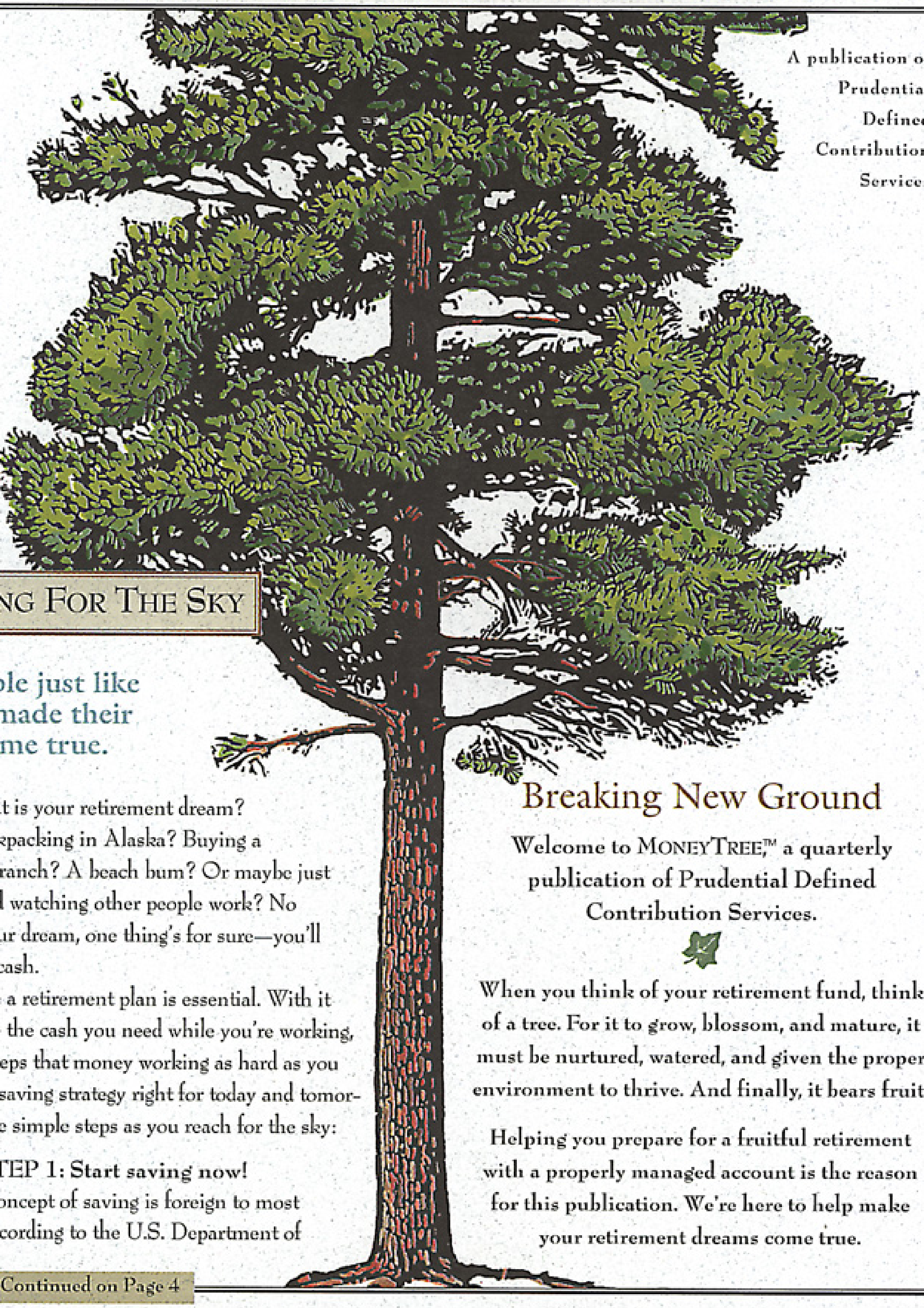
VOL. I

MONEYTREE™

THE HOW-TO GUIDE FOR FULFILLING RETIREMENT DREAMS

A publication of Prudential Defined Contribution Services



REACHING FOR THE SKY

How people just like you have made their dreams come true.

What is your retirement dream? Backpacking in Alaska? Buying a dude ranch? A beach bum? Or maybe just sitting back and watching other people work? No matter what your dream, one thing's for sure—you'll need plenty of cash.

That's where a retirement plan is essential. With it you accumulate the cash you need while you're working, and the plan keeps that money working as hard as you do. But is your saving strategy right for today and tomorrow? Take these simple steps as you reach for the sky:

STEP 1: Start saving now!

