

CLIENT STRATEGIES

PruLife® Custom Premier II—Supplementing Retirement Income Using Life Insurance

RETIREMENT PROTECTION



PruLife Custom Premier II provides permanent protection with the potential to grow cash value that can be used to help supplement retirement income. Adding the **BenefitAccess Rider¹** offers flexibility if the insured becomes chronically or terminally ill.

CASE STUDY:

Beth (Pharmaceutical Sales Rep), age 35, married, with 1 child

THE CURRENT SITUATION

Beth would like to protect her family in the event of her death and save more for retirement, preferably on an income-tax-advantaged basis. Since she is in a high tax bracket, the idea of potentially income-tax-free retirement income intrigues her. She wants to allocate her investments in the stock market and believes the growth will provide the income she requires in retirement. She is also aware that some life insurance companies are offering chronic or terminal illness protection on life insurance policies and is interested to learn more.

Since Beth needs death benefit protection and would like to supplement her income in retirement beyond what her maximum contributions to her company retirement plan may provide, life insurance is another way she can help meet these goals. Tax-advantaged withdrawals and loans from the policy's account value can provide a source of income during retirement or in other times of need.²

ILLUSTRATION

- ▶ INSURED: 35, FEMALE, PREFERRED BEST
- ▶ DEATH BENEFIT: SOLVE FOR THE MINIMUM FACE AMOUNT WITH A VARIABLE (TYPE B) INITIAL DEATH BENEFIT OPTION. CHANGE TO A FIXED (TYPE A) DEATH BENEFIT AT AGE 65. THE DEFINITION OF LIFE INSURANCE IS GUIDELINE PREMIUM (GPT).
- ▶ PREMIUM: MODE IS MONTHLY. SPECIFY \$1,000 PER MONTH FOR 30 YEARS. USE AN APPROPRIATE TARGET CASH VALUE AT AGE 121 (E.G., \$100K)
- ▶ RIDERS: ADD **BENEFITACCESS RIDER**
- ▶ ILLUSTRATED RATE & DISTRIBUTIONS: 8% GROSS (7.32% NET). SET DISTRIBUTION SCHEDULE TO MAXIMUM LEVEL AND WITHDRAW TO BASIS THEN BORROW FROM AGE 65 THROUGH AGE 84.

See next page for the strategy using PruLife Custom Premier II.

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THE PRULIFE CUSTOM PREMIER II ADVANTAGE

Beth is happy with PruLife Custom Premier II with the BenefitAccess Rider because, according to this hypothetical illustration, it offers her:

- **\$500,590 in death benefit protection** she needs for her family.
- **\$98,436 of supplemental retirement income** (annualized monthly distributions), tax-deferred growth potential, potentially income-tax-free.
- **Over 60 underlying investment options from well known fund companies.** PruLife Custom Premier II offers a wide range of options and styles for Beth to customize her allocations.
- **The chronic/terminal illness protection** flexibility she wants.

THE BENEFITACCESS RIDER (BAR) ADVANTAGES

If she becomes chronically or terminally ill, meets the requirements of the rider, and has an annual certification by a licensed health care practitioner, she can take advantage of BAR:

- She will not have an elimination period before accessing the benefit.
- She will not need to show medical receipts or be reimbursed.
- She can use the benefit as she chooses. Some examples include:
 - Having professional in-home care.
 - Compensating a family member for taking care of her.
 - Making accommodations like renovating her home with a ramp and railings.

And any death benefit remaining will go to her beneficiaries.

It is important to note that, if Beth were to take all the illustrated income out of the policy, she would have a limited, if any, BAR benefit; and the opposite is also true: accelerating the death benefit using BAR will restrict the amount of loans or withdrawals that Beth can take. What she gets is the peace of mind knowing that her life insurance policy gives her the flexibility to use it for the benefits she needs based on her personal situation. Access to policy withdrawals is restricted during periods in which BenefitAccess chronic illness claim payments are being made.

