2024 ANNUAL REPORT • PRUDENTIAL FINANCIAL, INC.

Prudential

150 YEARS

PRUDENTIAL FINANCIAL, INC.

2024 Annual Report

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Fellow Shareholders,

2024 was a year of significant progress for Prudential. We gained greater momentum across our businesses and took further action to meet the growing needs of our customers and become a higher-growth and more capital-efficient company. We continued to deliver on our promises to our customers and shareholders by developing new solutions to address a broader set of financial needs and by maintaining a disciplined approach to allocating capital and investing in our businesses.

Charles F. Lowrey

"As we celebrate Prudential's 150th anniversary, we are operating from a position of strength to continue to grow as a global leader in expanding access to investing, insurance, and retirement security."

As we look ahead, Prudential is operating from a position of strength to continue to grow as a global leader in expanding access to investing, insurance, and retirement security. Our progress is being broadly recognized. For 2024, Prudential ranked as the No. 1 company in the life and health insurance sector in *Fortune* magazine's annual list of World's Most Admired Companies™.

As we celebrate Prudential's 150th anniversary, we have entered 2025 with conviction in our strategy and great confidence in the new leadership team to guide the next chapter of growth.

Driving momentum across our businesses

Prudential's businesses are leveraging major societal changes, including aging populations, and evolving retirement systems across the world to further position the company for sustainable, long-term growth. Our Retirement Strategies businesses are well-positioned to capitalize on this unprecedented global retirement opportunity and help our customers live better lives, longer.

We continue to solidify our market leadership in pension risk transfer. In 2024 we safeguarded $26 billion of pension liabilities globally. As of year-end, Prudential has closed seven of the 10 largest U.S. pension risk transfer deals since the inception of the market. In Japan, where life insurance has traditionally comprised most of our business, we have diversified our product suite to meet our customers' growing demand for retirement and savings solutions. In Brazil and other international markets, we focused on new and innovative protection solutions and expanded our distribution channels to reach more customers.

The momentum in our businesses is supported by our expanding capabilities within PGIM, our global asset manager. PGIM's asset origination capabilities, investment management expertise, and access to institutional and other sources of third-party capital are a competitive advantage in the market, allowing us to deliver differentiated solutions and greater value. PGIM is also benefiting from global demand for private and alternative credit solutions. Our capabilities, expertise and performance helped support a 37% increase in year-over-year private credit originations.

Shifting our business mix

We continued to shift our business mix by modifying our suite of products within our businesses and using third-party capital, both of which have improved our capital efficiency.

In addition, we built upon the significant progress we have made over the past several years to reduce market risk from our business, completing two guaranteed universal life reinsurance transactions that decreased our cumulative exposure to this product by approximately 60%.

We also continued to expand our global asset and liability origination capabilities through Prismic, our reinsurance partnership with Warburg Pincus and other investors. In 2024 we reached an agreement for our second Prismic transaction to reinsure approximately $7 billion of our whole life block of business in Japan.

Operating with financial strength

Prudential's disciplined approach to financial management has successfully guided the company through financial and economic challenges over the last 150 years and remains central to our strategy. Our AA financial strength rating is underpinned by a robust, well-diversified balance sheet and a disciplined approach to asset-liability management. We balance continued investments in our businesses with meaningful returns to shareholders, which included nearly $3 billion in dividends and share buybacks in 2024. Our Board of Directors also authorized up to $1 billion in share buybacks for 2025 and a 4% dividend increase for the first quarter of 2025, representing our 17th consecutive annual dividend increase.

Strengthening communities and forging paths to financial security

Our commitment to the communities in which we live and work — including our hometown of Newark, New Jersey — is closely aligned with our mission to help people achieve financial security. In 2024 we provided more than $40 million in grants and nearly $13 million in corporate contributions to support nonprofit organizations creating the next generation of products and services to help more people around the world build and protect their wealth. In addition, through our $1 billion impact investing portfolio, we are investing in solutions to further accelerate financial literacy and economic mobility.

Cultivating our talent and culture

Prudential's success is grounded in the talent of our employees. We offer a workplace that provides opportunities for career advancement, flexibility, and a mindset of continuous learning. We foster a respectful, inclusive culture where our employees feel empowered to share new ideas and perspectives that in turn help us serve our clients and customers' needs.

As we continually grow and expand our capabilities to better serve our customers, clients, and all stakeholders, we remain steadfast in our commitment to being a trusted and ethical leader in the financial services industry. For the 10th consecutive year, Prudential was named one of the World's Most Ethical Companies in 2024 by the Ethisphere Institute®, a global leader in defining and advancing standards of ethical business practices.

Looking ahead with confidence

While our strategy has and will continue to evolve over time, we remain guided by the principles that have defined Prudential for the past 150 years: building upon our financial strength, embracing innovation, investing in growth, remaining committed to solving the financial challenges of our customers across the world, and always delivering on our promises.

In December, we announced that Andy Sullivan will become Prudential's next CEO, effective March 31, 2025. Andy is an exceptional leader who deeply understands our businesses, customers, employees, and shareholders. The Board and I have every confidence that he is the right person to build upon Prudential's long-term strength and advance our growth. In my role as executive chairman, I will support Andy and his leadership team during the transition and as an advisor to him and the Board.

It has been a privilege to lead Prudential for the past six years as we navigated a global pandemic and challenged ourselves to transform our businesses for the future. I offer my profound thanks to our employees around the world for their commitment to our customers and for all that we have accomplished together.

Today, and into the future, we remain strongly positioned to grow and succeed as a global leader in expanding access to investing, insurance, and retirement security.

Thank you for your continued interest in our company.

Charles F. Lowrey
Chairman and CEO, Prudential Financial, Inc.

PRUDENTIAL OFFICERS AND DIRECTORS (as of March 27, 2025)

EXECUTIVE OFFICERS

Charles F. Lowrey
Chairman and Chief Executive Officer

Robert M. Falzon
Vice Chairman

Lucien A. Alziari
Executive Vice President and Chief Human Resources Officer

Scott E. Case
Executive Vice President and Head of Global Technology and Operations

Caroline A. Feeney
Executive Vice President and Head of U.S. Businesses

Yanela C. Frias
Executive Vice President and Chief Financial Officer

Ann M. Kappler
Executive Vice President, General Counsel and Chief Compliance Officer

Andrew F. Sullivan
Executive Vice President, Head of International Businesses and Global Investment Management

Timothy L. Schmidt
Senior Vice President and Chief Investment Officer

BOARD OF DIRECTORS

Gilbert F. Casellas
Former Chairman, OMNITRU

Carmine Di Sibio
Former Global Chairman and Chief Executive Officer, EY

Robert M. Falzon
Vice Chairman, Prudential Financial, Inc.

Martina T. Hund-Mejean
Former Chief Financial Officer, Mastercard Worldwide

Wendy E. Jones
Former Senior Vice President, Global Operations, eBay, Inc.

Charles F. Lowrey
Chairman and Chief Executive Officer, Prudential Financial, Inc.

Kathleen A. Murphy
Former President of Personal Investing, Fidelity Investments

Sandra Pianalto
Former President and Chief Executive Officer, Federal Reserve Bank of Cleveland

Christine A. Poon
Former Dean and John W. Berry, Sr. Chair in Business at The Fisher College of Business at The Ohio State University

Douglas A. Scovanner
Founder and Managing Member, Comprehensive Financial Strategies, LLC

Michael A. Todman
Former Vice Chairman, Whirlpool Corporation

SHAREHOLDER INFORMATION

Corporate Headquarters
Prudential Financial, Inc.
751 Broad Street, Newark, NJ 07102
973-802-6000

Stock Exchange Listing
The Common Stock of Prudential Financial, Inc. is traded on the New York Stock Exchange under the symbol "PRU."

Shareholder Services at Computershare
Computershare Trust Company, N.A., the transfer agent for Prudential Financial, Inc., can assist registered shareholders with a variety of services, including:

- Convenient liquidation of shares
- Direct deposit of dividends
- Consolidating your shares into your brokerage account
- Changing the ownership of your shares
- Change of address

Electronic Delivery

Now you can receive electronic delivery of all shareholder communications from Computershare, including the annual report and proxy materials, tax forms and other statements. By selecting this option, you are partnering with us to minimize our impact on the environment.

For more information and to sign up for electronic delivery, contact Computershare directly:

- Online: www.computershare.com/investor
- By phone: within the United States at 800-305-9404, outside the United States at 732-512-3782
- By mail: Computershare Trust Company, N.A. P.O. Box 43078, Providence, RI 02940-3078

Direct Deposit Enrollment for Registered Shareholders

- http://cshare.us/pru1
- 800-243-1701

Did you know you can also transfer shares registered at Computershare to your broker? Please contact your broker for additional information.

Annual Meeting
Shareholders are invited to attend Prudential Financial, Inc.'s annual meeting, which will be held on May 13, 2025, beginning at 2:00 p.m. at our offices located at 751 Broad Street, Newark, New Jersey. Additional information about the meeting can be found in the proxy statement.

Information about Prudential Financial, Inc.
You may access our news releases, financial information and reports filed with the Securities and Exchange Commission (for example, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K and any amendments to those forms) online at **www.investor.prudential.com**. Copies of current documents on our website are available without charge, and reports filed with or furnished to the Securities and Exchange Commission will be available as soon as reasonably practicable after they are filed with or furnished to the Commission.

Investor Relations
Institutional investors, analysts and other members of the professional financial community can contact our Investor Relations department via e-mail at investor.relations@prudential.com, or by visiting the Investor Relations website at **www.investor.prudential.com**.

Visit Prudential Financial, Inc. Online
For more information about our corporate governance, as well as to access information for shareholders and information about our company, visit our website at **www.prudential.com/governance**.

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FINANCIAL HIGHLIGHTS

Prudential Financial, Inc.

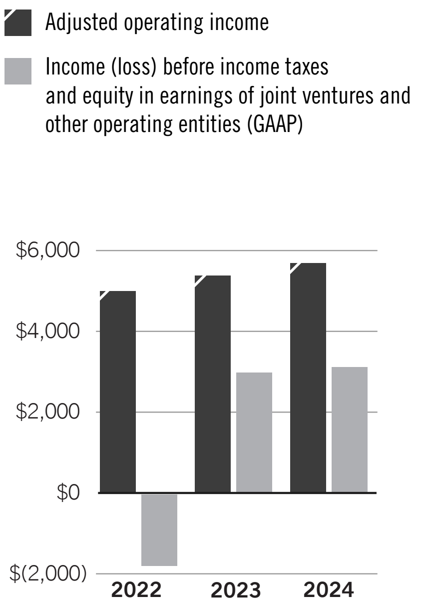
In millions, except per share amounts *For the years ended December 31,*	**2024**	**2023**	**2022**
RESULTS BASED ON ADJUSTED OPERATING INCOME (A)(C)(D)			
Revenues	$68,053	$50,490	$59,036
Benefits and expenses	62,127	44,891	53,838
Adjusted operating income before income taxes	$5,926	$5,599	$5,198
Operating return on average equity (B)(C)(D)	13.1%	12.4%	10.8%
GAAP RESULTS			
Revenues	$70,405	$53,979	$56,881
Benefits and expenses	67,196	50,907	58,773
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$3,209	$3,072	$(1,892)
Return on average equity (B)	9.6%	8.6%	-5.4%
EARNINGS PER SHARE OF COMMON STOCK – diluted (C)(D)			
Adjusted operating income after income taxes	$12.62	$11.88	$10.61
Reconciling items:			
Realized investment gains (losses), net, and related charges and adjustments	(5.98)	(6.88)	(16.88)
Other reconciling items	(1.46)	0.20	(1.87)
Total reconciling items, before income taxes	(7.44)	(6.68)	(18.75)
Income taxes, not applicable to adjusted operating income	(2.32)	(1.54)	(3.65)
Total reconciling items, after income taxes	(5.12)	(5.14)	(15.10)
Net Income (loss) attributable to Prudential Financial, Inc. (after-tax)	$7.50	$6.74	$(4.49)

Prudential Financial, Inc.

In millions, unless otherwise noted *As of or for the years ended December 31,*	**2024**	**2023**	**2022**
GAAP RESULTS			
Total revenues	$70,405	$53,979	$56,881
Net Income (loss) (after-tax)	$2,846	$2,508	$(1,675)
Less: Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	119	20	(28)
Net income (loss) attributable to Prudential Financial, Inc. (after-tax)	$2,727	$2,488	$(1,647)
FINANCIAL POSITION			
Invested assets	$444,780	$434,733	$417,441
Total assets (D)	$735,587	$721,212	$689,029
Prudential Financial, Inc. equity	$27,872	$27,820	$30,593
Assets under management *(in billions)*	$1,512	$1,450	$1,377

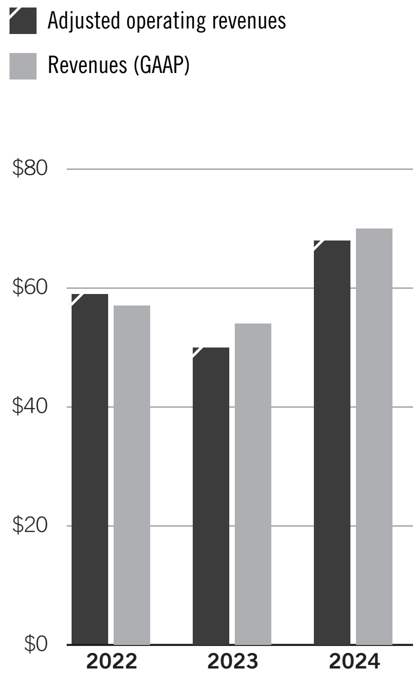
Adjusted Operating Income(A) and Income (Loss) from Operations

(pre-tax, in millions)



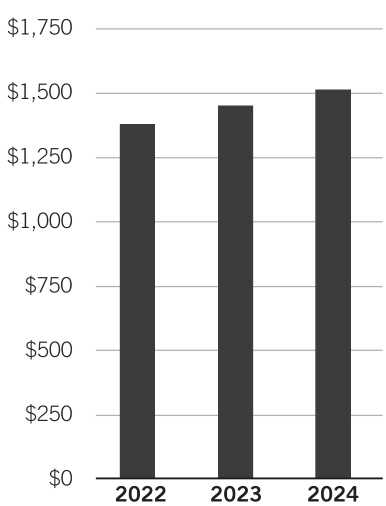
Adjusted Operating Revenues(A) and GAAP Revenues

(in billions)

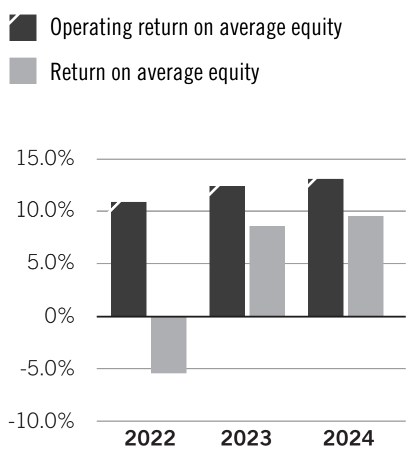


Assets Under Management

(in billions)



Operating Return on Average Equity(B) and Return on Average Equity(B)



Consolidated adjusted operating income and adjusted book value, as well as operating return on average equity, which is based on adjusted operating income and adjusted book value, are non-GAAP measures. Reconciliations of these measures to the most directly comparable GAAP measures are included in this Annual Report.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the Company's performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations, separate from the portion that is affected by capital and currency market conditions including the removal of the associated accounting impacts of the remeasurement of certain insurance liabilities and investments that are marked to market through accumulated other comprehensive income under GAAP, and the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives associated with customer liabilities reinsured under coinsurance with funds withheld and modified coinsurance arrangements. Operating return on average equity, which is based on adjusted operating income and adjusted book value, is a useful measure of the operating return the Company achieves in relation to the capital available to our businesses. However, these non-GAAP measures are not substitutes for income, equity, and return on average equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position.

(A) Adjusted operating income is a non-GAAP measure used by the Company to evaluate segment performance and to allocate resources. Adjusted operating income excludes "Realized investment gains (losses), net, and related charges and adjustments." A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as capital and other factors. Realized investment gains (losses) within certain businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. Adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income. Additionally, adjusted operating income excludes the impact of annual assumption updates and other refinements included in the above items. Adjusted operating income excludes "Change in value of market risk benefits, net of related hedging gains (losses)," which reflects the impact from changes in current market conditions, and market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, which we believe enhances the understanding of underlying performance trends. Adjusted operating income also excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations and discontinued operations and earnings attributable to noncontrolling interests and redeemable noncontrolling interests, each of which is presented as a separate component of net income under GAAP. Additionally, adjusted operating income excludes other items, such as certain components of the consideration for acquisitions, which are recognized as compensation expense over the requisite service periods, and goodwill impairments. Earnings attributable to noncontrolling interests and redeemable noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of results based on adjusted operating income, and the Consolidated Financial Statements for a reconciliation of results based on adjusted operating income to GAAP results.

(B) Operating return on average equity (based on adjusted operating income) is a non-GAAP measure and represents adjusted operating income after-tax divided by average adjusted book value. Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss), the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses, and the cumulative change in fair value of funds withheld and modified coinsurance embedded derivatives. This non-GAAP measure augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations, separate from the portion that is affected by capital and currency market conditions. The comparable GAAP measure to operating return on average equity is return on average equity which is based on net income and GAAP book value. See chart below for a reconciliation between adjusted book value and GAAP book value.

(C) The amounts for 2023 reflect the correction of an error related to indexed variable and fixed annuity products within the Retirement Strategies segment.

(D) Prior period amounts have been updated to conform to current period presentation.

As of December 31,	2024	2023	2022
		(in millions)	
GAAP book value at end of period	$27,872	$27,820	$30,593
Less: Accumulated other comprehensive income	(6,711)	(6,504)	(3,806)
Less: Cumulative change in fair value of funds withheld embedded derivatives (1)	141	(181)	0
Less: Cumulative effect of foreign exchange rate remeasurement and currency translation adjustments corresponding to realized gains (losses) (2)	34	(518)	(723)
Adjusted book value	$34,408	$35,023	$35,122

(1) Amount represents the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives associated with customer liabilities reinsured under coinsurance with funds withheld and modified coinsurance arrangements.

(2) Includes the cumulative impact of net gains and losses resulting from foreign currency exchange rate remeasurement and associated realized investment gains and losses included in net income (loss) and currency translation adjustments corresponding to realized investment gains and losses.

Annuities and Life Insurance are issued by Prudential Financial companies; The Prudential Insurance Company of America ("PICA") or Pruco Life Insurance Company ("PLAZ") (in New York, by Pruco Life Insurance Company of New Jersey ("PLNJ")), all located in Newark, NJ (main office), or an unaffiliated third-party issuer: Fortitude Life Insurance & Annuity Company ("FLIAC"), located in Jersey City, NJ. Fortitude Re has retained PICA as an unaffiliated Third-Party Administrator. Variable Annuities and Variable Life Insurance are distributed by Prudential Annuities Distributors, Inc. ("PAD"), Shelton, CT (main office). Each company (PICA, PLAZ, PLNJ, FLIAC, PAD) is solely responsible for its own financial condition and contractual obligations.

Fortitude Re is the marketing name for FGH Parent, L.P. and its subsidiaries, including FLIAC. Each subsidiary is responsible for its own financial condition and contractual obligations.

Securities products and services are offered through: Pruco Securities, LLC or Prudential Investment Management Services LLC, both members SIPC and located in Newark, NJ, or Prudential Annuities Distributors, Inc., located in Shelton, CT. All are Prudential Financial companies.

FINANCIAL SECTION

TABLE OF CONTENTS

Throughout this Annual Report, "Prudential Financial" refers to Prudential Financial, Inc., the ultimate holding company for all of our companies. "Prudential Insurance" refers to The Prudential Insurance Company of America. "Prudential," the "Company," "we" and "our" refer to our consolidated operations.

FORWARD-LOOKING STATEMENTS

Certain of the statements included in this Annual Report constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "includes," "plans," "assumes," "estimates," "projects," "intends," "should," "will," "shall" or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; (2) losses on insurance products due to mortality experience, morbidity experience or policyholder behavior experience that differs significantly from our expectations when we price our products; (3) changes in interest rates, equity prices and foreign currency exchange rates that may (a) adversely impact the profitability of our products, the value of separate accounts supporting these products or the value of assets we manage, (b) result in losses on derivatives we use to hedge risk or increase collateral posting requirements and (c) limit opportunities to invest at appropriate returns; (4) guarantees within certain of our products which are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position; (5) liquidity needs resulting from (a) derivative collateral market exposure, (b) asset/liability mismatches, (c) the lack of available funding in the financial markets or (d) unexpected cash demands due to severe mortality calamity or lapse events; (6) financial or customer losses, or regulatory and legal actions, due to inadequate or failed processes or systems, external events, and human error or misconduct such as (a) disruption of our systems and data, (b) an information security breach, (c) a failure to protect the privacy of sensitive data, (d) reliance on third parties or (e) labor and employment matters; (7) changes in the regulatory landscape, including related to (a) financial sector regulatory reform, (b) changes in tax laws, (c) fiduciary rules and other standards of care, (d) U.S. state insurance laws and developments regarding group-wide supervision, capital and reserves, (e) insurer capital standards outside the U.S. and (f) privacy and cybersecurity regulation; (8) technological changes which may adversely impact companies in our investment portfolio or cause insurance experience to deviate from our assumptions; (9) an inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (10) ratings downgrades; (11) market conditions that may adversely affect the sales or persistency of our products; (12) competition; (13) reputational damage; and (14) the costs, effects, timing, or success of our plans to execute our strategy. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document. See "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K for discussion of certain risks relating to our businesses and investment in our securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain of the statements included in this section constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.'s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the "Forward-Looking Statements" included in this Annual Report, as well as the "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K.

Pursuant to the FAST Act Modernization and Simplification of Regulation S-K, discussions related to the results of operations for the year ended December 31, 2023 in comparison to the year ended December 31, 2022 have been omitted. For such omitted discussions, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

We have operations primarily in the United States of America ("U.S."), Asia, Europe and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, retirement solutions, mutual funds and investment management. We offer these products and services to individual and institutional customers through one of the largest distribution networks in the financial services industry.

Our principal operations consist of PGIM (our global investment management business), our U.S. Businesses (consisting of our Retirement Strategies, Group Insurance and Individual Life businesses), our International Businesses, the Closed Block division, and our Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included in Corporate and Other. Divested and Run-off Businesses are composed of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under generally accepted accounting principles in the United States of America ("U.S. GAAP"). Our Corporate and Other operations include corporate items and initiatives that are not allocated to business segments as well as the Divested and Run-off Businesses described above. See "Business—" included in Prudential Financial's 2024 Annual Report on Form 10-K for a description of our sources of revenue and details on how our profitability is impacted. In addition, our profitability is impacted by our ability to effectively deploy capital, utilize our tax capacity and manage expenses.

Management expects that results will continue to benefit from our mutually-reinforcing business system, which includes a mix of businesses that complement each other to provide competitive advantages, earnings diversification and capital benefits from a balanced risk profile. We believe we are well-positioned to tap into market opportunities to meet the evolving needs of our clients and society at large. Our mix of high-quality protection, retirement and investment management businesses enables us to offer solutions that cover a broad range of financial needs and to engage with our clients through multiple channels.

In September 2023, we, together with Warburg Pincus and a group of institutional investors, announced the launch of Prismic Life Reinsurance, Ltd. ("Prismic Re"), a licensed Bermuda-based life and annuity reinsurance company. In conjunction with this announcement, we made an initial equity investment through our Corporate and Other operations of approximately $200 million, equivalent to a 20% interest, in Prismic Life Holding Company LP ("Prismic"), the Bermuda-exempted limited partnership that owns all of the outstanding capital stock of Prismic Re. We expect the increased reinsurance capacity that this partnership provides to support our vision of expanding access to investing, insurance, and retirement security for people around the world. Our initial transaction, effective September 2023, was to reinsure approximately $9 billion, or 70%, of reserves related to our structured settlement annuities business with Prismic Re. See Note 15 to the Consolidated Financial Statements for additional information regarding this transaction.

As part of our continuous improvement process, we are working to become a leaner and more agile company by simplifying our management structure, empowering our employees with faster decision-making processes and investing in technology and data platforms. As part of this, we implemented changes to our organizational structure and recorded a restructuring charge of $200 million in the fourth quarter of 2023. We expect these continued actions will create operating efficiencies, and provide reinvestment capacity to build capabilities, realize additional efficiencies, strengthen our competitiveness and fuel future growth.

During the fourth quarter of 2024, the Company identified an immaterial error in the application of adjusted operating income, which resulted in an overstatement thereof for indexed variable and fixed annuity products within the Retirement Strategies segment in the first three quarters of 2024 and each of the four quarters of 2023. As a result, the Company has voluntarily revised its historical adjusted operating income for the relevant periods, resulting in decreases in pre-tax adjusted operating income of $149 million (unaudited) for the nine months ended September 30, 2024, and $55 million for the year ended December 31, 2023. These revisions had no impact to "Net income (loss)" for any period as determined in accordance with GAAP. See Note 23 for additional information regarding adjusted operating income.

Outlook

We feel confident about our prospects for the future based on the foundation of our integrated and complementary businesses. We plan to continue our transformation towards becoming less market-sensitive, including efforts to further de-risk, such as through reinsurance transactions, and to deliver sustainable long-term growth, including investing in products and solutions that meet the evolving needs of our customers. Our plan remains to allocate capital across the businesses with the intention of increasing the earnings contribution from our higher-growth businesses and reducing capital allocated to lower-growth, more capital-intensive businesses.

Specific outlook considerations for each of our businesses include the following:

- *PGIM.* Our global investment management business, PGIM, is focused on maintaining strong investment performance while leveraging the scale of its approximately $1.375 trillion of assets under management and diversified global operations. We are broadening our distribution channels and asset management capabilities through acquisitions and organic initiatives to better serve our clients and support growth as well as providing asset management services to Prismic. In addition to serving third-party clients, we provide our U.S. and International businesses with a competitive advantage through our investment expertise across a broad array of asset classes, including public and private asset class capabilities. Underpinning our growth strategy is our ability to continue to deliver robust investment performance and to attract and retain high-caliber investment talent.
- *Retirement Strategies.* We remain focused on helping customers meet their investment and retirement needs by expanding access to retirement security and broadening distribution through new relationships, platforms and advisors. Our Institutional Retirement Strategies business continues to be focused on providing products that respond to the needs of plan sponsors, retirees, and annuitants while maintaining appropriate pricing and return expectations under changing market conditions. We expect our differentiated capabilities and execution to drive our business momentum in the pension risk transfer and international reinsurance markets; however, we expect that growth will not be linear due to the episodic nature of these transactions. In Individual Retirement Strategies, we continue to execute on our strategy to pivot to less interest rate-sensitive products to ensure we realize appropriate returns within the current economic environment. We expect to continue to shift our focus to products that provide protected growth and outcomes for our customers across a wide range of economic environments through simpler, technology-enabled channels.
- *Group Insurance.* We are a leading group benefits provider with a focus on further diversifying our portfolio by expanding our Premier Market and Association segments and growing voluntary supplemental health, including entering the medical stop loss market with coverage effective dates starting from January 1, 2025, while maintaining leadership in the National Market segment. We also continue to focus on deepening employer and participant relationships and investing in a best-in-class customer experience.
- *Individual Life.* We continue to focus on making life insurance solutions more accessible to financial professionals, partners and customers by providing a broad product portfolio, including growing the amount of accumulation and simplified protection product options, coupled with our multi-channel distribution capabilities. We have taken pricing and product actions to ensure we realize appropriate returns for the current economic environment and to diversify our product mix to further limit our sensitivity to interest rates.
- *International Businesses.* We remain focused on meeting customers' protection and financial needs as well as maintaining the underlying strength of our distribution channels. Our strategy is to strengthen our position in Japan while expanding our footprint in select high-growth emerging markets. We remain committed to enhancing our existing operations while exploring acquisition opportunities to expand scale and complement our portfolio of businesses in emerging markets in support of our long-term growth objectives.

Industry Trends

Our businesses are impacted by financial markets, economic conditions, regulatory oversight, and a variety of trends that affect the industries in which we compete.

Financial and Economic Environment:

- *PGIM.* After a long period of low interest rates and benign economic conditions, 2022 and 2023 experienced a sharp rise in rates, combined with higher equity market volatility and a downturn in the commercial real estate industry. While the economic outlook has improved, interest rates remain elevated and the real estate market is still in the early stages of recovery. We expect that a stabilized or declining rate environment over time will positively impact PGIM, particularly as investors reallocate record-high money market assets to fixed income, real estate, and other higher-yielding asset classes. Conversely, a deterioration in market conditions (e.g., equity market declines, higher interest rates, credit spread widening or real estate value declines) could lead to lower fee-based revenues, incentive fees taking longer to be realized and losses in our seed and co-investments. An economic downturn could also have impacts on real estate prices as well as transaction volumes in certain private asset classes. We believe PGIM's uniquely diversified global platform is well positioned to be resilient in the face of market and industry headwinds.
- *U.S. Businesses.* As discussed further under "—Impact of Changes in the Interest Rate Environment" below, interest rates in the U.S. experienced a prolonged period of historically low levels, followed by a sharp rise in 2022 and sustained higher levels in 2023 and 2024. We expect that a continued level of higher interest rates will benefit our results over time. We continue to monitor current market conditions and the impact to our businesses from slowing or negative economic growth. In addition, we are subject to financial impacts associated with movements in equity markets and the evolution of the credit cycle as discussed in "—Segment Results of Operations," where applicable, and more broadly in "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K.
- *International Businesses.* Our International Businesses' operations, especially in Japan, have operated in a low interest rate environment for many years, as discussed under "—Impact of Changes in the Interest Rate Environment" below, and these low interest rates negatively impact our net investment spread results and reinvestment yields. In addition, we are subject to financial impacts associated with movements in foreign currency rates, particularly the Japanese yen. Fluctuations in the value of the yen can impact the relative attractiveness to customers of both yen-denominated and non-yen denominated products thereby impacting both sales and surrenders. In addition, we are subject to financial impacts associated with movements in equity

markets and the evolution of the credit cycle as discussed in "—Segment Results of Operations," where applicable, and more broadly in "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K.

Demographics:

- *PGIM.* An aging global population has led to more de-risking across institutional and individual investor portfolios as well as increased demand for higher-yielding investments that deliver income to meet retirement needs. As a result, investors are increasing their allocations to public and private fixed income assets, where PGIM is a global market leader. As employers, particularly in the U.S. and the U.K., continue to transition from defined benefit pensions to defined contribution plans as their primary retirement vehicles, there is a growing need for personalized retirement solutions that can help improve individual retirement security. Asset managers, such as PGIM, will play a critical role in partnering with governments, corporations, and individuals globally to deliver the investment and advice capabilities required to address this challenge.
- *U.S. Businesses.* Individual customer demographics continue to evolve and new opportunities present themselves in different consumer segments such as the millennial and multicultural markets. Consumer expectations and preferences are changing. We believe existing and potential customers are increasingly looking for cost-effective solutions that they can easily understand and access through technology-enabled devices. At the same time, income protection, wealth accumulation and the needs of retiring baby boomers are continuing to shape the insurance industry. A persistent retirement security gap exists in terms of both savings and protection.
- *International Businesses.* Japan has an aging population as well as a large pool of household assets invested in low-yielding deposit and savings vehicles. The aging of Japan's population, along with strains on government pension and healthcare programs, have led to a growing demand for products that provide financial solutions for retirement, investment and wealth transfer, as well as for health-related products. Brazil has the largest population in South America and has recently experienced a modest increase in population. The nation is undergoing a rapid demographic transition characterized by a growing proportion of aging and middle class populations. This demographic transition has driven demand for diverse life insurance products, particularly tailored to financial security and wealth protection.

Regulatory Environment. See "Business—Regulation" included in Prudential Financial's 2024 Annual Report on Form 10-K for a discussion of regulatory developments that may impact the Company and the associated risks.

Competitive Environment. See "Business—" included in Prudential Financial's 2024 Annual Report on Form 10-K for a discussion of the competitive environment and the basis on which we compete in each of our segments.

Impact of Changes in the Interest Rate Environment

As a global financial services company, market interest rates are a key driver of our liquidity and capital positions, cash flows, results of operations and financial position. Changes in interest rates can affect these in several ways, including favorable or adverse impacts to:

- investment-related activity, including: investment income returns, net investment spread results, new money rates, mortgage loan prepayments and bond redemptions;
- the valuation of fixed income investments and derivative instruments;
- collateral posting requirements, hedging costs and other risk mitigation activities;
- customer account values and assets under management, including their impacts on fee-related income;
- insurance reserve levels, including market risk benefits ("MRBs"), and market experience true-ups;
- policyholder behavior, including surrender or withdrawal activity;
- product offerings, design features, crediting rates and sales mix; and
- the fair value of, and possible impairments on, intangible assets such as goodwill.

For additional information regarding interest rate risks, see "Risk Factors—Market Risk" included in Prudential Financial's 2024 Annual Report on Form 10-K.

See below for a discussion of the current interest rate environment and its impact to net investment spread in our U.S. and Japanese operations along with the composition of their insurance liabilities and policyholder account balances.

U.S. Operations excluding the Closed Block Division

While interest rates in the U.S. have experienced a sustained period of historically low levels, rates increased throughout 2022 and have continued to sustain higher levels throughout 2024, and our average reinvestment yield is generally now exceeding our current average portfolio yield.

In order to manage the impacts that changes in interest rates have on our net investment spread, we employ a proactive asset/liability management program, which includes strategic asset allocation and hedging strategies within a disciplined risk management framework. These strategies seek to match the liability characteristics of our products, and to closely approximate the interest rate sensitivity of the assets with the estimated interest rate sensitivity of the product liabilities. Our asset/liability management program also helps manage duration gaps, currency and other risks between assets and liabilities through the use of derivatives. We adjust this dynamic process as products change, as customer behavior changes and as changes in the market environment occur. As a result, our asset/liability management process has permitted us to manage the interest rate risk associated with our products through several market cycles. Our interest rate exposure is also mitigated by our business mix, which includes lines of business for which fee-based and insurance underwriting earnings play a more prominent role in product profitability. We also regularly examine our product offerings and their profitability. As a result, we may reprice certain products and discontinue sales of other products that do not meet our profit expectations.

The portion of the general account supporting our U.S. Businesses and our Corporate and Other operations has approximately $205 billion of fixed maturity securities and commercial mortgage loans (based on net carrying value) as of December 31, 2024, with an average portfolio yield of approximately 4.9%. For this portion of the general account attributable to these operations, we estimate annual principal payments and prepayments that we would be required to reinvest to be approximately 7.4% of the fixed maturity security and commercial mortgage loan portfolios through 2026.

Included in the $205 billion of fixed maturity securities and commercial mortgage loans are approximately $170 billion that are subject to call or redemption features at the issuer's option and have a weighted average interest rate of approximately 5%. Of this $170 billion, approximately 55% contain provisions for prepayment premiums. Future operating results will be impacted by (i) the reinvestment of scheduled payments or prepayments (not subject to a prepayment fee) at different rates compared to the current portfolio yield, including in some cases at rates below those guaranteed under our insurance contracts, and (ii) our utilization of other asset/liability management strategies, as described above, in order to maintain favorable net investment spread.

The following table sets forth the insurance liabilities and policyholder account balances of our U.S. operations excluding the Closed Block Division, by type, for the date indicated:

	As of December 31, 2024
	(in billions)
Long-duration insurance products with fixed and guaranteed terms	$194
Contracts with adjustable crediting rates subject to guaranteed minimums	37
Participating contracts where investment income risk ultimately accrues to contractholders	1
Total	$232

The $194 billion above relates to long-duration products such as group annuities, structured settlements and other insurance products that have fixed and guaranteed terms. We seek to manage the impact of changes in interest rates on these contracts through asset/liability management, as discussed above.

The $37 billion above relates to contracts with crediting rates that may be adjusted over the life of the contract, subject to guaranteed minimums. Although we may have the ability to lower crediting rates for those contracts above guaranteed minimums, our willingness to do so may be limited by competitive pressures. For additional information regarding contracts with adjustable crediting rates subject to guaranteed minimums, see Note 13 to the Consolidated Financial Statements.

The remaining $1 billion of insurance liabilities and policyholder account balances in these operations relates to participating contracts for which the investment income risk is expected to ultimately accrue to contractholders. The crediting rates for these contracts are periodically adjusted based on the return earned on the related assets.

Closed Block Division

Substantially all of the $47 billion of general account assets in the Closed Block division support obligations and liabilities relating to the Closed Block policies only. See Note 16 to the Consolidated Financial Statements for additional information regarding the Closed Block.

Japanese Operations

Japan has experienced a low interest rate environment for many years, during which the Bank of Japan's monetary policy has resulted in even lower and, at times, negative yields for certain tenors of government bonds; however, recent actions by the Bank of Japan have resulted in an increase in interest rates in 2024.

In order to manage, to the extent possible, the impact that the current interest rate environment has on our net investment spread, our Japanese operations employ a proactive asset/liability management program. We continue to purchase long-term bonds with tenors of 10 years or greater. We also regularly examine our product offerings and their profitability. As a result, we may reprice certain products, adjust commissions for certain products and discontinue sales of other products that do not meet our profit expectations. Additionally, our diverse product portfolio in terms of currency mix and premium payment structure allows us to further manage any impacts from changes in the interest rate environment. For additional information regarding sales within these operations, see "—International Businesses—Sales Results," below.

The portion of the general account supporting our Japanese operations has approximately $142 billion of fixed maturity securities and commercial mortgage loans (based on net carrying value) as of December 31, 2024, with an average portfolio yield of approximately 3.0%. Our Japanese operations have continued to invest in U.S. dollar ("USD")-denominated assets supporting our USD-denominated product portfolio, which has now driven average reinvestment rates to exceed current average portfolio rates. For this portion of the general account attributable to these operations, we estimate annual principal payments and prepayments that we would be required to reinvest to be approximately 6.1% of the fixed maturity security and commercial mortgage loan portfolios through 2026.

Included in the $142 billion of fixed maturity securities and commercial mortgage loans are approximately $12 billion that are subject to call or redemption features at the issuer's option and have a weighted average interest rate of approximately 4%. Of this $12 billion, approximately 7% contain provisions for prepayment premiums. Future operating results will be impacted by (i) the reinvestment of scheduled payments or prepayments (not subject to a prepayment fee) at different rates compared to the current portfolio yield, including in some cases at rates below those guaranteed under our insurance contracts, and (ii) our utilization of other asset/liability management strategies, as described above, in order to maintain favorable net investment spread.

The following table sets forth the insurance liabilities and policyholder account balances of our Japanese operations, by type, for the date indicated:

	As of December 31, 2024
	(in billions)
Insurance products with fixed and guaranteed terms	$108
Contracts with a market value adjustment if canceled before maturity	36
Contracts with adjustable crediting rates subject to guaranteed minimums	8
Total	$152

The $108 billion primarily consists of long-duration insurance products that have fixed and guaranteed terms, for which underlying assets may have to be reinvested at interest rates that are lower than current portfolio yields. The remaining insurance liabilities and policyholder account balances include $36 billion related to contracts that impose a market value adjustment if the contracts are canceled before maturity and $8 billion related to contracts with crediting rates that may be adjusted over the life of the contract, subject to guaranteed minimums. Most of the current crediting rates on these contracts, however, are at or near contractual minimums. Although we have the ability in some cases to lower crediting rates for those contracts that are above guaranteed minimum crediting rates, the majority of this business has interest crediting rates that are determined by formula. See Note 13 to the Consolidated Financial Statements for additional information regarding crediting rates on policyholder account balances.

Results of Operations

Consolidated Results of Operations

The following table summarizes net income (loss) for the periods presented:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Revenues	$70,405	$53,979	$56,881
Benefits and expenses	67,196	50,907	58,773
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	3,209	3,072	(1,892)
Income tax expense (benefit)	507	613	(279)
Income (loss) before equity in earnings of joint ventures and other operating entities	2,702	2,459	(1,613)
Equity in earnings of joint ventures and other operating entities, net of taxes	144	49	(62)
Net income (loss)	2,846	2,508	(1,675)
Less: Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	119	20	(28)
Net income (loss) attributable to Prudential Financial, Inc.	$ 2,727	$ 2,488	$ (1,647)

2024 to 2023 Annual Comparison. The $239 million increase in "Net income (loss) attributable to Prudential Financial, Inc." reflected the following notable items on a pre-tax basis:

- $360 million favorable variance from realized investment gains (losses), net, and related charges and adjustments; and
- $327 million favorable variance from higher adjusted operating income from our business segments (see "Segment Results of Operations" for additional information).

Partially offsetting these increases in "Net income (loss) attributable to Prudential Financial, Inc." were the following items:

- $453 million unfavorable variance reflecting the change in value of market risk benefits, net of related hedging gains (losses); and
- $162 million unfavorable variance from market experience updates.

"Net income (loss) attributable to Prudential Financial, Inc." also reflected a $106 million favorable variance from income taxes, primarily reflecting an increase in the non-taxable pre-tax items included above.

Segment Results of Operations

We analyze the performance of our segments and Corporate and Other operations using a measure of segment profitability called adjusted operating income. See "—Segment Measures" below for a discussion of adjusted operating income and its use as a measure of segment operating performance.

Shown below are the adjusted operating income contributions of each segment and Corporate and Other operations for the periods indicated and a reconciliation of this segment measure of performance to "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" as presented in the Consolidated Statements of Operations.

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Adjusted operating income before income taxes by segment:			
PGIM	$ 875	$ 713	$ 843
U.S. Businesses:			
Retirement Strategies(1)	3,619	3,513	4,529
Group Insurance	314	319	(16)
Individual Life	(205)	(95)	(1,802)
Total U.S. Businesses(1)	3,728	3,737	2,711
International Businesses	3,106	3,183	3,205
Corporate and Other(2)	(1,783)	(2,034)	(1,561)
Total segment adjusted operating income before income taxes(1)(2)	5,926	5,599	5,198
Reconciling items:			
Realized investment gains (losses), net, and related charges and adjustments(1)(2)(3)	(2,150)	(2,510)	(6,325)
Change in value of market risk benefits, net of related hedging gains (losses)	(397)	56	(443)
Market experience updates	(52)	110	642
Divested and Run-off Businesses(4):			
Closed Block division	(113)	(100)	(18)
Other Divested and Run-off Businesses(2)(5)	30	21	(887)
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests(6)	(16)	(68)	(36)
Other adjustments(2)(7)	(19)	(36)	(23)
Consolidated income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 3,209	$ 3,072	$(1,892)

(1) The amount for 2023 reflects the correction of an error related to indexed variable and fixed annuity products within the Retirement Strategies segment. See "—Overview" above for additional information.
(2) Prior period amounts have been updated to conform to current period presentation.
(3) See "—General Account Investments" and Note 23 to the Consolidated Financial Statements for additional information.
(4) Represents the contribution to income (loss) of Divested and Run-off Businesses that have been or will be sold or exited, including businesses that have been placed in wind-down, but did not qualify for "discontinued operations" accounting treatment under U.S. GAAP. See "—Divested and Run-off Businesses" for additional information.
(5) Includes goodwill impairments of $177 million and $903 million recorded in the fourth quarters of 2023 and 2022, respectively, related to Assurance IQ. See Note 2 and Note 10 to the Consolidated Financial Statements for additional information.
(6) Equity in earnings of joint ventures and other operating entities is included in adjusted operating income but excluded from "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" as it is reflected on an after-tax U.S. GAAP basis as a separate line in the Consolidated Statements of Operations. Earnings attributable to noncontrolling interests are excluded from adjusted operating income but included in "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" as they are reflected on a U.S. GAAP basis as a separate line in the Consolidated Statements of Operations. Earnings attributable to noncontrolling interests represent the portion of earnings from consolidated entities that relates to the equity interests of minority investors.
(7) Includes certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

Segment results for 2024 presented above reflect the following:

PGIM. Results for 2024 increased in comparison to 2023, primarily reflecting higher net asset management fees and net other related revenues, partially offset by higher expenses.

Retirement Strategies. Results for 2024 increased in comparison to 2023, inclusive of a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results decreased, primarily driven by higher expenses and lower net fee income, partially offset by higher net investment spread results.

Group Insurance. Results for 2024 decreased in comparison to 2023, inclusive of a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results increased, primarily driven by higher underwriting results and higher net investment spread results, partially offset by higher expenses.

Individual Life. Results for 2024 decreased in comparison to 2023, inclusive of an unfavorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results decreased, primarily driven by higher expenses, including costs associated with the recent guaranteed universal life reinsurance transactions as well as from the consolidation of our internal captive reinsurance arrangements, partially offset by the ongoing favorable impacts from these reinsurance transactions.

International Businesses. Results for 2024 decreased in comparison to 2023, inclusive of an unfavorable net impact from foreign currency exchange rates and an unfavorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding these items, results increased, primarily driven by higher net investment spread results and higher earnings from joint ventures and other operating entities, partially offset by lower underwriting results.

Corporate and Other. Results for 2024 reflected decreased losses in comparison to 2023, primarily driven by lower net charges from other corporate activities.

Closed Block Division. Results for 2024 decreased in comparison to 2023, primarily driven by lower net investment activity results, partially offset by a reduction in the policyholder dividend obligation.

Segment Measures

Adjusted Operating Income. In managing our business, we analyze the operating performance of our segments and our Corporate and Other operations using "adjusted operating income." Adjusted operating income does not equate to "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" or "Net income (loss)" as determined in accordance with U.S. GAAP but is the measure of segment profit or loss we use to evaluate segment performance and allocate resources and, consistent with authoritative guidance, is our measure of segment performance. The adjustments to derive adjusted operating income are important to an understanding of our overall results of operations. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income may differ from that used by other companies; however, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses.

See Note 23 to the Consolidated Financial Statements for additional information regarding the presentation of segment results and our definition of adjusted operating income.

Annualized New Business Premiums. In managing our Individual Life, Group Insurance and International Businesses segments, we analyze annualized new business premiums, which do not correspond to revenues under U.S. GAAP. Annualized new business premiums measure the current sales performance of the business, while revenues primarily reflect the renewal persistency of policies written in prior years and net investment income, in addition to current sales. Annualized new business premiums include 10% of first year premiums or deposits from single-payment products in our Individual Life and International Businesses segments. No other adjustments are made for limited-payment contracts.

The amount of annualized new business premiums for any given period can be significantly impacted by several factors, including but not limited to: addition of new products, discontinuation of existing products, changes in credited interest rates for certain products and other product modifications, changes in premium rates, changes in tax laws, changes in regulations or changes in the competitive environment. Sales volume may increase or decrease prior to certain of these changes becoming effective, and then fluctuate in the other direction following such changes.

Assets Under Management. In managing our PGIM segment, we analyze assets under management (which do not correspond directly to U.S. GAAP assets) because the principal source of revenues is fees based on assets under management. Assets under management represent the fair market value or account value of assets that we manage directly for institutional clients, retail clients, and for our general account, as well as assets invested in our products that are managed by third-party managers.

Account Values. In managing our Retirement Strategies segment, we analyze account values, which do not correspond directly to U.S. GAAP assets. Net additions (withdrawals) in our Institutional Retirement Strategies business and sales (redemptions) in our Individual Retirement Strategies business do not correspond to revenues under U.S. GAAP but are used as a relevant measure of business activity.

Impact of Foreign Currency Exchange Rates

Foreign currency exchange rate movements and related hedging strategies

As a U.S.-based company with significant business operations outside the U.S., particularly in Japan, we are subject to foreign currency exchange rate movements that could impact our USD-equivalent shareholder return on equity. We seek to mitigate this impact through various hedging strategies, including holding USD-denominated assets in certain of our foreign subsidiaries.

In order to reduce equity volatility from foreign currency exchange rate movements, we primarily utilize a yen hedging strategy that calibrates the hedge level to preserve the relative contribution of our yen-based business to the Company's overall return on equity on a leverage neutral basis. We implement this hedging strategy utilizing a variety of instruments, including USD-denominated assets and dual currency and synthetic dual currency investments held locally in our Japanese insurance subsidiaries. The total hedge level may vary based on our periodic assessment of the relative contribution of our yen-based business to the Company's overall return on equity.

The table below presents the aggregate amount of instruments that serve to hedge the impact of foreign currency exchange movements on our USD-equivalent shareholder return on equity from our Japanese insurance subsidiaries as of the dates indicated.

	December 31, 2024	December 31, 2023
	(in billions)	
Foreign currency hedging instruments:		
USD-denominated assets associated with yen-based entities(1)	$6.1	$7.2
Dual currency and synthetic dual currency investments(2)	0.3	0.3
Total foreign currency hedges	$6.4	$7.5

(1) Includes USD-denominated fixed maturities at amortized cost plus any related accrued investment income, as well as USD notional amount of foreign currency derivative contracts outstanding. Note this amount represents only those USD assets serving to hedge the impact of foreign currency volatility on equity. Separate from this program, our Japanese operations also have $83.2 billion and $80.0 billion as of December 31, 2024 and 2023, respectively, of USD-denominated assets supporting USD-denominated liabilities related to USD-denominated products.
(2) Dual currency and synthetic dual currency investments are held by our yen-based entities in the form of fixed maturities and loans with a yen-denominated principal component and USD-denominated interest income. The amounts shown represent the present value of future USD-denominated cash flows.

The USD-denominated investments that hedge the impact of foreign currency exchange rate movements on USD-equivalent shareholder return on equity from our Japanese insurance operations are reported within yen-based entities and, as a result, foreign currency exchange rate movements will impact their value reported within our yen-based Japanese insurance entities. We seek to mitigate the risk that future unfavorable foreign currency exchange rate movements will decrease the value of these USD-denominated investments reported within our yen-based Japanese insurance entities, and therefore negatively impact their equity and regulatory solvency margins, by having our Japanese insurance operations enter into currency hedging transactions with a subsidiary of Prudential Financial. These hedging strategies have the economic effect of moving the change in value of these USD-denominated investments due to foreign currency exchange rate movements from our Japanese yen-based entities to our USD-based entities.

These USD-denominated investments also pay a coupon which is generally higher than what a similar yen-denominated investment would pay. The incremental impact of this higher yield on our USD-denominated investments, as well as our dual currency and synthetic dual currency investments, will vary over time, and is dependent on the duration of the underlying investments as well as interest rate environments in both the U.S. and Japan at the time of the investments.

Impact of intercompany foreign currency exchange rate arrangements on segment results of operations

The financial results of our International Businesses and PGIM reflect the impact of intercompany arrangements with our Corporate and Other operations pursuant to which these segments' non-USD-denominated earnings are translated at fixed currency exchange rates that are predetermined during the third quarter of the prior year using forward currency exchange rates. Results of our Corporate and Other operations include differences between the translation adjustments recorded by the segments at the fixed currency exchange rate versus the actual average rate during the period.

In addition, specific to our International Businesses where we hedge certain currencies utilizing forward currency contracts with third parties, the results of our Corporate and Other operations also include the impact of any gains or losses recorded from these contracts that settled during the period, which include the impact of any over or under hedging of actual earnings that differ from projected earnings.

The table below presents, for the periods indicated, the increase (decrease) to revenues and adjusted operating income for our International Businesses, PGIM and Corporate and Other operations, reflecting the impact of these intercompany arrangements.

	Year Ended December 31, 2024	2023	2022
	(in millions)		
Segment impacts of intercompany arrangements:			
International Businesses	$ (8)	$(28)	$(57)
PGIM	3	1	11
Impact of intercompany arrangements(1)	(5)	(27)	(46)
Corporate and Other:			
Impact of intercompany arrangements(1)	5	27	46
Settlement gains (losses) on forward currency contracts(2)	(11)	(31)	21
Net benefit (detriment) to Corporate and Other	(6)	(4)	67
Net impact on consolidated revenues and adjusted operating income	$(11)	$(31)	$ 21

(1) Represents the difference between non-USD-denominated earnings translated on the basis of weighted average monthly currency exchange rates versus fixed currency exchange rates determined in connection with the foreign currency income hedging program.
(2) As of December 31, 2024, 2023, and 2022, the total notional amounts of these forward currency contracts within our Corporate and Other operations were $0.8 billion, $0.8 billion and $0.7 billion, respectively.

Impact of products denominated in non-local currencies on U.S. GAAP earnings

While our international insurance operations offer products denominated in local currency, several also offer products denominated in non-local currencies. This is most notable in our Japanese operations, which currently offer primarily USD-denominated products, but have also historically offered Australian dollar ("AUD")-denominated products. The non-local currency-denominated insurance liabilities related to these products are supported by investments denominated in corresponding currencies, including a significant portion designated as available-for-sale. While the impact from foreign currency exchange rate movements on these non-local currency-denominated assets and liabilities is economically matched, differences in the accounting for changes in the value of these assets and liabilities due to changes in foreign currency exchange rate movements have historically resulted in volatility in U.S. GAAP earnings.

As a result, we implemented a structure in Gibraltar Life's operations that disaggregated the USD- and AUD-denominated businesses into separate divisions, each with its own functional currency that aligns with the underlying products and investments. The result of this alignment was to reduce differences in the accounting for changes in the value of these assets and liabilities that arise due to changes in foreign currency exchange rate movements. For the USD- and AUD-denominated assets that were transferred under this structure, the net cumulative unrealized investment gains associated with foreign exchange remeasurement that were recorded in "Accumulated other comprehensive income (loss)" ("AOCI") totaled $1.1 billion and $1.4 billion as of December 31, 2024 and 2023, respectively, and will be recognized in earnings within "Realized investment gains (losses), net" over time as these assets mature or are sold. Absent the sale of any of these assets prior to their stated maturity, approximately 3% of the $1.1 billion balance as of December 31, 2024 will be recognized in 2025, approximately 5% will be recognized in 2026, and the remaining balance will be recognized from 2027 through 2051.

Highly inflationary economies

Our former insurance operations in Argentina, Prudential of Argentina ("POA"), historically utilized the Argentine peso as its functional currency given it is the currency of the primary economic environment in which the entity operated. During 2018, Argentina experienced a cumulative inflation rate that exceeded 100% over a 3-year period. As a result, Argentina's economy was deemed to be highly inflationary, resulting in reporting changes effective July 1, 2018. Under U.S. GAAP, the financial statements of a foreign entity in a highly inflationary economy are to be remeasured as if its functional currency (formerly the Argentine peso) is the reporting currency of its parent reporting entity (the USD) on a prospective basis. While this changed how the results of POA were remeasured and/or translated into USD, the impact to our financial statements was not material given the relative size of those operations. As discussed further in "—International Businesses" below, in March 2024, the Company entered into a definitive agreement to sell POA and transferred these operations into the Divested and Run-off Businesses that are included within our Corporate and Other operations. The transaction was completed in May 2024.

Enterprise Group, our strategic investment in Ghana, has historically utilized the Ghanaian cedi as its functional currency given it is the currency of the primary economic environment in which the entity operates. In the fourth quarter of 2023, Ghana experienced a cumulative inflation rate that exceeded 100% over a 3-year period. As a result, Ghana's economy was deemed to be highly inflationary, which requires the results of our investment in Enterprise Group to be remeasured in USD, effective January 1, 2024, as per the U.S. GAAP requirements described above. The impact to our financial statements was not material nor is it expected to have a material impact to our financial statements in future periods given the relative size of the investment.

Accounting Policies & Pronouncements

Application of Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the application of accounting policies that often involve a significant degree of judgment. Management, on an ongoing basis, reviews the estimates and assumptions used in the preparation of the Company's financial statements. If management determines that modifications to assumptions and estimates are appropriate given current facts and circumstances, the Company's results of operations and financial position as reported in the Consolidated Financial Statements could change significantly.

The following sections discuss the accounting policies applied in preparing our financial statements that management believes are most dependent on the application of estimates and assumptions and require management's most difficult, subjective, or complex judgments.

Insurance Liabilities

Future Policy Benefits

Future Policy Benefit Reserves, including Unpaid Claims and Claim Adjustment Expenses

We establish reserves for future policy benefits to, or on behalf of, policyholders using methodologies prescribed by U.S. GAAP. The reserving methodologies used include the following:

- For most long-duration contracts, we utilize a net premium valuation methodology in measuring the liability for future policy benefits. Under this methodology, the Company accrues a liability for future policy benefits when premium revenue is recognized. The liability is based on the present value of expected future benefits to be paid to or on behalf of policyholders and related non-level claim settlement expenses less the present value of expected future net premiums (portion of the gross premium required to provide for all benefits and related non-level claim settlement expenses using current best estimate assumptions). A net-to-gross ("NTG") ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums that are subtracted from the present value of expected benefits and non-level claim settlement expenses to determine the liability for future policy benefits, which cannot be less than zero. The NTG ratio at the cohort measurement unit level cannot exceed 100%, and if it exceeds 100%, the excess benefit expenses are recorded as a charge to current period earnings. The result of the net premium valuation methodology is that the liability at any point in time represents an accumulation of the portion of premiums received to date expected to fund future benefits (i.e., net premiums received to date), less any benefits and expenses already paid. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that obligation would be funded by net premiums received in the future and would be recognized in the liability at that time. The insurance cash flow assumptions are updated quarterly to reflect actual experience and are generally updated annually to reflect changes in best estimate future insurance cash flow assumptions using a retrospective unlocking method with the impact recorded through current period earnings. At the time of an experience or best estimate assumption unlocking, a revised NTG ratio is calculated using actual historical cash flow experience and updated, if any, best estimate future cash flow assumptions, discounted using the locked-in discount rate. The revised NTG ratio is then applied to prior period cash flows to derive a cumulative catch-up adjustment as of the beginning of the quarter. The revised NTG ratio is then used going forward to accrue the reserve, until the next unlocking. The liability is also remeasured each quarter using a current discount rate, based on an upper-medium grade fixed-income instrument yield, with the impact recorded through accumulated other comprehensive income. Expense assumptions included in the liability only include claim related expenses and exclude acquisition costs and non-claim related costs such as costs relating to investments, general administration, policy maintenance, product development, market research, and general overhead.

- For limited-payment contracts, in addition to the liability calculated using the net premium valuation method described above, a deferred profit liability ("DPL") is established for the amount of gross premiums received in excess of expected net premiums and is amortized into premium income in relation to the discounted amount of insurance in force for life insurance or expected benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits.
- For certain contract features, such as no-lapse guarantees, a liability is established when associated assessments (which include investment margin on policyholders' account balances deposited to fixed and indexed funds and policy charges for administration, mortality, expense, surrender, and other charges) are recognized. This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (e.g., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). The liability equals the current benefit ratio multiplied by cumulative assessments recognized to date, plus interest, less cumulative excess payments to date. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that excess payment would be funded by assessments received in the future and would be recognized in the liability at that time. The reserves are subject to adjustments based on annual reviews of assumptions and quarterly adjustments for experience as described below, including market performance. These adjustments reflect the impact on the benefit ratio of using actual historical experience from the issuance date to the balance sheet date plus updated estimates of future experience. The updated benefit ratio is then applied to all prior periods' assessments to derive an adjustment to the reserve recognized through a benefit or charge to current period earnings.
- For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions, at a minimum, on an annual basis, and on a quarterly basis for business whose profitability is closely tied to equity market performance. If the current net reserves are less than the best estimate liability, the existing net reserves are adjusted by first reducing the associated deferred sales inducements ("DSI") or value of business acquired ("VOBA") by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than the DSI or VOBA for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings. Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in AOCI.

Annual assumptions review and quarterly adjustments

The assumptions used in establishing reserves are generally based on the Company's experience, industry experience and/or other factors, as applicable. We update our actuarial assumptions, such as mortality, morbidity, retirement and policyholder behavior assumptions, annually unless a material change in our own experience or in industry experience made available to us is observed in an interim period that we feel is indicative of a long-term trend. Generally, we do not expect trends to change significantly in the short-term and, to the extent these trends may change, we expect such changes to be gradual over the long term.

We perform an annual comprehensive review of the assumptions used for estimating future premiums, benefits, and other cash flows, including reviews related to mortality, morbidity, lapse, surrender, and other contractholder behavior assumptions, and economic assumptions, including expected future rates of returns on investments. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either elsewhere within the Company or within the industry. As part of this review, we may update these assumptions and make refinements to our models based upon emerging experience, future expectations and other data, including any observable market data we feel is indicative of a long-term trend. The impact on our results from operations of changes in these assumptions can be offsetting and we are unable to predict their movement or impact over time.

The quarterly adjustments for market performance referred to above reflect the impact of changes to our estimate of future rates of returns on investments to reflect actual fund performance and market conditions. A portion of returns on investments for our variable life contracts are dependent upon the total rate of return on assets held in separate account investment options. This rate of return influences the fees we earn and expected claims to be paid on variable life contracts, as well as other sources of profit. Returns that are higher than our expectations for a given period produce higher than expected account balances, which increase the future fees we expect to earn on variable life contracts and decrease expected claims to be paid on variable life contracts. The opposite occurs when returns are lower than our expectations.

The weighted average rate of return assumptions used in developing estimated market returns consider many factors specific to each product type, including asset durations, asset allocations and other factors. With regard to equity market assumptions, the near-term future rate of return assumption used in evaluating liabilities for future policy benefits for certain of our products, primarily our domestic and international variable life insurance products, is generally updated each quarter and is derived using a reversion to the mean approach, a common industry practice. Under this approach, we consider historical equity returns and adjust projected equity returns over an initial future period of five years (the "near-term") so that equity returns converge to the long-term expected rate of return. If the near-term projected future rate of return is greater than our near-term maximum future rate of return of 15.0%, we use our maximum future rate of return. If the near-term projected future rate of return is lower than our near-term minimum future rate of return of 0%, we use our minimum future rate of return. As of December 31, 2024, our domestic variable life insurance businesses assume an 8.0% long-term equity expected rate of return and a 2.9% near-term mean reversion equity expected rate of return, and our international variable life insurance business assumes a 5.0% long-term equity expected rate of return and a 0.2% near-term mean reversion equity expected rate of return.

With regard to interest rate assumptions used in evaluating liabilities for future policy benefits for certain of our products, we update the long-term and near-term future rates used to project fixed income returns annually and quarterly, respectively. As a result of our 2024 annual reviews and update of assumptions and other refinements, we increased our long-term expectation of both the 10-year U.S. Treasury rate and 10-year Japanese Government Bond yield by 25 basis points, and now grade to rates of 3.50% and 1.25%, respectively, over ten years. As part of our quarterly market experience updates, we update our near-term projections of interest rates to reflect changes in current rates. For additional information regarding discount rates used to establish the liability for future policy benefits, see Note 2 to the Consolidated Financial Statements.

The following paragraphs provide additional details about the reserves we have established:

International Businesses. The reserves for future policy benefits of our International Businesses, which as of December 31, 2024, represented 37% of our total future policy benefit reserves, primarily relate to non-participating whole life and term life products and endowment contracts, and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in determining expected future benefits and expenses include mortality, lapse, morbidity, and interest rate assumptions. Reserves also include claims reported but not yet paid, and claims incurred but not yet reported. In addition, future policy benefit reserves for certain contracts also include amounts related to our deferred profit liability, as described above.

Institutional Retirement Strategies. The reserves for future policy benefits of our Institutional Retirement Strategies segment, which as of December 31, 2024, represented 32% of our total future policy benefit reserves, primarily relate to our non-participating life contingent group annuity and structured settlement products and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in establishing these reserves include mortality, retirement, and interest rate assumptions. In addition, future policy benefit reserves for certain contracts also include amounts related to our deferred profit liability, as described above.

Individual Retirement Strategies. The reserves for future policy benefits of our Individual Retirement Strategies segment, which as of December 31, 2024, represented less than 1% of our total future policy benefit reserves, primarily relate to reserves for life contingent payout annuity contracts for which a deferred profit liability is established for the amount of gross premiums received in excess of net premiums, and are generally calculated using the net premium valuation methodology. The primary assumptions used in determining expected future benefits and expenses include mortality and interest rate assumptions.

Individual Life. The reserves for future policy benefits of our Individual Life segment, which as of December 31, 2024, represented 10% of our total future policy benefit reserves, primarily relate to term life and universal life products. For term life contracts, the future policy benefit reserves are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in determining expected future benefits and expenses include mortality, lapse, and interest rate assumptions. For universal life products, which include universal life contracts that contain no-lapse guarantees, reserves for future policy benefits are established using current best estimate assumptions and are based on the benefit ratio, as described above. The primary assumptions used in establishing these reserves generally include mortality, lapse, and premium pattern, as well as interest rate and equity market return assumptions. Reserves also include claims reported but not yet paid, and claims incurred but not yet reported.

Group Insurance. The reserves for future policy benefits of our Group Insurance segment, which as of December 31, 2024, represented 2% of our total future policy benefit reserves, primarily relate to reserves for group life and disability benefits. For short-duration contracts, a liability is established when the claim is incurred. The reserves for group life and disability benefits also include a liability for unpaid claims and claim adjustment expenses, which relates primarily to the group long-term disability product. This liability represents our estimate of the present value of future disability claim payments and expenses as well as estimates of claims that have been incurred, but have not yet been reported, as of the balance sheet date. The primary assumptions used in determining expected future claim payments are claim termination factors, an assumed interest rate and expected Social Security offsets. The remaining reserves for future policy benefits for group life and disability benefits relate primarily to our group life business, and include reserves for waiver of premium, claims reported but not yet paid, and claims incurred but not yet reported. The waiver of premium reserve is calculated as the present value of future benefits and utilizes assumptions such as expected mortality and recovery rates. The reserve for claims reported but not yet paid is based on the inventory of claims that have been reported but not yet paid. The reserve for claims incurred but not yet reported is estimated using expected patterns of claims reporting.

Corporate and Other. The reserves for future policy benefits of our Corporate and Other operations, which as of December 31, 2024, represented 3% of our total future policy benefit reserves, primarily relate to our long-term care products and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in establishing these reserves include morbidity, mortality, mortality improvement, persistency, premium rate increases, inflation, and interest rate assumptions.

Closed Block Division. The future policy benefit reserves for the traditional participating life insurance products of the Closed Block division, which as of December 31, 2024, represented 16% of our total future policy benefit reserves are determined using the net premium valuation methodology. In applying this method, we use mortality assumptions to determine our expected future benefits and expected future premiums, and apply an interest rate to determine the present value of both of these amounts. The mortality assumptions are based on standard industry mortality tables that were used to determine the cash surrender value of the policies, and the interest rates used are the interest rates used to calculate the cash surrender value of the policies.

Policyholders' Account Balances

Policyholders' account balances liability represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. The changes in the fair value of the embedded derivatives, including changes in non-performance risk ("NPR"), are recorded in net income. For additional information regarding the valuation of these embedded derivatives, see Note 6 to the Consolidated Financial Statements.

Market Risk Benefits ("MRBs")

Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and expose the Company to other than nominal capital market risk. MRBs are primarily related to deferred annuities with guaranteed minimum benefits in the Individual Retirement Strategies segment including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The liability (or asset) for MRBs is estimated using a fair value measurement methodology. The fair value of these MRBs is based on assumptions a market participant would use in valuing market risk benefits. On a quarterly basis, the fair value of these MRBs is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)," except for the portion of the change attributable to changes in the Company's own NPR which is recorded in other comprehensive income ("OCI"). The Company estimates that a hypothetical change to its own credit risk of plus 50 and minus 50 basis points ("bps") would result in an increase and a decrease to OCI of $650 million and $700 million, respectively. For additional information regarding the valuation of MRBs, see Note 6 to the Consolidated Financial Statements.

Sensitivities for Insurance Assets and Liabilities

The following table summarizes the aggregate impact that could result on each of the listed financial statement balances from changes in certain key assumptions. The figures below are presented in aggregate for the Company. The information below is for illustrative purposes and includes only the hypothetical impact on December 31, 2024 balances of changes in a single assumption and not changes in any combination of assumptions. Additionally, the illustration of the insurance assumption impacts below reflects a parallel shift in the insurance assumptions across the Company; however, these may be non-parallel in practice and only applicable to specific businesses. Changes in current assumptions could result in impacts to financial statement balances that are in excess of the amounts illustrated. A description of the estimates and assumptions used in the preparation of each of these financial statement balances is provided above. Changes to the insurance cash flow assumptions are reflected in net income through the retrospective unlocking method for traditional long duration, limited-payment and universal life type products.

The impacts presented within this table exclude the impacts of our asset liability management strategy, which seeks to offset the changes in the balances presented within this table and is primarily composed of investments and derivatives. See further below for a discussion of the estimates and assumptions involved with the application of U.S. GAAP accounting policies for these instruments and "Quantitative and Qualitative Disclosures about Market Risk" for hypothetical impacts on related balances as a result of changes in certain significant assumptions. The impacts presented within this table are also net of reinsurance, including the impacts from the recently completed transactions with Somerset Reinsurance Ltd. ("Somerset Re") and Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re"). See Note 15 to the Consolidated Financial Statements for additional information regarding these reinsurance agreements.

Hypothetical change in current assumptions:	Increase (Decrease) in Net Income due to changes in Future Policy Benefits, Market Risk Benefits(1), and Policyholders' Account Balances, Net of Reinsurance
	(in millions)
Long-term interest rate:	
Increase by 25 bps	$ 10
Decrease by 25 bps	$ (10)
Long-term equity expected rate of return:	
Increase by 50 bps	$ 15
Decrease by 50 bps	$ (15)
Mortality:	
Increase by 1%	$ 95
Decrease by 1%	$ (95)
Lapse(2):	
Increase by 10%	$ 200
Decrease by 10%	$(185)
Long-term care disability claim incidence:	
Increase by 5%	$ (80)
Decrease by 5%	$ 85

(1) "Market risk benefits" reflects the net impact of market risk benefit assets and liabilities prior to hedging.
(2) Assumes the same shock across all products; however, we would not expect lapse rates of different products to move uniformly.

Other Accounting Policies

Goodwill

As of December 31, 2024, our goodwill balance of $1,053 million is primarily reflected in the following reporting units: $946 million for PGIM and $96 million for Gibraltar Life and Other.

We test goodwill for impairment on an annual basis as of December 31 and more frequently if events or circumstances indicate the potential for impairment is more likely than not. The goodwill impairment analysis is performed at the reporting unit level, which is the same as, or one level below, our operating segments. Although the accounting guidance provides for an optional qualitative assessment for testing goodwill impairment, the Company performed the quantitative test for all reporting units and compared each reporting unit's estimated fair value to its carrying value as of December 31, 2024. The carrying value represents the capital that the business would require if operating as a standalone entity.

The fair value of PGIM as of December 31, 2024 was estimated by utilizing a market approach based on an earnings multiple. The average of forward earnings multiples of comparable publicly traded companies based on independent analysts' consensus estimates for each company's forecasted earnings was applied to PGIM's forecasted results and an implied control premium was added. The fair value for Gibraltar and Other was also estimated using a similar approach. The estimated fair values of both PGIM and Gibraltar and Other significantly exceeded their carrying values, resulting in no goodwill impairment as of December 31, 2024.

The Company recorded pre-tax impairment charges of $177 million and $903 million in 2023 and 2022, respectively, both related to the Assurance IQ ("AIQ") reporting unit, within Corporate and Other operations, resulting in no remaining goodwill assigned to AIQ as of December 31, 2023.

Estimating the fair value of reporting units is a subjective process that involves the use of significant estimates by management. Unanticipated changes in business performance or the regulatory environment, market declines and other events impacting the fair value of the reporting units with assigned goodwill, or increases in the level of equity required to support these businesses, could cause goodwill impairment charges in future periods. For additional information regarding goodwill and our reporting segments, see Note 2 and Note 10 to the Consolidated Financial Statements.

Valuation of Investments, Including Derivatives, Measurement of Allowance for Credit Losses, and the Recognition of Other-than-Temporary Impairments

Our investment portfolio consists of public and private fixed maturity securities, commercial mortgage and other loans, equity securities, other invested assets, and derivative financial instruments. Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Derivative financial instruments that are generally used include swaps, futures, forwards and options and may be exchange-traded or contracted in the over-the-counter ("OTC") market. We are also party to financial instruments that contain derivative instruments that are "embedded" in the financial instruments. Management believes the following accounting policies related to investments, including derivatives, are most dependent on the application of estimates and assumptions. Each of these policies is discussed further within other relevant disclosures related to investments and derivatives, as referenced below:

- Valuation of investments, including derivatives;

- Measurement of the allowance for credit losses on fixed maturity securities classified as available-for-sale, commercial mortgage loans, and other loans; and
- Recognition of other-than-temporary impairments ("OTTI") for equity method investments and wholly-owned investment real estate.

We present at fair value in the statements of financial position our debt security investments classified as available-for-sale, investments classified as trading such as our assets supporting experience-rated contractholder liabilities and certain fixed maturities, equity securities, and certain investments within "Other invested assets," such as derivatives. For additional information regarding the key estimates and assumptions surrounding the determination of fair value of fixed maturity and equity securities, as well as derivative instruments, embedded derivatives and other investments, see Note 6 to the Consolidated Financial Statements and "—Valuation of Assets and Liabilities—Fair Value of Assets and Liabilities."

For our investments classified as available-for-sale, the impact of changes in fair value is recorded as an unrealized gain or loss in AOCI, a separate component of equity. For our investments classified as trading and equity securities, the impact of changes in fair value is recorded within "Other income (loss)." Our commercial mortgage and other loans are carried primarily at unpaid principal balances, net of unamortized deferred loan origination fees and expenses and unamortized premiums or discounts and a valuation allowance for losses.

In addition, an allowance for credit losses is measured each quarter for available-for-sale fixed maturity securities and for commercial mortgage and other loans. For additional information regarding our policies with respect to the measurement of credit losses, see Note 2 to the Consolidated Financial Statements.

For equity method investments and wholly-owned investment real estate, the carrying value of these investments is written down or impaired to fair value when a decline in value is considered to be other-than-temporary.

Pension and Other Postretirement Benefits

We sponsor pension and other postretirement benefit plans covering employees who meet specific eligibility requirements. Our net periodic costs for these plans consider an assumed discount (interest) rate, an expected rate of return on plan assets, expected increases in compensation levels, mortality and trends in health care costs. Of these assumptions, our expected rate of return assumptions and our discount rate assumptions have historically had the most significant effect on our net period costs associated with these plans.

We determine our expected rate of return on plan assets based upon a building block approach that considers plan asset mix, risk free rates, inflation, real return, term premium, credit spreads, equity risk premium and capital appreciation as well as expenses, the effect of active management and the effect of rebalancing for the equity, debt and real estate asset mix applied on a weighted average basis to our pension asset portfolio. See Note 19 to the Consolidated Financial Statements for our actual asset allocations by asset category and the asset allocation ranges prescribed by our investment policy guidelines for both our pension and other postretirement benefit plans. Our assumed long-term rate of return for 2024 was 7.50% for our domestic pension plans and 6.75% for our other postretirement benefit plans. Given the amount of plan assets as of December 31, 2023, the beginning of the measurement year, if we had assumed an expected rate of return for both our domestic pension and other domestic postretirement benefit plans that was 100 bps higher or 100 bps lower than the rates we assumed, the change in our net periodic costs would have been as shown in the table below. The information provided in the table below considers only changes in our assumed long-term rate of return given the level and mix of invested assets at the beginning of the measurement year, without consideration of possible changes in any of the other assumptions described above that could ultimately accompany any changes in our assumed long-term rate of return.

	For the Year Ended December 31, 2024	
	Increase/(Decrease) in Net Periodic Pension Cost	Increase/(Decrease) in Net Periodic Other Postretirement Cost
	(in millions)	
Increase in expected rate of return by 100 bps	$(126)	$(11)
Decrease in expected rate of return by 100 bps	$ 126	$ 11

Foreign pension plans represent 3% of plan assets at the beginning of 2024. An increase in expected rate of return by 100 bps would result in a decrease in net periodic pension costs of $3 million; conversely, a decrease in expected rate of return by 100 bps would result in an increase in net periodic pension costs of $3 million.

We determine our discount rate, used to value the pension and postretirement benefit obligations, based upon rates commensurate with current yields on high quality corporate bonds. See Note 19 to the Consolidated Financial Statements for information regarding the December 31, 2023 methodology we employed to determine our discount rate for 2024. Our assumed discount rate for 2024 was 5.30% for our domestic pension plans and 5.20% for our other domestic postretirement benefit plans. Given the amount of pension and postretirement obligations as of December 31, 2023, the beginning of the measurement year, if we had assumed a discount rate for both our domestic pension and other postretirement benefit plans that was 100 bps higher or 100 bps lower than the rates we assumed, the change in our net periodic costs would have been as shown in the table below. The information provided in the table below considers only changes in our assumed discount rate without consideration of possible changes in any of the other assumptions described above that could ultimately accompany any changes in our assumed discount rate.

	For the Year Ended December 31, 2024	
	Increase/(Decrease) in Net Periodic Pension Cost	Increase/(Decrease) in Net Periodic Other Postretirement Cost
	(in millions)	
Increase in discount rate by 100 bps	$ (53)	$(2)
Decrease in discount rate by 100 bps	$103	$ 2

Foreign pension plans represent 11% of plan obligations at the beginning of 2024. An increase in discount rate by 100 bps would result in an increase in net periodic pension costs of $1 million; conversely, a decrease in discount rate by 100 bps would result in an increase in net periodic pension costs of $0 million.

Given the application of the authoritative guidance for accounting for pensions, and the deferral and amortization of actuarial gains and losses arising from changes in our assumed discount rate, the change in net periodic pension cost arising from an increase in the assumed discount rate by 100 bps would not always be expected to equal the change in net periodic pension cost arising from a decrease in the assumed discount rate by 100 bps.

For a discussion of our expected rate of return on plan assets and discount rate for our qualified pension plan in 2024, see "—Results of Operations by Segment—Corporate and Other."

For purposes of calculating pension income from our own qualified pension plan for the year ended December 31, 2025, we increased the discount rate to 5.85% from 5.30% in 2024. The expected rate of return on plan assets increased to 8.00% in 2025 from 7.50% in 2024, and the assumed rate of increase in compensation remained unchanged at 6.25%.

In addition to the effect of changes in our assumptions, the net periodic cost or benefit from our pension and other postretirement benefit plans may change due to factors such as actual experience being different from our assumptions, special benefits to terminated employees, or changes in benefits provided under the plans.

At December 31, 2024, the sensitivity of our domestic and foreign pension and postretirement obligations to a 100 basis point change in discount rate was as follows.

	December 31, 2024	
	Increase/(Decrease) in Pension Benefits Obligation	Increase/(Decrease) in Accumulated Postretirement Benefits Obligation
	(in millions)	
Increase in discount rate by 100 bps	$(849)	$(64)
Decrease in discount rate by 100 bps	$ 984	$ 74

Taxes on Income

Our effective tax rate is based on income, non-taxable and non-deductible items, tax credits, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. Inherent in determining our annual tax rate are judgments regarding business plans, planning opportunities and expectations about future outcomes. The Dividend Received Deduction ("DRD") is a significant reason for the difference between the Company's effective tax rate and the U.S. federal statutory rate. The DRD is an estimate that incorporates the prior and current year information, as well as the current year's equity market performance. Both the current estimate of the DRD and the DRD in future periods can vary based on factors such as, but not limited to, changes in the amount of dividends received that are eligible for the DRD, changes in the amount of distributions received from underlying fund investments, changes in the account balances of variable life and annuity contracts, and the Company's taxable income before the DRD.

An increase or decrease in our effective tax rate by one percentage point would have resulted in a decrease or increase in our 2024 "Total income tax expense (benefit)" of $32 million.

Contingencies

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence of future events. Accruals for contingencies are required to be established when the future event is probable and its impact can be reasonably estimated, such as in connection with an unresolved legal matter. The initial reserve reflects management's best estimate of the probable cost of ultimate resolution of the matter and is revised accordingly as facts and circumstances change and, ultimately, when the matter is brought to closure.

Commission Revenue

For digital insurance brokerage placement services provided by AIQ, the Company earns both initial and renewal commissions as compensation for the placement of insurance policies with insurance carriers. At the effective date of the policy, the Company records within "Other income (loss)" the expected lifetime revenue for the initial and renewal commissions considering estimates of the timing of future policy cancellations. These estimates are reassessed each reporting period and any changes in estimates are reflected in the current period. In March 2024, the Company committed to a plan to exit the operations of AIQ.

Adoption of New Accounting Pronouncements

There were no new critical accounting estimates resulting from new accounting pronouncements adopted during 2024. See Note 2 to the Consolidated Financial Statements for accounting pronouncements issued but not yet adopted and newly adopted accounting pronouncements.

Results of Operations by Segment

PGIM

Business Updates

- In December 2023, we completed the acquisition of a majority stake in Deerpath Capital Management, LP ("Deerpath"), a leading U.S.-based private credit and direct lending manager with approximately $5 billion in assets under management.
- In July 2024, the Company exited PGIM Wadhwani LLP ("PGIMW"), our London-based managed futures investment management firm. The results of PGIMW, beginning in the second quarter of 2024, are reflected in Divested and Run-off Businesses included within our Corporate and Other operations.

Operating Results

The following table sets forth PGIM's operating results for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Operating results(1):			
Revenues	$4,092	$3,638	$3,622
Expenses	3,217	2,925	2,779
Adjusted operating income	875	713	843
Realized investment gains (losses), net, and related charges and adjustments	0	0	(8)
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	132	16	(4)
Other adjustments(2)	(19)	(36)	(22)
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 988	$ 693	$ 809

(1) Certain of PGIM's investment activities are based in currencies other than the USD and are therefore subject to foreign currency exchange rate risk. The financial results of PGIM include the impact of an intercompany arrangement with our Corporate and Other operations designed to mitigate the impact of exchange rate changes on PGIM's USD-equivalent earnings. For additional information regarding this intercompany arrangement, see "—Results of Operations—Impact of Foreign Currency Exchange Rates," above.

(2) Includes certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

Adjusted Operating Income

2024 to 2023 Annual Comparison. Adjusted operating income increased $162 million, primarily reflecting higher asset management fees, net of related expenses, and higher other related revenues, net of related expenses. These impacts were partially offset by higher compensation expenses.

Revenues and Expenses

The following table sets forth PGIM's revenues, presented on a basis consistent with the table above under "—Operating Results," by type:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Revenues by type:			
Asset management fees by source:			
Institutional customers	$1,530	$1,448	$1,443
Retail customers(1)	1,153	1,014	1,081
General account	496	457	508
Total asset management fees	3,179	2,919	3,032
Other related revenues by source:			
Incentive fees	202	46	85
Transaction fees	24	17	14
Seed and co-investments	135	127	3
Commercial mortgage(2)	69	57	127
Total other related revenues	430	247	229
Service, distribution and other revenues	483	472	361
Total revenues	$4,092	$3,638	$3,622

(1) Consists of fees from: individual mutual funds and variable annuities and variable life insurance separate account assets; funds invested in proprietary mutual funds through our defined contribution plan products; and third-party sub-advisory relationships. Revenues from fixed annuities and the fixed-rate accounts of variable annuities and variable life insurance are included in the general account.

(2) Includes mortgage origination revenues from our commercial mortgage origination and servicing business.

2024 to 2023 Annual Comparison. Revenues increased $454 million. Asset management fees increased, primarily reflecting equity market appreciation and strong investment performance, as well as the impact of the Deerpath acquisition. Other related revenues were favorable, primarily reflecting higher incentive fees due to strong investment performance and the impact of the Deerpath acquisition.

Expenses increased $292 million, primarily reflecting higher variable expenses related to performance-based incentive fees and an increase in overall segment earnings. The increase also reflects higher compensation expenses due to business growth, including the impact of the Deerpath acquisition, and increases related to certain long-term employee compensation plans tied to investment performance.

Assets Under Management

The following table sets forth assets under management by asset class as of the dates indicated:

	December 31,		
	2024	2023	2022
		(in billions)	
Assets Under Management(1) (at fair value):			
Public equity	$ 215.7	$ 183.6	$ 147.8
Public fixed income	832.2	799.8	776.8
Real estate	127.2	129.2	129.6
Private credit and other alternatives	118.0	112.1	103.4
Multi-asset	82.1	73.4	70.8
Total PGIM assets under management	$1,375.2	$1,298.1	$1,228.4
Assets under management within other reporting segments(2)	137.2	151.5	148.9
Total PFI assets under management	$1,512.4	$1,449.6	$1,377.3

(1) "Public equity" represents stock ownership interest in a corporation or partnership (excluding hedge funds) or real estate investment trust. "Public fixed income" represents debt instruments that pay interest and usually have a maturity (excluding mortgages). "Real estate" includes direct real estate equity and real estate mortgages. "Private credit and other alternatives" includes private credit, private equity, hedge funds and other alternative strategies. "Multi-asset" includes funds or products that invest in more than one asset class, balancing equity and fixed income funds and target date funds.

(2) Primarily includes assets related to certain annuity, variable life, retirement and group life products in our U.S. Businesses and Corporate and Other operations, and certain general account assets in our International Businesses. These assets are not directly managed by PGIM, but rather are invested in non-proprietary funds or are managed by either the divisions themselves or by our Chief Investment Officer Organization.

The following table sets forth assets under management by source as of the dates indicated:

	December 31,		
	2024	2023	2022
		(in billions)	
Assets Under Management(1) (at fair value):			
Institutional customers	$ 620.2	$ 582.6	$ 549.2
Retail customers	370.9	330.3	299.6
General account	384.1	385.2	379.6
Total PGIM assets under management	$1,375.2	$1,298.1	$1,228.4
Assets under management within other reporting segments(2)	137.2	151.5	148.9
Total PFI assets under management	$1,512.4	$1,449.6	$1,377.3

(1) "Institutional customers" consist of third-party institutional assets and group insurance contracts. "Retail customers" consist of individual mutual funds and variable annuities and variable life insurance separate account assets, funds invested in proprietary mutual funds through our defined contribution plan products, and third-party sub-advisory relationships. "General account" also includes fixed annuities and the fixed-rate accounts of variable annuities and variable life insurance.

(2) Primarily includes assets related to certain annuity, variable life, retirement and group life products in our U.S. Businesses and Corporate and Other operations, and certain general account assets in our International Businesses. These assets are not directly managed by PGIM, but rather are invested in non-proprietary funds or are managed by either the divisions themselves or by our Chief Investment Officer Organization.

The following table sets forth the component changes in PGIM's assets under management for the periods indicated:

	December 31,		
	2024	2023	2022
	(in billions)		
Beginning assets under management	$1,298.1	$1,228.4	$1,523.8
Institutional third-party flows	12.2	(23.3)	3.0
Retail third-party flows	1.4	(15.1)	(23.2)
Total third-party flows	13.6	(38.4)	(20.2)
Affiliated flows(1)	24.1	(5.6)	13.2
Market appreciation (depreciation)(2)	60.6	118.3	(240.9)
Foreign exchange rate impact	(9.4)	(4.3)	(16.0)
Net money market activity and other increases (decreases)(3)	(11.8)	(0.3)	(31.5)
Ending assets under management	$1,375.2	$1,298.1	$1,228.4

(1) Represents assets that PGIM manages for the benefit of other reporting segments within the Company. Additions and withdrawals of these assets are attributable to third-party product inflows and outflows in other reporting segments.
(2) Includes income reinvestment, where applicable.
(3) Results for the year ended December 31, 2022 include a reduction in assets under management from the sales of the Full Service Retirement business and Prudential Annuities Life Assurance Corporation ("PALAC").

2024 to 2023 Annual Comparison. PGIM's assets under management increased $77 billion in 2024, primarily driven by equity market appreciation, fixed income net inflows and strong investment performance.

Private Capital Deployment

Private capital deployment is indicative of the pace and magnitude of capital that is invested and will result in future revenues that may include management fees, transaction fees, incentive fees and servicing revenues, as well as future costs to manage these assets.

Private capital deployment represents the gross value of private capital invested in real estate debt and equity, and private credit and equity asset classes. Assets under management resulting from private capital deployment are primarily included in "Real estate" and "Private credit and other alternatives" in the "—Assets Under Management—by asset class table" above. As of December 31, 2024, these assets increased approximately $3.9 billion compared to December 31, 2023, primarily reflecting private capital net inflows, partially offset by unfavorable foreign exchange rate impacts.

Private capital deployment includes PGIM's real estate agency debt business, which consists of agency commercial mortgage loans that are originated and sold to third-party investors. PGIM continues to service these loans; however, they are not included in assets under management.

The following table sets forth PGIM's private capital deployed by asset class for the periods indicated:

	December 31,		
	2024	2023	2022
	(in billions)		
Private capital deployed:			
Real estate debt and equity	$20.9	$17.6	$26.9
Private credit and equity	22.4	14.0	16.1
Total private capital deployed	$43.3	$31.6	$43.0

Seed and Co-Investments

As of December 31, 2024 and 2023, PGIM had approximately $1,079 million and $1,088 million of seed investments and $415 million and $443 million of co-investments at carrying value, respectively, primarily consisting of public fixed income, public equity, real estate investments, and private credit and other alternatives.

U.S. Businesses

Operating Results

The following table sets forth the operating results for our U.S. Businesses for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Adjusted operating income before income taxes:			
U.S. Businesses:			
Retirement Strategies(1)	$ 3,619	$ 3,513	$ 4,529
Group Insurance	314	319	(16)
Individual Life	(205)	(95)	(1,802)
Total U.S. Businesses(1)	3,728	3,737	2,711
Reconciling items:			
Realized investment gains (losses), net, and related charges and adjustments(1)(2)	(1,389)	(2,023)	(4,188)
Change in value of market risk benefits, net of related hedging gains (losses)	(414)	42	(469)
Market experience updates	(143)	154	439
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	2	0	2
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 1,784	$ 1,910	$(1,505)

(1) The amount for 2023 reflects the correction of an error related to indexed variable and fixed annuity products within the Retirement Strategies segment. See "—Overview" above for additional information.
(2) Prior period amounts have been updated to conform to current period presentation.

2024 to 2023 Annual Comparison. Adjusted operating income for our U.S. Businesses decreased by $9 million primarily due to:

- Higher expenses, primarily driven by higher operating expenses in our Individual Life, Group Insurance, and Institutional Retirement Strategies businesses and higher amortization of acquisition costs in our Individual Retirement Strategies business driven by business growth; and
- Lower fee income, net of distribution expenses, primarily in our Individual Retirement Strategies business due to a reduction in account values resulting from net outflows, partially offset by favorable equity markets.

Largely offsetting these decreases were:

- Higher underwriting results, primarily reflecting the impacts of the reinsurance transactions of certain guaranteed universal life policies in our Individual Life business and improved mortality experience in both our Individual Life and Group Insurance businesses;
- A favorable comparative net impact from our annual reviews and update of assumptions and other refinements, primarily reflecting a net benefit from these updates in the second quarter of 2024 in our Institutional Retirement Strategies business, partially offset by a net charge in our Individual Life business; and
- Higher net investment spread results, primarily reflecting business growth, higher reinvestment rates, and higher income on non-coupon investments, partially offset by the absence of income on assets included in the recent reinsurance transactions in our Individual Life and Institutional Retirement Strategies businesses.

Retirement Strategies

Business Updates

- In May 2023, the Company entered into an agreement with The Ohio National Life Insurance Company, now known as AuguStar Life Insurance Company ("AuguStar"), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits issued by Pruco Life Insurance Company ("Pruco Life"), a wholly-owned subsidiary of Prudential Financial. The transaction was completed on June 30, 2023 with an effective date of April 1, 2023. See Note 15 to the Consolidated Financial Statements for additional information.
- In September 2023, the Company entered into an agreement with Prismic Re to reinsure approximately $9 billion of reserves for certain structured settlement annuity contracts issued by PICA, a wholly-owned subsidiary of Prudential Financial, effective September 2023. These contracts represent approximately 70% of the Company's in-force structured settlement annuities business. See Note 15 to the Consolidated Financial Statements for additional information.

