

WHAT EVERY CONSUMER SHOULD KNOW ABOUT LIFE INSURANCE

IMPORTANT POINTS TO CONSIDER BEFORE BUYING A LIFE INSURANCE POLICY

Please note that this brochure discusses various types of life insurance, including variable life insurance. Variable life insurance is considered a security; it is possible to lose money by investing in securities.

Life insurance is issued by Pruco Life Insurance Company (except in NY), and Pruco Life Insurance Company of New Jersey (in NY). All are Prudential Financial companies located in Newark, NJ.

INVESTMENT AND INSURANCE PRODUCTS ARE:

- NOT FDIC INSURED
- NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, ANY BANK OR ITS AFFILIATES
- SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED



Prudential

TABLE OF CONTENTS

WHAT IS LIFE INSURANCE?	1
HOW MUCH LIFE INSURANCE SHOULD I OWN?	1
WHY DO I NEED LIFE INSURANCE?	1
The needs and concerns most people have	1
TERM OR PERMANENT LIFE INSURANCE—WHICH SHOULD I BUY?	2
Term	2
Permanent	2
CAN'T I JUST BUY ANOTHER TERM POLICY LATER?	2
WHY SHOULDN'T I JUST "BUY TERM AND INVEST THE DIFFERENCE"?	2
HOW DO I MAKE SENSE OF ALL THE PERMANENT POLICIES AVAILABLE?	3
WHEN SHOULD I GET EACH?	4
HOW DOES AN ADJUSTABLE "GUARANTEE AGAINST LAPSE," OR "NO-LAPSE GUARANTEE," WORK?	4
MORE INFORMATION ABOUT CASH VALUE AND PREMIUMS	5
OTHER QUESTIONS YOU MAY HAVE	5
How much will life insurance cost?	5
Do I need individual life insurance if I have group life insurance?	5
If I already own life insurance, should I purchase life insurance on my spouse?	6
Should I purchase life insurance on my child?	6
What do I need to know about stranger-owned life insurance (STOLI)?	6
When should I review my current coverage?	6
What is underwriting?	7
WHAT SHOULD I KNOW BEFORE REPLACING ONE LIFE INSURANCE POLICY WITH ANOTHER?	7 – 8
WHO CAN SELL YOUR LIFE INSURANCE POLICIES?	9
How do they get paid if I buy a policy?	9
If I purchase a variable life insurance policy, how can I check out the sales professional?	9
FINDING WHAT'S RIGHT FOR YOU	9

The Prudential Insurance Company of America and its affiliates (Prudential) are committed to providing information to our customers to help them select the right life insurance policy for their needs. Your financial professional can help you tailor your insurance program to help meet your individual goals based upon your financial status, objectives, and risk tolerance. We encourage you to consider and discuss your general insurance needs, the costs and expenses of life insurance, and the features and benefits of the many products we offer with your financial professional.

WHAT IS LIFE INSURANCE?

It's often said that life insurance is not for those who die—it's for those who live. And it is. If you die while you have life insurance in place, the people you've chosen (your beneficiaries) will receive a sum of money (the death benefit) from your life insurance policy. They can use this money for anything, but its main purpose is usually to help make up for the loss of your income.

HOW MUCH LIFE INSURANCE SHOULD I OWN?

There's no single right answer. Some people select a coverage amount that is equal to six to 10 times their annual gross salary; others opt for two times their annual gross salary. Coverage amounts are individual and certainly not "one size fits all." To get a more accurate view, it's best to meet with a financial professional and complete a personal needs analysis.

WHY DO I NEED LIFE INSURANCE?

Life insurance can help protect your family or business from financial loss if you should die while you have obligations. The death benefit proceeds, which your beneficiary receives generally free of federal income tax (IRC §101(a)), can replace some of the money you would have earned and can help with needs such as these on the right.

The needs most people have



Daily living expenses

Help maintain your family's lifestyle by replacing your current income. The death benefit proceeds can help keep the fridge filled, the lights on, and the car payments made on time.



Home

Help protect your family's home by enabling them to pay off the mortgage. This can help them stay where they're comfortable and in a place filled with warm memories.



Education

Help safeguard your child's future by keeping the college fund intact, helping to ensure that money for your children's education will be there, even if you're not.



Last Expenses

Help provide funds to pay estate taxes and other final expenses, such as funeral costs and outstanding medical bills, to help ensure that financial difficulties won't be among your family's sorrows.



