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CLIENT PROFILER



**Discover life insurance
opportunities**



Life Insurance



Prudential
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Life insurance opportunities are all around.

The key is to quickly identify those opportunities and create solutions to meet clients' needs. From simple answers to more advanced concepts, being able to identify what is the best solution for your client's challenge is the primary goal.

Table of Contents

BASIC LIFE INSURANCE STRATEGIES

- 3** Income Protection
- 4** Policy Review
- 5** Balancing Act

RETIREMENT PLANNING STRATEGIES

- 7** Life Insurance in Retirement Planning (LIRP)
- 8** Chronic or Terminal Illness Concerns
- 9** Surviving Spouse/Longevity

WEALTH TRANSFER STRATEGIES

- 11** Asset Protection Plus
- 12** Roth IRA Strategies
- 13** Complete the Dream
- 14** Estate Tax Impact to Beneficiaries
- 15** Leveraged Gifting
- 16** Estate Equalization

BUSINESS PLANNING AND SUCCESSION

- 18** Business Continuation
- 19** Executive Benefits

UNIQUE PLANNING NEEDS STRATEGIES

- 21** Special Needs Planning
- 22** Charitable Giving

INCOME PROTECTION FOR LOVED ONES



BASIC LIFE INSURANCE STRATEGIES

Primary purpose of life insurance.

SOLUTIONS: A life insurance death benefit can be used by beneficiaries to maintain their current standard of living without being forced to make lifestyle adjustments.

CLIENT PROFILE:

- Does not have any or enough life insurance protection
- Has a spouse or child who depends on him or her to meet regular expenses, including mortgage, child care, or tuition
- Would create an additional expense at death (such as a stay-at-home mother)
- Has a financial product with you that could need protection (IRD, market risk, etc.)

QUESTIONS TO ASK:

- Is there someone other than you who relies on your income?
- Do you have group insurance through your job?
- Who would take care of the things that you do if you were gone? (i.e., carpool, cooking, cleaning, etc.)

POLICY REVIEW



BASIC LIFE INSURANCE STRATEGIES

Ensuring coverage still meets all of a client's needs.

SOLUTIONS: Clients who already own life insurance should review their coverage periodically, especially as needs change over time. Amount of coverage, policy performance, and premium competitiveness are typical issues of interest to clients. Ownership and beneficiary arrangements may need to be updated with client family changes. Also, if their prior planning did not take into consideration chronic illness planning, it should be discussed. *A policy review is not always a precursor to a change in coverage.*

CLIENT PROFILE:

- May potentially be over- or under-insured as a result of changes in circumstance
- Would like to lower premiums or increase coverage
- May have a policy with crediting rates or guarantees that may no longer be competitive
- Would like to re-evaluate his or her life insurance cash value
- Has not recently evaluated ownership and/or beneficiary designations
- Has chronic illness or longevity concerns
- May have an estate tax issue and currently own a policy outside a properly structured Irrevocable Life Insurance Trust, possibly compounding their estate tax liability

QUESTIONS TO ASK:

- Has it been a while since you reviewed your life insurance needs and policy?
- Have you gotten a new job since the last time we spoke?
- Has your financial situation gotten better or worse since you purchased your policy?
- Has your family situation changed, perhaps a new child or grandchild?
- Have you thought about how you'd pay for what you need if you become chronically ill?

BALANCING ACT



BASIC LIFE INSURANCE STRATEGIES

Aligning coverage needs with budget realities.

SOLUTIONS: When it comes to life insurance, clients generally want the highest level of coverage without exceeding their budget. In these situations, balance client protection goals and their budget by balancing the type of insurance and not the amount. The Balancing Act focuses on offering both term and permanent coverage to meet client needs. The permanent policy provides a coverage base to meet long-term protection and planning needs, while the term coverage can provide a short-term higher amount of coverage, often when it's needed most.

CLIENT PROFILE:

- May potentially be under-insured as a result of changes in circumstance such as buying a house or having kids
- Would like to increase coverage but is budget conscious
- Would like to increase the performance potential of his or her life insurance cash value
- Has chronic care or longevity concerns

QUESTIONS TO ASK:

- Do you have an individual life insurance policy that will meet your needs today but not for the long term?
- Are you interested in having permanent life insurance but are concerned about your budget?
- Are you interested in possibly supplementing your income in retirement?
- Has it been a while since you reviewed your life insurance needs and current policy?

LIFE INSURANCE IN RETIREMENT PLANNING



RETIREMENT PLANNING STRATEGIES

Supplementing retirement income.

SOLUTIONS: LIRP is for clients in pre-retirement who believe they may have less of a need for death benefit protection and a greater need for income once retired. Life insurance in retirement planning offers the ability to potentially accumulate cash value and allow clients to access their life insurance cash values through loans and withdrawals* so they can supplement their retirement income.

