

December, 2014



**Prudential**  
Bring Your Challenges®

000539

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***Defined Contribution Plan Sponsor Interest Rate Notification***

Contract: 041294 001

Plan: 008153 City of Knoxville Deferred Compensation Plan

Prudential Retirement Insurance and Annuity Company recently declared the guaranteed interest crediting rates payable under the Guaranteed Income Fund.

- The net interest crediting rate will be 1.45%.
- This rate is net of your contract's 0.30% asset charge.
- This rate will be in effect from 1/1/2015 through 6/30/2015.
- The rate is guaranteed not to change during that time.

It is important to remember the guaranteed interest rate represents a blending of interest rate conditions over time, rather than a single current ("spot") rate. As a result, crediting rates will tend to lag changes (both increases and decreases) in spot rates. This provides reduced interest rate volatility and a desirable balance between rate responsiveness and stability.

During all market cycles, stable value products such as this may provide desirable benefits such as:

- ***Security*** through investment diversification;
- ***Predictability*** through crediting rates which are announced in advance and guaranteed;
- ***Stability*** via a full guarantee of principal regardless of market conditions; and
- ***Liquidity*** for participant transfers and benefits.

We've included a sample announcement you may customize and distribute to your plan participants.

We appreciate your business and look forward to our continued partnership in meeting all of your retirement plan needs.

Sincerely,

Prudential Retirement

**Please See Next Page for Important Disclosure Information**

The Guaranteed Income Fund (GIF) is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. Amounts contributed to the contract are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of PRIAC. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency. Contract form # GA-2020-IA-0805 or state variation thereof.

Prudential Retirement is compensated in connection with this product when investment returns exceed the interest credited on contract balances. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and participant recordkeeping and distribution services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss.

Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

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## Sample Participant Announcement

December, 2014

To Participants of *City of Knoxville Deferred Compensation Plan*:

The net interest crediting rate for the Guaranteed Income Fund is 1.45%. This rate is net of an asset charge of 0.30%.

This net rate will be credit to funds invested in the Guaranteed Income Fund beginning 1/1/2015 and will remain in effect through 6/30/2015. The interest crediting rate is guaranteed not to change during that time.

While no one can predict the direction that interest rates will take in the future, investing a portion of your retirement savings in fixed-rate investments may be an appropriate way to diversify your retirement savings

The interest crediting rate information as well as any applicable fees for other plan investments are available by calling the toll-free number shown on your statement.

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