CLIENT STRATEGIES

CHRONIC ILLNESS—Will It Impact Your Clients?

If you have clients who have a family history of chronic illness, talk to them about actively preparing for and protecting their future

CASE STUDY:

Mark (60) and Bridgette (58) are married and have 3 children.

THE CURRENT SITUATION

They are nearing retirement and will soon be on a fixed income. They are discussing expenses that they will need to account for in retirement. Mark's concern is the unforeseen expense of becoming chronically ill because of family members who have suffered from chronic illnesses.

- They have accumulated about $2 million in assets they plan to use for retirement.
- They have also decided to help their kids with their college expenses as well as some help "getting started" after they graduate.
- They understand that the death of one of them could drastically change those plans.
- They also understand that becoming chronically ill would eat away at those accumulated assets and make it difficult or even impossible to achieve their retirement goals.

THE CHALLENGE:

Since they will soon be on a fixed income, they want to be diligent in how they spend their money and are unsure as to which problem to address first.

A SOLUTION:

After speaking with their financial professional and tax and legal advisors, Mark and Bridgette were presented with an option that can help mitigate both risks for them.

They were advised that a permanent life insurance policy could meet their death benefit needs and offer them additional benefits. Their plan is to each choose a policy like **PruLife Founders Plus UL,** that has cash value accumulation potential as well as an optional rider to accelerate the death benefit for chronic or terminal illness. They are also happy about the tax benefits life insurance offers.

CASE STUDY SPECIFICS:

Mark: Male, Age 60, Preferred Non-Tobacco Underwriting Category, $1 Million Death Benefit

Annual Premium of $17,652 based on current, non-guaranteed charges, and assumes a 5.68% index interest rate earned in the Plus 100 Account.

Bridgette: Female, Age 58, Preferred Non-Tobacco Underwriting Category, $1 Million Death Benefit

Annual Premium of $14,554 based on current, non-guaranteed charges, and assumes a 5.68% index interest rate earned in the Plus 100 Account.

Mark and Bridgette are comfortable that these premiums are affordable based on their current and projected incomes and expenses.

At 75, Mark and Bridgette will have the following options:

- $222,180 available as cash surrender value, which Mark can access for any reason on a tax-advantaged basis through loans or withdrawals.
- $251,833 for Bridgette

OR

- $172,800 available as a chronic illness benefit; if Mark becomes chronically ill and qualifies under the terms and conditions of the rider, he can accelerate that amount on a tax-free basis.
- $180,000 for Bridgette

FOUNDERS PLUS CAN OFFER THEM:

- Cost-effective premiums
- A No-Lapse Guarantee that can go well past life expectancy (age 88 and beyond)
- Three account options for:
  - A Fixed Account with a competitive minimum interest crediting rate
  - Two Plus Account options with fixed interest elements that also respond to equity market performance
- Tax-advantaged growth potential with downside protection
- Tax-advantaged access to cash value[1]
- Benefits for chronic or terminal illness of the insured, when an optional rider is included for an additional cost

For more information on this product, please see the Founders Plus Fast Facts, and for more information about the BenefitAccess Rider, please see the BenefitAccess Fast Facts.

[1] Unpaid loans and withdrawals reduce cash values and death benefits. They may also shorten the guarantee against lapse; this may make it possible for the policy to lapse and may have tax consequences.

CASE STUDY (continued):

EXAMPLES ILLUSTRATE: PRULIFE FOUNDERS PLUS,
ASSUMES A 5.68% INDEX INTEREST RATE EARNED IN THE PLUS 100 ACCOUNT.

Looking beyond age 75, here are the values available at various points in time, where they could have the potential to build even more cash value.

