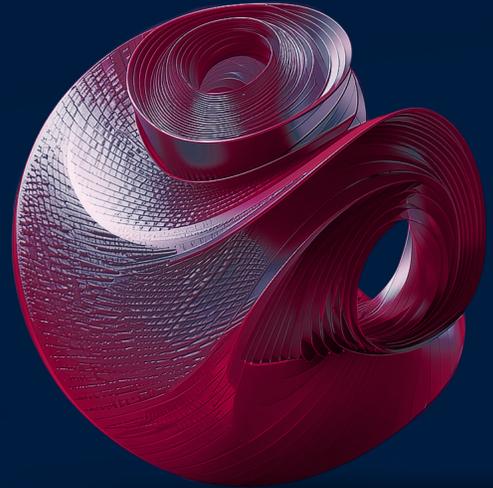


## DC SOLUTIONS

# PGIM RETIREMENT SPENDING FUNDS



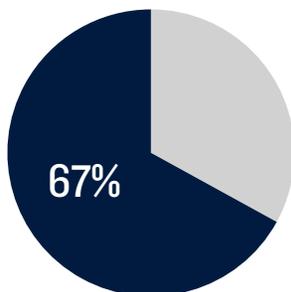
**CONSERVATIVE** **MODERATE** **ENHANCED**  
 PGFCX (R6) PGFMX (R6) PGFEX (R6)

PGIM DC Solutions is the sub-advisor. DC Solutions aims to help participants achieve their retirement goals.

### American workers need help transforming savings into lasting income in retirement.

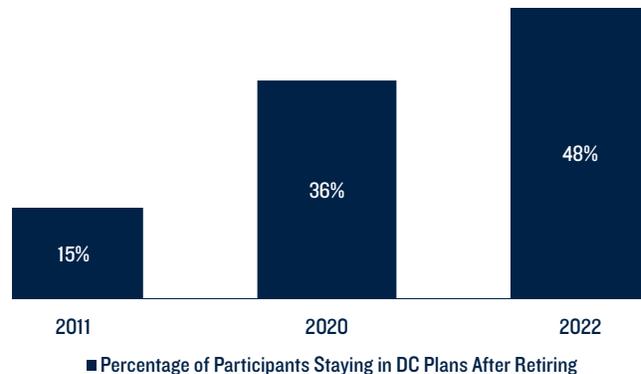
- Two-thirds of participants say they need help with retirement income planning.<sup>1</sup>
- As an increasing percentage of participants are staying in their DC plans after they retire<sup>2</sup>, plan sponsors are looking to offer additional solutions that can improve outcomes.
- Recent research from PGIM DC Solutions shows us that allocating to alternative asset classes including commodities, private real estate and infrastructure may, in certain scenarios, allow for an increase in additional income generation.<sup>3</sup>
- Consultants have recognized this opportunity; 90% of retirement plan consultants consider retirement income their top priority.<sup>4</sup>

#### Help with Retirement Income Planning<sup>1</sup>



67% of participants say that they need help with retirement income planning

#### More Participants Are Staying in DC Plans after Retiring<sup>2</sup>



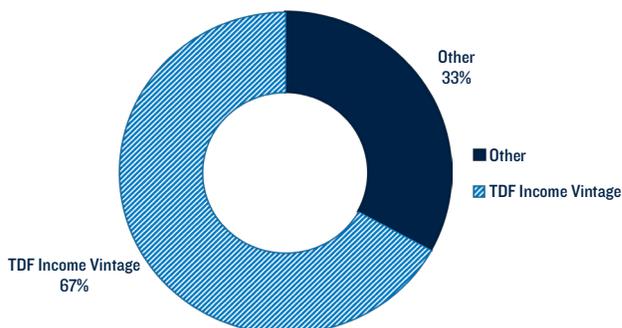
<sup>1</sup> Cerulli Report US Retirement Market 2023; <sup>2</sup> Vanguard, *Retirement distribution decision among DC participants*, February 2023; and Vanguard, *How America Saves 2023*, June 2023; <sup>3</sup> Updated research was conducted on original research by DC Solutions in *"The Building Blocks for Better Retirement Portfolios"*, 9/2025. Data from paper has been updated through 12/31/2024. Depicts results of Monte Carlo analysis (1,000 scenarios), with an assumed 5% withdrawal rate and using proprietary (PGIM Quantitative Solutions) capital market assumptions as of 12/31/2024; <sup>4</sup> PIMCO 2024 Consultant Survey.

IMPORTANT: The projections or other information generated by Monte Carlo analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

## What is the most commonly offered DC plan retirement income option? Target Date Fund (TDF) retirement vintages<sup>5</sup>.

- Roughly **\$367 billion** is in TDF in-retirement vintages.<sup>6</sup>
- TDFs, particularly those that are passively implemented, typically allocate to a limited set of equity and bond asset classes, and do not include alternatives.
- Adding alternatives may improve retirement outcomes for retirees.

### Most Prevalent Retirement Income Options<sup>5</sup>



## While TDFs are an excellent vehicle for retirement saving accumulation, those in retirement may benefit from a more diversified and customized approach.

The following pages highlight two key factors that may improve outcomes for those who are approaching retirement, when needs become more individualized and outcomes can be challenged by key risks.

These factors are:

1. Increased asset class diversification
2. Increased personalization

We also introduce you to **PGIM Retirement Spending Funds**, a well-diversified and more personalized solution for retirees.

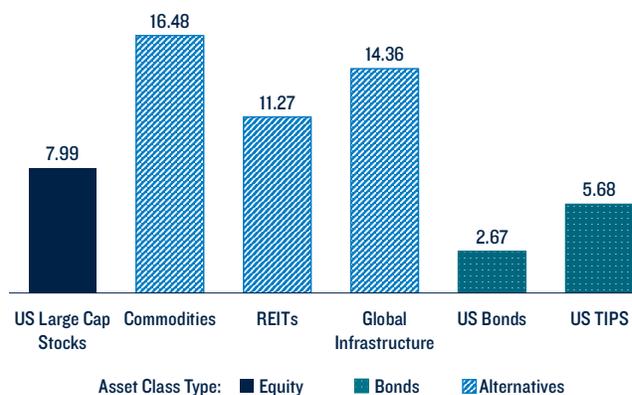
## 01 INCREASED DIVERSIFICATION CAN IMPROVE OUTCOMES FOR RETIREES

The risks faced by retirees are likely different than those who are still working. Allocating to non-traditional asset classes may help better mitigate the risk of inflation, equity market volatility, and longevity of retirement assets for those approaching retirement.

### INFLATION

- Even modest increases in inflation erode purchasing power of retirement dollars, making savings stretch over fewer years in retirement.
- Elevated inflation, like during the post-pandemic period, can have a more dramatic (and negative) impact on retirement outcomes.
- Alternatives, like commodities, REITs and infrastructure, have historically outperformed both large cap stocks and bonds in periods of elevated inflation.

### Annual Returns in Above Average Inflation<sup>7</sup>



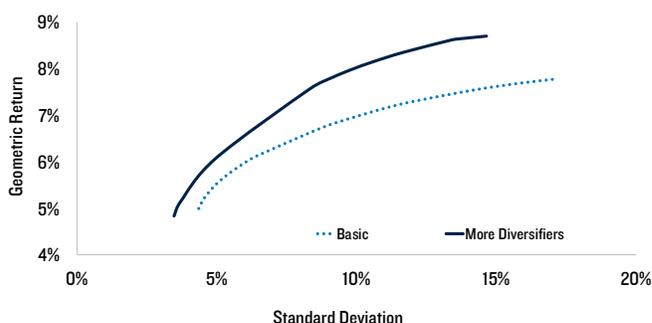
Past performance is no guarantee of future results. For illustrative purposes only.

<sup>5</sup> Cerulli Defined Contribution Distribution Report 2023; <sup>6</sup> Morningstar Direct as of 3/31/24, includes any TDFs that is past its target date; <sup>7</sup> Morningstar Direct as of 12/31/2023, calculated by PGIM using one-year rolling returns from 5/1/1998 to 12/31/2023; updated annually. Average 1-year inflation rate from 5/1998 to 12/31/2023 has been 2.56%; US Large Cap Stocks represented by S&P 500, US Bonds represented by Bbg Aggregate Bond Index, Infrastructure represented by S&P Global Infrastructure NR, REITs represented by FTSE Nareit All Equity REITs NR, Commodities represented by Bloomberg Commodity Index and US TIPS represented by Bloomberg US TIPS Index. Past performance does not guarantee future results.

## EQUITY MARKET VOLATILITY

- Alternatives offer lower correlations to stocks and bonds.
- Allocating to less correlated asset classes can create more diversified and efficient portfolios, which can help dampen portfolio volatility and increase risk adjusted returns.

## Diversification and Efficient Frontiers<sup>8</sup>



## LONGEVITY OF RETIREMENT ASSETS

- Retirement can last for decades, and growth in the retirement portfolio can help ensure participants have lasting retirement income.
- In addition to equities, allocating to alternatives, can help build wealth.
- Our research [The Building Blocks For Better Retirement Portfolios](#), September 2025, shows us that allocating to alternative asset classes including commodities, private real estate and infrastructure may, in certain scenarios, allow for an increase in additional income generation

## The PGIM Retirement Spending Funds include a broader set of asset classes than most TDFs, with allocations to alternatives that may help mitigate key risks for retirees.

- The PGIM Retirement Spending Funds allocate to a broader set of asset classes, including alternatives, such as commodities, real estate (REITs) and infrastructure.
- These categories, as illustrated earlier, may help retirees mitigate the key threats to successful retirement outcomes: inflation, equity market volatility and longevity of retirement assets.

	Assets Class	Biggest AUM TDF Series Retirement Fund <sup>9</sup>	PGIM Retirement Spending Funds
Equities	US Large Cap Equity	✓	✓
	US Mid Cap Equity	✓	✓
	US Small Cap Equity	✓	✓
	International Equity	✓	✓
	Emerging Markets Equity	✓	✓
Fixed Income	US TIPS	✓	✓
	US High Yield Bonds	✗	✓
	US Long-Term Bonds	✗	✓
	US Core Bonds	✓	✓
	US Short Term Govt. Bonds	✗	✓
Alternatives	Commodities	✗	✓
	Global REITs	✗	✓
	US REITs	✗	✓
	Infrastructure	✗	✓

<sup>8</sup>The efficient frontier represents portfolio optimization conducted by DC Solutions, in which surplus optimization was conducted with inflation rate of 3.5% as a constant liability. Basic portfolio includes U.S. large-cap stocks, U.S. small-cap stocks, non-US developed markets stocks, bonds and cash. More diversifiers include emerging markets stocks, REITs, commodities, high yield bonds, TIPS, long duration bonds, and infrastructure. Our research [The Building Blocks For Better Retirement Portfolios](#), September 2025, shows us that allocating to alternative asset classes including commodities, private real estate and infrastructure may, in certain scenarios, allow for an increase in additional income generation. <sup>9</sup>Biggest TDF series, representing 88% of indexed TDF retirement vintage AUM, per Morningstar Direct as of 9/30/25.

## 02 INCREASED PERSONALIZATION CAN IMPROVE OUTCOMES FOR RETIREES

As participants near retirement, their financial pictures can vary greatly. A more personalized approach, that is focused specifically on each participant's unique spending needs, may make more sense.

The PGIM Retirement Spending Funds offer a more personalized approach between TDFs and fully-personalized solutions, like managed accounts.



The PGIM Retirement Spending Funds utilize an asset allocation approach that is specifically focused on retirees and offer portfolio allocations designed to achieve key retiree objectives.

The Funds' asset allocation approach incorporates participants' unique:

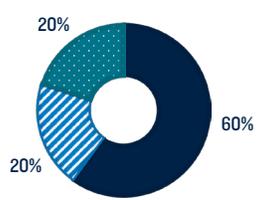
- **Spending needs.** While some participants may rely on DC plan savings to cover all of their essentials in retirement ("Needs" like rent and groceries), others may be able to use plan savings on a variety of non-essential items ("Wants" like travel and luxury items).
- **Sources of income.** Some participants may have secure income (like a defined benefit plan) to cover their Needs in retirement, while others with less secure income have less flexibility around how to spend DC plan savings.

### Participant spending profiles differ based on sources of income and spending needs

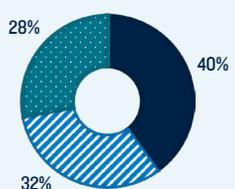


### PGIM Retirement Spending Fund portfolio allocations align with three participant spending profiles

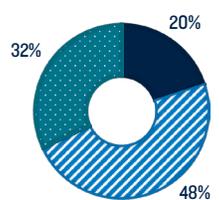
**Conservative**  
for investors who are generally less well funded and are dependent on retirement plan savings to fund essential spending in retirement.



**Moderate**  
for investors who may use retirement plans savings for some of their essential spending needs, but have access to other sources of secure income that allows them some flexibility.



**Enhanced**  
for investors who have other sources of secure income in retirement (like a defined benefit plan) and have significant flexibility around their retirement savings.



Legend: Fixed Income (dark blue), Equity (light blue), Alternatives (teal)

## Implementation is easy.

- The PGIM Retirement Spending Funds provide retirement plan clients an easy way to modernize their investment menus and facilitate the spend down phase of plan assets for retired participants, by offering a more personalized and more broadly diversified solution that is specifically optimized for decumulation.
- There is no requirement for technology builds with the recordkeeper and the due-diligence required by plan fiduciaries can mimic that of TDFs.
- A plan has **two simple paths** to offering the PGIM Retirement Spending Funds:



### ADD PGIM RETIREMENT SPENDING FUNDS TO PLAN MENU

- Allows participant to actively select one of three funds.
- Plans are expanding line-ups to include a set of retirement options (a “retirement tier”).
- PGIM provides educational materials to plan sponsors to help participants plan which of the three funds are right for them.

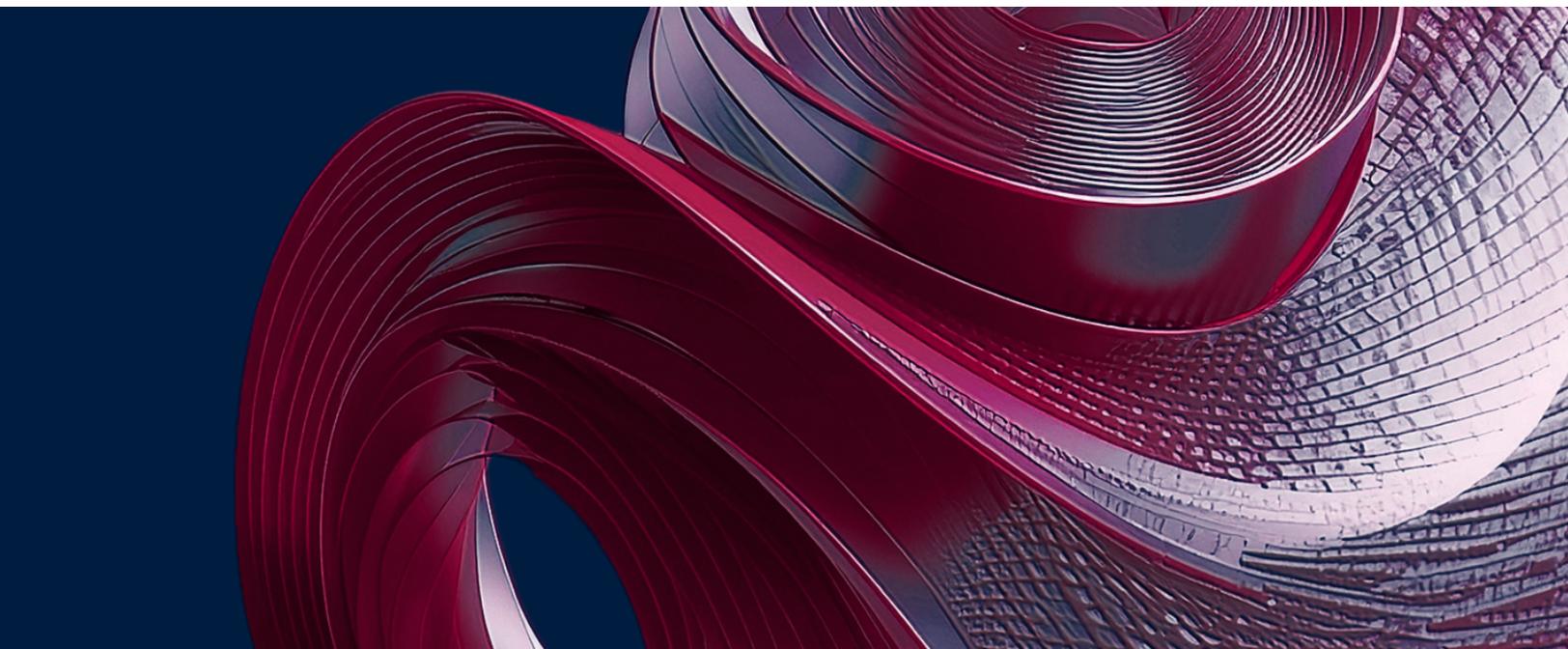


### REPLACE PLAN'S EXISTING TDF RETIREMENT INCOME VINTAGE

- Replace with one of three PGIM Retirement Spending Funds.
- This path would qualify as a QDIA by ERISA Legal guidance.
- PGIM works with plan sponsor to determine which of three funds is the best fit for participant.

- Regardless of how the PGIM Retirement Spending Funds are used in a plan line-up, participant investors have access to personalized spending advice. PGIM’s Guided Spending Rates, for each of the three PGIM Retirement Spending Funds, are published on a quarterly basis. PGIM’s Guided Spending Rates are notably higher than the conventional 4% rule and provide a more fitting and responsive spending rate. To view PGIM’s Guided Spending Rates based on age and length of retirement period, please visit [www.pgimdc solutions.com](http://www.pgimdc solutions.com).

**For more information:** call the DC Solutions Sales Desk at (877) 275-9786 or email [dc@pgim.com](mailto:dc@pgim.com)



## SUMMARY

---

- American workers need help transforming savings into lasting income in retirement.
- Target Date Fund (TDF) retirement vintages are currently plans' top choice option for retirement income.
- While TDFs are an excellent vehicle for retirement saving accumulation, those in retirement may benefit from a more customized approach that may allow for an increase in additional income generation.
- Broader asset class diversification plays an important role in addressing key risks to successful outcomes for retirees: inflation, equity market volatility and the longevity of retirement assets.
- The **PGIM Retirement Spending Funds**:
  - Are diversified across a broader set of asset classes than most TDFs, including allocations to non-traditional asset classes.
  - Offer a more personalized approach, filling the gap between TDFs and fully-personalized solutions, like managed accounts.
  - Utilize an asset allocation approach that is specifically focused on retirees and offer portfolio allocations designed to achieve key retiree objectives.
  - Provide retirement plan clients an easy way to modernize their investment menus and facilitate the decumulation of plan assets.

## DISCLOSURES

**For financial professional use only. Not for use with the public. Not for further distribution. All investments involve risk, including the possible loss of capital. Past performance is not a guarantee or a reliable indicator of future results.**

PGIM, Inc. (“PGIM”) is the primary asset management business of Prudential Financial, Inc. (“PFI”) and is a registered investment adviser with the US Securities and Exchange Commission. PGIM DC Solutions LLC is an SEC-registered investment adviser, a Delaware limited liability company and an indirect wholly-owned subsidiary of PGIM, Inc., the principal asset management business of Prudential Financial, Inc. (“PFI”) of the United States of America. Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

**Consider a fund’s investment objectives, risks, charges, and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about the fund. Contact the PGIM DC Solutions Sales Desk at (877) 275-9786 to obtain the prospectus and summary prospectus. Read them carefully before investing.**

### PGIM Retirement Spending Funds – Fund Risks

The Funds are structured as a “fund of funds,” meaning that instead of buying individual securities directly, the Funds invests primarily in mutual funds and exchange-traded funds (“ETFs”) (collectively, the “Underlying Funds”). The value of an investment in the Funds will be related, to a degree, to the investment performance of the Underlying Funds in which it invests. Therefore, the principal risks of investing in the Funds are closely related to the principal risks associated with these Underlying Funds and their investments including, but not limited to, risks relating to derivative securities, which may carry market, credit, and liquidity risks, as well as hedging risks; commodities which may be speculative and their values are affected by events that might have less impact on the value of stocks and bonds; foreign securities, which are subject to currency fluctuation and political uncertainty and may also be less liquid than US stocks and bonds; and emerging market securities, which are subject to greater volatility and price declines. The Funds may invest in equity and equity-related securities, where the value of a particular security could go down resulting in a loss of money; mortgage-backed and asset-backed securities, which may become more volatile if interest rates rise; real estate investment trusts (REITs), which are subject to the same risks as direct investments in real estate and mortgages; and debt obligations, U.S. government and agency securities, which are subject to market risk, interest rate risk and credit risk. The Funds are subject to affiliate funds risk, in which the Funds’ Manager serves as manager of certain of the Underlying Funds. In addition, the Funds may invest in certain Underlying Funds for which the subadviser serves as subadviser. It is possible that a conflict of interest among the Funds and the Underlying Funds could affect how the Manager and subadviser fulfill their fiduciary duties to the Funds and the Underlying Funds. As an actively managed fund, the Funds are subject to management risk, as well as market risks, in that the value of investments may decrease and securities markets are volatile; asset allocation risk, in that the Fund has partial exposure to the risks of many different areas in the market; asset class variation risk, in which the Underlying Funds investments in the securities constituting their asset class may vary (subject to any applicable regulatory requirements); economic and market events risk and market disruption and geopolitical risks, which could negatively impact performance; market capitalization risk, in that certain Underlying Funds may invest in stocks of small- and medium-size companies which may present above-average risks. As a new and relatively small funds, the Fund’s performance may not represent how the Funds are expected to or may perform in the long-term. There is no guarantee the Fund’s objective will be achieved. The risks associated with the Funds are more fully explained in the Fund’s prospectus and summary prospectus.

### PGIM Target Date Funds – Fund Risks

The target date is the approximate year in which investors plan to retire. The funds are designed for investors who will either withdraw all of their assets upon retirement or who will gradually withdraw assets from the fund over a moderate time period following retirement. Each fund invests in underlying funds that provide exposure to fixed income, equity and non-traditional asset classes. The asset allocation of the target date funds will become more conservative as the target date approaches and for ten years after the target date by lessening the equity exposure and increasing the exposure in fixed income investments. The principal value of an investment in a target date fund is not guaranteed at any time, including the target date. There is no guarantee that the fund will provide adequate income through retirement.

A target date fund should not be selected solely based on age or retirement date. Before investing, participants should carefully consider the fund’s investment objectives, risks, charges and expenses, as well as their age, anticipated retirement date, risk tolerance, other investments owned, and planned withdrawals.

The stated asset allocation may be subject to change. It is possible to lose money in a target date fund, including losses near and following retirement. Investments in the funds are not deposits or obligations of any bank and are not insured or guaranteed by any governmental agency or instrumentality. The Fund offers no assurance that the Fund will provide adequate income to meet an investor’s retirement or financial goals. The Fund’s equity exposure may result in investment volatility that could reduce an investor’s available retirement assets at a time when the investor needs to withdraw funds.

**Principal Risks.** All investing involves risk and there is no guarantee that the Fund’s objective will be achieved. An investment in the Fund is subject to the risks of the investments of each Underlying Fund, which include: With respect to investment in equities, stock prices are more volatile than bond prices over the long term, and the value of such investment will fluctuate with changes in market conditions. Small- and mid-cap investments may be more volatile than large-cap investments, and investments in non-U.S. markets may be more volatile than domestic investments due to currency fluctuation and political uncertainty. Investments in emerging markets are subject to greater volatility and price declines. Fixed-income investments may fluctuate based on interest rate changes and are subject to the risk that the company may not be able to make timely payments of principal and interest. Further, TIPS may experience greater losses than other fixed-income securities with similar durations. Unique risks associated with real estate and commodities may cause these investments to react differently to market conditions than traditional investments. Commodities may be speculative and more volatile than investments in more traditional equity and debt securities.

## **DISCLOSURES CONTINUED**

**INVESTMENT PRODUCTS | Are not insured by the FDIC or any federal government agency | May lose value | Are not a deposit of or guaranteed by any bank or any bank affiliate.**

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. The information is not intended as investment advice and is not a recommendation. Clients seeking information regarding their particular investment needs should contact their financial professional.

Investment products are distributed by Prudential Investment Management Services LLC, member FINRA and SIPC. PGIM Investments is a registered investment advisor and investment manager to PGIM registered investment companies. PGIM DC Solutions is a registered investment advisor. All are Prudential Financial affiliates.

**© 2025 Prudential Financial, Inc. and its related entities. PGIM, PGIM Investments, PGIM DC Solutions and the PGIM logo are service marks of Financial, Inc. and its related entities, registered in many jurisdictions worldwide.**

**PGIM DCS – 5105315**