Operating Results

The following table sets forth Retirement Strategies' operating results for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Operating results:(1)			
Revenues:			
Institutional Retirement Strategies	$28,195	$11,030	$19,116
Individual Retirement Strategies	5,125	4,532	5,470
Total revenues	33,320	15,562	24,586
Benefits and expenses:			
Institutional Retirement Strategies	26,339	9,335	17,569
Individual Retirement Strategies	3,362	2,714	2,488
Total benefits and expenses	29,701	12,049	20,057
Adjusted operating income:			
Institutional Retirement Strategies	1,856	1,695	1,547
Individual Retirement Strategies	1,763	1,818	2,982
Total adjusted operating income	3,619	3,513	4,529
Realized investment gains (losses), net, and related charges and adjustments(2)	(594)	(1,665)	(2,546)
Change in value of market risk benefits, net of related hedging gains (losses)	(414)	42	(469)
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	1	0	2
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 2,612	$ 1,890	$ 1,516

(1) The amount for 2023 reflects the correction of an error related to indexed variable and fixed annuity products within the Individual Retirement Strategies business. See "—Overview" above for additional information.
(2) Prior period amounts have been updated to conform to current period presentation.

Adjusted Operating Income

2024 to 2023 Annual Comparison. Adjusted operating income from our Institutional Retirement Strategies business increased $161 million, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for 2024 and 2023 included net benefits from this update of $132 million and $6 million, respectively. Excluding this item, adjusted operating income increased $35 million, driven by higher net investment spread results, primarily reflecting business growth and higher income on non-coupon investments, partially offset by the absence of income on assets related to the reinsurance of certain structured settlement annuity contracts in the prior year, as discussed above. This increase was partially offset by higher operating expenses and less favorable reserve experience.

Adjusted operating income from our Individual Retirement Strategies business decreased $55 million, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for 2024 included a net benefit of $8 million while the results for 2023 had no net impact from our annual reviews and update of assumptions. Excluding this item, adjusted operating income decreased $63 million primarily driven by lower fee income, net of distribution expenses, and higher amortization costs. The decrease in fee income, net of distribution expenses, resulted from lower average separate account values due to net outflows, partially offset by favorable equity markets. These decreases were partially offset by higher net investment spread results due to the growth in indexed variable annuities and higher reinvestment rates.

Our Individual Retirement Strategies business includes both fixed and variable annuities which may include optional guaranteed living benefit riders (e.g., GMIB, GMAB, GMWB and GMIWB), and/or optional death benefit riders (e.g., GMDB). We also offer fixed annuities that provide a guarantee of principal and interest credited at rates we determine (subject to certain contractual minimums) or at rates based upon the performance of an index (subject to caps or participation rates), as well as indexed variable annuities that provide several index crediting strategies and varying levels of downside protection at predetermined levels and durations. The drivers of our business results are generally included in adjusted operating income, with exceptions related to certain guarantees, as discussed below.

Under U.S. GAAP, our guaranteed living and death benefit riders on variable annuities (e.g., GMAB, GMIB, GMWB, GMIWB and GMDB) are accounted for as MRBs and reported at fair value. For purposes of measuring segment performance, adjusted operating income excludes the changes in fair value of MRBs and instead reflects the performance of these riders in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)," except for the portion of the change attributable to changes in the Company's NPR which is recorded in OCI. Effective April 2023, the Company entered into an agreement with AuguStar to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. For additional information regarding our external reinsurance agreements, see "Business—Reinsurance" included in Prudential Financial's 2024 Annual Report on Form 10-K and Note 15 to the Consolidated Financial Statements.

Under U.S. GAAP, policyholder liabilities associated with our fixed and variable indexed annuity products are recorded in "Policyholders' account balances," and include both the contract value that has accrued to the benefit of the policyholder and the fair value of embedded derivative instruments associated with the index-linked features for these products. The change in the liability for these products is measured utilizing a valuation methodology required under U.S GAAP, and includes the fair value of all index credits for the current term and future projected renewals of the policy. For the purpose of measuring segment performance, however, adjusted operating income reflects only the change in the liability associated with the current term elected by the policyholder and excludes the change in the liability associated with all future projected renewals.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison. Revenues from our Institutional Retirement Strategies business increased $17,165 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased $17,465 million. This increase primarily reflected higher pension risk transfer premiums due to significant sales in the current year, and the impact of the reinsurance of certain structured settlement annuity contracts in the prior year, with corresponding offsets in policyholders' benefits, as discussed below.

Benefits and expenses of our Institutional Retirement Strategies business increased $17,004 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased $17,430 million. Policyholders' benefits, including changes in reserves, increased primarily related to the higher pension risk transfer premiums and the impact of the reinsurance of certain structured settlement annuity contracts, as discussed above.

Revenues from our Individual Retirement Strategies business increased $593 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased $601 million primarily driven by higher net investment income due to growth in indexed variable annuities and higher reinvestment rates.

Benefits and expenses of our Individual Retirement Strategies business increased $648 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased $664 million primarily driven by higher interest credited to policyholders' account balances and higher general and administrative expenses, net of capitalization.

Account Values

Institutional Retirement Strategies. Account values are a significant driver of our operating results and are primarily driven by net additions (withdrawals) and the impact of market changes. The investment income and interest we credit to policyholders on our spread-based products varies with the level of general account values. The income we earn on most of our fee-based products varies with the level of fee-based account values as many policy fees are determined by these values.

The following table shows the changes in the account values of Institutional Retirement Strategies' products for the periods indicated. Account values include both internally- and externally-managed client balances as the total balances drive revenue for the Institutional Retirement Strategies business. For additional information regarding internally-managed balances, see "—PGIM."

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Total Institutional Retirement Strategies:			
Beginning total account value(1)	$267,654	$251,818	$245,720
Additions(2)	36,331	28,498	31,773
Withdrawals and benefits	(25,327)	(25,283)	(16,398)
Change in market value, interest credited and interest income	10,590	7,722	(4,110)
Other(3)	(1,046)	4,899	(5,167)
Ending total account value, gross	288,202	267,654	251,818
Reinsurance ceded	(9,011)	(9,237)	0
Ending total account value, net	$279,191	$258,417	$251,818

(1) Beginning total account values, net of reinsurance ceded, were $258,417 million, $251,818 million and $245,720 million for the years ended December 31, 2024, 2023 and 2022, respectively.
(2) Additions primarily include: group annuities and funded pension reinsurance calculated based on premiums received; international longevity reinsurance contracts calculated as the present value of future projected benefits; investment-only stable value contracts calculated as the fair value of customers' funds held in a client-owned trust; and funding agreements issued calculated based on premiums received.
(3) "Other" activity includes the effect of foreign exchange rate changes associated with our British pounds sterling denominated international reinsurance business and changes in asset balances for externally-managed accounts. For the years ended December 31, 2024, 2023 and 2022, "Other" activity also includes $3,148 million in receipts offset by $3,231 million in payments, $3,557 million in receipts offset by $3,533 million in payments, and $3,800 million in receipts offset by $3,516 million in payments, respectively, related to funding agreements backed by commercial paper that typically have maturities of less than 90 days.

2024 to 2023 Annual Comparison. The increase in Institutional Retirement Strategies net account values reflects net additions primarily driven by significant pension risk transfer transactions, including funded pension risk transfer and international reinsurance sales, investment-only stable value account deposits, interest credited on customer funds, and an increase in the market value of the assets, partially offset by the negative impact of foreign exchange rate changes.

Individual Retirement Strategies. Account values are a significant driver of our operating results. Since most fees are determined by the level of separate account assets, fee income varies primarily based on the level of account values. Account values are driven by net flows from new business sales, surrenders, withdrawals and benefit payments, policy charges and the impact of positive or negative market value changes. The following table sets forth account value information of Individual Retirement Strategies' products for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Total Individual Retirement Strategies:			
Beginning total account value(1)	$129,708	$120,022	$182,305
Sales	14,067	7,635	6,027
Full surrenders and death benefits	(11,093)	(6,766)	(6,115)
Sales, net of full surrenders and death benefits	2,974	869	(88)
Partial withdrawals and other benefit payments	(5,180)	(4,531)	(4,670)
Net flows	(2,206)	(3,662)	(4,758)
Change in market value, interest credited and other activity(2)	13,308	15,624	(54,809)
Policy charges	(2,171)	(2,276)	(2,716)
Ending total account value, gross	138,639	129,708	120,022
Reinsurance ceded	(11,519)	(11,797)	(817)
Ending total account value, net(3)	$127,120	$117,911	$119,205

(1) Beginning total account values, net of reinsurance ceded, were $117,911 million, $119,205 million, and $181,828 million for the years ended December 31, 2024, 2023 and 2022, respectively.
(2) Results for the year ended December 31, 2022 reflect the reduction in account values resulting from the sale of PALAC.
(3) Includes net variable and fixed annuities sold as retail investment products. Variable annuity account values were $116,849 million, $111,335 million and $113,941 million as of December 31, 2024, 2023 and 2022, respectively. Fixed annuity account values were $10,271 million, $6,576 million, $5,264 million as of December 31, 2024, 2023 and 2022, respectively.

2024 to 2023 Annual Comparison. The increase in Individual Retirement Strategies net account values reflects market value appreciation, partially offset by net outflows and policy charges on contractholder accounts.

The increase in Individual Retirement Strategies sales, net of full surrenders and death benefits, was primarily driven by higher sales of indexed variable and fixed annuities products, partially offset by higher full surrenders.

Risks and Risk Mitigants

The following is a summary of certain risks associated with Individual Retirement Strategies' products, certain strategies in mitigating those risks including any updates to those strategies since the previous year-end, and the related financial results.

Fixed Annuity Risks and Risk Mitigants. The primary risk exposure of our fixed annuity products relates to investment risks we bear for providing customers a minimum guaranteed interest rate or an index-linked interest rate required to be credited to the customer's account value, which include interest rate fluctuations and/or sustained periods of low interest rates, and credit risk related to the underlying investments. We manage these risk exposures primarily through our investment strategies, inclusive of derivatives, and product design features, which include credit rate resetting subject to the minimum guaranteed interest rate as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, a portion of our fixed products has a market value adjustment provision that affords protection of lapse in the case of rising interest rates. We also manage these risk exposures through external reinsurance for certain of our fixed annuity products. For additional information regarding our external reinsurance agreements, see "Business—Reinsurance" included in Prudential Financial's 2024 Annual Report on Form 10-K and Note 15 to the Consolidated Financial Statements.

Indexed Variable Annuity Risks and Risk Mitigants. The primary risk exposure of our indexed variable annuity products relates to the investment risks we bear in order to credit to the customer's account balance the required crediting rate based on the performance of the elected indices at the end of each term. We manage this risk primarily through our investment strategies, inclusive of derivatives, and product design features, which include credit rate resetting subject to contractual minimums as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, our indexed variable annuity strategies have an interim value provision that provides some protection from lapse in the case of rising interest rates.

Variable Annuity Risks and Risk Mitigants. The primary risk exposures of our variable annuity contracts relate to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including capital markets assumptions such as equity market returns, interest rates and market volatility, along with actuarial assumptions such as contractholder mortality, the timing and amount of annuitization and withdrawals, and contract lapses. For these risk exposures, achievement of our expected returns is subject to the risk that actual experience will differ from the assumptions used in the original pricing of these products. We manage our exposure to certain risks driven by fluctuations in capital markets primarily through a combination of i) Product Design Features, and ii) our Asset Liability Management Strategy, as discussed below. We also manage these risk exposures through external reinsurance for certain of our variable annuity products.

Effective April 2023, the Company entered into an agreement with AuguStar to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. For additional information regarding our external reinsurance agreements, see “Business—Reinsurance” included in Prudential Financial’s 2024 Annual Report on Form 10-K and Note 15 to the Consolidated Financial Statements.

i. Product Design Features:

A portion of the variable annuity contracts that we offered include an automatic rebalancing feature, also referred to as an asset transfer feature. This feature is implemented at the contract level, and transfers assets between certain variable investment sub-accounts selected by the annuity contractholder and, depending on the benefit feature, a fixed-rate account in the general account or a bond fund sub-account within the separate accounts. The objective of the automatic rebalancing feature is to reduce our exposure to equity market risk and market volatility. Other product design features we utilize include, among others, asset allocation restrictions, minimum issuance age requirements and certain limitations on the amount of purchase payments, as well as a required minimum allocation to our general account for certain of our products. In addition, there is diversity in our fee arrangements, as certain fees are primarily based on the benefit guarantee amount, the contractholder account value and/or premiums, which helps preserve certain revenue streams when market fluctuations cause account values to decline.

ii. Asset Liability Management (“ALM”) Strategy (including fixed income instruments and derivatives):

We employ an ALM strategy that utilizes a combination of both traditional fixed income instruments and derivatives to meet expected liabilities associated with our annuity guarantees that under U.S. GAAP are considered MRBs. The MRB liability that we hedge consists of expected living and death benefit claims under various market conditions, which are managed using fixed income instruments, derivatives, or a combination thereof. For our PDI variable annuity, we utilize fixed income instruments to meet expected liabilities. For the portion of our ALM strategy executed with derivatives, we enter into a range of exchange-traded and OTC equity, interest rate and credit derivatives, including, but not limited to: equity and treasury futures; total return, credit default and interest rate swaps; and options including equity options, swaptions, and floors and caps. The intent of this strategy is to more efficiently manage the capital and liquidity associated with these products while continuing to mitigate fluctuations in net income due to movements in capital markets. To achieve this, we periodically review and recalibrate the ALM strategy by optimizing the mix of derivatives and fixed income instruments to achieve expected outcomes. As part of our periodic review of our variable annuities ALM strategy, and in accordance with our Risk Appetite Framework (“RAF”), the Company simplified its hedging approach in the first quarter of 2023 and collapsed the aggregate amount of equity hedging into one program.

Under our ALM strategy, we expect differences in the U.S. GAAP net income impact between the changes in value of the fixed income instruments (either designated as available-for-sale or designated as trading) and derivatives as compared to the changes in the MRB liability these assets support. These differences can be primarily attributed to two distinct areas:

- *Different accounting treatment between liabilities and assets supporting those liabilities*. Under U.S. GAAP, changes in the fair value of the derivative instruments and fixed income instruments designated as trading, and MRBs, excluding the changes in the Company’s NPR spreads, are immediately reflected in net income, while changes in the fair value of fixed income instruments that are designated as available-for-sale are recorded as unrealized gains (losses) in other comprehensive income.
- *General hedge results.* For the derivative portion of the ALM strategy, the net hedging impact (the extent to which the changes in value of the hedging instruments offset the change in value of the portion of the MRBs we are hedging) may be impacted by a number of factors, including: cash flow timing differences between our hedging instruments and the corresponding portion of the MRBs we are hedging, basis differences attributable to actual underlying contractholder funds to be hedged versus hedgeable indices, rebalancing costs related to dynamic rebalancing of hedging instruments as markets move, certain elements of the MRBs that may not be hedged (including certain actuarial assumptions), and implied and realized market volatility on the hedge positions relative to the portion of the MRBs we seek to hedge.

Product Specific Risks and Risk Mitigants

For certain living benefit guarantees, claims will primarily represent the funding of contractholder lifetime withdrawals after the cumulative withdrawals have first exhausted the contractholder account value. Due to the age of the in-force block, limited claim payments have occurred to date, and they are not expected to increase significantly within the next five years, based upon current assumptions. The timing and amount of future claims will depend on actual returns on contractholder account value and actual contractholder behavior relative to our assumptions. The majority of our current living benefit guarantees provide for guaranteed lifetime contractholder withdrawal payments inclusive of a “highest daily” contract value guarantee. Our PDI variable annuity complements our variable annuity products with the highest daily benefit and provides for guaranteed lifetime contractholder withdrawal payments but restricts contractholder asset allocation to a single bond fund sub-account within the separate accounts.

The majority of our traditional variable annuity contracts with living benefit guarantees, and contracts with our highest daily living benefit features, include risk mitigants in the form of an automatic rebalancing feature and/or inclusion in our ALM strategy. We may also utilize external reinsurance as a form of additional risk mitigation. The risks associated with the guaranteed benefits of certain legacy products that were sold prior to our development of the automatic rebalancing feature are also managed through our ALM strategy. Certain legacy products with GMAB rider options include the automatic rebalancing feature but are not included in the ALM strategy. Effective April 2023, the Company entered into an agreement with AuguStar to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. For additional information regarding our external reinsurance agreements, see “Business—Reinsurance” included in Prudential Financial’s 2024 Annual Report on Form 10-K and Note 15 to the Consolidated Financial Statements.

For our GMDBs, we provide a benefit payable in the event of death. Our base GMDB is generally equal to a return of cumulative deposits adjusted for any partial withdrawals. Certain products include an optional enhanced GMDB based on the greater of a minimum return on the contract value or an enhanced value. We have retained the risk that the total amount of death benefit payable may be greater than the contractholder account value; however, a substantial portion of the account values associated with GMDBs are subject to an automatic rebalancing feature because the contractholder also selected a living benefit guarantee which includes an automatic rebalancing feature. All of the variable annuity account values with living benefit guarantees also contain GMDBs. The living and death benefit features for these contracts cover the same insured life and, consequently, we have insured both the longevity and mortality risk on these contracts.

The following table sets forth the risk management profile of our living benefit guarantees and GMDB features as of the periods indicated:

	December 31,					
	2024		2023		2022	
	Account Value	% of Total	Account Value	% of Total	Account Value	% of Total
	($ in millions)					
Living benefit/GMDB features(1):						
Both ALM strategy and automatic rebalancing(2)(3)	$ 64,856	52%	$ 70,013	58%	$ 69,282	61%
ALM strategy only(3)	1,782	1%	1,933	2%	1,972	2%
Automatic rebalancing only	77	0%	80	0%	83	0%
External reinsurance(4)	10,665	9%	12,418	10%	2,482	2%
PDI	1,342	1%	1,536	1%	11,988	11%
Other products	1,553	1%	1,585	1%	1,561	1%
Total living benefit/GMDB features	80,275		87,565		87,368	
GMDB features and other(5)	45,338	36%	33,873	28%	26,573	23%
Total variable annuity account value	$125,613		$121,438		$113,941	

(1) All contracts with living benefit guarantees also contain GMDB features, which cover the same insured contract.
(2) Contracts with living benefits that are included in our ALM strategy and that have an automatic rebalancing feature.
(3) Excludes retained PDI which is presented separately within this table.
(4) Represents contracts subject to reinsurance transactions with external counterparties. Includes approximately $9 billion of account values in relation to the PDI reinsurance transaction, as discussed above, and certain Highest Daily Lifetime Income ("HDI") v.3.0 business for the period April 1, 2015 through December 31, 2016. The HDI contracts with living benefits also have an automatic rebalancing feature. See Note 15 to the Consolidated Financial Statements for additional information.
(5) Includes contracts that have a GMDB feature and do not have an automatic rebalancing feature.

Results excluded from adjusted operating income

The following table provides the net impact to the Consolidated Statements of Operations from the portion of Retirement Strategies' results excluded from adjusted operating income:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)(1)		
Results excluded from adjusted operating income:			
Change in MRBs, excluding changes in the NPR adjustment(2)	$ 2,735	$ 2,499	$ 4,631
Change in the value of the non-MRB liabilities, excluding changes in the NPR adjustment(3)(4)	1,087	(118)	(357)
Change in the NPR adjustment, excluding changes recognized in OCI	(128)	(18)	32
Change in the fair value of hedge assets(5)(6)	(3,165)	(2,812)	(4,482)
Other(7)	(339)	(244)	(1,130)
Total Individual Retirement Strategies results excluded from adjusted operating income	190	(693)	(1,306)
Total Institutional Retirement Strategies results excluded from adjusted operating income	(1,197)	(930)	(1,707)
Total results excluded from adjusted operating income	$(1,007)	$(1,623)	$(3,013)

(1) Positive amounts represent income; negative amounts represent a loss.
(2) Also excludes related hedging gains (losses), which are included within this table in "Change in the fair value of hedge assets."
(3) The amount for 2023 reflects the correction of an error related to indexed variable and fixed annuity products within the Individual Retirement Strategies business. See "—Overview" above for additional information.
(4) Represents the change in the liability for our fixed and variable indexed annuities, including the fair value of embedded derivative instruments associated with those products, which is measured utilizing a valuation methodology required under U.S. GAAP. The total GAAP liability includes the fair value of all index credits for the current term and all future projected renewals of the policy; however, only changes in the liability associated with the current term elected by the policyholder are included in adjusted operating income, while changes in the liability associated with all future projected renewals of the policy are excluded from adjusted operating income.
(5) Represents the change in fair value of the derivatives utilized to hedge potential claims associated with our variable annuity living and death benefit guarantees.
(6) Results for the years ended 2023 and 2022 include changes in the fair value of equity derivatives related to the capital hedge program of $(225) million and $598 million that were intended to protect a portion of the overall capital position of the variable annuities business against its exposure to the equity markets. The capital hedge program was discontinued in the first quarter of 2023.
(7) Includes the changes in duration swaps, DAC amortization, trading gains or losses, and other activity.

For 2024, the loss of $1,007 million was primarily driven by realized losses from asset sales and the impact of higher interest rates on derivatives within Institutional Retirement Strategies.

Group Insurance

Operating Results

The following table sets forth Group Insurance's operating results and benefits and administrative operating expense ratios for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	($ in millions)		
Operating results:			
Revenues	$6,427	$6,285	$6,115
Benefits and expenses	6,113	5,966	6,131
Adjusted operating income	314	319	(16)
Realized investment gains (losses), net, and related charges and adjustments	(51)	(46)	(137)
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 263	$ 273	$ (153)
Benefits ratios(1)(4):			
Group life(2)	86.9%	87.0%	93.3%
Group disability(2)	71.8%	70.2%	73.9%
Total Group Insurance(2)	82.7%	82.5%	88.5%
Administrative operating expense ratios(3)(4):			
Group life	11.6%	11.7%	10.8%
Group disability	26.6%	25.2%	31.3%
Total Group Insurance	15.7%	15.2%	15.8%

(1) Ratio of policyholder benefits to earned premiums plus policy charges and fee income.
(2) Benefits ratios reflect the impacts of our annual reviews and update of assumptions and other refinements. Excluding these impacts, the group life, group disability and total Group Insurance benefits ratios were 86.9%, 73.3% and 83.1% for 2024, respectively, 87.6%, 71.1% and 83.2% for 2023, respectively, and 93.4%, 73.3% and 88.4% for 2022, respectively.
(3) Ratio of general and administrative expenses (excluding commissions) to gross premiums plus policy charges and fee income.
(4) The benefits and administrative ratios are measures used to evaluate profitability and efficiency.

Adjusted Operating Income

2024 to 2023 Annual Comparison. Adjusted operating income decreased $5 million, including a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for 2024 and 2023 included net benefits from this update of $25 million and $36 million, respectively. Excluding this item, adjusted operating income increased $6 million, primarily reflecting higher underwriting results in our group life business driven by more favorable mortality experience, and higher net investment spread results driven by higher reinvestment rates. These increases were partially offset by higher operating and variable expenses, largely supporting business growth.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison. Revenues increased $142 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased $145 million. The increase primarily reflected higher premiums, driven by business growth in our group disability business, including supplemental health products, and higher net investment income driven by higher reinvestment rates.

Benefits and expenses increased $147 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased $139 million. The increase primarily reflected higher policyholders' benefits, driven by less favorable claims experience on long-term disability contracts, as well as higher general and administrative expenses, largely supporting business growth.

Sales Results

The following table sets forth Group Insurance's annualized new business premiums, as defined under "—Segment Measures" above, for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Annualized new business premiums(1):			
Group life	$289	$296	$283
Group disability	261	235	196
Total	$550	$531	$479

(1) Amounts exclude new premiums resulting from rate changes on existing policies, from additional coverage under our Servicemembers' Group Life Insurance contract and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts.

2024 to 2023 Annual Comparison. Total annualized new business premiums increased $19 million, primarily driven by higher sales in both the National Market segment, including an increase in supplemental health product sales, and in the Association Market segment in our group disability business. This increase was partially offset by lower sales in the Premier Market segment in both our group disability and group life businesses, reflecting the absence of outsized sales in the prior year.

Individual Life

Business Updates

We entered into the following two external reinsurance agreements that reduced, in aggregate, the Company's previously established statutory reserves on its in-force guaranteed universal life block of business by approximately 60%:

- In July 2023, the Company entered into an agreement with Somerset Re to reinsure certain guaranteed universal life policies issued by Pruco Life and Pruco Life Insurance Company of New Jersey ("PLNJ"), both of which are wholly-owned subsidiaries of Prudential Financial. These policies represented approximately 30% of the Company's statutory reserves on its in-force guaranteed universal life block of business. The transaction was completed in March 2024 with an effective date of January 1, 2024. See Note 15 to the Consolidated Financial Statements for additional information.
- In August 2024, the Company entered into an agreement with Wilton Re to reinsure certain guaranteed universal life policies issued by Pruco Life and PLNJ. These policies represented approximately 40% of the Company's remaining statutory reserves on its in-force guaranteed universal life block of business, following the close of the reinsurance transaction with Somerset Re, as discussed above. The transaction is structured on a coinsurance basis and contains significant structural protections, including overcollateralization by the counterparty and agreed upon investment guidelines. The transaction was completed in December 2024 with an effective date of October 1, 2024. See Note 15 to the Consolidated Financial Statements for additional information.

Operating Results

The following table sets forth Individual Life's operating results for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Operating results:			
Revenues	$ 6,195	$6,274	$ 5,786
Benefits and expenses	6,400	6,369	7,588
Adjusted operating income	(205)	(95)	(1,802)
Realized investment gains (losses), net, and related charges and adjustments(1)	(744)	(312)	(1,505)
Market experience updates	(143)	154	439
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	1	0	0
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$(1,091)	$ (253)	$(2,868)

(1) Prior period amounts have been updated to conform to current period presentation.

Adjusted Operating Income

2024 to 2023 Annual Comparison. Adjusted operating income decreased $110 million, including an unfavorable net impact from our annual reviews and update of assumptions and other refinements. Results for 2024 and 2023 included net charges from this update of $98 million and $26 million, respectively. Excluding this item, adjusted operating income decreased $38 million, primarily driven by higher expenses, including costs associated with the reinsurance transactions discussed above as well as from the consolidation of our internal captive reinsurance arrangements. See "Liquidity and Capital Resources—Overview" for additional information regarding this consolidation. This decrease was partially offset by the ongoing favorable impacts from these reinsurance transactions and less unfavorable mortality experience.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison. Revenues decreased $79 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues decreased $78 million, primarily driven by lower investment results reflecting the absence of income on assets related to the reinsurance transactions discussed above, partially offset by higher net investment income reflecting higher reinvestment rates and higher income on non-coupon investments, as well as higher policy charges and fee income due to business growth.

Benefits and expenses increased $31 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses decreased $40 million. This decrease was primarily driven by lower policyholders' benefits, including changes in reserves, and lower interest credited on policyholders' account balances as a result of the reinsurance transactions discussed above, as well as favorable changes in estimates of the liability for future policy benefits. These decreases were partially offset by higher interest expense due to higher reserve financing costs corresponding to higher net investment income, as discussed above, and higher general and administrative expenses associated with these reinsurance transactions and the consolidation of our internal captive reinsurance arrangements, as well as the absence of a reduction in legal reserves in the prior year.

Sales Results

The following table sets forth Individual Life's annualized new business premiums, as defined under "—Results of Operations—Segment Measures" above, by distribution channel and product, for the periods indicated:

	2024			2023			2022		
	Prudential Advisors	Third Party	Total	Prudential Advisors	Third Party	Total	Prudential Advisors	Third Party	Total
					(in millions)				
Variable Life	$145	$542	$687	$120	$416	$536	$109	$315	$424
Term Life	18	116	134	20	100	120	18	75	93
Universal Life	4	81	85	4	77	81	6	86	92
Total	$167	$739	$906	$144	$593	$737	$133	$476	$609

2024 to 2023 Annual Comparison. Total annualized new business premiums increased $169 million, reflecting higher third-party sales across all products and higher Prudential Advisors variable life sales.

International Businesses

Business Updates

- In March 2024, the Company entered into a definitive agreement with Grupo ST S.A. to sell POA. Effective in the first quarter of 2024, the results of POA and the impact of its sale were reflected in the Divested and Run-off Businesses that are included within our Corporate and Other operations. The transaction, which did not have a material impact on the Company's results, was completed in May 2024.
- In December 2024, the Company entered into an agreement with Prismic Life Reinsurance International, Ltd., a wholly-owned subsidiary of Prismic, to reinsure approximately $7 billion of reserves for certain USD-denominated Japanese whole life policies originated by the Company's Japanese affiliates. The transaction is subject to regulatory approvals and customary closing conditions.

Operating Results

The results of our International Businesses' operations are translated on the basis of weighted average monthly exchange rates, inclusive of the effects of the intercompany arrangement discussed in "—Results of Operations—Impact of Foreign Currency Exchange Rates" above. To provide a better understanding of operating performance within the International Businesses, where indicated below, we have analyzed our results of operations excluding the effect of the year over year change in foreign currency exchange rates. Our results of operations, excluding the effect of foreign currency fluctuations, were derived by translating foreign currencies to USD at uniform exchange rates for all periods presented, including for constant dollar information discussed below. For our Japan operations, we used an exchange rate of 129 yen per USD. In addition, for constant dollar information discussed below, activity denominated in USD is generally reported based on the amounts as transacted in USD. Annualized new business premiums presented on a constant exchange rate basis in the "Sales Results" section below reflect translation based on these same uniform exchange rates.

The following table sets forth the International Businesses' operating results for the periods indicated:

	Year Ended December 31, 2024	2023	2022
		(in millions)	
Operating results:			
Revenues:			
Life Planner	$ 9,352	$ 9,596	$ 9,541
Gibraltar Life and Other	8,573	9,086	9,470
Total revenues	17,925	18,682	19,011
Benefits and expenses:			
Life Planner	7,482	7,596	7,597
Gibraltar Life and Other	7,337	7,903	8,209
Total benefits and expenses	14,819	15,499	15,806
Adjusted operating income:			
Life Planner	1,870	2,000	1,944
Gibraltar Life and Other	1,236	1,183	1,261
Total adjusted operating income	3,106	3,183	3,205
Realized investment gains (losses), net, and related charges and adjustments(1)	(911)	93	(2,094)
Change in value of market risk benefits, net of related hedging gains (losses)	17	14	26
Market experience updates	89	(46)	196
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	(116)	(76)	13
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ 2,185	$ 3,168	$ 1,346

(1) Prior period amounts have been updated to conform to current period presentation.

Adjusted Operating Income

2024 to 2023 Annual Comparison. Adjusted operating income from our Life Planner operations decreased $130 million, including a net unfavorable impact of $41 million from currency fluctuations. Both periods also included the impact of our annual reviews and update of assumptions and other refinements, which resulted in a $56 million net charge in 2024 compared to a $5 million net charge in 2023.

Excluding the impact of currency fluctuations, as well as the impact from our annual reviews and update of assumptions and other refinements as discussed above, adjusted operating income from our Life Planner operations decreased $38 million. This decrease primarily reflects lower underwriting results due to the decline of business in force in Japan, partially offset by the growth of business in force in Brazil. Also contributing to the decrease were higher expenses, including higher variable expenses driven by business growth in Brazil. These decreases were partially offset by higher net investment spread results driven by higher reinvestment rates.

Adjusted operating income from our Gibraltar Life and Other operations increased $53 million, including a net favorable impact of $27 million from currency fluctuations. Both periods also included the impact of our annual reviews and update of assumptions and other refinements, which resulted in a $1 million net benefit in 2024 compared to a $18 million net benefit in 2023.

Excluding the impact of currency fluctuations, as well as the impact from our annual reviews and update of assumptions and other refinements as discussed above, adjusted operating income from our Gibraltar Life and Other operations increased $43 million. This increase primarily reflects higher net investment spread results, driven by higher income on non-coupon investments, higher earnings from joint ventures and other operating entities, and lower operating expenses. These impacts were partially offset by lower underwriting results, driven by the decline of business in force in Japan.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison. Revenues from our Life Planner operations decreased $244 million, including a net unfavorable impact of $295 million from currency fluctuations and a net benefit of $74 million from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues decreased $23 million, primarily reflecting lower premiums attributable to the decline of business in force in Japan, partially offset by the growth of business in force in Brazil, and lower investment gains from less favorable derivative settlements. These decreases were partially offset by higher net investment income driven by higher reinvestment rates and higher policy charges and fee income reflecting growth in both variable and investment products in Japan.

Benefits and expenses from our Life Planner operations decreased $114 million, including a net favorable impact of $254 million from currency fluctuations and a net charge of $125 million from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses increased $15 million, primarily reflecting higher interest credited on policyholders' account balances, reflecting growth in both variable and investment products in Japan, and higher general and administrative expenses driven by business growth in Brazil. These increases were partially offset by lower policyholders' benefits, including changes in reserves, due to the decline of business in force in Japan, as discussed above, as well as favorable changes in estimates of the liability for future policy benefits.

Revenues from our Gibraltar Life and Other operations decreased $513 million, including a net unfavorable impact of $198 million from currency fluctuations and a net charge of $82 million from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues decreased $233 million, primarily reflecting lower premiums attributable to the decline of business in force and the impact of ceded reinsurance, which is mostly offset in policyholders' benefits below, as well as higher investment losses from unfavorable derivative settlements. These decreases were partially offset by higher net investment income from higher income on non-coupon investments, portfolio growth and higher reinvestment rates, as well as higher earnings from joint ventures and other operating entities.

Benefits and expenses from our Gibraltar Life and Other operations decreased $566 million, including a net favorable impact of $225 million from currency fluctuations and a net benefit of $65 million from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses decreased $276 million, primarily reflecting lower policyholders' benefits, including changes in reserves, due to the decline of business in force and the impact of ceded reinsurance, as discussed above, as well as favorable changes in estimates of the liability for future policy benefits, and lower general and administrative expenses. These decreases were partially offset by higher interest credited on policyholders' account balances, reflecting growth in investment products.

Sales Results

The following table sets forth annualized new business premiums, as defined under "—Results of Operations—Segment Measures" above, on an actual and constant exchange rate basis for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Annualized new business premiums:			
On an actual exchange rate basis:			
Life Planner	$1,067	$1,069	$ 941
Gibraltar Life and Other	1,055	1,018	878
Total	$2,122	$2,087	$1,819
On a constant exchange rate basis:			
Life Planner	$1,089	$1,019	$ 893
Gibraltar Life and Other	1,082	1,030	880
Total	$2,171	$2,049	$1,773

The amount of annualized new business premiums and the sales mix in terms of types and currency denomination of products for any given period can be significantly impacted by several factors, including but not limited to: the addition of new products, discontinuation of existing products, changes in credited interest rates for certain products and other product modifications, changes in premium rates, changes in interest rates or fluctuations in currency markets, changes in tax laws, changes in life insurance regulations or changes in the competitive environment. Sales volume may increase or decrease prior to certain of these changes becoming effective, and then fluctuate in the other direction following such changes.

Our diverse product portfolio in Japan, in terms of currency mix and premium payment structure, allows us to adapt to changing market and competitive dynamics, including the low interest rate environment. We regularly examine our product offerings and their related profitability and reprice or discontinue sales of certain products that do not meet our profit expectations. The impact of these actions, coupled with the introduction of certain new products, has generally resulted in higher sales of products denominated in USD relative to products denominated in other currencies; however, more recently we have experienced an increase in sales of our new yen-denominated life insurance and retirement product offerings as a result of growing demand for yen-denominated products.

2024 to 2023 Annual Comparison. The table below presents annualized new business premiums on a constant exchange rate basis, by product category and distribution channel, for the periods indicated:

	Year Ended December 31, 2024					Year Ended December 31, 2023				
	Life	Accident & Health	Retirement (1)	Investment Contracts (2)	Total	Life	Accident & Health	Retirement (1)	Investment Contracts (2)	Total
					(in millions)					
Life Planner	$545	$ 87	$286	$171	$1,089	$509	$ 78	$252	$180	$1,019
Gibraltar Life and Other:										
Life Consultants	106	18	70	302	496	131	21	24	372	548
Banks	15	0	1	293	309	30	0	2	224	256
Independent Agency	31	13	88	145	277	55	29	86	56	226
Subtotal	152	31	159	740	1,082	216	50	112	652	1,030
Total	$697	$118	$445	$911	$2,171	$725	$128	$364	$832	$2,049

(1) Includes retirement income, endowment and savings variable life.
(2) Includes single-payment market value adjusted investment contracts, single-payment whole life products and recurring-payment annuity products.

Annualized new business premiums, on a constant exchange rate basis, from our Life Planner operations increased $70 million, primarily driven by higher life product sales in Brazil. Sales in Japan also contributed to the increase, primarily driven by higher retirement product sales, partially offset by lower investment contract sales.

Annualized new business premiums, on a constant exchange rate basis, from our Gibraltar Life and Other operations increased $52 million. Bank and Independent Agency channel sales increased $53 million and $51 million, respectively, reflecting higher investment contract sales, partially offset by lower life product sales. Independent Agency sales also reflect lower accident and health product sales. Life Consultant sales decreased $52 million, reflecting lower investment contract and life product sales, partially offset by higher retirement product sales.

Sales Force

The following table sets forth the number of Life Planners and Life Consultants for the periods indicated:

	Year Ended December 31,		
	2024	**2023**	**2022**
Life Planners:			
Japan	4,309	4,310	4,446
All other countries	1,726	1,546	1,478
Gibraltar Life Consultants	6,844	6,808	6,821
Total	12,879	12,664	12,745

2024 to 2023 Comparison. The number of Life Planners increased by 179, primarily driven by an increase in Brazil reflecting business growth, partially offset by a decrease in Argentina due to the sale of POA. The number of Gibraltar Life Consultants increased by 36, reflecting favorable recruitment and lower resignations.

Corporate and Other

Business Updates

- In March 2024, the Company committed to a plan to exit the operations of AIQ; therefore, beginning with the first quarter of 2024, AIQ is classified as a divested business within our Corporate and Other operations. AIQ's results are excluded from adjusted operating income and historical results have been updated to conform to current period presentation.
- In September 2023, the Company acquired a 20% interest as a limited partner in Prismic, a Bermuda-exempted limited partnership that owns all the outstanding capital stock of Prismic Re. Beginning with the fourth quarter of 2023, the operating results of Corporate and Other reflect the Company's share of earnings in Prismic on a quarter lag.

Operating Results

Corporate and Other includes corporate operations, after allocations to our business segments, and Divested and Run-off Businesses other than those that qualify for "discontinued operations" accounting treatment under U.S. GAAP. The following table sets forth Corporate and Other's operating results for the periods indicated:

	Year Ended December 31,		
	2024	**2023**	**2022**
		(in millions)	
Operating results:			
Investment income	$ 202	$ 161	$ 177
Interest expense on debt	(849)	(829)	(829)
Pension and employee benefits	366	345	387
Other corporate activities(1)	(1,502)	(1,711)	(1,296)
Adjusted operating income(1)	(1,783)	(2,034)	(1,561)
Realized investment gains (losses), net, and related charges and adjustments(1)	150	(580)	(35)
Market experience updates	2	2	7
Divested and Run-off Businesses(1)(2)	30	21	(887)
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	(34)	(8)	(47)
Other adjustments(1)	0	0	(1)
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$(1,635)	$(2,599)	$(2,524)

(1) Effective first quarter of 2024, the results of AIQ are excluded from Corporate and Other's adjusted operating results and are included in Divested and Run-off Businesses. Prior period amounts have been updated to conform to current period presentation.
(2) Includes goodwill impairments of $177 million and $903 million recorded in the fourth quarters of 2023 and 2022, respectively, related to AIQ. See Note 2 and Note 10 to the Consolidated Financial Statements for additional information regarding goodwill impairments.

2024 to 2023 Annual Comparison. The loss from Corporate and Other operations, on an adjusted operating income basis, decreased $251 million. Net charges from other corporate activities decreased by $209 million, primarily reflecting lower costs related to corporate initiatives, including the absence of a restructuring charge recorded in the prior year, and a decrease in legal reserves, partially offset by higher net expenses and other corporate charges. Pension and employee benefits results were favorable by $21 million, primarily reflecting a change in the postretirement retiree medical plan.

For purposes of calculating pension income from our qualified pension plan for the year ended December 31, 2025, we increased the discount rate from 5.30% to 5.85% as of December 31, 2024. The expected rate of return on plan assets increased from 7.50% in 2024 to 8.00% in 2025. The assumed rate of increase in compensation will remain unchanged at 6.25% in 2025. Giving effect to the foregoing changes and other factors, we expect income from our qualified pension plan in 2025 to be approximately $25 million to $30 million higher than 2024 levels. This increase is primarily driven by the higher discount rate.

For purposes of calculating postretirement income for the year ended December 31, 2025, we increased the discount rate from 5.20% to 5.70% as of December 31, 2024. The expected rate of return on plan assets decreased from 6.75% in 2024 to 6.50% in 2025. Giving effect to the foregoing changes and other factors, we expect postretirement income in 2025 to be approximately $10 million to $15 million lower than 2024 levels. This decrease is primarily driven by increased medical experience.

In 2025, pension and other postretirement benefit service costs related to active employees will continue to be allocated to our business segments. For further information regarding our pension and postretirement plans, see Note 19 to the Consolidated Financial Statements.

Divested and Run-off Businesses

Divested and Run-off Businesses Included in Corporate and Other

Income from our Divested and Run-off Businesses includes results from several businesses that have been or will be sold or exited, including businesses that have been placed in wind down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP. The results of these Divested and Run-off Businesses are reflected in our Corporate and Other operations but are excluded from adjusted operating income. A summary of the results of the Divested and Run-off Businesses reflected in our Corporate and Other operations is as follows for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Long-Term Care	$ 413	$ 217	$(316)
Other(1)	(383)	(196)	(571)
Total Divested and Run-off Businesses income (loss) excluded from adjusted operating income	$ 30	$ 21	$(887)

(1) Effective first quarter of 2024, the results of AIQ are excluded from Corporate and Other's adjusted operating results and are included herein. Prior period amounts have been updated to conform to current period presentation. Effective second quarter of 2024, the results of PGIMW are excluded from PGIM's adjusted operating results and are included herein.

2024 to 2023 Annual Comparison

Long-Term Care. Results increased $196 million, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for 2024 included a $111 million net benefit from these updates, while results for 2023 included a $79 million net charge from these updates. Excluding this item, results increased $6 million, primarily reflecting more favorable impacts from changes in the market value of equity securities, largely offset by higher net realized investment losses, primarily from higher losses on sales of fixed income securities.

Other Divested and Run-off Businesses. Results decreased $187 million, primarily reflecting unfavorable results related to the Full Service Retirement business primarily due to the absence of accelerated deferred gain amortization from higher surrenders in the prior year, as well as impairments and charges related to management's decision to exit PGIMW and its subsequent classification as a divested business in the second quarter of 2024.

Closed Block Division

The Closed Block division includes certain in-force traditional domestic participating life insurance and annuity products and assets that are used for the payment of benefits and policyholder dividends on these policies (collectively, the "Closed Block"), as well as certain related assets and liabilities. We no longer offer these traditional domestic participating policies. See Note 16 to the Consolidated Financial Statements for additional information.

Each year, the Board of Directors of The Prudential Insurance Company of America ("PICA") determines the dividends payable on participating policies for the following year based on the experience of the Closed Block, including investment income, net realized and unrealized investment gains (losses), mortality experience and other factors. Although the Closed Block experience for dividend action decisions is based upon statutory results, at the time the Closed Block was established, we developed, as required by U.S. GAAP, an actuarial calculation of the timing of the maximum future earnings from the policies included in the Closed Block. Actual cumulative earnings, as required by U.S. GAAP, reflect the recognition of realized investment gains and losses in the current period, as well as changes in assets and related liabilities that support the Closed Block policies. If actual cumulative earnings in any given period are greater than the cumulative earnings we expected, we record this excess as a policyholder dividend obligation. Additionally, any accumulated net unrealized investment gains that have arisen subsequent to the establishment of the Closed Block are reflected as a policyholder dividend obligation, with a corresponding amount reported in AOCI, while any accumulated net unrealized investment losses are reflected as a reduction of the policyholder dividend obligation, to the extent the overall policyholder dividend obligation is otherwise positive.

We will subsequently pay this excess to Closed Block policyholders as an additional dividend unless it is otherwise offset by future Closed Block performance that is less favorable than we originally expected. The policyholder dividends we charge to expense within the Closed Block division will include any change in our policyholder dividend obligation that we recognize for the excess of actual cumulative earnings in any given period over the cumulative earnings we expected in addition to the actual policyholder dividends declared by the Board of Directors of PICA. If actual cumulative earnings fall below expected cumulative earnings in future periods, earnings volatility in the Closed Block division, which is primarily due to changes in investment results, may not be offset by changes in the cumulative earnings policyholder dividend obligation. For a discussion of the Closed Block division's realized investment gains (losses), net, see "—General Account Investments."

As of December 31, 2024, the excess of actual cumulative earnings over the expected cumulative earnings was $2,096 million; however, due to the accumulation of net unrealized investment losses in excess of this amount, the policyholder dividend obligation balance as of December 31, 2024 was reduced to zero.

Operating Results

The following table sets forth the Closed Block division's results for the periods indicated:

	Year Ended December 31,		
	2024	**2023**	**2022**
		(in millions)	
U.S. GAAP results:			
Revenues	$3,287	$3,666	$2,958
Benefits and expenses	3,400	3,766	2,976
Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$ (113)	$ (100)	$ (18)

Income (loss) Before Income Taxes and Equity in Earnings of Joint Ventures and Other Operating Entities

2024 to 2023 Annual Comparison. Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities decreased $13 million. Net investment activity results decreased, primarily reflecting higher realized investment losses from the sale of fixed income securities and lower other income driven by unfavorable changes in the market value of fixed income and equity securities. These decreases were partially offset by higher net investment income driven by non-coupon investments. As a result of these and other factors, a $777 million reduction in the policyholder dividend obligation was recorded in 2024, compared to a $335 million reduction in 2023.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison. Revenues decreased $379 million primarily driven by higher realized investment losses and lower other income, partially offset by higher net investment income, as discussed above.

Benefits and expenses decreased $366 million primarily driven by a decrease in dividends to policyholders, reflecting a higher reduction in the policyholder dividend obligation due to changes in cumulative earnings and other factors, as discussed above.

Income Taxes

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% applicable for 2024, 2023 and 2022, and the reported income tax expense (benefit) are provided in the following table:

	Year Ended December 31,		
	2024	**2023(1)**	**2022(1)**
		($ in millions)	
Expected federal income tax expense (benefit) at federal statutory rate	$ 674	$ 645	$(397)
Non-taxable investment income	(168)	(162)	(86)
Foreign taxes at other than U.S. rate	189	191	122
Low-income housing and other tax credits	(94)	(106)	(128)
Changes in tax law	50	(99)	(11)
GILTI	(24)	5	101
Sale of subsidiary	(10)	0	86
Non-deductible expenses	39	29	21
Change in valuation allowance	(45)	111	16
State taxes (net of federal benefit)	26	20	13
Other	(130)	(21)	(16)
Reported income tax expense (benefit)	$ 507	$ 613	$(279)
Effective tax rate	15.8%	20.0%	14.7%

(1) Prior period amounts have been updated to conform to current period presentation.

Effective Tax Rate

The effective tax rate is the ratio of "Total income tax expense (benefit)" divided by "Income before income taxes and equity in earnings of joint ventures and other operating entities." Our effective tax rate for fiscal years 2024, 2023 and 2022 was 15.8%, 20.0%, and 14.7%, respectively. For a detailed description of the nature of each significant reconciling item, see Note 17 to the Consolidated Financial Statements.

Unrecognized Tax Benefits

The Company's liability for income taxes includes the liability for unrecognized tax benefits and interest that relate to tax years still subject to review by the Internal Revenue Service or other taxing authorities. The completion of review or the expiration of the U.S. Federal statute of limitations for a given audit period could result in an adjustment to the liability for income taxes. The total unrecognized benefit as of December 31, 2024, 2023 and 2022 was $132 million, $133 million, and $84 million, respectively. It is possible the Company will pay the unrecognized tax benefit of approximately $86 million for prior year audit cycles attributable to the Section 952 election described in Note 17 within the next 12 months as it pursues resolution of the matter. The Company cannot predict with reasonable accuracy whether there will be any significant changes within the next twelve months to our total unrecognized tax benefits related to tax years for which the statute of limitations has not expired.

Income Tax Expense vs. Income Tax Paid in Cash

Income tax expense recorded under U.S. GAAP routinely differs from the income taxes paid in cash in any given year. Income tax expense recorded under U.S. GAAP is based on income reported in our Consolidated Statements of Operations for the current period and it includes both current and deferred taxes. Income taxes paid during the year include tax installments made for the current year as well as tax payments and refunds related to prior periods.

For additional information regarding income tax related items, see "Business—Regulation" included in Prudential Financial's 2024 Annual Report on Form 10-K and Note 17 to the Consolidated Financial Statements.

General Account Investments

We maintain diversified investment portfolios in our general account to support our liabilities to customers as well as our other general liabilities. Investments and other assets that do not support general account liabilities, and are therefore excluded from our general account, are as follows:

- assets of our derivative operations;
- assets of our investment management operations, including investments managed for third parties; and
- those assets classified as "Separate account assets" on our balance sheet.

A portion of our general account investments support customer liabilities reinsured under coinsurance with funds withheld and modified coinsurance arrangements. With these reinsurance arrangements, we retain legal ownership of the assets (collectively, the "Funds Withheld") which remain on our Consolidated Statements of Financial Position, while the economic benefits and investment risk associated with the Funds Withheld assets ultimately inure to the reinsurer. The composition of the Funds Withheld assets is subject to investment guidelines specific to the reinsurance treaties, which may differ from the investment guidelines we set for our General Account, excluding Funds Withheld. The investment guidelines are in place to ensure the investment risks associated with Funds Withheld portfolios are appropriately managed. See Note 15 to the Consolidated Financial Statements for additional information regarding our material reinsurance agreements.

The general account portfolios, excluding Funds Withheld, are managed pursuant to the distinct objectives and investment policy statements of PFI excluding the Closed Block division and Funds Withheld, and of the Closed Block division. The primary investment objectives of PFI excluding the Closed Block division and Funds Withheld include:

- hedging and otherwise managing the market risk characteristics of the major product liabilities and other obligations of the Company;
- optimizing investment income yield within risk constraints over time; and
- for certain portfolios, optimizing total return, including both investment income yield and capital appreciation, within risk constraints over time, while managing the market risk exposures associated with the corresponding product liabilities.

We pursue our objective to optimize investment income yield for PFI excluding the Closed Block division and Funds Withheld over time through:

- the investment of net operating cash flows, including new product premium inflows, and proceeds from investment sales, repayments and prepayments into investments with attractive risk-adjusted yields; and
- the sale of investments, where appropriate, either to meet various cash flow needs or to manage the portfolio's risk exposure profile with respect to duration, credit, currency and other risk factors, while considering the impact on taxes and capital.

The primary investment objectives of the Closed Block division include:

- providing for the reasonable dividend expectations of the participating policyholders within the Closed Block division; and
- optimizing total return, including both investment income yield and capital appreciation, within risk constraints, while managing the market risk exposures associated with the major products in the Closed Block division.

Our portfolio management approach, while emphasizing our investment income yield and asset/liability risk management objectives, also takes into account the capital and tax implications of portfolio activity and our assertions regarding our ability and intent to hold debt securities to recovery. For a further discussion of our allowance for credit losses, including our assertions regarding any intention or requirement to sell debt securities before anticipated recovery, see "—Realized Investment Gains and Losses—Credit Losses" below.

Management of Investments

The Investment Committee of our Board of Directors ("Board") oversees our proprietary investments, including our general account portfolios excluding Funds Withheld, and regularly reviews performance and risk positions. Our Chief Investment Officer Organization ("CIO Organization") develops investment policies subject to risk limits proposed by our Risk Management group for the general account portfolios excluding Funds Withheld of our domestic and international insurance subsidiaries and directs and oversees management of the general account portfolios within risk limits approved annually by the Investment Committee.

The CIO Organization, including related functions within our insurance subsidiaries, works closely with product actuaries and Risk Management to understand the characteristics of our products and their associated market risk exposures. This information is incorporated into the development of target asset portfolios that manage market risk exposures associated with the liability characteristics and establish investment risk exposures, within tolerances prescribed by Prudential's investment risk limits, on which we expect to earn an attractive risk-adjusted return. We develop asset strategies for specific classes of product liabilities and attributed or accumulated surplus, each with distinct risk characteristics. Market risk exposures associated with the liabilities include interest rate risk, which is addressed through the duration characteristics of the target asset mix, and currency risk, which is addressed by the currency profile of the target asset mix. In certain of our smaller markets outside of the U.S. and Japan, capital markets limitations hinder our ability to hedge interest rate exposure to the same extent we do for our U.S. and Japan businesses and lead us to accept a higher degree of interest rate risk in these smaller portfolios. General account portfolios typically include allocations to credit and other investment risks as a means to enhance investment yields and returns over time.

Most of our products can be categorized into the following three classes:

- interest-crediting products for which the rates credited to customers are periodically adjusted to reflect market and competitive forces and actual investment experience, such as fixed annuities and universal life insurance;
- participating individual and experience-rated group products in which customers participate in actual investment and business results through annual dividends, interest or return of premium; and
- products with fixed or guaranteed terms, such as traditional whole life and endowment products, guaranteed investment contracts ("GICs"), funding agreements and payout annuities.

Our total investment portfolio is composed of a number of operating portfolios. Each operating portfolio backs a specific set of liabilities, and the portfolios have a target asset mix that supports the liability characteristics, including duration, cash flow, liquidity needs and other criteria. As of December 31, 2024, the average duration of our domestic general account investment portfolios attributable to PFI excluding the Closed Block division and Funds Withheld, including the impact of derivatives, was between 6 and 7 years. As of December 31, 2024, the average duration of our international general account portfolios attributable to our Japanese insurance operations, including the impact of derivatives, was approximately 10 years and represented a blend of yen-denominated and U.S. dollar and Australian dollar-denominated investments, which have distinct average durations supporting the insurance liabilities we have issued in those currencies. Our asset/liability management process has enabled us to manage our portfolios through several market cycles.

We implement our portfolio strategies primarily through investment in a broad range of fixed income assets, including government and agency securities, public and private corporate bonds and structured securities and commercial mortgage loans. In addition, we hold allocations of non-coupon investments, which include equity securities and other invested assets such as limited partnerships and limited liability companies ("LPs/LLCs"), real estate held through direct ownership, derivative instruments, and seed money investments in separate accounts.

We manage our public fixed maturity portfolio to a risk profile directed or overseen by the CIO Organization and Risk Management groups and to a profile that also reflects the market environments impacting both our domestic and international insurance portfolios. The return that we earn on the portfolio will be reflected in investment income and in realized gains or losses on investments.

We use privately-placed corporate debt securities and commercial mortgage loans, which consist of mortgages on diversified properties in terms of geography, property type and borrowers, to enhance the yield on our portfolios and to improve the overall diversification of the portfolios. Private placements typically offer enhanced yields due to an illiquidity premium and generally offer enhanced credit protection in the form of covenants. Our origination capability offers the opportunity to lead transactions and gives us the opportunity for better terms, including covenants and call protection, and to take advantage of innovative deal structures.

Derivative strategies are employed in the context of our risk management framework to enhance our ability to manage interest rate and currency risk exposures of the asset portfolio relative to the liabilities and to manage credit and equity positions in the investment portfolios. For a discussion of our risk management process, see "Quantitative and Qualitative Disclosures About Market Risk" below.

Our portfolio asset allocation reflects our emphasis on diversification across asset classes, sectors and issuers. The CIO Organization, directly and through related functions within the insurance subsidiaries, implements portfolio strategies primarily through various investment management units within Prudential's PGIM segment. Activities of the PGIM segment on behalf of the general account portfolios are directed and overseen by the CIO Organization and monitored by Risk Management for compliance with investment risk limits.

Portfolio Composition

Our investment portfolio consists of public and private fixed maturity securities, commercial mortgage and other loans, policy loans and non-coupon investments, which include equity securities and other invested assets such as LPs/LLCs, real estate held through direct ownership, derivative instruments and seed money investments in separate accounts. The composition of our general account reflects, within the discipline provided by our risk management approach, our need for competitive results and the selection of diverse investment alternatives available primarily through our PGIM segment. The size of our portfolio enables us to invest in asset classes that may be unavailable to the typical investor.

The following tables set forth the composition of our general account investment portfolio apportioned between PFI excluding the Closed Block division and Funds Withheld, the Closed Block division, and Funds Withheld as of the dates indicated:

	December 31, 2024				
	PFI Excluding Closed Block Division and Funds Withheld		Closed Block Division	Funds Withheld	Total
	($ in millions)				
Fixed maturities:					
Public, available-for-sale, at fair value	$206,078	54.9%	$19,103	$ 4,837	$230,018
Private, available-for-sale, at fair value	68,759	18.3	9,625	2,795	81,179
Fixed maturities, trading, at fair value	4,068	1.1	647	7,732	12,447
Assets supporting experience-rated contractholder liabilities, at fair value	3,707	1.0	0	0	3,707
Equity securities, at fair value	7,254	1.9	1,642	0	8,896
Commercial mortgage and other loans, at book value, net of allowance	53,987	14.4	7,652	233	61,872
Policy loans, at outstanding balance	6,447	1.7	3,348	0	9,795
Other invested assets, net of allowance(1)	16,781	4.4	4,929	1,867	23,577
Short-term investments, net of allowance	8,493	2.3	520	43	9,056
Total general account investments	375,574	100.0%	47,466	17,507	440,547
Invested assets of other entities and operations(2)	4,233		0	0	4,233
Total investments	$379,807		$47,466	$17,507	$444,780

	December 31, 2023				
	PFI Excluding Closed Block Division and Funds Withheld(3)		Closed Block Division	Funds Withheld(3)	Total
	($ in millions)				
Fixed maturities:					
Public, available-for-sale, at fair value	$217,469	58.9%	$20,483	$3,270	$241,222
Private, available-for-sale, at fair value	61,861	16.7	10,003	2,678	74,542
Fixed maturities, trading, at fair value	4,954	1.3	887	2,944	8,785
Assets supporting experience-rated contractholder liabilities, at fair value	3,168	0.9	0	0	3,168
Equity securities, at fair value	5,664	1.5	1,970	0	7,634
Commercial mortgage and other loans, at book value, net of allowance	50,994	13.8	7,769	23	58,786
Policy loans, at outstanding balance	6,568	1.8	3,479	0	10,047
Other invested assets, net of allowance(1)	13,934	3.8	4,513	1,007	19,454
Short-term investments, net of allowance	4,709	1.3	232	51	4,992
Total general account investments	369,321	100.0%	49,336	9,973	428,630
Invested assets of other entities and operations(2)	6,103		0	0	6,103
Total investments	$375,424		$49,336	$9,973	$434,733

(1) Other invested assets consist of investments in LPs/LLCs, real estate held through direct ownership, derivative instruments and other miscellaneous investments. For additional information regarding these investments, see "—Other Invested Assets" below.

(2) Includes invested assets of our investment management and derivative operations. Excludes assets of our investment management operations that are managed for third parties and those assets classified as "Separate account assets" on our Consolidated Statements of Financial Position. For additional information regarding these investments, see "—Invested Assets of Other Entities and Operations" below.

(3) Prior period amounts have been updated to conform to current period presentation.

The increase in general account investments attributable to PFI excluding the Closed Block division and Funds Withheld in 2024 was primarily due to net business inflows and the reinvestment of net investment income, partially offset by the translation impact of the U.S. dollar strengthening against the yen and an increase in U.S. and Japan interest rates. For information regarding the methodology used in determining the fair value of our fixed maturities, see Note 6 to the Consolidated Financial Statements.

As of December 31, 2024 and 2023, 42% and 44%, respectively, of our general account investments attributable to PFI excluding the Closed Block division and Funds Withheld related to our Japanese insurance operations. The following table sets forth the composition of the investments of our Japanese insurance operations' general account, as of the dates indicated:

	December 31, 2024	December 31, 2023
	Japanese Insurance Operations (in millions)	
Fixed maturities:		
Public, available-for-sale, at fair value	$102,904	$113,737
Private, available-for-sale, at fair value	21,603	20,891
Fixed maturities, trading, at fair value	461	669
Assets supporting experience-rated contractholder liabilities, at fair value	3,707	3,168
Equity securities, at fair value	1,845	1,614
Commercial mortgage and other loans, at book value, net of allowance	16,137	17,980
Policy loans, at outstanding balance	2,608	2,670
Other invested assets(1)	6,588	5,617
Short-term investments, net of allowance	2,324	421
Total Japanese general account investments	$158,177	$166,767

(1) Other invested assets consist of investments in LPs/LLCs, real estate held through direct ownership, derivative instruments and other miscellaneous investments.

The decrease in general account investments related to our Japanese insurance operations in 2024 was primarily due to the translation impact of the U.S. dollar strengthening against the yen and an increase in U.S. and Japan interest rates, partially offset by net business inflows and the reinvestment of net investment income.

As of December 31, 2024, our Japanese insurance operations had $88.1 billion, at carrying value, of investments denominated in U.S. dollars, including $1.0 billion that were hedged to yen through third-party derivative contracts and $80.5 billion that support liabilities denominated in U.S. dollars, with the remainder constituting part of the hedging of foreign currency exchange rate exposure to U.S. dollar-equivalent equity. As of December 31, 2023, our Japanese insurance operations had $86.5 billion, at carrying value, of investments denominated in U.S. dollars, including $1.3 billion that were hedged to yen through third-party derivative contracts and $77.7 billion that support liabilities denominated in U.S. dollars, with the remainder constituting part of the hedging of foreign currency exchange rate exposure of U.S. dollar-equivalent equity. The $1.6 billion increase in the carrying value of U.S. dollar-denominated investments from December 31, 2023 was primarily attributable to the reinvestment of net investment income and portfolio growth as a result of net business inflows.

Our Japanese insurance operations had $2.5 billion and $4.2 billion, at carrying value, of investments denominated in Australian dollars that support liabilities denominated in Australian dollars as of December 31, 2024 and 2023, respectively. The $1.7 billion decrease in the carrying value of Australian dollar-denominated investments from December 31, 2023 was primarily attributable to run-off of the portfolio. For additional information regarding U.S. and Australian dollar investments held in our Japanese insurance operations and a discussion of our yen hedging strategy, see "Results of Operations by Segment—Impact of Foreign Currency Exchange Rates" above.

Investment Results

The following tables set forth the investment results of our general account apportioned between PFI excluding the Closed Block division and Funds Withheld, the Closed Block division and Funds Withheld, for the periods indicated. The yields are based on net investment income as reported under U.S. GAAP and as such do not include certain interest-related items, such as settlements of duration management swaps which are included in "Realized investment gains (losses), net."

	Year Ended December 31, 2024								
	PFI Excluding Closed Block Division, Funds Withheld and Japanese Insurance Operations		Japanese Insurance Operations		PFI Excluding Closed Block Division and Funds Withheld		Closed Block Division	Funds Withheld	Total(5)
	Yield(1)	Amount	Yield(1)	Amount	Yield(1)	Amount	Amount	Amount	Amount
					($ in millions)				
Fixed maturities(2)	5.53%	$ 8,538	3.15%	$4,358	4.40%	$12,896	$1,491	$ 828	$15,215
Assets supporting experience-rated contractholder liabilities	0.00	0	1.11	38	1.11	38	0	0	38
Equity securities	3.23	121	3.29	49	3.25	170	35	1	206
Commercial mortgage and other loans	4.81	1,605	3.81	632	4.48	2,237	325	13	2,575
Policy loans	5.18	194	3.81	98	4.62	292	204	(4)	492
Short-term investments and cash equivalents	6.46	870	5.57	126	6.35	996	72	9	1,077
Gross investment income	5.42	11,328	3.21	5,301	4.44	16,629	2,127	847	19,603
Investment expenses	(0.20)	(787)	(0.12)	(329)	(0.16)	(1,116)	(288)	(3)	(1,407)
Investment income after investment expenses	5.22%	10,541	3.09%	4,972	4.28%	15,513	1,839	844	18,196
Other invested assets(3)		546		489		1,035	209	448	1,692
Investment results of other entities and operations(4)		21		0		21	0	0	21
Total net investment income		$11,108		$5,461		$16,569	$2,048	$1,292	$19,909

	Year Ended December 31, 2023								
	PFI Excluding Closed Block Division, Funds Withheld and Japanese Insurance Operations(6)		Japanese Insurance Operations		PFI Excluding Closed Block Division and Funds Withheld(6)		Closed Block Division	Funds Withheld(6)	Total(5)
	Yield(1)	Amount	Yield(1)	Amount	Yield(1)	Amount	Amount	Amount	Amount
					($ in millions)				
Fixed maturities(2)	5.18%	$ 8,114	2.92%	$4,004	4.12%	$12,118	$1,489	$105	$13,712
Assets supporting experience-rated contractholder liabilities	0.00	0	1.13	25	1.13	25	0	0	25
Equity securities	2.82	95	3.61	61	3.09	156	41	0	197
Commercial mortgage and other loans	4.19	1,299	3.70	649	4.01	1,948	322	0	2,270
Policy loans	5.07	191	3.88	99	4.59	290	209	0	499
Short-term investments and cash equivalents	5.62	748	3.72	94	5.41	842	55	0	897
Gross investment income	5.17	10,447	3.03	4,932	4.24	15,379	2,116	105	17,600
Investment expenses	(0.13)	(551)	(0.13)	(318)	(0.13)	(869)	(254)	(1)	(1,124)
Investment income after investment expenses	5.04%	9,896	2.90%	4,614	4.11%	14,510	1,862	104	16,476
Other invested assets(3)		629		306		935	97	78	1,110
Investment results of other entities and operations(4)		279		0		279	0	0	279
Total net investment income		$10,804		$4,920		$15,724	$1,959	$182	$17,865

	Year Ended December 31, 2022									
	PFI Excluding Closed Block Division, funds Withheld and Japanese Insurance Operations(7)		Japanese Insurance Operations		PFI Excluding Closed Block Division and Funds Withheld(7)		Closed Block Division	Funds Withheld(7)	Total(5)
	Yield(1)	Amount	Yield(1)	Amount	Yield(1)	Amount	Amount	Amount	Amount
	($ in millions)								
Fixed maturities(2)	4.56%	$7,036	2.75%	$3,831	3.71%	$10,867	$1,375	$0	$12,242
Assets supporting experience-rated contractholder liabilities	1.68	123	1.01	30	1.49	153	0	0	153
Equity securities	1.95	56	3.59	67	2.59	123	37	0	160
Commercial mortgage and other loans	3.67	1,164	3.67	686	3.67	1,850	322	0	2,172
Policy loans	4.94	184	3.90	99	4.52	283	216	0	499
Short-term investments and cash equivalents	2.70	340	3.75	31	2.75	371	24	0	395
Gross investment income	4.19	8,903	2.86	4,744	3.61	13,647	1,974	0	15,621
Investment expenses	(0.13)	(350)	(0.13)	(281)	(0.13)	(631)	(155)	0	(786)
Investment income after investment expenses	4.06%	8,553	2.73%	4,463	3.48%	13,016	1,819	0	14,835
Other invested assets(3)		744		208		952	157	0	1,109
Investment results of other entities and operations(4)		93		0		93	0	0	93
Total net investment income		$9,390		$4,671		$14,061	$1,976	$0	$16,037

(1) The denominator in the yield percentage is based on quarterly average carrying values for all asset types except for fixed maturities which are based on amortized cost, net of allowance. Amounts for fixed maturities, short-term investments and cash equivalents are also netted for securities lending activity (i.e., income netted for rebate expenses and asset values netted for securities lending liabilities). A yield is not presented for other invested assets as it is not considered a meaningful measure of investment performance. Yields exclude investment income and assets related to other invested assets.
(2) Includes fixed maturity securities classified as available-for-sale and excludes fixed maturity securities classified as trading, which are included in other invested assets.
(3) Other invested assets consist of investments in LPs/LLCs, real estate held through direct ownership, derivative instruments, fixed maturities classified as trading and other miscellaneous investments.
(4) Includes net investment income of our investment management operations.
(5) The total yield excluding Funds Withheld was 4.19%, 4.01% and 3.54% for the years ended December 31, 2024, 2023 and 2022, respectively.
(6) Prior period amounts have been updated to conform to current period presentation.
(7) Amounts during 2022 were not material.

The increase in investment income after investment expenses yield attributable to our general account investments, excluding the Closed Block division, Funds Withheld and the Japanese insurance operations' portfolio for 2024 compared to 2023 was primarily the result of higher fixed income reinvestment rates.

The increase in investment income after investment expenses yield attributable to the Japanese insurance operations' portfolio for 2024 compared to 2023 was primarily the result of higher fixed income reinvestment rates.

Both the U.S. dollar-denominated and Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts provide a yield that is substantially higher than the yield on comparable yen-denominated fixed maturities. The average amortized cost of U.S. dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately $67.0 billion and $62.7 billion, for the years ended December 31, 2024 and 2023, respectively. The majority of U.S. dollar-denominated fixed maturities support liabilities that are denominated in U.S. dollars. The average amortized cost of Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately $3.1 billion and $4.5 billion, for the years ended December 31, 2024 and 2023, respectively. The majority of Australian dollar-denominated fixed maturities support liabilities that are denominated in Australian dollars. For additional information regarding U.S. and Australian dollar investments held in our Japanese insurance operations, see "—Results of Operations by Segment—Impact of Foreign Currency Exchange Rates" above.

Realized Investment Gains and Losses

The following table sets forth "Realized investment gains (losses), net" of our general account apportioned between PFI excluding the Closed Block division and Funds Withheld, the Closed Block division and Funds Withheld, by investment type as well as "Related charges and adjustments" for the periods indicated:

	Years Ended December 31,		
	2024	**2023**	**2022**
		(in millions)	
PFI excluding Closed Block Division and Funds Withheld(4):			
Realized investment gains (losses), net:			
(Addition to) release of allowance for credit losses on fixed maturities	$ (146)	$ (49)	$ (5)
Write-downs on fixed maturities(1)	(893)	(43)	(85)
Net gains (losses) on sales and maturities	(1,037)	(659)	(1,027)
Fixed maturity securities(2)	(2,076)	(751)	(1,117)
(Addition to) release of allowance for credit losses on loans	(100)	(199)	(65)
Write-downs on mortgage loans	(123)	(29)	0
Net gains (losses) on sales and maturities	0	0	(70)
Commercial mortgage and other loans	(223)	(228)	(135)
Derivatives	78	(1,774)	(3,198)
OTTI losses on other invested assets recognized in earnings	(16)	(50)	(69)
(Addition to) release of allowance for credit losses on other invested assets	0	4	(4)
Other net gains (losses)	193	202	48
Other	177	156	(25)
Subtotal	(2,044)	(2,597)	(4,475)
Investment results of other entities and operations(3)	48	0	238
Total—PFI excluding Closed Block Division and Funds Withheld(4)	(1,996)	(2,597)	(4,237)
Related charges and adjustments	(163)	(296)	(2,089)
Realized investment gains (losses), net, and related charges and adjustments(4)	$(2,159)	$(2,893)	$(6,326)
Closed Block Division:			
Realized investment gains (losses), net:			
(Addition to) release of allowance for credit losses on fixed maturities	$ (49)	$ 29	$ (17)
Write-downs on fixed maturities(1)	(8)	(6)	(31)
Net gains (losses) on sales and maturities	(679)	(370)	(318)
Fixed maturity securities(2)	(736)	(347)	(366)
(Addition to) release of allowance for credit losses on loans	(17)	(58)	(14)
Write-downs on mortgage loans	(30)	0	(26)
Commercial mortgage and other loans	(47)	(58)	(40)
Derivatives	13	19	145
(Addition to) release of allowance for credit losses on other invested assets	0	2	(2)
Other net gains (losses)	1	4	(7)
Other	1	6	(9)
Subtotal—Closed Block Division	$ (769)	$ (380)	$ (270)
Funds Withheld(4):			
Realized investment gains (losses), net:			
(Addition to) release of allowance for credit losses on fixed maturities	$ 0	$ 0	$ 0
Write-downs on fixed maturities(1)	(24)	(32)	0
Net gains (losses) on sales and maturities	(434)	(179)	0
Fixed maturity securities(2)	(458)	(211)	0
Commercial mortgage and other loans	0	0	0
Derivatives	574	(444)	0
(Addition to) release of allowance for credit losses on other invested assets	0	0	0
Other net gains (losses)(4)	(780)	17	0
Other	(780)	17	0
Subtotal—Funds Withheld	(664)	(638)	0
Related charges and adjustments	673	966	0
Realized investment gains (losses), net, and related charges and adjustments(5)	$ 9	$ 328	$ 0
Consolidated PFI realized investment gains (losses), net	$(3,429)	$(3,615)	$(4,507)

(1) Amounts represent securities actively marketed for sale, securities where it is more likely than not the Company will be required to sell prior to the recovery of the amortized cost basis, and write-downs of credit adverse securities.

(2) Includes fixed maturity securities classified as available-for-sale and excludes fixed maturity securities classified as trading.
(3) Includes "realized investment gains (losses), net" of our investment management operations.
(4) Includes changes in the value of reinsurance payables and funds withheld payables, primarily reflecting the impact of net investment income on withheld assets that are ceded to certain reinsurance counterparties.
(5) For the year ended December 31, 2023, amounts have been updated to conform to current period presentation. Amounts for the year ended December 31, 2022 were not material.

The following analysis reflects realized gains (losses) attributable to PFI excluding Closed Block Division and Funds Withheld.

2024 to 2023 Annual Comparison. Net losses on sales and maturities of fixed maturity securities were $1,037 million for the year ended December 31, 2024 primarily driven by net losses on sales in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. dollar-denominated securities that matured or were sold within our International Businesses. Net losses on sales and maturities of fixed maturity securities were $659 million for the year ended December 31, 2023 primarily driven by net losses on sales in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. dollar-denominated securities that matured or were sold within our International Businesses.

Net realized gains on derivative instruments of $78 million for the year ended December 31, 2024, primarily included:

- $682 million of net gains on product-related embedded derivatives and related hedge positions associated with certain indexed annuity contracts;
- $513 million of gains on foreign currency hedges primarily due to USD appreciation versus the Euro, Brazilian real, British pound and AUD;
- $100 million of gains on synthetic guarantees; and
- $94 million of gains on credit default swaps due to credit spreads tightening.

Partially offsetting these gains were:

- $1,311 million of losses on interest rate derivatives due to increases in swap and U.S. Treasury rates.

Net realized losses on derivative instruments of $1,774 million for the year ended December 31, 2023, primarily included:

- $826 million of net losses on product-related embedded derivatives and related hedge positions associated with certain indexed annuity contracts;
- $544 million of losses on interest rate derivatives due to increases in swap and U.S. Treasury rates; and
- $496 million of losses on foreign currency hedges primarily due to USD depreciation versus the Euro and British pound.

Partially offsetting these losses were:

- $147 million of gains on credit default swaps due to credit spreads tightening.

For a discussion of living benefit guarantees and related hedge positions in our Individual Retirement Strategies business, see "—Results of Operations by Segment—U.S. Businesses—Retirement Strategies" above.

Included in the table above are "Related charges and adjustments," which include the portions of "Realized investment gains (losses), net" that are either (1) included in adjusted operating income or (2) included in other reconciling line items to adjusted operating income, such as "Divested and Run-off Businesses." "Related adjustments" also includes the portions of "Other income (loss)," "Net investment income," and "Policyholders' benefits" that are excluded from adjusted operating income and (3) charges related to "Realized investment gains (losses), net," which are excluded from adjusted operating income.

These adjustments are made to arrive at "Realized investment gains (losses), net, and related charges and adjustments," which is excluded from adjusted operating income. See Note 23 to the Consolidated Financial Statements for additional information regarding adjusted operating income and its reconciliation to "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities." The results include changes in the fair value of equity securities and fixed income securities that are designated as trading, settlements and changes in the value of derivatives, the impact of foreign currency exchange rate movements on certain non-local currency denominated assets and liabilities, as well as changes in certain policyholder reserves and other costs.

Credit Losses

The level of credit losses generally reflects current and expected economic conditions and is expected to increase when economic conditions worsen and to decrease when economic conditions improve. Historically, the causes of credit losses have been specific to each individual issuer and have not directly resulted in credit losses to other securities within the same industry or geographic region. We may also realize additional credit and interest rate-related losses through sales of investments pursuant to our credit risk and portfolio management objectives.

We maintain separate monitoring processes for public and private fixed maturities and create watch lists to highlight securities that require special scrutiny and management. For private placements, our credit and portfolio management processes help ensure prudent controls over valuation and management. We have separate pricing and authorization processes to establish "checks and balances" for new investments. We apply consistent standards of credit analysis and due diligence for all transactions, whether they originate through our own in-house staff or through agents. Our regional offices closely monitor the portfolios in their regions. We set all valuation standards centrally, and we assess the fair value of all investments quarterly. Our public and private fixed maturity investment managers formally review all public and private fixed maturity holdings on a quarterly basis and more frequently when necessary to identify potential credit deterioration whether due to ratings downgrades, unexpected price variances and/or company or industry-specific concerns.

For LPs/LLCs accounted for using the equity method and for wholly-owned investment real estate, the carrying value of these investments is written down or impaired to fair value when a decline in value is considered to be other-than-temporary. For additional information regarding our OTTI policies, see Note 2 to the Consolidated Financial Statements.

General Account Investments of PFI excluding Closed Block Division and Funds Withheld

In the following sections, we provide details about our investment portfolio, excluding investments held in the Closed Block division and the Funds Withheld portfolios. We believe the details of the composition of our investment portfolio excluding Closed Block division and Funds Withheld are most relevant to an understanding of our operations that are pertinent to investors in Prudential Financial, Inc. because (1) substantially all Closed Block division assets support obligations and liabilities relating to the Closed Block policies where the economics inure to those participating policies and not to shareholders of the Company's common stock and (2) the Funds Withheld assets support liabilities relating to reinsurance agreements where the economic benefits and associated investment risk of the Funds Withheld ultimately inure to the reinsurer. See Notes 15 and 16 to the Consolidated Financial Statements for additional information regarding our material reinsurance agreements and the Closed Block division, respectively.

In the following sections, prior period amounts have been updated to conform to the current period presentation to exclude investments related to the Funds Withheld portfolios.

Fixed Maturity Securities

In the following sections, we provide details about our fixed maturity securities portfolio, which excludes fixed maturity securities classified as assets supporting experience-rated contractholder liabilities and classified as trading.

Fixed Maturity Securities by Contractual Maturity Date

The following table sets forth the breakdown of the amortized cost of our fixed maturity securities portfolio by contractual maturity, as of the date indicated:

	December 31, 2024	
	Amortized Cost	% of Total
	($ in millions)	
Corporate & government securities:		
Maturing in 2025	$ 8,549	2.9%
Maturing in 2026	11,721	3.9
Maturing in 2027	13,851	4.6
Maturing in 2028	12,359	4.1
Maturing in 2029	14,298	4.8
Maturing in 2030	12,007	4.0
Maturing in 2031	11,955	4.0
Maturing in 2032	12,109	4.0
Maturing in 2033	9,501	3.2
Maturing in 2034	10,290	3.4
Maturing in 2035	6,135	2.0
Maturing in 2036 and beyond	154,080	51.3
Total corporate & government securities	276,855	92.2
Asset-backed securities	14,664	4.9
Commercial mortgage-backed securities	6,185	2.1
Residential mortgage-backed securities	2,468	0.8
Total fixed maturities	$300,172	100.0%

Fixed Maturity Securities by Industry

The following table sets forth the composition of the portion of our fixed maturity, available-for-sale portfolio by industry category and the associated gross unrealized gains and losses, as well as the allowance for credit losses ("ACL"), as of the dates indicated:

Industry(1)	December 31, 2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	ACL	Fair Value	December 31, 2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	ACL	Fair Value
	(in millions)									
Corporate securities:										
Finance	$ 43,697	$ 470	$ 3,614	$ 4	$ 40,549	$ 39,542	$ 485	$ 3,255	$ 10	$ 36,762
Consumer non-cyclical	31,721	420	3,504	33	28,604	32,392	697	2,998	11	30,080
Utility	28,984	421	2,991	18	26,396	27,548	635	2,610	3	25,570
Capital goods	19,444	242	1,561	37	18,088	17,357	412	1,284	0	16,485
Consumer cyclical	11,955	198	674	81	11,398	10,739	287	574	5	10,447
Foreign agencies	1,838	26	168	0	1,696	2,795	80	210	0	2,665
Energy	12,310	159	894	19	11,556	11,157	270	730	0	10,697
Communications	6,872	169	568	63	6,410	6,648	272	541	60	6,319
Basic industry	7,651	96	619	0	7,128	6,678	174	498	3	6,351
Transportation	11,783	177	1,002	0	10,958	10,858	326	785	0	10,399
Technology	5,554	84	408	14	5,216	4,935	101	333	0	4,703
Industrial other	4,750	30	881	5	3,894	5,018	49	726	6	4,335
Total corporate securities	186,559	2,492	16,884	274	171,893	175,667	3,788	14,544	98	164,813
Foreign government(2)	62,880	1,828	7,801	0	56,907	71,130	3,878	5,169	54	69,785
Residential mortgage-backed(3)	2,468	14	214	0	2,268	2,305	22	190	0	2,137
Asset-backed	14,664	201	40	0	14,825	9,799	190	79	0	9,910
Commercial mortgage-backed	6,185	22	344	0	5,863	6,159	23	434	0	5,748
U.S. Government	21,451	584	4,499	0	17,536	21,434	1,072	3,402	0	19,104
State & Municipal	5,965	129	549	0	5,545	8,018	244	429	0	7,833
Total fixed maturities, available-for-sale	$300,172	$5,270	$30,331	$274	$274,837	$294,512	$9,217	$24,247	$152	$279,330

(1) Investment data has been classified based on standard industry categorizations for domestic public holdings and similar classifications by industry for all other holdings.
(2) As of December 31, 2024 and 2023, based on amortized cost, 90% and 88%, respectively, represent Japanese government bonds held by our Japanese insurance operations, respectively. No other individual country represented more than 5% of the balance as of both December 31, 2024 and 2023.
(3) As of December 31, 2024 and 2023, based on amortized cost, 93% and 100% were rated A or higher, respectively.

The increase in net unrealized losses from December 31, 2023 to December 31, 2024 was primarily due to increases in U.S. and Japan interest rates partially offset by credit spreads tightening.

Fixed Maturity Securities Credit Quality

The Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("NAIC") evaluates the investments of insurers for statutory reporting purposes and assigns fixed maturity securities to one of six categories called "NAIC Designations." In general, NAIC Designations of "1" highest quality, or "2" high quality, include fixed maturities considered investment grade, which include securities rated Baa3 or higher by Moody's Investor Service, Inc. ("Moody's") or BBB- or higher by Standard & Poor's Rating Services ("S&P"). NAIC Designations of "3" through "6" generally include fixed maturities referred to as below investment grade, which include securities rated Ba1 or lower by Moody's and BB+ or lower by S&P. The NAIC Designations for commercial mortgage-backed securities and non-agency residential mortgage-backed securities, including our asset-backed securities collateralized by sub-prime mortgages, are based on security level expected losses as modeled by an independent third party (engaged by the NAIC) and the statutory carrying value of the security, including any purchase discounts or impairment charges previously recognized.

As a result of time lags between the funding of investments, the finalization of legal documents, and the completion of the SVO filing process, the fixed maturity portfolio includes certain securities that have not yet been designated by the SVO as of each balance sheet date. Pending receipt of SVO designations, the categorization of these securities by NAIC Designation is based on the expected ratings indicated by internal analysis.

Ratings assigned by nationally recognized rating agencies include S&P, Moody's, Fitch Ratings, Inc. ("Fitch") and Morningstar, Inc. ("Morningstar"). Low issue composite rating uses ratings from the major credit rating agencies or, if these are not available, an equivalent internal rating. For securities where the ratings assigned are not equivalent, the second lowest rating is utilized.

Investments of our international insurance companies are not subject to NAIC guidelines. Investments of our Japanese insurance operations are regulated locally by the Financial Services Agency ("FSA"), an agency of the Japanese government. The FSA has its own investment quality criteria and risk control standards. Our Japanese insurance companies comply with the FSA's credit quality review and risk monitoring guidelines. The credit quality ratings of the investments of our Japanese insurance companies are based on ratings assigned by nationally recognized credit rating agencies, including Moody's and S&P, or rating equivalents based on ratings assigned by Japanese credit rating agencies.

The following table sets forth our fixed maturity, available-for-sale portfolio by NAIC Designation or equivalent rating, as of the dates indicated:

	December 31, 2024					December 31, 2023				
NAIC Designation(1)(2)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses(3)	ACL	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses(3)	ACL	Fair Value
	(in millions)									
1	$195,449	$3,669	$22,081	$ 0	$177,037	$199,226	$6,923	$17,232	$ 1	$188,916
2	87,400	1,287	7,197	0	81,490	77,919	1,900	6,190	0	73,629
Subtotal High or Highest Quality Securities(4)	282,849	4,956	29,278	0	258,527	277,145	8,823	23,422	1	262,545
3	11,290	174	856	0	10,608	10,346	261	484	5	10,118
4	3,910	63	131	28	3,814	4,877	78	188	55	4,712
5	1,490	46	46	36	1,454	1,762	34	132	10	1,654
6	633	31	20	210	434	382	21	21	81	301
Subtotal Other Securities(5)(6)	17,323	314	1,053	274	16,310	17,367	394	825	151	16,785
Total fixed maturities, available-for-sale	$300,172	$5,270	$30,331	$274	$274,837	$294,512	$9,217	$24,247	$152	$279,330

(1) Reflects equivalent ratings for investments of the international insurance operations.

(2) As of December 31, 2024 and 2023, includes 803 securities with amortized cost of $4,147 million (fair value, $3,840 million) and 639 securities with amortized cost of $7,242 million (fair value, $7,227 million), respectively, that have been categorized based on expected NAIC Designations pending receipt of SVO ratings.

(3) As of December 31, 2024, includes gross unrealized losses of $625 million on public fixed maturities and $428 million on private fixed maturities considered to be other than high or highest quality and, as of December 31, 2023, includes gross unrealized losses of $416 million on public fixed maturities and $409 million on private fixed maturities considered to be other than high or highest quality.

(4) On an amortized cost basis, as of December 31, 2024, includes $219,914 million of public fixed maturities and $62,935 million of private fixed maturities and, as of December 31, 2023, includes $221,463 million of public fixed maturities and $55,682 million of private fixed maturities.

(5) On an amortized cost basis, as of December 31, 2024, includes $6,706 million of public fixed maturities and $10,617 million of private fixed maturities and, as of December 31, 2023, includes $7,684 million of public fixed maturities and $9,683 million of private fixed maturities.

(6) On an amortized cost basis, as of December 31, 2024, securities considered below investment grade based on low issue composite ratings total $14,353 million, or 5% of the total fixed maturities, and include securities considered high or highest quality by the NAIC based on the rules described above.

Asset-Backed and Commercial Mortgage-Backed Securities

The following table sets forth the amortized cost and fair value of asset-backed and commercial mortgage-backed securities within our fixed maturity, available-for-sale portfolio by credit quality, as of the dates indicated:

	December 31, 2024				December 31, 2023			
	Asset-Backed Securities(2)		Commercial Mortgage-Backed Securities(3)		Asset-Backed Securities(2)		Commercial Mortgage-Backed Securities(3)	
Low Issue Composite Rating(1)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)							
AAA	$ 7,548	$ 7,624	$4,905	$4,735	$5,449	$5,523	$4,683	$4,432
AA	4,836	4,863	1,271	1,119	3,327	3,314	1,475	1,315
A	1,790	1,795	1	1	814	816	1	1
BBB	363	367	0	0	68	70	0	0
BB and below	127	176	8	8	141	187	0	0
Total(4)	$14,664	$14,825	$6,185	$5,863	$9,799	$9,910	$6,159	$5,748

(1) The table above provides ratings as assigned by nationally recognized rating agencies as of December 31, 2024 and 2023, including S&P, Moody's, Fitch and Morningstar.

(2) Includes credit tranched securities collateralized by loan obligations ("CLOs"), auto loans, education loans and other asset types.

(3) As of both December 31, 2024 and 2023, based on amortized cost, 100% were securities with vintages of 2013 or later.

(4) Excludes fixed maturity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Fixed maturities, trading."

Included in "Asset-backed securities" above are investments in CLOs. The following table sets forth information pertaining to these investments in CLOs within our fixed maturity, available-for-sale portfolio, as of the dates indicated:

	December 31, 2024		December 31, 2023	
	Collateralized Loan Obligations			
Low Issue Composite Rating(1)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
	(in millions)			
AAA	$5,811	$5,883	$4,744	$4,828
AA	3,937	3,970	2,968	2,967
A	13	13	14	13
BBB	14	14	15	14
BB and below	11	11	11	11
Total(2)(3)	$9,786	$9,891	$7,752	$7,833

(1) The table above provides ratings as assigned by nationally recognized rating agencies as of December 31, 2024 and 2023, including S&P, Moody's, Fitch and Morningstar.
(2) There was no allowance for credit losses as of both December 31, 2024 and 2023.
(3) Excludes fixed maturity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Fixed maturities, trading."

Assets Supporting Experience-Rated Contractholder Liabilities

For information regarding the composition of "Assets supporting experience-rated contractholder liabilities," see Note 3 to the Consolidated Financial Statements.

Commercial Mortgage and Other Loans

Investment Mix

The following table sets forth the composition of our commercial mortgage and other loans portfolio, as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
Commercial mortgage and agricultural property loans	$53,384	$50,786
Uncollateralized loans	595	425
Residential property loans	19	30
Other collateralized loans	457	125
Total recorded investment gross of allowance(1)	54,455	51,366
Allowance for credit losses	(468)	(372)
Total commercial mortgage and other loans, net	$53,987	$50,994

(1) As a percentage of recorded investment gross of allowance, 99% of these assets were current as of both December 31, 2024 and 2023.

We originate commercial mortgage and agricultural property loans using a dedicated sales and underwriting staff through our various regional offices in the U.S. and international offices primarily in London and Tokyo. All loans are underwritten consistently to our standards using a proprietary quality rating system that has been developed from our industry experience in real estate and mortgage lending.

Uncollateralized loans primarily represent corporate loans and unsecured consumer loans.

Residential property loans primarily include Japanese recourse loans. To the extent there is a default on these recourse loans, we can make a claim against the personal assets of the property owner, in addition to the mortgaged property. These loans are also backed by third-party guarantors.

Other collateralized loans include mezzanine real estate debt investments and consumer loans.

