

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.

Generally, high-income earners face certain retirement challenges, such as:

- Restrictions on employer pension contributions
- Restrictions on IRA and Roth contributions
- Taxation of Social Security benefits
- Rising cost of health care
- Inflation uncertainty
- Longevity

With PruLife Custom Premier II, you're well poised to offer your affluent clients solutions to address these challenges.

CASE STUDY:

Beth, gastroenterologist, practice owner, age 40, 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. She has group life insurance through her practice's plan, but alone, the coverage leaves her underinsured. She also wants to protect her practice should something happen to her.

Since Beth is in a high tax bracket, the idea of potentially income tax-free retirement income intrigues her. Even after maximizing contributions to traditional retirement solutions available to her, Beth has a healthy amount of excess income. She's interested in using that excess income toward a one-product strategy that can help ensure her family is protected if she were to die unexpectedly and also help her meet retirement goals.

Life insurance is a way to help Beth meet these goals. It provides death benefit protection with the potential for tax-advantaged withdrawals and loans from the policy's account value; this can provide a source of income during retirement or in other times of need.¹

ILLUSTRATION

- ▶ **INSURED:** 40, FEMALE, PREFERRED BEST
- ▶ **DEATH BENEFIT:** SOLVE FOR THE MINIMUM AMOUNT (WHILE STILL MEETING HER FAMILY'S NEEDS), 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 25 YEARS. USE AN APPROPRIATE TARGET CASH VALUE² AT AGE 121 (E.G., \$100K), ASSUMING A GROSS INVESTMENT RETURN OF [6.5%] [OR] [8%] ANNUALLY.
- ▶ **ILLUSTRATED RATE & DISTRIBUTIONS:** 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.



THE PRULIFE CUSTOM PREMIER II ADVANTAGE

Beth is attracted to PruLife Custom Premier II because, based on the parameters on the previous page, it offers her great **flexibility**. In both scenarios below, Beth stops paying premiums at age 65. She has \$408,789 as her initial death benefit.

Beth's age when she starts to take supplemental retirement income	Death Benefit Protection	Cash Value	Supplemental Retirement Income Payable Through Age 84	No-Lapse Guarantee
65	\$1,005,313	\$596,524	\$48,672	to age 71
75	\$1,147,460	\$1,072,392	\$138,672	to age 75

Figures above assume a gross investment return of 6.5%, and no loans or withdrawals. This hypothetical example is for illustrative purposes only. Actual results will vary.]

Beth's age when she starts to take supplemental retirement income	Death Benefit Protection	Cash Value	Supplemental Retirement Income Payable Through Age 84	No-Lapse Guarantee
65	\$1,154,608	\$745,819	\$69,480	to age 69
75	\$1,660,520	\$1,551,888	\$215,076	to age 75

Figures above assume a gross investment return of 8.0%, and no loans or withdrawals. This hypothetical example is for illustrative purposes only. Actual results will vary.

In each of the scenarios above, under a 0% illustrated rate and maximum charges, each policy's cash value will fall to \$0 within the selected distribution period (Age 65 - 84) and the NLG will no longer be in effect causing the policy to lapse prior to life expectancy.

- Beth, her business, and her family **have financial flexibility** if she dies prematurely or needs supplemental retirement income.
- Since Beth chose Death Benefit Option B, the death benefit payable to her beneficiaries has the **potential to grow over time**.
- PruLife Custom Premier II offers her **over 60 underlying investment options** from well-known fund companies in a wide range of options and styles for Beth to customize her allocations.
- If Beth decides to access the **tax-deferred cash value**, she may be able to do so income tax-free through loans and withdrawals.¹
 - If Beth decides to access income starting at age 65 to help **supplement her retirement income**, this illustration shows the amount available to her (potentially income tax-free) on an annual basis through age 84.
 - If Beth's **needs change** and she waits until age 75 to access (potentially income tax-free) income, the amount available to her could be even greater.

And any death benefit that remains will go to her beneficiaries.



Action Plan for Success

The most successful approach with this marketing concept is to focus on 10 clients at a time, following each of the steps below. Once you finish all of the steps with those clients, select 10 more and continue building your business.

1. Review your client 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 appropriate marketing materials and illustrations.
4. At the appointment, walk the client 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.

¹Loans are charged interest; they are usually not taxable. Withdrawals are generally taxable to the extent they exceed basis in the policy. Loans that remain unpaid when the policy lapses or is surrendered while the insured is alive will be taxed immediately to the extent of gain in the policy. For policies that are Modified Endowment Contracts (MECs), distributions (including loans) are taxable to the extent of income in the policy; an additional 10% federal income-tax penalty may apply. Consult your tax advisor for advice about your own situation.

²The 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 and offered through Pruco Securities LLC (member SIPC). All are Prudential Financial companies located in Newark, NJ.

Your clients should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract and/or underlying portfolios. The prospectus and, if available, the summary prospectus contain this information, as well as other important information. A copy of the prospectus(es) may be obtained by contacting your Prudential Life Wholesaler or from prudential.com. Your clients should read the prospectus(es) carefully before investing.

Some sub-accounts or underlying investment options may not be available through all broker-dealers. Please contact your financial professional for more information.

It is possible to lose money by investing in securities.

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