

*Where will retirement take you?*

## Putting bonds in 'the investment spotlight'

As an employer, you probably know that Prudential retirement counselors are available to assist **New Jersey Defined Contribution Retirement Plan (NJDCRP)** participants to regularly review their plan investment options, which can help them ensure that their chosen investments are aligned with their long-term investment goals and objectives.

This year, each NJDCRP quarterly newsletter includes a section titled "the investment spotlight," which focuses on one particular type of asset class—including stocks, bonds and stable value investments. Last quarter's newsletter focused on stocks. This quarter, we're turning our attention to bonds.

### The Focus of the Second Quarter Employee Newsletter

The plan's Second Quarter Employee Newsletter reminds participants about the key role that asset allocation\* and diversification\* play in the retirement planning process—and it focuses on bonds, one of the four asset classes offered by the plan.

The two remaining 2020 Employee Newsletters will highlight the other two asset classes offered by the NJDCRP:

- Stable Value
- Balanced

Please encourage your employees to learn as much as they can about the plan investments available to them—so they can make the choices that are in line with their long-term goals and objectives.

\* Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. **You can lose money by investing in securities.**

### Asset allocation and diversification defined

**Asset allocation**—the process of spreading your money across different kinds of asset classes, such as stocks, bonds and stable value investments.

*(By dividing your plan dollars among a variety of investment classes, you minimize your reliance on any one investment and help yourself manage your investment risk.)*

**Diversification\*\***—an investment strategy that takes asset allocation one step further by investing in a variety of investments within each asset class—for example, large-cap vs. small-cap, growth vs. value, etc.

*(Diversification spreads risk around and helps even out the return of an asset class even though its individual investments may move up and down over time.)*

\*\* Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss in a declining market. You can lose money by investing in securities.

## Understand what market volatility really is (and means)

It might sound scary, but "volatility" simply refers to a change in prices. It's normal and happens over time — it's not necessarily a cause for panic, and it's something you should consider when developing your long-term strategy.

Think of it like weather: If we expect only sun, and base all our plans on that, we're setting ourselves up for failure because there's always a chance of rain.

Start by understanding that the prices of stocks and bonds will go up and down, and that there are some things you can do with that in mind.

If you or your participants need some help making sense of it all, contact your Prudential retirement counselor, or visit [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).



## Put yourself in the driver's seat

### It's quick and easy to take control of your plan investments

As participants in the NJDCRP, you and your employees automatically have 5.5% of your base salary contributed to your NJDCRP account—along with a 3% employer contribution.

But while you can't control your contribution level, you can control how the money in your account is invested, by either:

- Choosing your own investments; or
- Enrolling in GoalMaker®, which simplifies the investment selection process and automatically rebalances your investments quarterly.

Log in to your account at [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp) and choose your investments. Or, if you've done so already, review your chosen funds to make sure they're still appropriate for you. Encourage your employees to do the same! Doing so is an important part of the retirement planning journey.

## RMDs waived for 2020

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was designed to provide financial relief for the economic downturn caused by the Coronavirus (COVID-19) pandemic, was signed into law on March 27, 2020. The legislation allows for required minimum distributions (RMDs) from retirement plans to be waived for 2020, starting with the February 2020 RMDs. Any retiree who normally takes an RMD from their plan account, or who was required to begin taking RMDs this year, no longer needs to withdraw money from their account this year.

**Questions?** Call **866-NJDCRP1** (866-653-2771) toll-free for assistance.

## Encourage your employees to make the most of their plan account

### Personal assistance—at no extra cost

When it comes to retirement planning, your Prudential retirement counselor can help both you and your employees get the answers you need. Be sure to reach out to one of our knowledgeable retirement counselors *today*.

#### Your Retirement Counselor Contact Information:

##### STATEWIDE, EMPLOYERS

**Stan Rovinski**

609-218-3601

[stan.rovinski@prudential.com](mailto:stan.rovinski@prudential.com)

##### SOMERSET, MIDDLESEX

**Bob Rooyakkers**

732-587-8331

[robert.rooyakkers@prudential.com](mailto:robert.rooyakkers@prudential.com)

##### PASSAIC, HUDSON

**Lily Lau**

732-236-6782

[lily.lau@prudential.com](mailto:lily.lau@prudential.com)

##### MERCER, MONMOUTH

**Melanie Brassell**

732-245-4733

[melanie.brassell@prudential.com](mailto:melanie.brassell@prudential.com)

##### BERGEN, SUSSEX

**Steve Surat**

201-741-1080

[steve.surat@prudential.com](mailto:steve.surat@prudential.com)

##### BURLINGTON, OCEAN

**Rich Parrett**

732-865-6708

[richard.parrett@prudential.com](mailto:richard.parrett@prudential.com)

##### ESSEX, UNION

**Alicia Smith**

732-428-2314

[alicia.smith@prudential.com](mailto:alicia.smith@prudential.com)

##### CAMDEN, GLOUCESTER, SALEM

**Cornell Fields**

908-461-9148

[cornell.fields@prudential.com](mailto:cornell.fields@prudential.com)

##### WARREN, HUNTERDON, MORRIS

**Joseph Dancho**

609-480-6105

[joseph.dancho@prudential.com](mailto:joseph.dancho@prudential.com)

##### CUMBERLAND, ATLANTIC, CAPE MAY

**Jerard Gray**

609-462-1239

[jerard.gray@prudential.com](mailto:jerard.gray@prudential.com)

Plan information can be obtained by calling **866-NJDCRP1** (866-653-2771) toll-free or by visiting [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).



Amounts withdrawn are subject to income taxes. Withdrawals before age 59½ may also be subject to a 10% federal income-tax penalty and plan restrictions. Neither Prudential Financial nor any of its affiliates provide tax or legal advice, for which you should consult your qualified professional.

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Participants should consider their other assets, income and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to their interest in the plan, to the extent those items are not taken into account in the model. Participants should also periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon.

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