

» HELP SUSTAIN YOUR ASSETS: BE BULLISH IN RETIREMENT

A successful solution begins with a well-developed strategy. That's why a careful evaluation of your asset allocation and initial withdrawal amount in retirement is vital. The following tables show how stocks—in varying proportions—coupled with a realistic initial withdrawal amount could increase the probability of comfortably funding a 25-, 30-, or even 35-year retirement.*

For example, the second table suggests there is an 57% chance that a mix of 40% stocks and 60% bonds would sustain a 5% initial withdrawal amount throughout a 30-year retirement.

25-Year Retirement

Initial Withdrawal Amount	Stock/Bond** Mix				
	100/0	80/20	60/40	40/60	20/80
3%	97%	98%	99%	99%	99%
4	88	91	94	97	98
5	74	77	78	78	73
6	57	57	53	44	25
7	42	39	30	17	4
8	29	24	15	5	0

30-Year Retirement

Initial Withdrawal Amount	Stock/Bond** Mix				
	100/0	80/20	60/40	40/60	20/80
3%	93%	96%	98%	99%	99%
4	81	84	87	89	89
5	64	65	63	57	40
6	47	45	38	24	7
7	33	28	19	7	1
8	21	16	8	2	0

More Likely Less Likely

35-Year Retirement

Initial Withdrawal Amount	Stock/Bond** Mix				
	100/0	80/20	60/40	40/60	20/80
3%	90%	93%	96%	98%	99%
4	75	78	79	77	71
5	57	57	52	41	19
6	40	37	28	14	2
7	27	22	12	3	0
8	17	12	5	1	0

Armed with the above, investors can customize an asset mix and withdrawal rate to coincide with their specific requirements.

* T. Rowe Price has analyzed a variety of retirement savings strategies using Monte Carlo simulation to determine the likelihood of “success” (having at least \$1 remaining in the portfolio at the end of the retirement period) of each strategy, shown as percentages in each grid. Monte Carlo simulation is an analytic tool for modeling future uncertainty. The simulation success rates are based on simulating 100,000 possible market scenarios and various asset allocation strategies. The initial withdrawal amount is the percentage of the initial value of the investments withdrawn in the first year, is a lump sum made at the beginning of each year, and is inflation-adjusted 3% annually. The underlying long-term expected annual return assumptions (gross of fees) are 10% for stocks, 6.5% for bonds, and 4.75% for short-term bonds, and are based on our best estimates for future long-term periods. The following expense ratios are applied to arrive at net-of-fees expected returns: 1.211% for stocks, 0.726% for bonds, and 0.648% for short-term bonds. These results are not predictions, but they should be viewed as reasonable estimates.

Important: These projections and simulations are hypothetical in nature and do not represent past or future investment results. The simulations are based on a number of assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. These charts only present a range of possible outcomes. Actual results will vary, and such results may be better or worse than the simulated scenarios. Investors should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulation.

** The following allocations include short-term bonds: 60/40 is 60% stocks, 30% bonds, and 10% short-term bonds; 40/60 is 40% stocks, 40% bonds, and 20% short-term bonds; and 20/80 is 20% stocks, 50% bonds, and 30% short-term bonds.

PLEASE SEE THE REVERSE SIDE FOR IMPORTANT INFORMATION ABOUT AVERAGE AND ACTUAL RETURNS AND HOW THEY CAN IMPACT YOUR WITHDRAWAL PROGRAM.

VARIABLE ANNUITIES:

ARE NOT INSURED BY FDIC OR ANY FEDERAL GOVERNMENT AGENCY

MAY LOSE VALUE

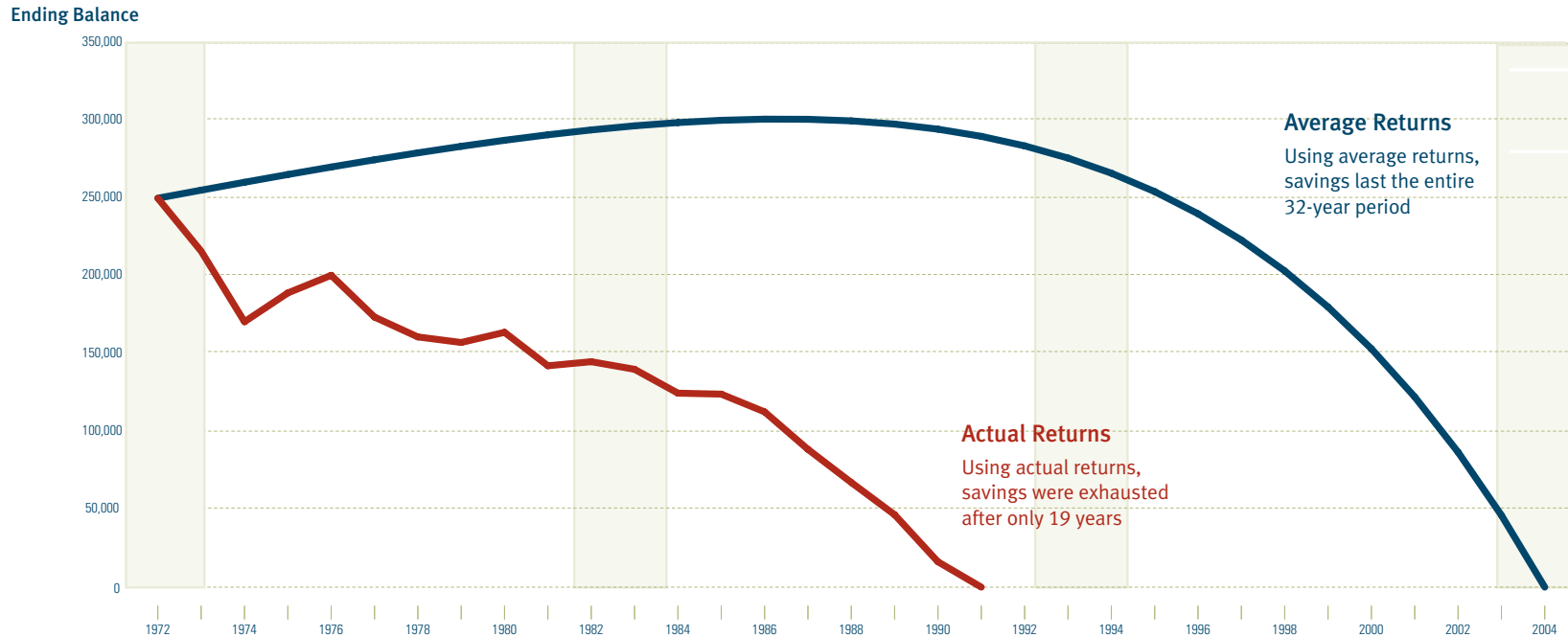
ARE NOT A DEPOSIT OF OR GUARANTEED BY ANY BANK OR ANY BANK AFFILIATE

»SUSTAINING YOUR SAVINGS TO FUND ALL—NOT JUST SOME—OF YOUR RETIREMENT

AVERAGE AND ACTUAL RETURNS TELL DIFFERENT STORIES

A common mistake investors make when determining a sustainable withdrawal rate is basing their estimate on the historical average return expected for a given portfolio. Yearly variations in return patterns can have a lasting impact on your portfolio.

The chart below shows the different drawdown patterns of a typical balanced portfolio under actual market conditions compared with using historical average returns over a retirement duration of 32 years.* As illustrated below, a declining market early in retirement can significantly reduce the longevity of your portfolio.



* Assumes \$250,000 portfolio and initial 7.4% withdrawal rate increased by 3% each year for inflation. Withdrawals are made at the start of each year. Taxes on any investments and required minimum distributions for tax-deferred assets are not considered in this illustration. Portfolio performance is based on historical returns of a portfolio composed of 60% Standard & Poor's 500 Stock Index, 30% intermediate government bonds, and 10% 30-day Treasury bills. The S&P 500 Stock Index tracks the stocks of 500 U.S. companies.

Charts are shown for illustrative purposes only and are not intended to represent the performance of any specific security. Past performance cannot guarantee future results. Source: T. Rowe Price Associates. Data: Ibbotson Associates. For more information, contact your financial professional.

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