CLIENT PROFILE:

- Under age 55
- High-net-worth
- Retirement assets are well-funded
- Small business owner of a privately owned or family-held business
- Looking to save more money for retirement

QUESTIONS TO ASK:

- Have you maxed out your qualified savings programs like 401(k)s and IRAs?
- Are you looking for ways to generate additional retirement income with tax advantages?
- Do you need life insurance?

*Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

CHRONIC OR TERMINAL ILLNESS CONCERNS



RETIREMENT PLANNING STRATEGIES

Would like financial protection for chronic illness.

SOLUTIONS: There are clients who don't have a financial plan for the possibility of becoming chronically or terminally ill. There are others who have concerns about chronic or terminal illness, yet don't know what to do about it. This solution can help give them additional flexibility to access benefits should they incur a chronic illness.* It's permanent life insurance protection with an accelerated death benefit rider.

CLIENT PROFILE:

- Between ages 50 and 65
- Is concerned about chronic or terminal illness in his or her future
- Wants another option to pay for expenses should he or she become chronically or terminally ill
- Has concerns about Alzheimer's disease, dementia, or arthritis
- Has provided care for another family member or knows someone who has

QUESTIONS TO ASK:

- Are you interested in having flexible financial options that can be made available should you incur a chronic or terminal illness?
- Do you have personal experience of people close to you who have suffered a chronic or terminal illness in their later years?
- If you were to become chronically or terminally ill, who would take care of you?

*Subject to the terms and conditions of the rider.

SURVIVING SPOUSE/ LONGEVITY



RETIREMENT PLANNING STRATEGIES

Protecting clients from outliving their assets.

SOLUTIONS: As a result of healthier lifestyle choices and medical advances, Americans are living longer. Unfortunately, their financial planning strategies may not be keeping pace. If your clients have a need for death benefit protection and concerns about longevity, they should consider purchasing a life insurance product with cash value accumulation potential. These products may be able to provide access to the cash value through withdrawals or loans.*

CLIENT PROFILE:

- Age 55 – 65
- Medium- to high-net-worth client
- Individual who may not have planned adequately to live past age 90; especially common for women, who have a longer life expectancy
- Individual who is relying heavily on Social Security and qualified plans in retirement

QUESTIONS TO ASK:

- What expenses, if any, do you expect to have at age 90? (Housing? Food? Utilities? Medical?)
- What sources of income do you have to pay your living expenses in retirement? (Pension, savings, 401(k)?)
- What life expectancy are you assuming in the design of your financial plan?

*Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

ASSET PROTECTION+



WEALTH TRANSFER STRATEGIES

Reduce the volatility from your legacy assets and secure the value you hope to transfer to your heirs using life insurance.

SOLUTIONS: Asset Protection+ is a simple and effective strategy that can help clients preserve and potentially enhance their legacies by repositioning those assets they do not expect to need during life (their legacy assets) to pay premiums for a life insurance policy.

CLIENT PROFILE:

- Age 59½+ and family oriented*
- Net worth of \$1,000,000 and sufficient liquid assets to support this strategy (excluding equity in the home)
- Holds an IRA or annuity not needed for support in retirement
- Has sufficient retirement income from other sources, besides the IRA or annuity. Additionally, the client should have a financial plan completed as determined in conjunction with a qualified financial professional.
- Desires to provide for children, grandchildren, and/or charity and considers the IRA or annuity as a “leave-on” asset for them

QUESTIONS TO ASK:

- Do you have a non-qualified tax-deferred asset that isn't needed for your retirement goals?
- Have you given any consideration to the income tax and possible estate tax liability for this asset?
- Would you be willing to talk about small distributions now to reduce the eventual tax liability?

*Taxable distributions for non-qualified tax-deferred assets (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may also be subject to a 10% federal income tax penalty. Early surrender charges may also apply. **Please see back cover for important considerations.**

ROTH IRA STRATEGIES



WEALTH TRANSFER STRATEGIES

Using life insurance to pay the taxes for a ROTH IRA conversion.

SOLUTIONS: A Roth IRA has some advantages over a traditional IRA that include possible federal income tax-free distributions and no required minimum distributions. These benefits may make converting traditional IRA monies to a Roth IRA of interest to your clients. Life insurance can help complete an intended conversion strategy. Some clients would be better served by converting their IRA during their lifetime; however, having life insurance to help a surviving spouse complete the conversion by paying the taxes when due may be useful.

CLIENT PROFILE:

- Has significant IRA assets he or she does not need to live on
- Wants to use these assets as a legacy
- Wants to enhance the legacy for their heirs

QUESTIONS TO ASK:

- Do you have a large IRA that you're not sure you'll need for your retirement goals?
- Do you want to leave the IRA to the next generation?
- Have you thought about Required Minimum Distributions for your IRA?
- Are you willing to consider life insurance to potentially finish a Roth IRA conversion? Life insurance would pay the tax liability for you to complete the Roth IRA conversion.