The whole concept of saving is foreign to most Americans. According to the U.S. Department of

Continued on Page 4

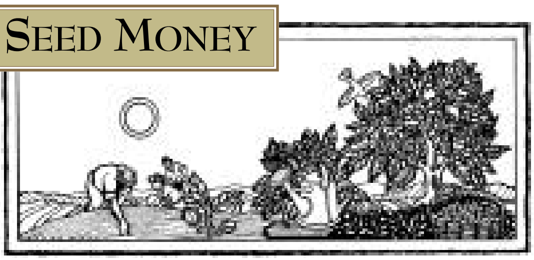
Breaking New Ground

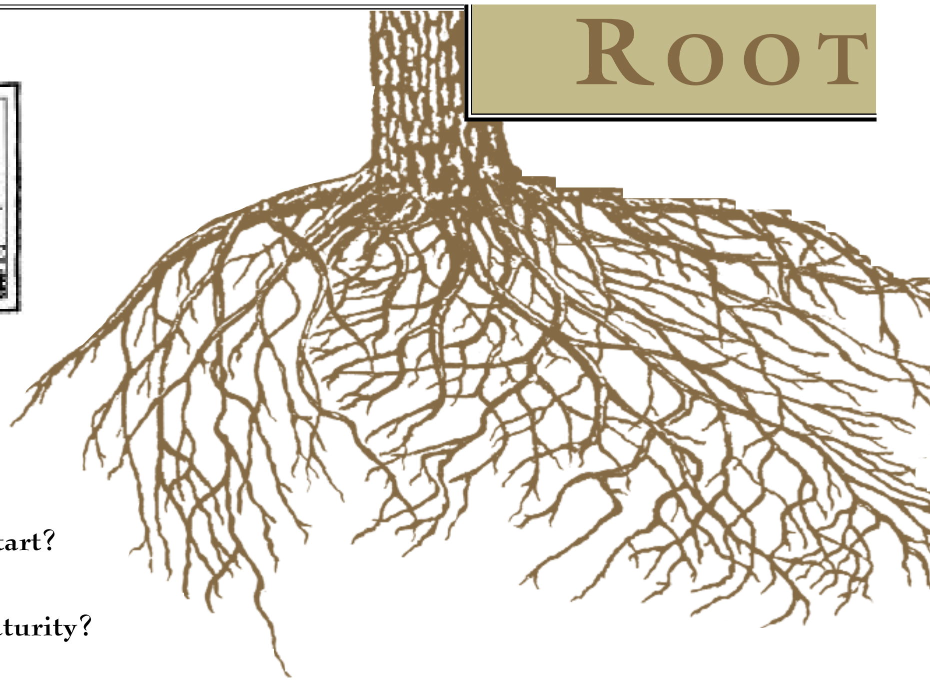
Welcome to MONEYTREE,™ a quarterly publication of Prudential Defined Contribution Services.

When you think of your retirement fund, think of a tree. For it to grow, blossom, and mature, it must be nurtured, watered, and given the proper environment to thrive. And finally, it bears fruit.

Helping you prepare for a fruitful retirement with a properly managed account is the reason for this publication. We're here to help make your retirement dreams come true.

SEED MONEY





Can my small contribution really make a big difference?

How did a 300-foot sequoia start?
As a seedling.
How did a forest grow to maturity?
Slowly, but surely.

