



# NJDCRP

## Defined Contribution Retirement Plan

Your Future in Focus

### Introducing “The Investment Spotlight”

You may know that Prudential retirement counselors are available to assist **New Jersey Defined Contribution Retirement Plan (NJDCRP)** participants to regularly review their plan investment options. Doing so can help to ensure that their chosen investments continue to be aligned with their long-term investment goals and objectives.

That’s why this year, each of the NJDCRP’s quarterly statement inserts will include a section entitled “The Investment Spotlight,” which will focus on one particular type of asset class.

### The Focus of the First Quarter 2016 Statement Insert

The NJDCRP’s First Quarter statement insert provides an overview of the investment concepts of asset allocation\* and diversification\*—and then it focuses on stocks, one of the four asset classes offered by the plan.

Other 2016 quarterly statements will shine the spotlight on the other three asset classes offered by the NJDCRP:

- Bonds
- Stable Value
- Balanced

Be sure to encourage your employees to read their statements *carefully* this year—so they can learn more about how they can tailor their plan investments to their specific 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.**

### New Tax Exemption for NJDCRP Plan Participants

On June 29, 2015, President Obama signed into law the “Defending Public Safety Employees’ Retirement Act.”

#### Why is this important to NJDCRP participants?

Starting January 1, 2016, the Act allows the exemption from the 10% penalty tax on early distributions from retirement plans to apply to distributions from governmental defined contribution plans—including the NJDCRP—made to **qualified public safety employees** during or after the calendar year in which they attain age 50.

#### ARE YOU INVESTING IN THE BEST WAY FOR YOUR FINANCIAL FUTURE?

##### Introducing “The Investment Spotlight”

If you’ve or spoken with your Prudential retirement counselor, you know that he says it’s a good idea for you, as a **New Jersey Defined Contribution Retirement Plan (NJDCRP)** participant, to regularly review your plan investment options. Doing so can help to ensure that your chosen investments continue to be aligned with your long-term investment goals and objectives.

That’s why this year, each of these quarterly statement inserts will include a section entitled “The Investment Spotlight,” which will focus on one particular type of asset class.

##### # All Starts with Asset Allocation

You may already know that an investment strategy—called asset allocation—can help you build a better financial future.

Simply put, asset allocation is 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.

Historically, the markets move in cycles—generally, when one kind of investment is performing well, another may not be performing as well. Changing economic and financial market conditions affect asset classes differently. And, since you don’t know which asset class will perform well next year or the year after, having a variety of asset classes in your portfolio may help you to better weather the rough spots in the market.

Diversification\* 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. Asset allocation and diversification work together to help manage risk.

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

##### A few definitions...

**Asset:** Any item of economic value owned by an individual or organization. Examples include cash, investments, a house, a car, and other property.

**Asset class:** An investment category, such as stocks, bonds, and stable value investments.

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#### What is a qualified public safety employee?

A qualified public safety employee is an employee of a state or of a political subdivision of a state (such as a county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services or emergency medical services for any area within the jurisdiction of the state or the political subdivision of a state.

# Encourage Your Employees to Make the Most of Their NJDCRP Account

## By Contacting Their Prudential Retirement Counselor

When it comes to planning for retirement, many of your employees may be looking to make sense of it all. It's likely that many of them have questions about:

- Which investments might work best for them
- How to change their beneficiary designation
- What steps to take when retirement is just around the corner

To help your employees find the answers to these questions—and more—be sure to encourage them to contact their Prudential retirement counselor, **Stan Rovinski**, using the information below. Stan is ready to assist your employees with any aspect of their retirement planning. And, for those employees who have already retired, he can help them understand the best way to manage the dollars in their NJDCRP account.

### Your Retirement Counselor Contact Information

- Stan Rovinski
- Tel: 609-218-3601
- Email: stan.rovinski@prudential.com

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

Withdrawals, except for qualified withdrawals from a Roth 401(k), are generally taxed at ordinary income tax rates. Neither Prudential Financial nor any of its affiliates provide tax or legal advice for which you should consult your qualified professional. Qualified Roth distributions are federally tax free, provided the Roth account has been open for at least five tax years and the owner has reached age 59½, has died or has become disabled. Qualified Roth distributions may be subject to state and local income tax.

Stan Rovinski is a registered representative of Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Prudential Retirement is a Prudential Financial business.

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