

# THE INDEX EFFECT

Market-linked growth helping to mitigate risk

## PARTICIPATING IN THE MARKET

Investing in the stock market can be a powerful strategy to help build wealth over the long term. It offers the potential for significant returns and a robust hedge against inflation, as evidenced by the S&P 500®'s long-term average return of 8.5%<sup>2</sup>.

Average inflation

2.3%<sup>1</sup>

S&P 500®  
long-term average return

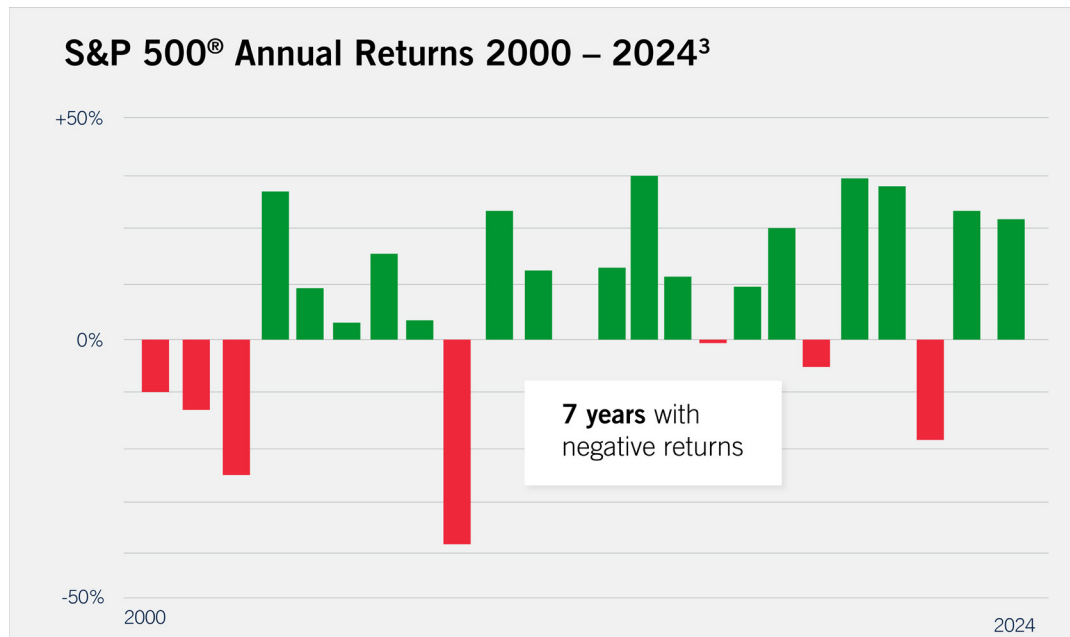
8.5%<sup>2</sup>

## STILL, THERE ARE SOME RISKS WHEN INVESTING IN THE MARKET

Market risks include volatility, the risk of losing money, and the need for active management and monitoring.

### Experiencing market losses

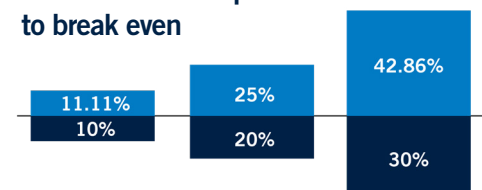
Between 2000 and 2024, the S&P 500® has finished negative for seven of those years, with losses greater than -10% in five of those years. The largest annual loss was -38.5%.



### Recovering from losses

A common misconception is that a 20% return would be required to offset a 20% loss, but that's not the case. Left with less remaining principle, a larger 25% return would be needed to fully recover from the 20% loss.

