

PREMIUM DEPOSIT ACCOUNT (PDA) PDA HIGHLIGHTER

A Single Deposit Solution that Pays Premiums Over Time



WHEN HAVING THE PDA CLIENT CONVERSATION ...

It's important to be clear that the PDA:

- Is not a bank account and, therefore, not insured by the Federal Deposit Insurance Corporation (FDIC).
- Is an agreement outside of the policy.
- Credits interest that is reportable annually as income. Any amount withdrawn from the PDA Value to pay premiums is credited annual interest based on the number of days it was in the PDA before being withdrawn. The interest credited plus the amount withdrawn from the PDA equals the annual policy premium payment. Interest is never added to the PDA Value.
- Pays no additional compensation. Commissions are paid as premiums are applied to the policy.
- May be canceled at any time. The policyowner will then receive the current balance of the PDA. No withdrawals or loans may be processed against the PDA (partial withdrawals allowed in KS). If it's canceled, any remaining premiums due may need to be paid out of pocket or from other sources.

Affluent clients with life insurance protection needs may be excited to discover that the **Premium Deposit Account (PDA)** is available on Prudential FlexGuard® Life, VUL Protector®, and PruLife® SVUL ProtectorSM. It may be the solution that helps you **close more cases**.

AN ATTRACTIVE OPTION

The PDA is an optional account, separate from the policy, into which a client makes a one-time deposit. This deposit earns fixed interest, and the PDA automatically pays annual premiums into the policy.

It provides clients with:

- **A tax-efficient strategy**
The PDA gives clients a way to make a single deposit without the policy being declared a Modified Endowment Contract (MEC). A MEC policy will be subject to negative tax consequences when distributions are taken.
- **Convenience**
The policy's premiums are automatically paid annually from the PDA, simplifying policy management.
- **Predictability**
The PDA earns fixed interest. As part of the illustration, the PDA report will be generated to show you the discounted lump sum needed based on the current interest rate. The interest rate is determined and locked in for the life of the PDA once the money is received by Prudential. Check the illustration for the current rate.
- **Choice**
A client can choose the duration of the PDA, ranging from 2 to 10 years, in amounts between \$10,000 and \$10,000,000.

CLIENTS WHO WILL FIND THIS OPTION ATTRACTIVE

Typically, PDA clients are affluent and have one of these specific goals:

- They want to make a large, single deposit to pay their policy premiums without the policy becoming a MEC. These clients need death benefit protection for their loved ones and also want potential growth in cash value to supplement their incomes in retirement.
- They want to deposit the proceeds from the sale of another asset with one transaction.
- They want to have premium payments automatically made while receiving guaranteed interest.

Note: The Premium Deposit Account is not available if the insured or owner is active in the military. It is currently not available in PA.

NOT FOR CONSUMER USE.

© 2022 Prudential Financial, Inc. and its related entities.
1052456-00002-00 Ed. 09/2022



GETTING STARTED

1. **At the time of application**
 - Indicate the anticipated annual premium on the application. On paper applications or PruXpress worksheets, indicate a request for the Premium Deposit Account in “Special Requests.” If using eLife, select “Yes” when asked if the client would like PDA.
 - Include a copy of the illustration with the PDA account report.
2. **At delivery**
 - Complete the required Premium Deposit Account Agreement Form (ORD 115811) and return it with other delivery paperwork. Remember that the interest rate will be based on the rate that is in effect on the Home Office receipt date of the single-sum deposit. Consider this interest rate when calculating the single-sum amount for the intended number of years. A reminder of this appears on the Agent Delivery Letter: “Please confirm the PDA interest rate has not changed since illustrated because it may impact the PDA deposit amount.”
 - Because of the multiple processing steps needed to record the single-sum amount in the PDA account and then apply the first-year annual amount to the policy, it may take several days from receipt of the money until the policy is active with the commissions paid.
3. **After delivery**
 - Annual premiums will automatically be paid into the policy. No bills will be sent while the PDA is active.
 - The PDA cannot be added during the 90-day new business change period. If the policy was placed with a PDA, benefit or face amount changes normally allowed during the 90-day new business change period will cancel the PDA.

DISCOVER MORE ABOUT THE PDA

[Review the PDA Agreement](#)
[Review the PDA Agreement KS](#)

REFRESH YOUR MEC KNOWLEDGE

[FAQ – What Is a MEC and How Is It Taxed?](#)

YOUR LIFE WHOLESALER CAN HELP YOU CLOSE MORE CASES

Contact them for help identifying and talking to clients and prospects for whom Prudential FlexGuard® Life, VUL Protector, and SVUL Protector can be an effective policy and who may benefit from using the PDA.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any clients or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing a client's retirement savings. Clients seeking information regarding their particular investment needs should contact a financial professional.

Prudential FlexGuard® Life, VUL Protector and SVUL Protector are issued by Pruco Life Insurance Company in all states except in New York, where, if available, they are issued by Pruco Life Insurance Company of New Jersey; they are offered through Pruco Securities LLC (member SIPC). All are Prudential Financial companies located at 213 Washington Street, Newark, NJ 07102.

Clients should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract and/or underlying portfolios. The initial summary prospectus for the contract and the prospectus or summary prospectus for the underlying portfolios (collectively, the “prospectuses”) contain this information as well as other important information which may be obtained by contacting your Prudential Life Wholesaler or from prudential.com. Clients should read the prospectuses carefully before investing.

NOT FOR CONSUMER USE.

© 2022 Prudential Financial, Inc. and its related entities.
 1052456-00002-00 Ed. 09/2022
 ISG_HL_ILI21_01

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.