Retirement

Help ensure a solid retirement for your spouse or partner if you're not there.

If you own a business



Business continuation

Help keep your business in the family according to your intentions by helping your family buy out or maintain your business.

TERM OR PERMANENT LIFE INSURANCE—WHICH SHOULD I BUY?

For most people, the question should not be about which *one* to choose. Because the two types of life insurance are designed to help meet different types of needs, a combination of the two may be appropriate for many people.

Term insurance usually provides the largest amount of insurance protection at the lowest initial cost. For this reason, it's the type most people start out with. Because term policies end at a specific point—the end of the term—they are best for providing protection for large needs with specific end points. For example, the parent of a young child may choose a 20-year term policy to provide protection until the child is over 18 and, perhaps, on their own.

Other typical periods you might choose term insurance to cover include the time:

- ▶ Remaining on your mortgage obligation
- ▶ You plan to continue to work and have others relying on your income
- ▶ Remaining on an outstanding business or other loan

Permanent insurance is designed to last as long as you live and typically makes a good supplement to term insurance. You will likely still want insurance after your term coverage ends, either for lifelong or unplanned needs, or for needs with an unpredictable or extended end date. Good reasons to have permanent insurance include helping to take care of:

- ▶ The costs associated with your death (often called “last expenses”), such as funeral or memorial costs, outstanding medical bills, and estate taxes
- ▶ Someone who becomes or may still be dependent on you (either financially or for care, or both), such as children who are not yet independent or who have special needs
- ▶ A once-temporary need that you have extended—for example, a refinanced (and possibly extended) mortgage, a home equity loan, a delayed retirement date (meaning extended income-earning years), or a new business
- ▶ Someone, such as a parent, who has developed a condition and who now requires your care
- ▶ Your grandchildren
- ▶ Your “second” family from a remarriage

CAN'T I JUST BUY ANOTHER TERM POLICY LATER?

Yes, but for most people, buying a series of term policies throughout their lives as their situation changes is not the best strategy. Life insurance usually gets more and more expensive as you age. So, once you pass a certain age, the cost can become prohibitive. Also, if you develop a health condition that increases the amount you have to pay for life insurance or makes you unable to qualify to buy life insurance (uninsurable), you would risk not having life insurance once the term policy expires. For these reasons, a permanent policy can lock in your premium and may mean you won't have to qualify for insurance in the future.

WHY SHOULDN'T I JUST “BUY TERM AND INVEST THE DIFFERENCE”?

You may have heard the statement “buy term and invest the difference.” In this scenario, the difference between the permanent life insurance premium and the traditional term life insurance premium is invested in a mutual fund, annuity, stocks, bonds, or other investment vehicle. The idea is that investing the difference would replace or exceed the cash value accumulation of permanent life insurance.

If you are deciding if this strategy is right for you, you need to consider what best suits your personal objectives and circumstances. For example:

- ▶ You may not have the discipline to actually invest the difference.
- ▶ You need the discipline not only to invest the difference, but also to invest early while the difference between the amount of your term insurance premium and the amount of the premium for your permanent insurance is the greatest. You need to make up early for the dramatic increase in the cost of term insurance at later ages.
- ▶ If you need to renew or reapply for your term policy, the cost may become prohibitive as you get older or if you develop health problems.
- ▶ If health problems occur, you could become uninsurable and not even be able to purchase term insurance when it comes time to renew.
- ▶ The investment you choose may not perform as hoped for. (This can also happen with variable life insurance.)

Carefully weigh knowledge about your habits and self-discipline along with the benefits, risks, product features, and any current or future charges associated with any insurance and/or investment product before making a decision about how to address your particular needs.

HOW DO I MAKE SENSE OF ALL THE PERMANENT POLICIES AVAILABLE?

It's true—there are many types of permanent insurance policies. They can all provide life insurance protection for your lifetime and typically have some ability to build cash value. This is why they are often called “cash value life insurance.” How they build this cash value and how great their potential is for the amount they can build are key differences among them. Plus, some permanent policies allow two people to be covered under one policy—these are called *survivorship* or *second-to-die* policies. (Please see our section on “More information about cash value and premiums” to learn more about using a policy's cash value.)

Here is a snapshot of the types of permanent, or cash value, policies:

► Whole life

This is the tried-and-true permanent life insurance that most people think of when they hear “permanent insurance.”