Composition of Commercial Mortgage and Agricultural Property Loans

Our commercial mortgage and agricultural property loan portfolio strategy emphasizes diversification by property type and geographic location. The following tables set forth the breakdown of the gross carrying values of commercial mortgage and agricultural property loans by geographic region and property type, as of the dates indicated:

	December 31, 2024		December 31, 2023	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
	($ in millions)			
Commercial mortgage and agricultural property loans by region:				
U.S. Regions(1):				
Pacific	$18,683	35.0%	$18,515	36.5%
South Atlantic	8,643	16.2	7,340	14.4
Middle Atlantic	6,192	11.6	5,681	11.2
East North Central	3,090	5.8	2,668	5.3
West South Central	5,428	10.2	5,762	11.2
Mountain	2,845	5.3	2,516	5.0
New England	1,205	2.3	1,248	2.5
West North Central	520	1.0	503	1.0
East South Central	1,122	2.1	1,229	2.4
Subtotal-U.S.	47,728	89.5	45,462	89.5
Europe	3,505	6.5	3,498	6.9
Mexico(2)	913	1.7	430	0.8
Asia	688	1.3	773	1.5
Other(2)	550	1.0	623	1.3
Total commercial mortgage and agricultural property loans	$53,384	100.0%	$50,786	100.0%

(1) Regions as defined by the United States Census Bureau.
(2) Prior period amounts have been updated to conform to current period presentation.

	December 31, 2024		December 31, 2023	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
	($ in millions)			
Commercial mortgage and agricultural property loans by property type:				
Industrial	$15,314	28.7%	$13,731	27.1%
Retail	4,547	8.5	4,323	8.5
Office	6,587	12.3	7,059	13.9
Apartments/Multi-Family	15,066	28.2	14,296	28.1
Agricultural properties	6,497	12.2	6,051	11.9
Hospitality	1,603	3.0	1,805	3.6
Other	3,770	7.1	3,521	6.9
Total commercial mortgage and agricultural property loans	$53,384	100.0%	$50,786	100.0%

Loan-to-value and debt service coverage ratios are measures commonly used to assess the quality of commercial mortgage and agricultural property loans. The loan-to-value ratio compares the amount of the loan to the fair value of the underlying property collateralizing the loan and is commonly expressed as a percentage. A loan-to-value ratio less than 100% indicates an excess of collateral value over the loan amount. Loan-to-value ratios greater than 100% indicate that the loan amount exceeds the collateral value. The debt service coverage ratio compares a property's net operating income to its debt service payments. Debt service coverage ratios less than 1.0 times indicate that property operations do not generate enough income to cover the loan's current debt payments. A debt service coverage ratio greater than 1.0 times indicates an excess of net operating income over the debt service payments.

As of December 31, 2024, our commercial mortgage and agricultural property loans had a weighted-average debt service coverage ratio of 2.38 times and a weighted-average loan-to-value ratio of 59%. As of December 31, 2024, 95% of commercial mortgage and agricultural property loans were fixed rate loans. For those commercial mortgage and agricultural property loans that were originated in 2024, the weighted-average debt service coverage ratio was 1.65 times, and the weighted-average loan-to-value ratio was 62%.

The values utilized in calculating these loan-to-value ratios are developed as part of our periodic reviews of the commercial mortgage and agricultural property loan portfolio, which include internal evaluations of the underlying collateral values. Our periodic reviews also include a credit quality re-rating process, whereby we update the internal quality ratings originally assigned at underwriting based on the proprietary quality rating system mentioned above. As discussed below, the internal credit quality rating is a key input in determining our allowance for credit losses.

For loans with collateral under construction, renovation or lease-up, projected stabilized values and net operating income are used in the calculation of the loan-to-value and debt service coverage ratios. Our commercial mortgage and agricultural property loan portfolio included $1.8 billion and $1.5 billion of such loans as of December 31, 2024 and 2023, respectively. All else being equal, these loans are inherently riskier than those collateralized by properties that have already stabilized. As of December 31, 2024 and 2023, there were less than $1 million and $1 million, respectively, of allowances related to these loans. In addition, these unstabilized loans are included in the calculation of our portfolio reserve, as discussed below.

The following table sets forth the gross carrying value of our commercial mortgage and agricultural property loans by loan-to-value and debt service coverage ratios, as of the date indicated:

	December 31, 2024			
	Debt Service Coverage Ratio			
Loan-to-Value Ratio	> 1.2x	1.0x to < 1.2x	< 1.0x	Total Commercial Mortgage and Agricultural Property Loans
	(in millions)			
0%-59.99%	$25,783	$ 780	$ 218	$26,781
60%-69.99%	14,521	727	170	15,418
70%-79.99%	5,517	362	203	6,082
80% or greater	2,889	1,181	1,033	5,103
Total commercial mortgage and agricultural property loans	$48,710	$3,050	$1,624	$53,384

The following table sets forth the breakdown of our commercial mortgage and agricultural property loans by year of origination, as of the date indicated:

	December 31, 2024	
Year of Origination	Gross Carrying Value	% of Total
	($ in millions)	
2024	$ 7,348	13.7%
2023	5,529	10.4
2022	4,493	8.4
2021	7,116	13.3
2020	3,264	6.1
2019	5,797	10.9
2018	5,271	9.9
2017 & Prior	14,424	27.0
Revolving Loans	142	0.3
Total commercial mortgage and agricultural property loans	$53,384	100.0%

Commercial Mortgage and Other Loans by Contractual Maturity Date

The following table sets forth the breakdown of our commercial mortgage and other loans portfolio by contractual maturity, as of the date indicated:

	December 31, 2024	
Vintage	Gross Carrying Value	% of Total
	($ in millions)	
Maturing in 2025	$ 4,726	8.7%
Maturing in 2026	5,408	9.9
Maturing in 2027	5,728	10.5
Maturing in 2028	8,055	14.8
Maturing in 2029	8,160	15.0
Maturing in 2030	4,795	8.8
Maturing in 2031	4,316	7.9
Maturing in 2032	2,903	5.3
Maturing in 2033	2,076	3.8
Maturing in 2034	2,102	3.9
Maturing in 2035	1,339	2.5
Maturing in 2036 and beyond	4,847	8.9
Total commercial mortgage and other loans	$54,455	100.0%

Commercial Mortgage and Other Loans Quality

The commercial mortgage and other loans portfolio is monitored on an ongoing basis. If certain criteria are met, loans are assigned to either of the following "watch list" categories:

(1) "Closely Monitored," which includes a variety of considerations, such as when loan metrics fall below acceptable levels, the borrower is not cooperative or has requested a material modification, or the portfolio manager has directed a change in category; or

(2) "Not in Good Standing," which includes loans in default or with a high probability of loss of principal, such as when the loan is in the process of foreclosure or the borrower is in bankruptcy.

Our workout and special servicing professionals manage the loans on the watch list.

The current expected credit loss ("CECL") allowance represents the Company's best estimate of expected credit losses over the remaining life of the assets. The determination of the allowance considers historical credit loss experience, current conditions, and reasonable and supportable forecasts. The allowance is calculated separately for commercial mortgage loans, agricultural mortgage loans, uncollateralized loans, other collateralized loans and residential property loans.

For commercial mortgage and agricultural property loans, the allowance is calculated using an internally developed CECL model.

Key inputs to the CECL model include unpaid principal balances, internal credit ratings, annual expected loss factors, average lives of the loans adjusted for prepayment considerations, current and historical interest rate assumptions and other factors influencing the Company's view of the current stage of the economic cycle and future economic conditions. Subjective considerations include a review of whether historical loss experience is representative of current market conditions and the Company's view of the credit cycle. Model assumptions and factors are reviewed and updated as appropriate.

When individual loans no longer have the credit risk characteristics of the commercial or agricultural mortgage loan pools, they are removed from the pools and are evaluated individually for an allowance. The allowance is determined based on the outstanding loan balance less the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The CECL allowance for other collateralized and uncollateralized loans carried at amortized cost is determined based on probability of default and loss given default assumptions by sector, credit quality and average lives of the loans.

The following table sets forth the balance of and change in allowance for credit losses for our commercial mortgage and other loans portfolio, as of and for the years ended:

	December 31, 2024	December 31, 2023
	(in millions)	
Allowance, beginning of year	$ 372	$172
Addition to (release of) allowance for credit losses	207	227
Write-downs charged against the allowance	(107)	(29)
Other	(4)	2
Allowance, end of year	$ 468	$372

The allowance for credit losses as of December 31, 2024 increased in comparison to December 31, 2023, primarily related to increases in the loan-specific reserves within agricultural property loans and commercial mortgage loans within the retail and office sectors, along with the establishment of general reserves for both the collateralized and uncollateralized loan portfolios.

Equity Securities

The equity securities portfolio consists principally of investments in Common and Preferred Stock of publicly-traded companies, as well as mutual fund shares. The following table sets forth the composition of our equity securities portfolio and the associated gross unrealized gains and losses, as of the dates indicated:

	December 31, 2024				December 31, 2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
				(in millions)				
Mutual funds	$ 903	$1,010	$ 9	$1,904	$ 932	$ 697	$11	$1,618
Other common stocks	4,728	684	122	5,290	3,056	971	43	3,984
Non-redeemable preferred stocks	43	36	19	60	39	42	19	62
Total equity securities, at fair value	$5,674	$1,730	$150	$7,254	$4,027	$1,710	$73	$5,664

The net change in unrealized gains (losses) from equity securities still held at period end, recorded within "Other income (loss)," was $475 million and $336 million during the years ended December 31, 2024 and 2023, respectively.

Other Invested Assets

The following table sets forth the composition of "Other invested assets," as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
LPs/LLCs:		
Equity method:		
Private equity	$ 7,535	$ 6,821
Hedge funds	2,339	2,440
Real estate-related(1)	1,586	1,445
Subtotal equity method(1)	11,460	10,706
Fair value:		
Private equity	728	785
Hedge funds	1,308	1,050
Real estate-related	423	147
Subtotal fair value	2,459	1,982
Total LPs/LLCs(1)	13,919	12,688
Real estate held through direct ownership(2)	1,426	591
Total alternative assets	15,345	13,279
Credit-like instruments(3)	933	0
Derivative instruments	(438)	(260)
Other(1)(4)	941	915
Total other invested assets	$16,781	$13,934

The following table presents a reconciliation of "Total alternative assets" included in the table above to the "Total alternative assets of operating businesses":

	December 31, 2024	December 31, 2023
	(in millions)	
Total alternative assets	$15,345	$13,279
Less: Divested Businesses(5)	(799)	(763)
Less: Interests held by unaffiliated investors(6)	(1,209)	0
Total alternative assets of operating businesses	$13,337	$12,516

(1) Prior period amounts have been updated to conform to current period presentation.
(2) As of December 31, 2024 and 2023, real estate held through direct ownership had mortgage debt of $185 million and $158 million, respectively.
(3) Includes structured debt investments in feeder funds that are consolidated, resulting in the Company reporting the consolidated feeder funds' proportionate share of the net assets of the master fund within Other invested assets.
(4) Primarily includes equity investments accounted for under the measurement alternative, tax advantaged investments, leveraged leases and member and activity stock held in the Federal Home Loan Bank of New York. For additional information regarding our holdings in the Federal Home Loan Bank of New York, see Note 18 to the Consolidated Financial Statements.
(5) As of December 31, 2024 and 2023, interests held by Divested Businesses include private equity of $520 million and $507 million, hedge funds of $117 million and $111 million, real estate related of $156 million and $131 million and real estate held through direct ownership of $6 million and $14 million, respectively.
(6) As of December 31, 2024 and 2023, interests held by unaffiliated investors that have been consolidated into the Statements of Financial Position include real estate held through direct ownership of $741 million and $0 million, hedge funds of $177 million and $0 million and real estate related of $291 million and $0 million, respectively.

Invested Assets of Other Entities and Operations

"Invested Assets of Other Entities and Operations" presented below includes investments held outside the general account and primarily represents investments associated with our investment management operations and derivative operations. Our derivative operations act on behalf of affiliates primarily to manage interest rate, foreign currency, credit and equity exposures. Assets within our investment management operations that are managed for third parties and those assets classified as "Separate account assets" on our Consolidated Statements of Financial Position are not included.

	December 31, 2024	December 31, 2023
	(in millions)	
Fixed maturities:		
Public, available-for-sale, at fair value(1)	$ 368	$ 557
Private, available-for-sale, at fair value	5	0
Fixed maturities, trading, at fair value(1)	83	1,005
Equity securities, at fair value	521	608
Commercial mortgage and other loans, at book value(2)	469	519
Other invested assets	2,774	3,401
Short-term investments	13	13
Total investments	$4,233	$6,103

(1) As of December 31, 2024 and 2023, balances include investments in CLOs with fair value of $224 million and $298 million, respectively.
(2) Book value is generally based on unpaid principal balance, net of any allowance for credit losses, or at fair value when the fair value option has been elected.

Fixed Maturities, Trading

"Fixed maturities, trading, at fair value" are primarily related to assets associated with consolidated variable interest entities ("VIEs") for which the Company is the investment manager. The assets of the consolidated VIEs are generally offset by liabilities for which the fair value option has been elected. For additional information regarding these consolidated VIEs, see Note 4 to the Consolidated Financial Statements.

Commercial Mortgage and Other Loans

Our investment management operations include our commercial mortgage operations, which provide mortgage origination, investment management and servicing for our general account, institutional clients, the Federal Housing Administration and government-sponsored entities such as Fannie Mae and Freddie Mac.

The mortgage loans of our commercial mortgage operations are included in "Commercial mortgage and other loans." Derivatives and other hedging instruments related to our commercial mortgage operations are primarily included in "Other invested assets."

Other Invested Assets

"Other invested assets" primarily include assets of our derivative operations used to manage interest rate, foreign currency, credit, and equity exposures.

Furthermore, other invested assets include strategic investments made as part of our investment management operations. We make these strategic investments in real estate, as well as fixed income, public equity and real estate securities, including controlling interests. Certain of these investments are made primarily for purposes of co-investment in our managed funds and structured products. Other strategic investments are made with the intention to sell or syndicate to investors, including our general account, or for placement in funds and structured products that we offer and manage (seed investments). As part of our investment management operations, we also make loans to our managed funds that are secured by equity commitments from investors or assets of the funds. "Other invested assets" also include certain assets in consolidated investment funds where the Company is deemed to exercise control over the funds.

Valuation of Assets and Liabilities

Fair Value of Assets and Liabilities

The authoritative guidance related to fair value measurement establishes a framework that includes a three-level hierarchy used to classify the inputs used in measuring fair value. The level in the hierarchy within which the fair value falls is determined based on the lowest level input that is significant to the measurement. The fair values of assets and liabilities classified as Level 3 include at least one significant unobservable input in the measurement. See Note 6 to the Consolidated Financial Statements for an additional description of the valuation hierarchy levels as well as for the balances of assets and liabilities measured at fair value on a recurring basis by hierarchy level presented on a consolidated basis.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis, as of the periods indicated, and the portion of such assets and liabilities that are classified in Level 3 of the valuation hierarchy. The table also provides details about these assets and liabilities excluding those held in the Closed Block division and Funds Withheld portfolios. We believe the amounts excluding the Closed Block division and Funds Withheld are most relevant to an understanding of our operations that are pertinent to investors in Prudential Financial Inc. because (1) substantially all Closed Block division assets support obligations and liabilities relating to the Closed Block policies where the economics inure to those participating policies and not to shareholders of the Company's common stock and (2) the Funds Withheld assets support liabilities relating to reinsurance agreements where the economic benefits and associated investment risk of the Funds Withheld assets ultimately inure to the reinsurer. See Notes 15 and 16 to the Consolidated Financial Statements for additional information regarding our material reinsurance agreements and the Closed Block, respectively.

	December 31, 2024					
	PFI excluding Closed Block Division and Funds Withheld		Closed Block Division		Funds Withheld	
	Total at Fair Value	Total Level 3(1)	Total at Fair Value	Total Level 3(1)	Total at Fair Value	Total Level 3(1)
	(in millions)					
Fixed maturities, available-for-sale	$275,210	$ 6,712	$28,728	$ 914	$ 7,632	$ 551
Assets supporting experience-rated contractholder liabilities:						
Fixed maturities	826	0	0	0	0	0
Equity securities	2,881	0	0	0	0	0
All other(2)	0	0	0	0	0	0
Subtotal	3,707	0	0	0	0	0
Market risk benefit assets	2,331	2,331	0	0	0	0
Fixed maturities, trading	4,151	467	647	15	7,732	1,504
Equity securities	7,776	479	1,641	39	0	0
Commercial mortgage and other loans	469	0	0	0	233	233
Other invested assets(3)	2,526	952	2	1	25	0
Short-term investments	8,091	383	460	76	44	2
Cash equivalents	10,144	0	346	0	201	0
Reinsurance recoverables and deposit receivables	(75)	0	0	0	924	613
Other assets	0	0	0	0	0	0
Separate account assets	166,672	232	0	0	0	0
Total assets	$481,002	$11,556	$31,824	$1,045	$16,791	$2,903
Market risk benefit liabilities	$ 4,455	$ 4,455	$ 0	$ 0	$ 0	$ 0
Policyholders' account balances	12,746	12,746	0	0	0	0
Reinsurance and funds withheld payables	(27)	0	0	0	(91)	0
Other liabilities(3)	4,749	1	0	0	2	0
Notes issued by consolidated variable interest entities ("VIEs")	60	60	0	0	0	0
Total liabilities	$ 21,983	$17,262	$ 0	$ 0	$ (89)	$ 0

	December 31, 2023					
	PFI excluding Closed Block Division and Funds Withheld		Closed Block Division		Funds Withheld	
	Total at Fair Value	Total Level 3(1)	Total at Fair Value	Total Level 3(1)	Total at Fair Value	Total Level 3(1)
	(in millions)					
Fixed maturities, available-for-sale	$279,887	$ 5,241	$30,486	$868	$5,948	$ 9
Assets supporting experience-rated contractholder liabilities:						
Fixed maturities	889	0	0	0	0	0
Equity securities	2,279	0	0	0	0	0
All other(2)	0	0	0	0	0	0
Subtotal	3,168	0	0	0	0	0
Market risk benefit assets	1,981	1,981	0	0	0	0
Fixed maturities, trading	5,959	409	887	20	2,944	0
Equity securities	6,112	451	1,891	61	0	0
Commercial mortgage and other loans	519	0	0	0	0	0
Other invested assets(3)	1,949	846	0	0	0	0
Short-term investments	3,714	19	135	10	51	0
Cash equivalents	8,930	4	966	0	406	0
Reinsurance recoverables and deposit receivables	(75)	0	0	0	224	224
Other assets	11	11	0	0	0	0
Separate account assets	171,812	1,094	0	0	0	0
Total assets	$483,967	$10,056	$34,365	$959	$9,573	$233
Market risk benefit liabilities	$ 5,467	$ 5,467	$ 0	$ 0	$ 0	$ 0
Policyholders' account balances	7,752	7,752	0	0	0	0
Reinsurance and funds withheld payables	(24)	0	0	0	514	0
Other liabilities(3)	4,174	1	1	0	0	0
Notes issued by consolidated variable interest entities ("VIEs")	778	778	0	0	0	0
Total liabilities	$ 18,147	$13,998	$ 1	$ 0	$ 514	$ 0

(1) Level 3 assets expressed as a percentage of total assets measured at fair value on a recurring basis for PFI excluding Closed Block division and Funds Withheld, Closed Block division and Funds Withheld totaled 2.4%, 3.3% and 17.3%, respectively, as of December 31, 2024 and 2.1%, 2.8% and 2.4%, respectively, as of December 31, 2023.
(2) "All other" represents cash equivalents and short-term investments.
(3) "Other invested assets" and "Other liabilities" primarily include derivatives. The amounts include the impact of netting subject to master netting agreements.

The determination of fair value, which for certain assets and liabilities is dependent on the application of estimates and assumptions, can have a significant impact on our results of operations and may require the application of a greater degree of judgment depending on market conditions, as the ability to value assets and liabilities can be significantly impacted by a decrease in market activity or a lack of transactions executed in an orderly manner.

Fixed maturity securities included in Level 3 in our fair value hierarchy are generally priced based on internally-developed valuations or indicative broker quotes. For certain private fixed maturity and equity securities, the internal valuation models use significant unobservable inputs and, accordingly, such securities are included in Level 3 in our fair value hierarchy. Level 3 fixed maturity securities for PFI excluding the Closed Block division and Funds Withheld included approximately $1,717 million of public fixed maturities as of December 31, 2024, with values primarily based on indicative broker quotes, and approximately $7,516 million of private fixed maturities, with values primarily based on internally-developed models. Significant unobservable inputs used in their valuation included: issue specific spread adjustments, material non-public financial information, management judgment, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. Separate account assets included in Level 3 in our fair value hierarchy primarily include corporate securities and commercial mortgage loans.

Contracts or contract features reported in "Market risk benefit assets" and "Market risk benefit liabilities" and embedded derivatives reported in "Policyholders' account balances" that are included in Level 3 of our fair value hierarchy represent general account assets and liabilities pertaining to living benefit features of the Company's variable annuity contracts and the index-linked interest credited features on certain life and annuity products. "Market risk benefit assets" and "Market risk benefit liabilities" are carried at fair value with changes in fair value included in "Change in value of market risk benefits, net of related hedging gains (losses)" except for the portion of the change attributable to changes in the Company's NPR that is recorded in OCI. Embedded derivatives included in "Policyholders' account balances" are carried at fair value with changes in fair value included in "Realized investment gains (losses), net." These assets and liabilities are valued using internally-developed models that require significant estimates and assumptions developed by management. Changes in these estimates and assumptions can have a significant impact on the results of our operations.

For additional information regarding the valuation techniques and the key estimates and assumptions used in our determination of fair value, see Note 6 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Overview

Liquidity refers to the ability to generate sufficient cash resources to meet the payment obligations of the Company. Capital refers to the long-term financial resources available to support the operations of our businesses, fund business growth, and provide a cushion to withstand adverse circumstances. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of our businesses, general economic conditions and our access to the capital markets and the alternate sources of liquidity and capital described herein.

Effective and prudent liquidity and capital management is a priority across the Company. Management monitors the liquidity of Prudential Financial and its subsidiaries on a daily basis and projects borrowing and capital needs over a multi-year time horizon. We use a Risk Appetite Framework ("RAF") to ensure that all risks taken across the Company align with our capacity and willingness to take those risks. The RAF provides a dynamic assessment of capital and liquidity stress impacts and is intended to ensure that sufficient resources are available to absorb those impacts. We believe that our capital and liquidity resources are sufficient to satisfy the capital and liquidity requirements of Prudential Financial and its subsidiaries.

Our businesses are subject to comprehensive regulation and supervision by domestic and international regulators. These regulations currently include requirements (many of which are the subject of ongoing rule-making) relating to capital and liquidity management. For information regarding these regulatory initiatives and their potential impact on us, see "Business—Regulation" and "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K.

From the beginning of 2024 through February 13, 2025, we took the following significant actions that have impacted, or are expected to impact, our liquidity and capital positions:

- In March, we issued $1 billion of junior subordinated notes. We intend to use these proceeds for general corporate purposes, which may include the redemption or repurchase of our $1 billion of junior subordinated notes due in 2045.
- In March, we redeemed $500 million of 5.200% junior subordinated notes due in 2044.
- In March, we closed our reinsurance transaction with Somerset Re for a portion of the guaranteed universal life policies issued by Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both of which are wholly-owned subsidiaries of Prudential Financial. These reinsured policies represent approximately 30% of the Company's previously established statutory reserves on its in-force guaranteed universal life block of business. As a result of the transaction, our financing of Guideline AXXX reserves in the form of Credit-Linked Notes Structures has been reduced by $5,040 million from December 31, 2023. See "—Term and Universal Life Reserve Financing" below for additional information.
- In July, we amended and restated our $4.0 billion five-year credit facility, extending the term of the facility to July 2029. See Note 18 to the Consolidated Financial Statements for additional information.
- In September, we refinanced our ¥100 billion five-year credit facility, on which Prudential Holdings of Japan, Inc. ("PHJ") is a borrower, extending the term of the facility to September 2029. See Note 18 to the Consolidated Financial Statements for additional information.
- In November, we restructured a series of internal captive reinsurance arrangements for a portion of our in-force term life insurance block. We unwound the existing term external financing facilities and entered into a new financing facility with external counterparties to support the financing of Regulation XXX reserves in the form of Credit-Linked Notes Structures. See "—Term and Universal Life Reserve Financing" below for more information.
- In December, we closed our reinsurance transaction with Wilton Re for a portion of guaranteed universal life policies issued by Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey. These policies represent approximately 40% of the Company's remaining guaranteed universal life block of business, following the March reinsurance agreement with Somerset Re, discussed above. As a result of the transaction, our financing of Guideline AXXX reserves in the form of Credit-Linked Notes Structures has been further reduced by an additional $2,100 million from December 31, 2023. See "—Term and Universal Life Reserve Financing" below for more information.

Capital

Our capital management framework is primarily based on statutory Risk-Based Capital ("RBC") and solvency margin measures. Due to our diverse mix of businesses and applicable regulatory requirements, we apply certain refinements to the framework that are designed to more appropriately reflect risks associated with our businesses on a consistent basis across the Company.

We believe Prudential Financial's capitalization and financial profile are consistent with its ratings targets. Our long-term senior debt rating targets for Prudential Financial are "A" for S&P, Moody's, and Fitch, and "a" for A.M. Best Company ("A.M. Best"). Our financial strength rating targets for our life insurance companies are "AA/Aa/AA" for S&P, Moody's and Fitch, respectively, and "A+" for A.M. Best. Some entities may currently be rated below these targets, and not all of our insurance company subsidiaries are rated by each of these rating agencies. See "—Ratings" below for a description of the potential impacts of ratings downgrades.

Capital Governance

Our capital management framework is ultimately reviewed and approved by our Board. The Board has authorized our Chairman and Chief Executive Officer and Vice Chair to approve certain capital actions on behalf of the Company and to further delegate authority with respect to capital actions to appropriate officers, up to specified limits. Any capital commitment that exceeds the authority granted to senior management must be separately authorized by the Board.

In addition, our Capital and Finance Committee ("CFC") reviews the use and allocation of capital above certain threshold amounts to promote the efficient use of capital, consistent with our strategic objectives, ratings aspirations and other goals and targets. This management committee provides a multi-disciplinary due diligence review of specific initiatives or transactions requiring the use of capital, including mergers and acquisitions. The CFC also reviews our annual capital plan (and updates to this plan), as well as our capital, liquidity and financial position, borrowing plans, and related matters prior to the discussion of these items with the Board.

Capitalization

The primary components of the Company's capitalization consist of equity and outstanding capital debt, including junior subordinated debt. As shown in the table below, as of December 31, 2024, the Company had $48.4 billion in capital, all of which was available to support the aggregate capital requirements of its businesses and its Corporate and Other operations. Based on our assessment of these businesses and operations, we believe this level of capital is consistent with our ratings targets.

	December 31,	
	2024	2023
	(in millions)	
Equity(1)	$34,583	$34,324
Junior subordinated debt (including hybrid securities)	7,588	8,094
Other capital debt	6,237	4,869
Total capital	$48,408	$47,287

(1) Amounts attributable to Prudential Financial, excluding AOCI.

Insurance Regulatory Capital

We manage PICA, The Prudential Life Insurance Company, Ltd. ("Prudential of Japan"), Gibraltar Life, and other significant insurance subsidiaries to regulatory capital levels consistent with our "AA" ratings targets. We utilize the RBC ratio as a primary measure of the capital adequacy of our domestic insurance subsidiaries and the solvency margin ratio as a primary measure of the capital adequacy of our Japanese insurance subsidiaries.

RBC is calculated based on statutory financial statements and risk formulas consistent with the practices of the NAIC. RBC considers, among other things, risks related to the type and quality of the invested assets, insurance related risks associated with an insurer's products and liabilities, interest rate risks, and general business risks. RBC ratio calculations are intended to assist insurance regulators in measuring an insurer's solvency and ability to pay future claims. The reporting of RBC measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising, or promotional activities, but is available to the public.

PICA's RBC ratio as of December 31, 2023, its most recent statutory fiscal year-end and RBC reporting date, was 435%. PICA's RBC ratio is calculated on a consolidated basis and included Pruco Life Insurance Company ("Pruco Life"), Pruco Life Insurance Company of New Jersey ("PLNJ"), which is a subsidiary of Pruco Life, and Prudential Legacy Insurance Company of New Jersey ("PLIC").

Although not yet filed, we expect the RBC ratios for PICA and our other domestic insurance subsidiaries as of December 31, 2024 to continue to be above target levels that would support "AA" financial strength ratings.

Similar to the RBC ratios that are employed by U.S. insurance regulators, regulatory authorities in the international jurisdictions in which we operate generally establish some form of minimum solvency margin requirements for insurance companies based on local statutory accounting practices. These solvency margins are a primary measure of the capital adequacy of our international insurance operations. Maintenance of our solvency margins at certain levels is also important to our competitive positioning, as in certain jurisdictions, such as Japan, these solvency margins are required to be disclosed to the public and therefore impact the public perception of an insurer's financial strength.

The table below presents the solvency margin ratios of our most significant international insurance subsidiaries as of September 30, 2024, the most recent date for which this information is available.

	Ratio
Prudential of Japan consolidated(1)	785%
Gibraltar Life consolidated(2)	1,025%

(1) Includes Prudential Trust Co., Ltd., a subsidiary of Prudential of Japan.
(2) Includes Prudential Gibraltar Financial Life Insurance Co., Ltd. ("PGFL"), a subsidiary of Gibraltar Life.

Although not yet filed, we expect the solvency margin ratio for each of these subsidiaries to be greater than 700% (3.5 times the regulatory required minimums) as of December 31, 2024.

All of our domestic and significant international insurance subsidiaries have capital levels that substantially exceed the minimum level required by applicable insurance regulations. The statutory capital of our insurance companies and our overall capital flexibility could be impacted by, among other things, market conditions and changes in insurance reserves, including those stemming from updates to our actuarial assumptions. Our regulatory capital levels also may be affected in the future by changes to the applicable regulations, proposals for which are currently under consideration by both domestic and international insurance regulators. The FSA is developing a new market-based alternative to the solvency margin ratio framework called the Economic Solvency Ratio ("ESR") that will apply to our Japanese insurance subsidiaries. The ESR will be implemented in 2025 with disclosure under the new framework required in 2026. For information regarding the NAIC's August 2023 adoption of changes to the treatment of negative interest maintenance reserves, see "Business—Regulation" included in Prudential Financial's 2024 Annual Report on Form 10-K. For additional information regarding the calculation of RBC and solvency margin ratios, as well as regulatory minimums, see Note 20 to the Consolidated Financial Statements.

Captive Reinsurance Companies

We use captive reinsurance companies to more effectively manage our reserves and capital on an economic basis and to enable the aggregation and transfer of risks. Our captive reinsurance companies assume business from affiliates only. To support the risks they assume, our captives are capitalized to a level we believe is consistent with the "AA" financial strength rating targets of our insurance subsidiaries. All of our captives are subject to internal policies governing their activities. In the normal course of business, we contribute capital to the captives to support business growth and other needs. Prudential Financial has also entered into support agreements with several of the captives in connection with financing arrangements. For a description of captive reinsurance company financing activities, see below under "—Financing Activities—Subsidiary Borrowings—Term and Universal Life Reserve Financing."

Shareholder Distributions

Share Repurchase Program and Shareholder Dividends

In December 2023, Prudential Financial's Board of Directors authorized the Company to repurchase, at management's discretion, up to an aggregate of $1.0 billion of its outstanding Common Stock during the period from January 1, 2024 through December 31, 2024. We utilized the entirety of this $1.0 billion share repurchase authorization in 2024. In December 2024, the Board authorized the Company to repurchase, at management's discretion, up to $1.0 billion of its outstanding Common Stock during the period from January 1, 2025 through December 31, 2025.

In general, the timing and amount of share repurchases are determined by management based on market conditions and other considerations, including compliance with applicable laws and any increased capital needs of our businesses due to, among other things, credit migration and losses in our investment portfolio, changes in regulatory capital requirements and opportunities for growth and acquisitions. Repurchases may be executed in the open market, through derivative, accelerated repurchase and other negotiated transactions and through plans designed to comply with Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

The following table sets forth information about declarations of Common Stock dividends, as well as repurchases of shares of Prudential Financial's Common Stock, for each of the quarterly periods in 2024 and for the prior four years:

	Dividend Amount		Shares Repurchased	
Quarterly Period Ended:	**Per Share**	**Aggregate**	**Shares**	**Total Cost**
	(in millions, except per share data)			
December 31, 2024	$1.30	$470	2.0	$250
September 30, 2024	$1.30	$471	2.1	$250
June 30, 2024	$1.30	$475	2.2	$250
March 31, 2024	$1.30	$476	2.3	$250

	Dividend Amount		Shares Repurchased	
Year Ended:	**Per Share**	**Aggregate**	**Shares**	**Total Cost**
	(in millions, except per share data)			
December 31, 2024	$5.20	$1,892	8.6	$1,000
December 31, 2023	$5.00	$1,850	10.9	$1,000
December 31, 2022	$4.80	$1,822	14.5	$1,500
December 31, 2021	$4.60	$1,821	24.5	$2,500
December 31, 2020	$4.40	$1,769	6.7	$ 500

In addition, on February 4, 2025, Prudential Financial's Board of Directors declared a cash dividend of $1.35 per share of Common Stock, payable on March 13, 2025 to shareholders of record as of February 18, 2025.

Liquidity

Liquidity management and stress testing are performed on a legal entity basis as the ability to transfer funds between subsidiaries is limited due in part to regulatory restrictions. Liquidity needs are determined through daily and quarterly cash flow forecasting at the holding company and within our operating subsidiaries. We seek to maintain a minimum balance of highly liquid assets to ensure that adequate liquidity is available at Prudential Financial to cover fixed expenses in the event that we experience reduced cash flows from our operating subsidiaries at a time when access to capital markets is also not available.

We seek to mitigate the risk of having limited or no access to financing due to stressed market conditions by generally pre-funding debt in advance of maturity. We mitigate the refinancing risk associated with our debt that is used to fund operating needs by matching the term of debt with the assets financed. To ensure adequate liquidity in stress scenarios, stress testing is performed for our major operating subsidiaries. We seek to further mitigate liquidity risk by maintaining our access to alternative sources of liquidity, as discussed below.

Liquidity of Prudential Financial

The principal sources of funds available to Prudential Financial, the parent holding company, are dividends, returns of capital and loans from subsidiaries, and proceeds from debt issuances and certain stock-based compensation activity. These sources of funds may be supplemented by Prudential Financial's access to the capital markets as well as the "—Alternative Sources of Liquidity" described below.

The primary uses of funds at Prudential Financial include servicing debt, making capital contributions and loans to subsidiaries, making acquisitions, paying declared shareholder dividends and repurchasing outstanding shares of Common Stock executed under authority from the Board.

As of December 31, 2024, Prudential Financial had highly liquid assets with a carrying value totaling $6,264 million, an increase of $1,694 million from December 31, 2023. Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds. We maintain an intercompany liquidity account that is designed to optimize the use of cash by facilitating the lending and borrowing of funds between Prudential Financial and its subsidiaries on a daily basis. Excluding the net borrowings from this intercompany liquidity account, Prudential Financial had highly liquid assets of $4,641 million as of December 31, 2024, an increase of $546 million from December 31, 2023.

The following table sets forth Prudential Financial's principal sources and uses of highly liquid assets, excluding net borrowings from our intercompany liquidity account, for the periods indicated:

	Year Ended December 31,	
	2024	2023
	(in millions)	
Highly Liquid Assets, beginning of period	$ 4,095	$ 4,535
Dividends and/or returns of capital from subsidiaries(1)	3,332	4,636
Affiliated loans/(borrowings)—(capital activities)(2)	702	604
Capital contributions to subsidiaries(3)	(384)	(1,651)
Total Business Capital Activity	3,650	3,589
Share repurchases(4)	(1,000)	(1,012)
Common Stock dividends(5)	(1,891)	(1,846)
Total Share Repurchases, Dividends and Business Disposition Activity	(2,891)	(2,858)
Proceeds from the issuance of debt(6)	1,124	495
Repayments of debt	(512)	(1,514)
Total Debt Activity	612	(1,019)
Net interest expense	(831)	(880)
Affiliated (borrowings)/loans—(operating activities)(7)	(887)	726
Other, net(8)	893	2
Total Other Activity	(825)	(152)
Net increase (decrease) in highly liquid assets	546	(440)
Highly Liquid Assets, end of period	$ 4,641	$ 4,095

(1) 2024 includes $1,550 million from PICA, $800 million from a holding company, funded by one of our captive insurance subsidiaries, inclusive of proceeds associated with the reinsurance of a portion of the Company's guaranteed universal life policies, $585 million from international insurance subsidiaries, $336 million from other subsidiaries, and $61 million from PGIM subsidiaries. 2023 includes $3,100 million from PICA, $900 million from a rabbi trust, $548 million from international insurance subsidiaries (including $332 million in the form of in-kind dividends), $66 million from PGIM subsidiaries, $18 million from Prudential Annuities Holding Company, and $4 million from other subsidiaries.

(2) Represents loans to and from subsidiaries made for capital management purposes. 2024 includes $502 million from international insurance subsidiaries, and $200 million from captive reinsurance subsidiaries. 2023 includes $604 million from insurance subsidiaries.

(3) 2024 includes capital contributions of $240 million to international insurance subsidiaries, $90 million to PGIM subsidiaries (which is completely offset in "Affiliated (borrowings)/loans—(operating activities)" within this table), and $54 million to other subsidiaries. 2023 includes capital contributions of $829 million to PGIM subsidiaries (of which $401 million is offset in "Affiliated (borrowings)/loans—(operating activities)" within this table), $705 million to international insurance subsidiaries and $117 million to other subsidiaries.

(4) Excludes cash payments made on trades that settled in the subsequent period.

(5) Includes cash payments made on dividends declared in prior periods.
(6) 2024 includes $135 million of proceeds from the issuance of the retail medium-term notes that were used exclusively to purchase funding agreements from PICA.
(7) Represents loans to and from affiliated subsidiaries to support business operating needs.
(8) 2024 includes $343 million from proceeds from stock-based compensation and exercises of stock options, $102 million from internal affiliated settlements and $448 million from net income tax receipts. 2023 includes $267 million of proceeds from stock-based compensation and exercises of stock options, $246 million from internal affiliated settlements and $(554) million for net income tax payments.

Dividends and Returns of Capital from Subsidiaries

Domestic insurance subsidiaries. During 2024, Prudential Financial received dividends of $1,550 million from PICA. In addition to paying Common Stock dividends, our domestic insurance operations may return capital to Prudential Financial by other means, such as affiliated lending, and reinsurance with Bermuda-based affiliates. In the second quarter of 2024, a domestic captive insurance subsidiary entered into an affiliated loan with a holding company to facilitate a return of capital of $800 million, which included proceeds from the reinsurance of a portion of the Company's guaranteed universal life policies.

International insurance subsidiaries. During 2024, Prudential Financial received dividends of $585 million from its international insurance subsidiaries. In addition to paying Common Stock dividends, our international insurance operations may return capital to Prudential Financial by other means, such as the repayment of Preferred Stock obligations held by Prudential Financial or other affiliates, affiliated lending, affiliated derivatives and reinsurance with U.S.- and Bermuda-based affiliates.

Other subsidiaries. During 2024, Prudential Financial received dividends of $336 million from other subsidiaries and $61 million from PGIM subsidiaries.

Restriction on dividends and returns of capital from subsidiaries. Our insurance companies are subject to limitations on the payment of dividends and other transfers of funds to Prudential Financial and other affiliates under applicable insurance law and regulation. Further, market conditions could negatively impact capital positions of our insurance companies, which could further restrict their ability to pay dividends. More generally, the payment of dividends by any of our subsidiaries is subject to declaration by their Board of Directors and can be affected by market conditions and other factors.

With respect to our domestic insurance subsidiaries, PICA is permitted to pay ordinary dividends based on calculations specified under New Jersey insurance law, subject to prior notification to the New Jersey Department of Banking and Insurance ("NJDOBI"). Any distributions above this amount in any twelve-month period are considered to be "extraordinary" dividends, and the approval of the NJDOBI is required prior to payment. The laws regulating dividends of the states where our other domestic insurance companies are domiciled are similar, but not identical, to those of New Jersey.

Capital redeployment from our international insurance subsidiaries is subject to local regulatory requirements in the international jurisdictions in which they operate. Our most significant international insurance subsidiaries, Prudential of Japan and Gibraltar Life, are permitted to pay Common Stock dividends based on calculations specified by Japanese law. Dividends in excess of these amounts and other forms of capital distribution may require the prior approval of the FSA. The regulatory fiscal year end for both Prudential of Japan and Gibraltar Life is March 31, 2025, after which time the Common Stock dividend amount permitted to be paid without prior approval from the FSA can be determined.

The ability of our PGIM subsidiaries and the majority of our other operating subsidiaries to pay dividends is largely unrestricted from a regulatory standpoint.

See Note 20 to the Consolidated Financial Statements for information regarding specific dividend restrictions.

Liquidity of Insurance Subsidiaries

We manage the liquidity of our insurance operations to ensure stable, reliable and cost-effective sources of cash flows to meet all of our obligations. Liquidity within each of our insurance subsidiaries is provided by a variety of sources, including portfolios of liquid assets. The investment portfolios of our subsidiaries are integral to the overall liquidity of our insurance operations. We segment our investment portfolios and employ an asset/liability management approach specific to the requirements of each of our product lines. This enhances the discipline applied in managing the liquidity, as well as the interest rate and credit risk profiles, of each portfolio in a manner consistent with the unique characteristics of the product liabilities.

Liquidity is measured against internally-developed benchmarks that take into account the characteristics of both the asset portfolio and the liabilities that they support. We consider attributes of the various categories of liquid assets (for example, type of asset and credit quality) in calculating internal liquidity measures to evaluate our insurance operations' liquidity under various stress scenarios, including company-specific and market-wide events. We continue to believe that cash generated by ongoing operations and the profile of our assets provide sufficient liquidity under reasonably foreseeable stress scenarios for each of our insurance subsidiaries.

Cash Flow

The principal sources of liquidity for our insurance subsidiaries are premiums, investment and fee income, investment maturities, sales of investments, and sales associated with our insurance and annuity operations, as well as internal and external borrowings. The principal uses of liquidity include benefits, claims and dividends paid to policyholders, and payments to policyholders and contractholders in connection with surrenders, withdrawals and net policy loan activity. Other uses of liquidity may include commissions, general and administrative expenses, purchases of investments, the payment of dividends to the parent holding company, hedging and reinsurance activity and payments in connection with financing activities.

In each of our major insurance subsidiaries, we believe that the cash flows from operations are adequate to satisfy current liquidity requirements. The continued adequacy of this liquidity will depend upon factors such as future securities market conditions, changes in interest rate levels, policyholder perceptions of our financial strength, policyholder behavior, catastrophic events and the relative safety and attractiveness of competing products, each of which could lead to reduced cash inflows or increased cash outflows. Our insurance operations' cash flows from investment activities result from repayments of principal, proceeds from maturities and sales of invested assets and investment income, net of amounts reinvested. The primary liquidity risks with respect to these cash flows are the risk of default by debtors or bond insurers, our counterparties' willingness to extend repurchase and/or securities lending arrangements, commitments to invest and market volatility. We closely manage these risks through our credit risk management process and regular monitoring of our liquidity position.

Domestic insurance operations. In managing the liquidity of our domestic insurance operations, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions when selecting assets to support these contractual obligations. We use surrender charges and other contract provisions to mitigate the extent, timing and profitability impact of withdrawals of funds by customers. The following table sets forth the liabilities for market risk benefits, future policy benefits and policyholders' account balances of certain of our domestic insurance subsidiaries as of the dates indicated:

	December 31,	
	2024	2023
	(in billions)	
PICA	$234.6	$226.7
PLIC	46.2	47.4
Pruco Life	96.3	78.8
Other(1)	(83.1)	(84.9)
Total market risk benefits, future policy benefits and policyholders' account balances(2)(3)	$294.0	$268.0

(1) Includes the impact of intercompany eliminations.
(2) Amounts are reflected gross of affiliated reinsurance recoverables.
(3) See Note 13 to the Consolidated Financial Statements for information regarding cash surrender values associated with policyholders' account balances.

The liabilities presented above are primarily supported by invested assets in our general account. As noted above, when selecting assets to support these contractual obligations, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions. As a result, assets will include both liquid assets, as discussed below, and other assets that we believe adequately support our liabilities.

For PICA and other subsidiaries, the liabilities presented above primarily include annuity reserves and deposit liabilities and individual life insurance policy reserves. Individual life insurance policies may impose surrender charges and policyholders may be subject to a new underwriting process in order to obtain a new insurance policy. PICA's reserves for group annuity contracts primarily relate to pension risk transfer contracts, which are generally not subject to early withdrawal. For our individual annuity contracts, to encourage persistency, most of our variable and fixed annuities have surrender or withdrawal charges for a specified number of years. In addition, certain fixed annuities impose a market value adjustment if the invested amount is not held to maturity. The living benefit features of our variable annuities also encourage persistency because the potential value of the living benefit is fully realized only if the contract persists.

Gross account withdrawals for our domestic insurance operations' products in 2024 were generally consistent with our assumptions in asset/liability management, and the associated cash outflows did not have a material adverse impact on our overall liquidity.

International insurance operations. As with our domestic operations, in managing the liquidity of our international insurance operations, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions in selecting assets to support these contractual obligations. The following table sets forth the liabilities for market risk benefits, future policy benefits and policyholders' account balances of certain of our international insurance subsidiaries as of the dates indicated:

	December 31,	
	2024	2023
	(in billions)	
Prudential of Japan(1)	$ 58.7	$ 63.8
Gibraltar Life(2)	96.0	106.2
Other international insurance subsidiaries, excluding Japan	2.5	3.5
Other(3)	(13.9)	(17.7)
Total market risk benefits, future policy benefits and policyholders' account balances(4)(5)	$143.3	$155.8

(1) As of December 31, 2024 and 2023, $20.3 billion and $21.0 billion, respectively, of the insurance-related liabilities for Prudential of Japan are associated with USD-denominated products that are coinsured to our domestic insurance operations and supported by USD-denominated assets. As of December 31, 2024 and 2023, $4.8 billion and $4.0 billion, respectively, of the insurance-related liabilities for Prudential of Japan are primarily associated with yen- and USD-denominated products that are coinsured to Gibraltar Re, a Bermuda-based reinsurance affiliate, and primarily supported by yen- and USD-denominated assets.
(2) As of December 31, 2024 and 2023, $6.5 billion and $6.7 billion, respectively, of the insurance-related liabilities for Gibraltar Life (including PGFL) are associated with U.S. dollar-denominated products that are coinsured to our domestic insurance operations and supported by USD-denominated assets. As of December 31, 2024 and 2023, $25.1 billion and $17.3 billion, respectively, of the insurance-related liabilities for Gibraltar Life (including PGFL) are primarily associated with yen- and USD-denominated products that are coinsured to Gibraltar Re and primarily supported by yen- and USD-denominated assets.
(3) Reflects the impact of intercompany eliminations.

(4) Amounts are reflected gross of affiliated reinsurance recoverables.
(5) See Note 13 to the Consolidated Financial Statements for information regarding cash surrender values associated with policyholders' account balances.

The liabilities presented above are primarily supported by invested assets in our general account. When selecting assets to support these contractual obligations, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions. As a result, assets will include both liquid assets, as discussed below, and other assets that we believe adequately support our liabilities.

We believe most of the longer-term recurring pay individual life insurance policies sold by our Japanese operations do not have significant withdrawal risk because policyholders may incur surrender charges and must undergo a new underwriting process to obtain a new insurance policy.

Prudential of Japan and Gibraltar Life sell USD-denominated investment contracts with a market value adjustment feature to mitigate the profitability impact for surrenders, as these contracts may be subject to increased surrenders should the yen depreciate or if interest rates in the U.S. decline relative to Japan. As of December 31, 2024, products with a market value adjustment feature represented $35.6 billion of our Japan operations' insurance-related liabilities.

Liquid Assets

Liquid assets include cash and cash equivalents, short-term investments, U.S. Treasury securities, fixed maturities that are not designated as held-to-maturity and public equity securities. In addition to access to substantial investment portfolios, our insurance companies' liquidity is managed through access to a variety of instruments available for funding and/or managing cash flow mismatches, including from time to time those arising from claim levels in excess of projections. Our ability to utilize assets and liquidity between our subsidiaries is limited by regulatory and other constraints. We believe that ongoing operations and the liquidity profile of our assets provide sufficient liquidity under reasonably foreseeable stress scenarios for each of our insurance subsidiaries.

The following table sets forth the fair value of certain of our domestic insurance operations' portfolio of liquid assets, as of the dates indicated.

	December 31, 2024				
	Prudential Insurance(1)	PLIC	Pruco Life	Total	December 31, 2023
			(in billions)		
Cash and short-term investments	$ 7.7	$ 1.0	$ 3.8	$ 12.5	$ 10.8
Fixed maturity investments(2):					
High or highest quality	117.9	26.1	36.3	180.3	163.6
Other than high or highest quality	7.4	2.3	2.4	12.1	12.6
Subtotal	125.3	28.4	38.7	192.4	176.2
Public equity securities, at fair value	1.2	1.6	2.6	5.4	4.1
Total	$134.2	$31.0	$45.1	$210.3	$191.1

(1) Represents legal entity view and as such includes both domestic and international activity.
(2) Excludes fixed maturities designated as held-to-maturity. Credit quality is based on NAIC or equivalent rating.

The following table sets forth the fair value of our international insurance operations' portfolio of liquid assets, as of the dates indicated.

	December 31, 2024				
	Prudential of Japan	Gibraltar Life(1)	All Other(2)	Total	December 31, 2023
			(in billions)		
Cash and short-term investments	$ 0.8	$ 3.9	$ 2.7	$ 7.4	$ 6.7
Fixed maturity investments(3):					
High or highest quality(4)	26.9	50.0	25.7	102.6	111.8
Other than high or highest quality	0.4	0.5	2.7	3.6	4.2
Subtotal	27.3	50.5	28.4	106.2	116.0
Public equity securities	3.1	0.8	0.3	4.2	3.9
Total	$31.2	$55.2	$31.4	$117.8	$126.6

(1) Includes PGFL.
(2) Represents our international insurance operations, excluding Japan.
(3) Excludes fixed maturities designated as held-to-maturity. Credit quality is based on NAIC or equivalent rating.
(4) As of December 31, 2024, $63.1 billion, or 61%, were invested in government or government agency bonds.

Given the size and liquidity profile of our investment portfolios, we believe that claim experience, including policyholder withdrawals and surrenders, varying from our projections does not constitute a significant liquidity risk. Our ALM process takes into account the expected maturity of investments and expected claim payments as well as the specific nature and risk profile of the liabilities. To the extent we need to pay claims in excess of projections, we may borrow temporarily or sell investments sooner than anticipated to pay these claims, which may result in increased borrowing costs or realized investment gains or losses, including from changes in interest rates or credit spreads. The payment of claims and sale of investments earlier than anticipated would have an impact on the reported level of cash flow from operating, investing, and financing activities, in our financial statements. Historically, there has been no significant variation between the expected maturities of our investments and the payment of claims.

Liquidity associated with other activities

Hedging activities associated with Individual Retirement Strategies

For the portion of our Individual Retirement Strategies' ALM strategy executed through hedging, we enter into a range of exchange-traded, cleared and other OTC equity and interest rate derivatives in order to hedge certain capital market risks related to more severe market conditions. For a full discussion of our Individual Retirement Strategies' risk management strategy, see "—Results of Operations by Segment—U.S. Businesses—Retirement Strategies." This portion of our Individual Retirement Strategies' ALM strategy requires access to liquidity to meet payment obligations relating to these derivatives, such as payments for periodic settlements, purchases, maturities and terminations. These liquidity needs can vary materially due to, among other items, changes in interest rates, equity markets, mortality and policyholder behavior.

The hedging portion of our Individual Retirement Strategies' ALM strategy may also result in derivative related collateral postings to (when we are in a net post position) or from (when we are in a net receive position) counterparties. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. Depending on market conditions, the collateral posting requirements can result in material liquidity needs when we are in a net post position.

Foreign exchange hedging activities

We employ various hedging strategies to manage potential exposure to foreign currency exchange rate movements, particularly those associated with the yen. Our overall yen hedging strategy calibrates the hedge level to preserve the relative contribution of our yen-based business to the Company's overall return on equity on a leverage neutral basis.

We hold both internal and external hedges primarily to hedge our USD-equivalent equity. These hedges also mitigate volatility in the solvency margins of yen-based subsidiaries resulting from changes in the market value of their USD-denominated investments hedging our USD-equivalent equity attributable to changes in the yen-USD exchange rate.

For additional information regarding our hedging strategy, see "—Results of Operations—Impact of Foreign Currency Exchange Rates."

Cash settlements from these hedging activities result in cash flows between subsidiaries of Prudential Financial and either international-based subsidiaries or external parties. The cash flows are dependent on changes in foreign currency exchange rates and the notional amount of the exposures hedged. For example, a significant yen depreciation over an extended period of time could result in net cash inflows, while a significant yen appreciation could result in net cash outflows. The following tables set forth information about net cash settlements and the net asset or liability resulting from these hedging activities related to the yen and other currencies for the periods indicated.

	Year Ended December 31,	
Cash Settlements Received (Paid):	**2024**	**2023**
	(in millions)	
Internal Hedges(1)	$ 740	$1,176
External Hedges(2)	(162)	(525)
Total Cash Settlements	$ 578	$ 651

	As of December 31,	
Assets (Liabilities):	**2024**	**2023**
	(in millions)	
Internal Hedges(1)	$ 968	$ 875
External Hedges(3)	341	134
Total Assets (Liabilities)(4)	$1,309	$1,009

(1) Represents internal transactions between international-based and U.S.-based entities. Amounts noted are from the U.S.-based entities' perspectives.
(2) Includes non-yen related cash settlements received (paid) of $9 million, primarily denominated in Brazilian real, Chilean peso and Australian dollar, and ($37) million, primarily denominated in Brazilian real, Australian dollar and Chilean peso for the years ended December 31, 2024 and 2023, respectively.
(3) Includes non-yen related assets (liabilities) of $91 million, primarily denominated in Brazilian real, Chilean peso and Australian dollar, and $(74) million, primarily denominated in Brazilian real, Australian dollar and Chilean peso, as of December 31, 2024 and 2023, respectively.
(4) As of December 31, 2024, approximately $613 million, $260 million, $436 million of the net market values are scheduled to settle in 2025, 2026, and thereafter, respectively. The net market value of the assets (liabilities) will vary with changing market conditions to the extent there are no corresponding offsetting positions.

PGIM operations

The principal sources of liquidity for our fee-based PGIM businesses include cash flows from asset management, commercial mortgage origination and servicing activities, and internal and external funding facilities. The principal uses of liquidity for our fee-based PGIM businesses include general and administrative expenses, facilitating our commercial mortgage loan business, funding needs of our seed and co-investment portfolio and distributions of dividends and returns of capital to Prudential Financial. The primary liquidity risks for our fee-based PGIM businesses relate to their profitability, which is impacted by market conditions, our investment management performance and client redemptions. We believe the cash flows from our fee-based PGIM businesses are adequate to satisfy the current liquidity requirements of these operations, as well as requirements that could arise under reasonably foreseeable stress scenarios, which are monitored through the use of internal measures.

The principal sources of liquidity for our seed and co-investments held in our PGIM businesses are cash flows from investments, cash flows from our fee-based businesses, as described above, borrowing lines from internal sources, including Prudential Financial and Prudential Funding, LLC ("Prudential Funding"), a wholly-owned subsidiary of PICA, and external sources, including PGIM's limited-recourse credit facility. The principal uses of liquidity for our seed and co-investments include making investments to support business growth and paying interest expense from the internal and external borrowings used to fund those investments. The primary liquidity risks include the inability to sell assets in a timely manner, declines in the value of assets and credit defaults.

Alternative Sources of Liquidity

In addition to asset-based financing as discussed below, Prudential Financial and certain subsidiaries have access to other sources of liquidity, including syndicated, unsecured committed credit facilities, membership in the Federal Home Loan Bank of New York, a funding agreement facility with Farmer Mac, commercial paper programs and contingent financing facilities in the form of facility agreements. For additional information regarding these sources of liquidity, see Note 18 to the Consolidated Financial Statements.

Asset-based Financing

We conduct asset-based or secured financing within our insurance and other subsidiaries, including transactions such as securities lending, committed and uncommitted repurchase agreements and mortgage dollar rolls, to earn spread income, to borrow funds, or to facilitate trading activity. These programs are primarily driven by portfolio holdings of securities that are lendable based on counterparty demand for these securities in the marketplace. The collateral received in connection with these programs is primarily used to purchase securities in the short-term spread portfolios of our insurance entities. Investments held in the short-term spread portfolios include cash and cash equivalents, short-term investments (primarily corporate bonds), mortgage loans and fixed maturities (primarily collateralized loan obligations and other structured securities), with a weighted average life at time of purchase by the short-term portfolios of four years or less. Floating rate assets comprise the majority of our short-term spread portfolio. These short-term portfolios are subject to specific investment policy statements, which among other things, do not allow for significant asset/liability interest rate duration mismatch.

The following table sets forth our liabilities under asset-based or secured financing programs as of the dates indicated:

	December 31, 2024			December 31, 2023		
	PFI Excluding Closed Block Division	Closed Block Division	Consolidated	PFI Excluding Closed Block Division	Closed Block Division	Consolidated
	($ in millions)					
Securities sold under agreements to repurchase	$ 4,779	$2,017	$ 6,796	$3,803	$2,253	$ 6,056
Cash collateral for loaned securities	8,315	1,306	9,621	5,173	1,304	6,477
Securities sold but not yet purchased	0	0	0	0	0	0
Total(1)(2)	$13,094	$3,323	$16,417	$8,976	$3,557	$12,533
Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral	$12,325	$3,220	$15,545	$8,217	$3,457	$11,674
Weighted average maturity, in days(3)	5	4		8	4	

(1) The daily average outstanding balance for the years ended December 31, 2024 and 2023 was $11,196 million and $8,993 million, respectively, for PFI excluding the Closed Block division, and $3,671 million and $3,178 million, respectively, for the Closed Block division.
(2) Includes utilization of external funding facilities for PGIM's commercial mortgage origination business.
(3) Excludes securities that may be returned to the Company overnight.

As of December 31, 2024, our domestic insurance entities had assets eligible for the asset-based or secured financing programs of $97.3 billion, of which $15.9 billion were on loan. Taking into account market conditions and outstanding loan balances as of December 31, 2024, we believe approximately $13.6 billion of the remaining eligible assets are readily lendable, including approximately $10.9 billion relating to PFI excluding the Closed Block division, of which $4.6 billion relates to certain separate accounts and may only be used for financing activities related to those accounts, and the remaining $2.7 billion relating to the Closed Block division.

Financing Activities

As of December 31, 2024, total short-term and long-term debt of the Company on a consolidated basis was $20.1 billion, an increase of $0.6 billion from December 31, 2023. The following table sets forth total consolidated borrowings of the Company as of the dates indicated. We may, from time to time, seek to redeem or repurchase our outstanding debt securities through open market purchases, individually negotiated transactions or otherwise. Any such actions will depend on prevailing market conditions, our liquidity position and other factors.

	December 31, 2024			December 31, 2023		
	Prudential Financial	Subsidiaries	Consolidated	Prudential Financial	Subsidiaries	Consolidated
	(in millions)					
General obligation short-term debt:						
Commercial paper	$ 25	$ 496	$ 521	$ 25	$ 510	$ 535
Current portion of long-term debt	0	347	347	0	0	0
Subtotal	25	843	868	25	510	535
General obligation long-term debt:						
Senior debt	10,245	0	10,245	10,112	0	10,112
Junior subordinated debt(1)	8,548	39	8,587	8,050	44	8,094
Surplus notes(2)	0	0	0	0	346	346
Subtotal	18,793	39	18,832	18,162	390	18,552
Total general obligations	18,818	882	19,700	18,187	900	19,087
Limited and non-recourse borrowings(3)						
Short-term debt	0	0	0	0	0	0
Current portion of long-term debt	0	85	85	0	83	83
Long-term debt	0	355	355	0	330	330
Subtotal	0	440	440	0	413	413
Total borrowings	$18,818	$1,322	$20,140	$18,187	$1,313	$19,500

(1) As of December 31, 2024 and 2023, includes $1,000 million and $0 respectively, of hybrid securities classified as operating debt.
(2) Amounts are net of assets under set-off arrangements of $14,748 million and $12,370 million as of December 31, 2024 and 2023, respectively. Amounts include credit-linked note structures used to finance Guideline AXXX reserves for business reinsured to Somerset Re in March 2024.
(3) Limited and non-recourse borrowing primarily represents mortgage debt of our subsidiaries that has recourse only to real estate investment property of $185 million and $157 million as of December 31, 2024 and 2023, respectively, and a draw on a credit facility with recourse only to collateral pledged by the Company of $255 million as of both December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Company was in compliance with all debt covenants related to the borrowings in the table above. For additional information regarding the Company's short- and long-term debt obligations, see Note 18 to the Consolidated Financial Statements.

Based on the use of proceeds, we classify our borrowings as capital debt and operating debt. Capital debt, which is debt utilized to meet the capital requirements of our businesses, was $13.8 billion and $13.0 billion as of December 31, 2024 and 2023, respectively. Operating debt was $5.9 billion and $6.1 billion as of December 31, 2024 and 2023, respectively, and is utilized for business funding to meet specific purposes, which may include activities associated with our PGIM and AIQ businesses. Operating debt also consists of debt issued to finance specific portfolios of investment assets, the proceeds from which will service the debt. Specifically, this includes assets supporting reserve requirements under Regulation XXX and Guideline AXXX as described below, as well as funding for institutional and insurance company portfolio cash flow timing differences.

Prudential Financial Borrowings

Long-term borrowings are conducted primarily by Prudential Financial. It borrows these funds to meet its capital and other funding needs, as well as the capital and funding needs of its subsidiaries. Prudential Financial maintains a shelf registration statement with the SEC that permits the issuance of public debt, equity and hybrid securities. As a "Well-Known Seasoned Issuer" under SEC rules, Prudential Financial's shelf registration statement provides for automatic effectiveness upon filing and has no stated issuance capacity.

Prudential Financial's borrowings increased $0.6 billion from December 31, 2023, primarily driven by $1.0 billion in junior subordinated note issuances and $135 million in retail notes issuances, offset by $500 million in debt redemptions. In March 2024, the Company issued $1.0 billion in aggregate principal amount of 6.50% junior subordinated notes due in March 2054. In March 2024, the Company redeemed, in full, $500 million in aggregate principal amount of 5.20% junior subordinated notes due in 2044. For additional information regarding long-term debt, see Note 18 to the Consolidated Financial Statements.

Subsidiary Borrowings

Subsidiary borrowings principally consist of commercial paper borrowings by Prudential Funding, asset-based financing and real estate investment financing. Borrowings of our subsidiaries increased $9 million from December 31, 2023.

Term and Universal Life Reserve Financing

For business written prior to the implementation of principle-based reserving, Regulation XXX and Guideline AXXX require domestic life insurers to establish statutory reserves for term and universal life insurance policies with long-term premium guarantees that are consistent with the statutory reserves required for other individual life policies with similar guarantees. Many market participants believe that these levels of reserves are excessive relative to the levels reasonably required to maintain solvency for moderately adverse experience. The difference between the statutory reserve and the amount necessary to maintain solvency for moderately adverse experience is considered to be the non-economic portion of the statutory reserve.

We use captive reinsurance subsidiaries to finance the portion of the statutory reserves required to be held by our domestic life insurance companies under Regulation XXX and Guideline AXXX that we consider to be non-economic. The financing arrangements involve the reinsurance of term and universal life business to our captive reinsurers and the issuance of surplus notes by those captives that are treated as capital for statutory purposes. These surplus notes are subordinated to policyholder obligations, and the payment of principal and interest on the surplus notes can only be made with prior insurance regulatory approval.

We have entered into agreements with external counterparties providing for the issuance of surplus notes by our captive reinsurers in return for the receipt of credit-linked notes ("Credit-Linked Note Structures"). Under the agreements, the captive receives in exchange for the surplus notes one or more credit-linked notes issued by a special-purpose affiliate of the Company with an aggregate principal amount equal to the surplus notes outstanding. The captive holds the credit-linked notes as assets supporting Regulation XXX or Guideline AXXX non-economic reserves, as applicable. The captive can redeem the principal amount of the outstanding credit-linked notes for cash upon the occurrence of, and in an amount necessary to remedy, a specified liquidity stress event affecting the captive. Under the agreements, the external counterparties have agreed to fund any such payments under the credit-linked notes in return for the receipt of fees. To date, no such payments under the credit-linked notes have been required. Under these transactions, because valid rights of set-off exist, interest and principal payments on the surplus notes and on the credit-linked notes are settled on a net basis, and the surplus notes are reflected in the Company's total consolidated borrowings on a net basis. As a result of reinsurance transactions executed with Somerset Re and Wilton Re, we have eliminated Credit-Linked Note Structures supporting Guideline AXXX for our remaining business. In November, we restructured a series of internal captive reinsurance arrangements resulting in the consolidation of Credit-Linked Note Structures supporting Regulation XXX.

As of December 31, 2024, we had Credit-Linked Note Structures with an aggregate issuance capacity of $8,000 million, of which $7,560 million was outstanding, as compared to an aggregate issuance capacity of $15,700 million, of which $13,820 million was outstanding, as of December 31, 2023.

The following table summarizes our Credit-Linked Note Structures, which are reported on a net basis, as of December 31, 2024:

Credit-Linked Note Structures(1):	Surplus Notes Original Issue Dates	Surplus Notes Maturity Dates	Outstanding as of December 31, 2024	Facility Size
		($ in millions)		
XXX	2024	2044	$7,560	$8,000

(1) Excludes Credit-Linked Note Structures to finance Guideline AXXX reserves for business reinsured to Somerset Re in March 2024. See Note 15 to the Consolidated Financial Statements for additional information.

As of December 31, 2024, we also had outstanding an aggregate of $200 million of debt issued for the purpose of financing Regulation XXX non-economic reserves. In addition, as of December 31, 2024, for purposes of financing Guideline AXXX non-economic reserves, one captive had $3,982 million of surplus notes outstanding that were issued to affiliates.

The Company introduced updated versions of its individual life products in conjunction with the requirement to adopt principle-based reserving by January 1, 2020. These updated products are currently priced to support the principle-based statutory reserve level without the need for reserve financing.

Off-Balance Sheet Arrangements

See additional information regarding off-balance sheet arrangements in Note 18 and other commitments in Note 25 to the Consolidated Financial Statements.

We do not have retained or contingent interests in assets transferred to unconsolidated entities, or variable interests in unconsolidated entities or other similar transactions, arrangements or relationships that serve as credit, liquidity or market risk support, that we believe are reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or our access to or requirements for capital resources. In addition, we do not have relationships with any unconsolidated entities that are contractually limited to narrow activities that facilitate our transfer of or access to associated assets.

Ratings

Financial strength ratings (which are sometimes referred to as "claims-paying" ratings) and credit ratings are important factors affecting public confidence in an insurer and its competitive position in marketing products. Our credit ratings are also important for our ability to raise capital through the issuance of debt and for the cost of such financing. Nationally Recognized Statistical Ratings Organizations continually review the financial performance and financial condition of the entities they rate, including Prudential Financial and its rated subsidiaries.

A downgrade in the credit or financial strength ratings of Prudential Financial or its rated subsidiaries could potentially, among other things, limit our ability to market products, reduce our competitiveness, increase the number or value of policy surrenders and withdrawals, increase our borrowing costs and potentially make it more difficult to borrow funds, adversely affect the availability of financial guarantees, such as letters of credit, cause additional collateral requirements or other required payments under certain agreements, allow counterparties to terminate derivative agreements and/or hurt our relationships with creditors, distributors, or trading counterparties thereby potentially negatively affecting our profitability, liquidity, and/or capital. In addition, we consider our own risk of non-performance in determining the fair value of our liabilities. Therefore, changes in our credit or financial strength ratings may affect the fair value of our liabilities.

Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The following table summarizes the ratings for Prudential Financial and certain of its subsidiaries as of February 13, 2025:

	A.M. Best(1)	S&P(2)	Moody's(3)	Fitch(4)
Last review date	**1/17/2025**	**11/24/2024**	**6/12/2024**	**10/18/2024**
Current outlook	**Stable**	**Stable**	**Stable**	**Stable**
Financial Strength Ratings:				
The Prudential Insurance Company of America	A+	AA-	Aa3	AA-
Pruco Life Insurance Company	A+	AA-	Aa3	AA-
Pruco Life Insurance Company of New Jersey	A+	AA-	NR*	AA-
The Prudential Life Insurance Company Ltd. (Prudential of Japan)	NR	A+	NR	NR
Gibraltar Life Insurance Company, Ltd.	NR	A+	NR	NR
The Prudential Gibraltar Financial Life Insurance Co. Ltd	NR	A+	NR	NR
Credit Ratings:				
Prudential Financial, Inc.:				
Short-term borrowings	AMB-1	A-1	P-2	F1
Long-term senior debt	a-	A	A3	A-
Junior subordinated long-term debt	bbb	BBB+	Baa1	BBB
The Prudential Insurance Company of America:				
Capital and surplus notes	a	A	A2	A
Prudential Funding, LLC:				
Short-term debt	AMB-1	A-1+	P-1	F1+
Long-term senior debt	a+	AA-	(P)A1	NR
PRICOA Global Funding I:				
Long-term senior debt	aa-	AA-	Aa3	AA-

* "NR" indicates not rated.

(1) A.M. Best Company, which we refer to as A.M. Best, financial strength ratings for insurance companies range from "A++ (superior)" to "D (Poor)." A rating of A+ is the second highest of thirteen rating categories. A.M. Best long-term credit ratings range from "aaa (exceptional)" to "c (Poor)." A.M. Best short-term credit ratings range from "AMB-1+," which represents the strongest ability to repay short-term debt obligations, to "AMB-4 (Questionable)."

(2) Standard & Poor's Rating Services, which we refer to as S&P, financial strength ratings for insurance companies range from "AAA (extremely strong)" to "D (default)." A rating of AA- is the fourth highest of twenty-two rating categories. S&P's long-term issue credit ratings range from "AAA (extremely strong)" to "D (default)." S&P short-term ratings range from "A-1 (extremely strong)" to "D (default)."

(3) Moody's Investors Service, Inc., which we refer to as Moody's, insurance financial strength ratings range from "Aaa (highest quality)" to "C (lowest)." A rating of Aa3 is the fourth highest of twenty-one rating categories. Numeric modifiers are used to refer to the ranking within the group—with 1 being the highest and 3 being the lowest. These modifiers are used to indicate relative strength within a category. Moody's long-term credit ratings range from "Aaa (highest)" to "C (default)." Moody's short-term ratings range from "Prime-1 (P-1)," which represents a superior ability for repayment of short-term debt obligations, to "Prime-3 (P-3)," which represents an acceptable ability for repayment of such obligations. Issuers rated "Not Prime" do not fall within any of the Prime rating categories.

(4) Fitch Ratings Inc., which we refer to as Fitch, financial strength ratings range from "AAA (exceptionally strong)" to "C (distressed)." A rating of AA- is the fourth highest of twenty-one rating categories. Fitch long-term credit ratings range from "AAA (highest credit quality)," which denotes exceptionally strong capacity for timely payment of financial commitments, to "D (default)." Short-term ratings range from "F1+ (highest credit quality)" to "D (default)."

The ratings set forth above reflect current opinions of each rating agency. Each rating should be evaluated independently of any other rating. These ratings are not directed toward shareholders and do not in any way reflect evaluations of the safety and security of the Common Stock. These ratings are reviewed periodically and may be changed at any time by the rating agencies. As a result, we cannot assure stakeholders that we will maintain our current ratings in the future.

Rating agencies use an "outlook" statement for both industry sectors and individual companies. For an industry sector, a stable outlook generally implies that over the next 12 to 18 months the rating agency expects ratings to remain unchanged among companies in the sector. AM Best, S&P, and Moody's currently have a Stable outlook on the U.S. life insurance sector, while Fitch revised their outlook for the sector to Neutral from Improving in December 2024.

For a particular company, an outlook generally indicates a medium- or long-term trend (generally six months to two years) in credit fundamentals which, if continued, may lead to a rating change. These indicators are not necessarily a precursor of a rating change nor do they preclude a rating agency from changing a rating at any time without notice. A.M. Best, Fitch, S&P and Moody's currently have the Company's ratings on Stable outlook.

Requirements to post collateral or make other payments because of ratings downgrades under certain agreements, including derivative agreements, can be satisfied in cash or by posting permissible securities held by the subsidiaries subject to the agreements. In addition, a ratings downgrade by A.M. Best to "A-" for our domestic life insurance companies would require PICA to either post collateral or a letter of credit in the amount of approximately $0.9 billion, based on the level of statutory reserves related to the variable annuity business acquired from Allstate. We believe that the posting of such collateral would not be a material liquidity event for PICA.

Risk Management

Overview

We employ a risk governance structure, overseen by senior management and our Board and managed by Risk Management, to provide a common framework for: evaluating the risks embedded in and across our businesses and corporate centers; developing risk appetites; managing these risks; and identifying current and future risk challenges and opportunities. For a discussion of the risks of our businesses, see "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K.

Risk Governance Framework

Prudential uses a Three Lines of Defense model of risk management in which the businesses are the primary, or first line, responsible for understanding, assessing, and taking steps to mitigate and manage risk. Each business has a risk governance structure that is supported by a common framework at the enterprise level.

While having different roles, responsibilities, and scope, Risk Management and Compliance together act as the second line, further strengthening Prudential's management of risk by providing effective challenge, and oversight of management activities and testing and assessing the effectiveness of first line controls. Risk Management, led by the Chief Risk Officer, oversees these risks under the guidance of the Executive Risk Committee ("ERC") and Enterprise Risk Management Council ("ERMC"). Additionally, Risk Management works with Prudential's businesses and corporate centers to identify, monitor and manage risks that Prudential may face.

The Audit Department acts as the third line of defense through monitoring and testing to assure that the other lines of defense (first in the business and second in Risk and Compliance) are well-designed and operating as intended. Processes are optimized across Prudential's Three Lines of Defense to strengthen how risk management is performed across the Prudential enterprise while continuing to fulfill the individual mandates of each of the three control functions.

Board of Directors Oversight

Our Board oversees our risk profile and management's processes for assessing and managing risk, through both the whole Board and its committees. The Board also reviews strategic risks and opportunities facing the Company and its businesses. Other important categories of risk are assigned to designated Board committees that report back to the full Board. In general, the committees oversee the following risks:

- Audit Committee: insurance risk, operational risk, and model risk, as well as risks related to financial controls, legal, regulatory, cyber security and compliance risk;
- Compensation and Human Capital Committee: strategy, reputation and risks regarding human capital management throughout our global businesses; and oversee the assessment of the risks related to the Company's succession planning, compensation policies and programs applicable to officers and employees, including the review of the assessment results;
- Corporate Governance and Business Ethics Committee: the Company's overall ethical culture, political contributions, lobbying expenses and overall political strategy, as well as the Company's environmental risk (which includes climate risk), sustainability and corporate social responsibility to minimize reputational risk and focus on future sustainability;
- Finance Committee: liquidity risk, risk involving our capital management, the incurrence and repayment of borrowings, the capital structure of the Company, funding of benefit plans and statutory insurance reserves, oversight of Own Risk and Solvency Assessment ("ORSA") and the Company's Risk Appetite Framework. The Finance Committee oversees our capital plan and receives regular updates on the sources and uses of capital relative to plan; and
- Investment Committee: investment risk, market risk, and review of investment performance and risk positions. The Investment Committee approves investment and market risk limits based on asset class, issuer, credit quality and geography.

Management Oversight

Our primary risk management committee is the ERC. The ERC is chaired by our Chief Risk Officer and otherwise consists of the Vice Chairman, Head of U.S. Businesses, Head of International Businesses and PGIM, General Counsel, Chief Financial Officer, Chief Investment Officer, Head of Global Technology and Operations, and Chief Actuary. Our Chief Auditor also attends meetings of the ERC. The ERC oversees the Company's risk management framework, including the identification, assessment, monitoring and management of risks and how those risks align with the Company's loss absorption resources. The primary focus of the ERC is the critical analysis of significant quantitative and qualitative risks and the appropriateness and alignment of those risks to the defined risk appetite of the Company.

The ERC is supported by the ERMC, which is also chaired by our Chief Risk Officer and provides a forum for corporate and functional leaders and technical subject matter experts to review and advise decision makers on financial and non-financial risk matters that are of Enterprise significance, providing transparency into the Company's overall risk profile, assumptions and methodologies used to measure risk exposure and strategies and practices for mitigating risks.

In addition, each of our businesses and corporate centers have forums for leaders to identify, assess, and monitor risk and exposure issues and to review new business activities and initiatives.

Risk Management Oversight

Risk Management manages the risk management framework. The function operates independently and is responsible for recommending policies, limits and standards for all risks. Risk Management oversees these risks under the guidance of the ERC and ERMC. Additionally, Risk Management works with our businesses and corporate areas to identify, monitor and manage risks. The Risk Management infrastructure is generally aligned by risk type (investment, market, liquidity, insurance, model, and operational), with certain groups within Risk Management working across risk types.

Risk Identification

Prudential relies on a combination of activities to ensure that all material risks have been identified and managed as appropriate. The Company conducts risk identification through several processes at the business unit, corporate, senior management, and Board levels to provide a "top-down" and "bottom-up" three-dimensional view of risk. Prudential has developed a comprehensive understanding of the risks to its business, both financial and non-financial, and their interdependencies. A risk can have an impact at the product, business, and enterprise levels, and all these considerations and their range of outcomes through a variety of stresses are the focus of Risk Management as well as the enterprise.

- Business Activities: Each business has a forum that allows senior leaders to discuss and evaluate current, new, and emerging risks in their own operations. Businesses are accountable for identifying and managing top risks through the risk governance structure.
- Corporate Center Activities: The corporate centers review the results of the business activities and examine risks from an enterprise view across businesses under normal and stressed conditions. As a result, the corporate centers, particularly Risk Management, use several processes and activities to identify and assess the risks of the Company. Corporate centers manage key risks and initiatives through existing senior leadership team structures.
- Senior Management and the Board: Senior management plays a critical role in reviewing the risk profile of the Company, including identifying impacts to the business strategy and risks in any new strategies under consideration. These risks are discussed with PFI's Operating Committee or the ERC as appropriate, and with the Board if significant. As discussed above, the Board oversees the Company's risk profile and management's processes for assessing and managing risk, both as a full Board and through its committees.

Risk Measurement and Monitoring

Our Risk Appetite Framework is a comprehensive process designed to reasonably ensure that risks taken across the Company align with the Company's capacity and willingness to take those risks. Using the Risk Appetite Framework, the Company measures, evaluates, and manages its financial risks. The comprehensive models, metrics, and stress scenarios used enable the Company to understand its current risk profile as well as how the risk profile may change over time through varying degrees of stress. The Risk Appetite Framework anchors the risk and capital management processes and supports management and the Board in making well-informed business decisions.

The Risk Appetite Framework is centered around a comprehensive and cohesive stress testing regime which includes a variety of stress scenarios designed to explore outcomes across businesses. This robust stress testing examines the sensitivity of assets and liabilities and how they interact through time to identify places where the Company's capacity may be challenged by the risks taken. These analytics provide insight into the impact of stress scenarios on capital and liquidity.

Additionally, the Risk Appetite Framework contains qualitative risk appetite statements that help the Company understand and manage risks that are not easily quantifiable.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is defined as the risk of loss from changes in interest rates, equity prices and foreign currency exchange rates resulting from asset/liability mismatches where the change in the value of our liabilities is not offset by the change in value of our assets.

For additional information regarding the potential impacts of interest rate and other market fluctuations, as well as general economic and market conditions on our businesses and profitability, see "Risk Factors" included in Prudential Financial's 2024 Annual Report on Form 10-K. For additional information regarding the overall management of our general account investments and our asset mix strategies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—General Account Investments—Management of Investments" above. For additional information regarding our liquidity and capital resources, which may be impacted by changing market risks, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" above.

Market Risk Management

Management of market risk, which we consider to be a combination of both investment risk and market risk exposures, includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets or liabilities.

Our risk management process utilizes a variety of tools and techniques, including:

- Measures of price sensitivity to market changes (e.g., interest rates, equity index prices, foreign exchange);
- Asset/liability management;
- Stress scenario testing;
- Hedging programs; and
- Risk management governance, including policies, limits, and a committee that oversees investment and market risk.

For additional information regarding our overall risk management framework and governance structure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management" above.

Market Risk Mitigation

Risk mitigation takes three primary forms:

- Asset/Liability Management: Managing assets to liability-based measures. For example, investment policies identify target durations for assets based on liability characteristics and asset portfolios are managed within ranges around them. This mitigates potential unanticipated economic losses from interest rate movements.
- Hedging: Using derivatives to offset risk exposures. For example, for our variable annuities business, potential living benefit claims resulting from more severe market conditions are hedged using derivative instruments.
- Management of portfolio concentration risk. For example, ongoing monitoring and management at the enterprise level of key rate, currency and other concentration risks support diversification efforts to mitigate exposure to individual markets and sources of risk.

Market Risk Related to Interest Rates

We perform liability-driven investing and engage in careful asset/liability management. Asset/liability mismatches create the risk that changes in liability values will differ from the changes in the value of the related assets. Additionally, changes in interest rates may impact other items including, but not limited to, the following:

- Net investment spread between the amounts that we are required to pay and the rate of return we are able to earn on investments for certain products supported by general account investments;
- Asset-based fees earned on assets under management or contractholder account values;
- Net exposure to the guarantees provided under certain products; and
- Capital levels of our regulated entities.

We use duration and convexity analyses to measure price sensitivity to interest rate changes. Duration measures the relative sensitivity of the fair value of a financial instrument to changes in interest rates. Convexity measures the rate of change in duration with respect to changes in interest rates. We use asset/liability management and derivative strategies to manage our interest rate exposure by legal entity by matching the relative sensitivity of asset and liability values to interest rate changes, or by controlling the "duration mismatch" of assets and liability duration targets. In certain markets, capital market limitations that hinder our ability to acquire assets that approximate the duration of some of our liabilities are considered in setting duration targets. We consider risk-based capital and tax implications as well as current market conditions in our asset/liability management strategies.

We assess the impact of interest rate movements on the value of our financial assets, financial liabilities and derivatives using hypothetical test scenarios that assume either upward or downward 100 basis point parallel shifts in the yield curve from prevailing interest rates, reflecting changes in either credit spreads or the risk-free rate. The following table sets forth the net estimated potential loss in fair value on these financial instruments from a hypothetical 100 basis point upward shift as of December 31, 2024 and 2023. This table is presented on a gross basis and excludes offsetting impacts to certain insurance liabilities that are not considered financial liabilities under U.S. GAAP. This scenario results in the greatest net exposure to interest rate risk of the hypothetical scenarios tested at those dates. While the test scenario is for illustrative purposes only and does not reflect our expectations regarding future interest rates or the performance of fixed income markets, it is a near-term, reasonably possible hypothetical change that illustrates the potential impact of such events. These test scenarios do not measure the changes in value that could result from non-parallel shifts in the yield curve which we would expect to produce different changes in discount rates for different maturities. As a result, the actual loss in fair value from a 100 basis point change in interest rates could be different from that indicated by these calculations. The estimated changes in fair values do not include separate account assets.

	As of December 31, 2024			As of December 31, 2023		
	Notional	Fair Value	Hypothetical Change in Fair Value	Notional	Fair Value	Hypothetical Change in Fair Value
	(in millions)					
Financial assets with interest rate risk(1):						
Fixed maturities(2)		$309,562	$(26,593)		$318,108	$(30,804)
Commercial mortgage and other loans		58,932	(2,148)		56,148	(2,275)
Derivatives with interest rate risk:						
Swaps	$285,786	(11,014)	(2,428)	$276,414	(11,980)	(3,768)
Futures	11,792	(16)	(369)	11,120	(20)	(460)
Options	139,693	(436)	20	85,760	(777)	(166)
Forwards	35,144	268	(112)	36,112	(116)	(125)
Synthetic GICs	76,416	0	(1)	78,009	0	(9)
Indexed universal life contracts		(1,434)	179		(1,348)	169
Indexed annuity contracts		(11,312)	137		(6,404)	(645)
Total embedded derivatives(3)		(12,746)	316		(7,752)	(476)
Financial liabilities with interest rate risk(4):						
Short-term and long-term debt		19,092	2,730		18,886	3,026
Policyholders' account balances—investment contracts		74,871	3,048		68,883	2,786
Insurance liabilities with interest rate risk:						
Benefit reserves (traditional and limited-payment contracts)(5)		186,845	21,294		192,302	25,711
Market risk benefits(6)		2,124	1,602		3,486	2,113
Net estimated potential loss			$ (2,641)			$ (4,447)

(1) Excludes financial assets that are considered Funds Withheld, where the economic benefits and investment risk associated with the Funds Withheld assets ultimately inure to the reinsurer. Prior period amounts have been updated to conform to current period presentation.
(2) Includes assets classified as "Fixed maturities, available-for-sale, at fair value," "Assets supporting experience-rated contractholder liabilities, at fair value" and "Fixed maturities, trading, at fair value." Approximately $304 billion and $310 billion as of December 31, 2024 and 2023, respectively, of fixed maturities are classified as available-for-sale. Changes in fair value of fixed maturities classified as available-for-sale are included in AOCI.
(3) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported net of third-party reinsurance.
(4) Excludes approximately $169 billion and $155 billion as of December 31, 2024 and 2023, respectively, of certain insurance reserve and deposit liabilities that are not considered financial liabilities. We believe that the interest rate sensitivities of these insurance liabilities would serve as an offset to the net interest rate risk of the financial assets and liabilities, including investment contracts.
(5) Changes in fair value of benefit reserves (traditional and limited-payment contracts) are included in AOCI.
(6) Amounts reported net of third-party reinsurance.

Under U.S. GAAP, the fair value of the MRBs and embedded derivatives for certain features associated with indexed universal life and indexed annuity contracts, reflected in the table above, includes the impact of the market's perception of our NPR. For additional information regarding the key estimates and assumptions used in our determination of fair value, including NPR, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies & Pronouncements—Application of Critical Accounting Estimates—Market Risk Benefits ("MRBs")" above.

For an additional discussion of our variable annuity optional living benefit guarantees accounted for as MRBs and related derivatives used to hedge the changes in fair value of these MRBs, see "Market Risk Related to Certain Variable Annuity Products" below. For information regarding the impacts of changes in the interest rate environment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary—Impact of Changes in the Interest Rate Environment" above.

Market Risk Related to Equity Prices

We have exposure to equity risk through asset/liability mismatches, including our investments in equity securities held in our general account investment portfolio and unhedged exposure in our insurance liabilities, principally related to certain variable annuity living benefit feature MRBs. Our equity-based derivatives primarily hedge the equity risk embedded in these living benefit feature MRBs. Changes in equity prices create risk that the resulting changes in asset values will differ from the changes in the value of the liabilities relating to the underlying or hedged products. Additionally, changes in equity prices may impact other items including, but not limited to, the following:

- Asset-based fees earned on assets under management or contractholder account value; and
- Net exposure to the guarantees provided under certain products.

We manage equity price risk against benchmarks in respective markets. We benchmark our return on equity holdings against a blend of market indices, mainly the S&P 500 and Russell 2000 for U.S. equities. We benchmark foreign equities against the Tokyo Price Index, and the MSCI EAFE, a market index of European, Australian, and Far Eastern equities. We target price sensitivities that approximate those of the benchmark indices.

We estimate our equity risk from a hypothetical 10% decline in equity benchmark market levels. The following table sets forth the net estimated potential loss in fair value from such a decline as of December 31, 2024 and 2023. While these scenarios are for illustrative purposes only and do not reflect our expectations regarding future performance of equity markets or of our equity portfolio, they represent near-term reasonably possible hypothetical changes that illustrate the potential impact of such events. These scenarios consider only the direct impact on fair value of declines in equity benchmark market levels and not changes in asset-based fees recognized as revenue, or changes in assumptions such as market volatility or mortality, utilization or persistency rates in our variable annuity contracts that could also impact the fair value of our living benefit features. In addition, these scenarios do not reflect the impact of basis risk, such as potential differences in the performance of the investment funds underlying the variable annuity products relative to the market indices we use as a basis for developing our hedging strategy. The impact of basis risk could result in larger differences between the change in fair value of the equity-based derivatives and the related living benefit features in comparison to these scenarios. In calculating these amounts, we exclude separate account equity securities.

	As of December 31, 2024			As of December 31, 2023		
	Notional	Fair Value	Hypothetical Change in Fair Value	Notional	Fair Value	Hypothetical Change in Fair Value
	(in millions)					
Equity securities(1)		$ 12,298	$(1,230)		$10,282	$(1,028)
Equity-based derivatives(2)	$116,253	720	(1,538)	$61,701	(441)	(679)
Indexed universal life contracts		(1,434)	23		(1,348)	21
Indexed annuity contracts		(11,312)	2,278		(6,404)	1,388
Total embedded derivatives(2)(3)		(12,746)	2,301		(7,752)	1,409
Market risk benefits(4)		2,124	(848)		3,486	(1,069)
Net estimated potential loss			$(1,315)			$(1,367)

(1) Includes equity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Equity securities, at fair value."
(2) The notional and fair value of equity-based derivatives and the fair value of embedded derivatives are also reflected in amounts under "Market Risk Related to Interest Rates" above, and are not cumulative.
(3) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported net of third-party reinsurance.
(4) Amounts reported net of third-party reinsurance.

Market Risk Related to Foreign Currency Exchange Rates

As a U.S.-based company with significant business operations outside of the U.S., particularly in Japan, we are exposed to foreign currency exchange rate risk related to these operations, as well as in our general account investment portfolio and other proprietary investment portfolios.

For our international insurance operations, changes in foreign currency exchange rates create risk that we may experience volatility in the USD-equivalent earnings and equity of these operations. We actively manage this risk through various hedging strategies, including the use of foreign currency hedges and through holding USD-denominated securities in the investment portfolios of certain of these operations. Additionally, our Japanese insurance operations offer a variety of non-yen denominated products which are supported by investments in corresponding currencies. While these non-yen denominated assets are economically matched to the currency of the product liabilities, the accounting treatment may differ for changes in the value of these assets and liabilities due to moves in foreign currency exchange rates, resulting in volatility in reported U.S. GAAP earnings. This volatility has been mitigated by disaggregating the USD and AUD-denominated businesses in Gibraltar Life into separate divisions, each with its own functional currency that aligns with the underlying products and investments. For certain of our international insurance operations outside of Japan, we elect to not hedge the risk of changes in our equity investments due to foreign exchange rate movements. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Foreign Currency Exchange Rates—Impact of products denominated in non-local currencies on U.S. GAAP earnings" above.

For our domestic general account investment portfolios supporting our U.S. insurance operations and other proprietary investment portfolios, our foreign currency exchange rate risk arises primarily from investments that are denominated in foreign currencies. We manage this risk by hedging substantially all domestic foreign currency denominated fixed income investments into USD. We generally do not hedge all of the foreign currency risk of our investments in equity securities of unaffiliated foreign entities.

