONSOR FEE DISCLOSURE REPORT

It is Prudential’s disclosure report that contains information required of covered service providers under the DOL 408(b)(2) regulations to summarize fees and services that are a part of your retirement plan.

You will be notified via email each time an updated report is ready to be viewed on our Sponsor Center.

The report has four primary parts that:
- List estimated recordkeeping costs for your plan (if applicable)
- Show fiduciary services in place for your plan
- Show investment-related compensation
- Show other compensation we may be eligible to receive

To learn more about the 408(b)(2) regulations and how they may impact your fiduciary duties as plan sponsor, contact your Prudential representative.

It is important to note that the information contained in these reports represents an estimate of the compensation Prudential reasonably expects to receive in connection with the investments and services provided to your plan.
FEE DISCLOSURE AND PARTNERING WITH PRUDENTIAL

At Prudential, we are committed to partnering with you to ensure that you have the information and tools you need to best serve your plan and participants. We believe that well-informed decisions today will lead to a better and more financially secure tomorrow for your participants.

Please contact your Prudential representative with questions about your plan’s fee disclosure reports or fee disclosure regulations.