If you pay your premiums on time, your coverage will stay in force, and your policy will build cash value. This is a great type of policy if your goal is to buy it and tuck it away in a drawer until it's needed by your beneficiary. This type also generally has the highest premiums.

► Universal life (UL)

This type of policy can be a good match if you would like to earn interest within the policy while getting more flexibility than a traditional whole life policy allows.

You can choose your premium payment schedule and you may have the potential to earn more cash value. Most UL policies earn a minimum interest rate, giving you some security about the earnings. You can usually borrow or take withdrawals from the cash value that accumulates in your policy.

One type of universal life policy is indexed universal life, or IUL.

Unlike other universal life products, which credit interest based on rates declared in advance by the insurance company, IUL can credit interest based on the performance of independent financial indices. The most popular indices used for IUL are stock indices calculated without dividends. It is important to understand that the money in an IUL policy is not directly invested in any of the indices.

Policyowners may decide how much of the policy cash value is allocated to the index feature and how much is allocated to a fixed-interest option. Cash value allocated to the index is usually credited with interest based on the change in the index value from one year to the next (“Annual Point to Point”). Each index option includes a maximum (“cap”) and minimum (“floor”) rate that protect consumers from loss but limit upside growth. Generally, these factors are subject to change by the insurance company, though they will never be reduced below a contractual minimum.

► Variable universal life (VUL)

This type of policy gives you the flexibility of a universal life policy but adds an investment element.

With a VUL policy, you are in charge of how the part of your premium payments not needed for your actual costs and charges (net premiums) are invested. You have a choice of investment options (also called sub accounts), and you can decide how much of your net premiums should be allocated to each of the options you select. The subaccounts can invest in stocks, bonds, and other funds.

Since the cash value of your policy may be tied to the financial market, this type of policy has the potential for returns higher than a universal life policy's, but it can also lose value if the investment results are poor.

This is a good policy for people who like the investment element, can fund the policy properly, and have some time (typically years) to allow it to potentially build cash value.

► Indexed variable universal life (IVUL)

This type of policy gives you the flexibility to have both indexed and variable subaccount investment options—you can decide how much of your net premium should be allocated to each of the options selected.

In addition to variable investment options, IVUL policies will typically offer index strategies that are tied to the performance of financial indices that can provide levels of downside protection with the use of floors or buffers.

This policy might be good for individuals that desire additional flexibility in the available investment options to fit evolving risk tolerance levels.

Snapshot (cont.)

► Survivorship, or Second-to-Die

This is one policy designed to cover two people. It pays the death benefit once both of the insured people have died and is often less expensive than two separate policies.

It is often used in estate conservation strategies, especially in conjunction with an Irrevocable Life Insurance Trust (ILIT), as a way to offset estate taxes; this can help preserve a wealthy couple's estate so it can be passed on to the next generation or to a charitable organization. Survivorship policies are often recommended if one person would otherwise not be able to qualify for life insurance.

Whole, universal, and variable universal life policies come in survivorship versions.

WHEN SHOULD I GET EACH?

This question can best be answered by your age, life stage, and budget. Since the cost of insurance increases as you get older and/or develop health issues, it's usually wise to buy any life insurance while you're younger and in good health. Generally speaking, term is likely to be the first type of life insurance people buy when they're first starting out—when they get married, buy a house, are earning an income, and have children. Especially if you have budget concerns and a lot to protect, term can often be the more economical short-range choice. And it's a good way to get some insurance protection in place now!

As you move through life, earning more and having more responsibilities and more dependents—children, a partner, or parents who rely on your income—you might need permanent insurance. Different types of term policies become available every few years and now even include one that refunds your premiums if you live beyond a certain timeframe. This particular type of policy, a *return of premium term* policy, can be helpful for specific needs because your premiums may be returned just when you need to pay for a child's wedding or other event, or when you'd like extra money to start off your retirement. Keep in mind that this is still term insurance and it will end. Also remember that conditions and restrictions generally apply.

Then, to help ensure you have life insurance protection for your lifetime, and depending on your preferences and budget, you can choose from several types of permanent insurance.

HOW DOES AN ADJUSTABLE “GUARANTEE AGAINST LAPSE,” OR “NO-LAPSE GUARANTEE,” WORK?