COMPLETE THE DREAM



WEALTH TRANSFER STRATEGIES

Wanting to protect against market fluctuations and their potential impact on desired legacy bequests.

SOLUTIONS: Complete the Dream is a strategy designed to use a life insurance death benefit to help repair a legacy that has been tarnished by poor market performance. The strategy uses a portion of legacy assets to purchase a guaranteed life insurance policy, thereby helping to fulfill clients' legacy objectives.

CLIENT PROFILE:

- Age 55+
- Wants to provide for loved ones after his or her lifetime
- Has a sufficient net worth for the face amount requested
- Has not yet fulfilled his or her maximum life insurance needs

QUESTIONS TO ASK:

- Do you remember the impact of the ups and downs of the market in 2008?
- Are you willing or interested in putting a buffer around your portfolio that would protect your investments against downturns?
- Are you concerned about the negative effects another market downturn could have on your legacy?

ESTATE TAX IMPACT TO BENEFICIARIES



WEALTH TRANSFER STRATEGIES

Wants to transfer wealth in a tax-efficient way.

SOLUTIONS: Life insurance death benefit proceeds are generally received federal income tax-free* and may be estate tax-free. Life insurance owned by someone or an entity that is not the insured would typically not be includable in the insured's estate. For example, if the policy is owned within a properly drafted Irrevocable Life Insurance Trust (ILIT), the proceeds would not be includable and not be subject to estate tax. As a result, life insurance may be an efficient way for affluent clients to transfer wealth to their beneficiaries or provide the proceeds necessary to cover an estate tax liability, helping to preserve the family's assets. There may be federal gift tax consequences associated with funding an ILIT.

CLIENT PROFILE:

- May have an estate that could be subject to federal estate tax in the future
- Wants to keep wealth in the family
- Needs creditor protection
- May be charitably inclined

QUESTIONS TO ASK:

- How do you feel about the current estate taxation laws?
- Do you feel your estate might be subject to estate taxation laws?
- Would you be interested in a tax-efficient solution to transferring your estate?

*Pursuant to U.S. IRC §101(a).

LEVERAGED GIFTING



WEALTH TRANSFER STRATEGIES

Want to reduce the size of their estate to leave more for their heirs.

SOLUTIONS: They may want to consider a leveraged gifting strategy that includes creating a lifetime legacy using annual gifting exclusions. The annual exclusion gifts would be gifted to an Irrevocable Life Insurance Trust (ILIT). The trustee can then use the annual gifts to pay the premiums on life insurance covering either the client or the client and his or her spouse jointly.

CLIENT PROFILE:

- Single or married ages 55+
- Net worth \$5 million+
- Children or grandchildren
- Desire to minimize taxes
- Want to leave more to heirs

QUESTIONS TO ASK:

- Would you like to reduce your future estate tax exposure?
- Are you inclined to leave more to family, less to government?
- Do you want to keep your estate assets intact?
- Would you enjoy seeing the recipient benefit during your lifetime?

ESTATE EQUALIZATION



WEALTH TRANSFER STRATEGIES

A business owner may have a large percentage of their estate represented by their business. This may present challenges to the non-involved heirs.

SOLUTIONS: In a family-owned business when the commitment and contributions the children or other family members make are not equal, you can account for that in your planning to use life insurance to equalize the inheritance.

CLIENT PROFILE:

- Some family members are active in the business
- Some family members are not involved in the business but the client wants them to share in his or her estate
- Wants heirs to inherit equal shares of estate
- Business accounts for more than half of client's net worth
- Interested in another source of funds, other than the business, to provide for a spouse or heirs who are not active in the business

QUESTIONS TO ASK:

- Are all children or family members involved in the business?
- Are you concerned about leaving equal amounts of a legacy to each?
- Does your business account for more than half of your net worth?
- Do you want to provide your spouse or heirs with another source of funds, other than the business?

CLIENT/
PROSPECT
NAMES



WEALTH TRANSFER STRATEGIES

BUSINESS CONTINUATION



BUSINESS PLANNING AND SUCCESSION

Ensuring the life of my business continues.

SOLUTIONS: This concept is for business owners who are concerned about a business succession strategy. Whether the triggering event is retirement, an unexpected disability, or death, a buy-sell agreement funded with life insurance may be helpful. This client recognizes the current benefits his or her business provides to his or her family.