We manage our foreign currency exchange rate risks within specified limits, and estimate our exposure, excluding equity in our Japanese insurance operations, to a hypothetical 10% change in foreign currency exchange rates. The following table sets forth the net estimated potential loss in fair value from such a change as of December 31, 2024 and 2023. While these scenarios are for illustrative purposes only and do not reflect our expectations regarding future changes in foreign exchange markets, they represent reasonably possible near-term hypothetical changes that illustrate the potential impact of such events.

	As of December 31, 2024		As of December 31, 2023	
	Fair Value	Hypothetical Change in Fair Value	Fair Value	Hypothetical Change in Fair Value
	(in millions)			
Unhedged portion of equity investment in international subsidiaries and foreign currency denominated investments in domestic general account portfolio	$2,859	$286	$3,808	$381

For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—General Account Investments—Portfolio Composition" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations by Segment—International Businesses" above.

Derivatives

We use derivative financial instruments primarily to reduce market risk from changes in interest rates, equity prices and foreign currency exchange rates, including their use to alter interest rate or foreign currency exposures arising from mismatches between assets and liabilities. Our derivatives primarily include swaps, futures, options and forward contracts that are exchange-traded or contracted in the OTC market.

Our derivatives also include interest rate guarantees we provide on our synthetic GIC products. Synthetic GICs simulate the performance of traditional insurance-related GICs but are accounted for as derivatives under U.S. GAAP due to the fact that the policyholders own the underlying assets, and we only provide a book value "wrap" on the customers' funds, which are held in a client-owned trust. Since these wraps provide payment of guaranteed principal and interest to the customer, changes in interest rates create risk such that declines in the market value of customers' funds would increase our net exposure to these guarantees; however, our obligation is limited to payments that are in excess of the existing customers' fund value. Additionally, we have the ability to periodically reset crediting rates, subject to a 0% minimum floor, as well as the ability to increase prices. Further, our contract provisions provide that, although participants may withdraw funds at book value, contractholder withdrawals may only occur at market value immediately, or at book value over time. These factors, among others, result in these contracts experiencing minimal changes in fair value, despite a more significant notional value.

Additionally, our derivatives include embedded derivative instruments associated with the index-linked features of certain universal life and annuity products, and reinsurance with funds withheld arrangements. For additional information regarding our derivative activities, see Note 5 to the Consolidated Financial Statements.

Market Risk Related to Variable Annuity Products

The primary risk exposures of our variable annuity contracts relate to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including capital markets assumptions such as equity market returns, interest rates, market volatility and actuarial assumptions. We manage our exposure to certain risks driven by fluctuations in capital markets primarily through a combination of product design features, such as an automatic rebalancing feature and/or inclusion in our ALM strategy. In addition, we may also utilize external reinsurance as a form of additional risk mitigation. Our guaranteed living and death benefit features on variable annuities are accounted for as MRBs and recorded at fair value. The market risk sensitivities associated with U.S. GAAP values of both the MRBs and the related derivatives used to hedge the changes in fair value of these MRBs are provided under "Market Risk Related to Interest Rates" and "Market Risk Related to Equity Prices" above.

For additional information regarding our risk management strategies, including our ALM strategy and product design features, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations by Segment—U.S. Businesses—Retirement Strategies" above.

Management's Annual Report on Internal Control Over Financial Reporting

Management of Prudential Financial, Inc. (together with its consolidated subsidiaries, the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Management conducted an assessment of the effectiveness, as of December 31, 2024, of the Company's internal control over financial reporting, based on the framework established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment under that framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

Our internal control over financial reporting is a process designed by or under the supervision of our principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing herein.

February 13, 2025

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Prudential Financial, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Prudential Financial, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Guaranteed Benefit Features Associated with Certain Annuity and Life Products Included in the Market Risk Benefits and the Liability for Future Policy Benefits

As described in Notes 2, 6, 12 and 14 to the consolidated financial statements, the Company issues certain annuity and life contracts which contain guaranteed benefit features. Certain of the guarantees associated with variable annuity contracts are accounted for as market risk benefits. The market risk benefits represent contracts or contract features that expose the Company to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits. The benefits are accounted for using a fair value measurement methodology. The fair value of market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future fees attributable to the market risk benefits, based on assumptions a market participant would use in valuing the market risk benefits. On a quarterly basis, changes in the fair value of market risk benefits are recorded in net income, net of related hedges, except for the portion of the change attributable to changes in the Company's non-performance risk which is recorded in other comprehensive income. This methodology could result in either a liability or asset balance, given changing capital market conditions and various actuarial assumptions. As of December 31, 2024, the fair value of the obligations associated with these guarantees accounted for as market risk benefit assets was $2.3 billion and for market risk benefit liabilities was $4.5 billion. As there is no observable active market for the transfer of these obligations, the valuations are calculated using internally-developed models with option pricing techniques. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The significant inputs to the valuation models for these market risk benefits include capital market assumptions, such as interest rate levels and volatility assumptions, the Company's market-perceived non-performance risk under the contract, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates and mortality rates (collectively, the significant market risk benefit assumptions). For certain life insurance products that include certain other contract features, including no-lapse guarantees, additional insurance reserves are established when associated assessments are recognized. The liability for no-lapse guarantee features is included within the additional insurance reserves balance in Note 12. As of December 31, 2024, the additional insurance reserve was $16.4 billion, recorded within the liability for future policy benefits. As disclosed by management, this liability is established using current best estimate assumptions, including mortality rates, lapse rates, and premium pattern rates, as well as interest rate and equity market return assumptions (collectively, the significant additional insurance reserve assumptions), and is based on the ratio of the present value of total expected excess payments (i.e., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). The liability equals the current benefit ratio multiplied by cumulative assessments recognized to date, plus interest, less cumulative excess payments to date.

The principal considerations for our determination that performing procedures relating to the valuation of guaranteed benefit features associated with certain annuity and life products that are accounted for as market risk benefits and those that are included in the liability for future policy benefits is a critical audit matter are (i) the significant judgment by management when determining the valuation model for the benefit features accounted for as market risk benefits due to the lack of an observable market for these guarantees and when developing the aforementioned significant assumptions for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's model for market risk benefits recorded at fair value and the aforementioned assumptions used by management in the valuation of the liabilities for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of guaranteed benefit features associated with certain annuity and life products included in market risk benefits and the liability for future policy benefits, including controls over the model for the benefit features accounted for as market risk benefits and development of the assumptions used in the valuation of the liabilities for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves. These procedures also included, among others, (i) testing management's process for determining the valuation of guaranteed benefit features associated with certain annuity and life products included in market risk benefits and the liability for future policy benefits, (ii) the use of professionals with specialized skill and knowledge to assist in evaluating (a) the appropriateness of management's model for market risk benefits recorded at fair value and (b) the reasonableness of the aforementioned assumptions used in the valuation based on industry knowledge and data as well as historical Company data and experience. The procedures also included testing the completeness and accuracy of data used to develop the aforementioned assumptions and testing that the aforementioned assumptions are accurately reflected in the models.

/s/ PricewaterhouseCoopers LLP

New York, New York
February 13, 2025

We have served as the Company's auditor since 1996, which includes periods before the Company became subject to SEC reporting requirements.

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Financial Position
December 31, 2024 and 2023 (in millions, except share amounts)

	2024	2023
ASSETS		
Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2024-$331; 2023-$160) (amortized cost: 2024-$341,004; 2023-$334,598)(1)	$311,570	$316,321
Fixed maturities, trading, at fair value (amortized cost: 2024-$13,631; 2023-$10,624)(1)	12,530	9,790
Assets supporting experience-rated contractholder liabilities, at fair value	3,707	3,168
Equity securities, at fair value (cost: 2024-$7,043; 2023-$5,786)(1)	9,417	8,242
Commercial mortgage and other loans (net of $574 and $460 allowance for credit losses; includes $702 and $519 of loans measured at fair value under the fair value option at December 31, 2024 and 2023, respectively)(1)	62,341	59,305
Policy loans	9,795	10,047
Other invested assets (net of $2 and $1 allowance for credit losses; includes $7,574 and $6,074 of assets measured at fair value at December 31, 2024 and 2023, respectively)(1)	26,351	22,855
Short-term investments (net of allowance for credit losses: 2024-$0; 2023-$0)	9,069	5,005
Total investments	444,780	434,733
Cash and cash equivalents(1)	18,497	19,419
Accrued investment income(1)	3,441	3,287
Deferred policy acquisition costs	20,448	20,856
Value of business acquired	435	530
Market risk benefit assets	2,331	1,981
Reinsurance recoverables and deposit receivables (net of $12 and $12 allowance for credit losses; includes $849 and $149 of embedded derivatives at fair value at December 31, 2024 and 2023, respectively)(2)	37,680	27,311
Income tax assets	866	939
Other assets (net of $2 and $3 allowance for credit losses; includes $0 and $11 of assets at fair value at December 31, 2024 and 2023, respectively)(1)(2)(3)	13,737	13,268
Separate account assets	193,372	198,888
TOTAL ASSETS	$735,587	$721,212
LIABILITIES, MEZZANINE EQUITY AND EQUITY		
LIABILITIES		
Future policy benefits	$268,912	$273,281
Policyholders' account balances	166,254	147,018
Market risk benefit liabilities	4,455	5,467
Policyholders' dividends	718	1,475
Securities sold under agreements to repurchase	6,796	6,056
Cash collateral for loaned securities	9,621	6,477
Reinsurance and funds withheld payables (includes $(118) and $490 of embedded derivatives at fair value at December 31, 2024 and 2023, respectively)(2)	17,084	15,729
Short-term debt	953	618
Long-term debt	19,187	18,882
Other liabilities (includes $14 and $15 allowance for credit losses and $4,751 and $4,175 of derivatives at fair value at December 31, 2024 and 2023, respectively)(1)	16,679	16,071
Notes issued by consolidated variable interest entities (includes $60 and $778 measured at fair value under the fair value option at December 31, 2024 and 2023, respectively)(1)	1,430	1,374
Separate account liabilities	193,372	198,888
Total liabilities	705,461	691,336
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 25)		
MEZZANINE EQUITY		
Redeemable noncontrolling interests(3)	1,939	1,766
Total mezzanine equity	1,939	1,766
EQUITY		
Preferred Stock ($0.01 par value; 10,000,000 shares authorized; none issued)	0	0
Common Stock ($0.01 par value; 1,500,000,000 shares authorized; 666,305,189 shares issued as of both December 31, 2024 and 2023)	6	6
Additional paid-in capital	25,901	25,746
Common Stock held in treasury, at cost (311,738,187 and 307,089,216 shares at December 31, 2024 and 2023, respectively)	(24,511)	(23,780)
Accumulated other comprehensive income (loss)(2)	(6,711)	(6,504)
Retained earnings	33,187	32,352
Total Prudential Financial, Inc. equity	27,872	27,820
Noncontrolling interests(3)	315	290
Total equity	28,187	28,110
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$735,587	$721,212

(1) See Note 4 for details of balances associated with variable interest entities.
(2) See Note 24 for additional information regarding related party transactions.
(3) Prior period amounts have been revised to conform to current period presentation.

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Operations
Years Ended December 31, 2024, 2023 and 2022 (in millions, except per share amounts)

	2024	2023	2022
REVENUES			
Premiums (includes $73, $323 and $(377) of gains (losses) from changes in estimates on deferred profit liability amortization for the year ended December 31, 2024, 2023 and 2022, respectively)(1)	$42,897	$27,364	$36,475
Policy charges and fee income	4,298	4,527	4,615
Net investment income	19,909	17,865	16,037
Asset management and service fees(1)	4,090	3,717	4,062
Other income (loss)(1)	3,037	4,065	608
Realized investment gains (losses), net(1)	(3,429)	(3,615)	(4,507)
Change in value of market risk benefits, net of related hedging gains (losses)	(397)	56	(409)
Total revenues	70,405	53,979	56,881
BENEFITS AND EXPENSES			
Policyholders' benefits(1)	47,119	30,931	40,816
Change in estimates of liability for future policy benefits(1)	(37)	337	654
Interest credited to policyholders' account balances	4,582	3,983	2,193
Dividends to policyholders	698	1,069	198
Amortization of deferred policy acquisition costs	1,492	1,459	1,433
Goodwill impairment	0	177	903
General and administrative expenses(1)	13,342	12,951	12,576
Total benefits and expenses	67,196	50,907	58,773
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF JOINT VENTURES AND OTHER OPERATING ENTITIES	3,209	3,072	(1,892)
Total income tax expense (benefit)	507	613	(279)
INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF JOINT VENTURES AND OTHER OPERATING ENTITIES	2,702	2,459	(1,613)
Equity in earnings of joint ventures and other operating entities, net of taxes	144	49	(62)
NET INCOME (LOSS)	2,846	2,508	(1,675)
Less: Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	119	20	(28)
NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC.	$ 2,727	$ 2,488	$ (1,647)
EARNINGS PER SHARE			
Basic earnings per share-Common Stock:			
Net income (loss) attributable to Prudential Financial, Inc.	$ 7.54	$ 6.76	$ (4.49)
Diluted earnings per share-Common Stock:			
Net income (loss) attributable to Prudential Financial, Inc.	$ 7.50	$ 6.74	$ (4.49)

(1) See Note 24 for additional information regarding related party transactions.

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024, 2023 and 2022 (in millions)

	2024	2023	2022
NET INCOME (LOSS)	$ 2,846	$ 2,508	$ (1,675)
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments for the period	(852)	(264)	(1,131)
Net unrealized investment gains (losses)	(10,125)	6,219	(55,845)
Interest rate remeasurement of future policy benefits(1)	11,804	(8,770)	63,643
Gain (loss) from changes in non-performance risk on market risk benefits	(466)	(693)	938
Defined benefit pension and postretirement unrecognized periodic benefit (cost)	(204)	(27)	636
Total	157	(3,535)	8,241
Less: Income tax expense (benefit) related to other comprehensive income (loss)	364	(837)	2,555
Other comprehensive income (loss), net of taxes	(207)	(2,698)	5,686
Comprehensive income (loss)	2,639	(190)	4,011
Less: Comprehensive income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	119	20	(29)
Comprehensive income (loss) attributable to Prudential Financial, Inc.	$ 2,520	$ (210)	$ 4,040

(1) See Note 24 for additional information regarding related party transactions.

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Equity
Years Ended December 31, 2024, 2023 and 2022 (in millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Common Stock Held In Treasury	Accumulated Other Comprehensive Income (Loss)	Total Prudential Financial, Inc. Equity	Noncontrolling Interests(1)	Total Equity
Balance, December 31, 2021	$6	$25,732	$35,183	$(21,838)	$(9,493)	$29,590	$393	$29,983
Common Stock acquired				(1,500)		(1,500)		(1,500)
Contributions from noncontrolling interests							10	10
Distributions to noncontrolling interests							(76)	(76)
Consolidations/(deconsolidations) of noncontrolling interests							(20)	(20)
Stock-based compensation programs		15		270		285		285
Dividends declared on Common Stock			(1,822)			(1,822)		(1,822)
Comprehensive income:								
Net income (loss)			(1,647)			(1,647)	35	(1,612)
Other comprehensive income (loss), net of tax					5,687	5,687	(1)	5,686
Total comprehensive income (loss)			(1,647)		5,687	4,040	34	4,074
Balance, December 31, 2022	6	25,747	31,714	(23,068)	(3,806)	30,593	341	30,934
Common Stock acquired				(1,006)		(1,006)		(1,006)
Contributions from noncontrolling interests							19	19
Distributions to noncontrolling interests							(40)	(40)
Consolidations/(deconsolidations) of noncontrolling interests							(36)	(36)
Stock-based compensation programs		(1)		294		293		293
Dividends declared on Common Stock			(1,850)			(1,850)		(1,850)
Comprehensive income:								
Net income (loss)			2,488			2,488	6	2,494
Other comprehensive income (loss), net of tax					(2,698)	(2,698)	0	(2,698)
Total comprehensive income (loss)			2,488		(2,698)	(210)	6	(204)
Balance, December 31, 2023	6	25,746	32,352	(23,780)	(6,504)	27,820	290	28,110
Common Stock acquired				(1,006)		(1,006)		(1,006)
Contributions from noncontrolling interests							15	15
Distributions to noncontrolling interests							(63)	(63)
Consolidations/(deconsolidations) of noncontrolling interests							(3)	(3)
Stock-based compensation programs		155		275		430		430
Dividends declared on Common Stock			(1,892)			(1,892)		(1,892)
Comprehensive income:								
Net income (loss)			2,727			2,727	76	2,803
Other comprehensive income (loss), net of tax					(207)	(207)	0	(207)
Total comprehensive income (loss)			2,727		(207)	2,520	76	2,596
Balance, December 31, 2024	$6	$25,901	$33,187	$(24,511)	$(6,711)	$27,872	$315	$28,187

(1) Prior period amounts have been revised to conform to current period presentation.

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022 (in millions)

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 2,846	$ 2,508	$ (1,675)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Realized investment (gains) losses, net(1)	3,429	3,615	4,507
Change in value of market risk benefits, net of related hedging (gains) losses	397	(56)	409
Policy charges and fee income	(2,128)	(2,186)	(2,230)
Interest credited to policyholders' account balances	4,582	3,983	2,193
Goodwill impairment	0	177	903
Depreciation and amortization	383	(70)	117
(Gains) losses on assets supporting experience-rated contractholder liabilities, net	(595)	(503)	1,128
Change in:			
Deferred policy acquisition costs	(1,111)	(869)	(722)
Future policy benefits and other insurance liabilities	4,803	5,489	6,132
Reinsurance related-balances(1)(2)	(2,731)	(683)	(868)
Income taxes	(146)	(442)	(1,594)
Derivatives, net	897	(746)	(2,533)
Other, net(1)(2)(3)	(2,124)	(3,707)	(609)
Cash flows from (used in) operating activities	8,502	6,510	5,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale/maturity/prepayment of:			
Fixed maturities, available-for-sale	59,059	44,097	50,823
Fixed maturities, held-to-maturity	0	22	38
Fixed maturities, trading	3,398	1,559	1,641
Assets supporting experience-rated contractholder liabilities	1,474	2,286	11,410
Equity securities	5,790	4,348	3,697
Commercial mortgage and other loans	5,466	3,985	5,580
Policy loans	1,972	1,806	1,738
Other invested assets	1,936	1,260	1,789
Short-term investments	33,316	32,684	40,653
Payments for the purchase/origination of:			
Fixed maturities, available-for-sale	(72,997)	(47,580)	(60,070)
Fixed maturities, trading	(7,041)	(4,174)	(659)
Assets supporting experience-rated contractholder liabilities	(1,773)	(2,290)	(11,799)
Equity securities	(6,576)	(4,296)	(3,451)
Commercial mortgage and other loans	(9,134)	(6,359)	(5,497)
Policy loans	(1,601)	(1,544)	(1,248)
Other invested assets	(3,884)	(3,049)	(2,832)
Short-term investments	(37,244)	(32,872)	(37,894)
Dispositions, net of cash disposed(4)	0	0	422
Derivatives, net	(696)	(1,329)	(1,881)
Other, net	(50)	(676)	(98)
Cash flows from (used in) investing activities	(28,585)	(12,122)	(7,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Policyholders' account deposits	35,913	28,521	30,094
Policyholders' account withdrawals	(19,388)	(18,307)	(24,149)
Net change in securities sold under agreements to repurchase and cash collateral for loaned securities	3,884	(156)	(1,541)
Cash dividends paid on Common Stock	(1,891)	(1,846)	(1,817)
Net change in financing arrangements (maturities 90 days or less)	(583)	10	(214)
Common Stock acquired	(1,000)	(1,012)	(1,488)
Common Stock reissued for exercise of stock options	201	126	163
Proceeds from the issuance of debt (maturities longer than 90 days)	1,423	716	2,706
Repayments of debt (maturities longer than 90 days)	(814)	(1,982)	(1,184)
Proceeds from notes issued by consolidated VIEs	1,436	1,360	137
Repayments of notes issued by consolidated VIEs	(617)	(336)	0
Other, net(1)(5)	830	645	2,226
Cash flows from (used in) financing activities	19,394	7,739	4,933

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022 (in millions)

	2024	2023	2022
Effect of foreign exchange rate changes on cash balances	(254)	37	(159)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS INCLUDING BALANCES CLASSIFIED AS HELD-FOR-SALE	(943)	2,164	2,294
NET CHANGE IN CASH BALANCES CLASSIFIED AS HELD-FOR-SALE(4)	0	0	(2,071)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	(943)	2,164	4,365
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR	19,463	17,299	12,934
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF YEAR	$ 18,520	$ 19,463	$ 17,299
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid, net of refunds	$ 756	$ 895	$ 1,090
Interest paid	$ 1,995	$ 1,555	$ 1,452
HELD-FOR-SALE CLASSIFICATION(4)			
Assets classified as held-for-sale	$ 0	$ 0	$(153,935)
Liabilities classified as held-for-sale	0	0	(151,508)
Net assets classified as held-for-sale	$ 0	$ 0	$ (2,427)
NON-CASH TRANSACTIONS DURING THE YEAR			
Treasury Stock shares issued for stock-based compensation programs	$ 217	$ 282	$ 236
Novation of annuity contracts(6)	$ 0	$ 491	$ 3,129
Assets transferred upon surrender of IRA contracts(7)	$ 0	$ 2,019	$ 0
Significant pension risk transfer transactions:			
Assets received, excluding Cash and cash equivalents	$ 11,693	$ 2,264	$ 8,246
Liabilities assumed	16,020	3,257	8,764
Net cash received	$ 4,327	$ 993	$ 518
Prismic Re reinsurance transaction(8):			
Net assets transferred, excluding Cash and cash equivalents	$ 0	$ 1,351	$ 0
Payables established under coinsurance with funds withheld	102	8,185	0
Reinsurance recoverables established for Future policy benefits ceded	0	(5,584)	0
Deposit assets established for Policyholders' account balances ceded	0	(3,723)	0
Unwind of Deferred policy acquisition costs ceded	0	23	0
Deferred reinsurance loss	(102)	(240)	0
Net cash received	$ 0	$ 12	$ 0
Somerset Re reinsurance transaction(8):			
Reinsurance recoverables under modified coinsurance, net	$ (578)	$ 0	$ 0
Unwind of Deferred policy acquisition costs ceded	284	0	0
Deferred reinsurance gain	363	0	0
Net cash received	$ 69	$ 0	$ 0
Wilton Re reinsurance transaction(8):			
Net assets transferred, excluding Cash and cash equivalents	$ 6,679	$ 0	$ 0
Policy loans ceded	44	0	0
Reinsurance recoverables under coinsurance	(7,362)	0	0
Unwind of Deferred policy acquisition costs ceded	699	0	0
Deferred reinsurance loss	(980)	0	0
Reinsurance payables	175	0	0
Net cash paid	$ (745)	$ 0	$ 0
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION			
Cash and cash equivalents	$ 18,497	$ 19,419	$ 17,251
Restricted cash and restricted cash equivalents (included in "Other assets")	23	44	48
Total cash, cash equivalents, restricted cash and restricted cash equivalents	$ 18,520	$ 19,463	$ 17,299

(1) See Note 24 for additional information regarding related party transactions.
(2) Prior period amounts have been updated to conform to current period presentation.
(3) The amount for the year ended December 31, 2022 includes the recognized gains on the sales of Prudential Annuities Life Assurance Corporation ("PALAC") and the Full Service Retirement business, which were completed on April 1, 2022. See Note 1 for additional information regarding these dispositions.
(4) See Note 1 for additional information regarding the dispositions.

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022 (in millions)

(5) The amount for the year ended December 31, 2022 includes approximately $1.6 billion cash receipt from a secured borrowing related to the PALAC disposition, which was subsequently derecognized as part of a non-cash transaction during 2022 related to the novation of certain previously reinsured annuity products. See Note 1 for additional information.

(6) "Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" exclude non-cash activities related to the novation of certain, previously reinsured, annuity products, from Fortitude Group Holdings, LLC to the Company. See Note 1 for additional information.

(7) "Cash flows from (used in) operating activities" exclude certain non-cash activities related to the sale of the Full Service Retirement business as a result of the surrender of certain Stable Value Individual Retirement Account ("IRA") contracts from the Company to Great-West Life & Annuity Insurance Company. See Note 1 for additional information regarding this sale.

(8) See Note 15 for additional information regarding the reinsurance agreements with Prismic Life Reinsurance, Ltd ("Prismic Re"), Somerset Reinsurance Ltd. ("Somerset Re") and Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re").

See Notes to Consolidated Financial Statements

PRUDENTIAL FINANCIAL, INC.

Notes to Consolidated Financial Statements

1. BUSINESS AND BASIS OF PRESENTATION

Prudential Financial, Inc. ("Prudential Financial") and its subsidiaries (collectively, "Prudential" or the "Company") provide a wide range of insurance, investment management, and other financial products and services to both individual and institutional customers throughout the United States and in many other countries. Principal products and services provided include life insurance, annuities, retirement solutions, mutual funds and investment management.

The Company's principal operations consist of PGIM (the Company's global investment management business), the U.S. Businesses (consisting of the Retirement Strategies, Group Insurance and Individual Life businesses), the International Businesses, the Closed Block division, and the Company's Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included within Corporate and Other operations. Divested and Run-off Businesses consist of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP. The Company's Corporate and Other operations include corporate items and initiatives that are not allocated to business segments as well as the Divested and Run-off Businesses described above.

In September 2023, the Company, through its Corporate and Other operations, invested approximately $200 million, and acquired a 20% equity interest as a limited partner, in Prismic Life Holding Company LP ("Prismic"), a Bermuda-exempted limited partnership that owns all of the outstanding capital stock of Prismic Life Reinsurance, Ltd. ("Prismic Re"), a licensed Bermuda-based life and annuity reinsurance company. As this investment is accounted for under the equity method, both Prismic and Prismic Re are considered related parties. For additional information regarding related party transactions, see Note 24. Beginning with the fourth quarter of 2023, the operating results of Corporate and Other reflect the Company's share of earnings in Prismic on a quarter lag. For information regarding the Company's initial reinsurance transaction with Prismic Re, effective September 2023, see Note 15.

As part of its continuous improvement process, the Company is working to become a leaner and more agile company by simplifying its management structure, empowering its employees with faster decision-making processes and investing in technology and data platforms. As part of this, the Company implemented changes to its organizational structure and recorded a restructuring charge of $200 million to "General and administrative expenses" in the fourth quarter of 2023 within its Corporate and Other operations. The Company expects these continued actions will create operating efficiencies, and provide reinvestment capacity to build capabilities, realize additional efficiencies, strengthen its competitiveness and fuel future growth.

Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Consolidated Financial Statements include the accounts of Prudential Financial, entities over which the Company exercises control, including majority-owned subsidiaries and minority-owned entities such as limited partnerships in which the Company is the general partner and variable interest entities ("VIEs") in which the Company is considered the primary beneficiary. See Note 4 for additional information regarding the Company's consolidated variable interest entities. Intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining future policy benefits; policyholders' account balances related to the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products; market risk benefits; the measurement of goodwill and any related impairment; the valuation of investments including derivatives, the measurement of allowance for credit losses, and the recognition of other-than-temporary impairments ("OTTI"); pension and other postretirement benefits; any provision for income taxes and valuation of deferred tax assets; and accruals for contingent liabilities, including estimates for losses in connection with unresolved legal and regulatory matters.

Revision of Previously Issued Financial Statements

The Company reclassified certain amounts in prior periods to conform to the current period presentation and recorded other adjustments, including the following:

During the fourth quarter of 2024, the Company identified an immaterial error in the application of adjusted operating income, its segment measure of performance, which resulted in an overstatement thereof for indexed variable and fixed annuity products within the Retirement Strategies segment in the first three quarters of 2024 and each of the four quarters of 2023. As a result, the Company has voluntarily revised its historical adjusted operating income for the relevant periods, resulting in decreases in pre-tax adjusted operating income of $149 million (unaudited) for the nine months ended September 30, 2024, and $55 million for the year ended December 31, 2023. These revisions had no impact to "Net income (loss)" for any period as determined in accordance with GAAP. See Note 23 for additional information regarding adjusted operating income.

The Company corrected the prior period presentation for certain noncontrolling interests, primarily related to consolidated PGIM-managed funds, that contain redemption features that are at the option of the holder and outside of the Company's control. These noncontrolling interests were previously reported within "Noncontrolling interests" and are now correctly presented as "Mezzanine equity" and totaled $1,153 million, $614 million and $339 million as of December 31, 2023, 2022 and 2021, respectively. The revised mezzanine equity balance of $1,766 million as of December 31, 2023 also reflected other immaterial adjustments.

Business Dispositions

Prudential Annuities Life Assurance Corporation, Representing a Portion of Individual Annuities' Traditional Variable Annuity Block of Business

On April 1, 2022, the Company completed the sale of Prudential Annuities Life Assurance Corporation ("PALAC"), a wholly owned subsidiary, representing a portion of its in-force traditional variable annuity block of business, to Fortitude Group Holdings, LLC ("Fortitude"). The PALAC block primarily consisted of non-New York traditional variable annuities with guaranteed living benefits that were issued prior to 2011, which constituted approximately $30 billion of Prudential's total in-force individual annuity account values at the closing of the transaction. The Company, through coinsurance and modified coinsurance agreements, has retained the economics of certain variable annuities, indexed annuities, and fixed annuities with a guaranteed lifetime withdrawal income feature issued by PALAC.

The Company recognized a pre-tax gain on sale of $1,448 million in 2022 within "Other income," which is included in adjusted operating income within the Retirement Strategies segment.

Full Service Retirement Business

On April 1, 2022, the Company completed the sale of its Full Service Retirement business to Great-West Life & Annuity Insurance Company ("Great-West"), primarily through a combination of (i) the sale of all of the outstanding equity interests of certain legal entities, including Prudential Retirement Insurance and Annuity Company ("PRIAC"); (ii) the ceding of certain insurance policies through reinsurance; and (iii) the sale, transfer and/or novation of certain in-scope contracts and brokerage accounts.

The Company recognized a net pre-tax gain on sale of $650 million in 2022, composed of (i) an $850 million gain recorded in "Other income"; (ii) $150 million of realized losses recorded in "Realized investment gains (losses), net," related to assets transferred as part of the reinsurance of certain retained policies to Great-West; and (iii) $50 million of indirect expenses and charges recorded in "General and administrative expenses" on the Consolidated Statements of Operations. These amounts reflect certain post-closing adjustments in accordance with the terms of the transaction agreement. The net gain is excluded from adjusted operating income and reported within Divested Businesses as part of Corporate and Other operations. In addition, the Company recognized a deferred gain of approximately $400 million in 2022, including a post-closing true-up, for the ceding of certain insurance policies through reinsurance to Great-West. This deferred reinsurance gain will be recognized in income over the term of the ceded policies.

Excluding the gain on sale recognized in 2022, the Full Service Retirement business generated pre-tax income/(loss) of approximately $(220) million for the year ended December 31, 2022. This amount excludes the impact of overhead costs retained in the Company's Corporate and Other operations and not transferred to Great-West.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS

ASSETS

Fixed maturities, available-for-sale, at fair value ("AFS debt securities") includes bonds, notes and redeemable preferred stock that are carried at fair value. See Note 6 for additional information regarding the determination of fair value. The purchased cost of fixed maturities is adjusted for amortization of premiums and accretion of discounts to maturity or, if applicable, call date.

AFS debt securities, where fair value is below amortized cost, are reviewed quarterly to determine whether the amortized cost basis of the security is recoverable. For mortgage-backed and asset-backed AFS debt securities, a credit impairment will be recognized in earnings as an allowance for credit losses and reported in "Realized investment gains (losses), net," to the extent the amortized cost exceeds the net present value of projected future cash flows (the "net present value") for the security.

For all other AFS debt securities, qualitative factors are first considered including, but not limited to, the extent of the decline and the reasons for the decline in value (e.g., credit events, currency or interest-rate related, including general credit spread widening), and the financial condition of the issuer. If analysis of these qualitative factors results in the security needing to be impaired, a credit impairment will be recognized in earnings as an allowance for credit losses and reported in "Realized investment gains (losses), net," to the extent the amortized cost exceeds the net present value of projected future cash flows (the "net present value") for the security.

A credit impairment recorded cannot exceed the difference between the amortized cost and fair value of the respective security. The net present value used to measure a credit impairment is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the AFS debt security at the date of acquisition. Once the Company has deemed all or a portion of the amortized cost uncollectible, the allowance is removed from the balance sheet by writing down the amortized cost basis of the AFS debt security. Any amount of an AFS debt security's change in fair value not recorded as an allowance for credit losses will be recorded in Other Comprehensive Income (loss) ("OCI").

When an AFS debt security's fair value is below amortized cost and the Company has the intent to sell the AFS debt security, or it is more likely than not the Company will be required to sell the AFS debt security before its anticipated recovery, the amortized cost basis of the AFS debt security is written down to fair value and any previously recognized allowance is reversed. The write-down is reported in "Realized investment gains (losses), net."

Interest income, including amortization of premium and accretion of discount, are included in "Net investment income" under the effective yield method. Prepayment premiums are also included in "Net investment income."

For high credit quality mortgage-backed and asset-backed AFS debt securities (those rated AA or above), the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. The adjustments to amortized cost are recorded as a charge or credit to "Net investment income" in accordance with the retrospective method.

For mortgage-backed and asset-backed AFS debt securities rated below AA, the effective yield is adjusted prospectively for any changes in the estimated timing and amount of cash flows unless the investment is purchased with credit deterioration or an allowance is currently recorded for the respective security. If an investment is impaired, any changes in the estimated timing and amount of cash flows will be recorded as the credit impairment, as opposed to a yield adjustment. If the asset is purchased with credit deterioration (or previously impaired), the effective yield will be adjusted if there are favorable changes in cash flows subsequent to the allowance being reduced to zero.

For mortgage-backed and asset-backed AFS debt securities, cash flow estimates consider the payment terms of the underlying assets backing a particular security, including interest rate and prepayment assumptions based on data from widely accepted third-party data sources or internal estimates. In addition to interest rate and prepayment assumptions, cash flow estimates also include other assumptions regarding the underlying collateral including default rates and recoveries, which vary based on the asset type and geographic location, as well as the vintage year of the security. These assumptions can significantly impact income recognition, unrealized gains and loss recorded in OCI, and the amount of impairment recognized in earnings. The payment priority of the respective security is also considered. For all other AFS debt securities, cash flow estimates are driven by assumptions regarding probability of default and estimates regarding timing and amount of recoveries associated with a default. The Company has developed these estimates using information based on its historical experience as well as using market observable data, such as industry analyst reports and forecasts, sector credit ratings and other data relevant to the collectability of a security, such as the general payment terms of the security and the security's position within the capital structure of the issuer.

"Fixed maturities, held-to-maturity, at amortized cost" ("HTM debt securities") includes bonds that the Company has both the positive intent and ability to hold to maturity, and are carried at amortized cost, net of the current expected credit loss ("CECL") allowance. Interest income for HTM debt securities is computed in the same manner as interest income for AFS debt securities. In the third quarter of 2023, the Company changed its intent to hold a portion of its HTM debt securities portfolio, which it would redeem as part of a reinsurance transaction. As a result, beginning September 30, 2023, the entire HTM debt securities portfolio was reclassified to AFS debt securities and recorded at fair value.

Prior to the reclassification, credit impairment for HTM debt securities was recorded through a CECL allowance. The CECL allowance was generally determined based on probability of default and loss given default assumptions according to sector, credit quality and remaining time to maturity. Changes in the allowance were reported in "Realized investment gains (losses), net." Once the Company deemed all or a portion of the amortized cost uncollectible, the uncollectible portion of the allowance was removed from the balance sheet by writing down the amortized cost basis of the security.

The CECL allowance represents the Company's best estimate of expected credit losses over the remaining life of the assets. The determination of the allowance considers historical credit loss experience, current conditions, and reasonable and supportable forecasts. The allowance was calculated separately for each HTM debt security.

Key inputs to the CECL model include unpaid principal balances, credit ratings, annual expected loss factors, average life adjusted for prepayment considerations, current and historical interest rate assumptions, and other factors influencing the Company's view of the current stage of the economic cycle and future economic conditions. Subjective considerations include a review of whether historical loss experience is representative of current market conditions and the Company's view of the credit cycle. Model assumptions and factors are reviewed and updated as appropriate.

Fixed maturities, trading, at fair value ("Trading debt securities") includes debt securities that are carried at fair value, such as fixed maturities with embedded features that are considered derivatives and assets contained within consolidated variable interest entities. See Note 6 for additional information regarding the determination of fair value. Realized and unrealized gains and losses for these investments are reported in "Other income (loss)," and interest income from these investments is reported in "Net investment income."

Assets supporting experience-rated contractholder liabilities, at fair value includes invested assets that consist of fixed maturities, equity securities, short-term investments and cash equivalents, that support certain products which are experience-rated, meaning that the investment results associated with these products are expected to ultimately accrue to contractholders. Realized and unrealized gains and losses for these investments are reported in "Other income (loss)." Interest and dividend income from these investments is reported in "Net investment income."

Equity securities, at fair value consists of common stock, mutual fund shares and non-redeemable preferred stock carried at fair value. Realized and unrealized gains and losses on these investments are reported in "Other income (loss)," and dividend income is reported in "Net investment income" on the ex-dividend date.

Commercial mortgage and other loans consists of commercial mortgage loans, agricultural property loans, as well as certain other collateralized and uncollateralized loans. Uncollateralized loans primarily represent reverse dual currency loans and corporate loans held by the Company's international insurance operations.

Commercial mortgage and other loans originated and held for investment are generally carried at unpaid principal balance, net of unamortized deferred loan origination fees and expenses, and net of any CECL allowance. Certain off-balance sheet credit exposures (e.g., indemnification of serviced mortgage loans, and certain unfunded mortgage loan commitments where the Company cannot unconditionally cancel the commitment) are also subject to a CECL allowance. See Note 25 for additional information. The Company carries certain commercial mortgage loans originated within the Company's commercial mortgage operations at fair value where the fair value option has been elected. Loans held for sale where the Company has not elected the fair value option are carried at the lower of cost or fair value. Commercial mortgage and other loans acquired, including those related to the acquisition of a business, are recorded at fair value when purchased, reflecting any premiums or discounts to unpaid principal balances. Interest income, and the amortization of the related premiums or discounts, are included in "Net investment income" under the effective yield method. Prepayment fees are also included in "Net investment income."

The CECL allowance represents the Company's best estimate of expected credit losses over the remaining life of the assets or off-balance sheet credit exposures. The determination of the allowance considers historical credit loss experience, current conditions, and reasonable and supportable forecasts. The allowance is calculated separately for commercial mortgage loans, agricultural mortgage loans, and other collateralized and uncollateralized loans. For commercial mortgage and agricultural mortgage loans, the allowance is calculated using an internally developed CECL model that pools together loans that share similar risk characteristics. Similar risk characteristics used to create the pools include, but are not limited to, vintage, maturity, credit rating, and collateral type.

Key inputs to the CECL model include unpaid principal balances, internal credit ratings, annual expected loss factors, average lives of the loans adjusted for prepayment considerations, current and historical interest rate assumptions, and other factors influencing the Company's view of the current stage of the economic cycle and future economic conditions. Subjective considerations include a review of whether historical loss experience is representative of current market conditions and the Company's view of the credit cycle. Model assumptions and factors are reviewed and updated as appropriate. Information about certain key inputs is detailed below.

Key factors in determining the internal credit ratings for commercial mortgage and agricultural mortgage loans include loan-to-value and debt-service-coverage ratios. Other factors include amortization, loan term, and estimated market value growth rate and volatility for the property type and region. The loan-to-value ratio compares the carrying amount of the loan to the fair value of the underlying property or properties collateralizing the loan, and is commonly expressed as a percentage. Loan-to-value ratios greater than 100% indicate that the carrying amount of the loan exceeds the collateral value. A loan-to-value ratio less than 100% indicates an excess of collateral value over the carrying amount of the loan. The debt service coverage ratio is a property's net operating income as a percentage of its debt service payments. Debt service coverage ratios less than 1.0 indicates that property operations do not generate enough income to cover the loan's current debt payments. A debt service coverage ratio greater than 1.0 indicates an excess of net operating income over the debt service payments. The values utilized in calculating these ratios are developed as part of the Company's periodic review of the commercial mortgage loan and agricultural property loan portfolios, which includes an internal appraisal of the underlying collateral value. The Company's periodic review also includes a quality re-rating process, whereby the internal quality rating originally assigned at underwriting is updated based on current loan, property and market information using a proprietary quality rating system. See Note 3 for additional information related to the loan-to-value ratios and debt service coverage ratios related to the Company's commercial mortgage and agricultural loan portfolios.

Annual expected loss rates are based on historical default and loss experience factors. Using average lives, the annual expected loss rates are converted into life-of-loan loss expectations.

When individual loans no longer have the credit risk characteristics of the commercial or agricultural mortgage loan pools, they are removed from the pools and are evaluated individually for an allowance. The allowance is determined based on the outstanding loan balance less the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The CECL allowance on commercial mortgage and other loans can increase or decrease from period to period based on the factors noted above. The change in allowance is reported in "Realized investment gains (losses), net." As it relates to unfunded commitments that are in scope of this guidance, the CECL allowance is reported in "Other liabilities," and the change in the allowance is reported in "Realized investment gains (losses), net."

The CECL allowance for other collateralized and uncollateralized loans (e.g., corporate loans) carried at amortized cost is determined based on probability of default and loss given default assumptions by sector, credit quality and average lives of the loans. Additions to, or releases of, the allowance are reported in "Realized investment gains (losses), net."

Once the Company has deemed a portion of the amortized cost to be uncollectible, the uncollectible portion of allowance is removed from the balance sheet by writing down the amortized cost basis of the loan. The carrying amount of the loan is not adjusted for subsequent recoveries in value.

Interest received on loans that are past due is either applied against the principal or reported as net investment income based on the Company's assessment as to the collectability of the principal. The Company defines "past due" as principal or interest not collected at least 30 days past the scheduled contractual due date. See Note 3 for additional information about the Company's past due loans.

The Company discontinues accruing interest on loans after the loans become 90 days delinquent as to principal or interest payments, or earlier when the Company has doubts about collectability. When the Company discontinues accruing interest on a loan, any accrued but uncollectible interest on the loan and other loans backed by the same collateral, if any, is charged against interest income in the same period. Generally, a loan is restored to accrual status only after all delinquent interest and principal are brought current and, in the case of loans where the payment of interest has been interrupted for a substantial period, or the loan has been modified, a regular payment performance has been established.

Commercial mortgage and other loans are occasionally restructured. These restructurings generally include one or more of the following: full or partial payoffs outside of the original contract terms; changes to interest rates; extensions of maturity; or additions or modifications to covenants. Additionally, the Company may accept assets in full or partial satisfaction of the debt. Effective January 1, 2023, the Company adopted Accounting Standard Update ("ASU") 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosure,* on a prospective basis. This ASU eliminates the accounting guidance for Troubled Debt Restructurings ("TDR") for creditors and requires all loan restructurings to follow the modification guidance in ASC 310-20.

Prior to the adoption of ASU 2022-02, when restructurings occurred, they were evaluated individually to determine whether the restructuring or modification constituted a TDR as defined by authoritative accounting guidance. If the borrower was experiencing financial difficulty and the Company granted a concession, the restructuring, including those that involved a partial payoff or the receipt of assets in full satisfaction of the debt was deemed to be a TDR. If a loan modification was a TDR, the CECL allowance of the loan was remeasured using the modified terms and the loan's original effective yield.

Post adoption of ASU 2022-02, all restructurings are evaluated under the modification guidance in ASC 310-20. When a loan is modified, the Company evaluates whether the restructuring results in a continuation of the existing loan or a new loan. For modifications that result in a continuation of the existing loan, the CECL allowance of the loan is remeasured using the modified terms, including the loan's post-modification effective yield, and the allowance is adjusted accordingly.

For modifications that result in a new loan, any CECL allowance is reversed and a direct write-down of the loan is recorded for the amount of the allowance, and any additional loss, net of recoveries, or any gain is recorded for the difference between the fair value of the new loan and the recorded investment in the loan. The new loan is evaluated prospectively for credit impairment based on the CECL allowance process noted above.

The Company's PGIM business provides commercial mortgage origination, underwriting and servicing for certain government sponsored entities ("GSEs"). The Company has agreed to indemnify the GSEs for a portion of the credit risk associated with certain of the mortgages it services. Management has established a CECL allowance that factors in historical loss information, current conditions and reasonable and supportable forecasts. The allowance also considers the remaining lives of the loans subject to the indemnification. The CECL allowance is included in "Other liabilities" and changes in the CECL allowance are reported in "Realized investment gains (losses), net." See Note 25 for additional information.

Policy loans represents funds loaned to policyholders up to the cash surrender value of the associated insurance policies and are carried at the unpaid principal balances due to the Company from the policyholders. Interest income on policy loans is recognized in "Net investment income" at the contract interest rate when earned. Policy loans are fully collateralized by the cash surrender value of the associated insurance policies.

Other invested assets consists of the Company's non-coupon investments in limited partnerships and limited liability companies ("LPs/LLCs"), other than joint ventures and other operating entities, as well as wholly-owned investment real estate, derivative assets and other investments. LPs/LLCs interests are accounted for using either the equity method of accounting, or at fair value with changes in fair value reported in "Other income (loss)." The Company's income from investments in LPs/LLCs accounted for using the equity method, other than the Company's investments in joint ventures and other operating entities, is included in "Net investment income." The carrying value of these investments is written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary. In applying the equity method (including assessment for OTTI), the Company uses financial information provided by the investee, generally on a one to three-month lag. The Company consolidates LPs/LLCs in certain other instances where it is deemed to exercise control, or is considered the primary beneficiary of a variable interest entity. See Note 4 for additional information about VIEs.

The Company's wholly-owned investment real estate consists of real estate which the Company has the intent to hold for the production of income as well as real estate held for sale. Real estate which the Company has the intent to hold for the production of income is carried at depreciated cost less any write-downs to fair value for impairment losses and is reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Real estate held for sale is carried at the lower of depreciated cost or fair value less estimated selling costs and is not further depreciated once classified as such. An impairment loss is recognized when the carrying value of the investment real estate exceeds the estimated undiscounted future cash flows (excluding interest charges) from the investment. At that time, the carrying value of the investment real estate is written down to fair value. Decreases in the carrying value of investment real estate held for the production of income due to OTTI are recorded in "Realized investment gains (losses), net." Depreciation on real estate held for the production of income is computed using the straight-line method over the estimated useful lives of the properties and is included in "Net investment income."

Short-term investments primarily consists of highly liquid debt instruments with a maturity of twelve months or less and greater than three months when purchased, other than those debt instruments meeting this definition that are included in "Assets supporting experience-rated contractholder liabilities, at fair value." These investments are generally carried at fair value or amortized cost that approximates fair value and include certain money market investments, funds managed similar to regulated money market funds, short-term debt securities issued by government-sponsored entities and other highly liquid debt instruments.

Cash and cash equivalents includes cash on hand, amounts due from banks, certain money market investments, funds managed similar to regulated money market funds, other debt instruments with maturities of three months or less when purchased, other than cash equivalents that are included in "Assets supporting experience-rated contractholder liabilities, at fair value," and receivables related to securities purchased under agreements to resell (see also "*Securities sold under agreements to repurchase*" below). These assets are generally carried at fair value or amortized cost which approximates fair value.

Accrued investment income primarily includes accruals of interest and dividend income from investments that have been earned but not yet received.

Deferred policy acquisition costs ("DAC") represents costs directly related to the successful acquisition of new and renewal insurance and annuity business. Such DAC primarily includes commissions, costs of policy issuance and underwriting, and certain other expenses that are directly related to successfully acquired contracts. In each reporting period, previously capitalized DAC is amortized and included in "Amortization of deferred policy acquisition costs." Upon the adoption of ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, the carrying amount of DAC for long-duration contracts is no longer subject to recoverability testing.

DAC for most long-duration contracts is amortized on a constant-level basis at a grouped contract level over the expected life of the underlying insurance contracts. Contracts are grouped consistent with the groupings used to estimate the liability for future policy benefits (or other related balances) for the corresponding contracts. Since contracts within a grouping may be of different sizes, contracts within a group are weighted to achieve appropriate amortization and to ensure that DAC is derecognized when a policy is no longer in force. The constant-level basis used to weight contracts within a grouping and amortize DAC is generally defined as follows:

- *Life insurance contracts*—DAC associated with life insurance contracts is generally amortized in proportion to the initial face amount of life insurance in force. This is applicable to traditional and universal life insurance products in the Individual Life and International Businesses segments and Closed Block division, and group corporate- and bank-owned life insurance contracts in the Group Insurance segment.
- *Payout annuity contracts*—DAC associated with payout annuity contracts in the Retirement Strategies segment is amortized in proportion to annual benefit payments.
- *Deferred annuity contracts*—DAC associated with fixed and variable deferred annuity contracts in the Retirement Strategies and International Businesses segments is amortized in proportion to deposits.
- *Health contracts*—DAC associated with health contracts in the International Businesses segment is generally amortized in proportion to maximum lifetime benefits.

For funding agreement note contracts, single premium structured settlement contracts without life contingencies, and single premium immediate annuities without life contingencies, acquisition expenses are deferred and amortized over the expected life of the contracts using the interest method. For other group life and disability insurance contracts and guaranteed investment contracts ("GICs"), acquisition costs are expensed as incurred.

Current period DAC amortization reflects the impact of changes in actual insurance in force during the period and changes in future assumptions effected as of the end of the quarter, where applicable. The Company typically updates actuarial assumptions annually in the second quarter (see "Annual Assumptions Review" below), unless a material change is observed in an interim period that is indicative of a long-term trend. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, the Company expects such changes to be gradual over the long-term.

Assumptions used for DAC are consistent with those used in estimating the liability for future policy benefits (or any other related balance) for the corresponding contract. Determining the level of aggregation and actuarial assumptions used in projecting in-force terminations requires judgment. Internal criteria are developed to determine the level of aggregation by considering both qualitative and quantitative materiality thresholds.

The assumptions used in projecting in-force terminations are mortality, mortality improvement, and lapse assumptions. These assumptions are generally based on the Company's experience, industry experience and/or other factors, as applicable. For variable deferred annuity contracts, lapse rates are adjusted at the contract level based on the in-the-moneyness of the living benefits and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates are also generally assumed to be lower for the period where surrender charges apply.

For some products, policyholders can elect to modify product benefits, features, rights or coverages by exchanging a contract for a new contract or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. These transactions are known as internal replacements. If policyholders surrender traditional life insurance policies in exchange for life insurance policies that do not have fixed and guaranteed terms, the Company immediately charges to expense the remaining unamortized DAC on the surrendered policies. For other internal replacement transactions, except those that involve the addition of a non-integrated contract feature that does not change the existing base contract, the unamortized DAC is immediately charged to expense if the terms of the new policies are not substantially similar to those of the former policies. If the new terms are substantially similar to those of the earlier policies, the DAC is retained with respect to the new policies and amortized over the expected life of the new policies. See Note 7 for additional information regarding DAC.

Value of business acquired ("VOBA") represents identifiable intangible assets to which a portion of the purchase price in a business acquisition is attributed under the application of purchase accounting. VOBA represents an adjustment to the stated value of in-force insurance contract liabilities to present them at fair value, determined as of the acquisition date. VOBA balances are subject to recoverability testing in the manner in which they were acquired. The Company has established a VOBA asset primarily for its acquired life insurance products and accident and health products with fixed benefits. As of December 31, 2024, the majority of the VOBA balance relates to the 2011 acquisition of AIG Star Life Insurance Co., Ltd, AIG Edison Life Insurance Company, AIG Financial Assurance Japan K.K. and AIG Edison Service Co., Ltd. (collectively, the "Star and Edison Businesses"). The Company records amortization of VOBA in "General and administrative expenses" and amortizes it over the anticipated life of the acquired contracts using the same methodology, factors, and assumptions used to amortize DAC and deferred sales inducements ("DSI"). See Note 7 for additional information regarding VOBA.

Market risk benefit assets represents market risk benefits ("MRBs") in an asset position and are presented separately from MRBs in a liability position. See "Market risk benefit liabilities" below. MRB assets also reflect ceded MRBs resulting from reinsurance of the Company's Prudential Defined Income ("PDI") traditional variable annuity contracts. See Note 15 for additional information regarding the reinsurance of PDI.

Reinsurance recoverables and deposit receivables includes amounts recoverable under reinsurance agreements and receivables that follow the deposit method of accounting (see *"Reinsurance"* below).

Other assets consists primarily of prepaid pension benefit costs (see Note 19), certain restricted assets (e.g., cash and cash equivalents), trade receivables, goodwill and other intangible assets, "right-of-use" lease assets (see "*Other liabilities*" below), DSI, the Company's investments in joint ventures and other operating entities, property and equipment, deferred reinsurance losses (see *"Reinsurance"* below) and receivables resulting from sales of securities that had not yet settled at the balance sheet date.

Trade receivables primarily relate to Assurance IQ ("AIQ") and are reported net of the CECL allowance. The CECL allowance considers the credit quality of the counterparties and is generally determined based on probability of default and loss given default assumptions. Additions to or releases of the allowance are reported in "General and administrative expenses." In March 2024, the Company committed to a plan to exit the operations of AIQ.

Property and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets, which generally range from 3 to 40 years.

As a result of certain acquisitions, the Company recognizes an asset for goodwill representing the excess of cost over the net fair value of the assets acquired and liabilities assumed. Goodwill is assigned to reporting units at the date the goodwill is initially recorded. A reporting unit is an operating segment, or a unit one level below the operating segment if discrete financial information is prepared and regularly reviewed by management at that level. Once goodwill has been assigned to reporting units, it no longer retains its association with a particular acquisition, and all of the activities within a reporting unit, whether acquired or organically grown, are available to support the value of the goodwill.

The Company tests goodwill for impairment annually as of December 31 and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Accounting guidance provides for an optional qualitative assessment for testing goodwill impairment that may allow companies to skip the quantitative test. As part of the annual goodwill impairment test, the Company estimates the fair value of the reporting units by applying the quantitative test, which involves comparing each reporting unit's fair value to its carrying value including goodwill. If the fair value of a reporting unit exceeds its carrying value, the applicable goodwill is considered not to be impaired. If the carrying value exceeds fair value, goodwill is reduced and an impairment charge to income is recognized for the excess. The measurement of a goodwill impairment loss includes the related income tax effect from any tax deductible goodwill. The impairment loss cannot exceed the amount of goodwill assigned to a reporting unit, and the loss establishes a new basis in the goodwill. Subsequent reversal of goodwill impairment losses is not permitted. Management is required to make significant estimates in determining the fair value of a reporting unit including, but not limited to: projected revenues and operating margins, applicable discount and growth rates, and comparative market multiples. See Note 10 for additional information regarding goodwill.

Deferred Sales Inducements are amounts that are credited to a policyholders' account balance primarily as an inducement to purchase fixed and/or variable deferred annuity contracts. The Company defers sales inducements and amortizes them over the expected life of the policy using the same methodology, factors and assumptions used to amortize DAC. The Company records amortization of DSI in "Interest credited to policyholders' account balances." Unlike DAC, DSI are considered contractual cash flows and, as a result, are subject to periodic recoverability testing. See Note 7 for additional information regarding DSI.

Identifiable intangible assets primarily include customer relationships and mortgage servicing rights and are recorded net of accumulated amortization. The Company tests identifiable intangible assets for impairment on an annual basis as of December 31 of each year or whenever events or circumstances suggest that the carrying value of an identifiable intangible asset may exceed the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If this condition exists and the carrying value of an identifiable intangible asset exceeds its fair value, the excess is recognized as an impairment and is recorded as a charge against net income. Measuring intangible assets requires the use of estimates. Significant estimates include the projected net cash flow attributable to the intangible asset and the rate at which future net cash flows are discounted for purposes of estimating fair value, as applicable. See Note 10 for additional information regarding identifiable intangible assets.

Investments in joint ventures and other operating entities are generally accounted for under the equity method. The carrying value of these investments is written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary. See Note 9 for additional information regarding investments in joint ventures and other operating entities.

Leases are recorded on the balance sheet as "right-of-use" assets and lease liabilities within "Other assets" and "Other liabilities" respectively. Leases are classified as either operating or finance leases and lease expense is recognized within "General and administrative expenses." As a lessee, for operating leases, total lease expense is recognized using a straight-line method. Finance leases are treated as the purchase of an asset on a financing basis. Additionally, as a lessor, for sales-type and direct financing leases, the Company derecognizes the carrying value of the leased asset that is considered to have been transferred to a lessee and records a lease receivable and residual asset ("receivable and residual" approach). See Note 11 for additional information regarding leases.

Separate account assets represents segregated funds that are invested for certain policyholders, pension funds and other customers. The assets consist primarily of equity securities, fixed maturities, real estate-related investments, real estate mortgage loans, short-term investments and derivative instruments and are reported at fair value. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. The investment income and realized investment gains or losses from separate account assets generally accrue to the policyholders and are not included in the Company's results of operations. Mortality, policy administration and surrender charges assessed against the accounts are included in "Policy charges and fee income." Asset management fees charged to the accounts are included in "Asset management and service fees." Seed money that the Company invests in separate accounts is reported in the appropriate general account asset line. Investment income and realized investment gains or losses from seed money invested in separate accounts accrue to the Company and are included in the Company's results of operations. See Note 8 for additional information regarding separate account arrangements with contractual guarantees. See also "Separate account liabilities" below.

LIABILITIES

Future policy benefits primarily consists of the present value of expected future payments to or on behalf of policyholders, where the timing and amount of such payments depend on policyholder mortality or morbidity, less the present value of expected future net premiums (where net premiums are gross premiums multiplied by the Net-To-Gross ("NTG") ratio discussed below). The liability for future policy benefits is accrued over time as premium revenue is recognized. See Note 12 for additional information regarding future policy benefits.

The reserving methodology used for non-participating traditional and limited-payment contracts include the following:

- *Cash Flow Assumptions*. In measuring the liability for future policy benefits, the net premium valuation methodology is utilized. Under this methodology, a liability for future policy benefits is established using current best estimate insurance assumptions and interest rate assumptions locked-in at contract issuance date. The NTG ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums. The liability is then determined as the present value of expected future policy benefits and non-level claim settlement expenses less the present value of expected future net premiums. For purposes of liability measurement, contracts are grouped into cohorts based primarily on issue year, reportable segment and major product line.

  The NTG ratio is generally updated quarterly for actual experience and annually in the second quarter of each year for future cash flow assumption updates during the Company's annual assumptions review process unless a material change is observed in an interim period that is indicative of a long-term trend (see "Annual Assumptions Review" below), with the exception of claim settlement expense assumptions which the Company has made an entity-wide election to lock-in as of contract issuance. The NTG ratio is subject to a retrospective unlocking method whereby the Company updates its best estimate of cash flows expected over the life of the cohort using actual historical experience and updated future cash flow assumptions. These updated cash flows are used to calculate the revised NTG ratio, which is used to derive an updated liability for future policy benefits as of the beginning of the current reporting period, discounted at the original contract issuance discount rate. The updated liability for future policy benefit amount as of the beginning of the quarter is then compared to the carrying amount of the liability as of that same date, before the updates for actual experience or future cash flow assumptions, to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss that is recorded through current period earnings in "Change in estimates of liability for future policy benefits." In subsequent periods, the revised NTG ratio is used to measure the liability for future policy benefits, subject to future revisions.

  If a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for expected future policy benefits and non-level claim settlement expenses, the NTG ratio is capped at 100%. In these instances, all changes in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately. While the liability for future policy benefits cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring"), the NTG ratio may be negative. This would be the case whereby conditions have improved such that the present value of future net premiums plus the existing liability for future policy benefits as of the valuation date exceed the present value of expected future policy benefits and non-level claim settlement expenses. In this case, the negative NTG ratio would be applied going forward to gross premiums received, effectively amortizing the gain into income and reducing the liability over time.

  In addition, for limited-payment contracts, the liability for future policy benefits also includes a Deferred Profit Liability ("DPL") representing gross premiums received in excess of net premiums and is generally recognized in revenue in a constant relationship with insurance in force for life contracts or with the amount of expected future benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits discussed above. The DPL cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring").

For contracts issued prior to January 1, 2021, the modified retrospective transition method was used to transition to ASU 2018-12. Under this method, the transition date of January 1, 2021 serves as the new issue date of the contracts in force for purposes of retrospectively unlocking the NTG ratio and DPL, as described above.

- *Discount Rate Assumption.* The locked-in discount rate is generally based on expected investment returns at contract inception for contracts issued prior to January 1, 2021 and the upper-medium grade fixed income corporate instrument yield (i.e., global single A) at contract inception for contracts issued on or after January 1, 2021. The discount rate in effect at contract inception is locked-in for the calculation of the NTG ratio and accretion of interest cost on the liability through net income. However, for balance sheet remeasurement purposes, the discount rate is updated using the current single A rate at each reporting period, with the effect on the liability resulting from such update recorded in "Interest rate remeasurement of future policy benefits" in OCI.

  The methodology used in constructing the single A discount rate curve for discounting cash flows used to calculate the liability for future policy benefits is intended to be reflective of the characteristics of the applicable insurance liabilities. The single A discount rate curve is developed by reference to upper-medium grade (low credit risk) fixed-income instrument yields that reflect the duration characteristics of the applicable insurance liabilities. The single A discount curve for the United States and foreign economies, such as Japan, with observable corporate A spreads, is developed using government bond rates, plus globally equivalent public corporate A spreads in the observable periods. The definition of upper medium grade is based on Moody's definition which includes the spectrum of A (i.e., A- to A+). The rate used in foreign operations (with the exception of certain emerging markets, as discussed below) is based on the equivalent of a single A rate from a global rating agency for corporate bonds issued in the same currency and country in which the insurance contract is written. Liquidity is considered in defining the observable period and linear extrapolation is performed to the Company's ultimate long-term economic assumptions. See "Annual Assumptions Review" below for further discussion regarding the Company's long-term economic assumption setting process.

  The Company has foreign currency denominated insurance obligations to policyholders in certain emerging markets where there is limited or no observable market data on upper-medium grade (low credit risk) fixed-income instrument yields. As a proxy for the upper-medium grade fixed-income instrument yield, the Company estimates an equivalent global single A yield in the currency of the emerging economy by converting a global single A U.S. dollar bond yield curve based on the relationship between market observable U.S. Treasury and foreign sovereign yield curves of similar duration as the insurance liability cash flows. The derived global single A curves in the foreign currency are evaluated against available evidence of observable global single A corporate bond rates in similar emerging economies. The Company uses interpolation and extrapolation techniques to complete the discount rate construction for the duration of the insurance liabilities to calculate the liability for future policy benefits denominated in the local currencies.

The Company's liability for future policy benefits also includes net liabilities for guaranteed benefits related to certain long-duration life contracts, such as no-lapse guarantee contract features (Additional Insurance Reserves or "AIR" liability), for which a liability is established when associated assessments are recognized (which include investment margin on policyholders' account balances deposited to fixed and indexed funds and all policy charges including charges for administration, mortality, expense, surrender and other charges). This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (i.e., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). Any adjustments to this liability related to net unrealized gains (losses) on securities classified as available-for-sale are included in AOCI.

For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions as of the testing date. If the liabilities determined based on these best estimate assumptions are greater than the net reserves (i.e., GAAP reserves including unearned revenue reserves ("URR"), net of reinsurance, and any DSI or VOBA asset), the existing net reserves are adjusted by first reducing assets such as DSI, VOBA or deferred reinsurance loss by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than these asset balances for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings included in "Policyholders' benefits." Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in AOCI.

The Company's liability for future policy benefits also includes a liability for unpaid claims and claim adjustment expenses. The Company does not establish claim liabilities until a loss has been incurred. However, unpaid claims and claim adjustment expenses include estimates of claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date.

Policyholders' account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. These policyholders' account balances also include provision for benefits under non-life contingent payout annuities and certain unearned revenues. The unearned revenue liability represents policy charges for services to be provided in future periods. The charges are deferred as incurred and are generally amortized over the expected life of the contract using the same methodology, factors, and assumption used to amortize DAC. See Note 13 for additional information regarding policyholders' account balances. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. For additional information regarding the valuation of these embedded derivatives, see Note 6.

Market risk benefit liabilities represents contracts or contract features that provide protection to the contractholder and exposes the Company to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits in the Retirement Strategies segment including guaranteed minimum death benefits (“GMDB”), guaranteed minimum income benefits (“GMIB”), guaranteed minimum accumulation benefits (“GMAB”), guaranteed minimum withdrawal benefits (“GMWB”) and guaranteed minimum income and withdrawal benefits (“GMIWB”). The benefits are accounted for using a fair value measurement framework. If a contract contains multiple market risk benefits, the benefits are bundled together and accounted for as a single compound market risk benefit. Market risk benefits in an asset position are presented separately from those in a liability position as there is no legal right of offset between contracts. The fair value of market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The fair value of market risk benefits is based on assumptions a market participant would use in valuing market risk benefits. For additional information regarding the valuation of market risk benefits, see Note 6. On a quarterly basis, changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in “Change in value of market risk benefits, net of related hedging gains (losses),” except for the portion of the change attributable to changes in the Company’s non-performance risk (“NPR”) which is recorded in OCI. See Note 14 for additional information regarding market risk benefits. See “Reinsurance” below for information regarding the reinsurance of MRBs.

Policyholders’ dividends includes dividends payable to policyholders and the policyholder dividend obligation associated with the participating policies included in the Closed Block. The dividends payable for participating policies included in the Closed Block are determined at the end of each year for the following year by the Board of Directors of The Prudential Insurance Company of America (“PICA”) based on its statutory results, capital position, ratings, and the emerging experience of the Closed Block. The policyholder dividend obligation represents amounts expected to be paid to Closed Block policyholders as an additional policyholder dividend unless otherwise offset by future Closed Block performance. Any adjustments to the policyholder dividend obligation related to net unrealized gains (losses) on securities classified as available-for-sale are included in AOCI. For additional information regarding the policyholder dividend obligation, see Note 16. The dividends payable for policies other than the participating policies included in the Closed Block include dividends payable in accordance with certain group and individual insurance policies.

Securities sold under agreements to repurchase represents liabilities associated with securities repurchase agreements that are used primarily to earn spread income. As part of securities repurchase agreements, the Company transfers U.S. government and government agency securities to a third party and receives cash as collateral. For securities repurchase agreements, the cash received is typically invested in cash equivalents, short-term investments or fixed maturities. Receivables associated with securities purchased under agreements to resell are generally reflected as cash equivalents. As part of securities resale agreements, the Company invests cash and receives as collateral U.S. government securities or other debt securities.

Securities repurchase and resale agreements that satisfy certain criteria are treated as secured borrowing or secured lending arrangements. These agreements are carried at the amounts at which the securities will be subsequently resold or reacquired, as specified in the respective transactions. For securities purchased under agreements to resell, the Company’s policy is to take possession or control of the securities either directly or through a third-party custodian. These securities are valued daily, and additional securities or cash collateral is received, or returned, when appropriate to protect against credit exposure. Securities to be resold are the same, or substantially the same, as the securities received. The majority of these transactions are with large brokerage firms and large banks. For securities sold under agreements to repurchase, the market value of the securities to be repurchased is monitored, and additional collateral is obtained where appropriate, to protect against credit exposure. The Company obtains collateral in an amount at least equal to 95% of the fair value of the securities sold. Securities to be repurchased are the same, or substantially the same, as those sold. The majority of these transactions are with highly rated money market funds. Income and expenses related to these transactions executed within the insurance companies used to earn spread income are reported as “Net investment income.”

Cash collateral for loaned securities represents liabilities to return cash proceeds from security lending transactions. Securities lending transactions are used primarily to earn spread income. As part of securities lending transactions, the Company transfers U.S. and foreign debt and equity securities, as well as U.S. government and government agency securities, and receives cash as collateral. Cash proceeds from securities lending transactions are primarily used to earn spread income, and are typically invested in cash equivalents, short-term investments or fixed maturities. Securities lending transactions are treated as financing arrangements and are recorded at the amount of cash received. The Company obtains collateral in an amount equal to 102% and 105% of the fair value of the domestic and foreign securities, respectively. The Company monitors the market value of the securities loaned on a daily basis with additional collateral obtained as necessary. Substantially all of the Company’s securities lending transactions are with large brokerage firms and large banks. Income and expenses associated with securities lending transactions used to earn spread income are reported as “Net investment income.”

The Company also enters into securities lending transactions where non-cash collateral, typically U.S. government, Japanese government, or other sovereign bonds are received. The collateral received is not reported on the Company’s Consolidated Statements of Financial Position. In these transactions, the Company receives a fee and obtains collateral in an amount equal to 102% to 105% of the fair value of the loaned securities. The Company monitors the market value of the securities loaned on a daily basis with additional collateral obtained as necessary. Substantially all of these transactions are with large brokerage firms and large banks. Income is reported as “Net investment income.”

Reinsurance and funds withheld payables represents amounts payable under reinsurance agreements (see *"Reinsurance"* below).

Short-term and long-term debt liabilities are primarily carried at an amount equal to unpaid principal balance, net of unamortized discount or premium and debt issuance costs. Original-issue discount or premium and debt-issue costs are recognized as a component of interest expense over the period the debt is expected to be outstanding, using the interest method of amortization. Interest expense is generally presented within "General and administrative expenses" in the Company's Consolidated Statements of Operations. Interest expense may also be reported within "Net investment income" for certain activity, as prescribed by specialized industry guidance. Short-term debt is debt coming due in the next twelve months, including that portion of debt otherwise classified as long-term. The short-term debt caption may exclude short-term debt items for which the Company has the intent and ability to refinance on a long-term basis in the near-term. See Note 18 for additional information regarding short-term and long-term debt.

Other liabilities consists primarily of trade payables, lease liabilities (see "*Other assets*" above), pension and other employee benefit liabilities (see Note 19), derivative liabilities (see "*Derivative Financial Instruments*" below), deferred reinsurance gains (see *"Reinsurance"* below) and payables resulting from purchases of securities that had not yet settled at the balance sheet date.

Notes issued by consolidated variable interest entities represents notes issued by certain asset-backed investment vehicles, primarily collateralized loan obligations ("CLOs"), which the Company is required to consolidate. The creditors of these VIEs do not have recourse to the Company in excess of the assets contained within the VIEs. The Company has elected the fair value option for the majority of these notes, and has based the fair value on the corresponding bank loan collateral. Changes in fair value are reported in "Other income (loss)."

Separate account liabilities primarily represents the contractholders' account balances in separate account assets and to a lesser extent borrowings of the separate account, and will be equal and offsetting to total separate account assets. See also "Separate account assets" above.

Commitments and contingent liabilities are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. Management evaluates whether there are incremental legal or other costs directly associated with the ultimate resolution of the matter that are reasonably estimable and, if so, they are included in the accrual. These accruals are generally reported in "Other liabilities."

MEZZANINE EQUITY

Redeemable noncontrolling interests includes redeemable noncontrolling interests associated with certain consolidated PGIM-managed entities. These redeemable noncontrolling interests are classified as "Mezzanine equity" because their redemption is at the option of the holder and not within the control of the Company. Income (loss) attributable to redeemable noncontrolling interests is reported in "Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests."

REVENUES, BENEFITS AND EXPENSES

Insurance Revenue and Expense Recognition

Premiums from individual life products, other than universal and variable life contracts, and health insurance and long-term care products are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium (i.e., the portion of the gross premium required to provide for all expected future policy benefits and non-level claim settlement expenses) is generally deferred and recognized into revenue in a constant relationship to insurance in force. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Premiums from non-participating group annuities with life contingencies, single premium structured settlements with life contingencies and single premium immediate annuities with life contingencies are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium is generally deferred and recognized into revenue based on expected future benefit payments. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Certain individual annuity contracts provide the contractholder a guarantee that the benefit received upon death or annuitization will be no less than a minimum prescribed amount. These benefits are generally accounted for as market risk benefits (see "Market risk benefits" above).

Amounts received from policyholders as payment for universal or variable group and individual life contracts, deferred fixed or variable annuities, structured settlements and other contracts without life contingencies, and participating group annuities are reported as deposits to "Policyholders' account balances" and/or "Separate account liabilities." Revenues from these contracts are reflected in "Policy charges and fee income" consisting primarily of fees assessed during the period against the policyholders' account balances for mortality and other benefit charges, policy administration charges and surrender charges. In addition to fees, the Company earns investment income from the investment of deposits in the Company's general account portfolio. Fees assessed that represent compensation to the Company for services to be provided in future periods and certain other fees are generally deferred and amortized into revenue over the life of the related contracts using the same methodology, factors, and assumption used to amortize DAC as described above. Benefits and expenses for these products include claims in excess of related account balances, expenses of contract administration, interest credited to policyholders' account balances and amortization of DAC, DSI and VOBA.

Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products where changes in the value of the embedded derivatives are recorded through "Realized investment gains (losses), net." For additional information regarding the valuation of these embedded derivatives, see Note 6.

For group life, other than universal and variable group life contracts, and disability insurance, premiums are generally recognized over the period to which the premiums relate in proportion to the amount of insurance protection provided. Claim and claim adjustment expenses are recognized when incurred.

Asset management and service fees principally includes asset-based asset management fees, which are recognized in the period in which the services are performed. In certain asset management fee arrangements, the Company is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. The Company may be required to return all, or part, of such performance-based incentive fees depending on future performance of these assets relative to performance benchmarks. The Company records performance-based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied and it is probable that a significant reversal in the amount of the fee will not occur. Under this principle, the Company records a deferred performance-based incentive fee liability to the extent it receives cash related to the performance-based incentive fee prior to meeting the revenue recognition criteria delineated above.

Other income (loss) includes realized and unrealized gains or losses from investments classified "Fixed maturities, trading, at fair value," "Assets supporting experience-rated contractholder liabilities, at fair value," "Equity securities, at fair value," and "Other invested assets" that are measured at fair value and consolidated entities that follow specialized investment company fair value accounting. "Other income (loss)" also includes gains and losses primarily related to the remeasurement of foreign currency denominated assets and liabilities, as discussed in more detail under "*Foreign Currency*" below, as well as gains and losses related to business dispositions. See Note 1 for additional information regarding these dispositions.

Additionally, for digital insurance brokerage placement services provided by AIQ, the Company earns both initial and renewal commissions as compensation for the placement of insurance policies with insurance carriers. At the effective date of the policy, the Company records within "Other income (loss)" the expected lifetime revenue for the initial and renewal commissions considering estimates of the timing of future policy cancellations. These estimates are reassessed each reporting period and any changes in estimates are reflected in the current period. In March 2024, the Company committed to a plan to exit the operations of AIQ.

Realized investment gains (losses), net includes realized gains or losses from sales and maturities of investments, changes to the allowance for credit losses, other impairments, fair value changes on mortgage loans where the fair value option has been elected, and derivative gains or losses. The derivative gains or losses include the impact of maturities, terminations and changes in fair value of the derivative instruments, including embedded derivatives, and other hedging instruments. Realized investment gains (losses) from the sales of securities are generally calculated using the specific identification method, with the exception of some of the Company's International Businesses portfolios where the average cost method is used.

OTHER ACCOUNTING POLICIES

Income taxes receivable (payable) primarily represents the net deferred tax asset or liability and the Company's estimated taxes receivable or payable for the current year and open audit years.

The Company and its includable domestic subsidiaries file a consolidated federal income tax return that includes both life insurance companies and non-life insurance companies. Subsidiaries operating outside the U.S. are taxed, and income tax expense is recorded, based on applicable foreign statutes. See Note 17 for a discussion of certain non-U.S. jurisdictions for which the Company assumes repatriation of earnings.

Items required by tax regulations to be included in the tax return may differ from the items reflected in the financial statements. As a result, the effective tax rate reflected in the financial statements may be different than the actual rate applied on the tax return. Some of these differences are permanent such as expenses that are not deductible in the Company's tax return, and some differences are temporary, reversing over time, such as valuation of insurance reserves. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in future years for which the Company has already recorded the tax benefit in the Company's Consolidated Statements of Operations. Deferred tax liabilities generally represent tax expense recognized in the Company's financial statements for which payment has been deferred, or expenditures for which the Company has already taken a deduction in the Company's tax return but have not yet been recognized in the Company's financial statements. Deferred income taxes are recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes.

The application of U.S. GAAP requires the Company to evaluate the recoverability of the Company's deferred tax assets and establish a valuation allowance if necessary to reduce the Company's deferred tax assets to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. See Note 17 for a discussion of factors considered when evaluating the need for a valuation allowance.

The U.S. Tax Cuts and Jobs Act of 2017 ("Tax Act of 2017") included two new tax provisions that could impact the Company's effective tax rate and cash tax payments. The Base Erosion and Anti-Abuse Tax ("BEAT") taxes modified taxable income, starting at a rate of 10% in 2019 and increasing to 12.5% in 2026, and is due if the calculated BEAT amount that is determined without the benefit of foreign and certain tax credits is greater than the regular corporate tax in any given year. In general, modified taxable income is calculated by adding back to a taxpayer's regular taxable income the amount of certain "base erosion tax benefits" with respect to payments to foreign affiliates, as well as the "base erosion percentage" of any net operating loss deductions. Final Regulations confirmed that benefit and claim payments made by the Company's U.S. insurance business to foreign affiliates on reinsurance assumed by the U.S. affiliates are not base erosion payments. The Global Intangible Low-Taxed Income ("GILTI") provision applies a minimum U.S. tax to earnings of consolidated foreign subsidiaries in excess of a 10% deemed return on tangible assets of foreign subsidiaries by imposing the U.S. tax rate to 50% of earnings of such foreign affiliates and provides for a partial foreign tax credit for foreign income taxes. Beginning in 2026, the GILTI provisions will operate to impose the U.S. tax to 62.5% of such earnings. The amount of tax in any period on GILTI can depend on annual differences between U.S. taxable income recognition rules and taxable income recognition rules in the country of operations and the overall taxable income of U.S. operations, as well as U.S. expense allocation rules which limit the amount of foreign tax credits that can be applied to reduce the U.S. tax on the GILTI provision. Under certain circumstances, the taxable income of U.S. operations may cause more than 50% of earnings of foreign affiliates to be subject to the GILTI provision. In years that the PFI consolidated federal income tax return reports a net operating loss or has a loss attributable to U.S. sources of operations, including as a result of loss carrybacks, the GILTI provision would cause a loss of U.S. tax benefits for some or all of those losses, effectively increasing the tax on foreign earnings. The Company accounts for the effects of the BEAT and GILTI provisions as a period cost if and when incurred.

U.S. GAAP prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that a company has taken or expects to take on tax returns. The application of this guidance is a two-step process. First, the Company determines whether it is more likely than not, based on the technical merits, that the tax position will be sustained upon examination. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. The Company measures the tax position as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate resolution with a taxing authority that has full knowledge of all relevant information. This measurement considers the amounts and probabilities of the outcomes that could be realized upon ultimate settlement using the facts, circumstances, and information available at the reporting date.

The Company accrues a liability for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by the Internal Revenue Service ("IRS") or other taxing jurisdictions. Audit periods remain open for review until the statute of limitations has passed. Generally, for tax years which produce net operating losses, capital losses or tax credit carryforwards ("tax attributes"), the statute of limitations does not close, to the extent of these tax attributes, until the expiration of the statute of limitations for the tax year in which they are fully utilized. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the liability for income taxes. The Company classifies all interest and penalties related to tax uncertainties as income tax expense. See Note 17 for additional information regarding income taxes.

Share-Based Payments

The Company applies the fair value-based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans. Excess tax benefits (deficits) are recorded in earnings and represent the cumulative difference between the actual tax benefit realized and the amount of deferred tax assets recorded attributable to shared-based payment transactions.

The Company accounts for non-employee stock options using the fair value method in accordance with authoritative guidance and related interpretations on accounting for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling, goods or services.

Earnings Per Share

Earnings per share of Common Stock reflects the consolidated earnings of Prudential Financial. Basic earnings per share is computed by dividing available income attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share includes the effect of all dilutive potential common shares that were outstanding during the period. See Note 21 for additional information.

Foreign Currency

The currency in which the Company prepares its financial statements (the "reporting currency") is the U.S. dollar. Assets, liabilities and results of foreign operations are recorded based on the functional currency of each foreign operation. The determination of the functional currency is based on economic facts and circumstances pertaining to each foreign operation. The local currencies of the Company's foreign operations are typically their functional currencies with the most significant exception being the Company's Japanese operations where multiple functional currencies exist.

There are two distinct processes for expressing these foreign transactions and balances in the Company's financial statements: foreign currency measurement and foreign currency translation. Foreign currency measurement is the process by which transactions in foreign currencies are expressed in the functional currency. Gains and losses resulting from foreign currency measurement are reported in current earnings in "Other income (loss)." Foreign currency translation is the process of expressing a foreign entity's functional currency financial statements in the reporting currency. Assets and liabilities of foreign operations and subsidiaries reported in currencies other than U.S. dollars are translated at the exchange rate in effect at the end of the period. Revenues, benefits and other expenses are translated at the average rate prevailing during the period. The effects of translating the statements of operations and financial position of non-U.S. entities with functional currencies other than the U.S. dollar are included, net of related qualifying hedge gains and losses and income taxes, in "Foreign currency translation adjustment," a component of AOCI.

Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Values can also be affected by changes in estimates and assumptions, including those related to counterparty behavior and NPR used in valuation models. Derivative financial instruments generally used by the Company include swaps, futures, forwards and options and may be exchange-traded or contracted in the over-the-counter ("OTC") market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties (OTC-cleared), while others are bilateral contracts between two counterparties (OTC-bilateral). Derivative positions are carried at fair value, generally by obtaining quoted market prices or through the use of valuation models.

Derivatives are used to manage the interest rate and currency characteristics of assets or liabilities and to mitigate volatility of expected non-functional currency earnings and net investments in foreign operations resulting from changes in currency exchange rates. Additionally, derivatives may be used to reduce exposure to risks such as interest rate, credit, foreign currency and equity associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred. As discussed in detail below, and in Note 5, all realized and unrealized changes in fair value of derivatives are recorded in current earnings, with the exception of cash flow hedges and hedges of net investments in foreign operations. The Company may also enter into intercompany derivatives, the results of which ultimately eliminate in consolidation over the term of the instrument. Cash flows from derivatives are reported in the operating, investing, or financing activities sections in the Consolidated Statements of Cash Flows based on the nature and purpose of the derivative.

Derivatives are recorded either as assets, within "Other invested assets," or as liabilities, within "Other liabilities," except for embedded derivatives which are recorded with the associated host contract. The Company nets the fair value of all derivative financial instruments with counterparties for which a master netting arrangement has been executed.

The Company designates derivatives as either (1) a hedge of the fair value of a recognized asset or liability or unrecognized firm commitment ("fair value" hedge); (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge); (3) a foreign currency fair value or cash flow hedge ("foreign currency" hedge); (4) a hedge of a net investment in a foreign operation; or (5) a derivative that does not qualify for hedge accounting.

To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship.

The Company formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Hedges of a net investment in a foreign operation are linked to the specific foreign operation.

When a derivative is designated as a fair value hedge and is determined to be highly effective, changes in its fair value, along with changes in the fair value of the hedged asset or liability (including losses or gains on firm commitments), are reported on a net basis in the Consolidated Statements of Operations, generally in "Realized investment gains (losses), net." When swaps are used in hedge accounting relationships, periodic settlements are recorded in the same Consolidated Statements of Operations line as the related settlements of the hedged items.

When a derivative is designated as a cash flow hedge and is determined to be highly effective, changes in its fair value are recorded in AOCI until earnings are affected by the variability of cash flows being hedged (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings). At that time, the related portion of deferred gains or losses on the derivative instrument is reclassified and reported in the Consolidated Statements of Operations line item associated with the hedged item.

When a derivative is designated as a foreign currency hedge and is determined to be highly effective, changes in its fair value are recorded either in current period earnings if the hedge transaction is a fair value hedge (e.g., a hedge of a recognized foreign currency asset or liability) or in AOCI if the hedge transaction is a cash flow hedge (e.g., a foreign currency denominated forecasted transaction). When a derivative is used as a hedge of a net investment in a foreign operation, its change in fair value is accounted for in the same manner as a translation adjustment (i.e., reported in the cumulative translation adjustment account within AOCI).

If it is determined that a derivative no longer qualifies as an effective fair value or cash flow hedge or management removes the hedge designation, the derivative will continue to be carried on the balance sheet at its fair value, with changes in fair value recognized currently in "Realized investment gains (losses), net." In this scenario, the hedged asset or liability under a fair value hedge will no longer be adjusted for changes in fair value associated with the hedged risk and the existing basis adjustment is amortized to the Consolidated Statements of Operations line associated with the asset or liability. The component of AOCI related to discontinued cash flow hedges is reclassified to the Consolidated Statements of Operations line associated with the hedged cash flows consistent with the earnings impact of the original hedged cash flows.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, or because it is probable that the forecasted transaction will not occur by the end of the specified time period, the derivative will continue to be carried on the balance sheet at its fair value, with changes in fair value recognized currently in "Realized investment gains (losses), net." Any asset or liability that was recorded pursuant to recognition of the firm commitment is removed from the balance sheet and recognized currently in "Realized investment gains (losses), net." Gains and losses that were in AOCI pursuant to the cash flow hedge of a forecasted transaction are recognized immediately in "Realized investment gains (losses), net."

If a derivative does not qualify for hedge accounting, all changes in its fair value, including net receipts and payments, are included in "Realized investment gains (losses), net" without considering changes in the fair value of the economically associated assets or liabilities.

The Company is a party to financial instruments that contain derivative instruments that are "embedded" in the financial instruments. At inception, the Company assesses whether the economic characteristics of the embedded instrument are clearly and closely related to the economic characteristics of the remaining component of the financial instrument (i.e., the host contract) and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that (1) the embedded instrument possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract and (2) a separate instrument with the same terms would qualify as a derivative instrument, the embedded instrument qualifies as an embedded derivative that is separated from the host contract, carried at fair value, and changes in its fair value are included in "Realized investment gains (losses), net." For certain financial instruments that contain an embedded derivative that otherwise would need to be bifurcated and reported at fair value, the Company may elect to carry the entire instrument at fair value and report it within "Other invested assets" or "Other liabilities."

Reinsurance

For each of its reinsurance contracts, the Company determines if the contract provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject, or features that delay the timely reimbursement of claims.

The Company participates in reinsurance arrangements in various capacities as either the ceding entity or as the reinsurer (i.e., assuming entity). See Note 15 for additional information regarding the Company's reinsurance arrangements. Reinsurance assumed business is generally accounted for consistent with direct business. Amounts currently recoverable under reinsurance agreements are included in "Reinsurance recoverables and deposit receivables" and amounts payable are included in "Reinsurance and funds withheld payables." "Reinsurance recoverables and deposit receivables" also includes (1) an embedded derivative on deposit receivables where the Company has ceded fixed indexed annuities; and (2) embedded derivatives associated with receivables from modified coinsurance arrangements where the Company is the reinsurer, and net receivables from modified coinsurance arrangements where the Company is the cedant, and generally reflect the fair value of the invested assets retained by the cedant. "Reinsurance and funds withheld payables" also includes amounts payable to the reinsurer under coinsurance with funds withheld or net payables from modified coinsurance arrangements where the Company is the cedant, and generally reflect the fair value of the invested assets retained by the Company and contain an embedded derivative that is bifurcated and accounted for at fair value separately from the host contract, with changes in fair value recorded through "Realized investment gains (losses), net." Revenues and benefits and expenses include amounts assumed under reinsurance agreements and are reflected net of reinsurance ceded.

Reinsurance ceded arrangements do not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. Reinsurance recoverables are reported net of the CECL allowance. The CECL allowance considers the credit quality of the reinsurance counterparty and is generally determined based on the probability of default and loss given default assumptions, after considering any applicable collateral arrangements. Additions to or releases of the allowance are reported in "Policyholders' benefits." Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured long-duration contracts under coinsurance arrangements are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. For reinsurance of in- force blocks of non-participating traditional and limited-payment contracts, the current value of the direct liability as of inception of the reinsurance agreement is used to calculate the reinsurance recoverable and cost of reinsurance such that there is no immediate other comprehensive income or loss from recognition of the reinsurance recoverable at inception. Consistent with the direct liability, the reinsurance recoverable for non-participating traditional and limited-payment contracts is remeasured each period using current single A rates with the effect on the reinsurance recoverable resulting from such updates recorded in "Interest rate remeasurement of future policy benefits" in OCI. For reinsurance of limited-payment contracts, the Company establishes a cost of reinsurance asset relating to the direct DPL and amortizes this balance through "Premiums" using the same methodology and assumptions used to amortize the direct DPL.

For reinsurance of existing in-force blocks of long-duration contracts that transfer significant insurance risk, the difference between the fair value of the net consideration exchanged and the net liabilities ceded related to the underlying reinsured contracts is considered the net cost of reinsurance at the inception of the reinsurance agreement. This initial net cost of reinsurance is deferred and amortized into income over the remaining life of the reinsured policies on a basis consistent with the methodologies and assumptions used for amortizing DAC. This initial net cost of reinsurance may result in a deferred reinsurance gain which is recorded in "Other liabilities" and amortized through "Other income (loss)," or a deferred reinsurance loss which is recorded in "Other assets" and amortized through "General and administrative expenses."

Consistent with direct contracts, reinsurance arrangements may also include features that meet the definition of MRBs and, if so, are accounted for at fair value. The fair value of direct or assumed MRBs reflects the Company's NPR, while the fair value of ceded MRBs reflects the counterparty credit risk of the reinsurer. Changes in the fair value of ceded MRBs, including the impact of changes in counterparty credit risk, are recorded in net income in "Change in value of market risk benefits, net of related hedging gains (losses)."

Coinsurance arrangements contrast with the Company's yearly renewable term arrangements, where only mortality risk is transferred to the reinsurer and premiums are paid to the reinsurer to reinsure that risk. The mortality risk that is reinsured under yearly renewable term arrangements represents the difference between the stated death benefits in the underlying reinsured contracts and the corresponding reserves or account value carried by the Company on those same contracts. The premiums paid to the reinsurer are based upon negotiated amounts, not on the actual premiums paid by the underlying contractholders to the Company. As yearly renewable term arrangements are usually entered into by the Company with the expectation that the contracts will be in force for the lives of the underlying policies, they are considered to be long-duration reinsurance contracts. The cost of reinsurance for universal life products is generally recognized based on the gross assessments of the underlying direct policies. The cost of reinsurance for term insurance products is generally recognized in proportion to direct premiums over the life of the underlying policies. The cost of reinsurance related to short-duration reinsurance contracts is accounted for over the reinsurance contract period.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits received are included in "Reinsurance and funds withheld payables" and deposits made are included in "Reinsurance recoverables and deposit receivables." As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as "Other income (loss)" or "General and administrative expenses," as appropriate.