MARK:
Male, Age 60—$17,652 Annual Premium

AGE	CASH SURRENDER VALUE*	OR	ANNUAL TAX-FREE CHRONIC ILLNESS BENEFIT**	OR	NET DEATH BENEFIT
70	$108,530		$154,800		$1,000,000
75	222,180		172,800		1,000,000
80	323,081		190,800		1,000,000
85	415,075		208,800		1,000,000
90	477,189		226,800		1,000,000
95	512,161		244,800		1,000,000
100	500,864		262,800		1,000,000

BRIDGETTE:
Female, Age 58—$14,554 Annual Premium

AGE	CASH SURRENDER VALUE*	OR	ANNUAL TAX-FREE CHRONIC ILLNESS BENEFIT**	OR	NET DEATH BENEFIT
70	$155,394		$162,000		$1,000,000
75	251,833		180,000		1,000,000
80	337,279		198,000		1,000,000
85	406,616		216,000		1,000,000
90	469,630		234,000		1,000,000
95	531,327		252,000		1,000,000
100	554,091		270,000		1,000,000

**Available on a tax-advantaged basis through loans and withdrawals.*
***Assumes IRS per diem increases of $10 annually.*
This hypothetical example is for illustrative purposes only. Actual client results will vary.

As you can see, Founders Plus offers Mark and Bridgette the death benefit they need, cash value accumulation potential with downside protection they want, and the optional BenefitAccess Rider to help them account for their family history of chronic illness—all at premiums that fit within their budget. **Please note that the amount of chronic illness benefit shown represents the IRS per diem limit.** If either Mark or Bridgette take any withdrawal of the cash surrender value, or receive benefits as a result of a chronic illness, it will lower the available death benefit dollar-for-dollar.

For more information, call your Prudential contact about this or other helpful case studies.

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 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 book and prospecting lists for potential candidates.
2. Once you have identified a potential candidate, 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 materials that help 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 or dedicated Life Consultant can walk you through the consumer materials and discuss how to present them to your clients.

PruLife Founders Plus UL is issued by Pruco Life Insurance Company in all states except New York where, if available, it is issued by Pruco Life Insurance Company of New Jersey. Both are Prudential Financial companies located at 213 Washington Street, Newark, NJ 07102-2992.

The potential to build cash value in the Plus Account is based in part on the performance of the S&P 500® Index (using an index growth cap and floor) on an annual point-to-point basis based on a 50% or 100% participation rate (subject to change). Money that is placed in the Plus Account is not a direct investment in the S&P 500® Index. Founders Plus is not a variable contract or an investment contract.

The Index Growth Cap is generally stated as a percentage, which is the maximum rate of interest that will be credited at the end of the one-year Plus Account Segment duration, regardless of changes to the designated index. The Index Growth Cap is declared for each Plus Account Segment in advance of each Plus Account Segment start date. The Index Growth Cap may be raised or lowered at our discretion before the segment is created, but will not be lower than the guaranteed minimum index growth cap stated in the policy (currently, 3% in all states). Once a Plus Account Segment is created, its Index Growth Cap will not change. Changes to the Index Growth Cap could result in different values than shown here. Changes are not tied to the performance of the underlying index and may be based on interest rates, market volatility, and other factors. Index Growth Caps and Floors may be different in selected states.

The S&P 500® Index is a product of S&P Dow Jones Indices LLC (“SPDJI”); it has been licensed for use by The Prudential Insurance Company of America for itself and affiliates including Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey (collectively “Pruco Life”). Standard & Poor’s®, S&P®, and S&P 500® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Pruco Life. Pruco Life’s products are not sponsored, endorsed, sold, or promoted by SPDJI, Dow Jones, S&P, or their respective affiliates; and none of such parties make any representation regarding the advisability of purchasing such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500® Index. S&P 500® index values are exclusive of dividends.

The BenefitAccess Rider is an optional rider for chronic or terminal illness that accelerates the life insurance death benefit. It is not Long-Term Care (LTC) insurance. Benefits received under the rider will reduce and may deplete the death benefit. Electing the BenefitAccess Rider results in an additional charge and underwriting requirements. Some benefit payments may be subject to a fee. Other terms and conditions apply. Clients should consult their tax and legal advisors.

For New York contracts: Please also note the rider is not subject to the minimum requirements of New York law, does not qualify for the New York State Long-Term Partnership Program, and is not a Medicare supplement policy. In addition, receiving accelerated death benefits may affect clients’ eligibility for public assistance programs and such benefits may be taxable.

Guarantees are based on the claims-paying ability of the issuing insurance company.

Investment and Insurance Products:

Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

NOT FOR CONSUMER USE.

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