CLIENT PROFILE:

- Is concerned about business continuity
- Wants to help assure fair market value in the event of death, disability, or retirement
- Wants a supplemental retirement income

QUESTIONS TO ASK:

- How are you going to transfer the business tax-efficiently?
- Who would you like your business transferred to?
- Are you counting on your business for your retirement income?
- Could your business continue without you or another key person?
- If you sold your business today, could you get the value you want?

EXECUTIVE BENEFITS



BUSINESS PLANNING AND SUCCESSION

Retaining and motivating key employees in a successful business.

SOLUTIONS: Using life insurance products to fund executive benefits such as split-dollar strategies or deferred compensation arrangements. A bonus plan may also be used to motivate and retain key employees.

CLIENT PROFILE:

- Has key employees and wants to reward and retain using additional executive benefits
- Wants a supplemental retirement income for self and/or key employees (discriminatory)

QUESTIONS TO ASK:

- Are there key employees that are integral to your business?
- Would you like to offer additional benefits to retain valuable employees?
- Would you like ideas to help extract business value upon your retirement?

SPECIAL NEEDS PLANNING



UNIQUE PLANNING STRATEGIES

Need to ensure a child or loved one with special needs is taken care of financially and government benefits are protected.

SOLUTIONS: In many cases, a combination of family assets and government programs is not enough to provide the quality of life desired for loved ones with special needs. That makes planning for the future of paramount importance so that existing family resources are not over-taxed or even dissipated in an effort to provide for the care and comfort of the family member with special needs. The use of a Special Needs Trust can be an important part of any plan for someone with special needs.

CLIENT PROFILE:

- Has a child with special needs
- Is the guardian of someone with special needs

QUESTIONS TO ASK:

- Do you have a plan in place to care for your child with special needs in the future?
- Have you spoken with an attorney regarding your plan?

CHARITABLE GIVING



UNIQUE PLANNING STRATEGIES

Want to give to a favorite charity in the biggest way possible.

SOLUTIONS: Clients who have been charitably inclined in their lives may want to leave a legacy with that charity. They may be concerned that their organization may suffer when they pass. They may also simply want to increase their donation. Life insurance could be a solution.

CLIENT PROFILE:

- Is concerned about a charity
- May want to use current tax laws to benefit charity as well as family

QUESTIONS TO ASK:

- Are you charitably inclined?
- Do you have a favorite charity?
- Are you interested in using life insurance to increase your gift?

CLIENT/
PROSPECT
NAMES



UNIQUE PLANNING STRATEGIES

Before Implementing The Asset Protection+ Strategy

- Any investment purchased during retirement involves the planning and use of a client's income or other assets. Clients should be certain to have sufficient liquid assets other than the asset or income they may be repositioning to support current and future income and expenses before considering the purchase of a life insurance policy. Equity in the home should not be considered a liquid asset.
- Clients should consider developing a comprehensive financial strategy to take into account current and future income and expenses in conjunction with implementing the strategy discussed here.
- We recommend that clients consult their tax and legal advisor to discuss their situation before implementing the strategy discussed here.

About Asset Protection+

- This concept is only intended to be used for assets that will not be needed for living expenses for the expected lifetime of the insured. It is their responsibility to estimate these needs and expenses and it is recommended that they consider developing a comprehensive financial strategy in conjunction with implementing the strategy being considered. The accuracy of determining future needs and expenses is more critical for individuals at older ages who have less opportunity to replace assets used for the strategy.

If A Client's Financial Or Legacy Planning Situation Changes

- If they need to use the assets or income being repositioned for current or future income needs and they can no longer make premium payments, the life insurance policy may lapse and the results illustrated may not be achieved.
- If the asset or income being repositioned becomes fully exhausted, premiums may have to be paid using other assets or income to keep the life insurance policy in force.

When Asset Protection+ May Not Be In A Client's Best Interest

- Depending on a client's life span, it is possible that a client's beneficiary may receive more by just inheriting the assets being repositioned, rather than by receiving the death benefit of the life insurance policy that was purchased.

Tax And Other Financial Implications

- There may be tax and other financial implications as a result of liquidating assets within an investment portfolio. If contemplating such a strategy, it is important to understand that life insurance is a long-term strategy to meeting particular needs.
- The sale or liquidation of any stock, bond, IRA, certificate of deposit, mutual fund, or other asset to pay for the purchase of a life insurance product may have tax consequences, early withdrawal penalties, and/or other costs or penalties as a result of the sale or liquidation.

About Life Insurance

- The death benefit protection offered by a life insurance policy can be a key component of a sound financial strategy.
- It is important your clients fully understand the terms and conditions of any financial product before purchasing it.

Other Notes

- Clients should consider that life insurance policies contain fees and expenses, including cost of insurance, administrative fees, premium loads, surrender charges, and other charges or fees that will impact policy values.
- If premiums and/or performance are insufficient over time, the policy could lapse, which would require additional out-of-pocket premiums to keep it in force.

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