PGIM RETIREWELL™

CONFIDENCE INDEX METHODOLOGY OVERVIEW

December 2024

Data for the PGIM RetireWell™ Confidence Index is based on responses to an online financial wellness assessment offered by Prudential Financial as well as national online surveys conducted by Morning Consult. Over 300,000 people have completed the financial wellness assessment since it was first offered since April 20, 2017. The financial wellness assessment questionnaire included approximately 25 questions and was primarily accessed by individuals either through Prudential's recordkeeping platform or group benefits services. To supplement the financial wellness assessment, and to provide a more national context, PGIM engaged Morning Consult to conduct a national online survey starting in Q2 2024.

The PGIM RetireWell™ Confidence Index is based on the normalized response to two questions: one focused on financial confidence and the other on retirement confidence. While the text for the specific questions and potential responses has changed over time, i.e., the wording of the question and response choices have evolved, it is possible to generate a meaningful score based on the data.

The current question used to estimate financial confidence asks respondents "Overall, how are you feeling about your finances?", with the corresponding four possible responses: Stressed; Ok; Confident; and I'm not sure. For retirement confidence, the question asks "Do you think you'll have enough savings for the retirement you want?", where there are three potential responses: Yes, I think I'll have enough; I don't think so, but I'm trying!; and I'm not sure.

For the financial wellness assessment, only the last assessment taken by a given individual is used if he or she takes the assessment more than once (to the extent this can be determined). Additionally, we only include assessments by respondents who are between 20 and 70 years of age with a total household income between $25,000 and $500,000. These are effectively reasonableness filters.

As of December 31, 2024, of the 326,925 completed surveys, 250,278 meet the required filters to be included in the calculations. The number of available responses included in the calculation by quarter are included in the following exhibit.

Exhibit 1: Number of Assessment Responses Included in Index Score
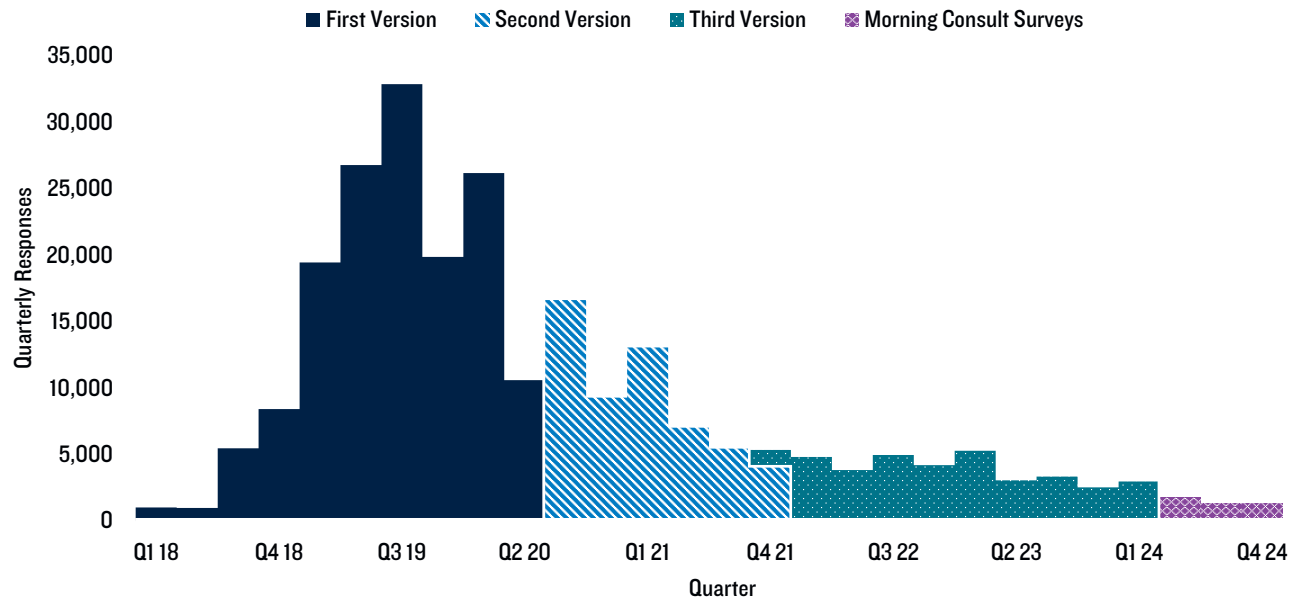
The responses to the financial confidence and retirement confidence questions are mapped to values that correspond to the range of potential outcomes, while respondents who provide a "not sure" response are excluded given the ambiguity of the response. For example, for financial confidence, the responses of Stressed; Ok; and Confident would be assigned values of 0, 50, and 100, respectively. Therefore, if everyone taking the assessment reported being Stressed the score value would be 0 and if everyone was Confident the score value would be 100. For retirement confidence, the potential scores are 0 and 100 for the responses "I don't think so, but I'm trying!" and "Yes, I think I'll have enough," respectively (where responses of "I'm not sure" are excluded). Given the scoring methodology the final values are effectively bounded between 0 and 100.

An ordinary least squares (OLS) regression is employed to control for variations in the respondent population in the financial wellness assessment over time. The dependent variable for the OLS is the respective financial confidence score or the retirement confidence score, both of which range from 0 to 100. The independent variables for the OLS regression are age, household income (technically the natural logarithm of income), gender, and whether the respondent is married (or partnered).

We apply the resulting regression coefficients to the actual respondent data and estimate the error from each response (i.e., the portion of the score not explained by the demographic variables) and average the errors across all responses based on the calendar quarter. The PGIM RetireWell™ Confidence Index is the average of the financial confidence score and the retirement confidence score. Finally, we map the resulting value to a descriptor text, based on the range below.

For the Morning Consult survey, the responses are weighted to match the age and income distribution of the historical financial wellness assessment responses. The weighted scores are determined and 50 is subtracted from the value to get the respective Index Score.

The scores will be updated at least quarterly.

Exhibit 2

SCORE	DESCRIPTOR
< -10	Very Low
-10 to -5	Low
-5 to 0	Below Average
0 to 5	Above Average
5 to 10	High
>= 10	Very High

DISCLOSURE

The PGIM RetireWell™ Confidence Index is not an investable index. While the Index was launched as of Q2 2023, PGIM DC Solutions used historical data to calculate prior Index levels.

All investments involve risk, including the possible loss of capital. Asset allocation, diversification, dollar-cost averaging and/or rebalancing do not ensure a profit or protect against loss.

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