A guarantee against lapse ensures that your death benefit is secure regardless of changes in the policy's interest-crediting rates or rate of return, charges, or cash value. You can control how long this guarantee is in effect, whether it's for a few years or a lifetime. When you purchase a policy with this feature, you'll be told the minimum premium amount you need to pay to keep this guarantee in effect. Generally, the greater your premium payments, the longer the guarantee will last. **All guarantees are based on the issuing company's ability to pay claims and do not apply to any underlying investment options.** The length of the guarantee period may also change depending on:

- The dollar amount of the premiums you pay
- How timely your premium payments are received
- When and how often you pay premiums
- Whether you take any policy loans or withdrawals

Changing any of these factors could reduce the length of the guarantee or even end it. If this happens and the policy values are not high enough to support the policy, the policy could lapse. If the policy lapses within the first few years, you may have to pay surrender charges. If you've taken loans or withdrawals, taxes may also be due, depending on how much you borrowed or withdrew. If the policy lapses and is reinstated, it may be reinstated without the guarantee against lapse being in force.

If you pay only the amount needed to secure a guarantee that is less than a lifetime guarantee, you may need to pay additional premiums once the guarantee period ends to keep the policy in effect. Also, by paying only the premium required for the No-Lapse Guarantee, you may be forgoing the potential to build tax-deferred cash value.

MORE INFORMATION ABOUT CASH VALUE AND PREMIUMS

We've said permanent policies can build cash value. You can usually access this cash value by taking withdrawals or policy loans. Being able to tap into this money can be part of your strategy and among the reasons for buying a particular policy. Or, having this money available can help you out of an unexpected bind. Either way, taking the money out can be quite helpful; at the same time, it will have some effect on the rest of your policy and might even have tax consequences. If you have a guarantee on your policy, it could also affect that guarantee.

The cash value your policy builds will not be taxed until you take it out of the policy. Loans are generally not taxable when you take them. However, if you cancel the policy or let it lapse, any loan that you have not yet paid back could be taxable if the outstanding balance is more than what you have paid into the policy (also referred to as your *cost basis*). Withdrawals generally are first a return of cost basis, with subsequent amounts being taxable to you. If you do take some money out, you will thereby reduce the cash value and possibly also the death benefit that will be paid to your beneficiary. It might also become necessary for you to pay more into the policy than you originally expected to and could trigger taxes.

While taking a loan or withdrawal may be helpful, before you do so it is important to consider the potential tax consequences and impact on the other valuable policy benefits. It is a good idea to speak with your tax advisor.

Note that if your cash contribution exceeds certain limits and your contract becomes a Modified Endowment Contract (MEC), as determined by the IRS, different tax rules and, in some cases, a 10% additional tax may apply to distributions such as loans and withdrawals (including distributions made in the

two years before the policy becomes a MEC). A MEC can result from paying more than a certain amount in premium payments or from reducing coverage.

OTHER QUESTIONS YOU MAY HAVE

How Much Will Life Insurance Cost?

The right life insurance policy is one that provides the coverage you need at a price you can afford. With a variety of policies to choose from, you can find one or a combination of policies to help meet your protection needs and fit your budget. A financial professional will be glad to review your options.

Depending on the policy and the company issuing your policy, you could have premium payment options. For policies that are not flexible-premium policies, selecting a payment option other than *annual* typically results in a higher yearly premium amount, thus adding to your costs. This is because the company has to cover the added administrative cost of collecting additional premium payments and does not have the use of the entire premium amount at the beginning of the policy year.

If your policy has **flexible premium payments**, there are no scheduled premium due dates. To manage this, you can ask to be billed annually, semiannually, or quarterly for the amount you select. When you receive a premium notice, you are not required to pay this amount, but you'll want to be sure you can "afford" to skip payments—meaning, you'll want to be sure your policy has enough value within it to stay in force.

Reminder, skipping premiums may affect your No-Lapse Guarantee, if applicable".

Do I need individual life insurance if I have group life insurance?

Probably. Participating in your group life insurance is a good idea because you may be able to receive life insurance at a lower, group rate. If your group coverage is convertible—meaning, when you leave the company you can convert it to an individual policy without evidence of insurability—the individual policy you convert to will generally have relatively high premium costs compared with other policies. If your group coverage ends, you could apply for a new policy, especially if you are healthy. Otherwise, you may not qualify or may have to pay higher premiums depending on your age and health status. Group life insurance may also not provide an adequate amount of death benefit to meet all of your needs.