Annual Assumptions Review

Annually, the Company performs a comprehensive review of the assumptions set for purposes of estimating future premiums, benefits, and other cash flows. Assumptions include those that are economic and those that are insurance related. Insurance related assumptions are based on the Company's best estimates of future rates of mortality, morbidity, lapse, surrender, annuitization, expenses and other items. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either in the Company or the industry. Mortality rate assumptions are generally based on Company experience, sometimes blending Company experience with an industry table where the Company experience alone is not sufficiently credible. The Company sets mortality and morbidity assumptions that vary by major type of business. Within type of business, rates vary by age and gender. The Company applies an adjustment for future mortality improvement, consistent with observed long-term trends of population mortality over time. Lapse and surrender assumptions are based on Company and industry experience, where available. The Company sets rates that vary by product type, taking into account features specific to the product.

As part of this review, the Company may update these assumptions and make refinements to its models based upon emerging experience, future expectations and other data, including any observable market data it feels is indicative of a long-term trend. These assumptions are generally updated annually, unless a material change is observed in an interim period that the Company feels is also indicative of a long-term trend. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, it expects such changes to be gradual over the long-term.

The Company also performs a comprehensive review of the economic assumptions, including long-term interest rate assumptions and equity return assumptions, that impact reserve calculations. The Company generally utilizes relevant economic outlook information and industry surveys as the primary basis for these assumptions, which may be used to project future rates of return on investments.

RECENT ACCOUNTING PRONOUNCEMENTS

Changes to U.S. GAAP are established by the FASB in the form of Accounting Standards Updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. ASUs listed below include those that have been adopted during the current fiscal year and/or those that have been issued but not yet adopted as of December 31, 2024, and as of February 13, 2025. ASUs not listed below were assessed and determined to be either not applicable or not material.

ASUs adopted during the year ended December 31, 2024

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	This ASU requires entities to provide more detailed information about significant segment expenses that are regularly provided to the chief operating decision maker.	Effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted, using the retrospective method.	Adoption of the ASU did not have an impact on the Company's Consolidated Financial Statements but resulted in expanded disclosures in the Notes to the Consolidated Financial Statements.

ASUs issued but not yet adopted as of December 31, 2024

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2024-03—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (DISE)	This ASU requires public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements.	Effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted and applied either prospectively or retrospectively.	The Company is currently assessing the impact of the ASU on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements.
ASU 2023-09 Income Taxes (Topic 740) Improvements to Income Tax Disclosures	This ASU requires entities to provide additional information primarily related to the effective tax rate reconciliation and income taxes paid.	Effective for fiscal years beginning after December 15, 2024, and permits early adoption. The Company plans to adopt the ASU for the annual reporting period beginning on January 1, 2025.	The Company is currently assessing the impact of the ASU on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

3. INVESTMENTS

Fixed Maturity Securities

The following tables set forth the composition of fixed maturity securities (excluding investments classified as trading), as of the dates indicated:

	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in millions)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 24,869	$ 584	$ 5,105	$ 0	$ 20,348
Obligations of U.S. states and their political subdivisions	6,590	132	618	0	6,104
Foreign government securities	63,523	1,837	7,881	0	57,479
U.S. public corporate securities	108,883	1,226	11,529	72	98,508
U.S. private corporate securities(1)	45,854	918	2,926	57	43,789
Foreign public corporate securities	23,165	248	1,421	10	21,982
Foreign private corporate securities	38,652	314	4,311	192	34,463
Asset-backed securities(2)	16,979	214	59	0	17,134
Commercial mortgage-backed securities	9,791	29	547	0	9,273
Residential mortgage-backed securities(3)	2,698	15	223	0	2,490
Total fixed maturities, available-for-sale(1)	$341,004	$5,517	$34,620	$331	$311,570

(1) Excludes notes with amortized cost of $14,748 million (fair value, $14,748 million), which have been offset with the associated debt under a netting agreement.

(2) Includes credit-tranched securities collateralized by loan obligations, home equity loans, auto loans, education loans and other asset types.
(3) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

	December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in millions)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 24,874	$1,091	$ 4,169	$ 0	$ 21,796
Obligations of U.S. states and their political subdivisions	8,650	267	459	0	8,458
Foreign government securities	71,556	3,895	5,208	53	70,190
U.S. public corporate securities	105,593	2,357	9,711	67	98,172
U.S. private corporate securities(1)	42,801	807	2,574	14	41,020
Foreign public corporate securities	20,473	487	1,298	19	19,643
Foreign private corporate securities	35,128	613	3,446	5	32,290
Asset-backed securities(2)	12,514	202	119	2	12,595
Commercial mortgage-backed securities	10,571	34	713	0	9,892
Residential mortgage-backed securities(3)	2,438	24	197	0	2,265
Total fixed maturities, available-for-sale(1)	$334,598	$9,777	$27,894	$160	$316,321

(1) Excludes notes with amortized cost of $12,370 million (fair value, $12,370 million), which have been offset with the associated debt under a netting agreement.
(2) Includes credit-tranched securities collateralized by loan obligations, education loans, auto loans, home equity loans and other asset types.
(3) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

The following tables set forth the fair value and gross unrealized losses on available-for-sale fixed maturity securities without an allowance for credit losses aggregated by investment category and length of time that individual fixed maturity securities had been in a continuous unrealized loss position, as of the dates indicated:

	December 31, 2024					
	Less Than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
			(in millions)			
Fixed maturities, available-for-sale:						
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 6,667	$ 334	$ 10,161	$ 4,771	$ 16,828	$ 5,105
Obligations of U.S. states and their political subdivisions	1,592	53	3,288	565	4,880	618
Foreign government securities	8,280	349	20,780	7,532	29,060	7,881
U.S. public corporate securities	25,420	1,036	48,152	10,485	73,572	11,521
U.S. private corporate securities	7,581	183	24,846	2,743	32,427	2,926
Foreign public corporate securities	5,751	170	8,084	1,246	13,835	1,416
Foreign private corporate securities	8,702	282	18,862	4,010	27,564	4,292
Asset-backed securities	1,488	11	1,015	48	2,503	59
Commercial mortgage-backed securities	1,092	8	6,432	539	7,524	547
Residential mortgage-backed securities	361	4	1,377	219	1,738	223
Total fixed maturities, available-for-sale	$66,934	$2,430	$142,997	$32,158	$209,931	$34,588

	December 31, 2023					
	Less Than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
Fixed maturities, available-for-sale:						
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 2,718	$ 95	$ 12,642	$ 4,074	$ 15,360	$ 4,169
Obligations of U.S. states and their political subdivisions	862	14	3,816	445	4,678	459
Foreign government securities	9,098	542	19,589	4,664	28,687	5,206
U.S. public corporate securities	4,881	103	61,204	9,604	66,085	9,707
U.S. private corporate securities	3,026	69	27,062	2,504	30,088	2,573
Foreign public corporate securities	1,766	37	10,812	1,246	12,578	1,283
Foreign private corporate securities	1,578	120	22,145	3,324	23,723	3,444
Asset-backed securities	846	30	5,886	89	6,732	119
Commercial mortgage-backed securities	287	3	8,251	710	8,538	713
Residential mortgage-backed securities	92	2	1,599	195	1,691	197
Total fixed maturities, available-for-sale	$25,154	$1,015	$173,006	$26,855	$198,160	$27,870

As of December 31, 2024 and 2023, the gross unrealized losses on fixed maturity available-for-sale securities without an allowance of $33,437 million and $26,879 million, respectively, related to “1” highest quality or “2” high quality securities based on the National Association of Insurance Commissioners (“NAIC”) or equivalent rating and $1,151 million and $991 million, respectively, related to other than high or highest quality securities based on NAIC or equivalent rating. As of December 31, 2024, the $32,158 million of gross unrealized losses of twelve months or more were concentrated in the finance, consumer non-cyclical and utility sectors within corporate securities as well as in foreign government securities. As of December 31, 2023, the $26,855 million of gross unrealized losses of twelve months or more were concentrated in the finance, consumer non-cyclical and utility sectors within corporate securities as well as in foreign government securities.

In accordance with its policy described in Note 2, the Company concluded that an adjustment to earnings for credit losses related to these fixed maturity securities was not warranted at December 31, 2024. This conclusion was based on detailed analysis of the underlying credit and cash flows for each security. Gross unrealized losses are primarily attributable to increases in interest rates, general credit spread widening and foreign currency exchange rate movements. As of December 31, 2024, the Company did not intend to sell these securities, and it was not more likely than not that the Company would be required to sell these securities before the anticipated recovery of the amortized cost basis.

The following table sets forth the amortized cost and fair value of fixed maturities by contractual maturities, as of the date indicated:

	December 31, 2024	
	Available-for-sale	
	Amortized Cost	Fair Value
	(in millions)	
Fixed maturities:		
Due in one year or less	$ 9,963	$ 9,930
Due after one year through five years	58,822	57,973
Due after five years through ten years(1)	63,001	61,513
Due after ten years(1)	179,750	153,257
Asset-backed securities	16,979	17,134
Commercial mortgage-backed securities	9,791	9,273
Residential mortgage-backed securities	2,698	2,490
Total	$341,004	$311,570

(1) Excludes notes with amortized cost of $14,748 million (fair value, $14,748 million), which have been offset with the associated debt under a netting agreement.

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Asset-backed, commercial mortgage-backed and residential mortgage-backed securities are shown separately in the table above, as they do not have a single maturity date.

The following table sets forth the sources of fixed maturity proceeds and related investment gains (losses), as well as losses on write-downs and the allowance for credit losses of fixed maturities, for the periods indicated:

	Years Ended December 31, 2024	2023	2022
	(in millions)		
Fixed maturities, available-for-sale:			
Proceeds from sales(1)	$36,727	$27,161	$33,010
Proceeds from maturities/prepayments	22,432	17,010	17,957
Gross investment gains from sales and maturities	1,400	973	1,240
Gross investment losses from sales and maturities	(3,553)	(2,183)	(2,589)
Write-downs recognized in earnings(2)	(924)	(81)	(116)
(Addition to) release of allowance for credit losses	(195)	(22)	(24)
Fixed maturities, held-to-maturity:			
Proceeds from maturities/prepayments(3)	$ 0	$ 21	$ 37
(Addition to) release of allowance for credit losses	0	2	2

(1) Excludes activity from non-cash related proceeds due to the timing of trade settlements of $(100) million, $(74) million and $(144) million for the years ended December 31, 2024, 2023 and 2022, respectively.
(2) Amounts represent securities actively marketed for sale, securities where it is more likely than not the Company will be required to sell prior to the recovery of the amortized cost basis and write-downs on credit adverse securities.
(3) Excludes activity from non-cash related proceeds due to the timing of trade settlements of $1 million and less than $1 million for the years ended December 31, 2023 and 2022, respectively. There were no fixed maturities, held-to-maturity assets during 2024.

The following tables set forth the balance of and changes in the allowance for credit losses for fixed maturity securities, as of and for the periods indicated:

	Year Ended December 31, 2024						
	U.S. Treasury Securities and Obligations of U.S. States	Foreign Government Securities	U.S. and Foreign Corporate Securities	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Total
	(in millions)						
Fixed maturities, available-for-sale:							
Balance, beginning of period	$0	$ 53	$105	$ 2	$0	$0	$160
Additions to allowance for credit losses not previously recorded	0	0	235	0	0	0	235
Reductions for securities sold during the period	0	(30)	(55)	0	0	0	(85)
Reductions for securities with intent to sell	0	0	0	0	0	0	0
Additions (reductions) on securities with previous allowance	0	(23)	46	(2)	0	0	21
Write-downs charged against the allowance	0	0	0	0	0	0	0
Balance, end of period	$0	$ 0	$331	$ 0	$0	$0	$331

	Year Ended December 31, 2023						
	U.S. Treasury Securities and Obligations of U.S. States	Foreign Government Securities	U.S. and Foreign Corporate Securities	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Total
			(in millions)				
Fixed maturities, available-for-sale:							
Balance, beginning of period	$0	$ 1	$ 136	$1	$0	$0	$ 138
Additions to allowance for credit losses not previously recorded	0	62	99	0	0	0	161
Reductions for securities sold during the period	0	0	(162)	0	0	0	(162)
Additions (reductions) on securities with previous allowance	0	(10)	49	1	0	0	40
Write-downs charged against the allowance	0	0	(17)	0	0	0	(17)
Balance, end of period	$0	$ 53	$ 105	$2	$0	$0	$ 160

	Year Ended December 31, 2023						
	U.S. Treasury Securities and Obligations of U.S. States	Foreign Government Securities	U.S. and Foreign Corporate Securities	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Total
			(in millions)				
Fixed maturities, held-to-maturity:							
Balance, beginning of period	$0	$0	$ 2	$0	$0	$0	$ 2
Current period provision for expected losses(1)	0	0	(2)	0	0	0	(2)
Change in foreign exchange	0	0	0	0	0	0	0
Balance, end of period	$0	$0	$ 0	$0	$0	$0	$ 0

(1) In the third quarter of 2023, the Company changed its intent to hold a portion of its held-to-maturity portfolio, which was redeemed as part of a recently announced reinsurance transaction. As a result, the entire held-to-maturity portfolio was reclassified to available-for-sale and recorded at fair value.

See Note 2 for additional information about the Company's methodology for developing its allowance and expected losses.

For the year ended December 31, 2024, the net increase in the allowance for credit losses on available-for-sale securities was primarily related to net additions in the consumer cyclical, capital goods and energy sectors within corporate securities, due to adverse projected cash flows. For the year ended December 31, 2023, the net increase in the allowance for credit losses on available-for-sale securities was primarily related to net additions in the communication sector within corporate securities, as well as foreign government securities due to adverse projected cash flows, partially offset by a net release on restructured securities within the utility and capital goods sectors.

The Company did not have any fixed maturity securities purchased with credit deterioration as of both December 31, 2024 and 2023.

Assets Supporting Experience-Rated Contractholder Liabilities

The following table sets forth the composition of "Assets supporting experience-rated contractholder liabilities," as of the dates indicated:

	December 31, 2024		December 31, 2023	
	Amortized Cost or Cost	Fair Value	Amortized Cost or Cost	Fair Value
	(in millions)			
Fixed maturities:				
Corporate securities	$ 68	$ 67	$ 81	$ 79
Foreign government securities	544	539	606	604
Obligations of U.S. government authorities and agencies and obligations of U.S. states	207	220	202	206
Total fixed maturities(1)	819	826	889	889
Equity securities	1,763	2,881	1,607	2,279
Total assets supporting experience-rated contractholder liabilities(2)	$2,582	$3,707	$2,496	$3,168

(1) As a percentage of amortized cost, 99% of the portfolio was considered high or highest quality based on NAIC or equivalent ratings, as of both December 31, 2024 and 2023.
(2) As a percentage of amortized cost, 100% of the portfolio consisted of public securities as of both December 31, 2024 and 2023.

The net change in unrealized gains (losses) from assets supporting experience-rated contractholder liabilities still held at period end, recorded within "Other income (loss)," was $495 million, $440 million and $(737) million during the years ended December 31, 2024, 2023 and 2022, respectively.

Fixed Maturities, Trading

The net change in unrealized gains (losses) from fixed maturities, trading still held at period end, recorded within "Other income (loss)," was $(551) million, $518 million and $(1,427) million during the years ended December 31, 2024, 2023 and 2022, respectively.

Equity Securities

The net change in unrealized gains (losses) from equity securities still held at period end, recorded within "Other income (loss)," was $735 million, $612 million and $(914) million during the years ended December 31, 2024, 2023 and 2022, respectively.

Concentrations of Financial Instruments

The Company monitors its concentrations of financial instruments and mitigates credit risk by maintaining a diversified investment portfolio which limits exposure to any single issuer.

As of the dates indicated, the Company's exposure to concentrations of credit risk of single issuers greater than 10% of the Company's equity included securities of the U.S. government and certain U.S. government agencies and securities guaranteed by the U.S. government, as well as the securities disclosed below:

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)			
Investments in Japanese government and government agency securities:				
Fixed maturities, available-for-sale	$56,457	$51,177	$62,591	$61,484
Fixed maturities, trading	18	18	19	19
Assets supporting experience-rated contractholder liabilities	472	462	522	514
Total	$56,947	$51,657	$63,132	$62,017

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)			
Investments in Brazil government and government agency securities:				
Fixed maturities, available-for-sale	$2,753	$2,251	$3,028	$2,992
Fixed maturities, trading	44	40	0	0
Short-term investments	2	2	0	0
Cash equivalents	228	228	427	427
Total	$3,027	$2,521	$3,455	$3,419

Commercial Mortgage and Other Loans

The following table sets forth the composition of "Commercial mortgage and other loans," as of the dates indicated:

	December 31, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
	($ in millions)			
Commercial mortgage and agricultural property loans by property type:				
Office	$ 7,867	12.7%	$ 8,402	14.2%
Retail	5,552	9.0	5,384	9.1
Apartments/Multi-Family	17,522	28.3	16,555	28.0
Industrial	16,900	27.3	15,263	25.8
Hospitality	1,831	3.0	2,086	3.5
Other	4,386	7.1	4,069	6.9
Total commercial mortgage loans	54,058	87.4	51,759	87.5
Agricultural property loans	7,775	12.6	7,426	12.5
Total commercial mortgage and agricultural property loans	61,833	100.0%	59,185	100.0%
Allowance for credit losses	(528)		(459)	
Total net commercial mortgage and agricultural property loans	61,305		58,726	
Other loans:				
Uncollateralized loans	595		425	
Residential property loans	19		30	
Other collateralized loans	468		125	
Total other loans	1,082		580	
Allowance for credit losses	(46)		(1)	
Total net other loans	1,036		579	
Total net commercial mortgage and other loans(1)	$62,341		$59,305	

(1) Includes loans which are carried at fair value under the fair value option and are collateralized primarily by apartment complexes. As of December 31, 2024 and 2023, the net carrying value of these loans was $702 million and $519 million, respectively.

As of December 31, 2024, the commercial mortgage and agricultural property loans were secured by properties geographically dispersed throughout the United States with the largest concentrations in California (28%), Texas (7%) and Florida (6%) and included loans secured by properties in Europe (6%), Mexico (2%), Asia (1%) and Australia (1%).

The following table sets forth the balance of and changes in the allowance for credit losses for commercial mortgage and other loans, as of and for the periods ended:

	Commercial Mortgage Loans	Agricultural Property Loans	Residential Property Loans	Other Collateralized Loans	Uncollateralized Loans	Total
			(in millions)			
Balance at December 31, 2021	$ 111	$ 4	$0	$ 0	$ 4	$ 119
Addition to (release of) allowance for expected losses	72	9	0	0	(1)	80
Other	5	0	0	0	(1)	4
Balance at December 31, 2022	188	13	0	0	2	203
Addition to (release of) allowance for expected losses	282	3	0	0	(1)	284
Write-downs charged against the allowance	(29)	0	0	0	0	(29)
Other	2	0	0	0	0	2
Balance at December 31, 2023	443	16	0	0	1	460
Addition to (release of) allowance for expected losses	100	110	0	32	13	255
Write-downs charged against the allowance	(132)	(5)	0	0	0	(137)
Other	(4)	0	0	0	0	(4)
Balance at December 31, 2024	$ 407	$121	$0	$32	$14	$ 574

See Note 2 for additional information about the Company's methodology for developing the allowance and expected losses.

For the year ended December 31, 2024, net additions to the allowance for credit losses on commercial mortgage and other loans were primarily related to increases in loan-specific reserves within agricultural property loans and commercial mortgage loans within the retail and office sectors along with the establishment of general reserves for both the collateralized and uncollateralized loan portfolios. For the year ended December 31, 2023, net additions to the allowance for credit losses on commercial mortgage and other loans were primarily related to increases to the portfolio reserve to reflect declining market conditions and increases in loan-specific reserves within the office sector.

For the year ended December 31, 2024, there were $137 million of write-downs charged against the allowance of which $132 million was related to a loan originated in 2016 and $5 million related to a loan originated in 2015. For the year ended December 31, 2023, there were $29 million of write-downs charged against the allowance for credit losses related to a loan originated in 2018.

The following tables set forth key credit quality indicators based upon the recorded investment gross of allowance for credit losses, as of the dates indicated:

	December 31, 2024							
	Amortized Cost by Origination Year							
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
	(in millions)							
Commercial mortgage loans								
Loan-to-Value Ratio:								
0%-59.99%	$2,122	$1,492	$1,183	$2,295	$1,378	$16,652	$ 36	$25,158
60%-69.99%	4,726	2,287	1,013	2,192	846	5,113	0	16,177
70%-79.99%	809	1,326	953	1,327	446	2,293	0	7,154
80% or greater	48	135	482	216	281	4,407	0	5,569
Total	$7,705	$5,240	$3,631	$6,030	$2,951	$28,465	$ 36	$54,058
Debt Service Coverage Ratio:								
Greater than 1.2x	$6,771	$4,563	$3,283	$5,929	$2,795	$25,790	$ 0	$49,131
1.0 - 1.2x	745	527	313	43	102	1,279	36	3,045
Less than 1.0x	189	150	35	58	54	1,396	0	1,882
Total	$7,705	$5,240	$3,631	$6,030	$2,951	$28,465	$ 36	$54,058
Agricultural property loans								
Loan-to-Value Ratio:								
0%-59.99%	$ 657	$ 371	$ 877	$2,004	$ 679	$ 1,491	$122	$ 6,201
60%-69.99%	87	555	125	10	53	43	0	873
70%-79.99%	0	0	0	6	0	3	0	9
80% or greater	0	6	521	0	71	42	52	692
Total	$ 744	$ 932	$1,523	$2,020	$ 803	$ 1,579	$174	$ 7,775
Debt Service Coverage Ratio:								
Greater than 1.2x	$ 688	$ 864	$ 932	$1,967	$ 739	$ 1,384	$122	$ 6,696
1.0 - 1.2x	56	63	530	45	23	98	52	867
Less than 1.0x	0	5	61	8	41	97	0	212
Total	$ 744	$ 932	$1,523	$2,020	$ 803	$ 1,579	$174	$ 7,775

	December 31, 2023							
	Amortized Cost by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
	(in millions)							
Commercial mortgage loans								
Loan-to-Value Ratio:								
0%-59.99%	$1,822	$ 911	$2,264	$1,437	$3,205	$16,569	$ 0	$26,208
60%-69.99%	2,765	1,440	2,541	1,107	2,146	4,530	0	14,529
70%-79.99%	1,001	1,004	1,278	401	1,013	2,277	0	6,974
80% or greater	145	357	203	330	209	2,804	0	4,048
Total	$5,733	$3,712	$6,286	$3,275	$6,573	$26,180	$ 0	$51,759
Debt Service Coverage Ratio:								
Greater than 1.2x	$5,237	$3,194	$6,122	$3,182	$5,988	$23,196	$ 0	$46,919
1.0 - 1.2x	346	366	82	38	265	1,713	0	2,810
Less than 1.0x	150	152	82	55	320	1,271	0	2,030
Total	$5,733	$3,712	$6,286	$3,275	$6,573	$26,180	$ 0	$51,759
Agricultural property loans								
Loan-to-Value Ratio:								
0%-59.99%	$ 360	$ 880	$2,027	$ 774	$ 455	$ 1,481	$74	$ 6,051
60%-69.99%	586	668	25	50	20	4	0	1,353
70%-79.99%	7	0	0	0	0	0	0	7
80% or greater	0	0	0	0	15	0	0	15
Total	$ 953	$1,548	$2,052	$ 824	$ 490	$ 1,485	$74	$ 7,426
Debt Service Coverage Ratio:								
Greater than 1.2x	$ 948	$1,535	$2,040	$ 750	$ 489	$ 1,290	$74	$ 7,126
1.0 - 1.2x	0	5	4	58	0	151	0	218
Less than 1.0x	5	8	8	16	1	44	0	82
Total	$ 953	$1,548	$2,052	$ 824	$ 490	$ 1,485	$74	$ 7,426

See Note 2 for additional information about the Company's commercial mortgage and other loans credit quality monitoring process.

The Company may grant loan modifications in its commercial mortgage and other loan portfolios to borrowers experiencing financial difficulties. These loan modifications may be in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension or some combination thereof. The amount, timing and extent of modifications granted and subsequent performance are considered in determining any allowance for credit losses.

The following tables set forth the amortized cost basis of loan modifications made to borrowers experiencing financial difficulties as of the dates indicated:

	Year Ended December 31, 2024			
	Term Extension	% of Amortized Cost	Other Than Insignificant Delay in Payment	% of Amortized Cost
	($ in millions)			
Commercial mortgage loans	$337	0.6%	$63	0.1%
Agricultural property loans	$ 3	0.0%	$ 0	0.0%

The modifications added less than one year to the weighted average life in both the commercial mortgage and agricultural property loan portfolios.

During the year ended December 31, 2023, the Company did not modify any loans to borrowers experiencing financial difficulties.

The Company did not have any commitments to lend additional funds to borrowers experiencing financial difficulties on modified loans as of December 31, 2024.

The following tables set forth an aging of past due commercial mortgage and other loans based upon the recorded investment gross of allowance for credit losses, as well as the amount of commercial mortgage and other loans on non-accrual status, as of the dates indicated:

	December 31, 2024						
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due(1)(2)	Total Past Due	Total Loans	Non-Accrual Status(3)
				(in millions)			
Commercial mortgage loans	$53,873	$0	$ 3	$182	$185	$54,058	$ 220
Agricultural property loans	7,012	0	21	742	763	7,775	767
Residential property loans	19	0	0	0	0	19	0
Other collateralized loans	468	0	0	0	0	468	0
Uncollateralized loans	595	0	0	0	0	595	25
Total	$61,967	$0	$24	$924	$948	$62,915	$1,012

(1) As of December 31, 2024, there were no loans in this category accruing interest.
(2) Includes loans for which no credit losses are expected due to U.S. agency guarantees.
(3) For additional information regarding the Company's policies for accruing interest on loans, see Note 2.

	December 31, 2023						
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due(1)(2)	Total Past Due	Total Loans	Non-Accrual Status(3)
				(in millions)			
Commercial mortgage loans	$51,665	$34	$ 0	$60	$ 94	$51,759	$ 94
Agricultural property loans	7,392	15	15	4	34	7,426	38
Residential property loans	30	0	0	0	0	30	0
Other collateralized loans	125	0	0	0	0	125	0
Uncollateralized loans	425	0	0	0	0	425	25
Total	$59,637	$49	$15	$64	$128	$59,765	$157

(1) As of December 31, 2023, there were no loans in this category accruing interest.
(2) Primarily includes loans for which no credit losses are expected due to U.S. agency guarantees.
(3) For additional information regarding the Company's policies for accruing interest on loans, see Note 2.

Loans on non-accrual status recognized interest of $16 million and $3 million for the years ended December 31, 2024 and 2023, respectively. Loans on non-accrual status that did not have a related allowance for credit losses were $207 million and $126 million as of December 31, 2024 and 2023, respectively.

The Company did not have any losses on commercial mortgage and other loans purchased with credit deterioration as of both December 31, 2024 and 2023.

Other Invested Assets

The following table sets forth the composition of "Other invested assets," as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
LPs/LLCs:		
Equity method:		
Private equity	$10,615	$ 8,929
Hedge funds	3,143	3,164
Real estate-related(1)	2,661	2,256
Subtotal equity method	16,419	14,349
Fair value:		
Private equity	1,076	1,247
Hedge funds	2,080	2,078
Real estate-related	951	800
Subtotal fair value	4,107	4,125
Total LPs/LLCs	20,526	18,474
Real estate held through direct ownership(2)	1,743	1,794
Total alternative assets	22,269	20,268
Credit-like instruments(3)	933	0
Derivative instruments	1,597	1,100
Other(1)(4)	1,552	1,487
Total other invested assets	$26,351	$22,855

(1) Prior period amounts have been updated to conform to current period presentation.

(2) As of December 31, 2024 and 2023, real estate held through direct ownership had mortgage debt of $185 million and $158 million, respectively.

(3) Includes structured debt investments in feeder funds that are consolidated, resulting in the Company reporting the consolidated feeder funds' proportionate share of the net assets of the master fund within Other invested assets.

(4) Primarily includes equity investments accounted for under the measurement alternative, tax advantaged investments, strategic investments made by investment management operations, leveraged leases and member and activity stock held in the Federal Home Loan Bank of New York. For additional information regarding the Company's holdings in the Federal Home Loan Bank of New York, see Note 18.

In certain investment structures, the Company's investment management business invests with other co-investors in an investment fund referred to as a feeder fund. In these structures, the invested capital of several feeder funds is pooled together and used to purchase ownership interests in another fund, referred to as a master fund. The master fund utilizes this invested capital and, in certain cases, other debt financing, to purchase various classes of assets on behalf of its investors. Specialized industry accounting for investment companies calls for the feeder fund to reflect its investment in the master fund as a single net asset equal to its proportionate share of the net assets of the master fund, regardless of its level of interest in the master fund. In cases where the Company consolidates the feeder fund, it retains the feeder fund's net asset presentation and reports the consolidated feeder fund's proportionate share of the net assets of the master fund in "Other invested assets," with any unaffiliated investors' noncontrolling interest in the feeder fund reported in "Redeemable noncontrolling interests" or "Noncontrolling interests." The consolidated feeder funds' investments in these master funds, reflected on this net asset basis, totaled $788 million and $712 million as of December 31, 2024 and 2023, respectively. There were $450 million and $404 million of unaffiliated interest in the consolidated feeder funds as of December 31, 2024 and 2023, respectively, and the master funds had gross assets of $43,004 million and $37,046 million, respectively, and gross liabilities of $41,370 million and $35,344 million, respectively, which are not included on the Company's Consolidated Statements of Financial Position.

Equity Method Investments

The following tables set forth summarized combined financial information for significant LP/LLC interests accounted for under the equity method, including the Company's investments in joint ventures and other operating entities that are described in more detail in Note 9. Changes between periods in the tables below reflect changes in the activities within the joint ventures and other operating entities and LPs/LLCs, as well as changes in the Company's level of investment in such entities:

	December 31, 2024	December 31, 2023
	(in millions)	
STATEMENTS OF FINANCIAL POSITION		
Total assets(1)	$803,096	$681,739
Total liabilities(2)	$ 59,358	$ 61,785
Partners' capital	743,738	619,954
Total liabilities and partners' capital	$803,096	$681,739
Equity in LP/LLC interests included above	$ 16,586	$ 14,895
Equity in LP/LLC interests not included above	1,003	968
Carrying value	$ 17,589	$ 15,863

(1) Amount represents gross assets of each fund where the Company has a significant investment. These assets consist primarily of investments in real estate, investments in securities and other miscellaneous assets.
(2) Amount represents gross liabilities of each fund where the Company has a significant investment. These liabilities consist primarily of third-party borrowed funds, securities repurchase agreements and other miscellaneous liabilities.

	Years Ended December 31, 2024	2023	2022
	(in millions)		
STATEMENTS OF OPERATIONS			
Total revenue(1)	$ 86,249	$ 43,325	$28,299
Total expenses(2)	(22,327)	(14,551)	(3,608)
Net earnings (losses)	$ 63,922	$ 28,774	$24,691
Equity in net earnings (losses) included above	$ 1,112	$ 620	$ 641
Equity in net earnings (losses) of LP/LLC interests not included above	(245)	22	16
Total equity in net earnings (losses)	$ 867	$ 642	$ 657

(1) Amount represents gross revenue of each fund where the Company has a significant investment. This revenue consists of income from investments in real estate, investments in securities and other income.
(2) Amount represents gross expenses of each fund where the Company has a significant investment. These expenses consist primarily of interest expense, investment management fees, salary expenses and other expenses.

Accrued Investment Income

The following table sets forth the composition of "Accrued investment income," as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
Fixed maturities	$2,892	$2,727
Equity securities	8	6
Commercial mortgage and other loans	228	224
Policy loans	236	259
Other invested assets	12	23
Short-term investments and cash equivalents	65	48
Total accrued investment income	$3,441	$3,287

Write-downs on accrued investment income were $2 million and less than $1 million for the years ended December 31, 2024 and 2023, respectively.

Net Investment Income

The following table sets forth "Net investment income" by investment type, for the periods indicated:

	Years Ended December 31, 2024	2023	2022
	(in millions)		
Fixed maturities, available-for-sale(1)	$14,948	$13,305	$11,773
Fixed maturities, held-to-maturity(1)	0	148	213
Fixed maturities, trading	555	292	233
Assets supporting experience-rated contractholder liabilities	56	45	167
Equity securities	206	197	160
Commercial mortgage and other loans	2,591	2,279	2,196
Policy loans	492	499	499
Other invested assets	1,326	1,347	1,240
Short-term investments and cash equivalents	1,171	954	406
Gross investment income	21,345	19,066	16,887
Less: investment expenses	(1,436)	(1,201)	(850)
Net investment income	$19,909	$17,865	$16,037

(1) Includes income on credit-linked notes which are reported on the same financial statement line as related surplus notes, as conditions are met for right to offset.

The carrying value of non-income producing assets included $21 million in commercial mortgage and other loans as of December 31, 2024. Non-income producing assets represent investments that had not produced income for the twelve months preceding December 31, 2024.

Realized Investment Gains (Losses), Net

The following table sets forth "Realized investment gains (losses), net" by investment type, for the periods indicated:

	Years Ended December 31, 2024	2023	2022
	(in millions)		
Fixed maturities(1)	$(3,272)	$(1,311)	$(1,487)
Commercial mortgage and other loans	(236)	(255)	(133)
Investment real estate	0	45	83
LPs/LLCs	57	72	(120)
Derivatives	678	(2,234)	(2,851)
Other(2)	(656)	68	1
Realized investment gains (losses), net	$(3,429)	$(3,615)	$(4,507)

(1) Excludes fixed maturity securities classified as trading.
(2) Includes changes in the value of reinsurance payables and funds withheld payables, primarily reflecting the impact of net investment income on withheld assets that are ceded to certain reinsurance counterparties.

Net Unrealized Gains (Losses) on Investments within AOCI

The following table sets forth net unrealized gains (losses) on investments, as of the dates indicated:

	December 31, 2024	2023	2022
	(in millions)		
Fixed maturity securities, available-for-sale with an allowance	$ 6	$ (72)	$ (45)
Fixed maturity securities, available-for-sale without an allowance	(29,109)	(18,045)	(27,545)
Derivatives designated as cash flow hedges(1)	1,780	869	2,616
Derivatives designated as fair value hedges(1)	(64)	(60)	(54)
Other investments(2)	106	57	24
Net unrealized gains (losses) on investments	$(27,281)	$(17,251)	$(25,004)

(1) For additional information regarding cash flow and fair value hedges, see Note 5.
(2) Includes net unrealized gains (losses) on certain joint ventures that are strategic in nature and are included in "Other assets."

Repurchase Agreements and Securities Lending

In the normal course of business, the Company sells securities under agreements to repurchase and enters into securities lending transactions. The following table sets forth the composition of "Securities sold under agreements to repurchase," as of the dates indicated:

	December 31, 2024				December 31, 2023			
	Remaining Contractual Maturities of the Agreements				Remaining Contractual Maturities of the Agreements			
	Overnight & Continuous	Up to 30 Days	30 to 90 Days	Total	Overnight & Continuous	Up to 30 Days	30 to 90 Days	Total
	(in millions)							
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$6,450	$ 0	$0	$6,450	$5,693	$ 0	$0	$5,693
U.S. public corporate securities	0	327	0	327	0	118	0	118
Foreign public corporate securities	0	19	0	19	0	0	0	0
Commercial mortgage-backed securities	0	0	0	0	245	0	0	245
Residential mortgage-backed securities	0	0	0	0	0	0	0	0
Total securities sold under agreements to repurchase	$6,450	$346	$0	$6,796	$5,938	$118	$0	$6,056

The following table sets forth the composition of "Cash collateral for loaned securities" which represents the liability to return cash collateral received for the following types of securities loaned, as of the dates indicated:

	December 31, 2024			December 31, 2023		
	Remaining Contractual Maturities of the Agreements			Remaining Contractual Maturities of the Agreements		
	Overnight & Continuous	Up to 30 Days	Total	Overnight & Continuous	Up to 30 Days	Total
	(in millions)					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 1	$ 0	$ 1	$ 1	$ 0	$ 1
Obligations of U.S. states and their political subdivisions	46	0	46	67	0	67
Foreign government securities	122	6	128	242	0	242
U.S. public corporate securities	7,506	403	7,909	4,399	420	4,819
Foreign public corporate securities	1,181	118	1,299	649	76	725
Equity securities	238	0	238	623	0	623
Total cash collateral for loaned securities(1)	$9,094	$527	$9,621	$5,981	$496	$6,477

(1) The Company did not have any agreements with remaining contractual maturities greater than thirty days, as of the dates indicated.

Securities Pledged

The Company pledges as collateral investment securities it owns to unaffiliated parties through certain transactions, including securities lending, securities sold under agreements to repurchase, collateralized borrowings and postings of collateral with derivative counterparties. The following table sets forth the carrying value of investments pledged to third parties, as of the dates indicated:

	December 31,	
	2024	2023
	(in millions)	
Fixed maturities, available for sale	$22,891	$21,187
Fixed maturities, trading	201	50
Separate account assets	442	1,468
Equity securities	476	827
Short-term investments	351	0
Other	357	336
Total securities pledged(1)	$24,718	$23,868

(1) These assets are reported on the Company's Consolidated Statements of Financial Position.

The following table sets forth the carrying amount of the associated liabilities supported by the pledged collateral, as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
Securities sold under agreements to repurchase	$ 6,796	$ 6,056
Cash collateral for loaned securities	9,621	6,477
Policyholders' account balances(1)	2,501	2,501
Separate account liabilities	454	1,507
Short-term debt	1	0
Long-term debt	99	27
Other liabilities(2)	4,762	4,181
Total liabilities supported by the pledged collateral	$24,234	$20,749

(1) Includes funding agreements issued to the Federal Home Loan Bank of New York.
(2) Primarily includes liabilities associated with derivative counterparties.

In the normal course of its business activities, the Company accepts collateral that can be sold or repledged. The primary sources of this collateral are securities in customer accounts, securities purchased under agreements to resell and postings of collateral from OTC derivative counterparties. The fair value of this collateral was $1,920 million as of December 31, 2024 (the largest components of which included $265 million of securities and $1,655 million of cash from OTC derivative counterparties) and $717 million as of December 31, 2023 (the largest components of which included $388 million of securities and $329 million of cash from OTC derivative counterparties). A portion of the aforementioned securities, for both periods, had either been sold or repledged.

Assets on Deposit, Held in Trust, and Restricted as to Sale

The following table provides assets on deposit, assets held in trust, and securities restricted as to sale, as of the dates indicated:

	December 31, 2024	December 31, 2023
	(in millions)	
Assets on deposit with governmental authorities or trustees	$ 10	$ 8
Assets held in voluntary trusts(1)	533	510
Assets held in trust related to reinsurance and other agreements(2)	13,236	13,214
Securities restricted as to sale(3)	142	144
Total assets on deposit, assets held in trust and securities restricted as to sale	$13,921	$13,876

(1) Represents assets held in voluntary trusts established primarily to fund guaranteed dividends to certain policyholders and to fund certain employee benefits.
(2) Represents assets held in trust related to reinsurance agreements excluding reinsurance agreements between wholly-owned subsidiaries. Assets valued at $16.0 billion and $25.7 billion were held in trust related to reinsurance agreements between wholly-owned subsidiaries as of December 31, 2024 and 2023, respectively.
(3) Includes member and activity stock associated with memberships in the Federal Home Loan Bank of New York.

4. VARIABLE INTEREST ENTITIES

In the normal course of its activities, the Company enters into relationships with various special-purpose entities and other entities that are deemed to be VIEs. A VIE is an entity that either (1) has equity investors that lack certain essential characteristics of a controlling financial interest (including the ability to control activities of the entity, the obligation to absorb the entity's expected losses and the right to receive the entity's expected residual returns) or (2) lacks sufficient equity to finance its own activities without financial support provided by other entities, which in turn would be expected to absorb at least some of the expected losses of the VIE.

The Company is the primary beneficiary if the Company has (1) the power to direct the activities of the VIE that most significantly impact the economic performance of the entity and (2) the obligation to absorb losses of the entity that could be potentially significant to the VIE or the right to receive benefits from the entity that could be potentially significant. If the Company determines that it is the VIE's primary beneficiary, it consolidates the VIE.

Consolidated Variable Interest Entities

The Company is the investment manager of certain asset-backed investment vehicles, commonly referred to as CLOs, and certain other vehicles for which the Company earns fee income for investment management services. The Company may sell or syndicate investments through these vehicles, principally as part of the strategic investing activity of the Company's investment management businesses. Additionally, the Company may invest in securities issued by these vehicles. The Company is also the investment manager of certain investment structures whose beneficial interests are wholly-owned by consolidated subsidiaries.

The Company has analyzed these relationships and determined that for certain CLOs and other investment structures it is the primary beneficiary and consolidates these entities. This analysis includes a review of (1) the Company's rights and responsibilities as investment manager and (2) variable interests (if any) held by the Company. The assets of these VIEs are restricted and must be used first to settle liabilities of the VIE. The Company is not required to provide, and has not provided, material financial or other support to any of these VIEs.

Additionally, the Company is the primary beneficiary of certain VIEs in which the Company has invested, as part of its investment activities, but for which it is not the investment manager. These include structured investments issued by a VIE that manages yen-denominated investments coupled with cross-currency coupon swap agreements thereby creating synthetic dual currency investments. The Company's involvement in the structuring of these investments combined with its economic interest indicates that the Company is the primary beneficiary. The Company has not provided material financial support or other support that was not contractually required to these VIEs.

The table below reflects the carrying amount and balance sheet caption in which the assets and liabilities of consolidated VIEs are reported. The liabilities primarily comprise obligations under debt instruments issued by the VIEs. The creditors of these VIEs do not have recourse to the Company in excess of the assets contained within the VIEs.

	Consolidated VIEs for which the Company is the Investment Manager(1)		Other Consolidated VIEs	
	December 31,		December 31,	
	2024	2023	2024	2023
	(in millions)			
Fixed maturities, available-for-sale	$1,250	$ 539	$ 716	$ 836
Fixed maturities, trading	166	943	0	0
Equity securities	80	106	0	0
Commercial mortgage and other loans	681	764	490	0
Other invested assets	6,379	4,319	500	485
Cash and cash equivalents	308	302	0	0
Accrued investment income	6	7	3	3
Other assets	644	1,023	613	636
Total assets of consolidated VIEs	$9,514	$8,003	$2,322	$1,960
Other liabilities	$ 218	$ 588	$ 1	$ 0
Notes issued by consolidated VIEs(2)	1,392	1,374	38	0
Total liabilities of consolidated VIEs	$1,610	$1,962	$ 39	$ 0

(1) Total assets of consolidated VIEs reflect $3,835 million and $4,003 million as of December 31, 2024 and 2023, respectively, related to VIEs whose beneficial interests are wholly-owned by consolidated subsidiaries.
(2) Recourse is limited to the assets of the respective VIE and does not extend to the general credit of the Company. As of December 31, 2024, the maturities of these obligations were between 5 and 14 years.

Unconsolidated Variable Interest Entities

The Company has determined that it is not the primary beneficiary of certain VIEs for which it may or may not be the investment manager. These VIEs consist primarily of CLOs and investment funds for which the Company has determined that it is not the primary beneficiary as it does not have both (1) the power to direct the activities of the VIE that most significantly impact the economic performance of the entity and (2) the obligation to absorb losses of the entity that could be potentially significant to the VIE or the right to receive benefits from the entity that could be potentially significant. The Company's maximum exposure to loss resulting from its relationship with unconsolidated VIEs is limited to its investment in the VIEs, which was $1,529 million and $1,165 million at December 31, 2024 and 2023, respectively. These investments are reflected in "Fixed maturities, available-for-sale," "Fixed maturities, trading," "Equity securities" and "Other invested assets." There are no liabilities associated with these unconsolidated VIEs on the Company's Consolidated Statements of Financial Position.

In addition, in the normal course of its activities, the Company will invest in structured investments including VIEs for which it is not the investment manager. These structured investments typically invest in fixed income investments and are managed by third parties and include asset-backed securities, commercial mortgage-backed securities and residential mortgage-backed securities. The Company's maximum exposure to loss on these structured investments, both VIEs and non-VIEs, is limited to the amount of its investment. See Note 3 for details regarding the carrying amounts and classification of these assets. The Company has not provided material financial or other support that was not contractually required to these structures. The Company has determined that it is not the primary beneficiary of these structures due to the fact that it does not control these entities.

Limited Partnerships and Limited Liability Companies

In the normal course of its activities, the Company will invest in LPs/LLCs which include hedge funds, private equity funds and real estate-related funds and may or may not be VIEs. The Company classifies these investments as "Other invested assets" and its maximum exposure to loss associated with these VIE and non-VIE entities is limited to the amount of its investment, which was $21,847 million and $18,796 million as of December 31, 2024 and 2023, respectively. The Company has determined that it is not required to consolidate these entities because either (1) it does not control them or (2) it does not have the obligation to absorb losses of these entities that could be potentially significant to the entities or the right to receive benefits from the entities that could be potentially significant.

5. DERIVATIVES AND HEDGING

Types of Derivative and Hedging Instruments

Interest Rate Contracts

Interest rate swaps, interest rate total return swaps, options and futures are used by the Company to reduce risks from changes in interest rates, manage interest rate exposures arising from mismatches between assets and liabilities and to hedge against changes in their values it owns or anticipates acquiring or selling.

Swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. Under interest rate swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed upon notional principal amount. Under interest rate total return swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on a fixed income market index and Secured Overnight Financing Rate ("SOFR") plus an associated funding spread based on a notional amount.

The Company also uses interest rate swaptions, caps, and floors to manage interest rate risk. A swaption is an option to enter into a swap with a forward starting effective date. The Company pays a premium for purchased swaptions and receives a premium for written swaptions. In an interest rate cap, the buyer receives payments at the end of each period in which the interest rate exceeds the agreed strike price. Similarly, in an interest rate floor, the buyer receives payments at the end of each period in which the interest rate is below the agreed strike price. Swaptions, caps and floors are included in interest rate options.

In standardized exchange-traded interest rate futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of underlying referenced investments. The Company enters into exchange-traded futures with regulated futures commission's merchants who are members of a trading exchange.

Equity Contracts

Equity options, equity total return swaps, and futures are used by the Company to manage its exposure to the equity markets which impacts the value of assets and liabilities it owns or anticipates acquiring or selling.

Equity index options are contracts which will settle in cash based on differentials in the underlying indices at the time of exercise and the strike price. The Company uses combinations of purchases and sales of equity index options to hedge the effects of adverse changes in equity indices within a predetermined range.

Equity total return swaps are contracts whereby the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on an equity asset (or equity market index) and SOFR plus an associated funding spread based on a notional amount. The Company generally uses equity total return swaps to hedge the effect of adverse changes in equity indices.

In standardized exchange-traded equity futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of underlying referenced equity indices. The Company enters into exchange-traded futures with regulated futures commission's merchants who are members of a trading exchange.

Foreign Exchange Contracts

Currency derivatives, including currency futures, options, forwards and swaps, and foreign currency denominated debts are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell, and to hedge the currency risk associated with net investments in foreign operations and anticipated earnings of its foreign operations.

Under currency forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. As noted above, the Company uses currency forwards to mitigate the impact of changes in currency exchange rates on U.S. dollar-equivalent earnings generated by certain of its non-U.S. businesses, primarily its international insurance and investment operations. The Company executes forward sales of the hedged currency in exchange for U.S. dollars at a specified exchange rate. The maturities of these currency forwards correspond with the future periods in which the non-U.S. dollar-denominated earnings are expected to be generated.

Under currency swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between one currency and another at an exchange rate and calculated by reference to an agreed principal amount. Generally, the principal amount of each currency is exchanged at the beginning and termination of the currency swap by each party.

Under foreign currency denominated debts, the Company uses a portion of its foreign currency denominated debt (same functional currency of its foreign subsidiaries) to hedge the risk of change in the net investment in a foreign subsidiary due to changes in exchange rates. These debt obligations reduce the Company's foreign currency exposure from equity investment and act as hedge of the investment.

Credit Contracts

The Company writes credit default swaps to gain exposure similar to investment in public fixed maturity cash instruments. With these derivatives the Company sells credit protection on a single name reference, or certain index reference, and in return receives a quarterly premium. This premium or credit spread generally corresponds to the difference between the yield on the referenced name (or an index's referenced names) public fixed maturity cash instruments and swap rates, at the time the agreement is executed. If there is an event of default by the referenced name or one of the referenced names in the index, as defined by the agreement, then the Company is obligated to pay the referenced amount of the contract to the counterparty and receive in return the referenced defaulted security or similar security (in the case of a credit default index) or pay the referenced amount less the auction recovery rate. See credit derivatives section for further discussion of guarantees. In addition to selling credit protection, the Company purchases credit protection using credit derivatives to hedge specific credit exposures in the Company's investment portfolio.

Other Contracts

"To Be Announced" ("TBA") Forward Contracts. The Company uses TBA forward contracts to gain exposure to the investment risk and return of mortgage-backed securities. TBA transactions can help the Company enhance the return on its investment portfolio, and can provide a more liquid and cost-effective method of achieving these goals than purchasing or selling individual mortgage-backed pools. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. Additionally, pursuant to the Company's mortgage dollar roll program, TBAs or mortgage-backed securities are transferred to counterparties with a corresponding agreement to repurchase them at a future date. These transactions do not qualify as secured borrowings and are accounted for as derivatives.

Loan Commitments. In its mortgage operations, the Company enters into commitments to fund commercial mortgage loans at specified interest rates and other applicable terms within specified periods of time. These commitments are legally binding agreements to extend credit to a counterparty. Loan commitments for loans that will be held for sale are recognized as derivatives and recorded at fair value. The determination of the fair value of loan commitments accounted for as derivatives considers various factors including, among others, terms of the related loan, the intended exit strategy for the loans based upon either securitization valuation models or investor purchase commitments, prevailing interest rates, origination income or expense, and the value of service rights. Loan commitments that relate to the origination of mortgage loans that will be held for investment are not accounted for as derivatives and accordingly are not recognized in the Company's financial statements. See Note 25 for additional information.

Embedded Derivatives. The Company offers certain products (for example, indexed universal life) which may include features that are accounted for as embedded derivatives. These embedded derivatives are carried at fair value through "Realized investment gains (losses), net" based on the change in value of the underlying contractual features, which are determined using valuation models. As part of certain funds withheld reinsurance and modified coinsurance arrangements that are described in Note 15, the reinsurance arrangements may contain embedded derivatives, which would also be carried at fair value through "Realized investment gains (losses), net" based on the total return of the underlying asset portfolio.

Synthetic Guarantees. The Company sells synthetic GICs, through investment-only sales channels, to investment vehicles primarily used by qualified defined contribution pension plans. The synthetic GICs are issued in respect of assets that are owned by the trustees of such plans, who invest the assets according to the contract terms agreed to with the Company. The contracts establish participant balances and credit interest thereon. The participant balances are supported by the underlying assets. In connection with certain participant-initiated withdrawals, the contract guarantees that after all underlying assets are liquidated, any remaining participant balances will be paid by the Company. These contracts are accounted for as derivatives and recorded at fair value.

Primary Risks Managed by Derivatives

The table below provides a summary of the gross notional amount and fair value of derivative contracts by the primary underlying risks they are utilized to manage, excluding embedded derivatives. Many derivative instruments contain multiple underlying risks. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral. These netting impacts resulted in total derivative assets of $1,601 million and $1,103 million as of December 31, 2024 and 2023, respectively, and total derivative liabilities of $4,751 million and $4,181 million as of December 31, 2024 and 2023, respectively, reflected in the Consolidated Statements of Financial Position.

Primary Underlying Risk / Instrument Type	December 31, 2024 Gross Notional	December 31, 2024 Fair Value Assets	December 31, 2024 Fair Value Liabilities	December 31, 2023 Gross Notional	December 31, 2023 Fair Value Assets	December 31, 2023 Fair Value Liabilities
	(in millions)					
Derivatives Designated as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	$ 4,260	$ 11	$ (404)	$ 3,582	$ 55	$ (252)
Interest Rate Forwards	10	0	0	0	0	0
Foreign Currency						
Foreign Currency Forwards	4,771	92	(197)	4,748	43	(195)
Currency/Interest Rate						
Foreign Currency Swaps	31,301	2,652	(368)	27,933	1,952	(676)
Total Derivatives Designated as Hedge Accounting Instruments	$ 40,342	$ 2,755	$ (969)	$ 36,263	$ 2,050	$ (1,123)
Derivatives Not Qualifying as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	$228,392	$11,272	$(24,802)	$224,445	$ 8,604	$(21,599)
Interest Rate Futures	9,773	6	(21)	10,448	7	(26)
Interest Rate Options	34,005	430	(1,583)	32,718	292	(1,095)
Interest Rate Forwards	2,544	9	(80)	3,678	39	(14)
Interest Rate Total Return Swaps	485	4	(2)	0	0	0
Foreign Currency						
Foreign Currency Forwards	27,819	1,625	(1,181)	27,686	965	(954)
Currency/Interest Rate						
Foreign Currency Swaps	7,525	658	(129)	7,771	502	(164)
Credit						
Credit Default Swaps	4,027	90	0	3,446	64	0
Equity						
Equity Futures	2,019	6	(7)	672	1	(2)
Equity Options	104,438	4,507	(3,790)	51,792	1,688	(1,662)
Equity Total Return Swaps	9,796	331	(327)	9,237	48	(514)
Other						
Other(1)	1,250	0	0	1,250	0	0
Synthetic GICs	76,416	1	(1)	78,009	1	(1)
Total Derivatives Not Qualifying as Hedge Accounting Instruments	$508,489	$18,939	$(31,923)	$451,152	$12,211	$(26,031)
Total Derivatives(2)(3)	$548,831	$21,694	$(32,892)	$487,415	$14,261	$(27,154)

(1) "Other" primarily includes derivative contracts used to improve the balance of the Company's tail longevity and mortality risk. Under these contracts, the Company's gains (losses) are capped at the notional amount.
(2) Excludes embedded derivatives which contain multiple underlying risks. The fair value of these embedded derivatives was a net liability of $11,783 million (including the Prismic funds withheld-related embedded derivative net liability of $(91) million) and $8,096 million (including the Prismic funds withheld-related embedded derivative net liability of $508 million) as of December 31, 2024, and 2023, respectively, primarily included in "Policyholders' account balances" and "Reinsurance and funds withheld payables."
(3) Recorded in "Other invested assets" and "Other liabilities" on the Consolidated Statements of Financial Position.

As of December 31, 2024, the following amounts were recorded on the Consolidated Statements of Financial Position related to the carrying amount of the hedged assets (liabilities) and cumulative basis adjustments included in the carrying amount for fair value hedges:

	December 31, 2024		December 31, 2023	
Balance Sheet Line Item in which Hedged Item is Recorded	**Carrying Amount of the Hedged Assets (Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (Liabilities)(1)**	**Carrying Amount of the Hedged Assets (Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (Liabilities)(1)**
	(in millions)			
Fixed maturities, available-for-sale, at fair value	$ 216	$ 11	$ 224	$ 19
Policyholders' account balances	$(1,510)	$327	$ (810)	$219
Future policy benefits	$(2,280)	$423	$(2,441)	$298

(1) There were no material fair value hedging adjustments for hedged assets and liabilities for which hedge accounting has been discontinued.

Most of the Company's derivatives do not qualify for hedge accounting for various reasons. For example: (i) derivatives that economically hedge embedded derivatives do not qualify for hedge accounting because changes in the fair value of the embedded derivatives are already recorded in net income; (ii) derivatives that are utilized as macro hedges of the Company's exposure to various risks typically do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedge accounting rules; and (iii) synthetic GICs, which are product standalone derivatives, do not qualify as hedging instruments under hedge accounting rules.

Offsetting Assets and Liabilities

The following tables present recognized derivative instruments (excluding embedded derivatives), and repurchase and reverse repurchase agreements that are offset in the Consolidated Statements of Financial Position, and/or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the Consolidated Statements of Financial Position:

	December 31, 2024				
	Gross Amounts of Recognized Financial Instruments	**Gross Amounts Offset in the Statements of Financial Position**	**Net Amounts Presented in the Statements of Financial Position**	**Financial Instruments/ Collateral(1)**	**Net Amount**
	(in millions)				
Offsetting of Financial Assets:					
Derivatives	$21,574	$(20,093)	$ 1,481	$ (696)	$785
Securities purchased under agreement to resell	277	0	277	(277)	0
Total Assets	$21,851	$(20,093)	$ 1,758	$ (973)	$785
Offsetting of Financial Liabilities:					
Derivatives	$32,891	$(28,141)	$ 4,750	$ (4,403)	$347
Securities sold under agreement to repurchase	6,796	0	6,796	(6,796)	0
Total Liabilities	$39,687	$(28,141)	$11,546	$(11,199)	$347

	December 31, 2023				
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statements of Financial Position	Net Amounts Presented in the Statements of Financial Position	Financial Instruments/ Collateral(1)	Net Amount
			(in millions)		
Offsetting of Financial Assets:					
Derivatives	$14,169	$(13,158)	$ 1,011	$ (240)	$771
Securities purchased under agreement to resell	388	0	388	(363)	25
Total Assets	$14,557	$(13,158)	$ 1,399	$ (603)	$796
Offsetting of Financial Liabilities:					
Derivatives	$27,154	$(22,973)	$ 4,181	$(3,775)	$406
Securities sold under agreement to repurchase	6,056	0	6,056	(5,811)	245
Total Liabilities	$33,210	$(22,973)	$10,237	$(9,586)	$651

(1) Amounts exclude the excess of collateral received/pledged from/to the counterparty.

For information regarding the rights of offset associated with the derivative assets and liabilities in the table above, see "—Counterparty Credit Risk" below. For securities purchased under agreements to resell and securities sold under agreements to repurchase, the Company monitors the value of the securities and maintains collateral, as appropriate, to protect against credit exposure. Where the Company has entered into repurchase and resale agreements with the same counterparty, in the event of default, the Company would generally be permitted to exercise rights of offset. For additional information regarding the Company's accounting policy for securities repurchase and resale agreements, see Note 2.

Cash Flow, Fair Value and Net Investment Hedges

The primary derivative and non-derivative instruments used by the Company in its fair value, cash flow and net investment hedge accounting relationships are interest rate swaps, currency swaps, currency forwards, and foreign currency denominated debts. These instruments are only designated for hedge accounting in instances where the appropriate criteria are met. The Company does not use futures, options, credit, or equity derivatives in any of its fair value, cash flow or net investment hedge accounting relationships.

The following tables provide the financial statement classification and impact of derivatives used in qualifying and non-qualifying hedge relationships, including the offset of the hedged item in fair value hedge relationships.

	Year Ended December 31, 2024							
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gain (Loss)	Net Investment Income	Other Income (Loss)	Interest Expense	Interest Credited to Policyholders' Account Balances	Policyholders' Benefits	Change in AOCI(1)
	(in millions)							
Derivatives Designated as Hedge Accounting Instruments:								
Fair value hedges								
Gains (losses) on derivatives designated as hedge instruments:								
Interest Rate	$ 8	$ 0	$ 0	$ 0	$0	$(119)	$(125)	$ 0
Currency	0	0	0	0	0	0	(31)	0
Total gains (losses) on derivatives designated as hedge instruments	8	0	0	0	0	(119)	(156)	0
Gains (losses) on the hedged item:								
Interest Rate	(8)	0	12	0	0	109	95	0
Currency	0	0	0	0	0	0	31	0
Total gains (losses) on hedged item	(8)	0	12	0	0	109	126	0
Amortization for gains (losses) excluded from assessment of the effectiveness								
Currency	0	0	0	0	0	0	(10)	(4)
Total amortization for gains (losses) excluded from assessment of the effectiveness	0	0	0	0	0	0	(10)	(4)
Total gains (losses) on fair value hedges net of hedged item	0	0	12	0	0	(10)	(40)	(4)
Cash flow hedges								
Interest Rate	(15)	0	(16)	0	0	0	0	2
Currency	0	0	0	0	0	0	0	52
Currency/Interest Rate	78	0	328	207	0	0	0	857
Total gains (losses) on cash flow hedges	63	0	312	207	0	0	0	911
Net investment hedges								
Currency	0	0	0	0	0	0	0	27
Currency/Interest Rate	0	0	0	0	0	0	0	0
Total gains (losses) on net investment hedges	0	0	0	0	0	0	0	27
Derivatives Not Qualifying as Hedge Accounting Instruments:								
Interest Rate	(1,554)	(2,313)	0	0	0	0	0	0
Currency	263	0	0	0	0	0	0	0
Currency/Interest Rate	292	0	0	2	0	0	0	0
Credit	109	0	0	0	0	0	0	0
Equity	3,257	(852)	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Embedded Derivatives(2)	(1,752)	0	0	0	0	0	0	0
Total gains (losses) on derivatives not qualifying as hedge accounting instruments	615	(3,165)	0	2	0	0	0	0
Total	$ 678	$(3,165)	$324	$209	$0	$ (10)	$ (40)	$934

	Year Ended December 31, 2023							
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gain (Loss)	Net Investment Income	Other Income (Loss)	Interest Expense	Interest Credited to Policyholders' Account Balances	Policyholders' Benefits	Change in AOCI(1)
	(in millions)							
Derivatives Designated as Hedge Accounting Instruments:								
Fair value hedges								
Gains (losses) on derivatives designated as hedge instruments:								
Interest Rate	$ 2	$ 0	$ 0	$ 0	$0	$(31)	$ (39)	$ 0
Currency	(1)	0	(1)	0	0	0	104	0
Total gains (losses) on derivatives designated as hedge instruments	1	0	(1)	0	0	(31)	65	0
Gains (losses) on the hedged item:								
Interest Rate	(2)	0	13	0	0	2	10	0
Currency	1	0	1	0	0	0	(102)	0
Total gains (losses) on hedged item	(1)	0	14	0	0	2	(92)	0
Amortization for gains (losses) excluded from assessment of the effectiveness								
Currency	0	0	0	0	0	0	(8)	(6)
Total amortization for gains (losses) excluded from assessment of the effectiveness	0	0	0	0	0	0	(8)	(6)
Total gains (losses) on fair value hedges net of hedged item	0	0	13	0	0	(29)	(35)	(6)
Cash flow hedges								
Interest Rate	(21)	0	(16)	0	0	0	0	23
Currency	8	0	0	0	0	0	0	(122)
Currency/Interest Rate	74	0	315	(189)	0	0	0	(1,648)
Total gains (losses) on cash flow hedges	61	0	299	(189)	0	0	0	(1,747)
Net investment hedges								
Currency	0	0	0	0	0	0	0	12
Currency/Interest Rate	0	0	0	0	0	0	0	0
Total gains (losses) on net investment hedges	0	0	0	0	0	0	0	12
Derivatives Not Qualifying as Hedge Accounting Instruments:								
Interest Rate	(285)	(1,657)	0	0	0	0	0	0
Currency	(567)	0	0	3	0	0	0	0
Currency/Interest Rate	(211)	0	0	(3)	0	0	0	0
Credit	164	0	0	0	0	0	0	0
Equity	1,751	(929)	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Embedded Derivatives(2)	(3,133)	0	0	0	0	0	0	0
Total gains (losses) on derivatives not qualifying as hedge accounting instruments	(2,281)	(2,586)	0	0	0	0	0	0
Total	$(2,220)	$(2,586)	$312	$(189)	$0	$(29)	$ (35)	$(1,741)

	Year Ended December 31, 2022							
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gain (Loss)	Net Investment Income	Other Income (Loss)	Interest Expense	Interest Credited to Policyholders' Account Balances	Policyholders' Benefits	Change in AOCI(1)
	(in millions)							
Derivatives Designated as Hedge Accounting Instruments:								
Fair value hedges								
Gains (losses) on derivatives designated as hedge instruments:								
Interest Rate	$ 39	$ 0	$ (5)	$ 0	$0	$(375)	$(438)	$ 0
Currency	(28)	0	(2)	0	0	0	(224)	0
Total gains (losses) on derivatives designated as hedge instruments	11	0	(7)	0	0	(375)	(662)	0
Gains (losses) on the hedged item:								
Interest Rate	(39)	0	14	0	0	387	448	0
Currency	31	0	9	0	0	0	225	0
Total gains (losses) on hedged item	(8)	0	23	0	0	387	673	0
Amortization for gains (losses) excluded from assessment of the effectiveness								
Currency	0	0	0	0	0	0	(4)	(19)
Total amortization for gains (losses) excluded from assessment of the effectiveness	0	0	0	0	0	0	(4)	(19)
Total gains (losses) on fair value hedges net of hedged item	3	0	16	0	0	12	7	(19)
Cash flow hedges								
Interest Rate	(4)	0	(3)	0	0	0	0	(217)
Currency	15	0	0	0	0	0	0	191
Currency/Interest Rate	121	0	299	477	0	0	0	1,623
Total gains (losses) on cash flow hedges	132	0	296	477	0	0	0	1,597
Net investment hedges								
Currency	0	0	0	0	0	0	0	2
Currency/Interest Rate	0	0	0	0	0	0	0	0
Total gains (losses) on net investment hedges	0	0	0	0	0	0	0	2
Derivatives Not Qualifying as Hedge Accounting Instruments:								
Interest Rate	(3,410)	(6,483)	0	0	0	0	0	0
Currency	(400)	0	0	(3)	0	0	0	0
Currency/Interest Rate	854	0	0	6	0	0	0	0
Credit	5	0	0	0	0	0	0	0
Equity	6	1,403	0	0	0	0	0	0
Other	2	0	0	0	0	0	0	0
Embedded Derivatives(2)	(26)	0	0	0	0	0	0	0
Total gains (losses) on derivatives not qualifying as hedge accounting instruments	(2,969)	(5,080)	0	3	0	0	0	0
Total	$(2,834)	$(5,080)	$312	$480	$0	$ 12	$ 7	$1,580

(1) Excludes changes related to net investment hedges using non-derivative instruments of $78 million, $28 million, and $134 million for the years ended December 31, 2024, 2023, and 2022, respectively.

(2) Includes the Prismic funds withheld-related embedded derivative realized gain (loss) of $598 million and $(508) million for the years ended December 31, 2024 and 2023, respectively.

Presented below is a rollforward of current period cash flow hedges in AOCI before taxes:

	(in millions)
Balance, December 31, 2021	$ 1,019
Amount recorded in AOCI	
Interest Rate	(224)
Currency	206
Currency/Interest Rate	2,520
Total amount recorded in AOCI	2,502
Amount reclassified from AOCI to income	
Interest Rate	7
Currency	(15)
Currency/Interest Rate	(897)
Total amount reclassified from AOCI to income	(905)
Balance, December 31, 2022	$ 2,616
Amount recorded in AOCI	
Interest Rate	(15)
Currency	(108)
Currency/Interest Rate	(1,448)
Total amount recorded in AOCI	(1,571)
Amount reclassified from AOCI to income	
Interest Rate	38
Currency	(14)
Currency/Interest Rate	(200)
Total amount reclassified from AOCI to income	(176)
Balance, December 31, 2023	$ 869
Amount recorded in AOCI	
Interest Rate	(28)
Currency	55
Currency/Interest Rate	1,469
Total amount recorded in AOCI	1,496
Amount reclassified from AOCI to income	
Interest Rate	30
Currency	(3)
Currency/Interest Rate	(612)
Total amount reclassified from AOCI to income	(585)
Balance, December 31, 2024	$ 1,780

The changes in fair value of cash flow hedges are deferred in AOCI and are included in "Net unrealized investment gains (losses)" in the Consolidated Statements of Comprehensive Income; these amounts are then reclassified to earnings when the hedged item affects earnings. Using December 31, 2024 values, it is estimated that a pre-tax gain of approximately $405 million is expected to be reclassified from AOCI to earnings during the subsequent twelve months ending December 31, 2025.

The exposures the Company is hedging with these qualifying cash flow hedges include the variability of future cash flows from forecasted transactions denominated in foreign currencies, the purchases of invested assets, and the receipt or payment of variable interest on existing financial instruments. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions is 27 years.

There were no material amounts reclassified from AOCI into earnings relating to instances in which the Company discontinued cash flow hedge accounting because the forecasted transaction did not occur by the anticipated date or within the additional time period permitted by the authoritative guidance for the accounting for derivatives and hedging. In addition, there were no instances in which the Company discontinued fair value hedge accounting due to a hedged firm commitment no longer qualifying as a fair value hedge.

For net investment hedges, in addition to derivatives, the Company uses foreign currency denominated debt to hedge the risk of change in the net investment in a foreign subsidiary due to changes in exchange rates. For effective net investment hedges, the amounts, before applicable taxes, recorded in the cumulative translation adjustment within AOCI were $104 million for the year ended December 31, 2024, $39 million for the year ended December 31, 2023, and $134 million for the year ended December 31, 2022.

Credit Derivatives

The following tables provide a summary of the notional and fair value of written credit protection, presented as assets (liabilities). The Company's maximum amount at risk under these credit derivatives, assuming the value of the underlying referenced securities become worthless, is equal to the notional amounts. These credit derivatives have maturities of less than 10 years for index reference.

	December 31, 2024													
	NAIC Rating Designation of Underlying Credit Obligation(1)													
	NAIC 1		NAIC 2		NAIC 3		NAIC 4		NAIC 5		NAIC 6(2)		Total	
	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value
	(in millions)													
Single name reference(3)	$0	$0	$0	$0	$ 0	$ 0	$0	$0	$0	$0	$ 0	$ 0	$ 0	$ 0
Index reference(3)	0	0	0	0	3,365	40	0	0	0	0	662	50	4,027	90
Total	$0	$0	$0	$0	$3,365	$40	$0	$0	$0	$0	$662	$50	$4,027	$90

	December 31, 2023													
	NAIC Rating Designation of Underlying Credit Obligation(1)													
	NAIC 1		NAIC 2		NAIC 3		NAIC 4		NAIC 5		NAIC 6(2)		Total	
	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value
	(in millions)													
Single name reference(3)	$0	$0	$0	$0	$ 0	$ 0	$0	$0	$ 0	$0	$ 0	$ 0	$ 0	$ 0
Index reference(3)	0	0	0	0	2,723	19	0	0	89	5	634	40	3,446	64
Total	$0	$0	$0	$0	$2,723	$19	$0	$0	$89	$5	$634	$40	$3,446	$64

(1) The NAIC rating designations are based on availability and the lowest ratings among Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services ("S&P") and Fitch Ratings Inc. ("Fitch"). If no rating is available from a rating agency, a NAIC 6 rating is used.
(2) The NAIC rating designation is due to approximately 4% and 3% of the index reference name rated as NAIC 6 as of December 31, 2024, and 2023, respectively.
(3) Single name credit default swaps may make reference to the credit of corporate debt, sovereign debt, and structured finance. Index reference NAIC designations are based on the lowest rated single name reference included in the index.

The Company has no exposure on purchased credit protection as of December 31, 2024, and 2023.

Counterparty Credit Risk

The Company is exposed to losses in the event of non-performance by counterparties to financial derivative transactions with a positive fair value. The Company manages credit risk by: (i) entering into derivative transactions with highly rated major financial institutions and other creditworthy counterparties governed by master netting agreements, as applicable; (ii) trading through central clearing and over-the-counter ("OTC") parties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

Substantially all of the Company's derivative agreements have zero thresholds which require daily full collateralization by the party in a liability position. In addition, certain of the Company's derivative agreements contain credit-risk related contingent features; if the credit rating of one of the parties to the derivative agreement is to fall below a certain level, the party with positive fair value could request termination at the then fair value or demand immediate full collateralization from the party whose credit rating fell and is in a net liability position.

As of December 31, 2024, there were no net liability derivative positions with counterparties with credit risk-related contingent features. All derivatives have been appropriately collateralized by the Company or the counterparty in accordance with the terms of the derivative agreements.

6. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Measurement—Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative fair value guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1—Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include certain cash equivalents and short-term investments, equity securities and derivative contracts that trade on an active exchange market.

Level 2—Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs. The Company's Level 2 assets and liabilities include: fixed maturities (corporate public and private bonds, most government securities, certain asset-backed and mortgage-backed securities, etc.), certain equity securities (mutual funds, which do not trade in active markets because they are not publicly available), certain commercial mortgage loans, short-term investments, certain cash equivalents (primarily commercial paper), and certain OTC derivatives.

Level 3—Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining the fair value. The Company's Level 3 assets and liabilities primarily include: certain private fixed maturities and equity securities, certain manually priced public equity securities and fixed maturities, certain highly structured OTC derivative contracts, certain consolidated real estate funds for which the Company is the general partner, contracts or contract features pertaining to living benefit features (market risk benefits) of the Company's variable annuity contracts and embedded derivatives associated with the index-linked features of certain universal life and annuity products.

Assets and Liabilities by Hierarchy Level—The tables below present the balances of assets and liabilities reported at fair value on a recurring basis, as of the dates indicated:

	December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
			(in millions)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 0	$ 20,348	$ 0	$	$ 20,348
Obligations of U.S. states and their political subdivisions	0	6,098	6		6,104
Foreign government securities	0	57,472	7		57,479
U.S. corporate public securities	0	98,442	66		98,508
U.S. corporate private securities(2)	0	39,848	3,941		43,789
Foreign corporate public securities	0	21,946	36		21,982
Foreign corporate private securities	0	32,675	1,788		34,463
Asset-backed securities(3)	0	15,654	1,480		17,134
Commercial mortgage-backed securities	0	8,420	853		9,273
Residential mortgage-backed securities	0	2,490	0		2,490
Subtotal	0	303,393	8,177		311,570
Assets supporting experience-rated contractholder liabilities:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	0	220	0		220
Foreign government securities	0	539	0		539
Corporate securities	0	67	0		67
Equity securities	1,522	1,359	0		2,881
Subtotal	1,522	2,185	0		3,707
Market risk benefit assets	0	0	2,331		2,331
Fixed maturities, trading	0	10,544	1,986		12,530
Equity securities	7,154	1,745	518		9,417
Commercial mortgage and other loans	0	469	233		702
Other invested assets(5)	10	21,683	953	(20,093)	2,553
Short-term investments	1,896	6,238	461		8,595
Cash equivalents	326	10,365	0		10,691
Reinsurance recoverables and deposit receivables	0	236	613		849
Other assets	0	0	0		0
Separate account assets(6)(7)	8,441	157,999	232		166,672
Total assets	$19,349	$514,857	$15,504	$(20,093)	$529,617
Market risk benefit liabilities	$ 0	$ 0	$ 4,455	$	$ 4,455
Policyholders' account balances	0	0	12,746		12,746
Reinsurance and funds withheld payables	0	(118)	0		(118)
Other liabilities	28	32,863	1	(28,141)	4,751
Notes issued by consolidated VIEs	0	0	60		60
Total liabilities	$ 28	$ 32,745	$17,262	$(28,141)	$ 21,894

	December 31, 2023				
	Level 1	Level 2	Level 3	Netting(1)	Total
			(in millions)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 0	$ 21,796	$ 0	$	$ 21,796
Obligations of U.S. states and their political subdivisions	0	8,451	7		8,458
Foreign government securities	0	70,182	8		70,190
U.S. corporate public securities	0	98,097	75		98,172
U.S. corporate private securities(2)	0	38,199	2,821		41,020
Foreign corporate public securities	0	19,576	67		19,643
Foreign corporate private securities	0	30,447	1,843		32,290
Asset-backed securities(3)	0	12,236	359		12,595
Commercial mortgage-backed securities	0	8,954	938		9,892
Residential mortgage-backed securities	0	2,265	0		2,265
Subtotal	0	310,203	6,118		316,321
Assets supporting experience-rated contractholder liabilities:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	0	206	0		206
Foreign government securities	0	604	0		604
Corporate securities	0	79	0		79
Equity securities	1,004	1,275	0		2,279
Subtotal	1,004	2,164	0		3,168
Market risk benefit assets	0	0	1,981		1,981
Fixed maturities, trading	0	9,361	429		9,790
Equity securities(4)	5,953	1,538	512		8,003
Commercial mortgage and other loans	0	519	0		519
Other invested assets(5)	27	14,234	846	(13,158)	1,949
Short-term investments	125	3,746	29		3,900
Cash equivalents	2,240	8,058	4		10,302
Reinsurance recoverables and deposit receivables	0	(75)	224		149
Other assets	0	0	11		11
Separate account assets(6)(7)	8,925	161,793	1,094		171,812
Total assets	$18,274	$511,541	$11,248	$(13,158)	$527,905
Market risk benefit liabilities	$ 0	$ 0	$ 5,467	$	$ 5,467
Policyholders' account balances	0	0	7,752		7,752
Reinsurance and funds withheld payables	0	490	0		490
Other liabilities	35	27,112	1	(22,973)	4,175
Notes issued by consolidated VIEs	0	0	778		778
Total liabilities	$ 35	$ 27,602	$13,998	$(22,973)	$ 18,662

(1) "Netting" amounts represent cash collateral of $(8,049) million and $(9,815) million as of December 31, 2024 and 2023, respectively, and the impact of offsetting asset and liability positions held with the same counterparty, subject to master netting agreements.
(2) Excludes notes with fair value of $14,748 million (carrying amount of $14,748 million) and $12,370 million (carrying amount of $12,370 million) as of December 31, 2024 and 2023, respectively, which have been offset with the associated debt under a netting agreement.
(3) Includes credit-tranched securities collateralized by loan obligations, home equity loans, auto loans, education loans and other asset types.
(4) Equity securities excluded from the fair value hierarchy include a fund for which fair value is measured at net asset value ("NAV") per share (or its equivalent) as a practical expedient. As of December 31, 2023, the fair value of this investment was $239 million.
(5) Other invested assets excluded from the fair value hierarchy include certain hedge funds, private equity funds and other funds for which fair value is measured at NAV per share (or its equivalent) as a practical expedient. As of December 31, 2024 and 2023, the fair value of such investments was $5,021 million and $4,125 million, respectively.
(6) Separate account assets included in the fair value hierarchy exclude investments in entities that calculate NAV per share (or its equivalent) as a practical expedient. Such investments excluded from the fair value hierarchy include investments in real estate, hedge funds and other invested assets. As of December 31, 2024 and 2023, the fair value of such investments was $26,700 million and $27,076 million, respectively.
(7) Separate account assets represent segregated funds that are invested for certain customers. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Separate account liabilities are not included in the above table as they are reported at contract value and not fair value in the Company's Consolidated Statements of Financial Position.

The methods and assumptions the Company uses to estimate the fair value of assets and liabilities measured at fair value on a recurring basis are summarized below.

Fixed Maturity Securities—The fair values of the Company's public fixed maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated for new financial products and recent pricing experience with various vendors. Consistent with the fair value hierarchy described above, securities with validated quotes from pricing services are generally reflected within Level 2, as they are primarily based on observable pricing for similar assets and/or other market observable inputs. Typical inputs used by these pricing services include but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flow, prepayment speeds and default rates. If the pricing information received from third-party pricing services is deemed not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service or classify the securities as Level 3. If the pricing service updates the price to be more consistent with the presented market observations, the security remains within Level 2.

Internally-developed valuations or indicative broker quotes are also used to determine fair value in circumstances where vendor pricing is not available, or where the Company ultimately concludes that pricing information received from the independent pricing services is not reflective of market activity. If the Company concludes the values from both pricing services and brokers are not reflective of market activity, it may override the information with an internally-developed valuation. As of December 31, 2024 and 2023, overrides on a net basis were not material. Pricing service overrides, internally-developed valuations and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.

The Company conducts several specific price monitoring activities. Daily analyses identify price changes over predetermined thresholds defined at the financial instrument level. Various pricing integrity reports are reviewed on a daily and monthly basis to determine if pricing is reflective of market activity or if it would warrant any adjustments. Other procedures performed include, but are not limited to, reviews of third-party pricing services methodologies, reviews of pricing trends and back testing.

The fair values of private fixed maturities, which are originated by internal private asset managers, are primarily determined using discounted cash flow models. These models primarily use observable inputs that include Treasury or similar base rates plus estimated credit spreads to value each security. The credit spreads are obtained through a survey of private market intermediaries who are active in both primary and secondary transactions, and consider, among other factors, the credit quality and the reduced liquidity associated with private placements. Internal adjustments are made to reflect variation in observed sector spreads. Since most private placements are valued using standard market observable inputs and inputs derived from, or corroborated by, market observable data including, but not limited to observed prices and spreads for similar publicly-traded issues, they have been reflected within Level 2. For certain private fixed maturities, the discounted cash flow model may incorporate significant unobservable inputs, which reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset. To the extent management determines that such unobservable inputs are significant to the price of a security, a Level 3 classification is made.

Assets Supporting Experience-Rated Contractholder Liabilities—Assets supporting experience-rated contractholder liabilities consist primarily of fixed maturity securities, equity securities and derivatives whose fair values are determined consistent with similar instruments described above under "Fixed Maturity Securities" and below under "Equity Securities" and "Derivative Instruments."

Equity Securities—Equity securities consist principally of investments in common and preferred stock of publicly-traded companies, perpetual preferred stock, privately-traded securities, as well as mutual fund shares. The fair values of most publicly-traded equity securities are based on quoted prices in active markets for identical assets and are classified within Level 1 in the fair value hierarchy. Estimated fair values for most privately traded equity securities are determined using discounted cash flow, earnings multiple and other valuation models that require a substantial level of judgment around inputs and therefore are classified within Level 3. The fair values of mutual fund shares that transact regularly (but do not trade in active markets because they are not publicly available) are based on transaction prices of identical fund shares and are classified within Level 2 in the fair value hierarchy. The fair values of perpetual preferred stock are based on inputs obtained from independent pricing services that are primarily based on indicative broker quotes. As a result, the fair values of perpetual preferred stock are classified as Level 3.

Commercial Mortgage and Other Loans—The fair value of loans held and accounted for using the fair value option is determined utilizing pricing indicators from the whole loan market, where investors are committed to purchase these loans at a predetermined price, which is considered the principal exit market for these loans. The Company evaluates the valuation inputs used for these assets, including the existence of predetermined exit prices, the terms of the loans, prevailing interest rates and credit risk, and deems the primary pricing inputs are Level 2 inputs in the fair value hierarchy.

Other Invested Assets—Other invested assets primarily include investments in LPs/LLCs, derivatives and certain limited partnerships which are consolidated because the Company is either deemed to exercise control or considered the primary beneficiary of a variable interest entity. These entities are primarily investment companies and follow specialized industry accounting whereby their assets are carried at fair value. The investments held by these entities include various feeder fund investments in underlying master funds (whose underlying holdings generally include public fixed maturities, equity securities and mutual funds), as well as wholly-owned real estate held within other investment funds. For the unconsolidated fund investments, the fair value is primarily determined by the fund managers and is measured at NAV as a practical expedient.

Reinsurance Recoverables and Deposit Receivables—Reinsurance recoverables and deposit receivables primarily include (1) an embedded derivative on deposit receivables where the Company has ceded fixed indexed annuities; and (2) embedded derivatives associated with receivables from modified coinsurance arrangements where the Company is the reinsurer, and net receivables from modified coinsurance arrangements where the Company is the cedant, and generally reflect the fair value of the invested assets retained by the cedant.

Other Assets—Other assets reflected in Level 3 includes the fair value of strategic investments held and accounted for using the fair value option.

Derivative Instruments—Derivatives are recorded at fair value either as assets, within "Other invested assets" or as liabilities, within "Other liabilities," except for embedded derivatives which are recorded with the associated host contract. The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, commodity prices, credit spreads, market volatility, expected returns, NPR, liquidity and other factors. For derivative positions included within Level 3 of the fair value hierarchy, liquidity valuation adjustments are made to reflect the cost of exiting significant risk positions, and consider the bid-ask spread, maturity, complexity and other specific attributes of the underlying derivative position.

The Company's exchange-traded futures and options include Treasury futures, Eurodollar futures, commodity futures, Eurodollar options and commodity options. Exchange-traded futures and options are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy.

The majority of the Company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market inputs from external market data providers, third-party pricing vendors and/or recent trading activity. The Company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps, currency forward contracts, commodity forward contracts, credit default swaps, loan commitments held for sale and TBA forward contracts on highly rated mortgage-backed securities issued by U.S. government sponsored entities are determined using discounted cash flow models. The fair values of European style option contracts are determined using Black-Scholes option pricing models. These models' key inputs include the contractual terms of the respective contract, along with significant observable inputs, including interest rates, currency rates, credit spreads, equity prices, index dividend yields, NPR, volatility and other factors.

The Company's cleared interest rate swaps and credit derivatives linked to an index are valued using models that utilize actively quoted or observable market inputs, including SOFR, obtained from external market data providers, third-party pricing vendors and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy.

The majority of the Company's derivative agreements are with highly rated major international financial institutions. To reflect the market's perception of its own and the counterparty's NPR, the Company incorporates additional spreads over SOFR into the discount rate used in determining the fair value of OTC derivative liabilities after netting of collateral. Rates used to discount expected cash flows to value OTC derivative assets reflect the terms of the Credit Support Annex ("CSA").

Derivatives classified as Level 3 include look-back equity options and other structured products. These derivatives are valued based upon models, such as Monte Carlo simulation models and other techniques that utilize significant unobservable inputs. Level 3 methodologies are validated through periodic comparison of the Company's fair values to external broker-dealer values.

Cash Equivalents and Short-Term Investments—Cash equivalents and short-term investments include money market instruments, commercial paper and other highly liquid debt instruments. Certain money market instruments are valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. The remaining instruments in this category are generally fair valued based on market observable inputs and these investments have primarily been classified within Level 2.

Separate Account Assets—Separate account assets include mutual funds, fixed maturity securities, treasuries, equity securities, real estate and commercial mortgage loans for which values are determined consistent with similar instruments described above under "Fixed Maturity Securities," "Equity Securities" and "Commercial Mortgage and Other Loans."

Market Risk Benefits—As a result of the adoption of ASU 2018-12 in the first quarter of 2023, the Company is required to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value. Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and expose the insurance entity to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits in the Retirement Strategies segment including GMDB, GMIB, GMAB, GMWB and GMIWB. The benefits are bundled together and accounted for as single compound market risk benefits using a fair value measurement framework.

The fair value of these market risk benefits is calculated as the present value of expected future benefit payments to contract holders less the present value of expected future rider fees attributable to the market risk benefits. The fair value of these benefit features is based on assumptions a market participant would use in valuing market risk benefits. This methodology could result in either a liability or asset balance, given changing capital market conditions and various actuarial assumptions. Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally-developed models with option pricing techniques. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The determination of these risk premiums requires the use of management's judgment.

The significant inputs to the valuation models for these market risk benefits include capital market assumptions, such as interest rate levels and volatility assumptions, the Company's market-perceived NPR, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates, and mortality rates. Since many of these assumptions are unobservable and are considered to be significant inputs to the valuations, the assets and liabilities included in market risk benefits have been reflected within Level 3 in the fair value hierarchy.

Capital market inputs and actual policyholders' account values are updated each quarter based on capital market conditions as of the end of the quarter, including interest rates, equity markets and volatility. In the risk neutral valuation, the initial swap curve drives the total return used to grow the policyholders' account values. The Company's discount rate assumption is based on the SOFR swap curve adjusted for an additional spread relative to SOFR to reflect the Company's market-perceived NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with the Company issued funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements, living benefit guarantees, and index-linked interest crediting guarantees are insurance liabilities and are therefore senior to debt.

Actuarial assumptions, including contractholder behavior and mortality, are reviewed at least annually, and updated based upon company emerging experience and industry studies, future expectations and other data, including any observable market data. These assumptions are generally updated annually unless a material change that the Company feels is indicative of a long-term trend is observed in an interim period.

Policyholders' Account Balances—The liability for policyholders' account balances is related to certain embedded derivative instruments associated with certain universal life and annuity products that provide policyholders with index-linked interest credited over contract specified term periods. The fair values of these liabilities are determined using discounted cash flow models which include capital market assumptions such as interest rates and equity index volatility assumptions, the Company's market-perceived NPR and actuarially determined assumptions for mortality, lapses and projected hedge costs.

As there is no observable active market for these liabilities, the fair value is determined as the present value of account balances paid to policyholders in excess of contractually guaranteed minimums using option pricing techniques for index term periods that contain deposits as of the valuation date, and the expected option cost for future index term periods, where the terms of index crediting rates have not yet been declared by the Company. Premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows are also incorporated in the fair value of these liabilities. Since the valuation of these liabilities require the use of management's judgement to determine these risk premiums and the use of unobservable inputs, these liabilities are reflected within Level 3 in the fair value hierarchy.

Capital market inputs, including interest rates and equity markets volatility, and actual policyholders' account values are updated each quarter. Actuarial assumptions are reviewed at least annually and updated based upon emerging experience, future expectations and other data, including any observable market data. Aside from these annual updates, assumptions are generally updated only if a material change is observed in an interim period that the Company believes is indicative of a long-term trend.

Reinsurance and Funds Withheld Payables—Reinsurance and funds withheld payables primarily includes an embedded derivative associated with certain funds withheld reinsurance arrangements that are described in Note 15 which represents a total return swap associated with the assets supporting the liability to the reinsurer. The fair value is determined based on the valuation of the underlying funds withheld assets identified to support the payable due to the applicable reinsurance counterparties.

Other Liabilities—Other liabilities include certain derivative instruments. The fair values of derivative instruments are primarily determined consistent with those described above under "Derivative Instruments."

Notes issued by Consolidated VIEs—These notes are based on the fair values of corresponding bank loan collateral. Since the notes are valued based on reference collateral, they are classified as Level 3. See Note 4 and "Fair Value Option" below for additional information.