### Total % return required to break even



Loss %

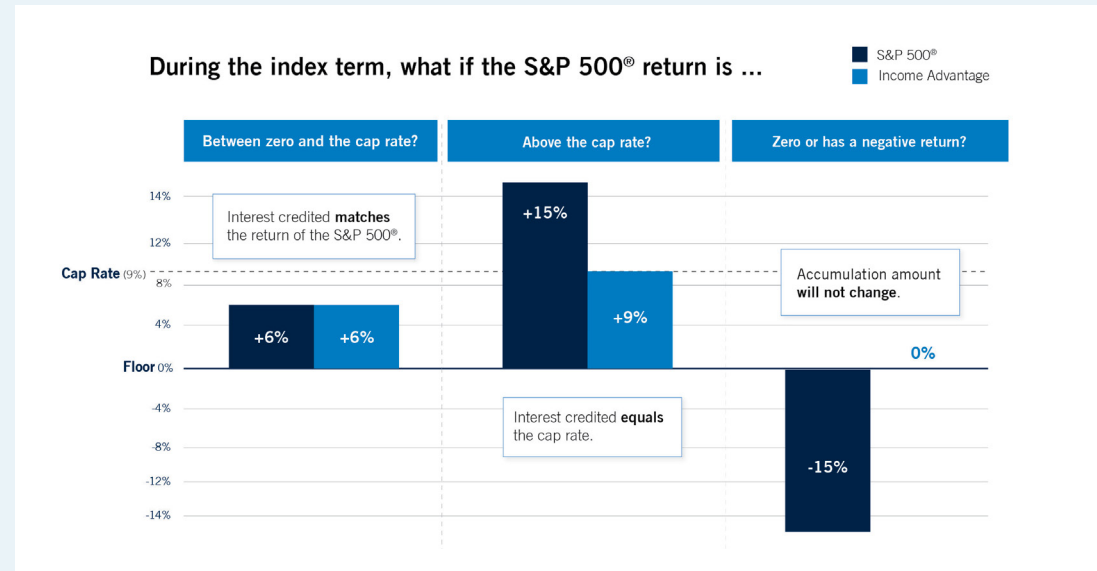
# PARTICIPATE IN MARKET GROWTH WHILE HELPING TO MITIGATE RISK

An indexed Structured Settlement annuity can be a compelling option. Prudential Income Advantage Indexed Structured Settlement® helps address these challenges by offering market-linked growth potential through a Point-to-Point method with a cap rate and a floor, safeguarding both principal and prior locked-in gains.<sup>4</sup>

**Cap rate:** Provides the opportunity to capture all the market-linked growth, up to the cap rate. It's the upper limit of interest that can be credited during a specific index term. Typically, shorter terms will have lower cap rates, while longer terms would have higher cap rates.

**Floor:** Principal and earnings are protected by the safety of a floor. With Income Advantage, the floor is 0%. This means clients are 100% protected and will never experience a negative return due to index performance.

See how cap rates and the floor apply in different market scenarios:



## PRUDENTIAL INCOME ADVANTAGE INDEXED STRUCTURED SETTLEMENT®



Built on the pillars of growth, protection, and security within a Structured Settlement annuity, Income Advantage can be customized to help meet unique needs. What's more, it's backed by Prudential's **experience**, **expertise**, and **financial strength**.<sup>4</sup>

Visit [prudential.com/structuredsettlements](https://prudential.com/structuredsettlements) to learn more about Income Advantage.

<sup>1</sup> Assuming an average inflation rate of 2.3%, [www.worlddata.info/america/usa/inflation-rates.php](http://www.worlddata.info/america/usa/inflation-rates.php).

<sup>2</sup> S&P 500 Annual Return Yearly Insights: S&P 500 Returns | YCharts.

<sup>3</sup> [www.macrotrends.net/2526/sp-500-historical-annual-returns](http://www.macrotrends.net/2526/sp-500-historical-annual-returns), as of 7/30/2025.

<sup>4</sup> Backed solely by the claims paying ability of The Prudential Insurance Company of America. While ratings are objective indicators of financial strength, they are not guarantees of future claims paying ability. Visit [www.investor.prudential.com](http://www.investor.prudential.com) for current ratings information.

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