Consider supplementing your group policy with individual life insurance coverage. An individual life insurance policy is one that you own—it is not tied to your employer and you won't have to worry about your premiums rising every year. With an individual life insurance policy, you won't need to wonder whether you still qualify every year, or if you will lose your life insurance if you change jobs or get laid off. It's insurance coverage that stays with you. To get an accurate estimate for your situation, it's best to meet with a financial professional and complete a personal needs analysis.

If I already own life insurance, should I purchase life insurance on my spouse?

If your spouse contributes to the family's annual income, consider purchasing adequate life insurance protection to help replace their income in the event of their death. If your spouse does not earn an income, life insurance can still play an important role in helping to pay for valuable services they provide—for example, providing child care, elder care, maintaining the home, and running the household. To find out more, meet with a financial professional, who can complete a personal needs analysis with you.

Should I purchase life insurance on my child?

There are two reasons you may want to consider purchasing life insurance for your child:

- ▶ You can generally purchase life insurance at the lowest possible premium. If your child were to purchase the same amount of coverage when they become an adult, the annual cost would generally be much higher.
- ▶ You can help ensure that they have life insurance protection for life. If the child develops health problems as an adult, they could become uninsurable and may not be able to obtain life insurance coverage. In some families, a grandparent purchases a life insurance policy for the child. Note that some states limit the amount of life insurance that can be purchased on minors.

What do I need to know about stranger-owned life insurance (STOLI)?

People purchase life insurance to provide financial protection for loved ones and business associates. This is an example of “insurable interest” because the beneficiaries will experience some financial hardship when the insured person dies. Life insurance helps to ease that burden.

Most states prohibit a person from purchasing a life insurance policy when there is no “insurable interest” in the person insured by the policy. Such a purchase would be a wager, where one is betting on the early death of another to make a profit. This notion is contrary to American public policy in that one person should not benefit from the early death of another person.

STOLI is the purchase of a life insurance policy for the financial gain of a third-party investor who, at the time the policy originates, has no insurable interest in the person being insured.

In other words, a stranger would own an interest in the insured person's life. STOLI includes cases in which there is an agreement, verbal or written, to transfer the ownership of the policy and/or the policy benefits to a third party at some time in the future. Trusts created to give the appearance of insurable interest also violate the prohibition against wagering on life.

Prudential will not issue a policy if it determines that STOLI may be involved.

Entering into a STOLI arrangement could have the following impacts:

- ▶ The ability to purchase additional insurance on the insured's life could be limited because there is a limit to how much coverage insurance companies will issue on one person's life.
- ▶ If there is a need to obtain additional insurance coverage on the insured person, their higher issue age, a change in health status, or other factors may reduce the ability to get coverage and may result in significantly higher premiums.
- ▶ Because these situations may result in tax consequences to the policyowner, a professional tax advisor should be consulted.

When should I review my current coverage?

Your situation now may be significantly different from what it was when you bought your life insurance policy. If something were to happen to you today, would your family have enough coverage? Generally, we recommend you meet with your financial professional once a year; however, you should review your coverage as soon as possible, if you have done any of the following since you bought your policy:

- ▶ Purchased a home
- ▶ Had a child
- ▶ Married, divorced, or become widowed
- ▶ Changed jobs
- ▶ Started your own business
- ▶ Began caring for an elderly relative
- ▶ Taken out a large loan
- ▶ Started a retirement or college fund

What is underwriting?

Underwriting, a term used frequently in the insurance industry, is an evaluation of your current health, medical history, family medical history, and lifestyle. To purchase life insurance, you may have to take a medical exam to assess your health.

Companies use underwriting to establish your eligibility for life insurance as well as make sure that you get the best possible premium price based on your health and lifestyle. All the information gathered during the application process is considered confidential and is shared only with those who need it to determine your eligibility for life insurance.

During underwriting, you'll be asked questions about such things as:

- ▶ Your finances, including how you will pay for the policy and if you're replacing another policy
- ▶ Your driving record
- ▶ The hobbies or sports you engage in
- ▶ Your family's medical history
- ▶ Your medical history, including the names and contact information for doctors you have been to

WHAT SHOULD I KNOW BEFORE REPLACING ONE LIFE INSURANCE POLICY WITH ANOTHER?

