

Surviving the Tax Season

WINTER 2018

What You Need to Know

Very few of us enjoy preparing taxes, but we're here to help make the job easier. This newsletter shows the types of tax forms you may be receiving from us for the 2018 tax year and how you should use them to prepare your taxes. You can visit our Tax Center at www.pgiminvestments.com/taxcenter for additional information.

Important Note: A copy of Form 1099-B, Proceeds from Broker and Barter Exchange Transactions is not included in this newsletter. An example of the form and a description of how to use it will be included in eligible tax forms and will also be available at www.pgiminvestments.com/taxcenter by mid-January.

Reminder: You will be able to import tax information for certain tax forms for your mutual fund accounts directly into TurboTax® if you use this software to file your tax returns. Please refer to the back page of this newsletter for more details.

Tax Forms by Mail

The following materials will be mailed to you by the dates stated below:

If you...	You will receive...
Received cash or have reinvested dividends and other distributions of \$10 or more (retirement plans excluded)	Form 1099-DIV (Mailed by Feb. 15, 2019) Reports all taxable dividends, capital gains, federal income taxes withheld, nontaxable distributions, foreign taxes paid, tax-exempt interest, and specified private activity bond interest (or AMT)
Exchanged or redeemed shares from your account (money markets and retirement plans excluded)	Form 1099-B (Mailed by Feb. 15, 2019) Reports redemptions, exchanges, account maintenance fee liquidations, cost basis, and federal income taxes withheld
Took a total or partial distribution from your retirement plan	Form 1099-R (Mailed by Jan. 31, 2019) Reports total or partial distributions and federal withholding taxes from qualified plans and IRAs
Made regular or rollover contributions to your IRA, Roth IRA, or SEP account	Form 5498 Reports contributions for 2018. Most people will not receive this form until May 2019 due to IRS contribution deadlines associated with retirement accounts
Contributed and/or rolled over contributions to a Coverdell Education Savings Account	Form 5498-ESA Reports contributions for 2018. Most people will not receive this form until May 2019 due to IRS contribution deadlines associated with Coverdell Education Savings Accounts
Received a distribution from a Coverdell Education Savings Account	Form 1099-Q (Mailed by Jan. 31, 2019) Reports distributions for the year

The following pages contain samples of tax forms you may receive from Prudential. For other forms, please visit the Tax Center.

IRA Contributions Due by April 15

You are able to postmark contributions until April 15, 2019, for the 2018 tax year. Make sure you tell us that your contribution through April 15, 2019, is for the 2018 tax year. Otherwise we will apply it to the 2019 tax year. The contribution limit is \$5,500. The catch-up contribution limit is \$1,000 for those age 50 or older. The contribution amount to a Coverdell Education Savings Account is \$2,000.

Tax Reporting for Account Maintenance Fee on Non-Retirement Accounts

The Internal Revenue Service (IRS) regulations provide that any disposition of mutual fund shares is a sale for tax reporting purposes. Prudential Mutual Fund Services LLC (PMFS) will report to you and the IRS any shares liquidated for the account maintenance fee of \$15 per fund, which is assessed on each mutual fund with a balance that is less than \$10,000. This transaction will only be reported on **non-retirement accounts** that are eligible for tax reporting by PMFS and it will be reported on IRS Form 1099-B (Proceeds from Broker and Barter Exchange Transactions). Please keep in mind that PMFS is not required to report cost basis to you or the IRS on shares acquired before January 1, 2012 that are liquidated. However, since you are still required to report cost basis on your personal tax return, in most cases PMFS will provide cost basis information to you as a service. It will then be clearly indicated on Form 1099-B that cost basis information is being provided on shares acquired before January 1, 2012.

In the event that cost basis information is not provided on Form 1099-B for shares acquired before January 1, 2012, you may access your account at pgiminvestments.com/myaccess to view or print your account transcripts.

FORM 1099-DIV Dividends and Distributions

You must report and pay taxes on these distributions even if they were automatically reinvested to purchase additional fund shares.

Payer's Name: PGIM QMA INTERNATIONAL EQUITY-CLASS A		Payer's TIN: 99-9999999		Fund & Account Number: 0574-999999999	
1a. Total ordinary dividends A	\$120.10	1b. Qualified dividends B	\$105.72	2a. Total capital gain distributions C	\$64.94
2b. Unrecap. Sec. 1250 gain D		2c. Section 1202 gain		2d. Collectibles (28%) gain	
3. Nondividend distributions E		4. Federal income tax withheld F		5. Section 199A dividends	
6. Investment expenses	\$11.31	7. Foreign tax paid G	\$11.31	9. Cash liquidation distributions H	
11. Exempt-interest dividends I		12. Specified private activity bond interest dividends J		13. State	
				14. State identification no	
				15. State income tax withheld	

A. Total Ordinary Dividends

This shows the amount of a distribution taxable as ordinary income. It includes taxable net investment income and short-term capital gains.

B. Qualified Dividends

This shows the portion of the amount in Box 1a that is eligible for the lower income tax rate on dividends (0% for those in the 12% or lower brackets; 15% for those in the 22% to 35% brackets and 20% for those in the 37% bracket.)

C. Total Capital Gain Distributions

These are taxable long-term gains from your mutual fund account. Profits from the sale of stocks and bonds held for more than one year are considered "long-term" gains and are taxed more favorably than investments held for one year or less. A capital gain is considered short or long term depending on how long the mutual fund, not the shareholder, has held the investment.

D. Unrecaptured Section 1250 Gain

This shows the portion of the amount in Box 2a that represents gains received by a mutual fund from Real Estate Investment Trust (REITs) on the sale of depreciable real property.

E. Nondividend Distributions

This shows the distribution of funds representing a return of cost basis.

F. Federal Income Tax Withheld

An amount here represents backup withholding. The rate for backup withholding was 24% in 2018. Backup withholding may be imposed when rules regarding taxpayer identification numbers (usually a Social Security number) are not met by the individual, or when we receive notice from the IRS to withhold on payments to that individual.

G. Foreign Tax Paid

Any amount reported here shows foreign taxes paid on your behalf by the fund. You may be able to claim a foreign tax deduction or credit on your federal tax return.

H. Cash Liquidation Distributions

Any amount distributed from fund liquidations.

I. Exempt-Interest Dividends

Shows tax-exempt interest, including exempt-interest dividends from a mutual fund or other regulated investment company, paid to you during the calendar year by the payer. Report this amount on line 2a of Form 1040. This amount may be subject to backup withholding.

J. Specified Private Activity Bond Interest Dividends

Shows tax-exempt interest subject to the alternative minimum tax. See the Instructions for Form 6251, Alternative Minimum Tax – Individuals.

Cost Basis Reporting

The IRS requires transfer agents, such as Prudential Mutual Fund Services LLC (PMFS), to report a shareholder's adjusted cost basis and gross proceeds for mutual fund shares acquired on or after January 1, 2012, that are redeemed in non-retirement accounts. The regulations also require PMFS to report whether a gain or loss is short-term (held one year or less) or long-term (held more than one year) for all purchases made on or after January 1, 2012 that are subsequently redeemed. Note: The cost basis regulations do not affect retirement accounts, money market accounts, and shares acquired before January 1, 2012.

FAQ: Cost Basis Rules

Q. Which cost basis methods does PMFS support?

A. PMFS supports 10 cost basis methods for shares acquired on or after January 1, 2012:

- 1. Average Cost**—We use the average basis of all shares owned at the time of redemption, regardless of how long you owned them, to arrive at the average cost. To determine the holding period, the shares sold are considered to be those acquired first. Determination of the holding period is important for designating whether a gain is long-term or short-term.
- 2. First In First Out (FIFO)**—We keep track of every tax lot of shares purchased. When calculating gain or loss, this method depletes tax lots in the chronological order in which available lots were acquired.
- 3. Specific Lot Depletion Method (SLDM)**—This allows you to choose which tax lots you are selling, thereby giving you more control over whether the transaction will result in a gain or loss. You must specify the particular tax lots to be sold no later than the settlement date of the redemption. (For shares held at PMFS, the settlement date is the same date as the redemption date.) The gain or loss will vary, depending on which shares you choose. This method cannot be pre-selected as a default method on your account. Also, it cannot be selected for systematic transactions such as Systematic Withdrawal Plans (SWPs), systematic exchanges, and exchange rebalancing among multiple funds.
- 4. Last In First Out (LIFO)**—The most recent shares acquired will be redeemed first.
- 5. Highest Cost In, First Out (HIFO)**—The highest cost shares will be redeemed first.
- 6. Highest Cost Long-Term In, First Out (HILT)**—The long-term highest cost shares will be redeemed first.
- 7. Highest Cost Short-Term In, First Out (HIST)**—The short-term highest cost shares will be redeemed first.
- 8. Lowest Cost In, First Out (LOFO)**—The lowest cost shares will be redeemed first.
- 9. Lowest Cost Long-Term In, First Out (LILT)**—The long-term lowest cost shares will be redeemed first.
- 10. Lowest Cost Short-Term In, First Out (LIST)**—The short-term lowest cost shares will be redeemed first.

Q. What if I don't choose any specific method when I make a redemption or exchange?

A. If you do not choose a specific cost basis method, PMFS will use the Average Cost method for taxable transactions on shares acquired on or after January 1, 2012 for most funds.

Q. How can I change my cost basis method?

A. You have up to the date of the first redemption of shares acquired on or after January 1, 2012 to change your election. As a reminder, if your change of method involves Average Cost, you will need to submit your request online or in writing. You cannot change the cost basis method after the settlement date of your redemption. (For shares held at PMFS, the settlement date is the same date as the redemption date.)

Q. How is cost basis handled on shares purchased before the effective date of the new cost basis rules?

A. You may have different cost basis methods for shares purchased before the January 1, 2012, effective date of the current cost basis regulations, and for shares acquired after that date. The cost basis regulations treat shares acquired before the effective date as if they are in a separate account (bifurcated) from shares acquired after the effective date. Please keep in mind that PMFS is not required to report cost basis to you or the IRS on shares purchased before January 1, 2012. However, since you still have to report cost basis on your tax return, PMFS will in most cases provide that information to you as a service.

Q. Where can I find more information about the cost basis regulation?

A. IRS Publication 550, Investment Income and Expenses, provides a comprehensive description of the current cost basis rules.

Please Note: When corporate actions occur that affect the cost basis of your fund shares, you will be able to find an historical record of these events at www.pgminvestments.com/taxcenter. These actions may include but are not limited to fund mergers and return of capital distributions.

FORM 1099-R Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

If you have more than one retirement account with a taxable distribution, you will receive a Form 1099-R for each account.

Payer's Name PGIM REAL ASSETS FUND – CLASS A		Payer's TIN 09-9999999		Fund & Account Number 1050 - 1111111111 - 001	
1. Gross Distribution A \$1,800.00	2a. Taxable Amount B	2b. Taxable Amount Not Determined <input checked="" type="checkbox"/>	Total Distribution <input type="checkbox"/>	4. Federal Income Tax Withheld C	5. Employee / Designated Roth Contributions
7. Distribution Code(s) D 7	IRA / SEP / SIMPLE <input checked="" type="checkbox"/>	10. Amount Allocable to IRR within E 5 Years	11. 1st Year of Designated Roth Contribution F	12. State Tax Withheld G	13. State / Payer's State Number H

A. Gross Distribution

This shows your total distributions before taxes and other deductions, such as a direct rollover, conversion to a Roth IRA, or a lump-sum distribution.

B. Taxable Amount

This is generally the part of your distribution that is taxable. If the taxable amount of your distribution is not calculated, please refer to Form 1040 for instructions on how to do the calculation.

C. Federal Income Tax Withheld

This shows any amount withheld from your distribution for federal income taxes.

D. Distribution Code

This code identifies the type of distribution you received. The code affects the tax treatment of the distribution.

Code Definitions

Code 1: Premature distribution
Code 2: Premature with exception
Code 3: Disability distribution
Code 4: Distribution due to death
Code 7: Normal distribution

See instructions for Form 1099-R for a complete listing of all the distribution codes.

E. Amount Allocable to IRR within 5 years

This shows the amount of the distribution allocated to an In-Plan Roth Rollover (IRR) made within the 5-year period beginning with the first day of the year in which the rollover was made.

F. 1st year of Designated Roth Contribution

This shows the first year you made a contribution to the designated Roth account.

G. State Tax Withheld

This indicates the amount of state taxes withheld, which you would include on your state income tax return.

H. State/Payer's State Number

This is the payer's identification number assigned by the individual state.

2018 IRA Rules

The extent to which you can make tax-deductible contributions into an IRA depends on your adjusted gross income (AGI), the annual contribution limit (\$5,500 for 2018, plus a "catch-up," if applicable), and whether you, your spouse, or both have a qualified retirement plan at work.

Neither spouse covered by an employer retirement plan	Each can make fully deductible contributions.
One spouse covered, the other not covered	Covered spouse: Fully deductible up to joint AGI of \$101,000. Partial deduction between \$101,000 and \$121,000. Noncovered spouse: Fully deductible up to joint AGI of \$189,000. Partial deduction between \$189,000 and \$199,000.
Both spouses covered by employer plan	Fully deductible up to joint AGI of \$101,000. Partial deduction between \$101,000 and \$121,000.
Single individual not covered by employer plan	Contributions fully deductible.
Single individual covered by employer plan	Fully deductible up to AGI of \$63,000. Partial deduction between \$63,000 and \$73,000.