1 REVIEW CLIENTS & PROSPECTS

2 SET UP AN APPOINTMENT

3 PREPARE FOR THE MEETING

4 CONDUCT THE CLIENT APPOINTMENT

5 SCHEDULE A FOLLOW-UP

6 FOLLOW UP

Action Plan for Success

The most successful approach with this marketing concept is to focus on ten clients at a time, following each of the steps below. Once you finish all of the steps with those clients, select ten more and continue building your business.

1. Review your client book and prospecting lists for potential candidates.
2. Once you have identified a potential prospect, set up an appointment to discuss their financial needs.
3. Prepare for the meeting by ordering marketing materials and illustrations.
4. At the appointment, walk clients through the material that helps pinpoint their needs.
5. Schedule a follow-up meeting to present strategies to address the challenges identified.
6. Be sure to follow up after these meetings for applications, questions, or additional discussion.

Your Prudential Life Wholesaler can walk you through the consumer material and discuss how to present it to your clients.

See important information on the next page.

¹The BenefitAccess Rider is available for an extra premium. Additional underwriting requirements and limits may also apply. Obtaining benefits under the terms of the rider will reduce and may eliminate the death benefit. Benefits paid under the BenefitAccess Rider are intended to be treated for federal tax purposes as accelerated life insurance death benefits under IRC §101(g)(1)(b). Tax laws related to the receipt of accelerated death benefits are complex and benefits may be taxable in certain circumstances. Receipt of benefits may affect eligibility for public assistance programs such as Medicaid. Accelerated benefits paid under the terms of the Terminal Illness portion of the rider are subject to a \$150 (\$100 in FL) processing fee. You should consult your tax and legal advisors prior to initiating any claim. A licensed health care practitioner must certify that the insured is chronically or terminally ill to qualify for benefits. Chronic illness claims will require recertification by a licensed health care practitioner. Other terms and conditions may apply. This rider is not long-term care insurance (LTC) and it is not intended to replace LTC. The rider may not cover all of the costs associated with chronic or terminal illness. The rider is a life insurance accelerated death benefit product, is generally not subject to health insurance requirements, and may not be available in all states.

²Clients can access cash value through loans (which are charged interest) or withdrawals. Taking loans or withdrawals will reduce the policy's cash value and the death benefit that will be paid to beneficiaries. Withdrawals could also reduce the length of any guarantee against policy lapse that is in place. If there is an outstanding loan, the guarantee will not protect the policy from lapsing. Taking loans or withdrawals might also make it necessary for clients to pay more into the policy than originally expected. Loans and withdrawals may be taxable. If the policy is cancelled or lapses, any outstanding loans could be taxable if it is greater than the amount paid into the policy. Withdrawals are generally taxable to the extent withdrawals exceed basis. If the policy is overfunded, it may become a Modified Endowment Contract (MEC). Pre-death distributions (including loans) from a MEC are taxed less favorably than those from a policy that is not a MEC.

³The lower the target cash value, the more supplemental retirement income can be distributed. It's important to target enough cash value so the policy does not lapse.

PruLife Custom Premier II is issued by Pruco Life Insurance Company in all states except New York, where it is issued by Pruco Life Insurance Company of New Jersey. Both companies are located at 213 Washington Street, Newark, NJ 07102. It is offered through Pruco Securities, LLC (member SIPC), 751 Broad Street, Newark, NJ 07102. All are Prudential Financial companies. Each is solely responsible for its own financial condition and contractual obligations. It is also offered by broker-dealers who have entered into agreements with Pruco Securities, LLC. Policy form #VUL-2014 or ICC14 VUL-2014; state variations may apply. The product and its riders and features may not be available in all states. Some sub-accounts or underlying investment options may not be available through all broker-dealers.

Your clients should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract and/or underlying portfolios. This and other important information can be found in the prospectus and, if available, the summary prospectus. A copy of the prospectus may be obtained from www.prudential.com. Clients should read the prospectus carefully before investing.

It is possible to lose money by investing in securities.

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