It is generally not in your best interest to replace a life insurance policy. Check with the agent or company that issued you the one you have now. When you bought your existing policy, you may have seen an illustration of the benefits of your policy. Before replacing your policy, ask your agent or the issuing company for an updated illustration. Check to see how the policy has performed and what you might expect in the future. Then, if you are still considering replacing an existing life insurance policy with a new one, it is important that you understand what you will gain and what you will lose by doing so. Price should not be the only factor in your decision. You should understand that:

- ▶ **It may be costly to replace a policy.** Much of what you paid in the early years of the policy was used to cover the company's cost of selling and issuing the policy. If you buy a new policy, you will pay this type of cost again.
- ▶ **Dropping your policy could have tax consequences.** Ask your tax advisor if this is true of your situation.

- ▶ **You might lose policy benefits.** You may have valuable rights and benefits in the policy you now have that are not in the new one. If the policy you have now no longer meets your needs, you may not have to replace it; instead, you might be able to change your policy or add to it to get the coverage or benefits you now want.
- ▶ **You might create a coverage gap.** At least in the beginning, a policy may pay no benefits for some causes of death covered in the policy you have now.

Points to compare. If you'd still like to pursue replacing a policy, then you'll need to compare your existing policy with the proposed new one. Before replacing any policy, be sure to compare these points:

- ▶ **Your insurability.** It's possible that you have had a change in health since the purchase of your current policy. This can change the underwriting category you fit into or even make you ineligible for coverage. *You should not cancel your existing policy until the new policy has been issued and is considered "in force."*
- ▶ **Face amounts.** If the new policy's death benefit will be lower, you should carefully consider whether it is adequate to meet your life insurance needs. It may be cheaper to reduce the face amount on your current policy if you need less coverage.
- ▶ **Premiums.** Carefully consider the many aspects of premium payments, including amount, frequency, duration, and guarantees, and note how they differ between policies:
 - **Amounts.** Since you are older than you were when you applied for your existing policy, and it's possible that your health has changed, the premiums will likely be higher. Know what your new premium payments will be and whether you can afford any increase. If the premiums for your existing policy are being paid for under a waiver of premium benefit provision, it is probably to your advantage to keep your existing policy.
 - **Frequency and duration.** How often and for how long will you have to pay premiums? Carefully compare the premiums you pay under your existing policy and what is permitted under the new policy, and consider whether you will have the flexibility you need to maintain appropriate premium payments.
 - **Guarantees.** Some premiums are guaranteed for the life of the policy; some are guaranteed for only a limited period of time and, once the guarantee ends, the premiums may increase.

- ▶ **Protection guarantees.** Does your existing policy guarantee the length of time the policy will remain in force even if investment options or other influencing factors do not perform as anticipated? Does the proposed policy offer this same type of guarantee? If so, find out whether it applies for the same length of time as that on your existing policy and how much the premium is for this guarantee. Confirm that the premium you're quoted includes the guarantee you want, if you want one.
- ▶ **Supplemental benefits and other features.** Do the policies allow for the addition of supplemental benefits (such as a living benefit or waiver of premium)? These benefits may not be available on the new policy, and this valuable coverage may be lost if you replace your policy. You should carefully consider the availability and cost of these benefits on the new policy. You should also determine if there are any other features of your existing policy that are not available in the proposed new policy.
- ▶ **Charges.** What new or additional costs will you incur, and how do the contract charges and other policy expenses compare? Be sure you know how such charges will be paid on the new policy—for example, whether they will be taken out of your premium payments or deducted from your policy values—and how this compares with your existing policy.
- ▶ **Exclusion periods.** A new policy will be subject to a new two-year contestability period and suicide clause. This means the company could challenge a death claim within two years of a new life insurance policy being issued.
- ▶ **The company and representative.** Before making your decision, consider the company and the representative who will be providing the service. What is the company's reputation? Make sure you're comfortable with how the representative answers your questions and responds to your concerns.
- ▶ **Other points.** You should consult with your tax and legal advisors to understand what, if any, consequences there may be now or in the future for replacing your existing policy and purchasing the proposed new one.

Additional considerations. Based on the specific type of policy you have and the policy you are considering, there are additional points to consider. Used in conjunction with the list above, these additional considerations can help you to more fully explore what is best for your situation.

If you're converting a term policy to a permanent one.