PRUDENTIAL ONLINE ACCOUNT ACCESS: TAX FORMS FAST AND SO MUCH MORE

Get your tax forms faster and access your mutual fund accounts any time day or night with Prudential Online Account Access. You can now receive your tax forms through our e-Delivery service. You may sign up for this feature online when you access your account at www.pgiminvestments.com/myaccess. Once online, select “Quick Actions” and then select “My Profile”. From the E-Delivery Preferences section click on “Manage E-Delivery” and complete your updates.



Enroll in e-delivery. Save paper, save time!

While online, you can also take advantage of e-Delivery for your mutual fund statements, transaction confirmations, and shareholder reports. Why wait for the mail? Sign up for e-Delivery today.

Important Information

If you have questions about the tax information we send you, call your financial professional or the Prudential Mutual Fund Service Center at (800) 225-1852, Monday through Friday from 8:30 a.m. to 5:00 p.m., Eastern time, to speak with a customer service representative.

Please Note: The 2018 Supplemental Tax Information brochure will not be mailed. This information will be available online in late January through our Tax Center.

Important Websites and Phone Numbers

Prudential Tax Center

www.pgiminvestments.com/taxcenter

Internal Revenue Service (IRS) website: www.irs.gov

IRS: (800) 829-1040

IRS 24-hour recorded information service:
(800) 829-4477; (800) 829-4059 (TDD)

To order IRS tax forms: (800) TAX-FORM (829-3676)

- Questions? Talk with your financial professional or use one of the following resources:
- Prudential website:
www.pgiminvestments.com/taxcenter
- Online Account Access:
www.pgiminvestments.com/myaccess
- Prudential Mutual Fund Services LLC **(800) 225-1852**

Retirement Distribution Reminder

You are allowed by law to update, change or discontinue the amount of Federal Income Tax (FIT) withheld from your distribution at any time. Write to us at:

Prudential Mutual Fund Services LLC
P.O. Box 9658
Providence, RI 02940

If you do not wish to make any changes, there is no action required on your part.

If you have elected to not have FIT withheld, or do not have enough FIT withheld, you may be responsible for payment of estimated tax or incur penalties under the estimated tax rules.

If your investment is part of certain qualified plan arrangements and we are currently withholding 20% due to the unemployment compensation amendments of 1992, you may not elect to stop or decrease the amount being withheld. PMFS is required by federal law to withhold in this instance.

Important Dates

- **January 2, 2019**—Prudential begins mailing year-end statements.
- **January 31, 2019**—Prudential mails tax forms 1099-R and 1099-Q.
- **February 15, 2019**—Prudential mails tax forms 1099-B and 1099-DIV.
- **April 15, 2019**—Last day to establish and contribute to a 2018 traditional IRA, Roth IRA, or Coverdell Education Savings Account. Last day to file federal tax return (without extensions).
- **May 2019**—Prudential mails Form 5498 (traditional, Roth, or SEP) or Form 5498-ESA (Coverdell Education Savings Account).
- Last day to establish or fund a SEP for 2018—Due date of employer's tax return, including extensions, which in 2019 may be as late as October 15.

Did you know?

You have access to a wide range of answers to frequently asked questions regarding the servicing of your account held at PMFS. This feature provides 24-hour online information on a variety of important topics that include how to request an exchange, update your IRA beneficiary, change your mailing address, and tax related inquiries.

By accessing your account online at www.pgiminvestments.com/myaccess you will be able to view our “Frequently Asked Questions” (FAQs). After entering your login ID and password to sign on, simply click on “Quick Actions” and then select “My Profile.” Click on “FAQs/Email us” from the upper right on the Account Profile page. You will then be able to browse through the questions or you can type in your question or key word to find the best related answer to your question.

Import Tax Information using TurboTax

As soon as your mutual fund tax forms are available, you will be able to quickly, safely, and accurately import tax information into your tax returns when filing with TurboTax®. To access this functionality, you should use a version of TurboTax® that supports the import feature.

This feature will be available for Form 1099-B, Form 1099-DIV, and Form 1099-R. These tax forms will be available online and for importing starting on or about January 31, 2019, on the same dates they are mailed to you. (Please refer to the first page of this newsletter to view the IRS tax deadlines for issuing these forms to you.)

To access your tax information on TurboTax®, you will be required to enter a User ID and Password so that TurboTax® can validate your access to the account information. You would type your mutual fund account number in the User ID field and your Social Security Number or Tax Identification Number in the Password field. You will be able to select “Prudential Mutual Fund Services” from the list of financial institutions that are listed. You would then follow the on-screen instructions to complete the importing process. We will provide additional instructions through an insert in your tax forms.

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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 your financial professional for a prospectus and summary prospectus. Read them carefully before investing.

Prudential Financial, its affiliates and their licensed financial professionals do not render tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstance.

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