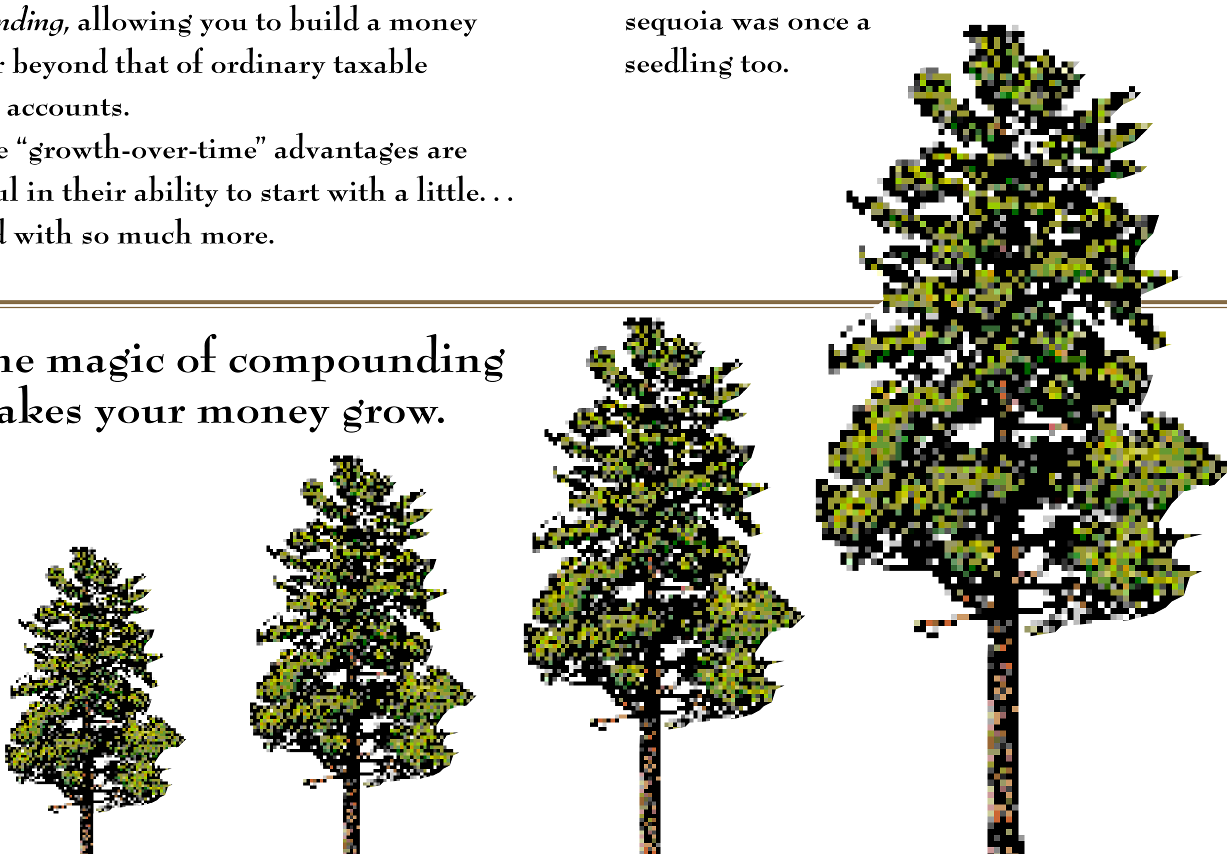
And that's exactly how your retirement plan can grow to make your dreams come true.

After you choose the amount of your contribution—the "seed money" you can afford—the key is consistency. By saving consistently, you'll be taking full advantage of the plan, because you'll be saving *pre-tax dollars*, enjoying *tax-deferred growth*, and employing the *power of compounding*, allowing you to build a money pool far beyond that of ordinary taxable savings accounts.

These "growth-over-time" advantages are powerful in their ability to start with a little. . . and end with so much more.

The other half of the equation is the proper choice of investments among the available options. By starting with a small amount, saving consistently, and investing in a diversified manner, you will have the best opportunity to enjoy an unimagined savings-for-retirement program. Start now, remember that a giant sequoia was once a seedling too.

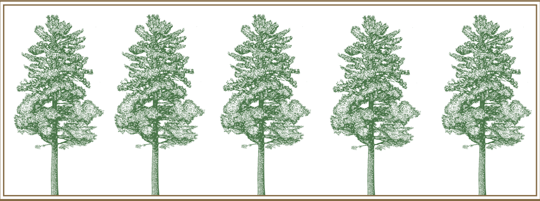
The magic of compounding makes your money grow.



Bi-Weekly Contributions	5 Years	10 Years	20 Years	30 Years	40 Years
$ 25.00	$ 3,671	$ 9,064	$ 28,633	$ 70,880	$ 162,089
50.00	7,341	18,128	57,266	141,761	324,181
100.00	14,683	36,257	114,532	283,523	648,361
200.00	29,366	72,513	229,064	567,045	1,296,720

(At 8% interest, contributions invested at the end of each month.)

The Forest & The Trees



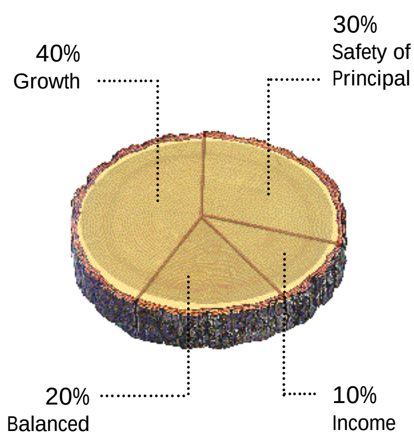
How do I choose the right investments to meet my future needs?

Consider the investment choices available to you. It's truly fertile ground. All have unique properties—from conservative to bold—and they're all components of a unified and organic plan. All are quality investment instruments, having been evaluated and judged as appropriate options for a retirement plan like yours.

Your key is to define your goals, your dreams, your investment objectives—then to combine and choose among the various investment options to create a proper environment for growth.

Branching out through diversification.

One tactic that will help you to enjoy both harmony and growth in your investment strategy is to diversify. Branch out by choosing a smart combination of options—not just a single instrument. This approach evens out the ups and downs as your money continues to grow over time.



A diversified portfolio achieves a balance between risk and reward—preserving safety of principal while providing for growth opportunity.

To make an informed decision, it pays to find out the nature and properties of each of your plan choices. Then choose the combination that best fits your personal investment objectives.

By taking a creative approach to investing, you're in a prime position to take the best advantage of the entire investment field.

Leaves of Gold

The current market condition.

Volatility: a burning issue. How to choose the right investment strategy over the long haul? The single best advice is to find a well-thought-out, balanced plan. Then stick with it.

Financial markets—especially the stock and bond markets—naturally fluctuate. When these fluctuations are dramatic, the market is termed "volatile," a characteristic that sometimes worries and confuses new investors. Many times the market is as predictable as the weather. The trick is to have an umbrella handy.

That doesn't mean, of course, that you should abandon stocks and bonds just because the market may become volatile. Over the long term, fluctuations may even be helpful, because lowered market prices tend to lower average costs.

Also remember that, according to history, markets that have gone down come back up. In October of 1987, for instance, the market declined 26% in just three weeks, but rebounded in 18 months on the road to a 31% gain.

Because volatility is a naturally occurring event, seasoned investors don't panic. They continue to invest in stocks and bonds, but in a balanced way, avoiding dramatic allocation shifts. Remember the basics—your financial objectives, your tolerance for risk, and your personal time horizon. History proves that, over time, stocks and bonds are worthy investment vehicles.*

*Ibbotson Associates

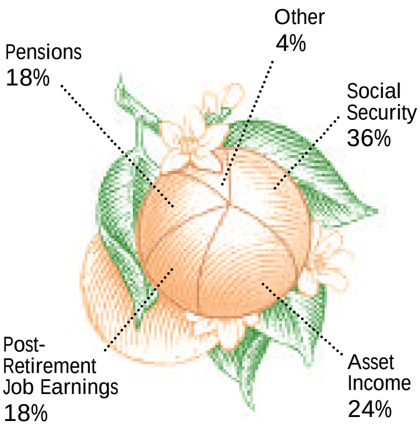
Reaching For The Sky

Continued from Page 1

Commerce, we save, on average, only about $4^1/_2$% of our incomes. Yet we probably should be saving *three times* that amount to maintain a comfortable retirement.

If someone age 25 saves just $2,000 a year for 10 years, at age 65 the investment will be worth about $335,000!* If that same individual waits until age 35 to start saving, the investment would net about $250,000.*

No one wants to say, with regret, "I wish I'd started sooner." That's why, by saving with the plan, you're already building success. Just think of the growth potential of reaching for the sky! The benefits increase every day.



Income sources for the average American retiree over age 65.

*Assumes a hypothetical interest rate of 8%.

STEP 2: Determine your contribution level.

Only you know what amount is right for you. Everyone has bills and obligations, but what's left can be put to excellent advantage, no matter what size the investment.

And because of the tax-deferred nature of your retirement plan, once it starts, it doesn't stop. Each dollar you add is a pretax dollar—a dollar that continues working harder and harder as the investment continues to grow.

STEP 3: Set a plan and stick with it.

If you have the conviction to stay with the program, your retirement will be filled with security and you'll benefit from the rewards you've worked so hard for all your life. Setting the plan is simple. Sticking with it is tougher. But imagine the growth potential! The benefits will pay off in the long run.

STEP 4: Measure your growth.

As you progress in your plan, your goals may change. But what won't change is the need for plenty of capital to fulfill your dreams. It's a satisfying feeling knowing you're doing what's right for you and your family. A systematic, tax-deferred plan like yours (with professionally managed investment options) can help you build a safe, fulfilling, and satisfying future.

Out On A Limb

Answers to your investment questions.

Q: *Isn't a conservative investment strategy the safest way to a comfortable retirement?*

A: At first glance, it might seem so. But remember also—risk and reward go hand in hand. Some risk is not only beneficial, it's essential. A too conservative investment strategy may never build the pool of funds necessary to support a comfortable and secure retirement.

You don't have to be a financial expert to plan your investment strategy—but here are a few basic principles to consider: diversify your investment choices; monitor your progress (but change when your goals or objectives change); keep a long-term perspective, and don't be swayed by temporary market shifts.

This may sound complicated, but it really isn't once you employ these three steps: **one,** know your goal; **two,** invest in your future with a sound retirement regimen; and **three,** use the toll-free 800 line to get the most up-to-date information you need to make tomorrow's dreams a reality.

Are you "out on a limb" about your retirement savings? We welcome your comments and questions about any issues you'd like addressed in this newsletter. Please write to us at: Out on a Limb, *Prudential Defined Contribution Services, 30 Scranton Office Park, Moosic, PA 18507.*

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