Quantitative Information Regarding Internally-Priced Level 3 Assets and Liabilities—The tables below present quantitative information regarding significant internally-priced Level 3 assets and liabilities:

	December 31, 2024						
	Fair Value	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Weighted Average	Impact of Increase in Input on Fair Value(1)
	(in millions)						
Assets:							
Corporate securities(2)(3)	$ 6,763	Discounted cash flow	Discount rate	0.95%	20.00%	10.36%	Decrease
		Market comparables	EBITDA multiples(4)	3.0X	8.8X	7.6X	Increase
		Liquidation	Liquidation value	75.00%	75.00%	75.00%	Increase
Asset backed securities	$ 529	Discounted cash flow	Discount rate	2.30%	10.70%	6.08%	Decrease
Commercial mortgage-backed securities	$ 853	Discounted cash flow	Liquidity premium	1.00%	1.00%	1.00%	Decrease
Market risk benefit assets(6)	$ 2,331	Discounted cash flow	Lapse rate(8)	1%	20%		Increase
			Spread over SOFR(9)	0.29%	1.71%		Increase
			Utilization rate(10)	37%	94%		Decrease
			Withdrawal rate		See table footnote (11) below.		
			Mortality rate(12)	0%	16%		Increase
			Equity volatility curve	16%	25%		Decrease
Equity securities	$ 209	Discounted cash flow(5)	Discount rate(5)	0.16%	40%		Decrease
		Market comparables	EBITDA multiples(4)	5.5X	12.2X	6.0X	Increase
		Net Asset Value	Share price	$3	$1,810	$779	Increase
Reinsurance recoverables and deposit receivables	$ 613	Discounted cash flow	Lapse rate(8)	1%	50%		Increase
			Spread over SOFR(9)	0.29%	1.71%		Increase
			Option Budget(13)	0%	6%		Decrease
Liabilities:							
Market risk benefit liabilities(6)	$ 4,455	Discounted cash flow	Lapse rate(8)	1%	20%		Decrease
			Spread over SOFR(9)	0.29%	1.71%		Decrease
			Utilization rate(10)	37%	94%		Increase
			Withdrawal rate		See table footnote (11) below.		
			Mortality rate(12)	0%	16%		Decrease
			Equity volatility curve	16%	25%		Increase
Policyholders' account balances(7)	$12,741	Discounted cash flow	Lapse rate(8)	0%	80%		Decrease
			Spread over SOFR(9)	0.29%	1.73%		Decrease
			Mortality rate(12)	0%	23%		Decrease
			Option Budget(13)	(1)%	7%		Increase

	December 31, 2023						
	Fair Value	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Weighted Average	Impact of Increase in Input on Fair Value(1)
	(in millions)						
Assets:							
Corporate securities(2)(3)	$1,311	Discounted cash flow	Discount rate	0.57%	20.00%	8.65%	Decrease
		Market comparables	EBITDA multiples(4)	5.5X	8.8X	7.4X	Increase
		Liquidation	Liquidation value	3.55%	68.00%	57.63%	Increase
Commercial mortgage-backed securities	$ 938	Discounted cash flow	Liquidity premium	0.60%	0.75%	0.70%	Decrease
Market risk benefit assets(6)	$1,981	Discounted cash flow	Lapse rate(8)	1%	20%		Increase
			Spread over SOFR(9)	0.41%	1.82%		Increase
			Utilization rate(10)	38%	95%		Decrease
			Withdrawal rate		See table footnote (11) below.		
			Mortality rate(12)	0%	15%		Increase
			Equity volatility curve	15%	25%		Decrease
Equity securities	$ 246	Discounted cash flow	Discount rate(5)	0.16%	20%		Decrease
		Market comparables	EBITDA multiples(4)	1.0X	10.0X	6.3X	Increase
		Net Asset Value	Share price	$3	$1,714	$733	Increase
Liabilities:							
Market risk benefit liabilities(6)	$5,467	Discounted cash flow	Lapse rate(8)	1%	20%		Decrease
			Spread over SOFR(9)	0.41%	1.82%		Decrease
			Utilization rate(10)	38%	95%		Increase
			Withdrawal rate		See table footnote (11) below.		
			Mortality rate(12)	0%	15%		Decrease
			Equity volatility curve	15%	25%		Increase
Policyholders' account balances(7)	$7,752	Discounted cash flow	Lapse rate(8)	1%	80%		Decrease
			Spread over SOFR(9)	0.41%	1.85%		Decrease
			Mortality rate(12)	0%	23%		Decrease
			Option Budget(13)	(1)%	7%		Increase

(1) Conversely, the impact of a decrease in input would have the opposite impact on fair value as that presented in the table.
(2) Includes assets classified as fixed maturities available-for-sale, assets supporting experience-rated contractholder liabilities and fixed maturities, trading.
(3) Excludes notes which have been offset with the associated debt under a netting agreement.
(4) Represents multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and are amounts used when the Company has determined that market participants would use such multiples when valuing the investments.
(5) For these investments, a range of discount rates is typically used (10% to 20%) and is therefore a more meaningful representation of the unobservable inputs used in the valuation rather than weighted average.
(6) Market risk benefits primarily represent fair value for all living benefit guarantees including accumulation, withdrawal and income benefits. Since the valuation methodology for these assets and liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.
(7) Policyholders' account balances primarily represent general account liabilities for the index-linked interest credited on certain of the Company's life and annuity products that are accounted for as embedded derivatives. Since the valuation methodology for these liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than a weighted average, is a more meaningful representation of the unobservable inputs used in the Lapse rates for contracts with living benefit guarantees are adjusted at the contract level based on the in-the-moneyness of the living benefit and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates for contracts with index-linked crediting guarantees may be adjusted at the contract level based on the applicability of any surrender charges, product type, and market related factors such as interest rates. Lapse rates are also generally assumed to be lower for the period where surrender charges apply. For any given contract, lapse rates vary throughout the period over which cash flows are projected for the purposes of valuing these balances.
(8) Lapse rates for contracts with living benefit guarantees are adjusted at the contract level based on the in-the-moneyness of the living benefit and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates for contracts with index-linked crediting guarantees may be adjusted at the contract level based on the applicability of any surrender charges, product type, and market related factors such as interest rates. Lapse rates are also generally assumed to be lower for the period where surrender charges apply. For any given contract, lapse rates vary throughout the period over which cash flows are projected for the purposes of valuing these balances.
(9) The spread over the SOFR swap curve represents the premium added to the proxy for the risk-free rate (SOFR) to reflect the Company's estimates of rates that a market participant would use to value the living benefits in both the accumulation and payout phases and index-linked interest crediting guarantees as of December 31, 2024 and 2023, respectively. This spread includes an estimate of NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with issuing funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements,

as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements are insurance liabilities and are therefore senior to debt. Effective April 2023, the Company entered into an agreement with The Ohio National Life Insurance Company, now known as AuguStar Life Insurance Company ("AuguStar"), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. See Note 15 for additional information regarding this transaction. As a result of this transaction, a ceded MRB asset balance was established to fair value the reinsurance reimbursements to the Company. The establishment of the fair value also required an estimate of NPR for AuguStar, which may differ from the Company's; however, the NPR spreads for AuguStar were developed using a methodology similar to that of the Company.

(10) The utilization rate assumption estimates the percentage of contracts that will utilize the benefit during the contract duration, and begin lifetime withdrawals at various time intervals from contract inception. The remaining contractholders are assumed to either begin lifetime withdrawals immediately or never utilize the benefit. Utilization assumptions may vary by product type, tax status and age. The impact of changes in these assumptions is highly dependent on the product type, the age of the contractholder at the time of the sale, and the timing of the first lifetime income withdrawal. Range reflects the utilization rate for the vast majority of business with living benefits.

(11) The withdrawal rate assumption estimates the magnitude of annual contractholder withdrawals relative to the maximum allowable amount under the contract. These assumptions vary based on the age of the contractholder, the tax status of the contract and the duration since the contractholder began lifetime withdrawals. As of December 31, 2024 and 2023, the minimum withdrawal rate assumption is 78% and 81%, respectively. As of December 31, 2024 and 2023, the maximum withdrawal rate assumption may be greater than 100%. The fair value of the liability will generally increase the closer the withdrawal rate is to 100% and decrease as the withdrawal rate moves further away from 100%.

(12) The range reflects the mortality rates for the vast majority of business with living benefits and other contracts, with policyholders ranging from 50 to 90 years old. While the majority of living benefits have a minimum age requirement, certain other contracts do not have an age restriction. This results in contractholders with mortality rates approaching 0% for certain benefits. Mortality rates may vary by product, age and duration. A mortality improvement assumption is also incorporated into the overall mortality table.

(13) Option budget estimates the expected long-term cost of options used to hedge exposures associated with equity price and interest rate changes. The level of option budget determines future costs of the options, which impacts the growth in account value and the valuation of embedded derivatives.

Interrelationships Between Unobservable Inputs—In addition to the sensitivities of fair value measurements to changes in each unobservable input in isolation, as reflected in the table above, interrelationships between these inputs may also exist, such that a change in one unobservable input may give rise to a change in another or multiple inputs. Examples of such interrelationships for significant internally-priced Level 3 assets and liabilities are as follows:

Corporate Securities—The rate used to discount future cash flows reflects current risk-free rates plus credit and liquidity spread requirements that market participants would use to value an asset. The discount rate may be influenced by many factors, including market cycles, expectations of default, collateral, term and asset complexity. Each of these factors can influence discount rates, either in isolation, or in response to other factors. During weaker economic cycles, as the expectations of default increase, credit spreads widen, which results in a decrease in fair value.

Commercial Mortgage-backed Securities—Interrelationships may exist between the prepayment rate, the default rate and/or loss severity, depending on specific market conditions. In stronger economic cycles, prepayment rates are generally driven by underlying property appreciation and subsequent cash-out refinances, while default rates and loss severity may be lower. During weaker economic cycles, prepayment rates may decline, while default rates and loss severity increase. Generally, a change in the assumption used for the probability of default would be accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates. The impact of these factors on average life and economics varies with the deal structure and tranche subordination.

Market Risk Benefits—The Company expects efficient benefit utilization and withdrawal rates to generally be correlated with lapse rates. However, behavior is generally highly dependent on the facts and circumstances surrounding the individual contractholder, such as their liquidity needs or tax situation, which could drive lapse behavior independent of other contractholder behavior assumptions. To the extent more efficient contractholder behavior results in greater in-the-moneyness at the contract level, lapse rates may decline for those contracts. Similarly, to the extent that increases in equity volatility are correlated with overall declines in the capital markets, lapse rates may decline as contracts become more in-the-money.

Changes in Level 3 Assets and Liabilities—The following tables describe changes in fair values of Level 3 assets and liabilities as of the dates indicated, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods (excluding MRBs disclosed in Note 14). When a determination is made to classify assets and liabilities within Level 3, the determination is based on significance of the unobservable inputs in the overall fair value measurement. All transfers are based on changes in the observability of the valuation inputs, including the availability of pricing service information that the Company can validate. Transfers into Level 3 are generally the result of unobservable inputs utilized within valuation methodologies and the use of indicative broker quotes for assets that were previously valued using observable inputs. Transfers out of Level 3 are generally due to the use of observable inputs in valuation methodologies as well as the availability of pricing service information for certain assets that the Company can validate.

	Year Ended December 31, 2024(6)										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3(8)	Transfers out of Level 3(8)	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
	(in millions)										
Fixed maturities, available-for-sale:											
U.S. states	$ 7	$ 0	$ 0	$ 0	$ 0	$ 0	$ (1)	$ 0	$ 0	$ 6	$ (1)
Foreign government	8	0	0	0	0	(1)	0	0	0	7	0
Corporate securities(3)	4,806	(253)	2,181	(145)	0	(806)	(144)	250	(58)	5,831	(227)
Structured securities(4)	1,297	5	2,764	(244)	0	(125)	(494)	67	(937)	2,333	(2)
Other assets:											
Fixed maturities, trading	429	(67)	1,826	(56)	0	(218)	1	466	(395)	1,986	(64)
Equity securities	512	(22)	153	(55)	0	(67)	5	2	(10)	518	(6)
Commercial mortgages and other loans	0	0	0	0	210	0	23	0	0	233	0
Other invested assets	846	(85)	175	(2)	0	0	19	0	0	953	(85)
Short-term investments	29	0	488	(25)	0	(6)	(25)	0	0	461	1
Cash equivalents	4	0	5	0	0	0	(9)	0	0	0	0
Reinsurance recoverables and deposit receivables	224	144	223	0	0	(66)	88	0	0	613	78
Other assets	11	0	8	0	0	0	(19)	0	0	0	0
Separate account assets	1,094	(61)	322	(1,061)	0	(14)	0	12	(60)	232	(24)
Liabilities:											
Policyholders' account balances(5)	(7,752)	(2,785)	0	0	(2,254)	0	45	0	0	(12,746)	1,165
Other liabilities	(1)	0	0	0	0	0	0	0	0	(1)	0
Notes issued by consolidated VIEs	(778)	(5)	0	0	(60)	0	783	0	0	(60)	0

	Year Ended December 31, 2024								
	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)			
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)
	(in millions)								
Fixed maturities, available-for-sale	$ (269)	$ 0	$ 0	$22	$(1)	$ (240)	$ 0	$ 0	$10
Other assets:									
Fixed maturities, trading	0	(69)	0	0	2	0	(64)	0	0
Equity securities	0	(22)	0	0	0	0	(6)	0	0
Commercial mortgages and other loans	0	0	0	0	0	0	0	0	0
Other invested assets	(1)	(84)	0	0	0	(1)	(84)	0	0
Short-term investments	(1)	0	0	0	1	0	0	0	1
Cash equivalents	0	0	0	0	0	0	0	0	0
Reinsurance recoverables and deposit receivables	144	0	0	0	0	78	0	0	0
Other assets	0	0	0	0	0	0	0	0	0
Separate account assets	0	0	(61)	0	0	0	0	(24)	0
Liabilities:									
Policyholders' account balances	(2,785)	0	0	0	0	1,165	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0
Notes issued by consolidated VIEs	0	(5)	0	0	0	0	0	0	0

	Year Ended December 31, 2023(6)										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3(8)	Transfers out of Level 3(8)	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
	(in millions)										
Fixed maturities, available-for-sale:											
U.S. states	$ 7	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7	$ 0
Foreign government	8	0	0	0	0	0	0	0	0	8	0
Corporate securities(3)	3,858	26	1,864	(211)	0	(988)	26	418	(187)	4,806	19
Structured securities(4)	1,289	(47)	587	(6)	0	(38)	(81)	113	(520)	1,297	(56)
Other assets:											
Fixed maturities, trading	304	11	129	(39)	0	(23)	88	17	(58)	429	5
Equity securities	627	26	45	(75)	0	(36)	(41)	3	(37)	512	12
Commercial mortgages and other loans	0	0	0	0	0	0	0	0	0	0	0
Other invested assets	539	(38)	361	(16)	0	0	0	0	0	846	(38)
Short-term investments	18	5	49	0	0	(43)	0	0	0	29	0
Cash equivalents	0	0	4	0	0	0	0	0	0	4	0
Reinsurance recoverables and deposit receivables	141	(40)	146	0	0	(23)	0	0	0	224	(63)
Other assets(7)	11	0	0	0	0	0	0	0	0	11	0
Separate account assets	1,081	55	450	(368)	0	(68)	0	50	(106)	1,094	42
Liabilities:											
Policyholders' account balances(5)	(3,492)	(2,601)	0	0	(1,664)	0	5	0	0	(7,752)	(322)
Other liabilities	(1)	0	0	0	0	0	0	0	0	(1)	0
Notes issued by consolidated VIEs	0	9	0	0	0	0	(787)	0	0	(778)	9

	Year Ended December 31, 2023								
	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)			
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)
	(in millions)								
Fixed maturities, available-for-sale	$ (25)	$ 0	$ 0	$(5)	$9	$ (7)	$ 0	$ 0	$(30)
Other assets:									
Fixed maturities, trading	0	9	0	0	2	0	5	0	0
Equity securities	(1)	27	0	0	0	0	12	0	0
Commercial mortgages and other loans	0	0	0	0	0	0	0	0	0
Other invested assets	(4)	(34)	0	0	0	(4)	(34)	0	0
Short-term investments	3	0	0	0	2	0	0	0	0
Cash equivalents	0	0	0	0	0	0	0	0	0
Reinsurance recoverables and deposit receivables	(40)	0	0	0	0	(63)	0	0	0
Other assets(7)	0	0	0	0	0	0	0	0	0
Separate account assets	0	0	55	0	0	0	0	42	0
Liabilities:									
Policyholders' account balances	(2,601)	0	0	0	0	(322)	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0
Notes issued by consolidated VIEs	0	9	0	0	0	0	9	0	0

	Year Ended December 31, 2022								
	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)			
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (losses)
	(in millions)								
Fixed maturities, available-for-sale	$(89)	$ 0	$ 0	$(783)	$8	$(101)	$ 0	$ 0	$(782)
Other assets:									
Fixed maturities, trading	0	(16)	0	0	0	0	(17)	0	0
Equity securities	0	(18)	0	0	0	0	(39)	0	0
Commercial mortgages and other loans	0	0	0	0	0	0	0	0	0
Other invested assets	(12)	24	0	0	0	(12)	24	0	0
Short-term investments	(5)	0	0	0	0	(6)	0	0	0
Cash equivalents	(1)	0	0	0	0	(2)	0	0	0
Reinsurance recoverables and deposit receivables	44	0	0	0	0	48	0	0	0
Other assets(7)	0	0	0	67	0	0	0	0	0
Separate account assets	0	0	(215)	0	0	0	0	(211)	0
Liabilities:									
Policyholders' account balances	(66)	0	0	0	0	67	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0
Notes issued by consolidated VIEs	0	0	0	0	0	0	0	0	0

(1) "Other" includes additional activity not allocated to the specific categories within the rollforward of Level 3 Assets and Liabilities.
(2) Unrealized gains or losses related to assets still held at the end of the period do not include amortization or accretion of premiums and discounts.
(3) Includes U.S. corporate public, U.S. corporate private, foreign corporate public and foreign corporate private securities.
(4) Includes asset-backed, commercial mortgage-backed and residential mortgage-backed securities.
(5) Issuances and settlements for Policyholders' account balances are presented net in the rollforward.
(6) Excludes MRB assets of $2,331 million and $1,981 million and MRB liabilities of $4,455 million and $5,467 million as of December 31, 2024 and 2023, respectively. See Note 14 for additional information.
(7) Prior period amounts have been updated to conform to current period presentation.
(8) Transfers into or out of Level 3 are generally reported at the value as of the beginning of the quarter in which the transfers occur for any such positions still held at the end of the quarter.

Derivative Fair Value Information

The following tables present the balances of certain derivative assets and liabilities measured at fair value on a recurring basis, as of the dates indicated, by the primary underlying risks they are used to manage. These tables include NPR and exclude embedded derivatives. The derivative assets and liabilities shown below are included in "Other invested assets" or "Other liabilities" in the tables contained within the sections "—Assets and Liabilities by Hierarchy Level" and "—Changes in Level 3 Assets and Liabilities," above.

	As of December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in millions)				
Derivative Assets:					
Interest Rate	$ 7	$11,725	$1	$	$ 11,733
Currency	0	1,717	0		1,717
Credit	0	90	0		90
Currency/Interest Rate	0	3,310	0		3,310
Equity	3	4,841	0		4,844
Netting(1)				(20,093)	(20,093)
Total derivative assets	$10	$21,683	$1	$(20,093)	$ 1,601
Derivative Liabilities:					
Interest Rate	$21	$26,871	$1	$	$ 26,893
Currency	0	1,378	0		1,378
Credit	0	0	0		0
Currency/Interest Rate	0	497	0		497
Equity	7	4,117	0		4,124
Netting(1)				(28,141)	(28,141)
Total derivative liabilities	$28	$32,863	$1	$(28,141)	$ 4,751

	As of December 31, 2023				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in millions)				
Derivative Assets:					
Interest Rate	$ 7	$ 8,990	$1	$	$ 8,998
Currency	0	1,008	0		1,008
Credit	0	64	0		64
Currency/Interest Rate	0	2,454	0		2,454
Equity	19	1,718	0		1,737
Netting(1)				(13,158)	(13,158)
Total derivative assets	$26	$14,234	$1	$(13,158)	$ 1,103
Derivative Liabilities:					
Interest Rate	$26	$22,960	$1	$	$ 22,987
Currency	0	1,149	0		1,149
Credit	0	0	0		0
Currency/Interest Rate	0	840	0		840
Equity	10	2,168	0		2,178
Netting(1)				(22,973)	(22,973)
Total derivative liabilities	$36	$27,117	$1	$(22,973)	$ 4,181

(1) "Netting" amounts represent cash collateral and the impact of offsetting asset and liability positions held with the same counterparty, subject to master netting agreements.

Changes in Level 3 Derivative Assets and Liabilities—The following tables provide a summary of the changes in fair value of Level 3 derivative assets and liabilities as of the dates indicated, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods:

	Year Ended December 31, 2024										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)(1)	Purchases	Sales	Issuances	Settlements	Other	Transfers into Level 3(2)	Transfers out of Level 3(2)	Fair Value, end of period	Unrealized gains (losses) for assets still held(1)
	(in millions)										
Net Derivative—Equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Derivative—Interest Rate	0	0	0	0	0	0	0	0	0	0	0

	Year Ended December 31, 2023										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)(1)	Purchases	Sales	Issuances	Settlements	Other	Transfers into Level 3(2)	Transfers out of Level 3(2)	Fair Value, end of period	Unrealized gains (losses) for assets still held(1)
	(in millions)										
Net Derivative—Equity	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Derivative—Interest Rate	0	0	0	0	0	0	0	0	0	0	0

	Year Ended December 31, 2022										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)(1)	Purchases	Sales	Issuances	Settlements	Other	Transfers into Level 3(2)	Transfers out of Level 3(2)	Fair Value, end of period	Unrealized gains (losses) for assets still held(1)
	(in millions)										
Net Derivative—Equity	$1	$1	$0	$(2)	$0	$0	$0	$ 0	$0	$0	$1
Net Derivative—Interest Rate	1	0	0	0	0	0	0	(1)	0	0	0

(1) Total realized and unrealized gains (losses) as well as unrealized gains (losses) for assets still held at the end of the period are recorded in "Realized investment gains (losses), net."
(2) Transfers into or out of Level 3 are generally reported at the value as of the beginning of the quarter in which the transfers occur for any such positions still held at the end of the quarter.

Nonrecurring Fair Value Measurements—The following tables represent information for assets measured at fair value on a nonrecurring basis. The fair value measurement is nonrecurring as these assets are measured at fair value only when there is a triggering event (e.g., an evidence of impairment). Assets included in the table are those that were impaired during the respective reporting periods and that are still held as of the reporting date. The estimated fair values for these amounts were determined using significant unobservable inputs (Level 3).

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Gains (Losses):			
Commercial mortgage loans(1)	$ 0	$ (29)	$ 0
Mortgage servicing rights(2)	$ 0	$ 0	$ (1)
Investment real estate	$(12)	$ (17)	$ (12)
Investment in JV/LP and Other	$ (7)	$ (76)	$(129)
Goodwill(4)	$ 0	$(177)	$(903)

	Year Ended December 31,	
	2024	2023
	(in millions)	
Carrying value after measurement as of period end:		
Commercial mortgage loans(1)	$ 0	$ 34
Mortgage servicing rights(2)	$ 0	$ 0
Investment real estate(3)	$ 73	$113
Investment in JV/LP and Other(3)	$128	$186
Goodwill(4)	$ 0	$ 0

(1) Commercial mortgage loans are valued based on discounted cash flows utilizing market rates or the fair value of the underlying real estate collateral.

(2) Mortgage servicing rights are valued using a discounted cash flow model. The model incorporates assumptions for servicing revenues, which are adjusted for expected prepayments, delinquency rates, escrow deposit income and estimated loan servicing expenses. The discount rates incorporated into the model are determined based on the estimated returns a market participant would require for this business including a liquidity and risk premium. This estimate includes available relevant data from any active market sales of mortgage servicing rights.

(3) Reported carrying values for 2024 include values as of the measurement periods of March 31, 2024 for "Investment in JV/LP and Other" and June 30, 2024 and September 30, 2024 for "Investment real estate." Reported carrying values for 2023 include values as of the measurement periods of June 30, 2023 for "Investment real estate" and June 30, 2023 and December 31, 2023 for "Investment in JV/LP and Other."

(4) The Company recognized a goodwill impairment charge for AIQ in 2023 and 2022. The fair value was determined using weighting of an income approach based on discounted cash flow valuation techniques and a market approach based on forward market multiples of comparable publicly traded companies. The valuation in each year included unobservable inputs such as forecasted cash flows, discount rate applied, expected synergies and business growth rate assumptions under the income approach and forward market multiples of comparable peer companies and an implied control premium under the market approach. The inputs and assumptions applied are consistent with how a market participant would value AIQ and the related goodwill. See Note 10 for additional information.

Fair Value Option

The fair value option allows the Company to elect fair value as an alternative measurement for selected financial assets and financial liabilities not otherwise reported at fair value. Such elections have been made by the Company to help mitigate volatility in earnings that result from different measurement attributes. Electing the fair value option also allows the Company to achieve consistent accounting for certain assets and liabilities. Changes in fair value are reflected in "Realized investment gains (losses), net" for commercial mortgage and other loans and "Other income (loss)" for other assets and notes issued by consolidated VIEs. Changes in fair value due to instrument-specific credit risk are estimated using changes in credit spreads and quality ratings for the period reported. Interest income on commercial mortgage and other loans is included in "Net investment income." Interest income on these loans is recorded based on the effective interest rate as determined at the closing of the loan.

The following tables present information regarding assets and liabilities where the fair value option has been elected:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Liabilities:			
Notes issued by consolidated VIEs:			
Changes in fair value	$5	$(9)	$0

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Commercial mortgage and other loans:			
Interest income	$26	$ 9	$23
Notes issued by consolidated VIEs:			
Interest expense	$14	$11	$ 0

	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions)	
Commercial mortgage and other loans(1):		
Fair value as of period end	$702	$519
Aggregate contractual principal as of period end	$697	$512
Other invested assets:		
Fair value as of period end	$ 19	$ 0
Other assets:		
Fair value as of period end	$ 0	$ 11
Notes issued by consolidated VIEs:		
Fair value as of period end	$ 60	$778
Aggregate contractual principal as of period end	$ 60	$787

(1) As of December 31, 2024, for loans for which the fair value option has been elected, none of the loans were 90 days or more past due.

Fair Value of Financial Instruments

The tables below present the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value. The financial instruments presented below are reported at carrying value on the Company's Consolidated Statements of Financial Position. In some cases, as described below, the carrying amount equals or approximates fair value.

	December 31, 2024				
	Fair Value				Carrying Amount(1)
	Level 1	Level 2	Level 3	Total	Total
	(in millions)				
Assets:					
Commercial mortgage and other loans	$ 0	$ 17	$58,446	$ 58,463	$ 61,639
Policy loans	8	0	9,787	9,795	9,795
Other invested assets	0	95	0	95	95
Short-term investments	453	21	0	474	474
Cash and cash equivalents	7,352	454	0	7,806	7,806
Accrued investment income	0	3,441	0	3,441	3,441
Reinsurance recoverables and deposit receivables	0	8	5,782	5,790	5,790
Other assets	23	3,062	1	3,086	3,086
Total assets	$7,836	$ 7,098	$74,016	$ 88,950	$ 92,126
Liabilities:					
Policyholders' account balances—investment contracts	$ 0	$ 31,405	$43,466	$ 74,871	$ 79,571
Securities sold under agreements to repurchase	0	6,796	0	6,796	6,796
Cash collateral for loaned securities	0	9,621	0	9,621	9,621
Reinsurance and funds withheld payables(2)	0	10,489	(35)	10,454	10,454
Short-term debt(3)	0	521	439	960	953
Long-term debt(4)	524	17,185	423	18,132	19,187
Notes issued by consolidated VIEs	0	0	1,370	1,370	1,370
Other liabilities	0	6,886	32	6,918	6,918
Separate account liabilities—investment contracts	0	21,144	18,677	39,821	39,821
Total liabilities	$ 524	$104,047	$64,372	$168,943	$174,691

	December 31, 2023				
	Fair Value				Carrying Amount(1)
	Level 1	Level 2	Level 3	Total	Total
			(in millions)		
Assets:					
Commercial mortgage and other loans	$ 0	$ 41	$55,611	$ 55,652	$ 58,786
Policy loans	8	0	10,039	10,047	10,047
Other invested assets	0	97	0	97	97
Short-term investments	1,092	13	0	1,105	1,105
Cash and cash equivalents	8,709	408	0	9,117	9,117
Accrued investment income	0	3,287	0	3,287	3,287
Reinsurance recoverables and deposit receivables	0	5	5,171	5,176	5,176
Other assets	43	3,059	0	3,102	3,102
Total assets	$9,852	$ 6,910	$70,821	$ 87,583	$ 90,717
Liabilities:					
Policyholders' account balances—investment contracts	$ 0	$ 31,089	$37,794	$ 68,883	$ 72,604
Securities sold under agreements to repurchase	0	6,056	0	6,056	6,056
Cash collateral for loaned securities	0	6,477	0	6,477	6,477
Reinsurance and funds withheld payables(2)	0	9,553	(23)	9,530	9,530
Short-term debt(3)	0	535	83	618	618
Long-term debt(4)	564	16,938	766	18,268	18,882
Notes issued by consolidated VIEs	0	0	596	596	596
Other liabilities	0	6,950	32	6,982	6,982
Separate account liabilities—investment contracts	0	24,050	21,315	45,365	45,365
Total liabilities	$ 564	$101,648	$60,563	$162,775	$167,110

(1) Carrying values presented herein differ from those in the Company's Consolidated Statements of Financial Position because certain items within the respective financial statement captions are not considered financial instruments or are out of scope under authoritative guidance relating to disclosures of the fair value of financial instruments.
(2) Includes contracts reinsured through coinsurance with funds withheld agreement with Prismic Re with a fair value of $7,887 million (carrying amount of $7,887 million) and $8,036 million (carrying amount of $8,036 million), a portion of which relates to insurance contracts as of December 31, 2024 and December 31, 2023, respectively. See Note 15 for additional information regarding the reinsurance arrangement with Prismic Re.
(3) Excludes debt with fair value of $0 million (carrying amount of $0 million) and $2,000 million (carrying amount of $2,000 million) as of December 31, 2024 and December 31, 2023, respectively, which have been offset with the associated notes under a netting agreement.
(4) Excludes debt with fair value of $14,748 million (carrying amount of $14,748 million) and $10,370 million (carrying amount of $10,370 million) as of December 31, 2024 and December 31, 2023, respectively, which have been offset with the associated notes under a netting agreement.

The fair values presented above have been determined by using available market information and by applying market valuation methodologies, as described in more detail below.

Commercial Mortgage and Other Loans

The fair value of most commercial mortgage loans is based upon the present value of the expected future cash flows discounted at the appropriate U.S. Treasury rate or foreign government bond rate (for non-U.S. dollar-denominated loans) plus an appropriate credit spread for loans of similar quality, average life and currency. The quality ratings for these loans, a primary determinant of the credit spreads and a significant component of the pricing process, are based on an internally-developed methodology. Certain commercial mortgage loans are valued incorporating other factors, including the terms of the loans, the relative strength of the underlying collateral, the principal exit strategies for the loans, prevailing interest rates and credit risk.

Policy Loans

The Company's valuation technique for policy loans is to discount cash flows at the current policy loan coupon rate. Policy loans are fully collateralized by the cash surrender value of underlying insurance policies. As a result, the carrying value of the policy loans approximates the fair value.

Short-Term Investments, Cash and Cash Equivalents, Accrued Investment Income and Other Assets

The Company believes that due to the short-term nature of certain assets, the carrying value approximates fair value. These assets include: certain short-term investments, which are not securities, recorded at amortized cost; cash and cash equivalent instruments; accrued investment income; and other assets that meet the definition of financial instruments, including receivables, such as unsettled trades, accounts receivable and restricted cash.

Reinsurance Recoverables and Deposit Receivables

Reinsurance recoverables and deposit receivables includes receivables from modified coinsurance arrangements where the Company is the reinsurer and generally reflect the fair value of the invested assets retained by the cedant. Deposits made are included in "Reinsurance recoverables and deposit receivables." The deposit assets are adjusted as amounts are paid, consistent with the underlying contracts.

Policyholders' Account Balances—Investment Contracts

Only the portion of policyholders' account balances related to products that are investment contracts (those without significant mortality or morbidity risk) are reflected in the table above. For fixed deferred annuities, single premium endowments, payout annuities and other similar contracts without life contingencies, fair values are generally derived using discounted projected cash flows based on interest rates that are representative of the Company's financial strength ratings, and hence reflect the Company's NPR. For GICs, funding agreements, structured settlements without life contingencies and other similar products, fair values are generally derived using discounted projected cash flows based on interest rates being offered for similar contracts with maturities consistent with those of the contracts being valued. For those balances that can be withdrawn by the customer at any time without prior notice or penalty, the fair value is the amount estimated to be payable to the customer as of the reporting date, which is generally the carrying value. For defined contribution and defined benefit contracts and certain other products, the fair value is the market value of the assets supporting the liabilities.

Securities Sold Under Agreements to Repurchase

The Company receives collateral for selling securities under agreements to repurchase, or pledges collateral under agreements to resell. Repurchase and resale agreements are also generally short-term in nature and, therefore, the carrying amounts of these instruments approximate fair value.

Cash Collateral for Loaned Securities

Cash collateral for loaned securities represents the collateral received or paid in connection with loaning or borrowing securities, similar to the securities sold under agreement to repurchase above. Due to the short-term nature of these transactions, the carrying value approximates fair value.

Reinsurance and Funds Withheld Payables

Reinsurance and funds withheld payables includes amounts payable to the reinsurer under coinsurance with funds withheld arrangements where the Company is the cedant. Deposits received are included in "Reinsurance and funds withheld payables." The deposit liabilities are adjusted as amounts are received, consistent with the underlying contracts.

Debt

The fair value of short-term and long-term debt, as well as notes issued by consolidated VIEs, is generally determined by either prices obtained from independent pricing services, which are validated by the Company, or discounted cash flow models. With the exception of the notes issued by consolidated VIEs for which recourse is limited to the assets of the respective VIE and does not extend to the general credit of the Company, the fair values of these instruments consider the Company's NPR. Discounted cash flow models predominately use market observable inputs such as the borrowing rates currently available to the Company for debt and financial instruments with similar terms and remaining maturities. For commercial paper issuances and other debt with a maturity of less than 90 days, the carrying value approximates fair value.

Other Liabilities

Other liabilities are primarily payables, such as unsettled trades, drafts and accrued expense payables. Due to the short-term until settlement of most of these liabilities, the Company believes that carrying value approximates fair value.

Separate Account Liabilities—Investment Contracts

Only the portion of separate account liabilities related to products that are investment contracts are reflected in the table above. Separate account liabilities are recorded at the amount credited to the contractholder, which reflects the change in fair value of the corresponding separate account assets including contractholder deposits less withdrawals and fees; therefore, carrying value approximates fair value.

7. DEFERRED POLICY ACQUISITION COSTS, DEFERRED SALES INDUCEMENTS AND VALUE OF BUSINESS ACQUIRED

Deferred Policy Acquisition Costs

The following tables show a rollforward for the lines of business that contain material DAC balances, along with a reconciliation to the Company's total DAC balance:

	Year Ended December 31, 2024					
	Retirement Strategies	Individual Life		International Businesses		
	Individual Variable	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)					
Balance, BOP	$3,676	$2,237	$5,364	$4,909	$4,442	$20,628
Capitalization	423	186	734	564	575	2,482
Amortization expense	(386)	(208)	(241)	(340)	(330)	(1,505)
Other adjustments(1)	0	0	(979)	(43)	3	(1,019)
Foreign currency adjustment	0	0	0	(336)	(140)	(476)
Balance, EOP	$3,713	$2,215	$4,878	$4,754	$4,550	20,110
Other businesses						338
Total DAC balance						$20,448

(1) Includes the impacts of the reinsurance transactions with Wilton Re and Somerset Re in Individual Life (Universal Life). See Note 15 for additional information.

	Year Ended December 31, 2023					
	Retirement Strategies	Individual Life		International Businesses		
	Individual Variable	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)					
Balance, BOP	$4,171	$2,288	$5,000	$4,710	$4,231	$20,400
Capitalization	261	160	608	586	610	2,225
Amortization expense	(366)	(212)	(244)	(326)	(315)	(1,463)
Other adjustments(1)	(390)	1	0	20	0	(369)
Foreign currency adjustment	0	0	0	(81)	(84)	(165)
Balance, EOP	$3,676	$2,237	$5,364	$4,909	$4,442	20,628
Other businesses						228
Total DAC balance						$20,856

(1) Includes the impact of the reinsurance transaction with AuguStar in Individual Retirement Strategies. See Note 15 for additional information.

	Year Ended December 31, 2022					
	Retirement Strategies	Individual Life		International Businesses		
	Individual Variable	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)					
Balance, BOP	$4,872	$2,372	$4,679	$4,685	$4,135	$20,743
Capitalization	277	127	556	579	600	2,139
Amortization expense	(401)	(211)	(235)	(318)	(300)	(1,465)
Other adjustments(1)	(577)	0	0	22	0	(555)
Foreign currency adjustment	0	0	0	(258)	(204)	(462)
Balance, EOP	$4,171	$2,288	$5,000	$4,710	$4,231	20,400
Other businesses						146
Total DAC balance						$20,546

(1) Includes $(584) million in Individual Retirement Strategies related to the sale of PALAC. See Note 1 for additional information.

Deferred Sales Inducements

The following table shows a rollforward of DSI balances for variable annuity products within Individual Retirement Strategies, which is the only line of business that contains a material DSI balance, along with a reconciliation to the Company's total DSI balance:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Balance, BOP	$410	$446	$ 799
Capitalization	1	2	1
Amortization expense	(35)	(38)	(46)
Other adjustments(1)	0	0	(308)
Balance, EOP	376	410	446
Other businesses	30	33	34
Total DSI balance	$406	$443	$ 480

(1) The 2022 amount relates to the sale of PALAC. See Note 1 for additional information.

Value of Business Acquired

The following table shows a rollforward of VOBA balances for Gibraltar Life and Other, which is the only line of business that contains a material VOBA balance, along with a reconciliation to the Company's total VOBA balance:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Balance, BOP	$511	$597	$746
Amortization expense	(42)	(49)	(58)
Foreign currency adjustment	(48)	(37)	(91)
Balance, EOP	421	511	597
Other businesses(1)	14	19	24
Total VOBA balance	$435	$530	$621

(1) Represents Aoba Life business.

The following table provides estimated future amortization for the periods indicated:

	2025	2026	2027	2028	2029	Thereafter	Total
				(in millions)			
Estimated future VOBA amortization	$39	$36	$33	$30	$27	$270	$435

8. SEPARATE ACCOUNTS

The Company issues variable annuity and variable life insurance contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholder. Most variable annuity and variable life insurance contracts are offered with both separate and general account options. See Note 13 for additional information.

The assets supporting the variable portion of variable annuity and variable life insurance contracts are carried at fair value and reported as "Separate account assets" with an equivalent amount reported as "Separate account liabilities." The liabilities related to the net amount at risk are reflected within "Future policy benefits" or "Market risk benefit liabilities" (or "assets," if applicable). Amounts assessed against the contractholders for mortality, administration, and other services are included within revenue in "Policy charges and fee income" and changes in liabilities for minimum guarantees are generally included in "Policyholders' benefits" or "Change in value of market risk benefits, net of related hedging gains (losses)."

Separate Account Assets

The aggregate fair value of assets, by major investment asset category, supporting separate accounts is as follows:

	December 31, 2024	December 31, 2023
	(in millions)	
Asset Type:		
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 4,674	$ 4,411
Obligations of U.S. states and their political subdivisions	2,224	2,116
Foreign government bonds	93	101
U.S. corporate securities	11,440	12,782
Foreign corporate securities	3,010	3,288
Asset-backed securities	1,283	1,211
Mortgage-backed securities	14,144	14,253
Mutual funds:		
Equity	90,180	88,397
Fixed Income	33,828	37,065
Other	5,439	5,587
Equity securities	4,845	5,410
Commercial mortgage and other loans	54	67
Other invested assets	19,352	20,739
Short-term investments	1,137	1,202
Cash and cash equivalents	1,669	2,259
Total	$193,372	$198,888

For the periods ended December 31, 2024, 2023 and 2022, there were no transfers of assets, other than cash, from the general account to a separate account; therefore, no gains or losses were recorded.

Separate Account Liabilities

The balances of and changes in separate account liabilities as of and for the periods ended are as follows:

	Year Ended December 31, 2024					
		Retirement Strategies				
	PGIM	Institutional	Individual	Group Insurance	Individual Life	Total
	(in millions)					
Balance, BOP	$ 32,648	$11,011	$ 94,130	$25,021	$39,223	$202,033
Deposits	15,374	143	606	734	3,728	20,585
Investment performance	(45)	146	8,722	1,013	7,032	16,868
Policy charges	(69)	(11)	(2,231)	(317)	(1,168)	(3,796)
Surrenders and withdrawals	(14,766)	(1,050)	(14,070)	(370)	(986)	(31,242)
Benefit payments	(3,550)	(541)	(87)	(303)	(449)	(4,930)
Net transfers (to) from general account	(184)	(76)	(102)	6	(577)	(933)
Other	(763)	(314)	6	(658)	88	(1,641)
Balance, EOP	$ 28,645	$ 9,308	$ 86,974	$25,126	$46,891	$196,944
Other businesses(1)						(3,572)
Total separate account liabilities						$193,372
Cash surrender value(2)	$ 28,645	$ 9,308	$ 86,081	$25,028	$43,333	$192,395

(1) Primarily represents activity from the Company's Divested and Run-off Businesses as well as the impact of intercompany eliminations. There are no associated cash surrender charges.

(2) "Cash surrender value" represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the PGIM and Institutional Retirement Strategies segments.

	Year Ended December 31, 2023					
		Retirement Strategies				
	PGIM	Institutional	Individual	Group Insurance	Individual Life	Total
	(in millions)					
Balance, BOP	$40,056	$11,428	$93,395	$23,513	$32,930	$201,322
Deposits	6,848	259	446	103	2,972	10,628
Investment performance	(1,045)	830	12,598	1,828	6,742	20,953
Policy charges	(81)	(12)	(2,316)	(337)	(1,075)	(3,821)
Surrenders and withdrawals	(8,109)	(660)	(9,891)	(52)	(765)	(19,477)
Benefit payments	(3,477)	(562)	(95)	(290)	(342)	(4,766)
Net transfers (to) from general account	(501)	(74)	(17)	44	(1,344)	(1,892)
Other	(1,043)	(198)	10	212	105	(914)
Balance, EOP	$32,648	$11,011	$94,130	$25,021	$39,223	202,033
Other businesses(1)						(3,145)
Total separate account liabilities						$198,888
Cash surrender value(2)	$32,648	$11,011	$92,927	$24,911	$35,921	$197,418

(1) Primarily represents activity from the Company's Divested and Run-off Businesses as well as the impact of intercompany eliminations. There are no associated cash surrender charges.

(2) "Cash surrender value" represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the PGIM and Institutional Retirement Strategies segments.

	Year Ended December 31, 2022					
		Retirement Strategies				
	PGIM	Institutional	Individual	Group Insurance	Individual Life	Total
			(in millions)			
Balance, BOP	$42,020	$14,064	$158,546	$27,097	$39,789	$281,516
Deposits	8,092	744	700	104	2,527	12,167
Investment performance	645	(2,256)	(23,956)	(3,984)	(6,934)	(36,485)
Policy charges	(68)	(15)	(2,682)	(332)	(1,014)	(4,111)
Surrenders and withdrawals	(6,561)	(3,177)	(9,422)	(34)	(712)	(19,906)
Benefit payments	(3,319)	(553)	(95)	(251)	(421)	(4,639)
Net transfers (to) from general account	(634)	2,674	(282)	41	(394)	1,405
Other(1)	(119)	(53)	(29,414)	872	89	(28,625)
Balance, EOP	$40,056	$11,428	$ 93,395	$23,513	$32,930	201,322
Other businesses(2)						(3,643)
Total separate account liabilities						$197,679
Cash surrender value(3)	$40,056	$11,428	$ 91,831	$23,391	$30,049	$196,755

(1) Primarily represents the sale of PALAC in Individual Retirement Strategies.
(2) Primarily represents activity from the Company's Divested and Run-off Businesses as well as the impact of intercompany eliminations. There are no associated cash surrender charges.
(3) "Cash surrender value" represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the PGIM and Institutional Retirement Strategies segments.

9. INVESTMENTS IN JOINT VENTURES AND OTHER OPERATING ENTITIES

The Company has made investments in certain joint ventures and other operating entities that are strategic in nature and are made for other than the sole purpose of generating investment income. These investments are primarily accounted for under the equity method of accounting and are included in "Other assets" in the Company's Consolidated Statements of Financial Position. The earnings from these investments are primarily included on an after-tax basis in "Equity in earnings of joint ventures and other operating entities, net of taxes" in the Company's Consolidated Statements of Operations. The summarized financial information for the Company's investments in joint ventures and other operating entities has been included in the summarized combined financial information for all significant equity method investments shown in Note 3.

The following table sets forth information related to the Company's investments in joint ventures and other operating entities as of and for the years ended December 31:

	2024	2023(1)	2022
		(in millions)	
Investment in joint ventures and other operating entities	$782	$1,192	$1,211
Dividends received from joint ventures and other operating entities	$ 95	$ 66	$ 81
After-tax equity in earnings of joint ventures and other operating entities	$144	$ 49	$ (62)

(1) In September of 2023, the Company acquired a 20% equity interest as a limited partner in Prismic. See Note 1 for additional information.

For the years ended December 31, 2024, 2023 and 2022, the Company recognized $31 million, $10 million and less than $1 million, respectively, of asset management fee income for services the Company provided to these joint ventures and other operating entities.

10. GOODWILL AND OTHER INTANGIBLES

The changes in the carrying value of goodwill by reportable segment are as follows:

	PGIM	International Businesses	Corporate and Other	Other(1)	Total
			(in millions)		
Goodwill balance, December 31, 2021:	$558	$130	$1,106	$10	$1,804
Impairments	0	0	(903)	0	(903)
Foreign currency translation	(9)	(15)	(1)	0	(25)
Goodwill balance, December 31, 2022:	549	115	202	10	876
Acquisitions(2)	373	0	0	0	373
Impairments	0	0	(177)	0	(177)
Divestitures(3)	0	0	(23)	0	(23)
Foreign currency translation	30	(7)	(1)	0	22
Goodwill balance, December 31, 2023:	952	108	1	10	1,071
Foreign currency translation and other(2)	(6)	(12)	0	0	(18)
Goodwill balance, December 31, 2024:	$946	$ 96	$ 1	$10	$1,053

(1) Other includes goodwill balances assigned to Individual Retirement Strategies, Individual Life, and Group Insurance.
(2) During 2023, PGIM acquired a majority stake in Deerpath Capital Management, LP, a leading U.S.-based private credit and direct lending manager. The goodwill associated with that acquisition includes a measurement period adjustment made during 2024.
(3) Includes a sale of a foreign operation classified as a divested business within Corporate and Other.

The Company tests goodwill for impairment annually, as of December 31, and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount, as discussed in further detail in Note 2. The Company performed the annual goodwill impairment test using the quantitative approach for all reporting units at December 31, 2024. The estimated fair value of PGIM and Gibraltar and Other, within the International Businesses segment, incorporated a market approach based on earnings multiple and significantly exceeded their carrying value, resulting in no goodwill impairment as of December 31, 2024.

The Company recorded pre-tax impairment charges of $177 million and $903 million in 2023 and 2022, respectively, both related to AIQ, within Corporate and Other operations, resulting in no remaining goodwill assigned to AIQ as of December 31, 2023 and 2024.

Other Intangibles

Other intangible balances at December 31, are as follows:

	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in millions)			
Subject to amortization:						
Mortgage servicing rights	$897	$(630)	$267	$884	$(600)	$284
Customer relationships	260	(173)	87	268	(158)	110
Software and other	41	(30)	11	189	(135)	54
Not subject to amortization	41	N/A	41	58	N/A	58
Total			$406			$506

The fair values of net mortgage servicing rights were $269 million and $286 million at December 31, 2024 and 2023, respectively. Amortization expense for other intangibles was $80 million, $89 million and $104 million for the years ending December 31, 2024, 2023 and 2022, respectively. The amortization expense amounts for 2024, 2023 and 2022 do not include impairments recorded for mortgage servicing rights or other intangibles. See the nonrecurring fair value measurements section of Note 6 for additional information regarding these impairments.

The following table provides estimated future amortization for the periods indicated:

	2025	2026	2027	2028	2029
			(in millions)		
Estimated future amortization expense of other intangibles	$63	$59	$53	$48	$34

11. LEASES

The Company occupies leased office space and other facilities in many locations under various long-term leases and has entered into numerous leases covering the long-term use of computers and other equipment. The leases, depending on their specific terms, are classified as either operating or finance with the vast majority of leases falling under the operating classification. The leases in the Company's portfolio have remaining lease terms from less than one year to 24 years, some of which include options to extend the leases for up to 20 years, and some of which include options to terminate the leases within 12 years. An analysis of all economic and non-economic factors associated with leases containing certain options, including factors such as the existence of cancellation penalties, leasehold improvements made to the underlying assets and location of the underlying assets, is conducted to determine whether those leases are reasonably certain to renew, and hence, should be included in the lease term that is used to establish the right-of-use assets and lease liabilities for those arrangements.

The Company does not have residual guarantees associated with its lessee arrangements, nor are there any restrictions or covenants associated with its lease arrangements.

Lessee

Supplemental balance sheet information related to leases where the Company is the lessee is included below. Right-of-use assets and lease liabilities are included within "Other assets" and "Other liabilities" respectively.

	December 31,	
	2024	2023
	($ in millions)	
Operating Leases:		
Right-of-use assets	$ 373	$ 286
Lease liabilities	$ 408	$ 311
Weighted average remaining lease term	9 years	5 years
Weighted average discount rate	2.58%	2.82%

Maturities of operating lease liabilities are as follows:

	December 31, 2024
	(in millions)
2025	$ 95
2026	73
2027	54
2028	42
2029	35
Thereafter	204
Total lease payments	503
Less imputed interest	(95)
Total	$408

Lease expense is included in "General and administrative expenses," which consisted of operating lease and short-term costs. Operating lease costs were $123 million, $121 million, and $133 million for the years ended December 31, 2024, 2023, and 2022, respectively. Short-term lease costs were $68 million, $74 million, and $80 million for the years ended December 31, 2024, 2023, and 2022, respectively. Short-term lease costs relate to those leases with terms of twelve months or less that do not include an option to purchase the underlying asset that is reasonably certain of exercise.

Lessor

The Company directly owns certain real estate properties that are primarily reported within the investment portfolio. Such real estate is leased to third parties, with the Company serving as the lessor. The terms of the leases vary depending on property type (e.g., commercial or residential). In most cases, the lessee has an option to renew the lease contract based on market rates but does not have an option to purchase the property. The terms of the leases may also include provisions for the use of common areas. Such non-lease components are not separately accounted for by the Company, as a result of applying a practical expedient. Lease income included in "Net investment income" was $69 million, $79 million, and $85 million for the years ended December 31, 2024, 2023, and 2022, respectively. Lease income included in "Other income" was $11 million, $11 million, and $12 million for the years ended December 31, 2024, 2023, and 2022, respectively.

12. LIABILITY FOR FUTURE POLICY BENEFITS

Liability for Future Policy Benefits primarily consists of the following sub-components, which are discussed in greater detail below.

- Benefit Reserves;
- Deferred Profit Liability; and
- Additional Insurance Reserves

In 2024, the Company recognized a favorable impact to net income attributable to its annual reviews and update of assumptions and other refinements. The impact was favorable for direct and assumed Benefit Reserves and DPL, net of the impact of flooring these liabilities at zero for each issue year cohort, primarily due to updates to mortality assumptions in Institutional Retirement Strategies and Long-Term Care, partially offset by unfavorable updates to policyholder behavior assumptions on certain life policies in International Businesses. Additionally, there was an unfavorable impact for direct and assumed AIR, primarily due to updates to policyholder behavior assumptions on universal life polices with secondary guarantees in Individual Life.

In 2023, the Company recognized an unfavorable impact to net income attributable to its annual reviews and update of assumptions and other refinements. The impact was unfavorable for direct and assumed Benefit Reserves and DPL, net of the impact of flooring these liabilities at zero for each issue year cohort, primarily due to updates to policyholder behavior and claim assumptions in Long-Term Care. Additionally, there was an unfavorable impact for direct and assumed AIR, primarily due to unfavorable model refinements, partially offset by updates to economic assumptions, including expected future rates of returns on universal life policies with secondary guarantees in Individual Life.

In 2022, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed Benefit Reserves and DPL, net of the impact of flooring these liabilities at zero for each issue year cohort. This net impact was primarily due to updates to mortality assumptions on individual term life policies. Additionally, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update and other refinements for direct and assumed AIR, primarily due to updates to policyholder behavior assumptions on universal life policies with secondary guarantees.

Benefit Reserves

The balances of and changes in Benefit Reserves as of and for the periods indicated consist of the three tables presented below: Present Value of Expected Net Premiums rollforward, Present Value of Expected Future Policy Benefits rollforward, and Net Liability for Future Policy Benefits.

	Year Ended December 31, 2024					
	Present Value of Expected Net Premiums					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$ 71,407	$11,274	$29,064	$26,367	$3,286	$141,398
Effect of cumulative changes in discount rate assumptions, BOP	11,869	228	596	622	16	13,331
Balance at original discount rate, BOP	83,276	11,502	29,660	26,989	3,302	154,729
Effect of assumption update	41	21	(328)	(535)	(276)	(1,077)
Effect of actual variances from expected experience and other activity	568	(228)	(1,286)	(874)	122	(1,698)
Adjusted balance, BOP	83,885	11,295	28,046	25,580	3,148	151,954
Issuances	24,498	857	2,241	1,113	0	28,709
Net premiums / considerations collected	(22,206)	(1,379)	(3,671)	(3,298)	(311)	(30,865)
Interest accrual	2,896	530	835	692	149	5,102
Foreign currency adjustment	(2,002)	0	(1,934)	(1,275)	0	(5,211)
Other adjustments	0	(1)	121	0	0	120
Balance at original discount rate, EOP	87,071	11,302	25,638	22,812	2,986	149,809
Effect of cumulative changes in discount rate assumptions, EOP	(14,545)	(578)	(1,397)	(1,202)	(132)	(17,854)
Balance, EOP	$ 72,526	$10,724	$24,241	$21,610	$2,854	131,955
Other businesses, EOP						93
Total balance, EOP						$132,048

	Year Ended December 31, 2024					
	Present Value of Expected Future Policy Benefits					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$141,135	$19,852	$79,822	$ 79,036	$12,139	$331,984
Effect of cumulative changes in discount rate assumptions, BOP	14,751	334	563	7,355	603	23,606
Balance at original discount rate, BOP	155,886	20,186	80,385	86,391	12,742	355,590
Effect of assumption update	(481)	21	(106)	(407)	(394)	(1,367)
Effect of actual variances from expected experience and other activity	716	(252)	(1,333)	(851)	99	(1,621)
Adjusted balance, BOP	156,121	19,955	78,946	85,133	12,447	352,602
Issuances	24,498	857	2,241	1,113	0	28,709
Interest accrual	6,290	945	2,551	2,166	606	12,558
Benefit payments	(13,131)	(1,615)	(4,370)	(4,793)	(327)	(24,236)
Foreign currency adjustment	(2,017)	0	(5,251)	(4,702)	0	(11,970)
Other adjustments	(95)	(12)	290	(5)	0	178
Balance at original discount rate, EOP	171,666	20,130	74,407	78,912	12,726	357,841
Effect of cumulative changes in discount rate assumptions, EOP	(20,182)	(1,134)	(6,272)	(11,562)	(1,548)	(40,698)
Balance, EOP	$151,484	$18,996	$68,135	$ 67,350	$11,178	317,143
Other businesses, EOP						1,646
Total balance, EOP						$318,789

	Year Ended December 31, 2024					
	Net Liability for Future Policy Benefits - Benefit Reserves					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, EOP, pre-flooring	$78,958	$8,272	$43,894	$45,740	$8,324	$185,188
Flooring impact, EOP	68	0	24	13	0	105
Balance, EOP, post-flooring	79,026	8,272	43,918	45,753	8,324	185,293
Less: Reinsurance recoverable	5,057	654	89	260	0	6,060
Balance after reinsurance recoverable, EOP, post-flooring	$73,969	$7,618	$43,829	$45,493	$8,324	179,233
Other businesses, EOP(1)						1,493
Total balance after reinsurance recoverable, EOP						$180,726

	Year Ended December 31, 2023					
	Present Value of Expected Net Premiums					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$ 52,620	$11,282	$30,689	$28,951	$2,932	$126,474
Effect of cumulative changes in discount rate assumptions, BOP	14,349	572	1,354	1,326	103	17,704
Balance at original discount rate, BOP	66,969	11,854	32,043	30,277	3,035	144,178
Effect of assumption update	(1,117)	(1)	78	(175)	266	(949)
Effect of actual variances from expected experience and other activity	540	(223)	(1,092)	(845)	161	(1,459)
Adjusted balance, BOP	66,392	11,630	31,029	29,257	3,462	141,770
Issuances	20,914	750	2,292	1,583	0	25,539
Net premiums / considerations collected	(10,389)	(1,413)	(3,917)	(3,720)	(317)	(19,756)
Interest accrual	2,233	538	889	780	157	4,597
Foreign currency adjustment	4,126	0	(756)	(907)	0	2,463
Other adjustments	0	(3)	123	(4)	0	116
Balance at original discount rate, EOP	83,276	11,502	29,660	26,989	3,302	154,729
Effect of cumulative changes in discount rate assumptions, EOP	(11,869)	(228)	(596)	(622)	(16)	(13,331)
Balance, EOP	$ 71,407	$11,274	$29,064	$26,367	$3,286	141,398
Other businesses, EOP						86
Total balance, EOP						$141,484

	Year Ended December 31, 2023					
	Present Value of Expected Future Policy Benefits					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$117,754	$19,288	$78,639	$80,331	$10,685	$306,697
Effect of cumulative changes in discount rate assumptions, BOP	20,170	1,012	3,719	11,266	1,216	37,383
Balance at original discount rate, BOP	137,924	20,300	82,358	91,597	11,901	344,080
Effect of assumption update	(1,289)	(1)	145	44	357	(744)
Effect of actual variances from expected experience and other activity	514	(269)	(1,030)	(806)	160	(1,431)
Adjusted balance, BOP	137,149	20,030	81,473	90,835	12,418	341,905
Issuances	20,914	750	2,292	1,583	0	25,539
Interest accrual	5,109	944	2,615	2,287	594	11,549
Benefit payments	(11,477)	(1,522)	(3,965)	(5,057)	(270)	(22,291)
Foreign currency adjustment	4,209	0	(2,286)	(3,229)	0	(1,306)
Other adjustments	(18)	(16)	256	(28)	0	194
Balance at original discount rate, EOP	155,886	20,186	80,385	86,391	12,742	355,590
Effect of cumulative changes in discount rate assumptions, EOP	(14,751)	(334)	(563)	(7,355)	(603)	(23,606)
Balance, EOP	$141,135	$19,852	$79,822	$79,036	$12,139	331,984
Other businesses, EOP						1,716
Total balance, EOP						$333,700

	Year Ended December 31, 2023					
	Net Liability for Future Policy Benefits - Benefit Reserves					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, EOP, pre-flooring	$69,728	$8,578	$50,757	$52,669	$8,852	$190,584
Flooring impact, EOP	61	0	19	6	0	86
Balance, EOP, post-flooring	69,789	8,578	50,776	52,675	8,852	190,670
Less: Reinsurance recoverable	5,539	744	102	202	0	6,587
Balance after reinsurance recoverable, EOP, post-flooring	$64,250	$7,834	$50,674	$52,473	$8,852	184,083
Other businesses, EOP(1)						1,563
Total balance after reinsurance recoverable, EOP						$185,646

	Year Ended December 31, 2022					
	Present Value of Expected Net Premiums					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$ 68,791	$12,971	$39,517	$37,815	$3,585	$162,679
Effect of cumulative changes in discount rate assumptions, BOP	(4,414)	(1,892)	(3,516)	(3,239)	(644)	(13,705)
Balance at original discount rate, BOP	64,377	11,079	36,001	34,576	2,941	148,974
Effect of assumption update	249	1,313	(76)	(176)	49	1,359
Effect of actual variances from expected experience and other activity	371	(139)	(1,621)	(989)	184	(2,194)
Adjusted balance, BOP	64,997	12,253	34,304	33,411	3,174	148,139
Issuances	22,064	476	3,031	2,370	0	27,941
Net premiums / considerations collected	(14,765)	(1,404)	(4,149)	(4,218)	(284)	(24,820)
Interest accrual	1,640	542	935	859	145	4,121
Foreign currency adjustment	(6,967)	0	(2,220)	(2,145)	0	(11,332)
Other adjustments	0	(13)	142	0	0	129
Balance at original discount rate, EOP	66,969	11,854	32,043	30,277	3,035	144,178
Effect of cumulative changes in discount rate assumptions, EOP	(14,349)	(572)	(1,354)	(1,326)	(103)	(17,704)
Balance, EOP	$ 52,620	$11,282	$30,689	$28,951	$2,932	126,474
Other businesses, EOP						88
Total balance, EOP						$126,562

	Year Ended December 31, 2022					
	Present Value of Expected Future Policy Benefits					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, BOP	$142,593	$22,768	$109,562	$114,846	$15,810	$405,579
Effect of cumulative changes in discount rate assumptions, BOP	(13,706)	(3,876)	(21,554)	(13,476)	(4,482)	(57,094)
Balance at original discount rate, BOP	128,887	18,892	88,008	101,370	11,328	348,485
Effect of assumption update	(187)	1,777	(115)	(164)	49	1,360
Effect of actual variances from expected experience and other activity	273	(218)	(1,730)	(892)	208	(2,359)
Adjusted balance, BOP	128,973	20,451	86,163	100,314	11,585	347,486
Issuances	22,064	476	3,031	2,370	0	27,941
Interest accrual	4,231	937	2,641	2,399	554	10,762
Benefit payments	(9,629)	(1,547)	(3,725)	(5,975)	(238)	(21,114)
Foreign currency adjustment	(7,180)	0	(6,043)	(7,489)	0	(20,712)
Other adjustments	(535)	(17)	291	(22)	0	(283)
Balance at original discount rate, EOP	137,924	20,300	82,358	91,597	11,901	344,080
Effect of cumulative changes in discount rate assumptions, EOP	(20,170)	(1,012)	(3,719)	(11,266)	(1,216)	(37,383)
Balance, EOP	$117,754	$19,288	$ 78,639	$ 80,331	$10,685	306,697
Other businesses, EOP						1,921
Total balance, EOP						$308,618

	Year Ended December 31, 2022					
	Net Liability for Future Policy Benefits - Benefit Reserves					
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other	
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care	Total
	(in millions)					
Balance, EOP, pre-flooring	$65,134	$8,006	$47,950	$51,380	$7,753	$180,223
Flooring impact, EOP	1	0	106	140	0	247
Balance, EOP, post-flooring	65,135	8,006	48,056	51,520	7,753	180,470
Less: Reinsurance recoverable	0	708	126	203	0	1,037
Balance after reinsurance recoverable, EOP, post-flooring	$65,135	$7,298	$47,930	$51,317	$7,753	179,433
Other businesses, EOP(1)						1,758
Total balance after reinsurance recoverable, EOP						$181,191

(1) Reflects balance after reinsurance recoverable of $60 million, $69 million, and $76 million at December 31, 2024, 2023 and 2022, respectively.

The following tables provide supplemental information related to the balances of and changes in Benefit Reserves included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the period indicated:

	Year Ended December 31, 2024				
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care
	($ in millions)				
Undiscounted expected future gross premiums	$145,442	$22,947	$ 59,857	$ 47,987	$ 6,817
Discounted expected future gross premiums (at original discount rate)	$ 94,222	$15,662	$ 46,238	$ 38,477	$ 4,542
Discounted expected future gross premiums (at current discount rate)	$ 78,237	$14,901	$ 44,062	$ 36,554	$ 4,350
Undiscounted expected future benefits and expenses	$274,071	$31,068	$126,508	$127,500	$29,661
Weighted-average duration of the liability in years (at original discount rate)	8	10	18	17	17
Weighted-average duration of the liability in years (at current discount rate)	8	9	16	15	16
Weighted-average interest rate (at original discount rate)	4.74%	5.30%	3.48%	2.65%	4.91%
Weighted-average interest rate (at current discount rate)	5.59%	5.78%	3.76%	3.65%	5.85%

	Year Ended December 31, 2023				
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care
	($ in millions)				
Undiscounted expected future gross premiums	$134,192	$23,083	$ 69,238	$ 56,398	$ 6,852
Discounted expected future gross premiums (at original discount rate)	$ 90,606	$15,322	$ 53,640	$ 45,319	$ 4,509
Discounted expected future gross premiums (at current discount rate)	$ 77,520	$15,044	$ 53,102	$ 44,420	$ 4,491
Undiscounted expected future benefits and expenses	$242,617	$31,114	$139,620	$141,171	$30,761
Weighted-average duration of the liability in years (at original discount rate)	9	10	19	19	18
Weighted-average duration of the liability in years (at current discount rate)	8	10	19	17	17
Weighted-average interest rate (at original discount rate)	4.62%	5.17%	3.43%	2.57%	4.91%
Weighted-average interest rate (at current discount rate)	5.03%	4.99%	3.06%	2.97%	5.25%

	Year Ended December 31, 2022				
	Retirement Strategies	Individual Life	International Businesses		Corporate and Other
	Institutional	Term Life	Life Planner	Gibraltar Life and Other	Long-Term Care
	($ in millions)				
Undiscounted expected future gross premiums	$103,284	$23,526	$ 74,196	$ 64,059	$ 6,971
Discounted expected future gross premiums (at original discount rate)	$ 72,479	$15,628	$ 57,985	$ 50,968	$ 4,539
Discounted expected future gross premiums (at current discount rate)	$ 56,950	$14,886	$ 56,068	$ 48,902	$ 4,391
Undiscounted expected future benefits and expenses	$209,770	$31,412	$148,331	$155,711	$29,613
Weighted-average duration of the liability in years (at original discount rate)	8	10	20	20	19
Weighted-average duration of the liability in years (at current discount rate)	8	10	19	18	18
Weighted-average interest rate (at original discount rate)	4.37%	5.21%	3.40%	2.50%	4.91%
Weighted-average interest rate (at current discount rate)	5.39%	5.39%	3.12%	2.98%	5.63%

For additional information regarding observable market information and the techniques used to determine the interest rate assumptions seen above, see Note 2.

For non-participating traditional and limited-payment products, if a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for the present value of expected future policy benefits and non-level claim settlement expenses, then the liability for future policy benefits is adjusted at that time, and thereafter, such that all changes, both favorable and unfavorable, in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately as a gain or loss respectively.

In 2024, there was an immaterial impact to net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts.

In 2023, there was an immaterial impact to net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts.

In 2022, there was a $190 million charge to net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts, partially offset by a $80 million gain reflecting the impact of ceded reinsurance on the affected cohorts. The unfavorable impact in 2022 was primarily due to unfavorable assumption updates related to the term life business in Individual Life.

Deferred Profit Liability

The balances of and changes in DPL as of and for the period indicated are as follows:

	Year Ended December 31, 2024			
	Deferred Profit Liability			
	Retirement Strategies	International Businesses		
	Institutional	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, BOP	$5,615	$ 3,956	$5,303	$14,874
Flooring impact, BOP	0	1	1	2
Balance, BOP, pre-flooring	5,615	3,955	5,302	14,872
Effect of assumption update	370	(150)	(138)	82
Effect of actual variances from expected experience and other activity	(99)	(20)	(39)	(158)
Adjusted balance, BOP	5,886	3,785	5,125	14,796
Profits deferred	142	1,530	1,149	2,821
Interest accrual	236	164	156	556
Amortization	(588)	(1,129)	(980)	(2,697)
Foreign currency adjustment	(6)	(268)	(212)	(486)
Other adjustments	0	32	0	32
Balance, EOP, pre-flooring	5,670	4,114	5,238	15,022
Flooring impact, EOP	0	1	1	2
Balance, EOP	5,670	4,115	5,239	15,024
Less: Reinsurance recoverable	391	9	31	431
Balance after reinsurance recoverable	$5,279	$ 4,106	$5,208	14,593
Other businesses				161
Total balance after reinsurance recoverable				$14,754

	Year Ended December 31, 2023			
	Deferred Profit Liability			
	Retirement Strategies	International Businesses		
	Institutional	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, BOP	$5,532	$ 3,379	$ 5,261	$14,172
Flooring impact, BOP	0	0	1	1
Balance, BOP, pre-flooring	5,532	3,379	5,260	14,171
Effect of assumption update	35	(67)	(228)	(260)
Effect of actual variances from expected experience and other activity	21	(14)	(61)	(54)
Adjusted balance, BOP	5,588	3,298	4,971	13,857
Profits deferred	342	1,674	1,331	3,347
Interest accrual	227	148	152	527
Amortization	(565)	(1,158)	(1,015)	(2,738)
Foreign currency adjustment	15	(39)	(137)	(161)
Other adjustments	8	32	0	40
Balance, EOP, pre-flooring	5,615	3,955	5,302	14,872
Flooring impact, EOP	0	1	1	2
Balance, EOP	5,615	3,956	5,303	14,874
Less: Reinsurance recoverable	386	9	10	405
Balance after reinsurance recoverable	$5,229	$ 3,947	$ 5,293	14,469
Other businesses				148
Total balance after reinsurance recoverable				$14,617

	Year Ended December 31, 2022			
	Deferred Profit Liability			
	Retirement Strategies	International Businesses		
	Institutional	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, BOP	$5,183	$ 2,741	$ 5,014	$12,938
Flooring impact, BOP	0	0	1	1
Balance, BOP, pre-flooring	5,183	2,741	5,013	12,937
Effect of assumption update	382	28	(5)	405
Effect of actual variances from expected experience and other activity	102	(1)	(110)	(9)
Adjusted balance, BOP	5,667	2,768	4,898	13,333
Profits deferred	230	1,725	1,555	3,510
Interest accrual	214	123	143	480
Amortization	(548)	(1,131)	(1,036)	(2,715)
Foreign currency adjustment	(30)	(131)	(300)	(461)
Other adjustments	(1)	25	0	24
Balance, EOP, pre-flooring	5,532	3,379	5,260	14,171
Flooring impact, EOP	0	0	1	1
Balance, EOP	5,532	3,379	5,261	14,172
Less: Reinsurance recoverable	0	8	10	18
Balance after reinsurance recoverable	$5,532	$ 3,371	$ 5,251	14,154
Other businesses				183
Total balance after reinsurance recoverable				$14,337

Additional Insurance Reserves

AIR represents the additional liability for annuitization, death, or other insurance benefits, including GMDB and GMIB contract features, that are above and beyond the contractholder's account balance.

The following table shows a rollforward of AIR balances for variable and universal life products within Individual Life, which is the only line of business that contains a material AIR balance, for the period indicated, along with a reconciliation to the Company's total AIR balance:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Balance, including amounts in AOCI, BOP, post-flooring	$14,308	$12,684	$11,708
Flooring impact and amounts in AOCI	843	1,285	(909)
Balance, excluding amounts in AOCI, BOP, pre-flooring	15,151	13,969	10,799
Effect of assumption update	153	23	2,200
Effect of actual variances from expected experience and other activity	266	32	(221)
Adjusted balance, BOP	15,570	14,024	12,778
Assessments collected(1)	1,251	938	973
Interest accrual	539	488	435
Benefits paid	(353)	(301)	(217)
Other adjustments	1	2	0
Balance, excluding amounts in AOCI, EOP, pre-flooring	17,008	15,151	13,969
Flooring impact and amounts in AOCI	(632)	(843)	(1,285)
Balance, including amounts in AOCI, EOP, post-flooring	16,376	14,308	12,684
Less: Reinsurance recoverable	9,543	5,852	5,075
Balance after reinsurance recoverable, including amounts in AOCI, EOP	6,833	8,456	7,609
Other businesses	63	131	138
Total balance after reinsurance recoverable	$ 6,896	$ 8,587	$ 7,747

(1) Represents the portion of gross assessments required to fund the future policy benefits.

	Year Ended December 31,		
	2024	2023	2022
Weighted-average duration of the liability in years (at original discount rate)	21	22	23
Weighted-average interest rate (at original discount rate)	3.36%	3.40%	3.38%

Future Policy Benefits Reconciliation

The following table presents the reconciliation of the ending balances from above rollforwards, Benefit Reserves, DPL, and AIR including other liabilities, gross of related reinsurance recoverable, to the total liability for Future Policy Benefits on the Company's Consolidated Statement of Financial Position as of the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Benefit reserves, EOP, post-flooring	$186,846	$192,302	$182,304
Deferred profit liability, EOP, post-flooring	15,185	15,022	14,356
Additional insurance reserves, including amounts in AOCI, EOP, post-flooring	16,439	14,439	12,822
Subtotal of amounts disclosed above	218,470	221,763	209,482
Other Future Policy Benefits reserves(1)	50,442	51,518	52,291
Total Future Policy Benefits	$268,912	$273,281	$261,773

(1) Primarily represents balances for which disaggregated rollforward disclosures are not required, including Closed Block liabilities, unpaid claims and claims expenses, and incurred but not reported and in course of settlement claim liabilities.

Revenue and Interest Expense

The following tables present revenue and interest expense related to Benefit Reserves, DPL, and AIR as well as related revenue and interest expense not presented in the above supplemental tables, in the Company's Consolidated Statement of Operations as of the periods indicated:

	Year Ended December 31, 2024						
	Revenues(1)						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$22,814	$1,892	$ 0	$5,616	$5,445	$557	$36,324
Deferred profit liability	(61)	0	0	(428)	(148)	(12)	(649)
Additional insurance reserves	0	0	3,458	0	0	0	3,458
Total	$22,753	$1,892	$3,458	$5,188	$5,297	$545	$39,133

	Year Ended December 31, 2023						
	Revenues(1)						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$11,156	$1,848	$ 0	$6,199	$6,154	$540	$25,897
Deferred profit liability	(68)	0	0	(615)	(179)	34	(828)
Additional insurance reserves	0	0	2,947	0	0	0	2,947
Total	$11,088	$1,848	$2,947	$5,584	$5,975	$574	$28,016

	Year Ended December 31, 2022						
	Revenues(1)						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$15,427	$1,875	$ 0	$6,731	$6,987	$522	$31,542
Deferred profit liability	(378)	0	0	(773)	(547)	42	(1,656)
Additional insurance reserves	0	0	2,678	1	0	0	2,679
Total	$15,049	$1,875	$2,678	$5,959	$6,440	$564	$32,565

	Year Ended December 31, 2024						
	Interest Expense						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$3,394	$415	$ 0	$1,717	$1,474	$505	$7,505
Deferred profit liability	236	0	0	164	156	4	560
Additional insurance reserves	0	0	539	1	0	0	540
Total	$3,630	$415	$539	$1,882	$1,630	$509	$8,605

	Year Ended December 31, 2023						
	Interest Expense						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$2,876	$406	$ 0	$1,726	$1,507	$490	$7,005
Deferred profit liability	227	0	0	148	152	4	531
Additional insurance reserves	0	0	488	2	0	0	490
Total	$3,103	$406	$488	$1,876	$1,659	$494	$8,026

	Year Ended December 31, 2022						
	Interest Expense						
	Retirement Strategies	Individual Life		International Businesses			
	Institutional	Term Life	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Other Businesses(2)	Total
	(in millions)						
Benefit reserves	$2,591	$395	$ 0	$1,706	$1,540	$464	$6,696
Deferred profit liability	214	0	0	123	143	6	486
Additional insurance reserves	0	0	435	3	0	0	438
Total	$2,805	$395	$435	$1,832	$1,683	$470	$7,620

(1) Represents "Gross premiums" for benefit reserves, "Revenue" for DPL and "Gross assessments" for AIR.
(2) Includes remaining balances disclosed above and balances for which disaggregated rollforward disclosures may not be presented above.

13. POLICYHOLDERS' ACCOUNT BALANCES

The balances of and changes in policyholders' account balances as of and for the periods ended are as follows:

	Year Ended December 31, 2024							
	Retirement Strategies			Group Insurance	Individual Life	International Businesses		
	Institutional	Individual Variable	Individual Fixed	Life/ Disability	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	($ in millions)							
Balance, beginning of period	$17,738	$23,765	$ 7,095	$ 5,293	$ 27,439	$12,949	$38,450	$132,729
Deposits	7,106	8,318	5,266	1,313	2,505	1,974	6,888	33,370
Interest credited	757	511	252	148	774	867	943	4,252
Dispositions	0	0	0	0	0	(336)	0	(336)
Policy charges	(11)	(33)	(5)	(322)	(2,051)	(330)	(240)	(2,992)
Surrenders and withdrawals	(5,895)	(919)	(719)	(1,452)	(1,654)	(817)	(1,556)	(13,012)
Benefit payments	(607)	(85)	(79)	0	(137)	(264)	(2,084)	(3,256)
Net transfers (to) from separate account	0	122	0	(6)	613	0	0	729
Change in market value and other adjustments(1)	0	2,406	210	0	107	(17)	(13)	2,693
Foreign currency adjustment	0	0	0	0	0	(967)	(1,177)	(2,144)
Balance, end of period	$19,088	$34,085	$12,020	$ 4,974	$ 27,596	$13,059	$41,211	152,033
Closed Block Division								4,359
Unearned revenue reserve, unearned expense credit, and additional interest reserve								6,009
Other(2)								3,853
Total Policyholders' account balance								$166,254
Weighted-average crediting rate	4.11%	1.77%	2.64%	2.88%	2.81%	6.67%	2.37%	2.99%
Net amount at risk(3)	$ 0	$ 0	$ 0	$73,259	$400,990	$20,307	$ 6,128	$500,684
Cash surrender value(4)	$19,058	$32,501	$10,305	$ 3,892	$ 23,886	$12,191	$36,837	$138,670

	Year Ended December 31, 2023							
	Retirement Strategies			Group Insurance	Individual Life	International Businesses		
	Institutional	Individual Variable	Individual Fixed	Life/ Disability	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	($ in millions)							
Balance, beginning of period	$17,376	$17,524	$4,643	$ 5,839	$ 26,502	$11,168	$35,325	$118,377
Deposits	5,657	4,638	2,659	1,212	2,447	2,417	6,611	25,641
Interest credited	677	305	129	165	773	709	736	3,494
Dispositions	0	0	0	0	0	0	0	0
Policy charges	(23)	(24)	(9)	(323)	(2,047)	(312)	(217)	(2,955)
Surrenders and withdrawals	(5,290)	(704)	(414)	(1,552)	(1,820)	(218)	(1,487)	(11,485)
Benefit payments	(659)	(76)	(76)	0	(154)	(266)	(1,919)	(3,150)
Net transfers (to) from separate account	0	34	0	(48)	1,393	0	0	1,379
Change in market value and other adjustments(1)	0	2,068	163	0	345	31	(9)	2,598
Foreign currency adjustment	0	0	0	0	0	(580)	(590)	(1,170)
Balance, end of period	$17,738	$23,765	$7,095	$ 5,293	$ 27,439	$12,949	$38,450	132,729
Closed Block Division								4,500
Unearned revenue reserve, unearned expense credit, and additional interest reserve								5,326
Other(2)								4,463
Total Policyholders' account balance								$147,018
Weighted-average crediting rate	3.85%	1.48%	2.21%	2.96%	2.87%	5.88%	1.99%	2.78%
Net amount at risk(3)	$ 0	$ 0	$ 0	$72,858	$382,399	$19,276	$ 6,453	$480,986
Cash surrender value(4)	$17,738	$21,640	$5,827	$ 4,021	$ 23,234	$11,268	$33,833	$117,561

	Year Ended December 31, 2022							
	Retirement Strategies			Group Insurance	Individual Life	International Businesses		
	Institutional	Individual Variable	Individual Fixed	Life/ Disability	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	($ in millions)							
Balance, beginning of period	$16,391	$14,125	$4,652	$ 6,273	$ 26,859	$11,555	$37,615	$117,470
Deposits	6,083	4,777	753	1,233	2,551	1,499	3,978	20,874
Interest credited	561	211	87	153	816	38	518	2,384
Dispositions(5)	0	(1,405)	(440)	0	0	0	0	(1,845)
Policy charges	(22)	(6)	(5)	(322)	(2,040)	(216)	(174)	(2,785)
Surrenders and withdrawals	(5,075)	(372)	(163)	(1,457)	(1,657)	(210)	(2,816)	(11,750)
Benefit payments	(562)	(92)	(176)	0	(197)	(253)	(1,966)	(3,246)
Net transfers (to) from separate account	0	246	0	(41)	449	0	0	654
Change in market value and other adjustments(1)	0	40	(65)	0	(279)	28	(10)	(286)
Foreign currency adjustment	0	0	0	0	0	(1,273)	(1,820)	(3,093)
Balance, end of period	$17,376	$17,524	$4,643	$ 5,839	$ 26,502	$11,168	$35,325	118,377
Closed Block Division								4,607
Unearned revenue reserve, unearned expense credit, and additional interest reserve								4,581
Other(2)								8,059
Total Policyholders' account balance								$135,624
Weighted-average crediting rate	3.33%	1.34%	1.88%	2.53%	3.06%	3.41%	1.42%	2.32%
Net amount at risk(3)	$ 0	$ 0	$ 0	$70,574	$367,698	$17,205	$ 7,138	$462,615
Cash surrender value(4)	$17,376	$15,297	$3,581	$ 4,147	$ 21,766	$ 9,612	$31,270	$103,049

(1) Primarily relates to changes in the value of embedded derivative instruments associated with the indexed options of certain products.

(2) Includes $5,099 million, $5,479 million and $8,133 million of Full Service account balances reinsured to Great-West for December 31, 2024, December 31, 2023 and December 31, 2022, respectively. See Note 1 for further information.
(3) The net amount at risk calculation includes both general account and separate account balances.
(4) Cash surrender value represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the Institutional Retirement Strategies segment.
(5) Represents the net impact from the sale of PALAC in Individual Retirement Strategies.

Policyholders' account balances for Institutional Retirement Strategies and Life Planner includes the Company's Funding Agreement Notes Issuance Program ("FANIP") at December 31, 2024, 2023 and 2022 are $5,547 million, $5,597 million and $5,064 million, respectively. Under this program, which has a maximum authorized amount of $15 billion of medium-term notes and $6 billion of commercial paper, Delaware statutory trusts issue short-term commercial paper and/or medium-term notes to investors that are secured by funding agreements issued to the trusts by PICA. The outstanding commercial paper and notes have fixed or floating interest rates that range from 0.0% to 5.6% and original maturities ranging from three months to seven years. Included in the amounts at December 31, 2024, 2023 and 2022 are funding agreements which secure the medium-term note liability, which are carried at amortized cost, of $3,486 million, $3,474 million and $2,968 million, respectively, and short-term note liability of $2,086 million, $2,156 million and $2,130 million, respectively.

Also included in Policyholders' account balances for Institutional Retirement Strategies are collateralized funding agreements issued to the Federal Home Loan Bank of New York ("FHLBNY") at December 31, 2024, 2023 and 2022 totaling $2,628 million, $2,628 million, and $2,628 million, respectively. These obligations, which are carried at amortized cost, have fixed interest rates that range from 1.925% to 4.510% and original maturities of seven years. For additional details on the FHLBNY program, see Note 18.

The Company issues variable life and universal life insurance contracts which may also include a "no-lapse guarantee" where the Company contractually guarantees to the contractholder a death benefit even when the account value drops to zero, as long as the "no-lapse guarantee" premium is paid.

The net amount at risk is generally defined as the current death benefit in excess of the current account balance at the balance sheet date. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including contractholder mortality, contract lapses, and premium pattern, as well as interest rate and equity market returns.

The Company also issues annuity contracts that provide certain death benefit and/or living benefit guarantees and are accounted for as MRBs. See Note 14 for additional information, including the net amount at risk associated with these guarantees.

The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points ("bps"), between rates being credited to policyholders and the respective guaranteed minimums are as follows:

	December 31, 2024				
Range of Guaranteed Minimum Crediting Rate(1)	At guaranteed minimum	1-50 bps above guaranteed minimum	51-150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
			(in millions)		
Retirement Strategies—Institutional					
Less than 1.00%	$ 401	$ 0	$ 0	$ 0	$ 401
1.00%—1.99%	1,552	0	0	0	1,552
2.00%—2.99%	79	0	0	0	79
3.00%—4.00%	3,889	0	0	0	3,889
Greater than 4.00%	3,341	0	0	0	3,341
Total	$ 9,262	$ 0	$ 0	$ 0	$ 9,262
Retirement Strategies—Individual Variable					
Less than 1.00%	$ 129	$ 503	$ 647	$ 0	$ 1,279
1.00%—1.99%	124	295	2	0	421
2.00%—2.99%	21	4	4	0	29
3.00%—4.00%	1,708	3	8	0	1,719
Greater than 4.00%	83	0	0	0	83
Total	$ 2,065	$ 805	$ 661	$ 0	$ 3,531
Retirement Strategies—Individual Fixed					
Less than 1.00%	$ 0	$ 3	$ 12	$1,022	$ 1,037
1.00%—1.99%	461	83	208	69	821
2.00%—2.99%	538	465	557	16	1,576
3.00%—4.00%	2,074	84	11	3	2,172
Greater than 4.00%	84	0	0	0	84
Total	$ 3,157	$ 635	$ 788	$1,110	$ 5,690
Group Insurance—Life / Disability					
Less than 1.00%	$ 0	$ 0	$ 0	$ 959	$ 959
1.00%—1.99%	0	0	3	2	5
2.00%—2.99%	24	15	0	0	39
3.00%—4.00%	1,482	0	38	22	1,542
Greater than 4.00%	3	0	0	0	3
Total	$ 1,509	$ 15	$ 41	$ 983	$ 2,548
Individual Life—Variable / Universal Life					
Less than 1.00%	$ 7	$ 0	$ 0	$ 317	$ 324
1.00%—1.99%	290	0	2,238	1,513	4,041
2.00%—2.99%	33	1,668	2,750	419	4,870
3.00%—4.00%	6,098	1,727	1,321	36	9,182
Greater than 4.00%	5,384	0	0	0	5,384
Total	$11,812	$3,395	$6,309	$2,285	$23,801
International Businesses—Life Planner					
Less than 1.00%	$ 288	$ 41	$ 80	$2,984	$ 3,393
1.00%—1.99%	2,653	27	0	0	2,680
2.00%—2.99%	1,901	0	0	0	1,901
3.00%—4.00%	372	0	0	0	372
Greater than 4.00%	384	0	0	0	384
Total	$ 5,598	$ 68	$ 80	$2,984	$ 8,730
International Businesses—Gibraltar Life and Other					
Less than 1.00%	$15,268	$ 0	$ 0	$ 0	$15,268
1.00%—1.99%	7,778	52	0	0	7,830
2.00%—2.99%	2,645	267	29	0	2,941
3.00%—4.00%	6,327	0	0	0	6,327
Greater than 4.00%	8,688	0	0	0	8,688
Total	$40,706	$ 319	$ 29	$ 0	$41,054

Range of Guaranteed Minimum Crediting Rate(1)	December 31, 2023 At guaranteed minimum	1-50 bps above guaranteed minimum	51-150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
			(in millions)		
Retirement Strategies—Institutional					
Less than 1.00%	$ 589	$ 0	$ 0	$ 0	$ 589
1.00%—1.99%	1,552	0	0	0	1,552
2.00%—2.99%	596	0	0	0	596
3.00%—4.00%	5,041	0	0	0	5,041
Greater than 4.00%	1,906	0	0	0	1,906
Total	$ 9,684	$ 0	$ 0	$ 0	$ 9,684
Retirement Strategies—Individual Variable					
Less than 1.00%	$ 908	$ 807	$ 18	$ 0	$ 1,733
1.00%—1.99%	218	2	1	0	221
2.00%—2.99%	29	4	4	0	37
3.00%—4.00%	1,942	13	10	0	1,965
Greater than 4.00%	95	0	0	0	95
Total	$ 3,192	$ 826	$ 33	$ 0	$ 4,051
Retirement Strategies—Individual Fixed					
Less than 1.00%	$ 0	$ 0	$ 1	$ 117	$ 118
1.00%—1.99%	526	122	250	80	978
2.00%—2.99%	550	469	562	17	1,598
3.00%—4.00%	321	11	0	0	332
Greater than 4.00%	95	0	0	0	95
Total	$ 1,492	$ 602	$ 813	$ 214	$ 3,121
Group Insurance—Life / Disability					
Less than 1.00%	$ 0	$ 0	$ 0	$1,147	$ 1,147
1.00%—1.99%	0	0	0	0	0
2.00%—2.99%	29	0	0	0	29
3.00%—4.00%	1,543	0	0	50	1,593
Greater than 4.00%	73	0	0	0	73
Total	$ 1,645	$ 0	$ 0	$1,197	$ 2,842
Individual Life—Variable / Universal Life					
Less than 1.00%	$ 0	$ 0	$ 0	$ 368	$ 368
1.00%—1.99%	201	0	2,588	813	3,602
2.00%—2.99%	30	1,445	2,944	340	4,759
3.00%—4.00%	4,422	4,092	1,311	19	9,844
Greater than 4.00%	5,491	0	0	0	5,491
Total	$10,144	$5,537	$6,843	$1,540	$24,064
International Businesses—Life Planner					
Less than 1.00%	$ 331	$ 43	$ 89	$1,996	$ 2,459
1.00%—1.99%	2,969	28	0	0	2,997
2.00%—2.99%	2,124	0	0	0	2,124
3.00%—4.00%	354	0	0	0	354
Greater than 4.00%	400	0	0	0	400
Total	$ 6,178	$ 71	$ 89	$1,996	$ 8,334
International Businesses—Gibraltar Life and Other					
Less than 1.00%	$15,975	$ 0	$ 0	$ 0	$15,975
1.00%—1.99%	9,016	63	0	0	9,079
2.00%—2.99%	3,114	310	36	0	3,460
3.00%—4.00%	4,378	0	0	0	4,378
Greater than 4.00%	5,419	0	0	0	5,419
Total	$37,902	$ 373	$ 36	$ 0	$38,311

Range of Guaranteed Minimum Crediting Rate(1)	December 31, 2022 At guaranteed minimum	1-50 bps above guaranteed minimum	51-150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
			(in millions)		
Retirement Strategies—Institutional					
Less than 1.00%	$ 401	$ 0	$ 0	$ 0	$ 401
1.00%—1.99%	1,575	0	0	0	1,575
2.00%—2.99%	672	0	0	0	672
3.00%—4.00%	5,697	0	0	0	5,697
Greater than 4.00%	1,510	0	0	0	1,510
Total	$ 9,855	$ 0	$ 0	$ 0	$ 9,855
Retirement Strategies—Individual Variable					
Less than 1.00%	$ 1,009	$861	$ 19	$ 0	$ 1,889
1.00%—1.99%	246	2	1	0	249
2.00%—2.99%	33	1	0	0	34
3.00%—4.00%	2,289	10	10	0	2,309
Greater than 4.00%	111	0	0	0	111
Total	$ 3,688	$874	$ 30	$ 0	$ 4,592
Retirement Strategies—Individual Fixed					
Less than 1.00%	$ 0	$ 0	$ 0	$ 0	$ 0
1.00%—1.99%	614	113	250	83	1,060
2.00%—2.99%	474	0	0	0	474
3.00%—4.00%	389	4	0	0	393
Greater than 4.00%	105	0	0	0	105
Total	$ 1,582	$117	$ 250	$ 83	$ 2,032
Group Insurance—Life / Disability					
Less than 1.00%	$ 0	$ 0	$ 0	$1,564	$ 1,564
1.00%—1.99%	7	0	0	0	7
2.00%—2.99%	53	0	0	0	53
3.00%—4.00%	1,658	0	0	0	1,658
Greater than 4.00%	3	0	0	0	3
Total	$ 1,721	$ 0	$ 0	$1,564	$ 3,285
Individual Life—Variable / Universal Life					
Less than 1.00%	$ 12	$ 0	$ 0	$ 0	$ 12
1.00%—1.99%	420	0	774	1,928	3,122
2.00%—2.99%	402	121	2,414	1,844	4,781
3.00%—4.00%	7,787	32	2,280	145	10,244
Greater than 4.00%	5,594	0	0	0	5,594
Total	$14,215	$153	$5,468	$3,917	$23,753
International Businesses—Life Planner					
Less than 1.00%	$ 356	$ 27	$ 93	$ 404	$ 880
1.00%—1.99%	3,175	24	0	0	3,199
2.00%—2.99%	2,285	0	0	0	2,285
3.00%—4.00%	330	0	0	0	330
Greater than 4.00%	405	0	0	0	405
Total	$ 6,551	$ 51	$ 93	$ 404	$ 7,099
International Businesses—Gibraltar Life and Other					
Less than 1.00%	$17,485	$ 0	$ 0	$ 0	$17,485
1.00%—1.99%	10,064	0	0	0	10,064
2.00%—2.99%	3,277	345	43	0	3,665
3.00%—4.00%	2,555	0	0	0	2,555
Greater than 4.00%	1,303	0	0	0	1,303
Total	$34,684	$345	$ 43	$ 0	$35,072

(1) Excludes contracts without minimum guaranteed crediting rates, such as funds with indexed-linked crediting options and Japan variable products.