Because term and permanent policies are so different, it is important that you carefully consider whether you understand the permanent policy and how it works—how it builds cash value, what the premium payments will be, and how closely you need to monitor it, for example. Also consider:

- ▶ **Conversion options and credits.** If you have a term policy, does it allow for converting it to a permanent life insurance policy without a medical exam? Some policies offer a conversion premium credit if you exercise the option to convert. It reduces your first year's premium on the permanent policy, thereby helping you to make the transition from term to permanent insurance. The conversion privilege is often limited to a period of time that is shorter than the term of the policy and may limit the amount of coverage that can be converted. If you are eligible for a conversion credit, be sure to ask what the premium for the new policy will be in the second policy year and beyond.
- ▶ **Exclusion periods.** The two-year contestability and suicide periods generally begin anew when a new life insurance policy is purchased. However, when you convert a term policy to a permanent policy, the guaranteed amount of coverage that is converted will not be contestable to any greater extent than it would have been contestable had the conversion not taken place. Any excess amount of coverage provided in the new policy, beyond the guaranteed amount converted, will be subject to a new two-year contestability and suicide period.

If you're considering using the values of one policy to purchase another:

"Financing" is the name for the transaction of obtaining funds from an existing policy through a withdrawal, partial surrender, or loan and using them to purchase a new policy. Know that taking a loan or withdrawal may reduce the death benefit on your existing policy and may have tax consequences, and that loans should be repaid. Using existing policy values to pay premiums over the long term is often dependent on factors that you should not rely on: non-guaranteed investment returns (variable life); interest-crediting rates (universal life); or non-guaranteed dividends (traditional whole life). You may have to make additional out-of-pocket payments.

WHO CAN SELL YOUR LIFE INSURANCE POLICIES?

The financial professionals who sell our life insurance products are either Prudential employees or independent contractors or associated with unaffiliated firms with whom Prudential has a selling relationship.

How do they get paid if I buy a policy?

If you purchase a life insurance policy, the financial professional and/or firm will be compensated by Prudential. This compensation will include commissions and, to the extent permitted by law, regulations, Financial Industry Regulatory Authority (FINRA) rules, and, as applicable, the financial professional's firm. It may also include expense reimbursement allowance, bonuses, marketing support payments, employee benefits, participation in Prudential-sponsored conferences and awards, training programs, and marketing opportunities or incentives. These arrangements may not be offered to all firms and the terms of the arrangements may differ. Firms and agents may receive greater compensation for selling a policy that is eligible for these compensation arrangements than for selling a different policy that is not. The amount of commission is based on premiums, and other types of compensation may also be based on the sales volume of the financial professional or the firm.

If I purchase a variable life insurance policy, how can I research the financial professional?

You may obtain information about the professional background of FINRA members and their representatives by calling the FINRA BrokerCheck Hotline number, (800) 289-9999, or by visiting the FINRA website at www.finra.org. An investor brochure that contains information describing the FINRA BrokerCheck is also available to you by calling FINRA's hotline or visiting its website.

FINDING WHAT'S RIGHT FOR YOU

Everyone has their own goals for personal financial security. You can personalize your policy to help meet your needs by adding riders that provide you with additional insurance coverage. You may choose to help meet your goals by purchasing a permanent life insurance policy and supplementing it with term insurance for additional coverage during a particular period of time.

A financial professional can work with you to help you decide which of our products best meets your needs.

ABOUT PRUDENTIAL FINANCIAL

Since 1875, Prudential Financial has been helping people of all ages realize their goals for financial security. Prudential Financial serves millions of individual and institutional customers worldwide, offering them life insurance and other financial products and services for a variety of needs. Our financial professionals are interested in you and your needs. They want to assist you in developing strategies that effectively address your financial security concerns.

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 client or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing your retirement savings. If you would like information about your particular investment needs, please contact a financial professional.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker-dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Life insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. A financial professional can provide you with costs and complete details.

Prudential and its representatives do not give legal or tax advice. Please consult your own advisors.

Life insurance is issued by The Prudential Insurance Company of America and its affiliates, Newark, NJ. Each company is solely responsible for its own financial condition and contractual obligations.

Investors should consider the contract and the underlying portfolios' investment objectives, risks, charges, and expenses carefully before investing. This and other important information is contained in the prospectuses, which can be obtained from your financial professional. You should read the prospectuses carefully before investing.

It is possible to lose money by investing in securities.

Prudential, the Prudential logo, and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities.