

# CLIENT STRATEGIES

## PruLife Index Advantage UL®—Supplementing Retirement Income Using Life Insurance

### RETIREMENT PROTECTION



**PruLife Index Advantage UL (Advantage UL)** provides permanent protection with the potential to grow cash value with limited volatility that can be used to help supplement retirement income. Adding the **BenefitAccess Rider<sup>1</sup>** offers flexibility if the insured becomes chronically or terminally ill.

#### CASE STUDY:

Beth (Pediatrician), age 38, married

#### Beth wants to:

- Protect her family when she dies.
- Save money for retirement on an income tax-advantaged basis.<sup>1</sup>

#### Beth:

- Is in a high tax bracket.
- Has been making maximum contributions to her retirement plan at her medical practice.
- Believes the equity market will go up over time and that potential cash value accumulation of an indexed universal life policy will provide the supplemental retirement that she'll need. Still, she wants to limit volatility.
- Is concerned about the possibility of a chronic illness later in life. Beth also knows that life insurance can help her to meet her goals and living benefit needs.

*Advantage UL can help Beth to meet these challenges.*

#### ILLUSTRATION ASSUMPTIONS

- ▶ INSURED: 38, 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 ANNUAL. SPECIFY \$12,000 PER YEAR FOR 27 YEARS. USE AN APPROPRIATE TARGET CASH VALUE AT AGE 121.
- ▶ RIDERS: ADD **BENEFITACCESS RIDER**.
- ▶ ILLUSTRATED RATE & DISTRIBUTIONS: ILLUSTRATED INDEX RATE: 5.32%; BASIC INTEREST RATE: 4.40%. SET DISTRIBUTION SCHEDULE TO MAXIMUM LEVEL AND WITHDRAW TO BASIS THEN BORROW FROM AGE 65 THROUGH AGE 84.

*PLEASE REFER TO THE FULL ILLUSTRATION FOR MORE DETAILS.*

See important information on the next page.

<sup>1</sup>Clients 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 canceled 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.

## THE PRULIFE INDEX ADVANTAGE UL **ADVANTAGE**

Beth is happy with Index Advantage UL with the BenefitAccess Rider because, according to this hypothetical illustration, it offers her:

- \$239,365 in **initial death benefit protection** she needs for her family.
- \$36,888 of **supplemental retirement income** (annualized monthly distributions), with tax-deferred growth potential, potentially income tax-free.<sup>1</sup>
- **The flexibility to accelerate death benefits** for chronic or terminal illness 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:

- If the client is certified as chronically ill and is not expected to recover, no elimination period will apply.
- She will not need to show medical receipts or be reimbursed.
- She can use the accelerated death 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. Additionally, benefits received under BAR will reduce and may deplete the death benefit available for the beneficiaries. What she gets is a feeling of confidence 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 benefit 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 clients.**

See important information on the next page.

PruLife Index Advantage UL<sup>®</sup> 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.

PruLife Index Advantage UL<sup>®</sup> offers death benefit protection with the chance to build cash value over time through indexed account options based on the performance of the S&P 500<sup>®</sup> Index. Money that is placed in the Indexed Accounts is not a direct investment in the S&P 500<sup>®</sup> Index. Death benefit protection you can guarantee to the earlier of 20 years or age 70, but at least 10 years. You can choose either a Fixed (A), Variable (B), or Return of Premium (C) death benefit.

**Fixed (Type A):** The death benefit generally remains constant and is usually equal to the face amount. The net death benefit proceeds will generally equal the face amount (also called the basic insurance amount) minus any outstanding policy debt.

**Variable (Type B):** The death benefit generally fluctuates in direct relation to the value of your Contract Fund. The net death benefit proceeds will generally equal the face amount (also called the basic insurance amount) plus the Contract Fund minus any outstanding policy debt.

**Return of Premium (Type C):** The death benefit generally varies in direct relation to total premiums paid into the policy, minus any withdrawals. The net death benefit proceeds will generally equal the face amount (also called the basic insurance amount) plus the total premiums paid into the contract, minus any loans and withdrawals.

When clients pay premiums, a portion of each payment is used to pay administrative and sales charges; what's left, called the "net premium," is applied to the account value, which is also known as the Contract Fund. As monthly charges come due, they are then deducted from the Contract Fund. The Alternate Contract Fund is an alternative way to calculate the insurance benefit and the cash surrender value. Regardless of Fixed Account and Indexed Account performance, the policy will guarantee a cumulative return of 1% annually on net premiums, reduced by monthly charges (other than the asset-based administrative fee), withdrawals, and any partial surrender charges. When the Alternate Contract Fund value is more than the actual Contract Fund value, the Alternate Contract Fund will be used in its place for most policy provisions, including the calculation of surrender value, available loan amount, amount at risk, and death benefits. Please note that there is no guarantee that the Alternate Contract Fund will be a positive value as charges and other reductions can deplete it.

The BenefitAccess Rider is an optional rider that accelerates the life insurance death benefit when the insured is terminally ill or is chronically ill as defined in the rider. 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 and can vary by state. Clients should consult their tax and legal advisors.

The S&P 500<sup>®</sup> Index is a product of S&P Dow Jones Indices LLC ("SPDJI") and 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<sup>®</sup>, S&P<sup>®</sup>, and S&P 500<sup>®</sup> are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones<sup>®</sup> 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<sup>®</sup> Index. S&P 500<sup>®</sup> index values are exclusive of dividends.

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