Unearned Revenue Reserve

The balance of and changes in URR as of and for the periods ended are as follows:

	Year Ended December 31, 2024			
	Individual Life	International Businesses		
	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, beginning of period	$4,613	$359	$ 95	$5,067
Unearned revenue	872	141	20	1,033
Amortization expense	(240)	(17)	(5)	(262)
Other adjustments	0	(57)	(1)	(58)
FX adjustment	0	(23)	(7)	(30)
Balance, end of period	$5,245	$403	$102	5,750
Other				59
Total unearned revenue reserve balance				$5,809

	Year Ended December 31, 2023			
	Individual Life	International Businesses		
	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, beginning of period	$3,983	$231	$81	$4,295
Unearned revenue	841	147	22	1,010
Amortization expense	(211)	(10)	(5)	(226)
Other adjustments	0	3	0	3
FX adjustment	0	(12)	(3)	(15)
Balance, end of period	$4,613	$359	$95	5,067
Other				49
Total unearned revenue reserve balance				$5,116

	Year Ended December 31, 2022			
	Individual Life	International Businesses		
	Variable/ Universal Life	Life Planner	Gibraltar Life and Other	Total
	(in millions)			
Balance, beginning of period	$3,357	$181	$68	$3,606
Unearned revenue	815	67	24	906
Amortization expense	(189)	(5)	(6)	(200)
Other adjustments	0	5	1	6
FX adjustment	0	(17)	(6)	(23)
Balance, end of period	$3,983	$231	$81	4,295
Other				51
Total unearned revenue reserve balance				$4,346

14. MARKET RISK BENEFITS

The following table shows a rollforward of MRB balances for variable annuity products within Individual Retirement Strategies, which is the only line of business that contains a material MRB balance, along with a reconciliation to the Company's total net MRB positions as of the following dates:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Balance, BOP	$ 4,038	$ 4,987	$13,392
Effect of cumulative changes in NPR	1,137	1,828	898
Balance, BOP, before effect of changes in NPR	5,175	6,815	14,290
Attributed fees collected	1,122	1,186	1,339
Claims paid	(79)	(114)	(99)
Interest accrual	246	317	157
Actual in force different from expected	47	80	126
Effect of changes in interest rates	(1,493)	(1,480)	(8,374)
Effect of changes in equity markets	(1,745)	(1,952)	3,522
Effect of assumption update	93	342	(152)
Issuances	72	23	0
Other adjustments(1)	(26)	(42)	(3,994)
Balance, EOP, before effect of changes in NPR	3,412	5,175	6,815
Effect of cumulative changes in NPR	(672)	(1,137)	(1,828)
Balance, EOP	2,740	4,038	4,987
Less: Reinsured MRBs	654	616	24
Balance, EOP, net of reinsurance	2,086	3,422	4,963
Other businesses	38	64	101
Total net MRB balance	$ 2,124	$ 3,486	$ 5,064

(1) 2022 includes $(4,061) million related to the sale of PALAC. See Note 1 for additional information.

In both 2024 and 2023, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to policyholder behavior assumptions on certain variable annuities. In 2022, the Company recognized a favorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to mortality and policyholder behavior assumptions on certain variable annuities.

The Company issues certain variable annuity insurance contracts where the Company contractually guarantees to the contractholder a return of no less than (1) total deposits made to the contract adjusted for any partial withdrawals plus a minimum return, and/or (2) the highest anniversary contract value on a specified date adjusted for any withdrawals. These guarantees include benefits that are payable in the event of death, annuitization or at specified dates during the accumulation period and withdrawal and income benefits payable during specified periods.

The Company also issues indexed variable annuity contracts for which the return is tied to the return of specific indices where the Company contractually guarantees to the contractholder a return of no less than total deposits made to the contract adjusted for any partial withdrawals upon death. In certain of these indexed variable annuity contracts, the Company also contractually guarantees to the contractholder withdrawal benefits payable during specific periods.

For guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, contract lapses and contractholder mortality.

For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, timing of annuitization, contract lapses and contractholder mortality.

For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance.

For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including equity market returns, interest rates, market volatility and contractholder behavior.

The following table presents accompanying information to the rollforward table above.

	December 31, 2024	December 31, 2023	December 31, 2022
		($ in millions)	
Net amount at risk(1)	$9,285	$9,753	$13,180
Weighted-average attained age of contractholders	71	70	69

(1) For contracts with multiple benefit features, the highest net amount at risk for each contract is included.

The tables below reconcile MRB asset and liability positions as of the following dates:

	December 31, 2024		
	Retirement Strategies		
	Individual Variable	Other Businesses	Total
		(in millions)	
Direct and assumed	$1,516	$ 9	$1,525
Ceded	804	2	806
Total MRB assets	$2,320	$11	$2,331
Direct and assumed	$4,256	$49	$4,305
Ceded	150	0	150
Total MRB liabilities	$4,406	$49	$4,455
Net liability	$2,086	$38	$2,124

	December 31, 2023		
	Retirement Strategies		
	Individual Variable	Other Businesses	Total
		(in millions)	
Direct and assumed	$1,221	$11	$1,232
Ceded	746	3	749
Total MRB assets	$1,967	$14	$1,981
Direct and assumed	$5,259	$78	$5,337
Ceded	130	0	130
Total MRB liabilities	$5,389	$78	$5,467
Net liability	$3,422	$64	$3,486

	December 31, 2022		
	Retirement Strategies		
	Individual Variable	Other Businesses	Total
		(in millions)	
Direct and assumed	$ 863	$ 9	$ 872
Ceded	(76)	4	(72)
Total MRB assets	$ 787	$ 13	$ 800
Direct and assumed	$5,850	$114	$5,964
Ceded	(100)	0	(100)
Total MRB liabilities	$5,750	$114	$5,864
Net liability	$4,963	$101	$5,064

15. REINSURANCE

The Company participates in reinsurance with third parties primarily to provide additional capacity for future growth, limit the maximum net loss potential arising from large risks and acquire or dispose of businesses.

Effective October 2024, the Company entered into an agreement with Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re") to reinsure certain guaranteed universal life policies issued by Pruco Life Insurance Company ("Pruco Life") and Pruco Life Insurance Company of New Jersey ("PLNJ"), both of which are wholly-owned subsidiaries of Prudential Financial. These policies represented approximately 40% of the Company's remaining statutory reserves on its in-force guaranteed universal life block of business as of September 30, 2024, following the close of the reinsurance transaction with Somerset Reinsurance Ltd. ("Somerset Re"), as discussed below. The transaction is structured on a coinsurance basis and follows reinsurance accounting. As a result of the transaction, the Company recognized a $980 million deferred reinsurance loss at inception that is amortized into income over the estimated remaining life of the reinsured policies.

Effective January 2024, the Company entered into an agreement with Somerset Re to reinsure certain guaranteed universal life policies issued by Pruco Life and PLNJ, both of which are wholly-owned subsidiaries of Prudential Financial. These policies represented approximately 30% of the Company's statutory reserves on its in-force guaranteed universal life block of business as of December 31, 2023. This transaction is structured on a modified coinsurance basis and follows reinsurance accounting. As a result of the transaction, the Company recognized a $363 million deferred reinsurance gain at inception that is amortized into income over the estimated remaining life of the reinsured policies. The reinsurance payables, which represent the Company's obligations under the modified coinsurance arrangement, are netted with the reinsurance recoverables in the Consolidated Statements of Financial Position. Separately, effective September 2019, PALAC, a previously wholly-owned subsidiary of Prudential Financial, entered into an agreement with Somerset Re, to coinsure business, on a quota share funds withheld basis, related to fixed indexed annuities. This agreement was subsequently novated from PALAC to Pruco Life effective October 2021, in connection with the sale of PALAC effective April 2022. Under this reinsurance agreement, which is accounted for under the deposit method of accounting, the Company cedes to Somerset Re its quota share of the insurance liabilities with respect to the reinsured contracts. The deposit receivables were $2,795 million and $1,619 million as of December 31, 2024 and 2023, respectively, and the funds withheld liabilities were $2,595 million and $1,518 million as of December 31, 2024 and 2023, respectively.

Effective September 2023, the Company entered into an agreement with Prismic Re to reinsure approximately $9 billion of reserves, representing approximately 70% of the in-force structured settlement annuities business previously issued by PICA, 90% of which is on a coinsurance with funds withheld basis and 10% of which is on a coinsurance basis. The reinsurance of the structured settlement annuities that provide periodic payments for the lifetime of the annuitant follows reinsurance accounting. The reinsurance of structured settlement annuities that provide payments for a guaranteed period of time and do not include life contingency risk follows deposit accounting. As a result of the transaction, the Company recognized a $342 million deferred reinsurance loss at inception, including a post-closing true-up, that is amortized into income over the estimated remaining life of the reinsured contracts.

Effective April 2023, the Company entered into an agreement with The Ohio National Life Insurance Company, now known as AuguStar, an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately $10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits issued by Pruco Life, a wholly-owned subsidiary of Prudential Financial. This block represents approximately 10% of the Company's remaining legacy in-force traditional variable annuity block by account value. The Company ceded 100% of separate account liabilities under modified coinsurance and 100% of general account liabilities under coinsurance of its Pruco Life issued PDI traditional variable annuity contracts. The general account liabilities associated with PDI's guaranteed living and death benefits and the corresponding reinsurance of those liabilities are accounted for as market risk benefits. As a result of the transaction, the Company recognized a $309 million deferred reinsurance gain at inception that is amortized into income over the estimated remaining life of the reinsured policies.

Effective April 2022, in connection with the sale of the Full Service Retirement business, the Company entered into separate agreements with external counterparties, Great-West and Great-West Life & Annuity Insurance Company of New York, now known as Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York, respectively, to reinsure a portion of its Full Service Retirement business. The Company ceded 100% of separate account liabilities under modified coinsurance and 100% of general account liabilities under coinsurance of its Full Service Retirement business. The Company's Full Service Retirement business consists of market value and stable value separate accounts as well as general account products, including stable value accumulation funds and a stable value wrap product known as a synthetic guaranteed investment contract. The majority of these products are considered investment contracts as they do not contain significant insurance risk; therefore, the reinsurance of such products are accounted for under the deposit method of accounting. The reinsurance agreement offers the policyholders the opportunity to novate their contracts from the Company to Empower and any such novated contracts shall cease to be reinsured under this agreement.

Effective April 2022, in connection with the sale of the PALAC legal entity, now known as Fortitude Life Insurance and Annuity Company ("FLIAC"), the Company entered into a reinsurance agreement with FLIAC under which the Company assumed all of FLIAC's indexed variable annuities under modified coinsurance. The reinsurance of the indexed variable annuities transfers all significant risks, including mortality risk, embedded in the reinsured contracts. As a result of the agreement, reinsurance recoverables includes the assumed modified coinsurance receivable, which reflects the value of the invested assets retained by FLIAC and the associated asset returns. The Company also assumed via coinsurance all of FLIAC's fixed indexed annuities with a guaranteed lifetime withdrawal income feature, which are accounted for under the deposit method of accounting. The reinsurance agreement offers the policyholders the opportunity to novate their contracts from FLIAC to the Company and any such novated contracts shall cease to be reinsured under this agreement.

Effective April 2015, the Company entered into an agreement with Union Hamilton Reinsurance, Ltd. ("Union Hamilton") an external counterparty, to reinsure approximately 50% of the Prudential Premier® Retirement Variable Annuity with Highest Daily Lifetime Income ("HDI") v.3.0 business, a guaranteed benefit feature. This reinsurance agreement covered most new HDI v.3.0 variable annuity business issued between April 1, 2015 and December 31, 2016 on a quota share basis, with Union Hamilton's cumulative quota share amounting to $2.9 billion of new rider premiums as of December 31, 2016. Reinsurance on business subject to this agreement remains in force for the duration of the underlying annuity contracts. New sales subsequent to December 31, 2016 are not covered by this external reinsurance agreement. This reinsurance agreement is accounted for as market risk benefits.

In January 2013, the Company acquired the Hartford Life Business through reinsurance transactions with three subsidiaries of Hartford Financial Services Group, Inc. ("Hartford Financial"). Under the related agreements, the Company provided reinsurance for approximately 700,000 life insurance policies with net retained face amount in force of approximately $141 billion. The Company acquired the general account business through a coinsurance arrangement and, for certain types of general account policies, a modified coinsurance arrangement. The Company acquired the separate account business through a modified coinsurance arrangement. In May 2018, Hartford Financial sold a group of operating subsidiaries, which included two of the Company's counterparties to these reinsurance arrangements, to Talcott Resolution Life Insurance Company ("Talcott Resolution"). Talcott Resolution was acquired by Sixth Street in July 2021. There was no impact to the terms, rights or obligations of the Company, or operation of these reinsurance arrangements, as a result of these changes in control of such counterparties.

Since 2011, the Company has entered into a number of reinsurance agreements to assume pension liabilities in the United Kingdom. Under these arrangements, the Company assumes the longevity risk, and in some arrangements, also the investment risk associated with the pension benefits of certain specified beneficiaries.

In 2006, the Company acquired the variable annuity business of The Allstate Corporation ("Allstate") through a reinsurance transaction. The reinsurance arrangements with Allstate include a coinsurance arrangement associated with the general account liabilities assumed and a modified coinsurance arrangement associated with the separate account liabilities assumed. The reinsurance payables, which represent the Company's obligations under the modified coinsurance arrangement, are netted with the reinsurance recoverables in the Consolidated Statements of Financial Position. During the fourth quarter of 2021, Allstate sold the two counterparties to the aforementioned variable annuity reinsurance transaction to third parties. There was no impact to the terms, rights or obligations of the Company, or operation of these reinsurance arrangements, as a result of this change in control of such counterparties.

For the domestic business, life and disability reinsurance is accomplished through various plans of reinsurance, primarily yearly renewable term, per person excess, excess of loss, and coinsurance. On policies sold since 2000, the Company has reinsured a significant portion of the individual life mortality risk. Placement of reinsurance is accomplished primarily on an automatic basis with some specific risks reinsured on a facultative basis. The Company is authorized and has historically retained up to $30 million per life, but reduced its operating retention limit to $20 million per life in 2013 and then down to $10 million per life for new business starting in 2020. Retention in excess of the operating limit is on an exception basis.

The international business primarily uses reinsurance to obtain experience with respect to certain new product offerings and to a lesser extent, to mitigate mortality risk for certain protection products and for capital management purposes.

Reinsurance amounts included in the Consolidated Statements of Operations for "Premiums," "Policy charges and fee income," "Change in value of market risk benefits, net of related hedging gains (losses)," "Policyholders' benefits" and "Change in estimates of liability for future policy benefits" for the years ended December 31, are as follows:

	2024	2023	2022
		(in millions)	
Direct premiums	$39,222	$29,475	$34,721
Reinsurance assumed	6,167	5,005	4,072
Reinsurance ceded	(2,492)	(7,116)	(2,318)
Premiums	$42,897	$27,364	$36,475
Direct policy charges and fee income	$ 4,629	$ 3,933	$ 3,916
Reinsurance assumed	1,188	1,228	1,247
Reinsurance ceded	(1,519)	(634)	(548)
Policy charges and fee income	$ 4,298	$ 4,527	$ 4,615
Direct change in value of market risk benefits, net of related hedging gains (losses)	$ (405)	$ 123	$ (308)
Reinsurance assumed	134	120	21
Reinsurance ceded	(126)	(187)	(122)
Change in value of market risk benefits, net of related hedging gains (losses)	$ (397)	$ 56	$ (409)
Direct policyholders' benefits	$43,743	$32,044	$38,081
Reinsurance assumed	7,722	7,128	5,900
Reinsurance ceded	(4,346)	(8,241)	(3,165)
Policyholders' benefits	$47,119	$30,931	$40,816
Direct change in estimates of liability for future policy benefits	$ 112	$ 447	$ 1,504
Reinsurance assumed	78	(147)	471
Reinsurance ceded	(227)	37	(1,321)
Change in estimates of liability for future policy benefits	$ (37)	$ 337	$ 654

Reinsurance recoverables at December 31, are as follows:

	2024	2023
	(in millions)	
Individual and group annuities(1)	$ 6,987	$ 7,516
Life insurance(2)	19,098	8,806
Other reinsurance	401	415
Total reinsurance recoverables(3)(4)	$26,486	$16,737

(1) Primarily represents $5,506 million and $5,981 million of reinsurance recoverables as of December 31, 2024 and 2023, respectively, established under the reinsurance agreement with Prismic Re under which the Company reinsured a portion of its in-force structured settlement annuities business. The Company has also recorded a funds withheld payable related to the reinsurance agreement with Prismic Re of $7,796 million and $8,543 million as of December 31, 2024 and 2023, respectively. Also includes reinsurance recoverables representing the modified coinsurance receivable established under the reinsurance agreement with FLIAC in which the Company assumed all of FLIAC's indexed variable annuities of $1,442 million and $1,485 million as of December 31, 2024 and 2023, respectively.

(2) Includes reinsurance recoverables established under the reinsurance arrangements associated with the acquisition of the Hartford Life Business of $2,033 million and $2,090 million as of December 31, 2024 and 2023, respectively. The Company has also recorded reinsurance payables related to the Hartford Life Business acquisition of $1,387 million and $1,396 million as of December 31, 2024 and 2023, respectively. Also includes net reinsurance recoverables of $1,591 million as of December 31, 2024 for the modified coinsurance receivable established under the reinsurance agreement with Somerset Re in which the Company reinsured a portion of its in-force guaranteed universal life block of business. Additionally, includes reinsurance recoverables of $7,478 million as of December 31, 2024 for the coinsurance receivable established under the reinsurance agreement with Wilton Re in which the Company reinsured a portion of its in-force guaranteed universal life block of business.

(3) Net of $(12) million of allowance for credit losses as of both December 31, 2024 and 2023, respectively.

(4) Excludes deposit receivables of arrangements that are accounted for under the deposit method of accounting of $11,194 million and $10,574 million as of December 31, 2024 and 2023, respectively. Deposit receivables related to the reinsurance agreement with Prismic Re were $3,578 million and $3,771 million as of December 31, 2024 and 2023, respectively.

Excluding the reinsurance recoverables associated with the acquisition of the Hartford Life Business, four major reinsurance companies account for approximately 67% of the Company's reinsurance recoverables as of December 31, 2024. The Company periodically reviews the financial condition of its reinsurers, amounts recoverable therefrom, and unearned reinsurance premium, in order to reduce its exposure to loss from reinsurer insolvencies. Any expected credit losses are reflected in the CECL allowance, after considering any collateral the Company obtained in the form of a trust, letter of credit, or funds withheld arrangement. See Note 2 for additional details regarding CECL. Under the Company's international longevity reinsurance transactions, the Company obtains collateral from its counterparties to mitigate counterparty default risk.

16. CLOSED BLOCK

On December 18, 2001, the date of demutualization, PICA established a closed block for certain in-force participating insurance policies and annuity products, along with corresponding assets used for the payment of benefits and policyholders' dividends on these products, (collectively the "Closed Block"), and ceased offering these participating products. The recorded assets and liabilities were allocated to the Closed Block at their historical carrying amounts. The Closed Block forms the principal component of the Closed Block division. See Note 23 for financial information regarding the Closed Block. The insurance policies and annuity contracts comprising the Closed Block are managed in accordance with the Plan of Reorganization approved by the New Jersey Department of Banking and Insurance ("NJDOBI") on December 18, 2001, and PICA is directly obligated for the insurance policies and annuity contracts in the Closed Block.

The policies included in the Closed Block are specified individual life insurance policies and individual annuity contracts that were in force on the date of demutualization and for which PICA is currently paying or expects to pay experience-based policy dividends. Assets have been allocated to the Closed Block in an amount that has been determined to produce cash flows which, together with revenues from policies included in the Closed Block, are expected to be sufficient to support obligations and liabilities relating to these policies, including provision for payment of benefits, certain expenses and taxes and to provide for continuation of the policyholder dividend scales in effect in 2000, assuming experience underlying such scales continues. To the extent that, over time, cash flows from the assets allocated to the Closed Block and claims and other experience related to the Closed Block are, in the aggregate, more or less favorable than what was assumed when the Closed Block was established, total dividends paid to Closed Block policyholders may be greater than or less than the total dividends that would have been paid to these policyholders if the policyholder dividend scales in effect in 2000 had been continued. Any cash flows in excess of amounts assumed will be available for distribution over time to Closed Block policyholders and will not be available to shareholders. If the Closed Block has insufficient funds to make guaranteed policy benefit payments, such payments will be made from PICA's assets outside of the Closed Block. The Closed Block will continue in effect as long as any policy in the Closed Block remains in force unless, with the consent of the New Jersey insurance regulator, it is terminated earlier.

The excess of Closed Block liabilities over Closed Block assets at the date of the demutualization (adjusted to eliminate the impact of related amounts in AOCI) represented the estimated maximum future earnings at that date from the Closed Block expected to result from operations attributed to the Closed Block after income taxes. In establishing the Closed Block, the Company developed an actuarial calculation of the timing of such maximum future earnings. If actual cumulative earnings of the Closed Block from inception through the end of any given period are greater than the expected cumulative earnings, only the expected earnings will be recognized in income. Any excess of actual cumulative earnings over expected cumulative earnings will represent undistributed accumulated earnings attributable to policyholders, which are recorded as a policyholder dividend obligation. The policyholder dividend obligation represents amounts to be paid to Closed Block policyholders as an additional policyholder dividend unless otherwise offset by future Closed Block performance that is less favorable than originally expected. If the actual cumulative earnings of the Closed Block from its inception through the end of any given period are less than the expected cumulative earnings of the Closed Block, the Company will recognize only the actual earnings in income.

As of December 31, 2024, the Company recognized a policyholder dividend obligation of $2,096 million to Closed Block policyholders for the excess of actual cumulative earnings over expected cumulative earnings; however, due to accumulated net unrealized investment losses in excess of this amount, the policyholder dividend obligation balance as of December 31, 2024 was reduced to zero. At December 31, 2023, the Company recognized a policyholder dividend obligation of $2,873 million to Closed Block policyholders for the excess of actual cumulative earnings over the expected cumulative earnings. Additionally, accumulated net unrealized investment gains (losses) were reflected as a policyholder dividend obligation of $(2,081) million at December 31, 2023, with a corresponding amount reported in AOCI.

In December of each year, PICA's Board of Directors takes actions to either increase, continue, or decrease the dividend scale that was in effect on Closed Block policies. These actions taken resulted in increases of approximately $30 million, $77 million and $109 million for the years ended December 31, 2022, 2023 and 2024, respectively, in the liability for policyholders' dividends recognized.

As of December 31, 2024, the Closed Block has sufficient funds to make guaranteed policy benefit payments and there is no expectation that assets outside of the Closed Block will be needed to fund future payments. The excess of Closed Block liabilities over Closed Block assets as of the end of the reporting period shown in the table below is a reasonable measure of the margin in the reported liabilities compared to best estimate liabilities assuming the current dividend scale. Closed Block liabilities and assets designated to the Closed Block, as well as maximum future earnings to be recognized from these liabilities and assets, are as follows:

	2024	2023
	(in millions)	
Closed Block liabilities		
Future policy benefits	$42,464	$43,587
Policyholders' dividends payable	688	648
Policyholders' dividend obligation	0	792
Policyholders' account balances	4,359	4,500
Other Closed Block liabilities	3,346	3,605
Total Closed Block liabilities	50,857	53,132
Closed Block assets		
Fixed maturities, available-for-sale, at fair value	28,570	30,314
Fixed maturities, trading, at fair value	647	887
Equity securities, at fair value	1,642	1,970
Commercial mortgage and other loans	7,652	7,769
Policy loans	3,348	3,479
Other invested assets	4,929	4,513
Short-term investments	520	232
Total investments	47,308	49,164
Cash and cash equivalents	400	993
Accrued investment income	403	421
Other Closed Block assets	367	138
Total Closed Block assets	48,478	50,716
Excess of reported Closed Block liabilities over Closed Block assets	2,379	2,416
Portion of above representing accumulated other comprehensive income (loss):		
Net unrealized investment gains (losses)	(2,299)	(2,241)
Allocated to policyholder dividend obligation	2,096	2,081
Future earnings to be recognized from Closed Block assets and Closed Block liabilities	$ 2,176	$ 2,256

Information regarding the policyholder dividend obligation is as follows:

	2024	2023
	(in millions)	
Balance, January 1	$ 792	$ 0
Impact from earnings allocable to policyholder dividend obligation	(777)	(334)
Change in net unrealized investment gains (losses) allocated to policyholder dividend obligation	(15)	1,126
Balance, December 31	$ 0	$ 792

Closed Block revenues and benefits and expenses for the years ended December 31, are as follows:

	2024	2023	2022
	(in millions)		
Revenues			
Premiums	$1,689	$1,675	$1,698
Net investment income	2,041	1,949	1,980
Realized investment gains (losses), net	(769)	(380)	(270)
Other income (loss)	319	411	(447)
Total Closed Block revenues	3,280	3,655	2,961
Benefits and Expenses			
Policyholders' benefits	2,343	2,354	2,428
Interest credited to policyholders' account balances	117	118	121
Dividends to policyholders	641	1,008	115
General and administrative expenses	266	280	302
Total Closed Block benefits and expenses	3,367	3,760	2,966
Closed Block revenues, net of Closed Block benefits and expenses, before income taxes	(87)	(105)	(5)
Income tax expense (benefit)	(166)	(176)	(103)
Closed Block revenues, net of Closed Block benefits and expenses and income taxes	$ 79	$ 71	$ 98

17. INCOME TAXES

The following schedule discloses significant components of income tax expense (benefit) for each year presented:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Current tax expense (benefit):			
U.S.	$ 495	$ (4)	$ 214
State and local	35	25	15
Foreign	755	667	480
Total current tax expense (benefit)	1,285	688	709
Deferred tax expense (benefit):			
U.S.	(545)	323	(789)
State and local	(1)	0	1
Foreign	(232)	(398)	(200)
Total deferred tax expense (benefit)	(778)	(75)	(988)
Total income tax expense (benefit) on income (loss) before equity in earnings of joint ventures and other operating entities	507	613	(279)
Income tax expense (benefit) on equity in earnings of joint ventures and other operating entities	41	34	25
Income tax expense (benefit) on discontinued operations	0	0	0
Income tax expense (benefit) reported in equity related to:			
Other comprehensive income (loss)	364	(837)	2,555
Total income taxes	$ 912	$(190)	$2,301

Reconciliation of Expected Tax at Statutory Rates to Reported Income Tax Expense (Benefit)

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% applicable for 2024, 2023 and 2022, and the reported income tax expense (benefit) are summarized as follows:

	Year Ended December 31,		
	2024	2023(1)	2022(1)
	($ in millions)		
Expected federal income tax expense (benefit)	$ 674	$ 645	$(397)
Non-taxable investment income	(168)	(162)	(86)
Foreign taxes at other than U.S. rate	189	191	122
Low-income housing and other tax credits	(94)	(106)	(128)
Changes in tax law	50	(99)	(11)
GILTI	(24)	5	101
Sale of subsidiary	(10)	0	86
Non-deductible expenses	39	29	21
Change in valuation allowance	(45)	111	16
State taxes (net of federal benefit)	26	20	13
Other	(130)	(21)	(16)
Reported income tax expense (benefit)	$ 507	$ 613	$(279)
Effective tax rate	15.8%	20.0%	14.7%

(1) Prior period amounts have been updated to conform to current period presentation.

The effective tax rate is the ratio of "Total income tax expense (benefit)" divided by "Income before income taxes and equity in earnings of joint ventures and other operating entities." The Company's effective tax rate for fiscal years 2024, 2023 and 2022 was 15.8%, 20.0%, and 14.7%, respectively. The following is a description of items that had a significant impact on the difference between the Company's statutory U.S. federal income tax rate of 21% applicable for 2024, 2023 and 2022, and the Company's effective tax rate during the periods presented:

Non-Taxable Investment Income. The U.S. Dividends Received Deduction ("DRD") reduces the amount of dividend income subject to U.S. tax and is included in the non-taxable investment income shown in the table above. More specifically, the U.S. DRD constitutes $55 million of the total $168 million of 2024 non-taxable investment income, $62 million of the total $162 million of 2023 non-taxable investment income, and $78 million of the total $86 million of 2022 non-taxable investment income. The DRD for the current period was estimated using information from 2023, current year investment results, and current year's equity market performance. The actual current year DRD can vary based on factors such as, but not limited to, changes in the amount of dividends received that are eligible for the DRD, changes in the amount of distributions received from fund investments, changes in the account balances of variable life and annuity contracts, and the Company's taxable income before the DRD.

Foreign Taxes at Other Than U.S. Rates. The combined statutory income tax rate in the Company's largest non-U.S. tax jurisdiction is approximately 28% in Japan as compared to the U.S. federal income tax rate of 21% applicable for 2024, 2023 and 2022.

The 952 Election. The Company made a tax election, effective for the 2017 and later tax years, to subject earnings from its insurance operations in Brazil to tax in the U.S. in the tax year earned, net of related foreign tax credits. This election has the effect of reducing the rate at which the Company will incur taxes on these earnings from the approximately 40% tax rate in Brazil to the 21% tax rate in the U.S. In conjunction with this election, the Company remeasured its related deferred tax assets from the previous 45% rate in Brazil to the new rate of 21% in the U.S., which resulted in additional income tax expense at the time of election. The net effect of the lower tax rate was a net increase / (decrease) in income tax expense of $(12) million in 2021. As a result of the issuance of foreign tax credit regulations during 2022 and the uncertainty regarding the creditability of Brazil income taxes in years post-2021, the net effect of the 952 Election for tax years 2017 and after was reversed in 2022. See "Foreign Tax Credit Regulations" discussed below.

Foreign Tax Credit Regulations. The Treasury Department and the IRS published Final Regulations in the Federal Register (Treasury Decision 9959) on January 4, 2022, which affect the creditability of certain foreign taxes for U.S. federal income tax purposes. The Final Regulations created uncertainty as to whether a U.S. foreign tax credit could be claimed for taxes paid to Brazil. The ability to claim a foreign tax credit for taxes paid to Brazil impacted the benefit of the election made pursuant to Internal Revenue Code Section 952 to subject earnings from the Company's insurance operations in Brazil to tax in the U.S. in the tax year earned, net of related foreign tax credits. Based on the Company's interpretation of the Final Regulations, a net $11 million tax expense is reflected as part of the Company's results for the year ended December 31, 2022, which reversed the net effect of the 952 Election for the tax years 2017 through 2021. The Company continues to assume that the election does not apply in tax years post 2021.

On August 7, 2023, the IRS issued Notice 2023-55 which provides temporary relief to taxpayers in determining whether a foreign tax is eligible for a U.S. foreign tax credit for tax years 2022 and 2023. Subsequently, on December 11, 2023 the IRS issued Notice 2023-80 which extended that relief to taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued and abolished certain changes that the Final Regulations had made to the creditability of tax paid in lieu of a generally imposed foreign income tax. As a result of this new guidance, the Company claimed a U.S. foreign tax credit for taxes paid to Brazil for 2022 and 2023 and will claim a U.S. foreign tax credit for taxes paid to Brazil in 2024. This resulted in a $7 million reduction in 2022 GILTI tax and contributed to the Company's Brazil operations not being subject to GILTI in 2023 and 2024.

Low-Income Housing and Other Tax Credits. These amounts include credits within the U.S. tax code for the development of affordable housing aiming at low-income Americans as well as foreign tax credits.

Changes in Tax Law. In December 2023, the Government of Bermuda enacted a corporate income tax, which imposes a 15% income tax, less applicable foreign tax credits, on companies that are organized or operate within Bermuda that are within the scope of the OECD Pillar Two rules. The Bermuda corporate income tax will be effective for tax years beginning on January 1, 2025. The Company intends to make an election to exclude the income of a Bermuda entity that is a controlled foreign corporation within the meaning of the U.S. tax rules from the Bermuda corporate income tax for fiscal years ending prior to January 1, 2027. There are several open items with respect to the possible application of the Bermuda corporate income tax. In 2023, the Company reflected a $99 million net tax benefit as a result of the change in Bermuda tax law, which was entirely offset by a corresponding change in valuation allowance. In 2024, the Company recorded an adjustment of $50 million net tax expense, which was entirely offset by a corresponding change in valuation allowance.

Sale of Subsidiary. This line item is primarily related to the difference between tax basis and GAAP basis for subsidiaries sold. See Note 1 for additional information regarding recent dispositions.

GILTI. The GILTI provision applies a minimum U.S. tax to earnings of consolidated foreign subsidiaries in excess of a 10% deemed return on tangible assets of foreign subsidiaries by imposing the U.S. tax rate to 50% of earnings of such foreign affiliates and provides for a partial foreign tax credit for foreign income taxes. In years that the PFI consolidated federal income tax return reports a net operating loss or has a loss attributable to U.S. sources of operations, including as a result of loss carrybacks, the GILTI provision would limit the amount of deductions or credits permissible against GILTI. In 2022, the company incurred $101 million of tax primarily due to foreign tax credit limitations related to the GILTI provisions. These limitations did not have a material impact in 2023 or 2024. In 2024, the Company received IRS consent to change its tax accounting method for certain products in its Japan operations which resulted in a reduction of the 2022 GILTI tax liability.

On July 20, 2020, the U.S. Treasury and the Internal Revenue Service issued Final Regulations (Treasury Decision 9902) pursuant to Internal Revenue Code Section 951A which allow an annual election to exclude from the U.S. tax return certain GILTI amounts when the taxes paid by a foreign affiliate exceed 18.9% (90% of U.S. statutory rate of 21%) of the GILTI amount for that foreign affiliate (the "high-tax exception"). These regulations are effective for the 2021 taxable year with an election to apply to any taxable year beginning after 2017. In many of the countries in which the Company operates, including Japan and Brazil, there are differences between local tax rules used to determine the tax base and the U.S. tax principles used to determine GILTI. Also, the Company's Japan affiliates have a different tax year than the U.S. calendar tax year used to determine GILTI. Therefore, while many of the countries, including Japan and Brazil, have a statutory tax rate above the 18.9% threshold, separate affiliates may not meet the 18.9% threshold each year and, as such, may not qualify for this annual exclusion. The Company made the high-tax exception election for the 2022 and 2023 tax years and anticipates to make the high-tax exception election for the 2024 tax year.

Other. This line item represents reconciling items that are individually less than 5% of the computed expected federal income tax expense (benefit) and have therefore been aggregated for purposes of this reconciliation in accordance with relevant disclosure guidance.

Schedule of Deferred Tax Assets and Deferred Tax Liabilities

	As of December 31, 2024	As of December 31, 2023
	(in millions)	
Deferred tax assets:		
Net unrealized investment losses	$ 6,987	$4,047
Policyholders' dividends	55	213
Net operating and capital loss carryforwards	360	178
Employee benefits	271	332
Investments	2,448	2,883
Goodwill and other intangibles	313	335
Deferred tax assets before valuation allowance	10,434	7,988
Valuation allowance	(238)	(290)
Deferred tax assets after valuation allowance	10,196	7,698
Deferred tax liabilities:		
Insurance reserves	4,629	2,742
Deferred policy acquisition costs	3,851	3,897
Value of business acquired	147	166
Other	1,261	969
Deferred tax liabilities	9,888	7,774
Net deferred tax asset (liability)(1)	$ 308	$ (76)

(1) As of December 31, 2024, includes net deferred tax assets of $840 million and $401 million related to the Company's U.S. operations and Bermuda operations, respectively. As of December 31, 2023, includes a net deferred tax asset of $542 million and $403 million, related to the Company's U.S. operations and Bermuda operations, respectively.

The application of U.S. GAAP requires the Company to evaluate the recoverability of deferred tax assets and establish a valuation allowance if necessary to reduce the deferred tax asset to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) in which tax jurisdictions they were generated and the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized in the various taxing jurisdictions; (6) any unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Although realization is not assured, management believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized.

Changes in market conditions, including the significant rise in interest rates since the beginning of 2022, resulted in the recording of deferred tax assets related to net unrealized tax capital losses in the Company's U.S. businesses. When assessing recoverability of these deferred tax assets, the Company considers its ability and intent to hold the underlying securities to recovery in value, if necessary, as well as other factors as noted above. As of December 31, 2024, based on all available evidence, the Company concluded that the deferred tax assets related to the unrealized tax capital losses on the available-for-sale securities portfolios are, more likely than not, expected to be realized.

A valuation allowance has been recorded against deferred tax assets related to certain federal, state and local taxes and foreign operations. Adjustments to the valuation allowance are made to reflect changes in management's assessment of the amount of the deferred tax asset that is realizable and the amount of deferred tax asset actually realized during the year. The valuation allowance includes amounts recorded in connection with deferred tax assets as follows:

	Federal	State	Foreign Operations	Total
	(in millions)			
Balance at December 31, 2022	$22	$109	$ 28	$159
Charged to costs and expenses	3	0	8	11
Other adjustments	0	23	97	120
Balance at December 31, 2023	25	132	133	290
Charged to costs and expenses	(2)	0	7	5
Other adjustments	0	(4)	(53)	(57)
Balance at December 31, 2024	$23	$128	$ 87	$238

The following table sets forth the amount and expiration dates of federal, state and foreign operating, capital loss and tax credit carryforwards for tax purposes, as of the periods indicated:

	As of December 31,	
	2024	2023
	(in millions)	
Federal net operating and capital loss carryforwards	$ 23	$ 0
State net operating and capital loss carryforwards(1)	$1,888	$1,670
Foreign net operating and capital loss carryforwards(2)	$ 907	$ 356
Federal foreign tax credit carryforwards(3)	$ 15	$ 18

(1) Certain state net operating loss carryforwards expire between 2025 and 2044, whereas others have an unlimited carryforward.
(2) $37 million expires between 2025 and 2041 and $870 million has an unlimited carryforward.
(3) Expires between 2028 and 2033. These relate to foreign non-general basket tax credits.

Consistent with the Tax Act of 2017, the Company provides applicable U.S. income tax for all unremitted earnings of the Company's foreign affiliates. For certain foreign affiliates organized in withholding tax jurisdictions or that may be subject to other foreign country tax upon a remittance, the Company considers the unremitted foreign earnings of those affiliates to be indefinitely reinvested, and therefore does not provide for the withholding tax when calculating its current and deferred tax obligations. For certain other foreign affiliates organized in withholding tax jurisdictions or that may be subject to other foreign country tax upon a remittance, the Company does not consider unremitted earnings indefinitely reinvested, and therefore provides for foreign withholding tax when calculating its current and deferred tax obligations. The following table summarizes the Company's indefinite reinvestment assertions for jurisdictions in which the Company operates that impose a withholding tax on dividends that is not eliminated by a tax treaty or may be subject to other foreign country tax upon a remittance:

Unremitted earnings are indefinitely reinvested	Unremitted earnings are not indefinitely reinvested
Insurance operations in Chile and China and non-insurance operations in Korea and certain operations in Italy, France and Luxembourg.	Insurance operations in Argentina, India, Indonesia, Ghana, Kenya and South Africa, and non-insurance operations in China, India, Taiwan and certain Germany and Luxembourg entities.

During the first quarter of 2022, the Company changed the permanent investment assertion for certain French and Italian entities due to a plan to permanently reinvest the earnings in these operations, which gave rise to an immaterial amount of income tax expense during 2022. The Company made no changes with respect to its repatriation assumptions in 2023 and 2024.

The following table sets forth the undistributed earnings of foreign subsidiaries, where the Company assumes indefinite reinvestment of such earnings and for which, in 2024, 2023, and 2022, foreign deferred withholding or other foreign income taxes have not been provided. The net tax liability that may arise if the 2024 earnings were remitted which includes any foreign exchange impacts, is immaterial.

	At December 31,		
	2024	2023	2022
	(in millions)		
Undistributed earnings of foreign subsidiaries (assuming indefinite reinvestment only for Withholding or other non-U.S. Taxes)	$351	$291	$238

The Company's "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" includes income (loss) from domestic operations of $2,077 million, $1,341 million, and $(2,262) million and income (loss) from foreign operations of $1,132 million, $1,731 million, and $369 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Tax Audit and Unrecognized Tax Benefits

The Company's liability for income taxes includes the liability for unrecognized tax benefits and interest that relate to tax years still subject to review by the IRS or other taxing authorities. The completion of review or the expiration of the Federal statute of limitations for a given audit period could result in an adjustment to the liability for income taxes.

The following table reconciles the total amount of unrecognized tax benefits at the beginning and end of the periods indicated:

	2024	2023	2022
	(in millions)		
Balance at January 1,	$133	$ 84	$12
Increases in unrecognized tax benefits—prior years	4	13	81
(Decreases) in unrecognized tax benefits—prior years	(5)	0	(1)
Increases in unrecognized tax benefits—current year	0	36	0
(Decreases) in unrecognized tax benefits—current year	0	0	(8)
Settlements with taxing authorities	0	0	0
Balance at December 31,	$132	$133	$84
Unrecognized tax benefits that, if recognized, would favorably impact the effective rate	$132	$133	$84

It is possible the Company will pay the unrecognized tax benefit attributable to the Section 952 election described above of approximately $86 million for prior year audit cycles within the next 12 months as it pursues resolution of the matter. The Company cannot predict with reasonable accuracy whether there will be any significant changes within the next twelve months to its total unrecognized tax benefits related to tax years for which the statute of limitations has not expired.

The Company classifies all interest and penalties related to tax uncertainties as income tax expense (benefit). The amounts recognized in the consolidated financial statements for tax-related interest and penalties for the years ended December 31 are as follows:

	2024	2023	2022
	(in millions)		
Interest and penalties recognized in the Consolidated Statements of Operations	$10	$7	$8

	2024	2023
	(in millions)	
Interest and penalties recognized in liabilities in the Consolidated Statements of Financial Position	$33	$22

Listed below are the tax years that remain subject to examination, by major tax jurisdiction, as of December 31, 2024:

Major Tax Jurisdiction	Open Tax Years
United States	2014-2024
Japan	Fiscal years ended March 31, 2020-2024

The Company participates in the IRS's Compliance Assurance Program. Under this program, the IRS assigns an examination team to review completed transactions as they occur in order to reach agreement with the Company on how they should be reported in the relevant tax returns. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner.

Some of the Company's affiliates in Japan file a consolidated tax return, while others file separate tax returns. The Company's affiliates in Japan are subject to audits by the local taxing authority. The general statute of limitations is five years from when the return is filed. During 2023, the Japanese National Tax Service concluded tax audits of The Gibraltar Life Insurance Company Ltd. for the three tax years ending March 31, 2022 and The Prudential Gibraltar Financial Life Insurance Company Ltd. for the four tax years ending March 31, 2022. The tax authority also conducted tax audits of some non-insurance companies during the reporting period. The audits had no material impact on the Company's results.

In August 2020, the Company sold an affiliate in South Korea, Prudential of Korea, that was subject to routine tax audits by the local taxing authority for 2017, 2016, and 2015 tax years. In November 2023, the disputed issue on the treatment of foreign tax credits was decided in favor of Prudential of Korea at the Tax Tribunal appeal and therefore had no material impact on the Company's results.

18. SHORT-TERM AND LONG-TERM DEBT

Short-term Debt

The table below presents the Company's short-term debt at December 31, for the years indicated as follows:

	2024	2023
	($ in millions)	
Commercial paper:		
Prudential Financial	$ 25	$ 25
Prudential Funding, LLC	496	510
Subtotal commercial paper	521	535
Current portion of long-term debt:		
Surplus Notes	347	0
Mortgage Debt	85	83
Surplus Notes subject to set-off arrangements(1)	0	2,000
Subtotal Current portion of long-term debt	432	2,083
Subtotal	953	2,618
Less: Assets under set-off arrangements(1)	0	2,000
Total short-term debt(2)	$ 953	$ 618
Supplemental short-term debt information:		
Portion of commercial paper borrowings due overnight	$ 310	$ 110
Daily average commercial paper outstanding for the quarter ended	$1,823	$1,334
Weighted average maturity of outstanding commercial paper, in days	15	49
Weighted average interest rate on outstanding commercial paper	4.61%	5.50%

(1) The surplus notes have corresponding assets where rights to set-off exist, thereby reducing the amount of surplus notes.
(2) Includes Prudential Financial debt of $25 million at both December 31, 2024 and 2023.

At December 31, 2024 and 2023, the Company was in compliance with all covenants related to the above debt.

Commercial Paper

Prudential Financial has a commercial paper program with an authorized capacity of $3.0 billion. Prudential Financial's commercial paper borrowings have generally been used to fund the working capital needs of its subsidiaries and provide short-term liquidity at Prudential Financial.

Prudential Funding, LLC ("Prudential Funding"), a wholly-owned subsidiary of PICA, has a commercial paper program, with an authorized capacity of $7.0 billion. Prudential Funding commercial paper borrowings generally have served as an additional source of financing to meet the working capital needs of PICA and its subsidiaries. Prudential Funding also lends to other subsidiaries of Prudential Financial up to limits agreed with the NJDOBI. Prudential Funding maintains a support agreement with PICA whereby PICA has agreed to maintain Prudential Funding's tangible net worth at a positive level. Additionally, Prudential Financial has issued a subordinated guarantee covering Prudential Funding's $7.0 billion commercial paper program.

Federal Home Loan Bank of New York

PICA is a member of the FHLBNY. Membership allows PICA access to the FHLBNY's financial services, including the ability to obtain collateralized loans and to issue collateralized funding agreements. Under applicable law, the funding agreements issued to the FHLBNY have priority claim status above debt holders of PICA. FHLBNY borrowings and funding agreements are collateralized by qualifying mortgage-related assets or U.S. Treasury securities, the fair value of which must be maintained at certain specified levels relative to outstanding borrowings. FHLBNY membership requires PICA to own member stock and borrowings require the purchase of activity-based stock in an amount equal to 4.5% of outstanding borrowings. Under FHLBNY guidelines, if any of PICA's financial strength ratings decline below A-/A3/A- Negative by S&P/Moody's/Fitch, respectively, and the FHLBNY does not receive written assurances from the NJDOBI regarding PICA's solvency, new borrowings from the FHLBNY would be limited to a term of 90 days or less. Currently there are no restrictions on the term of borrowings from the FHLBNY. All FHLBNY stock purchased by PICA is classified as restricted general account investments within "Other invested assets," and the carrying value of these investments was $142 million and $169 million as of December 31, 2024 and 2023, respectively.

NJDOBI permits PICA to pledge collateral to the FHLBNY in an amount of up to 5% of its prior year-end statutory net admitted assets, excluding separate account assets. Based on PICA's statutory net admitted assets as of December 31, 2023, the 5% limitation equates to a maximum amount of eligible assets of $7.4 billion and an estimated maximum borrowing capacity (after taking into account required collateralization levels) of $5.9 billion. Nevertheless, FHLBNY borrowings are subject to the FHLBNY's discretion and to the availability of qualifying assets at PICA.

As of December 31, 2024, $2.5 billion of funding agreements remain outstanding under this facility, with maturities ranging from February 2027 to November 2029 and rates ranging from 1.925% to 4.510%. These funding agreements are reflected as "Policyholders' account balances" on the Consolidated Statements of Financial Position and as such are not included in the table above.

Federal Agricultural Mortgage Corporation

In September 2023, as an additional source of liquidity, the Company entered into an agreement with the Federal Agricultural Mortgage Corporation ("Farmer Mac"), under which the Company can borrow up to $750 million by issuing funding agreements to a subsidiary of Farmer Mac, with borrowings secured by a pledge of certain eligible agricultural mortgage loans. At December 31, 2024, no amounts were drawn from this facility.

Credit Facilities

As of December 31, 2024, the Company maintained syndicated, unsecured committed credit facilities as described below.

Borrower	Original Term	Expiration Date	Capacity	Amount Outstanding
			(in millions)	
Prudential Financial and Prudential Funding	5 years	Jul-29	$ 4,000	$0
Prudential Holdings of Japan, Inc.	5 years	Sep-29	¥100,000	¥0

In July 2024, the Company amended and restated its $4.0 billion five-year credit facility that has both Prudential Financial and Prudential Funding as borrowers and a syndicate of financial institutions as lenders, extending the term of the facility to July 2029. The credit facility contains customary representations and warranties, covenants and events of default, and borrowings are not contingent on the borrowers' credit ratings nor subject to material adverse change clauses. Borrowings under this facility are conditioned on the continued satisfaction of customary conditions, including Prudential Financial's maintenance of consolidated net worth of at least $22.1 billion. For these purposes, consolidated net worth is calculated as U.S. GAAP equity excluding AOCI, equity of noncontrolling interests, equity attributable to the Closed Block, and certain adjustments related to the Company's adoption of ASU 2018-12. The Company expects that it may borrow under the facility from time to time to fund its working capital needs. In addition, amounts under this credit facility may be drawn in the form of standby letters of credit that can be used to meet the Company's operating needs.

In September 2024, the Company refinanced its ¥100 billion five-year credit facility, on which Prudential Holdings of Japan, Inc. ("PHJ") is a borrower, extending the term of the facility to September 2029. This facility also contains customary representations and warranties, covenants, and events of default and borrowings are not contingent on the borrower's credit ratings nor subject to material adverse change clauses.

Borrowings under each of these credit facilities may be used for general corporate purposes. As of December 31, 2024, the Company was in compliance with the covenants under each of these credit facilities.

In addition to the above credit facilities, the Company had access to $223 million of certain other lines of credit at December 31, 2024, of which $110 million was for the sole use of certain real estate separate accounts. The separate account facilities include loan-to-value ratio requirements and other financial covenants, and recourse on obligations under these facilities is limited to the assets of the applicable separate account. At December 31, 2024, none of these credit facilities were used. The Company also has access to uncommitted lines of credit from financial institutions.

Agreements for Senior Notes Issuance

In May 2020, Prudential Financial entered into a ten-year facility agreement with a Delaware trust upon the completion of the sale of $1.5 billion of trust securities by that Delaware trust in a Rule 144A private placement. The trust invested the proceeds from the sale of the trust securities in a portfolio of principal and/or interest strips of U.S. Treasury securities. The facility agreement provides Prudential Financial the right to issue and sell to the trust from time to time up to $1.5 billion of 2.850% senior notes due May 15, 2030 and receive in exchange a corresponding amount of the U.S. Treasury securities held by the trust. In return, the Company agreed to pay a semi-annual facility fee to the trust at a rate of 2.175% per annum applied to the maximum amount of senior notes that the Company could issue and sell to the trust. Similar to the Company's put option agreement, the facility agreement with the trust provides Prudential Financial with a source of liquid assets.

The right to issue senior notes described above will be exercised automatically in full upon the Company's failure to make certain payments to the trust, such as paying the facility fee or reimbursing the trust for its expenses, if the Company's failure to pay is not cured within 30 days, and upon an event involving its bankruptcy. The Company is also required to exercise this issuance right if its consolidated stockholders' equity, calculated in accordance with U.S. GAAP but excluding AOCI, falls below $9.0 billion, subject to adjustment in certain cases. Prior to any involuntary exercise of the issuance right, the Company has the right to repurchase any of its senior notes then held by the trust in exchange for a corresponding amount of U.S. Treasury securities. Finally, Prudential Financial may redeem any outstanding senior notes, in whole or in part, prior to February 15, 2030, at a redemption price equal to the greater of par or a make-whole price, or thereafter, at par.

In March 2023, Prudential Financial entered into ten-year and thirty-year facility agreements with two Delaware trusts upon the completion of the sale of $1.5 billion of trust securities by the trusts in a Rule 144A private placement. The trusts invested the proceeds from the sale of the trust securities in portfolios of principal and/or interest strips of U.S. Treasury securities. The facility agreements provide Prudential Financial the right to issue and sell to the trusts from time to time up to $800 million of 5.791% senior notes due February 15, 2033 and $700 million of 5.997% senior notes due February 15, 2053, and receive in exchange a corresponding amount of the U.S. Treasury securities held by the trusts. In return, the Company agreed to pay semi-annual facility fees to the trusts at rates of 1.815% and 2.066% per annum for the ten-year and thirty-year facilities, respectively, applied to the maximum amount of senior notes that the Company could issue and sell to the trusts.

The right to issue senior notes described above will be exercised automatically in full upon the Company's failure to make certain payments to the trusts, such as paying the facility fee or reimbursing the trusts for their expenses, if the Company's failure to pay is not cured within 30 days, and upon an event involving its bankruptcy. The Company is also required to exercise this issuance right if its consolidated stockholders' equity, calculated in accordance with U.S. GAAP but excluding AOCI, falls below $9.0 billion, subject to adjustment in certain cases. Prior to any involuntary exercise of the issuance right, the Company has the right to repurchase any of its senior notes then held by the trusts in exchange for a corresponding amount of U.S. Treasury securities. Finally, Prudential Financial may redeem any outstanding senior notes, in whole or in part, prior to February 15, 2033 and February 15, 2053 for the ten-year and thirty-year facilities, respectively, at a redemption price equal to the greater of par or a make-whole price, or thereafter, at par.

Long-term Debt

The table below presents the Company's long-term debt at December 31, for the years indicated as follows:

	Maturity Dates	Rate(1)	December 31, 2024	December 31, 2023
			($ in millions)	
Fixed-rate notes:				
Surplus Notes			$ 0	$ 346
Surplus Notes subject to set-off arrangements(2)	2035-2049	3.66%-5.48%	14,748	9,790
Senior Notes	2026-2051	1.50%-6.63%	10,245	10,112
Mortgage Debt(3)	2029-2034	1.28%-1.72%	69	0
Floating-rate notes:				
Line of Credit	2027	6.42%-7.00%	255	255
Surplus Notes subject to set-off arrangements			0	580
Mortgage Debt(3)	2029-2031	0.73%-1.40%	31	75
Junior Subordinated Notes(4)	2045-2062	1.63%-6.75%	8,587	8,094
Subtotal			33,935	29,252
Less: Assets under set-off arrangements(5)			14,748	10,370
Total long-term debt(6)			$19,187	$18,882

(1) Ranges of interest rates are for the year ended December 31, 2024.
(2) Amount includes $6.9 billion of surplus notes used to finance Guideline AXXX reserves for business reinsured to Somerset Re in March 2024. See Note 15 for additional information.
(3) Includes $100 million and $27 million of debt denominated in foreign currency at December 31, 2024 and 2023, respectively.
(4) Includes Prudential Financial debt of $8,548 million and subsidiary debt of $39 million denominated in foreign currency at December 31, 2024.
(5) Assets under set-off arrangements represent a reduction in the amount of surplus notes included in long-term debt, resulting from an arrangement where valid rights of set-off exist and it is the intent of both parties to settle on a net basis under legally enforceable arrangements. These assets include available-for-sale securities that are reported at fair value.
(6) Includes Prudential Financial debt of $18,793 million and $18,162 million at December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, the Company was in compliance with all debt covenants related to the borrowings in the table above.

The following table presents the contractual maturities of the Company's long-term debt as of December 31, 2024:

	Calendar Year 2026	2027	2028	2029	2030 and thereafter	Total
	(in millions)					
Long-term debt	$536	$287	$390	$95	$17,879	$19,187

Senior Notes

Under its shelf registration statement, the Company has issued Medium-Term Notes and InterNotes® Retail Notes. In addition, the Company completed a debt exchange offer in 2017, pursuant to which it issued two series of Senior Notes.

The table below presents the Company's balances related to these issuances, as well as its mortgage debt balance, as of December 31 for the years indicated as follows:

Facility Name	Maturity Date Range	2024 Amount Outstanding	2023 Amount Outstanding
		(in millions)	
Medium-Term Notes	2026-2051	$ 8,382	$ 8,378
Senior Notes	2047-2049	1,493	1,484
InterNotes® Retail Notes	2026-2045	370	249
Mortgage Debt(1)	2024-2034	185	158
Total		$10,430	$10,269

(1) Includes $85 million of notes from current portion of long-term debt as of December 31, 2024.

The weighted average interest rate on outstanding Medium-Term Notes, Senior Notes, and InterNotes® Retail Notes, including the effect of interest rate hedging activity, was 4.43% for both the years ended December 31, 2024 and 2023, excluding the effect of debt issued to consolidated subsidiaries.

Funding Agreement Notes Issuance Program

The Company maintains a FANIP in which statutory trusts issue medium-term notes and commercial paper secured by funding agreements issued to the trusts by PICA. These obligations are included in "Policyholders' account balances" and not included in the foregoing table. See Note 13 for further discussion of these obligations.

Surplus Notes

As of December 31, 2024, PICA had $347 million of fixed-rate surplus notes outstanding. These notes are subordinated to other PICA borrowings and policyholder obligations, and the payment of interest and principal may only be made with the prior approval of the NJDOBI. The NJDOBI could prohibit the payment of the interest and principal on the surplus notes if certain statutory capital requirements are not met. At December 31, 2024 and 2023, the Company met these statutory capital requirements.

Surplus Notes with Set-Off Arrangements

Agreement Start Date	Maturity Years	Maximum Borrowing Capacity	2024 Amount Outstanding	2023 Amount Outstanding
		($ in millions)		
Regulation XXX				
2024	2044	$ 8,000	$ 7,560	$ 0
2014-2021	2024-2036	NA(1)	0	1,600
2014-2017	2024-2037	NA(1)	0	2,330
2018	2038	NA(1)	0	1,000
Guideline AXXX				
2024(2)	2049	9,500	6,888	$ 0
2013	2033	NA(1)	0	3,500
2017	2037	NA(1)	0	1,540
2020	2032	NA(1)	0	2,100
Other Notes				
2019	2035	4,000	300	300
Total		$21,500	$14,748	$12,370

(1) These notes were redeemed in 2024.
(2) Amount includes $6.9 billion of surplus notes used to finance Guideline AXXX reserves for business reinsured to Somerset Re in March 2024. See Note 15 for additional information.

Surplus Notes Supporting Regulation XXX and Guideline AXXX Reserves

As shown in the table above, the Company's captive reinsurance subsidiaries maintain facilities with external counterparties providing for the issuance of surplus notes by the captive to finance reserves required under Regulation XXX and Guideline AXXX. Under these facilities, the captives receive in exchange for the surplus notes one or more credit-linked notes issued by special-purpose affiliates in aggregate principal amounts equal to the surplus notes issued. The captives hold the credit-linked notes as assets supporting the non-economic portion of the statutory reserves required to be held by the Company's domestic insurance subsidiaries under Regulation XXX and Guideline AXXX in connection with the reinsurance of term life or universal life insurance policies through the captive. The non-economic portion of the statutory reserve equals the difference between the statutory reserve required under Regulation XXX and Guideline AXXX and the amount the Company considers necessary to maintain solvency for moderately adverse experience. The credit-linked notes are redeemable for cash upon the occurrence of a liquidity stress event affecting the captives and external counterparties have agreed to fund these payments in return for a fee. Under certain of these different transactions, Prudential Financial has agreed to reimburse the captive for investment losses in excess of specified amounts.

For each of the above transactions, because valid rights of set-off exist, interest and principal payments on the surplus notes and on the related credit-linked notes are settled on a net basis, and the surplus notes are reflected in the Company's total consolidated borrowings on a net basis. The surplus notes for the captive reinsurance subsidiaries described above are subordinated to policyholder obligations, and the repayment of principal may only be made with prior approval of the Arizona Department of Insurance and Financial Institutions, the domiciliary insurance regulator of the captives. The payment of interest on the surplus notes has been approved by the Arizona Department of Insurance and Financial Institutions, subject to its ability to withdraw that approval.

Other Surplus Notes

The surplus note facility listed under "Other Notes" in the table above reflects a financing facility that Prudential Legacy Insurance Company of New Jersey ("PLIC") has entered into with certain external counterparties and a special-purpose affiliate, pursuant to which PLIC may, at its option, issue and sell to the affiliate up to $4.0 billion in aggregate principal amount of surplus notes, in return for an equal principal amount of credit-linked notes. The credit-linked notes are redeemable for cash upon the occurrence of a liquidity stress event affecting PLIC, and external counterparties have agreed to fund these payments in return for a fee. Upon issuance, PLIC would hold any credit-linked notes as assets to support future statutory surplus needs within PLIC.

Junior Subordinated Notes

Prudential Financial's junior subordinated notes outstanding are considered hybrid securities that receive enhanced equity treatment from the rating agencies. These notes outstanding, along with their key terms, are as follows:

Issue Date	Principal Amount	Initial Interest Rate	Investor Type	Optional Redemption Date	Interest Rate Subsequent to Optional Redemption Date(1)	Maturity Date
	($ in millions)					
May-15	$1,000	5.38%	Institutional	5/15/2025	SOFR + 3.29%(2)	5/15/2045
Sep-17	$ 750	4.50%	Institutional	9/15/2027	SOFR + 2.64%(2)	9/15/2047
Aug-18	$ 565	5.63%	Retail	8/15/2023	5.63%	8/15/2058
Sep-18	$1,000	5.70%	Institutional	9/15/2028	SOFR + 2.93%(2)	9/15/2048
Aug-20	$ 500	4.13%	Retail	9/1/2025	4.13%	9/1/2060
Aug-20	$ 800	3.70%	Institutional	10/1/2030	US Treasury + 3.04%	10/1/2050
Feb-22	$1,000	5.13%	Institutional	2/28/2032	US Treasury + 3.16%	3/1/2052
Aug-22	$ 300	5.95%	Retail	9/1/2027	5.95%	9/1/2062
Aug-22	$1,200	6.00%	Institutional	9/1/2032	US Treasury + 3.23%	9/1/2052
Feb-23	$ 500	6.75%	Institutional	3/1/2033	US Treasury + 2.85%	3/1/2053
Mar-24	$1,000	6.50%	Institutional	3/15/2034	US Treasury + 2.40%	3/15/2054

(1) Effective June 30, 2023, SOFR is the replacement reference rate for certain outstanding junior subordinated notes issued by the Company that previously used London Inter-Bank Offered Rate ("LIBOR") as the reference rate.
(2) The spread incorporates the contractual LIBOR-based spread and a 0.26% tenor spread adjustment.

The Company has the right to defer interest payments on these notes for specified periods, typically 5 to 10 years without resulting in a default, during which time interest will be compounded. On or after the optional redemption dates, Prudential Financial may redeem the notes at par plus accrued and unpaid interest. Prior to those optional redemption dates, redemptions generally are subject to a make-whole price; however, the Company may redeem the notes prior to these dates at par upon the occurrence of certain events, such as a future change in the regulatory capital treatment of the notes with respect to the Company.

Interest Expense

In order to manage exposure to interest rate and currency exchange rate movements, the Company utilizes derivative instruments, primarily interest rate swaps, in conjunction with some of its debt issuances. The impact of these derivative instruments is not reflected in the rates presented in the tables above. For those derivative instruments that qualify for hedge accounting, interest expense was $0 million for both the years ended December 31, 2024 and 2023, and less than $1 million for the year ended December 31, 2022. See Note 5 for additional information regarding the Company's use of derivative instruments.

Interest expense for short-term and long-term debt was $1,956 million, $1,749 million and $1,562 million for the years ended December 31, 2024, 2023 and 2022, respectively.

19. EMPLOYEE BENEFIT PLANS

Pension and Other Postretirement Plans

The Company has funded and non-funded non-contributory defined benefit pension plans ("Pension Benefits"), which cover substantially all of its employees. For some employees, benefits are based on final average earnings and length of service (the "traditional formula"), while benefits for other employees are based on an account balance that takes into consideration age, length of service and earnings during their career (the "cash balance formula"). At December 31, 2024, approximately 81% of the Company's Pension Benefits relate to its domestic qualified pension plan, which initially determined benefits based on the traditional formula. Effective January 1, 2001, active domestic employees covered under this plan were given the option to convert from the traditional formula to the cash balance formula, and all new domestic employees began accruing benefits under the cash balance formula. As of December 31, 2024, approximately 66% and 34% of the benefit obligation under this plan relates to participants under the traditional formula (including all retirees who are receiving an annuity payment) and cash balance formula, respectively. At December 31, 2024, the vast majority of active employees under this plan are accruing benefits under the cash balance formula.

The Company provides certain health care and life insurance benefits for its retired employees, their beneficiaries and covered dependents ("Other Postretirement Benefits"). The health care plan is contributory; the life insurance plan is non-contributory. Substantially all of the Company's U.S. employees are eligible to receive Other Postretirement Benefits if they retire after age 55 with at least 10 years of service or under certain circumstances after age 50 with at least 20 years of continuous service.

Prepaid benefits costs and accrued benefit liabilities are included in "Other assets" and "Other liabilities," respectively, in the Company's Consolidated Statements of Financial Position. The status of these plans as of December 31, 2024 and 2023 is summarized below:

	Pension Benefits 2024	Pension Benefits 2023	Other Postretirement Benefits 2024	Other Postretirement Benefits 2023
	(in millions)			
Change in benefit obligation				
Benefit obligation at the beginning of period	$(11,238)	$(11,099)	$(1,032)	$(1,348)
Service cost	(206)	(204)	(7)	(9)
Interest cost	(539)	(551)	(51)	(71)
Plan participants' contributions	0	0	(21)	(24)
Amendments	0	2	0	298
Actuarial gains (losses), net(1)(2)	360	(274)	(29)	(66)
Settlements	62	22	0	0
Special termination benefits	(1)	(25)	0	(5)
Benefits paid	823	827	113	193
Foreign currency changes and other	110	64	1	0
Benefit obligation at end of period	$(10,629)	$(11,238)	$(1,026)	$(1,032)
Change in plan assets				
Plan assets at beginning of period	$ 12,649	$ 12,519	$ 1,186	$ 1,191
Actual return on plan assets	366	788	88	155
Employer contributions	177	185	5	9
Plan participants' contributions	0	0	21	24
Disbursement for settlements	(62)	(22)	0	0
Benefits paid	(823)	(827)	(113)	(193)
Foreign currency changes and other	(14)	6	0	0
Plan assets at end of period	$ 12,293	$ 12,649	$ 1,187	$ 1,186
Funded status at end of period	$ 1,664	$ 1,411	$ 161	$ 154
Amounts recognized in the Statements of Financial Position				
Prepaid benefit cost	$ 3,451	$ 3,385	$ 232	$ 240
Accrued benefit liability	(1,787)	(1,974)	(71)	(86)
Net amount recognized	$ 1,664	$ 1,411	$ 161	$ 154
Items recorded in "Accumulated other comprehensive income (loss)" not yet recognized as a component of net periodic (benefit) cost:				
Prior service cost	$ (1)	$ (2)	$ (278)	$ (345)
Net actuarial loss	2,924	2,797	218	209
Net amount not recognized	$ 2,923	$ 2,795	$ (60)	$ (136)
Accumulated benefit obligation	$ (9,925)	$(10,512)	$(1,026)	$(1,032)

(1) For 2024, actuarial gains for pension were primarily driven by an increase in the discount rate. For 2024, actuarial losses for other postretirement benefits were primarily driven by an increase in medical trend rate.
(2) For 2023, actuarial losses for pension and other postretirement benefits were primarily driven by a decrease in the discount rate.

In addition to the plan assets above, the Company in 2007 established an irrevocable trust, commonly referred to as a "rabbi trust," for the purpose of holding assets of the Company to be used to satisfy its obligations with respect to certain non-qualified retirement plans ($861 million and $893 million benefit obligation at December 31, 2024 and 2023, respectively). Assets held in the rabbi trust are available to the general creditors of the Company in the event of insolvency or bankruptcy. The Company may from time to time in its discretion make contributions to the trust to fund accrued benefits payable to participants in one or more of the plans, and, in the case of a change in control of the Company, as defined in the trust agreement, the Company will be required to make contributions to the trust to fund the accrued benefits, vested and unvested, payable on a pre-tax basis to participants in the plans. In addition, the Company may from time to time at its discretion make a withdrawal from or request a policy loan through the trust to fund operational or capital needs. The Company requested policy loans through the trust of $0 million and $900 million in 2024 and 2023, respectively. The Company did not make any discretionary payments to the trust or receive any withdrawals from the trust in either 2024 or 2023. As of December 31, 2024 and 2023, the assets in the trust had a carrying value of $157 million and $118 million, respectively.

The Company also maintains a separate rabbi trust for the purpose of holding assets of the Company to be used to satisfy its obligations with respect to certain other non-qualified retirement plans ($51 million and $57 million benefit obligation at December 31, 2024 and 2023, respectively), as well as certain cash-based deferred compensation arrangements. As of December 31, 2024 and 2023, the assets in the trust had a carrying value of $75 million and $77 million, respectively.

Pension benefits for foreign plans comprised 10% and 11% of the ending benefit obligation for 2024 and 2023, respectively. Foreign pension plans comprised 3% of the ending fair value of plan assets for both 2024 and 2023, respectively. There are no material foreign postretirement plans.

Information for pension plans with a projected benefit obligation in excess of plan assets

	2024	2023
	(in millions)	
Projected benefit obligation	$1,787	$1,974
Fair value of plan assets	$ 0	$ 0

Information for pension plans with an accumulated benefit obligation in excess of plan assets

	2024	2023
	(in millions)	
Accumulated benefit obligation	$1,625	$1,795
Fair value of plan assets	$ 0	$ 0

Components of Net Periodic Benefit Cost

The Company uses market related value to determine components of net periodic (benefit) cost. Market related value recognizes certain changes in fair value of plan assets over a period of five years. Changes in the fair value of U.S. equities, international equities, real estate and other assets are recognized over a five year period. However, changes in the fair value for fixed maturity assets (including short-term investments) are recognized immediately for the purposes of market related value.

Net periodic (benefit) cost included in "General and administrative expenses" in the Company's Consolidated Statements of Operations for the years ended December 31, includes the following components:

	Pension Benefits			Other Postretirement Benefits		
	2024	2023	2022	2024	2023	2022
	(in millions)					
Service cost	$ 206	$ 204	$ 276	$ 7	$ 9	$ 13
Interest cost	539	551	431	51	71	56
Expected return on plan assets	(953)	(926)	(866)	(76)	(86)	(102)
Amortization of prior service cost	(1)	(1)	(1)	(67)	(7)	(8)
Amortization of actuarial (gain) loss, net	90	69	160	8	10	6
Settlements	1	3	2	0	0	0
Curtailments(1)	0	0	0	0	0	(7)
Special termination benefits(2)(3)(4)	1	25	4	0	5	4
Net periodic (benefit) cost	$(117)	$ (75)	$ 6	$(77)	$ 2	$ (38)

(1) For 2022, curtailments were recognized as a result of the sale of the Full Service Retirement business for other postretirement benefit plans.

(2) For 2024, certain employees were provided special termination benefits under non-qualified plans in the form of unreduced early retirement benefits as a result of their involuntary termination.

(3) For 2023, certain employees were provided special termination benefits under non-qualified plans in the form of unreduced early retirement benefits as a result of their involuntary termination while others were provided enhanced benefits due to the Company's organizational restructuring.

(4) For 2022, certain employees were provided special termination benefits under non-qualified plans in the form of unreduced early retirement benefits as a result of their involuntary termination while others were provided enhanced benefits due to the sale of the Full Service Retirement business.

Changes in Accumulated Other Comprehensive Income (Loss)

The benefit obligation is based upon actuarial assumptions such as discount, termination, retirement, mortality and salary growth rates. Changes at year-end in these actuarial assumptions, along with experience changes based on updated participant census data are deferred in AOCI. Plan assets generate actuarial gains and losses when actual returns on plan assets differ from expected returns on plan assets, and these differences are also deferred in AOCI. The cumulative deferred gain (loss) within AOCI is amortized into earnings if it exceeds 10% of the greater of the benefit obligation or plan assets at the beginning of the year, and the amortization period is based upon the actuarially calculated expected future years of service for a given plan.

The amounts recorded in AOCI as of the end of the period, which have not yet been recognized as a component of net periodic (benefit) cost, and the related changes in these items during the period that are recognized in "Other comprehensive income (loss)" are as follows:

	Pension Benefits		Other Postretirement Benefits	
	Prior Service Cost	Net Actuarial (Gain) Loss	Prior Service Cost	Net Actuarial (Gain) Loss
	(in millions)			
Balance, December 31, 2021	$(5)	$3,131	$ (69)	$211
Amortization for the period	1	(160)	8	(6)
Deferrals for the period(1)	1	(431)	0	20
Impact of foreign currency changes and other	1	(74)	7	(3)
Balance, December 31, 2022	(2)	2,466	(54)	222
Amortization for the period	1	(69)	7	(10)
Deferrals for the period(2)	(2)	411	(298)	(3)
Impact of foreign currency changes and other	1	(11)	0	0
Balance, December 31, 2023	(2)	2,797	(345)	209
Amortization for the period	1	(90)	67	(8)
Deferrals for the period(3)	0	227	0	17
Impact of foreign currency changes and other	0	(10)	0	0
Balance, December 31, 2024	$(1)	$2,924	$(278)	$218

(1) For 2022, deferred gains for pension were driven by an increase in discount rate offset partially by unfavorable asset performance. Deferred losses for other postretirement benefits were driven by unfavorable asset performance partially offset by an increase in discount rate.
(2) For 2023, deferred losses for pension were driven by a decrease in discount rate and unfavorable asset performance. Deferred gains for other postretirement benefits were driven by a change to the Retiree Medical Plan, decrease in discount rate and favorable asset performance.
(3) For 2024, deferred losses for pension were driven by unfavorable asset performance offset by an increase in discount rate. Deferred losses for other postretirement benefits were driven by an increase in medical trend experience offset by an increase in discount rate and favorable asset performance.

The Company's assumptions related to the calculation of the domestic benefit obligation (end of period) and the determination of net periodic (benefit) cost (beginning of period) are presented in the table below:

	Pension Benefits			Other Postretirement Benefits		
	2024	2023	2022	2024	2023	2022
Weighted average assumptions						
Discount rate (beginning of period)	5.30%	5.45%	2.85%	5.20%	5.55%	2.75%
Discount rate (end of period)	5.85%	5.30%	5.45%	5.70%	5.20%	5.55%
Rate of increase in compensation levels (beginning of period)	6.25%	4.50%	4.50%	N/A	N/A	N/A
Rate of increase in compensation levels (end of period)	6.25%	6.25%	4.50%	N/A	N/A	N/A
Expected return on plan assets (beginning of period)	7.50%	7.50%	6.00%	6.75%	7.75%	7.00%
Interest crediting rate (beginning of period)	4.95%	4.25%	4.25%	N/A	N/A	N/A
Interest crediting rate (end of period)	4.35%	4.95%	4.25%	N/A	N/A	N/A
Health care cost trend rates (beginning of period)	N/A	N/A	N/A	7.35%	6.50%	6.00%
Health care cost trend rates (end of period)	N/A	N/A	N/A	7.90%	7.35%	6.50%
For 2024, 2023 and 2022, the ultimate health care cost trend rate after gradual decrease until: 2034, 2030, 2028, (beginning of period)	N/A	N/A	N/A	4.75%	4.75%	4.50%
For 2024, 2023 and 2022, the ultimate health care cost trend rate after gradual decrease until: 2035, 2034, 2030 (end of period)	N/A	N/A	N/A	4.75%	4.75%	4.75%

The domestic discount rate used to value the pension and postretirement obligations at December 31, 2024 and December 31, 2023 is based upon the value of a portfolio of Aa-rated investments whose cash flows would be available to pay the benefit obligation's cash flows when due. The December 31, 2024 portfolio is selected from a compilation of approximately 885 Aa-rated bonds across the full range of maturities. Since bond ratings and yields can vary widely at each maturity point, the Company uses an average bond rating and excludes bonds with unusually high or low yields, so as to avoid relying on bonds that might be mispriced or misrated. The Aa-rated portfolio is then selected and, accordingly, its value is a measure of the benefit obligation. A single equivalent discount rate is calculated to equate the value of the Aa-rated portfolio to the cash flows for the benefit obligation. The result is rounded to the nearest 5 basis points and the benefit obligation is recalculated using the rounded discount rate.

The pension and postretirement expected long-term rates of return on plan assets for 2024 were determined based upon an approach that considered the allocation of plan assets as of December 31, 2023. Expected returns are estimated by asset class as noted in the discussion of investment policies and strategies below. Expected returns on asset classes are developed using a building-block approach that is forward looking and are not strictly based upon historical returns. The building blocks for equity returns include inflation, real return, a term premium, an equity risk premium, capital appreciation, expenses, the effect of active management and the effect of rebalancing. The building blocks for fixed maturity returns include inflation, real return, a term premium, credit spread, capital appreciation, effect of active management, expenses and the effect of rebalancing.

The Company applied a similar approach to the determination of the expected rate of return on plan assets in 2025. The expected rate of return for 2025 is 8.00% and 6.50% for pension and postretirement, respectively.

The assumptions for foreign pension plans are based on local markets. There are no material foreign postretirement plans.

Plan Assets

The investment goal of the domestic pension plan is to generate an above benchmark return on a diversified portfolio of stocks, bonds and other investments. The cash requirements of the plan's pension obligation, which include a traditional defined benefit formula principally representing payments to annuitants and a cash balance formula that allows lump sum payments and annuity payments, are designed to be met by the bonds and short-term investments in the portfolio.

The investment goal of the domestic postretirement plan assets is to generate an above benchmark return on a diversified portfolio of stocks, bonds, and other investments, while meeting the cash requirements for the postretirement obligation that includes a medical benefit including prescription drugs, a dental benefit and a life benefit.

The pension and postretirement plans risk management practices include guidelines for asset concentration, credit rating, liquidity and tax efficiency. The fiduciaries of the pension and postretirement plans select investment managers to invest the assets of the plans consistent with each manager's investment mandate. These managers may use derivatives such as futures contracts to reduce transaction costs and change asset concentration and may use interest rate swaps and futures to adjust duration.

The plan fiduciaries for the Company's pension and postretirement plans have developed guidelines for asset allocations reflecting a percentage of total assets by asset class, which are reviewed on a regular basis. Asset allocation targets as of December 31, 2024 are as follows:

	Pension		Postretirement	
	Minimum	Maximum	Minimum	Maximum
Asset Category				
U.S. Equities	0%	3%	10%	30%
International Equities	0%	11%	3%	20%
Fixed Maturities	52%	71%	6%	76%
Short-term Investments	0%	11%	0%	24%
Real Estate	3%	18%	0%	0%
Other	8%	40%	0%	0%

To implement the investment strategy, plan assets are invested in funds that primarily invest in securities that correspond to one of the asset categories under the investment guidelines. However, at any point in time, some of the assets in a fund may be of a different nature than the specified asset category.

Assets held with PICA are in either pooled separate accounts or single client separate accounts. Assets held with a bank are either in common/collective trusts or single client trusts. Pooled separate accounts and common/collective trusts hold assets for multiple investors. Each investor owns a "unit of account." The asset allocation targets above include the underlying asset mix in the Pooled Separate Accounts and Common/Collective Trusts. Single client separate accounts or trusts hold assets for only one investor, the domestic qualified pension plan, and each security in the fund is treated as individually owned.

There were no investments in Prudential Financial Common Stock as of both December 31, 2024 and 2023 for either the pension or postretirement plans.

The authoritative guidance around fair value established a framework for measuring fair value. Fair value is disclosed using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as described in Note 6.

The following describes the valuation methodologies used for pension and postretirement plans assets measured at fair value.

Insurance Company Pooled Separate Accounts, Common/Collective Trusts, and United Kingdom Insurance Pooled Funds—Insurance company pooled separate accounts are invested via group annuity contracts issued by PICA. Assets are represented by a "unit of account." The redemption value of those units is based on a per unit value whose value is the result of the accumulated values of underlying investments. The unit of account value is used as a practical expedient to estimate fair value.

Equities—See Note 6 for a discussion of the valuation methodologies for equity securities.

U.S. Government Securities (both Federal and State & Other), Non—U.S. Government Securities, and Corporate Debt—See Note 6 for a discussion of the valuation methodologies for fixed maturity securities.

Interest Rate Swaps—See Note 6 for a discussion of the valuation methodologies for derivative instruments.

Registered Investment Companies (Mutual Funds)—Securities are priced at the NAV, which is the closing price published by the registered investment company on the reporting date.

Short-term Investments—Securities are valued initially at cost and thereafter adjusted for amortization of any discount or premium (i.e., amortized cost). Amortized cost approximates fair value.

Partnerships—The value of interests owned in partnerships is based on valuations of the underlying investments that include private placements, structured debt, real estate, equities, fixed maturities, commodities and other investments.

Hedge Funds—The value of interests in hedge funds is based on the underlying investments that include equities, debt and other investments.

Variable Life Insurance Policies—These assets are held in group and individual variable life insurance policies issued by PICA. Group policies are invested in Insurance Company Pooled Separate Accounts. Individual policies are invested in Registered Investment Companies (Mutual Funds). The value of interest in these policies is the cash surrender value (contract value) of the policies based on the underlying investments. The variable life insurance policies are valued at contract value which approximates fair value.

Pension plan asset allocations in accordance with the investment guidelines are as follows:

	As of December 31, 2024				As of December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Fixed maturities:								
U.S. government securities (federal)	$ 0	$ 919	$ 0	$ 919	$ 0	$ 536	$ 0	$ 536
U.S. government securities (state & other)	0	273	0	273	0	365	0	365
Non-U.S. government securities	0	42	0	42	0	51	0	51
Corporate debt:								
Corporate bonds	0	2,035	6	2,041	0	2,480	9	2,489
Asset-backed	0	560	0	560	0	66	0	66
Collateralized mortgage obligations	0	453	0	453	0	447	0	447
Collateralized loan obligations	0	24	0	24	0	549	0	549
Interest rate swaps(1)	0	(12)	0	(12)	0	5	0	5
Registered investment companies	44	0	0	44	110	0	0	110
Common stock	20	0	0	20	20	0	0	20
Other(2)	22	1	29	52	63	(6)	82	139
Subtotal fixed maturities	86	4,295	35	4,416	193	4,493	91	4,777
Real estate:								
Partnerships	0	0	770	770	0	0	942	942
Other:								
Partnerships	0	0	2,437	2,437	0	0	2,142	2,142
Hedge funds	0	0	1,685	1,685	0	0	1,495	1,495
Subtotal other	0	0	4,122	4,122	0	0	3,637	3,637
Net assets in the fair value hierarchy	$86	$4,295	$4,927	$ 9,308	$193	$4,493	$4,670	$ 9,356
Investments Measured at Net Asset Value, as a Practical Expedient(3):								
Pooled separate accounts				$ 2,090				$ 2,222
Common/collective trusts				802				958
United Kingdom insurance pooled funds				93				113
Net assets at fair value				$12,293				$12,649

(1) Interest rate swaps notional amount is $1,227 million for the years ended December 31, 2024 and 2023.

(2) This category primarily consists of cash and cash equivalents, short-term investments, payables and receivables, and open future contract positions (including fixed income collateral).

(3) The pension plan excludes from the fair value hierarchy investments that are measured at NAV per share (or its equivalent) as a practical expedient to estimate fair value. U.S. equities totaled $37 million and $63 million at December 31, 2024 and 2023, respectively. International equities totaled $185 million and $237 million at December 31, 2024 and 2023, respectively. Fixed maturities totaled $2,186 million and $2,249 million at December 31, 2024 and 2023, respectively. Short-term investments totaled $67 million and $118 million at December 31, 2024 and 2023, respectively. Real estate totaled $510 million and $626 million at December 31, 2024 and 2023, respectively.

Changes in Fair Value of Level 3 Pension Assets

	Fixed Maturities		Real Estate	Other	
	Corporate Bonds	Other	Partnerships	Partnerships	Hedge Fund
			(in millions)		
Fair Value, January 1, 2023	$ 0	$ 65	$1,004	$1,713	$1,455
Actual return on assets:					
Relating to assets still held at the reporting date	0	0	(57)	197	121
Relating to assets sold during the period	0	0	0	0	0
Purchases	12	0	(5)	232	(81)
Sales	(3)	0	0	0	0
Issuances	0	82	0	0	0
Settlements	0	(65)	0	0	0
Transfers in and/or out of Level 3	0	0	0	0	0
Fair Value, December 31, 2023	$ 9	$ 82	$ 942	$2,142	$1,495
Actual return on assets:					
Relating to assets still held at the reporting date	0	0	(95)	219	158
Relating to assets sold during the period	0	0	0	0	0
Purchases	0	0	(18)	76	32
Sales	(3)	0	(59)	0	0
Issuances	0	29	0	0	0
Settlements	0	(82)	0	0	0
Transfers in and/or out of Level 3	0	0	0	0	0
Fair Value, December 31, 2024	$ 6	$ 29	$ 770	$2,437	$1,685

Postretirement plan asset allocations in accordance with the investment guidelines are as follows:

	As of December 31, 2024				As of December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
				(in millions)				
Equities:								
U.S. equities	$ 0	$38	$0	$ 38	$ 0	$30	$0	$ 30
International equities	0	10	0	10	0	9	0	9
Subtotal equities	0	48	0	48	0	39	0	39
Fixed maturities:								
Equities	0	2	0	2	0	8	0	8
Subtotal fixed maturities	0	2	0	2	0	8	0	8
Short-term investments:								
Registered investment companies	46	0	0	46	40	0	0	40
Net assets in the fair value hierarchy	$46	$50	$0	$ 96	$40	$47	$0	$ 87
Investments Measured at Net Asset Value, as a Practical Expedient(1):								
Common/collective trusts				$ 148				$ 162
Net assets at fair value				244				249
Variable Life Insurance Policies at contract value				943				937
Total net assets				$1,187				$1,186

(1) The postretirement plan excludes from the fair value hierarchy investments that are measured at NAV per share (or its equivalent) as a practical expedient to estimate fair value and Variable Life Insurance Policies valued at contract value. U.S. equities totaled $192 million and $351 million at December 31, 2024 and 2023, respectively. International equities totaled $99 million and $88 million at December 31, 2024 and 2023, respectively. Fixed maturities totaled $652 million and $660 million at December 31, 2024 and 2023, respectively.

(2) There were no changes in the fair value of Level 3 postretirement assets from December 31, 2023 through December 31, 2024.

The expected benefit payments for the Company's pension and postretirement plans for the years indicated are as follows:

	Pension Benefit Payments	Other Postretirement Benefit Payments
	(in millions)	
2025	$1,148	$127
2026	850	127
2027	882	123
2028	892	112
2029	927	105
2030-2034	4,532	402
Total	$9,231	$996

The Company anticipates that it will make cash contributions in 2025 of approximately $160 million to the pension plans and approximately $10 million to the postretirement plans.

Postemployment Benefits

The Company accrues postemployment benefits for income continuance and health and life benefits provided to former or inactive employees who are not retirees. The net accumulated liability for these benefits at December 31, 2024 and 2023 was $30 million and $27 million, respectively, and is included in "Other liabilities."

Other Employee Benefits

The Company sponsors voluntary savings plans for employees (401(k) plans). The plans provide for salary reduction contributions by employees and matching contributions by the Company of up to 4% of annual salary. The matching contributions by the Company included in "General and administrative expenses" were $87 million, $79 million and $77 million for the years ended December 31, 2024, 2023 and 2022, respectively.

20. EQUITY

Preferred Stock

As of December 31, 2024, 2023 and 2022, the Company had 10,000,000 shares of preferred stock authorized but none issued or outstanding.

Common Stock

On the date of demutualization in December 2001, Prudential Financial completed an initial public offering of its Common Stock. The shares of Common Stock issued were in addition to shares of Common Stock the Company distributed to policyholders as part of the demutualization. The Common Stock is traded on the New York Stock Exchange under the symbol "PRU." In the event of a liquidation, dissolution or winding-up of the Company, holders of Common Stock would be entitled to receive a proportionate share of the net assets of the Company that remain after paying all liabilities and the liquidation preferences of any preferred stock.

The changes in the number of shares of Common Stock issued, held in treasury and outstanding, are as follows for the periods indicated:

	Common Stock		
	Issued	Held In Treasury	Outstanding
		(in millions)	
Balance, December 31, 2021	666.3	290.0	376.3
Common Stock issued	0.0	0.0	0.0
Common Stock acquired	0.0	14.5	(14.5)
Stock-based compensation programs(1)	0.0	(4.2)	4.2
Balance, December 31, 2022	666.3	300.3	366.0
Common Stock issued	0.0	0.0	0.0
Common Stock acquired	0.0	10.9	(10.9)
Stock-based compensation programs(1)	0.0	(4.1)	4.1
Balance, December 31, 2023	666.3	307.1	359.2
Common Stock issued	0.0	0.0	0.0
Common Stock acquired	0.0	8.6	(8.6)
Stock-based compensation programs(1)	0.0	(4.0)	4.0
Balance, December 31, 2024	666.3	311.7	354.6

(1) Represents net shares issued from treasury pursuant to the Company's stock-based compensation programs.

Additional paid-in capital

"Additional paid-in capital" primarily consists of the cumulative excess between: (a) the total cash received by the Company in conjunction with past issuances of Common Stock shares or Common Stock shares reissued from treasury in conjunction with the Company's stock-based compensation program and (b) the total par value associated with those shares ($.01 per share).

Common stock held in treasury

Common Stock held in treasury represents the Company's previously issued shares of stock which have been repurchased by the Company but not retired. These shares are accounted for at the cost at which they were acquired. Common Stock held in treasury is typically impacted by repurchases of shares under the Board of Directors approved share repurchase program and by reissuances of shares associated with the Company's stock-based compensation programs, or for other purposes, which are accounted for at average cost upon reissuance. Gains resulting from the reissuance of Common Stock held in treasury are credited to "Additional paid-in capital." Losses resulting from the reissuance of Common Stock held in treasury are charged first to "Additional paid-in capital" to the extent the Company has previously recorded gains on treasury share transactions, then to "Retained earnings."

The Board of Directors may from time to time, at its discretion, authorize management to repurchase shares of Common Stock of the Company. The timing and amount of share repurchases are determined by management based upon market conditions and other considerations, and such repurchases may be executed in the open market, through derivative, accelerated repurchase and other negotiated transactions and through plans complying with Rule 10b5-1(c) under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. Numerous factors could affect the timing and amount of any future repurchases under the share repurchase authorization, including, but not limited to: compliance with laws, increased capital needs of the Company due to changes in regulatory capital requirements, opportunities for growth and acquisitions, and the effect of adverse market conditions.

The following table summarizes share repurchases for each of the past three years as well as the share repurchase authorization for 2025, which was approved by the Board of Directors in December 2024:

	January 1, 2025 - December 31, 2025	January 1, 2024 - December 31, 2024	January 1, 2023 - December 31, 2023	January 1, 2022 - December 31, 2022
Total Board authorized share repurchase amount ($ in billions)	$ 1.0	$1.0	$ 1.0	$ 1.5
Total number of shares repurchased under this authorization as of the period end (in millions)	N/A*	8.6	10.9	14.5

* Share repurchase authorization for a future period.

Dividends declared per share of Common Stock are as follows for the years indicated:

	2024	2023	2022
Dividends declared per share of Common Stock	$5.20	$5.00	$4.80

Accumulated Other Comprehensive Income (Loss)

AOCI represents the cumulative OCI items that are reported separate from net income and detailed on the Consolidated Statements of Comprehensive Income. Each of the components that comprise OCI are described in further detail in Note 2 (Foreign Currency Translation Adjustment and Net Unrealized Investment Gains (Losses)), Note 12 (Interest rate remeasurement of Liability for Future Policy Benefits), Note 14 (Gains (losses) from Changes in Nonperformance Risk on Market Risk Benefits) and Note 19 (Pension and

Postretirement Unrecognized Net Periodic Benefit (Cost)). The balance of and changes in each component of AOCI as of and for the years ended December 31, are as follows:

	Accumulated Other Comprehensive Income (Loss) Attributable to Prudential Financial, Inc.					
	Foreign Currency Translation Adjustment	Net Unrealized Investment Gains (Losses)(1)	Interest rate remeasurement of Liability for Future Policy Benefits	Gains (Losses) from Changes in Nonperformance Risk on Market Risk Benefits	Pension and Postretirement Unrecognized Net Periodic Benefit (Cost)	Total Accumulated Other Comprehensive Income (Loss)
	(in millions)					
Balance, December 31, 2021	$(1,107)	$ 26,640	$(33,220)	$ 707	$(2,513)	$(9,493)
Change in OCI before reclassifications	(1,145)	(56,430)	63,643	938	478	7,484
Amounts reclassified from AOCI	15	586	0	0	157	758
Income tax benefit (expense)	(37)	13,010	(15,181)	(197)	(150)	(2,555)
Balance, December 31, 2022	$(2,274)	$(16,194)	$ 15,242	$1,448	$(2,028)	$(3,806)
Change in OCI before reclassifications	(246)	5,076	(8,770)	(693)	(98)	(4,731)
Amounts reclassified from AOCI	(18)	1,143	0	0	71	1,196
Income tax benefit (expense)	(148)	(1,238)	2,075	145	3	837
Balance, December 31, 2023	$(2,686)	$(11,213)	$ 8,547	$ 900	$(2,052)	$(6,504)
Change in OCI before reclassifications	(811)	(12,822)	11,804	(466)	(234)	(2,529)
Amounts reclassified from AOCI	(41)	2,697	0	0	30	2,686
Income tax benefit (expense)	(77)	2,651	(3,045)	98	9	(364)
Balance, December 31, 2024	$(3,615)	$(18,687)	$ 17,306	$ 532	$(2,247)	$(6,711)

(1) Includes cash flow hedges of $1,780 million, $869 million and $2,616 million as of December 31, 2024, 2023, and 2022, respectively, and fair value hedges of $(64) million, $(60) million, and $(54) million as of December 31, 2024, 2023, and 2022, respectively.

Reclassifications out of Accumulated Other Comprehensive Income (Loss)

	Years Ended December 31,			Affected line item in Consolidated Statements of Operations
	2024	2023	2022	
	(in millions)			
Amounts reclassified from AOCI(1)(2):				
Foreign currency translation adjustment:				
Foreign currency translation adjustment	$ 41	$ 18	$ (15)	Realized investment gains (losses), net
Foreign currency translation adjustment	0	0	0	Other income (loss)
Total foreign currency translation adjustment	41	18	(15)	
Net unrealized investment gains (losses):				
Cash flow hedges—Interest Rate	(30)	(38)	(7)	(3)
Cash flow hedges—Currency	3	14	15	(3)
Cash flow hedges—Currency/Interest rate	612	200	897	(3)
Fair value hedges—Currency	(10)	(8)	(4)	(3)
Net unrealized investment gains (losses) on available-for-sale securities	(3,272)	(1,311)	(1,487)	Realized investment gains (losses), net
Total net unrealized investment gains (losses)	(2,697)	(1,143)	(586)	(4)
Amortization of defined benefit items:				
Prior service cost	68	8	9	(5)
Actuarial gain (loss)	(98)	(79)	(166)	(5)
Total amortization of defined benefit items	(30)	(71)	(157)	
Total reclassifications for the period	$(2,686)	$(1,196)	$ (758)	

(1) All amounts are shown before tax.
(2) Positive amounts indicate gains/benefits reclassified out of AOCI. Negative amounts indicate losses/costs reclassified out of AOCI.
(3) See Note 5 for additional information regarding cash flow and fair value hedges.

(4) See table below for additional information regarding unrealized investment gains (losses), including the impact on future policy benefits and policyholders' dividends.
(5) See Note 19 for information regarding employee benefit plans.

Net Unrealized Investment Gains (Losses)

Net unrealized investment gains (losses) on available-for-sale fixed maturity securities and certain other invested assets and other assets are included in the Company's Consolidated Statements of Financial Position as a component of AOCI. Changes in these amounts include reclassification adjustments to exclude from "Other comprehensive income (loss)" those items that are included as part of "Net income (loss)" for a period that had been part of "Other comprehensive income (loss)" in earlier periods. The amounts for the periods indicated below, split between amounts related to available-for-sale fixed maturity securities on which an allowance for credit losses has been recorded, and all other net unrealized investment gains (losses), are as follows:

	Net Unrealized Investment Gains (Losses) on AFS Fixed Maturity Securities on Which an ACL has been Recognized	Net Unrealized Gains (Losses) on All Other Investments(1)	Reinsurance Recoverables	Future Policy Benefits, Policyholders' Account Balances and Reinsurance Payables	Policyholders' Dividends	Income Tax Benefit (Expense)	AOCI Related to Net Unrealized Investment Gains (Losses)
				(in millions)			
Balance, December 31, 2021	$ 23	$ 40,415	$ 417	$(1,921)	$(3,657)	$ (8,637)	$ 26,640
Net investment gains (losses) on investments arising during the period	(90)	(65,938)				15,164	(50,864)
Reclassification adjustment for (gains) losses included in net income	23	563				(135)	451
Reclassification due to allowance for credit losses recorded during the period	(1)	1				0	0
Impact of net unrealized investment (gains) losses			(1,120)	3,867	6,851	(2,019)	7,579
Balance, December 31, 2022	$(45)	$(24,959)	$ (703)	$ 1,946	$ 3,194	$ 4,373	$(16,194)
Net investment gains (losses) on investments arising during the period	15	6,595				(1,327)	5,283
Reclassification adjustment for (gains) losses included in net income	(3)	1,146				(229)	914
Reclassification due to allowance for credit losses recorded during the period	(39)	39				0	0
Impact of net unrealized investment (gains) losses			219	(640)	(1,113)	318	(1,216)
Balance, December 31, 2023	$(72)	$(17,179)	$ (484)	$ 1,306	$ 2,081	$ 3,135	$(11,213)
Net investment gains (losses) on investments arising during the period	(24)	(12,703)				3,339	(9,388)
Reclassification adjustment for (gains) losses included in net income	97	2,600				(708)	1,989
Reclassification due to allowance for credit losses recorded during the period	5	(5)				0	0
Impact of net unrealized investment (gains) losses			215	(325)	15	20	(75)
Balance, December 31, 2024	$ 6	$(27,287)	$ (269)	$ 981	$ 2,096	$ 5,786	$(18,687)

(1) Includes cash flow and fair value hedges. See Note 5 for additional information.

Retained earnings

Retained earnings primarily represents the cumulative net income earned by the Company that has been retained by the Company as of the reporting date. Other unique items, included but not limited to the adoption of new accounting standards updates, may also impact retained earnings. In any given period, retained earnings may increase due to net income and may decrease due to net losses or the declaration of dividends. The declaration and payment of dividends on the Common Stock is limited by New Jersey corporate law, pursuant to which Prudential Financial is prohibited from paying a Common Stock dividend if, after giving effect to that dividend, either (a) the Company would be unable to pay its debts as they become due in the usual course of its business or (b) the Company's total assets would be less than its liabilities. In addition, the terms of the Company's outstanding junior subordinated debt include a "dividend stopper" provision that restricts the payment of dividends on the Common Stock if interest payments are not made on the junior subordinated debt.

Other than the above limitations, the Company's Retained earnings balance is free of restrictions for the payment of Common Stock dividends; however, Common Stock dividends will be dependent upon financial conditions, results of operations, cash needs, future prospects and other factors, including cash available to Prudential Financial, the parent holding company. The principal sources of funds available to Prudential Financial are dividends and returns of capital from its subsidiaries, loans from its subsidiaries, repayments of operating loans from its subsidiaries, and cash and other highly liquid assets. The primary uses of funds at Prudential Financial include servicing its debt, operating expenses, capital contributions and loans to subsidiaries, the payment of declared shareholder dividends and repurchases of outstanding shares of Common Stock if executed under Board authority. As of December 31, 2024, Prudential Financial had highly liquid assets (excluding amounts held in an intercompany liquidity account) of $4,641 million predominantly including cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds.

Future cash available at Prudential Financial to support the payment of future Common Stock dividends is dependent on the receipt of dividends or other funds from its subsidiaries, the majority of which are subject to comprehensive regulation, including limitations on their payment of dividends and other transfers of funds, which are discussed in this Note further below.

Noncontrolling interests

For certain subsidiaries, the Company owns a controlling interest that is less than 100% ownership of the subsidiary but must consolidate 100% of the subsidiary's financial statements in accordance with U.S. GAAP. Noncontrolling interests represent the portion of equity ownership in a consolidated subsidiary that is not attributable to the Company.

Insurance Subsidiaries—Statutory Financial Information and Restrictions on Payments of Dividends

U.S. Insurance Subsidiaries—Statutory Financial Information

The Company's domestic insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile. Statutory accounting practices primarily differ from U.S. GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis.

The risk-based capital ("RBC") ratio is a primary measure by which the Company and its insurance regulators evaluate the capital adequacy of PICA and the Company's other domestic insurance subsidiaries. RBC is determined by NAIC-prescribed formulas that consider, among other things, risks related to the type and quality of the invested assets, insurance-related risks associated with an insurer's products and liabilities, interest rate risks and general business risks. The RBC ratio is equal to an insurer's total adjusted capital divided by the minimum amount of statutory capital and surplus needed by the insurer to support its operations, which is referred to as its "company action level RBC." Insurers that have less statutory capital than required by their company action level RBC are considered to have inadequate capital and are subject to varying degrees of regulatory action depending upon the level of capital inadequacy. The Company expects to report RBC ratios for PICA and its other domestic insurance subsidiaries as of December 31, 2024 above the 100% regulatory required minimum that would require corrective action and above PICA's target level that would support a "AA" financial strength rating.

The following table summarizes certain statutory financial information for the Company's U.S. insurance subsidiary as of and for the years ended:

	PICA		
	December 31, 2024	December 31, 2023	December 31, 2022
		(in millions)	
Statutory net income (loss)	$ 1,245	$ 1,732	$ 1,116
Statutory capital and surplus	$15,753	$16,085	$14,049

U.S. Insurance Subsidiaries—Restrictions on Payment of Dividends to Prudential Financial, the Parent Holding Company

With respect to PICA, a New Jersey domiciled insurance subsidiary which is also the Company's primary domestic insurance subsidiary, New Jersey insurance law provides that, except in the case of extraordinary dividends (as described below), all dividends or other distributions paid by PICA may be paid only from unassigned surplus, as determined pursuant to statutory accounting principles, less cumulative unrealized investment gains and losses and revaluation of assets as of the prior calendar year-end. As of December 31, 2024, PICA's unassigned surplus less applicable adjustments for cumulative unrealized investment gains was $3,444 million. PICA must give prior notification to the NJDOBI of its intent to pay any such dividend or distribution. Also, if any dividend, together with other dividends or distributions made within the preceding twelve months, exceeds the greater of (i) 10% of statutory capital and surplus as of the preceding December 31 or (ii) its statutory net gain from operations excluding realized investment gains and losses for the twelve-month period ending on the preceding December 31, the dividend is considered to be an "extraordinary dividend" and requires the prior approval of the NJDOBI. Under New Jersey insurance law, PICA is permitted to pay an ordinary dividend of up to

$1,575 million in 2025, without prior approval of the NJDOBI. Of the $1,575 million, $275 million is permitted to be paid after March 28, 2025, an additional $400 million is permitted to be paid after June 27, 2025 and the remaining $900 million is permitted to be paid after December 27, 2025, without prior approval of the NJDOBI.

International Insurance Subsidiaries—Statutory Financial Information

The Company's international insurance subsidiaries prepare financial statements in accordance with local regulatory requirements. These statutory accounting practices differ from U.S. GAAP primarily by charging policy acquisition costs to expense as incurred and establishing future policy benefit liabilities using different actuarial assumptions, as well as valuing investments and certain assets and accounting for deferred taxes on a different basis.

The Japan Financial Services Agency ("FSA") utilizes a solvency margin ratio to evaluate the capital adequacy of Japanese insurance companies. The solvency margin ratio considers the level of solvency margin capital to a solvency margin risk amount, which is calculated in a similar manner to RBC. As of December 31, 2024, the Company expects The Prudential Life Insurance Company Ltd. ("Prudential of Japan") and Gibraltar Life both had solvency margin capital in excess of 3.5 times the regulatory required minimums that would require corrective action.

All of the Company's domestic and international insurance subsidiaries have capital and surplus levels that exceed their respective regulatory minimum requirements, and none utilized prescribed or permitted practices that vary materially from the practices prescribed by the NAIC or equivalent regulatory bodies for results reported as of December 31, 2024 and 2023, respectively, or for the years ended December 31, 2024, 2023 and 2022, respectively.

International Insurance Subsidiaries—Restrictions on Payment of Dividends to Prudential Financial, the Parent Holding Company

The Company's international insurance operations are subject to dividend restrictions from the regulatory authorities in the jurisdictions in which they operate. With respect to Prudential of Japan and Gibraltar Life, the Company's most significant international insurance subsidiaries, both of which are domiciled in Japan, Japan law provides that common stock dividends may be paid in an amount of up to 83% of prior fiscal year statutory after-tax earnings, after certain reserving thresholds are met, including providing for policyholder dividends. If statutory retained earnings exceed 100% of statutory paid-in capital, 100% of prior year statutory after-tax earnings may be paid, after reserving thresholds are met. Dividends in excess of these amounts and other forms of capital distribution may require the prior approval of the FSA. Additionally, Prudential of Japan and Gibraltar Life must give prior notification to the FSA of their intent to pay any dividend or distribution.

For the year ended December 31, 2024, Prudential Financial received $585 million from its international insurance subsidiaries and $800 million from a holding company. In addition to paying Common Stock dividends, the Company's international insurance operations may return capital to Prudential Financial through, or facilitated by, other means, such as the repayment of Preferred Stock obligations held by Prudential Financial or other affiliates, affiliated lending, affiliated derivatives and reinsurance with U.S.- and Bermuda-based affiliates. The Company's Japan insurance operations have entered into reinsurance agreements with Gibraltar Re, the Company's Bermuda-based reinsurance affiliate, as well as with the Company's domestic insurance operations to reinsure the mortality and morbidity risk associated with a portion of the in-force contracts as well as newly-issued contracts for certain products. The Company expects these transactions will allow it to more efficiently manage its capital and risk profile. The current regulatory fiscal year end for both Prudential of Japan and Gibraltar Life is March 31, 2025, after which time the common stock dividend amount permitted to be paid without prior approval from the FSA can be determined.

In addition, although prior regulatory approval may not be required by law for the payment of dividends up to the limitations described above, in practice, the Company would typically discuss any dividend payments with the applicable regulatory authority prior to payment. Additionally, the payment of dividends by the Company's subsidiaries is subject to declaration by their Board of Directors and may be affected by market conditions and other factors.

21. EARNINGS PER SHARE

A reconciliation of the numerators and denominators of the basic and diluted per share computations of Common Stock based on the consolidated earnings of Prudential Financial for the years ended December 31, is as follows:

	2024			2023			2022		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
	(in millions, except per share amounts)								
Basic earnings per share									
Net income (loss)	$2,846			$2,508			$(1,675)		
Less: Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	119			20			(28)		
Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards	32			29			25		
Net income (loss) attributable to Prudential Financial available to holders of Common Stock	$2,695	357.5	$7.54	$2,459	363.5	$6.76	$(1,672)	372.3	$(4.49)
Effect of dilutive securities and compensation programs									
Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic	$ 32			$ 29			$ 25		
Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted	32			29			25		
Stock options		0.3			0.2			0.0	
Deferred and long-term compensation programs		1.5			0.9			0.0	
Diluted earnings per share(1)									
Net income (loss) attributable to Prudential Financial available to holders of Common Stock	$2,695	359.3	$7.50	$2,459	364.6	$6.74	$(1,672)	372.3	$(4.49)

(1) For the year ended December 31, 2022, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because dilutive shares and dilutive earnings per share are not applicable when a net loss is reported. As a result of the net loss attributable to Prudential Financial available to holders of Common Stock for the year ended December 31, 2022, all potential stock options and compensation programs were considered antidilutive.

Unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and included in the computation of earnings per share pursuant to the two-class method. Under this method, earnings attributable to Prudential Financial are allocated between Common Stock and the participating awards, as if the awards were a second class of stock. During periods of net income available to holders of Common Stock, the calculation of earnings per share excludes the income attributable to participating securities in the numerator and the dilutive impact of these securities from the denominator. In the event of a net loss available to holders of Common Stock, undistributed earnings are not allocated to participating securities and the denominator excludes the dilutive impact of these securities as they do not share in the losses of the Company. Undistributed earnings allocated to participating unvested share-based payment awards for the years ended December 31, 2024, 2023 and 2022, as applicable, were based on 4.0 million, 4.1 million and 4.9 million of such awards, respectively, weighted for the period they were outstanding.

Stock options and shares related to deferred and long-term compensation programs that are considered antidilutive are excluded from the computation of diluted earnings per share. Stock options are considered antidilutive based on application of the treasury stock method or in the event of a net loss available to holders of Common Stock. Shares related to deferred and long-term compensation programs are considered antidilutive in the event of a net loss available to holders of Common Stock. For the years ended December 31, the number of stock options and shares related to deferred and long-term compensation programs that were considered antidilutive and were excluded from the computation of diluted earnings per share, weighted for the portion of the period they were outstanding, are as follows:

	2024		2023		2022	
	Shares	Exercise Price Per Share	Shares	Exercise Price Per Share	Shares	Exercise Price Per Share
	(in millions, except per share amounts, based on weighted average)					
Antidilutive stock options based on application of the treasury stock method	0.1	$110.42	1.2	$102.63	0.5	$108.19
Antidilutive stock options due to net loss available to holders of Common Stock	0.0		0.0		0.4	
Antidilutive shares based on application of the treasury stock method	0.0		0.1		0.1	
Antidilutive shares due to net loss available to holders of Common Stock	0.0		0.0		2.0	
Total antidilutive stock options and shares	0.1		1.3		3.0	

22. SHARE-BASED PAYMENTS

Omnibus Incentive Plan

Prudential Financial, Inc.'s Omnibus Incentive Plan provides stock-based awards including stock options, stock appreciation rights, restricted stock shares, restricted stock units, stock settled performance shares, and cash settled performance units. Dividend equivalents are generally provided on restricted stock shares and restricted stock units outstanding as of the record date. Dividend equivalents are generally accrued on target performance shares and units outstanding as of the record date. These dividend equivalents are paid only on the performance shares and units released up to a maximum of the target number of shares and units awarded. Generally, the requisite service period is the vesting period. There were 13,684,720 authorized shares available for grant under the Omnibus Incentive Plan as of December 31, 2024.

Assurance IQ Acquisition

The Company acquired AIQ on October 10, 2019. The terms of the acquisition included compensation awards that involved share-based payment arrangements that are linked to retention and therefore fall under the reporting requirements of ASC 718, Stock Compensation. These compensation awards include stock options, restricted stock units and performance shares.

Compensation Costs

Compensation cost for restricted stock units, performance shares and performance units granted to employees is measured by the share price of the underlying Common Stock at the date of grant.

Compensation cost for employee stock options is based on the fair values estimated on the grant date. Under the Omnibus Incentive Plan, the fair value of each stock option award is estimated using a binomial option pricing model on the date of grant for stock options issued to employees. For the awards related to the AIQ acquisition, the fair value of each stock option award is based on its intrinsic value on the date of grant. There were no stock options granted in 2024, 2023 and 2022.

Expected volatility is based on historical volatility of Prudential Financial's Common Stock and implied volatility from traded options on Prudential Financial's Common Stock. The Company uses historical data and expectations of future exercise patterns to estimate option exercises and employee terminations within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods associated with the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following table summarizes the compensation cost recognized and the related income tax benefit for stock options, restricted stock units, performance shares and performance units for the years ended December 31:

	2024		2023		2022	
Omnibus Incentive Plan:	Total Compensation Cost Recognized(1)	Income Tax Benefit	Total Compensation Cost Recognized(1)	Income Tax Benefit	Total Compensation Cost Recognized(1)	Income Tax Benefit
	(in millions)					
Employee stock options	$ 0	$ 0	$ 0	$ 0	$ 1	$ 0
Employee restricted stock units	200	47	200	47	189	44
Employee performance shares and performance units	114	27	54	12	18	4
Total	$314	$74	$254	$59	$208	$48

(1) Compensation costs related to retirement eligible participants are recorded on the grant date (typically in the first quarter of every year).

On January 10, 2024, the Board of Directors of Prudential Financial, Inc. adopted certain modifications to the terms and conditions of performance shares granted in 2021, 2022, and 2023. These modifications 1) mitigate the impact of outsized interest rate volatility, both positive and negative, as it relates to achieving adjusted book value per share growth goals, and 2) reduce certain book value per share goals and maximum payout opportunities. The impact from these modifications increased shares to be delivered to 161 employees across all three performance plans by a total of approximately 600,000 shares. In addition, total compensation costs resulting from these modifications increased by approximately $62 million.

	2024		2023		2022	
Assurance IQ Acquisition:	Total Compensation Cost Recognized	Income Tax Benefit	Total Compensation Cost Recognized	Income Tax Benefit	Total Compensation Cost Recognized	Income Tax Benefit
			(in millions)			
Employee stock options	$0	$0	$2	$1	$10	$2
Employee restricted stock units	0	0	1	0	2	1
Employee performance shares	0	0	0	0	0	0
Total	$0	$0	$3	$1	$12	$3

Compensation costs related to stock-based compensation plans capitalized in deferred acquisition costs for the years ended December 31, 2024, 2023 and 2022 were de minimis.

Stock Options

Each stock option granted under the Omnibus Incentive Plan has an exercise price at the fair market value of Prudential Financial's Common Stock on the date of grant and has a maximum term of 10 years. Generally, one third of the option grant vests in each of the first three years. Options granted related to the AIQ acquisition have an exercise price based on the original strike price of the AIQ options that they replaced and have a maximum term of 10 years from the date the AIQ options were originally granted. Options granted related to the AIQ acquisition generally vest quarterly over three years.

A summary of the status of the Company's stock option grants is as follows:

	Employee Stock Options			
	Omnibus Incentive Plan		Assurance IQ Acquisition	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2023	1,700,332	$95.22	18,358	$1.53
Granted	0	0.00	0	0.00
Exercised	(1,037,398)	94.74	(15,949)	1.64
Forfeited	0	0.00	0	0.00
Expired	(1,039)	84.53	(238)	7.56
Outstanding at December 31, 2024	661,895	$96.00	2,171	$0.09
Exercisable at December 31, 2024	661,895	$96.00	2,171	$0.09

There were no stock options granted for the years 2024, 2023 or 2022. No AIQ acquisition related options were granted in 2024, 2023 or 2022.

The total intrinsic value (i.e., market price of the stock less the option exercise price) of employee stock options exercised during the years ended December 31, 2024, 2023 and 2022 was $26 million, $8 million, and $33 million, respectively. For the AIQ acquisition related awards, the total intrinsic value of employee stock options exercised during the years ended December 31, 2024, 2023 and 2022 was $2 million, $3 million and $15 million, respectively.

The weighted average remaining contractual term and the aggregate intrinsic value of stock options outstanding and exercisable as of December 31, 2024 is as follows:

	Employee Stock Options			
	Omnibus Incentive Plan		Assurance IQ Acquisition	
	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in years)	(in millions)	(in years)	(in millions)
Outstanding	3.28 years	$15	0.25 years	$0
Exercisable	3.28 years	$15	0.25 years	$0

Restricted Stock Units, Performance Share Awards and Performance Unit Awards

A restricted stock unit is an unfunded, unsecured right to receive a share of Prudential Financial's Common Stock at the end of a specified period of time, which is subject to forfeiture and transfer restrictions. Generally, the restrictions will lapse one third annually over 3 years. Performance shares and performance units are awards denominated in Prudential Financial's Common Stock. The number of units is determined over the performance period and may be adjusted based on the satisfaction of certain performance goals for the Company. Performance share awards are payable in Prudential Financial's Common Stock. Performance unit awards are payable in cash. Effective October 2019, the Company no longer grants performance unit awards. Any residual compensation costs have been recorded and disclosed above through 2022.

A summary of the Company's restricted stock unit and performance share awards under the Omnibus Incentive Plan is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Share Awards(1)	Weighted Average Grant Date Fair Value
Restricted at December 31, 2023	4,058,190	$103.48	2,102,693	$103.72
Granted	2,146,030	102.66	709,411	97.67
Forfeited	(276,716)	105.56	(72,428)	105.88
Performance adjustment(2)	0	0.00	(40,560)	103.71
Released	(2,008,167)	100.26	(775,967)	103.48
Restricted at December 31, 2024	3,919,337	$104.53	1,923,149	$101.50

(1) Performance share awards reflect the target units awarded, reduced for forfeitures and releases to date. The actual number of units to be awarded at the end of each performance period will range between 0% and 150% of the target number of units granted, based upon a measure of the reported performance for the Company relative to stated goals. Performance awards granted to senior management in 2021 include a stated goal related to diversity & inclusion that can modify the performance result by +/- 10%.

(2) Represents the difference between the target units granted and the actual units awarded based upon the attainment of performance goals for the Company.

A summary of the Company's restricted stock unit awards related to the AIQ acquisition is as follows:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Restricted at December 31, 2023	4,101	$87.67
Granted	0	0.00
Forfeited	(485)	87.67
Released	(3,616)	87.67
Restricted at December 31, 2024	0	$ 0.00

The fair market value of restricted stock units and performance shares released under the Omnibus Incentive Plan for the years ended December 31, 2024, 2023 and 2022 was $302 million, $360 million and $366 million, respectively. The fair market value of restricted stock units released for the AIQ acquisition related awards under the Omnibus Incentive Plan for the years ended December 31, 2024, 2023 and 2022 was less than $1 million, $1 million and $2 million, respectively.

The weighted average grant date fair value for restricted stock units granted under the Omnibus Incentive Plan during the years ended December 31, 2024, 2023 and 2022 was $102.66, $102.64 and $119.71, respectively. The weighted average grant date fair value for performance shares granted under the Omnibus Incentive Plan during the years ended December 31, 2024, 2023 and 2022 was $97.67, $103.27 and $121.29, respectively. There were no restricted stock units granted for the AIQ acquisition during the year ended December 31, 2024, 2023 and 2022.

Unrecognized Compensation Cost

There was no unrecognized compensation cost for stock options under the Omnibus Incentive Plan as of December 31, 2024. Unrecognized compensation cost for restricted stock units and performance shares under the Omnibus Incentive Plan as of December 31, 2024 was $174 million with a weighted average recognition period of 1.69 years. There was no unrecognized compensation cost for stock options or restricted units related to the AIQ acquisition as of December 31, 2024.

Tax Benefits Realized

The Company's tax benefit realized for exercises of stock options under the Omnibus Incentive Plan during the years ended December 31, 2024, 2023 and 2022 was $3 million, $2 million and $8 million, respectively. The tax benefit realized for exercises of stock options related to the AIQ acquisition during the years ended December 31, 2024, 2023 and 2022 was less than $1 million, $1 million and $4 million, respectively.

The Company's tax benefit realized upon vesting of restricted stock units, performance shares and performance units under the Omnibus Incentive Plan for the years ended December 31, 2024, 2023 and 2022 was $60 million, $77 million and $75 million, respectively. The tax benefit realized upon vesting of restricted stock units related to the AIQ acquisition during the years ended December 31, 2023, 2022 and 2021 was less than $1 million, less than $1 million and less than $1 million, respectively.

Settlement of Awards

The Company's policy is to issue shares from Common Stock held in treasury upon exercise of stock options, the release of restricted stock units and performance shares. The Company uses cash to settle performance units. The amount of cash used to settle performance units during the years ended December 31, 2024, 2023 and 2022 were $0, $0 and $1 million, respectively. As of December 31, 2022, there were no longer any performance units outstanding.

23. SEGMENT INFORMATION

Segments

The Company's principal operations consist of PGIM (the Company's global investment management business), the U.S. Businesses (consisting of the Retirement Strategies, Group Insurance, and Individual Life businesses), the International Businesses, the Closed Block division, and the Company's Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included in Corporate and Other operations. Divested and Run-off Businesses consist of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP. The Company's Corporate and Other operations include corporate items and initiatives that are not allocated to business segments as well as the Divested and Run-off Businesses described above.

The PGIM segment provides investment management services and solutions related to public fixed income, public equity, real estate debt and equity, private credit and other alternatives, and multi-asset class strategies, to institutional and retail clients globally, as well as the Company's insurance and retirement businesses.

The U.S. Businesses offer a broad range of products and solutions that cover protection, retirement, savings, income and investment needs. The U.S. Businesses are organized into the following segments:

- The Retirement Strategies segment, including the Institutional and Individual Retirement Strategies businesses, respectively provides a broad range of retirement investment and income products and services to retirement plan sponsors in the public, private and not-for-profit sectors, and develops and distributes individual variable and fixed annuity products, primarily to the U.S. mass affluent and affluent markets.
- The Group Insurance segment provides a full range of group life, long-term and short-term group disability, and group corporate-, bank- and trust-owned life insurance in the U.S. primarily to institutional clients for use in connection with employee and membership benefits plans. In addition, the segment sells accidental death and dismemberment and other supplemental health solutions and provides plan administration services in connection with its insurance coverages.
- The Individual Life segment develops and distributes variable life, universal life and term life insurance products primarily to the U.S. mass middle, mass affluent and affluent markets.

The International Businesses segment develops and distributes life insurance, retirement products, investment products and certain accident and health products with fixed benefits to mass affluent and affluent customers through its Life Planner operations in Japan, Brazil and Mexico. Its Gibraltar Life and Other operations also provide similar products, as well as advisory and administration services to broad middle income and mass affluent customers across Japan, and through joint ventures in Chile, China, India and Indonesia, and strategic investments in Ghana, Kenya and South Africa through multiple distribution channels (including Life Consultants, banks and independent agencies).

The Closed Block division includes certain in-force participating insurance and annuity products and corresponding assets that are used for the payment of benefits, expenses and policyholders' dividends related to these products, as well as certain related assets and liabilities. In connection with demutualization, the Company ceased offering these participating products. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included in the Company's Corporate and Other operations. See Note 16 for additional information regarding the Closed Block.

Corporate and Other Operations consists primarily of: (1) capital that is not deployed in any business segment; (2) investments not allocated to business segments; (3) capital debt; (4) the Company's qualified and non-qualified pension and other employee benefit plans, after allocations to business segments; (5) corporate-level activities, after allocations to business segments, primarily including strategic expenditures, acquisition and disposition costs, corporate governance, corporate advertising, philanthropic activities, deferred compensation, and costs related to certain contingencies and legal matters; (6) expenses associated with the multi-year plan of programs that span across the Company's businesses and the functional areas that support those businesses; (7) certain retained obligations relating to pre-demutualization policyholders; (8) impacts of risk management activities pursuant to the Company's Risk Appetite Framework; (9) the foreign currency income hedging program used to hedge certain non-U.S. dollar denominated earnings in the International Businesses segment; (10) intercompany arrangements with the International Businesses and PGIM segments to translate certain non-U.S. dollar-denominated earnings at fixed currency exchange rates; (11) results of certain consolidated investment funds managed by the Company's PGIM business; (12) Prudential Advisors, Prudential's proprietary nationwide sales organization; (13) the Company's share of earnings in Prismic as well as the invested assets supporting the contracts reinsured via coinsurance with funds withheld arrangements and the offsetting funds withheld payable; and (14) transactions with and between other segments, including the elimination of intercompany transactions for consolidation purposes.

Segment Accounting Policies. The accounting policies of the segments are the same as those described in Note 2. Results for each segment include earnings on attributed equity established at a level which management considers necessary to support each segment's risks. Operating expenses specifically identifiable to a particular segment are allocated to that segment as incurred. Operating expenses not identifiable to a specific segment that are incurred in connection with the generation of segment revenues are generally allocated based upon the segment's historical percentage of general and administrative expenses.

For information related to significant acquisitions and dispositions, see Note 1. For information related to the adoption of new accounting pronouncements, see Note 2. The segments' results in prior years have been revised for these items, as applicable, to conform to current year presentation.

Adjusted Operating Income

The Company analyzes the operating performance of each segment using "adjusted operating income." Adjusted operating income does not equate to "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" or "Net income (loss)" as determined in accordance with U.S. GAAP but is the measure of segment profit or loss used by the chief executive officer, who is the Company's chief operating decision maker ("CODM"), and is the measure of segment performance presented below. The CODM uses adjusted operating income to (1) evaluate segment performance; (2) allocate resources and capital, predominantly during the annual budgeting and planning processes; and (3) consider variances to pre-established targets during the compensation process. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and the Company's definition of adjusted operating income may differ from that used by other companies. The Company, however, believes that the presentation of adjusted operating income as measured for management purposes enhances the understanding of results of operations by highlighting the results from ongoing operations and the underlying profitability factors of its businesses.

Adjusted operating income is calculated by adjusting each segment's "Income (loss) before income taxes and equity in earnings of joint ventures and other operating entities" for the following items which are important to an understanding of overall results of operations, and are described in greater detail below:

- Realized investment gains (losses), net, and related charges and adjustments;
- Change in value of market risk benefits, net of related hedging gains (losses);
- Market experience updates;
- Divested and Run-off Businesses;
- Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests; and
- Other adjustments.

During the fourth quarter of 2024, the Company identified an immaterial error in the application of adjusted operating income, which resulted in an overstatement thereof for indexed variable and fixed annuity products within the Retirement Strategies segment in the first three quarters of 2024 and each of the four quarters of 2023. As a result, the Company has voluntarily revised its historical adjusted operating income for the relevant periods, resulting in decreases in pre-tax adjusted operating income of $149 million (unaudited) for the nine months ended September 30, 2024, and $55 million for the year ended December 31, 2023.

Realized investment gains (losses), net, and related charges and adjustments

Realized investment gains (losses), net

Adjusted operating income excludes "Realized investment gains (losses), net," except for certain items described below. Significant activity excluded from adjusted operating income includes impairments and credit-related gains (losses) from sales of securities, the timing of which depends largely on market credit cycles and can vary considerably across periods, and interest rate-related gains (losses) from sales of securities, which are largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile. Additionally, adjusted operating income excludes realized investment gains (losses) from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset/liability management program related to the risk of those products, as well as from investment performance of invested assets and embedded derivatives associated with certain coinsurance with funds withheld and modified coinsurance reinsurance arrangements.

The following table sets forth the significant components of "Realized investment gains (losses), net" that are included in adjusted operating income and, as a result, are reflected as adjustments to "Realized investment gains (losses), net" for purposes of calculating adjusted operating income:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Net gains (losses) from(1):			
Terminated hedges of foreign currency earnings	$(11)	$(32)	$ 22
Current period yield adjustments	$216	$467	$515
Principal source of earnings	$ 50	$ 1	$245

(1) In addition to the items in the table above, "Realized investment gains (losses), net, and related charges and adjustments" also includes an adjustment to reflect "Realized investment gains (losses), net" related to Divested and Run-off Businesses. See "Divested and Run-off Businesses" discussed below.

Terminated Hedges of Foreign Currency Earnings. The amounts shown in the table above primarily reflect the impact of an intercompany arrangement between Corporate and Other operations and the International Businesses segment, pursuant to which the non-U.S. dollar-denominated earnings in all countries for a particular year, including its interim reporting periods, are translated at fixed currency exchange rates. The fixed rates are determined in connection with a currency hedging program designed to mitigate the risk that unfavorable rate changes will reduce the segment's U.S. dollar-equivalent earnings. Pursuant to this program, the Company's Corporate and Other operations may execute forward currency contracts with third parties to sell the net exposure of projected earnings from the hedged currency in exchange for U.S. dollars at a specified exchange rate. The maturities of these contracts correspond with the future periods in which the identified non-U.S. dollar-denominated earnings are expected to be generated. These contracts do not qualify for hedge accounting under U.S. GAAP, so the resulting profits or losses are recorded in "Realized investment gains (losses), net." When the contracts are terminated in the same period that the expected earnings emerge, the resulting positive or negative cash flow effect is included in adjusted operating income.

Current Period Yield Adjustments. The Company uses interest rate and currency swaps and other derivatives to manage interest and currency exchange rate exposures arising from mismatches between assets and liabilities, including duration mismatches. For derivative contracts that do not qualify for hedge accounting treatment, the periodic swap settlements, as well as certain other derivative related yield adjustments are recorded in "Realized investment gains (losses), net," and are included in adjusted operating income to reflect the after-hedge yield of the underlying instruments. In certain instances, when these derivative contracts are terminated or offset before their final maturity, the resulting realized gains or losses are recognized in adjusted operating income over periods that generally approximate the expected terms of the derivatives or underlying instruments in order for adjusted operating income to reflect the after-hedge yield of the underlying instruments. Included in the amounts shown in the table above are gains (losses) on certain derivative contracts that were terminated or offset before their final maturity of $140 million, $178 million and $100 million for the years ended 2024, 2023 and 2022, respectively. As of December 31, 2024, there was a $466 million deferred net gain related to certain derivative contracts that were terminated or offset before their final maturity, primarily within the Individual Retirement Strategies business and International Businesses. Also included in the amounts shown in the table above are fees related to synthetic GICs of $100 million, $107 million and $113 million for the years ended 2024, 2023 and 2022, respectively. Synthetic GICs are accounted for as derivatives under U.S. GAAP and, therefore, these fees are recorded in "Realized investment gains (losses), net." See Note 5 for additional information regarding synthetic GICs.

Principal Source of Earnings. The Company conducts certain activities for which realized investment gains (losses) are a principal source of earnings for its businesses and are therefore included in adjusted operating income, particularly within the Company's PGIM segment. For example, PGIM's strategic investing business makes investments for sale or syndication to other investors or for placement or co-investment in the Company's managed funds and structured products. The realized investment gains (losses) associated with the sale of these strategic investments, as well as the majority of derivative results, are a principal activity for this business and included in adjusted operating income. In addition, the realized investment gains (losses) associated with loans originated by the Company's commercial mortgage operations, as well as related derivative results and retained mortgage servicing rights, are a principal activity for this business and are therefore included in adjusted operating income.

Adjustments related to Realized investment gains (losses), net

The following table sets forth certain other items excluded from adjusted operating income and reflected as an adjustment to "Realized investment gains (losses), net" for purposes of calculating adjusted operating income:

	Year Ended December 31,		
	2024	2023	2022
	(in millions)		
Net gains (losses) from:			
Investments carried at fair value through net income	$(337)	$ 754	$(1,562)
Foreign currency exchange movements	$ (76)	$(123)	$ 286
Other activities(1)	$ (1)	$ (10)	$ (33)

(1) Prior period amounts have been updated to conform to current period presentation.

Investments carried at fair value through net income. The Company has certain investments in its general account portfolios that are carried at fair value with changes in fair value reported in "Other income (loss)." Examples include the Company's investments in equity securities and fixed maturities designated as trading. Consistent with the exclusion of realized investment gains (losses) with respect to other investments managed on a consistent basis, the net gains or losses on these investments are excluded from adjusted operating income.

Foreign Currency Exchange Movements. The Company has certain assets and liabilities for which, under U.S. GAAP, the changes in value, including those associated with changes in foreign currency exchange rates during the period, are recorded in "Other income (loss)." To the extent the foreign currency exposure on these assets and liabilities is economically hedged or considered part of the Company's capital funding strategies for its international subsidiaries, the change in value included in "Other income (loss)" is excluded from adjusted operating income. The insurance liabilities are supported by investments denominated in corresponding currencies, including a significant portion designated as available-for-sale. While these non-yen denominated assets and liabilities are economically hedged, unrealized gains (losses) on available-for-sale investments, including those arising from foreign currency exchange rate movements, are recorded in AOCI under U.S. GAAP, while the non-yen denominated liabilities are remeasured for foreign currency exchange rate movements, with the related change in value recorded in earnings within "Other income (loss)." Due to this non-economic volatility that has been reflected in U.S. GAAP earnings, the change in value recorded within "Other income (loss)" is excluded from adjusted operating income.

Other Activities. The Company excludes certain other items from adjusted operating income that are consistent with similar adjustments described above.

Charges related to realized investment gains (losses), net

Charges that relate to realized investment gains (losses) are also excluded from adjusted operating income, and include the following:

- Policyholder dividends and interest credited to policyholders' account balances that relate to certain life policies that pass back certain realized investment gains (losses) to the policyholder, and reserves for future policy benefits for certain policies that are affected by net realized investment gains (losses); and
- Market value adjustments paid or received upon a contractholder's surrender of certain of the Company's annuity products as these amounts mitigate the net realized investment gains or losses incurred upon the disposition of the underlying invested assets.

Change in value of market risk benefits, net of related hedging gains (losses)

The Company is required to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value. In order to enhance the understanding of underlying performance trends, the Company excludes from adjusted operating income "Change in value of market risk benefits, net of related hedging gains (losses)," which reflects the impact from changes in current market conditions. See Note 2 for additional information regarding market risk benefits.

Market experience updates

"Market experience updates" represent the immediate impacts from changes in current market conditions on estimates of profitability and the impact of those changes on reserves, primarily related to variable and universal life products. These amounts are excluded from adjusted operating income, which the Company believes enhances the understanding of underlying performance trends.

Divested and Run-off Businesses

The contribution to income (loss) of Divested and Run-off Businesses that have been or will be sold or exited, including businesses that have been placed in wind down, but that did not qualify for "discontinued operations" accounting treatment under U.S. GAAP, are excluded from adjusted operating income as the results of Divested and Run-off Businesses are not considered relevant to understanding the Company's ongoing operating results.

The Closed Block division is accounted for as a divested business because it consists primarily of certain participating insurance and annuity products that the Company ceased selling at demutualization in 2001. See Note 16 for additional information regarding the Closed Block.

Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests

Equity in earnings of joint ventures and other operating entities, on a pre-tax basis, are included in adjusted operating income as these results are a principal source of earnings. These earnings are reflected on a U.S. GAAP basis on an after-tax basis as a separate line on the Company's Consolidated Statements of Operations.

Earnings attributable to noncontrolling interests are excluded from adjusted operating income. Earnings attributable to noncontrolling interests represents the portion of earnings from consolidated entities that relates to the equity interests of minority investors, and are reflected on a U.S. GAAP basis as a separate line on the Company's Consolidated Statements of Operations.

Other adjustments

"Other adjustments" represents all other adjustments that are excluded from adjusted operating income. These primarily include certain components of the consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

Reconciliation of select financial information

The tables below present certain financial information that is regularly provided to the CODM for the Company's segments, including revenues and significant benefits and expenses, on an adjusted operating income basis, as well as assets by segment, and the reconciliation of the segment totals to amounts reported in the Consolidated Financial Statements.

Select revenues and significant benefits and expenses, on an adjusted operating income basis, by segment	Net Investment Income	Total Revenues	Policyholders' Benefits	Interest Credited to Policyholders' Account Balances	Interest Expense	Amortization of DAC	General and Administrative Expenses(5)	Other Benefits and Expenses(6)	Total Benefits and Expenses	Total Revenue Less Total Benefits and Expenses
	Year Ended December 31, 2024 (in millions)									
PGIM	$ 15	$ 4,092	$ 0	$ 0	$ 105	$ 2	$ 3,110	$ 0	$ 3,217	$ 875
U.S. Businesses:										
Institutional Retirement Strategies	4,674	28,195	25,752	664	31	11	257	(376)	26,339	1,856
Individual Retirement Strategies(1)	2,110	5,125	141	1,039	84	394	1,696	8	3,362	1,763
Retirement Strategies(1)(2)	6,784	33,320	25,893	1,703	115	405	1,953	(368)	29,701	3,619
Group Insurance	530	6,427	4,801	149	11	6	1,146	0	6,113	314
Individual Life(2)	3,089	6,195	3,095	803	1,113	442	815	132	6,400	(205)
Total U.S. Businesses	10,403	45,942	33,789	2,655	1,239	853	3,914	(236)	42,214	3,728
International Businesses:										
Life Planner	2,508	9,352	5,605	288	(9)	320	1,044	234	7,482	1,870
Gibraltar Life and Other	3,215	8,573	4,643	922	7	326	1,272	167	7,337	1,236
Total International Businesses	5,723	17,925	10,248	1,210	(2)	646	2,316	401	14,819	3,106
Corporate and Other(3)	1,234	94	(19)	84	677	(56)	1,191	0	1,877	(1,783)
Total segment adjusted operating income before income taxes(1)	17,375	68,053	44,018	3,949	2,019	1,445	10,531	165	62,127	5,926
Reconciling items:										
Realized investment gains (losses), net, and related charges and adjustments(1)(4)	(17)	(1,741)	(3)	347	0	32	0	33	409	(2,150)
Change in value of market risk benefits, net of related hedging gains (losses)	0	(397)	0	0	0	0	0	0	0	(397)
Market experience updates	0	(88)	(3)	0	0	0	0	(33)	(36)	(52)
Divested and Run-off Businesses:										
Closed Block division	2,048	3,287	2,342	117	(2)	12	290	641	3,400	(113)
Other Divested and Run-off Businesses	503	1,426	765	169	13	3	591	(145)	1,396	30
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	0	(135)	0	0	0	0	(119)	0	(119)	(16)
Other adjustments	0	0	0	0	0	0	19	0	19	(19)
Consolidated income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$19,909	$70,405	$47,119	$4,582	$2,030	$1,492	$11,312	$ 661	$67,196	$ 3,209

Select revenues and significant benefits and expenses, on an adjusted operating income basis, by segment	Year Ended Year Ended December 31, 2023									
	Net Investment Income	Total Revenues	Policyholders' Benefits	Interest Credited to Policyholders' Account Balances	Interest Expense	Amortization of DAC	General and Administrative Expenses(5)	Other Benefits and Expenses(6)	Total Benefits and Expenses	Total Revenue Less Total Benefits and Expenses
	(in millions)									
PGIM	$ 268	$ 3,638	$ 0	$ 0	$ 113	$ 2	$ 2,810	$ 0	$ 2,925	$ 713
U.S. Businesses:										
Institutional Retirement Strategies	4,180	11,030	8,759	552	1	16	208	(201)	9,335	1,695
Individual Retirement Strategies(1)(7)	1,454	4,532	134	560	72	349	1,591	8	2,714	1,818
Retirement Strategies(1)(2)(7)	5,634	15,562	8,893	1,112	73	365	1,799	(193)	12,049	3,513
Group Insurance	512	6,285	4,703	166	8	9	1,080	0	5,966	319
Individual Life(2)	2,860	6,274	3,295	912	898	456	694	114	6,369	(95)
Total U.S. Businesses	9,006	28,121	16,891	2,190	979	830	3,573	(79)	24,384	3,737
International Businesses:										
Life Planner	2,351	9,596	5,841	243	(3)	306	1,104	105	7,596	2,000
Gibraltar Life and Other	2,938	9,086	5,216	700	26	316	1,361	284	7,903	1,183
Total International Businesses	5,289	18,682	11,057	943	23	622	2,465	389	15,499	3,183
Corporate and Other(3)	730	49	(11)	113	639	(37)	1,379	0	2,083	(2,034)
Total segment adjusted operating income before income taxes(1)	15,293	50,490	27,937	3,246	1,754	1,417	10,227	310	44,891	5,599
Reconciling items:										
Realized investment gains (losses), net, and related charges and adjustments(1)(4)(7)	(18)	(2,103)	(105)	431	0	29	0	52	407	(2,510)
Change in value of market risk benefits, net of related hedging gains (losses)	0	56	0	0	0	0	0	0	0	56
Market experience updates	0	67	(2)	0	0	0	0	(41)	(43)	110
Divested and Run-off Businesses:										
Closed Block division	1,959	3,666	2,354	118	0	13	273	1,008	3,766	(100)
Other Divested and Run-off Businesses(5)(7)	631	1,888	747	188	9	0	669	254	1,867	21
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	0	(85)	0	0	0	0	(17)	0	(17)	(68)
Other adjustments	0	0	0	0	0	0	36	0	36	(36)
Consolidated income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$17,865	$53,979	$30,931	$3,983	$1,763	$1,459	$11,188	$1,583	$50,907	$ 3,072

Select revenues and significant benefits and expenses, on an adjusted operating income basis, by segment	Year Ended Year Ended December 31, 2022									
	Net Investment Income	Total Revenues	Policyholders' Benefits	Interest Credited to Policyholders' Account Balances	Interest Expense	Amortization of DAC	General and Administrative Expenses(5)	Other Benefits and Expenses(6)	Total Benefits and Expenses	Total Revenue Less Total Benefits and Expenses
	(in millions)									
PGIM	$ 94	$ 3,622	$ 0	$ 0	$ 57	$ 3	$ 2,719	$ 0	$ 2,779	$ 843
U.S. Businesses:										0
Institutional Retirement Strategies	3,653	19,116	17,476	394	15	11	207	(534)	17,569	1,547
Individual Retirement Strategies(1)(7)	918	5,470	149	314	(55)	362	1,708	10	2,488	2,982
Retirement Strategies(1)(2)(7)	4,571	24,586	17,625	708	(40)	373	1,915	(524)	20,057	4,529
Group Insurance	479	6,115	4,914	153	4	2	1,058	0	6,131	(16)
Individual Life(2)	2,467	5,786	3,290	926	810	446	738	1,378	7,588	(1,802)
Total U.S. Businesses	7,517	36,487	25,829	1,787	774	821	3,711	854	33,776	2,711
International Businesses:										
Life Planner	2,119	9,541	5,992	183	18	296	1,101	7	7,597	1,944
Gibraltar Life and Other	2,847	9,470	5,735	555	17	300	1,431	171	8,209	1,261
Total International Businesses	4,966	19,011	11,727	738	35	596	2,532	178	15,806	3,205
Corporate and Other(3)	605	(84)	0	137	712	(39)	667	0	1,477	(1,561)
Total segment adjusted operating income before income taxes(1)	13,182	59,036	37,556	2,662	1,578	1,381	9,629	1,032	53,838	5,198
Reconciling items:										
Realized investment gains (losses), net, and related charges and adjustments(1)(4)(7)	(23)	(6,083)	207	(156)	0	37	0	154	242	(6,325)
Change in value of market risk benefits, net of related hedging gains (losses)	0	(443)	0	0	0	0	0	0	0	(443)
Market experience updates	0	161	(6)	0	0	0	0	(475)	(481)	642
Divested and Run-off Businesses:										
Closed Block division	1,976	2,958	2,428	121	9	14	289	115	2,976	(18)
Other Divested and Run-off Businesses(5)(7)	902	1,250	631	(434)	10	1	1,000	929	2,137	(887)
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests	0	2	0	0	0	0	38	0	38	(36)
Other adjustments	0	0	0	0	0	0	23	0	23	(23)
Consolidated income (loss) before income taxes and equity in earnings of joint ventures and other operating entities	$16,037	$56,881	$40,816	$2,193	$1,597	$1,433	$10,979	$1,755	$58,773	$(1,892)

(1) The amount for 2023 reflects the correction of an error related to indexed variable and fixed annuity products within the Individual Retirement Strategies segment. See "—Adjusted Operating Income" above for additional information.

(2) The Retirement Strategies and Individual Life segments' results reflect DAC as if the business is a stand-alone operation. The elimination of intersegment costs capitalized in accordance with this policy is included in consolidating adjustments within Corporate and Other operations.

(3) Corporate and Other operations, through Prudential Advisors, generates fee revenues from the sale and distribution of certain insurance, annuity and investment products offered by Prudential and third parties.

(4) As a result of the adoption of ASU 2018-12, "Charges related to realized investment gains (losses)," no longer includes the current period impact of net realized investment gains (losses) on the amortization of DAC. Amounts above reflect amortization of historical DAC balances related to realized investment gains (losses) prior to the adoption of the ASU.

(5) "General and administrative expenses" includes amounts related to salaries, employee benefits, occupancy, technology, consulting, external and contracted services, legal, corporate charges, costs for initiatives, and other miscellaneous expenses, as well as variable expenses such as commissions, net of deferrals, and other fees related to sales of certain insurance and investment products.

(6) "Other benefits and expenses" primarily includes: (i) the change in estimates of liability for future policy benefits, which can be either positive or negative, for Retirement Strategies, Individual Life and International Businesses; (ii) dividends to policyholders for Individual Life and International Businesses, which are included in adjusted operating income; and (iii) dividends to policyholders in the Closed Block Division and goodwill impairments for Other Divested and Run-off Businesses related to AIQ, which are not included in adjusted operating income.

(7) Prior period amounts have been updated to conform to current period presentation.

	As of December 31, 2024	As of December 31, 2023
	(in millions)	
Assets by segment:		
PGIM(1)	$ 36,044	$ 42,153
U.S. Businesses:		
Institutional Retirement Strategies	126,842	111,308
Individual Retirement Strategies	150,151	139,934
Retirement Strategies	276,993	251,242
Group Insurance	39,340	39,214
Individual Life	122,590	116,449
Total U.S. Businesses	438,923	406,905
International Businesses:		
Life Planner	76,089	81,164
Gibraltar Life and Other	103,949	110,060
Total International Businesses	180,038	191,224
Corporate and Other	31,767	29,842
Closed Block division	48,815	51,088
Total assets per Consolidated Statements of Financial Position	$735,587	$721,212

(1) Prior period amounts have been updated to conform to current period presentation.

Revenues, calculated in accordance with U.S. GAAP, for the years ended December 31, include the following by geographic location that are 10 percent or more of the Company's total consolidated revenue:

	2024	2023	2022
		(in millions)	
United States	$48,568	$31,031	$36,826
Japan	13,760	15,538	14,599
Other countries	8,077	7,410	5,456
Total PFI consolidated revenue	$70,405	$53,979	$56,881

Intersegment revenues

Management has determined the intersegment revenues with reference to market rates. Intersegment revenues are eliminated in consolidation in the Company's Corporate and Other operations. The PGIM segment revenues include intersegment revenues, primarily consisting of asset-based management and administration fees, for the years ended December 31, as follows:

	2024	2023	2022
		(in millions)	
PGIM segment intersegment revenues	$837	$796	$822

Segments may also enter into internal derivative contracts with other segments. For adjusted operating income, each segment accounts for the internal derivative results consistent with the manner in which that segment accounts for other similar external derivatives.

Asset management and service fees

The table below presents asset management and service fees, predominantly related to investment management activities, for the periods indicated:

	2024	2023	2022
		(in millions)	
Asset-based management fees	$3,386	$3,169	$3,434
Performance-based incentive fees	198	45	84
Other fees	506	503	544
Total asset management and service fees	$4,090	$3,717	$4,062

24. RELATED PARTY TRANSACTIONS

In September 2023, the Company invested approximately $200 million, and acquired a 20% equity interest as a limited partner, in Prismic, a Bermuda-exempted limited partnership that owns all of the outstanding capital stock of Prismic Re, a licensed Bermuda-based life and annuity reinsurance company. As this investment is accounted for under the equity method, both Prismic and Prismic Re are considered related parties.

Also in September 2023, the Company entered into an agreement with Prismic Re, to reinsure approximately $9 billion of reserves for certain structured settlement annuity contracts issued by PICA, a wholly-owned subsidiary of the Company. These contracts represent approximately 70% of the Company's in-force structured settlement annuities business. Separately, the Company, through PGIM, entered into an investment management agreement with Prismic to manage a large portion of Prismic Re's assets. The following tables summarize the impacts to the Company's financial statements related to the agreements that the Company entered with Prismic and Prismic Re.

The related party balances with Prismic and Prismic Re impacted the Company's balance sheet as of the periods indicated as follows:

	December 31, 2024	December 31, 2023
	(in millions)	
Reinsurance recoverables and deposit receivables	$9,084	$9,752
Other assets	$ 187	$ 132
Reinsurance and funds withheld payables (includes $(91) and $508 of embedded derivatives at fair value at December 31, 2024 and 2023, respectively)	$7,796	$8,544
Accumulated other comprehensive income (loss)	$ (139)	$ 335

The Company has agreed to guarantee Prismic Re's reimbursement obligations on letters of credit that may be obtained by Prismic Re from third-party financial institutions to support Prismic Re's obligations under the reinsurance agreement with the Company for a total amount up to $2.0 billion as of both December 31, 2024 and 2023. See Note 25 for additional information on the Company's guarantees and commitments.

The related party activity with Prismic and Prismic Re impacted the Company's results of operations and cash flows for the periods indicated as follows:

	Years Ended December 31,	
	2024	2023
	(in millions)	
Premiums	$ 6	$(4,811)
Asset management and service fees	38	10
Other income	150	52
Realized investment gains(losses), net	255	(491)
Policyholders' benefits	(281)	(4,915)
Change in estimates of liability for future policy benefits	7	5
General and administrative expenses	48	3
Income (loss) from related parties, before income taxes	675	(333)
Other comprehensive income (loss), before tax	(473)	335
Total comprehensive income (loss), before tax	$ 202	$ 2

	Years Ended December 31,	
	2024	2023
	(in millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized investment (gains) losses, net	$(255)	$ 491
Change in:		
Reinsurance related-balances	$(743)	$(235)
Other, net	$ 16	$ 29
CASH FLOWS FROM FINANCING ACTIVITIES		
Other, net	$ 374	$ 3

25. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and Guarantees

Commercial Mortgage Loan Commitments

	As of December 31, 2024	As of December 31, 2023
	(in millions)	
Total outstanding mortgage loan commitments	$2,552	$1,798
Portion of commitment where prearrangement to sell to investor exists	$ 578	$ 366

The Company originates commercial mortgage loans as part of its commercial mortgage operations. Commitments for loans that will be held for sale are recognized as derivatives and recorded at fair value. In certain of these transactions, the Company prearranges that it will sell the loan to an investor, including to government sponsored entities as discussed below, after the Company funds the loan. The above amount includes unfunded commitments that are not unconditionally cancellable. For related credit exposure, there was an allowance for credit losses of $2 million and $1 million as of December 31, 2024 and 2023, respectively. The change in allowance is $1 million and $0 million for the years ended December 31, 2024 and 2023, respectively.

Commitments to Purchase Investments (excluding Commercial Mortgage Loans)

	As of December 31, 2024	As of December 31, 2023
	(in millions)	
Expected to be funded from the general account and other operations outside the separate accounts	$11,664	$10,675
Expected to be funded from separate accounts	$ 0	$ 39

The Company has other commitments to purchase or fund investments, some of which are contingent upon events or circumstances not under the Company's control, including those at the discretion of the Company's counterparties. The Company anticipates a portion of these commitments will ultimately be funded from its separate accounts. The above amount includes unfunded commitments that are not unconditionally cancellable. There were no related charges for credit losses for the years ended December 31, 2024 or 2023.

Indemnification of Securities Lending and Securities Repurchase Transactions

	As of December 31, 2024	As of December 31, 2023
	(in millions)	
Indemnification provided to certain clients for securities lending and securities repurchase transactions(1)	$5,015	$5,409
Fair value of related collateral associated with above indemnifications(1)	$5,119	$5,528
Accrued liability associated with guarantee	$ 0	$ 0

(1) Includes $240 million and $0 million related to securities repurchase transactions as of December 31, 2024 and December 31, 2023, respectively.

In the normal course of business, the Company may facilitate securities lending or securities repurchase transactions on behalf of certain client accounts (collectively, "the accounts"). In certain of these arrangements, the Company has provided an indemnification to the accounts to hold them harmless against losses caused by counterparty (i.e., borrower) defaults associated with such transactions facilitated by the Company. In securities lending transactions, collateral is provided by the counterparty to the accounts at the inception of the transaction in an amount at least equal to 102% of the fair value of the loaned securities and the collateral is maintained daily to equal at least 102% of the fair value of the loaned securities. In securities repurchase transactions, collateral is provided by the counterparty to the accounts at the inception of the transaction in an amount at least equal to 95% of the fair value of the securities subject to repurchase and the collateral is maintained daily to equal at least 95% of the fair value of the securities subject to repurchase. The Company is only at risk if the counterparty to the transaction defaults and the value of the collateral held is less than the value of the securities loaned to, or subject to repurchase from, such counterparty. The Company believes the possibility of any payments under these indemnities is remote.

Credit Derivatives Written

As discussed further in Note 5, the Company writes credit derivatives under which the Company is obligated to pay the counterparty the referenced amount of the contract and receive in return the defaulted security or similar security.

Guarantees of Asset Values

	As of December 31,	
	2024	2023
	(in millions)	
Guaranteed value of third parties' assets	$76,416	$78,009
Fair value of collateral supporting these assets	$71,423	$73,186
Asset (liability) associated with guarantee, carried at fair value	$ (1)	$ (2)

Certain contracts underwritten by the Retirement Strategies segment include guarantees related to financial assets owned by the guaranteed party. These contracts are accounted for as derivatives and carried at fair value. The collateral supporting these guarantees is not reflected on the Consolidated Statements of Financial Position.

Indemnification of Serviced Mortgage Loans

	As of December 31,	
	2024	2023
	(in millions)	
Maximum exposure under indemnification agreements for mortgage loans serviced by the Company	$3,272	$3,102
First-loss exposure portion of above	$ 942	$ 898
Accrued liability associated with guarantees(1)	$ 25	$ 28

(1) The accrued liability associated with guarantees includes an allowance for credit losses of $12 million and $14 million as of December 31, 2024 and 2023, respectively. The change in allowance is a reduction of $2 million and $3 million for the years ended December 31, 2024 and 2023, respectively.

As part of the commercial mortgage activities of the Company's PGIM segment, the Company provides commercial mortgage origination, underwriting and servicing for certain government sponsored entities, such as Fannie Mae and Freddie Mac. The Company has agreed to indemnify the government sponsored entities for a portion of the credit risk associated with certain of the mortgages it services through a delegated authority arrangement. Under these arrangements, the Company originates multi-family mortgages for sale to the government sponsored entities based on underwriting standards they specify, and makes payments to them for a specified percentage share of losses they incur on certain loans serviced by the Company. The Company's percentage share of losses incurred generally varies from 4% to 20% of the loan balance, and is typically based on a first-loss exposure for a stated percentage of the loan balance, plus a shared exposure with the government sponsored entity for any losses in excess of the stated first-loss percentage, subject to a contractually specified maximum percentage. The Company determines the liability related to this exposure using historical loss experience, and the size and remaining life of the asset. The Company serviced $25,763 million and $24,875 million of mortgages subject to these loss-sharing arrangements as of December 31, 2024 and 2023, respectively, all of which are collateralized by first priority liens on the underlying multi-family residential properties. As of December 31, 2024, these mortgages had a weighted-average debt service coverage ratio of 1.95 times and a weighted-average loan-to-value ratio of 62%. As of December 31, 2023, these mortgages had a weighted-average debt service coverage ratio of 1.97 times and a weighted-average loan-to-value ratio of 60%. The Company had no losses related to indemnifications that were settled for either the twelve months ended December 31, 2024 and 2023.

Other Guarantees

	As of December 31,	
	2024	2023
	(in millions)	
Other guarantees where amount can be determined	$289	$36
Accrued liability for other guarantees and indemnifications	$ 32	$32

The Company is also subject to other financial guarantees and indemnity arrangements. The Company has provided indemnities and guarantees related to acquisitions, dispositions, investments and other transactions that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. These obligations are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential obligation is subject to contractual limitations, while in other cases such limitations are not specified or applicable. This includes guarantees issued on $1.5 billion of standby committed letters of credit and $0.5 billion of standby uncommitted letters of credit that may be obtained by Prismic Re from third-party financial institutions, for the benefit of PICA as beneficiary, to support U.S. statutory reserve credit related to a reinsurance agreement with PICA. As of December 31, 2024, no letters of credit have been issued to PICA under the facility, and the likelihood of PICA drawing upon them is remote. The guarantees are renewable on an annual basis. The current value of the guarantees is estimated to be immaterial. See Note 24 for additional information on the related party relationship between the Company and Prismic Re and Note 15 for additional information on the Company's reinsurance transactions.

Since certain of these obligations are not subject to limitations, it is not possible to determine the maximum potential amount due under these guarantees. The accrued liability identified above relates to the sale of The Prudential Life Insurance Company of Taiwan Inc. ("POT") and represents a financial guarantee of certain insurance obligations of POT.

Insolvency Assessments

Most of the jurisdictions in which the Company is admitted to transact business require insurers doing business within the jurisdiction to participate in guarantee associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. In addition, Japan has established the Japan Policyholders Protection Corporation as a contingency to protect policyholders against the insolvency of life insurance companies in Japan through assessments to companies licensed to provide life insurance.

Assets and liabilities held for insolvency assessments were as follows:

	As of December 31,	
	2024	2023
	(in millions)	
Other assets:		
Premium tax offset for future undiscounted assessments	$25	$35
Premium tax offset currently available for paid assessments	62	2
Total	$87	$37
Other liabilities:		
Insolvency assessments	$29	$29

Contingent Liabilities

On an ongoing basis, the Company and its regulators review its operations including, but not limited to, sales and other customer interface procedures and practices, and procedures for meeting obligations to its customers and other parties. These reviews may result in the modification or enhancement of processes or the imposition of other action plans, including concerning management oversight, sales and other customer interface procedures and practices, and the timing or computation of payments to customers and other parties. In certain cases, if appropriate, the Company may offer customers or other parties remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

The Company is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements.

It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially affected as a result of payments in connection with the matters discussed above or other matters depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that ultimate payments in connection with these matters, after consideration of applicable reserves and rights to indemnification, should not have a material adverse effect on the Company's financial position.

Litigation and Regulatory Matters

The Company is subject to legal and regulatory actions in the ordinary course of its businesses. Pending legal and regulatory actions include proceedings relating to aspects of the Company's businesses and operations that are specific to it and proceedings that are typical of the businesses in which it operates, including in both cases businesses that have been either divested or placed in wind-down status. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. The outcome of litigation or a regulatory matter, and the amount or range of potential loss at any particular time, is often inherently uncertain.

The Company establishes accruals for litigation and regulatory matters when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. For litigation and regulatory matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established but the matter, if potentially material, is disclosed, including matters discussed below. The Company estimates that as of December 31, 2024, the aggregate range of reasonably possible losses in excess of accruals established for those litigation and regulatory matters for which such an estimate currently can be made is less than $250 million. Any estimate is not an indication of expected loss, if any, or the Company's maximum possible loss exposure on such matters. The Company reviews relevant information with respect to its litigation and regulatory matters on a quarterly and annual basis and updates its accruals, disclosures and estimates of reasonably possible loss based on such reviews.

Labor and Employment Matters

Prudential of Brazil Labor and Employment Matters

Prudential of Brazil ("POB") sells insurance products to consumers through life planner franchisees ("Life Planners"), who are engaged as independent life insurance brokers and not as employees. When a Life Planner's contractual relationship with POB is terminated, in many cases the Life Planner commences a labor suit against POB alleging entitlement to employment related benefits. POB is a defendant in numerous such lawsuits in Brazil brought by former Life Planners and has been subject to regulatory actions challenging the validity of POB's franchise model. POB has continued to receive additional labor suits and regulatory actions involving the operation of its franchise model notwithstanding steps that POB has taken to attempt to mitigate the labor risk by modifying its franchise model. POB continues to modify its franchise model to further mitigate this risk.

Individual Annuities, Individual Life and Group Insurance

California Advocates for Nursing Home Reform v. The Prudential Insurance Company of America and Pruco Life Insurance Company, et al.

In January 2024, a putative class action complaint entitled *California Advocates for Nursing Home Reform v. The Prudential Insurance Company of America and Pruco Life Insurance Company, et al.,* was filed in California Superior Court, Alameda County, alleging that the Company has failed to comply with California laws requiring that life insurance policies issued or delivered in California: (i) provide for a contractual 60-day grace period pre-lapse during which a policy must stay in force; (ii) provide policyholders and designees with notice of payment default within 30 days and a 30-day advance written notice of pending lapse; and (iii) notify policyholders annually of their right to designate additional recipients for lapse notices. The complaint asserts claims for violation of California's Unfair Competition law and seeks unspecified damages along with declaratory and injunctive relief. In February 2024, defendants removed the action from California state court to the United States District Court for the Northern District of California. Plaintiff filed a motion to remand the action to the California Superior Court, Alameda County, and in December 2024, the motion was granted.

Escheatment Litigation

Total Asset Recovery Services, LLC v. MetLife, Inc., et al., Prudential Financial, Inc., The Prudential Insurance Company of America, and Prudential Insurance Agency, LLC

In December 2017, Total Asset Recovery Services, LLC, on behalf of the State of New York, filed a Second Amended Complaint in the Supreme Court of the State of New York, County of New York, against, among other 19 defendants, Prudential Financial, Inc., The Prudential Insurance Company of America and Prudential Insurance Agency, LLC, alleging that the Company failed to escheat life insurance proceeds in violation of the New York False Claims Act. The second amended complaint seeks injunctive relief, compensatory damages, civil penalties, treble damages, prejudgment interest, attorneys' fees and costs. In May 2018, defendants filed a motion to dismiss the Second Amended Complaint. In April 2019, defendants' motion to dismiss the Second Amended Complaint was granted and plaintiff subsequently filed a Notice of Appeal with the New York State Supreme Court, First Department. In December 2020, the New York Supreme Court, First Department, reversed and vacated the judgment of the trial court and granted leave to plaintiff to file a third amended complaint. In March 2021, the plaintiff filed a third amended complaint asserting claims against all defendants for violation of the New York False Claims Act, and seeking injunctive relief, compensatory and treble damages, attorneys' fees and costs. In January 2023, the plaintiff filed a Fourth Amended Complaint. In March 2023, defendants filed a motion to dismiss the Fourth Amended Complaint. In October 2024, defendants' motion to dismiss the Fourth Amended Complaint was denied. In December 2024, defendants filed an Answer to the Fourth Amended Complaint.

Securities Litigation

City of Warren v. PFI, et al.

In November 2019, a putative class action complaint entitled *City of Warren Police and Fire Retirement System v. Prudential Financial, Inc., Charles F. Lowrey and Kenneth Y. Tanji*, was filed in the United States District Court for the District of New Jersey. The complaint asserts claims for federal securities law violations against PFI, and Charles Lowrey, PFI's chief executive officer, and Kenneth Tanji, PFI's chief financial officer, individually, and alleges that: (i) the Company's reserve assumptions failed to account for adversely developing mortality experience in the Individual Life business segment; (ii) the Company's reserves were insufficient to satisfy its future policy benefit liabilities; and (iii) the Company materially understated its liabilities and overstated net income due to flawed assumptions in calculating mortality experience. The putative class includes all purchasers of PFI common stock between February 15, 2019 and August 2, 2019. In March 2020, the court issued an order consolidating this action with Donald P. Crawford v. PFI, et al. under the caption *In re Prudential Financial, Inc. Securities Litigation*. In June 2020, plaintiffs filed an amended complaint and added Robert M. Falzon, PFI's vice chairman, as an individual defendant. In August 2020, the Company filed a motion to dismiss the amended complaint. In December 2020, the court issued an order granting defendants' motion to dismiss the amended complaint with prejudice and plaintiff subsequently filed, in January 2021, a Notice of Appeal to the United States Court of Appeals for the Third Circuit. In June 2023, the Court of Appeals for the Third Circuit affirmed in part and reversed in part the trial court's December 2020 decision dismissing the amended complaint with prejudice and remanded the case to the District Court to consider alternative grounds for dismissal not reached by the District Court's 2020 decision. In February 2024, plaintiff filed a motion seeking preliminary certification of a settlement class, approval of class notice, and preliminary approval of the proposed class action settlement. In March 2024, the court issued an order granting the motion for preliminary approval of the Settlement. In June 2024, the Court granted final approval of the Settlement and issued a final judgment dismissing the action with prejudice. This matter is now closed.

Donel Davidson v. Charles F. Lowrey, et al.

In September 2020, a shareholder derivative complaint entitled *Pekin Police Pension Fund, Derivatively on Behalf of Prudential Financial, Inc. v. Charles F. Lowrey, et al.*, was filed in the United States District Court for the District of New Jersey (the "Derivative Complaint") against PFI as a "nominal" defendant, PFI's chairman and chief executive officer, vice chairman, chief financial officer, certain former officers of PFI, and all of the current outside directors of PFI's Board. The Derivative Complaint asserts claims for federal securities law violations, breach of fiduciary duty, waste of corporate assets, and unjust enrichment, and alleges that: (i) the Company's reserve assumptions failed to account for adversely developing mortality experience in the Individual Life business segment; (ii) the Company's reserves were insufficient to satisfy its future policy benefit liabilities; (iii) the Company materially understated its liabilities and overstated net income due to flawed assumptions in calculating mortality experience; and (iv) the individual defendants breached their duty of care and loyalty to the Company by allowing the alleged improper activity. In December 2020, the Court issued an order substituting Donel Davidson for Pekin Police Pension Fund as the named plaintiff. In March 2021, the court issued an order consolidating this action with *Robert Lalor, Derivatively on behalf of Prudential Financial, Inc. v. Charles F. Lowrey, et al.* under the caption *In re Prudential Financial, Inc. Derivative Litigation*. In May 2021, the Company filed a motion to dismiss the complaint.

Daniel Plaut v. Prudential Financial, Inc.

In October 2020, a shareholder derivative complaint entitled *Daniel Plaut, Derivatively on Behalf of Prudential Financial, Inc. v. Charles F. Lowrey, et al.*, was filed in the Superior Court of New Jersey, Law Division, Essex County (the "Derivative Complaint") against PFI as a "nominal" defendant, PFI's chairman and chief executive officer, vice chairman, and all of the current outside directors of PFI's Board. The Derivative Complaint asserts claims for breach of fiduciary duty, unjust enrichment, and abuse of control and alleges that: (i) the Company's reserve assumptions failed to account for adversely developing mortality experience in the Individual Life business segment; (ii) the Company's reserves were insufficient to satisfy its future policy benefit liabilities; (iii) the Company materially understated its liabilities and overstated net income due to flawed assumptions in calculating mortality experience; and (iv) the individual defendants engaged in corporate misconduct, mismanagement and waste through their participation in the alleged wrongdoing. In September 2024, the court issued an order consolidating this action with *Kevin M. Frost et al. v. Prudential Financial, Inc.*, under the caption *In re Prudential Financial, Inc. Derivative Litigation*.

Kevin M. Frost et al. v. Prudential Financial, Inc.

In November 2023, a shareholder derivative complaint entitled *Kevin M. Frost et al., Derivatively on behalf of Prudential Financial, Inc. v. Charles Lowrey, et al.*, was filed in the Superior Court of New Jersey, Law Division, Essex County (the "Derivative Complaint") against PFI as a "nominal" defendant, PFI's chairman and chief executive officer, vice chairman, chief financial officer, and certain current and former members of PFI's Board. The Derivative Complaint asserts a claim for breach of fiduciary duty against the individual defendants and allege that they harmed the Company by permitting the dissemination of allegedly misleading and inaccurate financial information related to the Company's 2Q 2019 increased reserve estimates involving its Individual Life business. In September 2024, the court issued an order consolidating this action with *Daniel Plaut v. Prudential Financial, Inc.*, under the caption *In re Prudential Financial, Inc. Derivative Litigation*. Case updates will be consolidated with the Daniel Plaut action.

Shareholder Demands

In January 2020, the Board of Directors received a shareholder demand letter containing allegations: (i) of wrongdoing similar to those alleged in the City of Warren and Crawford complaints; and (ii) that certain of the Company's current and former directors and executive officers breached their fiduciary duties of loyalty, due care and candor. The demand letter requests that the Board of Directors investigate and commence legal proceedings against the named individuals to recover for the Company's benefit the damages purportedly sustained by the Company as a result of the alleged breaches. In February 2020, the Board of Directors authorized the creation of a special committee to investigate the allegations set forth in the shareholder demand letter. In April 2020, the Company received additional shareholder demands raising allegations similar to those contained in the January 2020 demand, and may be subject prospectively to additional activity relating to these matters. In January 2021, the special committee completed its investigation, and in February 2021, the Board provided notice rejecting the shareholder demands and dissolved the special committee.

Assurance IQ, LLC

William James Griffin, et al. v. Benefytt Technologies, Inc., et al. and Assurance IQ, LLC

In February 2021, an amended putative class action complaint entitled *William James Griffin, et al. v. Benefytt Technologies, Inc. (f/k/a Health Insurance Innovations, Inc.), Health Plan Intermediaries Holdings, Inc. and Assurance IQ, LLC*, was filed in the United States District Court for the Southern District of Florida, alleging that the defendants violated the Racketeering Influenced and Corrupt Organizations Act, and engaged in a conspiracy to defraud customers through the sale of limited indemnity and short term health insurance products to individuals seeking comprehensive medical insurance. The complaint seeks unspecified treble damages, declaratory and injunctive relief. In June 2021, the Company filed a motion to dismiss the amended complaint. In March 2022, the court issued an order granting Assurance IQ, LLC's motion to dismiss the claims for declaratory and injunctive relief and denying the motion to dismiss as to the remaining claims. In May 2022, plaintiffs filed a second amended complaint narrowing the scope of the putative plaintiff class, and the Company filed its answer. In January 2023, plaintiffs filed a motion for class certification, and in February 2023, plaintiffs filed a third amended complaint. In February 2023, the Company filed its answer to the third amended complaint. In November 2023, plaintiff filed a motion seeking preliminary certification of a settlement class and approval of class notice, appointment of a class representative and class counsel, and preliminary approval of the proposed class action settlement (the "Settlement"). In December 2023, the court issued an order granting the motion for preliminary approval of the Settlement. In May 2024, the Court granted final approval of the Settlement and issued a final judgment dismissing the action with prejudice. This matter is now closed.

Other Matters

Cho v. PICA, et al.

In November 2019, a putative class action complaint entitled Cho v. The Prudential Insurance Company of America, et. al., was filed in the United States District Court for the District of New Jersey. The Complaint purports to be brought on behalf of participants in the Prudential Employee Savings Plan (the "Plan") and (i) alleges that defendants failed to fulfill their fiduciary obligations under the Employee Retirement Income Security Act of 1974, in the administration, management and operation of the Plan, including engaging in prohibited transactions; and (ii) seeks declaratory, injunctive and equitable relief, and unspecified damages including interest, attorneys' fees and costs. In January 2020, defendants filed a motion to dismiss the complaint. In September 2020, plaintiff filed an amended complaint and added as individual defendants certain PFI officers and current and former members of the Company's Administrative Committee and Investment Oversight Committee. In December 2020, defendants filed a motion to dismiss the amended complaint. In September 2021, the court granted defendants' motion to dismiss the amended complaint without prejudice. In October 2021, plaintiff filed a second amended complaint asserting claims against defendants under the Employee Retirement Income Security Act of 1974 for breach of fiduciary duty, prohibited transactions and failure to monitor fiduciaries. The second amended complaint seeks declaratory, injunctive and equitable relief, unspecified damages, attorneys' fees and costs. In December 2021, defendants filed a motion to dismiss the second amended complaint. In August 2022, the court: (i) dismissed, with prejudice, the breach of the fiduciary duty of loyalty and prohibited transaction claims based on the inclusion of Prudential-affiliated funds in the Plan's investment options; (ii) dismissed, without prejudice, the breach of fiduciary duty claims based on certain alleged underperforming Plan funds; and (iii) denied the motion to dismiss plaintiffs' claims for breach of the fiduciary duties of prudence and to monitor other fiduciaries, based on alleged delays in removing other alleged underperforming funds. In September 2022, plaintiff filed a third amended complaint asserting claims for breach of duty of prudence and to monitor fiduciaries, and in October 2022, defendants filed their answer to the third amended complaint. In May 2023, plaintiff filed a motion for class certification. In August 2023, the court issued an Order granting plaintiff's class certification motion. In January 2024, by an October 2023 court Order, defendants submitted to plaintiffs their summary judgment brief. In December 2024, the court issued an order granting Prudential's motion for summary judgment. In January 2025, plaintiff filed a Notice of Appeal to the Third Circuit.

LIBOR Litigation

Prudential Investment Portfolios 2, f/k/a Dryden Core Investment Fund, o/b/o Prudential Core Short-Term Bond Fund and Prudential Core Taxable Money Market Fund v. Bank of America Corporation, et al.

In May 2014, Prudential Investment Portfolios 2, on behalf of the Prudential Core Short-Term Bond Fund and the Prudential Core Taxable Money Market Fund (the "Funds"), filed an action against ten banks in the United States District Court for the District of New Jersey asserting that the banks participated in the setting of LIBOR, a major benchmark interest rate. The complaint alleges that the defendant banks manipulated LIBOR, and asserts, among other things, claims for common law fraud, negligent misrepresentation, breach of contract, intentional interference with contract and with prospective economic relations, unjust enrichment, breaches of the New Jersey Civil RICO ("Racketeer Influenced and Corrupt Organizations Act") statute, and violations of the Sherman Act. In June 2014, the United States Judicial Panel on Multidistrict Litigation transferred the action to the United States District Court for the Southern District of New York, where it has been consolidated for pre-trial purposes with other pending LIBOR-related actions. In October 2014, the Funds filed an amended complaint. In November 2014, the defendants filed a motion to dismiss the amended complaint. In August 2015, the court issued a decision granting in part, and denying in part, defendants' motions to dismiss. The court dismissed certain of the Funds' claims, including those alleging fraud based on offering material statements; New Jersey RICO; and express breach of contract. The court upheld certain of the Funds' claims, including those alleging fraud based on false LIBOR submissions to the British Bankers' Association; negligent misrepresentation; unjust enrichment; and breach of the implied covenant of good faith and fair dealing. Following the August 2015 decision, granting in part defendants' motions to dismiss, in September 2015, Prudential filed the following LIBOR complaints: (i) in the Southern District of New York, captioned *Prudential Investment Portfolios 2 et al. v. Barclays Bank PLC, et al.* (the "New York Complaint"), naming as defendants Barclays Bank PLC, Barclays Capital Inc., Barclays PLC, Citibank, N.A., Citigroup Funding Inc., Credit Suisse AG, Credit Suisse Group AG, Credit Suisse (USA) Inc., Deutsche Bank AG, HSBC Bank plc, HSBC Holdings PLC, JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., Royal Bank of Canada, and The Royal Bank of Scotland PLC. These defendants were dismissed from the original LIBOR action on jurisdictional grounds. The New York complaint reasserts the causes of action brought in the original LIBOR action; and (ii) in the Western district of North Carolina, captioned *Prudential Investment Portfolios 2 et al. v. Bank of America Corporation et al.* (the "North Carolina Complaint"), naming as defendants Bank of America Corporation and Bank of America, N.A. These defendants were dismissed from the original LIBOR action on jurisdictional grounds. The North Carolina Complaint reasserts the causes of action brought in the original LIBOR action. Both the New York Complaint and the North Carolina Complaint have been transferred for pre-trial purposes to the LIBOR multi-district litigation presided over by Judge Buchwald in the U.S. District Court for the Southern District of New York. In May 2016, the Second Circuit Court of Appeals vacated the district court's dismissal of the LIBOR plaintiffs' antitrust claims and remanded to the district court the question of whether plaintiffs possess standing as "efficient enforcers" of applicable antitrust laws. In July 2016, defendants filed a joint motion to dismiss all antitrust claims based on lack of standing and lack of personal jurisdiction. In December 2016, the motion was granted in part and denied in part. In January 2017, the United States Supreme Court denied defendants' petition for certiorari. In February 2017, the court clarified its December 2016 order, holding that antitrust claims only exist against panel banks, not their affiliates. This clarification resulted in the Funds' New Jersey antitrust claims being dismissed for lack of personal jurisdiction. The Funds antitrust claims in the New York and North Carolina actions remain pending. In July 2017, the Funds obtained an entry of judgment on the New Jersey antitrust claims dismissed on personal jurisdiction grounds. In July 2017, the Funds filed with the Second Circuit Court an appeal from the dismissal of their New Jersey anti-trust claims. In June 2019, the court issued two orders approving stipulations dismissing with prejudice Prudential's claims against Citigroup Inc., Citibank, N.A., Citigroup Funding Inc., and Citigroup Global Markets Inc. In December 2019, the court issued two orders approving stipulations dismissing with prejudice Prudential's claims against HSBC Holdings PLC, HSBC Bank PLC, HSBC Finance Corp., HSBC Securities (USA) Inc., and HSBC USA Inc. In May 2020, the court issued two orders approving stipulations dismissing with prejudice Prudential's claims against Barclays Bank PLC, Barclays Capital Inc., and Barclays PLC. In August 2020, the court issued two orders approving stipulations dismissing with prejudice, Prudential's claims against Deutsche Bank AG. In October 2020, the court issued orders approving stipulations dismissing with prejudice, Prudential's claims against JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., and J.P. Morgan Securities LLC, f/k/a/ J.P. Morgan Securities Inc., Bank of America Corporation, Bank of America, N.A., and Merrill Lynch, Pierce, Fenner & Smith Inc., f/k/a Banc of America Securities LLC. In December 2021, the Second Circuit Court of Appeals affirmed the district court's order dismissing federal and state antitrust claims based on lack of privity with a defendant bank and reversed the district court's personal jurisdiction based dismissal of the non-U.S. incorporated defendants. In February 2022, the court issued orders approving stipulations dismissing with prejudice Prudential's claims against Credit Suisse Group AG, Credit Suisse AG, Credit Suisse (USA) Inc., and Credit Suisse Securities (USA) LLC. In March 2022, defendants petitioned the United States Supreme Court for a writ of certiorari to review the Second Circuit Court of Appeals judgment that personal jurisdiction extends to foreign defendants. In June 2022, the United States Supreme Court denied defendants' petition. In December 2024, the court issued an order dismissing with prejudice the remaining defendants in this case. This matter is now closed.

Regulatory

Civil Investigative Demand

The Company has received a civil investigative demand and other inquiries related to the appropriateness of Assurance IQ's supplemental health product sales and marketing activity. The Company is cooperating with regulators and may become subject to additional regulatory inquiries and other investigations and actions related to this matter.

Variable Products

The Company has received regulatory inquiries and requests for information from state and federal regulators, including subpoenas from the U.S. Securities and Exchange Commission (the "SEC"), concerning the appropriateness of variable product sales and replacement activity. The Company is cooperating with regulators and may become subject to additional regulatory inquiries and other actions related to this matter. In September 2024, the SEC notified the Company that the SEC has concluded its investigation and is not recommending an enforcement action.

Summary

The Company's litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. It is possible that the Company's results of operations or cash flow in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flow for such period. In light of the unpredictability of the Company's litigation and regulatory matters, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation or regulatory matters could have a material adverse effect on the Company's financial statements. Management believes, however, that, based on information currently known to it, the ultimate outcome of all pending litigation and regulatory matters, after consideration of applicable reserves and rights to indemnification, is not likely to have a material adverse effect on the Company's financial statements.

26. SUBSEQUENT EVENTS

Common Stock Dividend

On February 4, 2025, Prudential Financial's Board of Directors declared a cash dividend of $1.35 per share of Common Stock, payable on March 13, 2025 to shareholders of record as of February 18, 2025.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

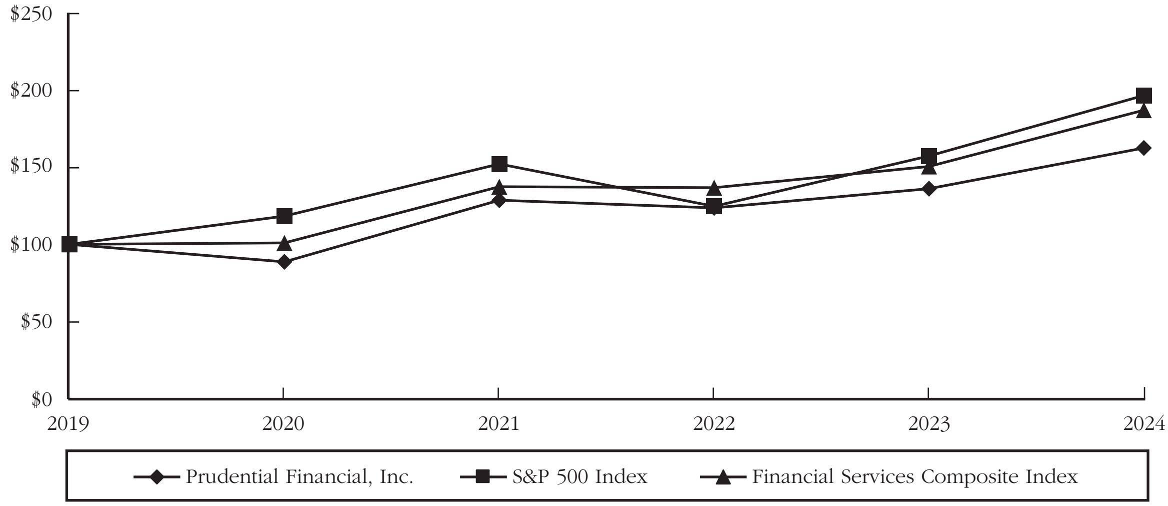
Prudential Financial's Common Stock trades on the New York Stock Exchange under the symbol "PRU." On January 31, 2025, there were 1,019,340 registered holders of record for the Common Stock and 354 million shares outstanding.

Performance Graph

The following graph, which covers the period from the closing price on December 31, 2019 through the closing price on December 31, 2024, compares the cumulative total shareholder return on Prudential Financial's Common Stock with the cumulative total shareholder return on (i) the Standard & Poor's ("S&P") 500 Index, and (ii) a Financial Services Composite Index, which is the average of the S&P 500 Life & Health Insurance and S&P 500 Diversified Financials indices. The figures presented below assume the reinvestment of all dividends into shares of common stock and an initial investment of $100 at the closing prices on December 31, 2019.

	ANNUAL RETURN PERCENTAGE Years Ending				
Company / Index	**Dec20**	**Dec21**	**Dec22**	**Dec23**	**Dec24**
Prudential Financial, Inc.	-11.40	45.32	-3.86	10.09	19.46
S&P 500 Index	18.40	28.71	-18.11	26.29	25.02
Financial Services Composite Index	0.94	36.28	-0.46	10.10	24.34

Comparison of Cumulative Five Year Total Return



			INDEX RETURNS Years Ending			
Company / Index	**Base Period Dec19**	**Dec20**	**Dec21**	**Dec22**	**Dec23**	**Dec24**
Prudential Financial, Inc.	**100**	**88.60**	**128.76**	**123.78**	**136.27**	**162.79**
S&P 500 Index	**100**	**118.40**	**152.39**	**124.79**	**157.59**	**197.02**
Financial Services Composite Index	**100**	**100.94**	**137.56**	**136.92**	**150.75**	**187.43**

AWARDS AND ACCOLADES

Prudential's commitment to doing business the right way, delivering on promises that last a lifetime, and expanding access to investing, insurance, and retirement security is reflected in the awards and recognition we have proudly received in 2024 from national and global organizations.

Fortune World's Most Admired Companies™

World's Most Ethical Companies®, Ethisphere

JUST 100, JUST Capital

Best Places to Work in Money Management — PGIM, *Pensions & Investments*

Prudential

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