

## GET THE MOST OUT OF YOUR LIFE INSURANCE

## Living Needs Benefit<sup>SM</sup>

# PROTECTION FOR TODAY AND TOMORROW

Since 1875, The Prudential Insurance Company of America has been an innovator committed to providing its clients with first-rate insurance products. Continuing this tradition, Prudential is proud to offer our accelerated benefit provision, the Living Needs Benefit, on policies issued by Prudential and its affiliated companies, Pruco Life Insurance Company (except in NY), and Pruco Life Insurance Company of New Jersey (only in NY and NJ).<sup>1</sup>

Available with no premium charge,<sup>2</sup> the Living Needs Benefit can help provide funds from your life insurance policy when the person the policy insures:

- ▶ is terminally ill, or
- ▶ requires an organ transplant.

The benefit can advance funds from your life insurance policy otherwise payable at the insured's death—without depleting other sources of savings you may have targeted for your retirement or your family's future financial security needs.

## Providing Funds for Life

Many Americans may suffer serious health problems at some time during their lives. Unfortunately, many people don't plan ahead for the expenses that can result.

We developed the Living Needs Benefit with this in mind. While it is not health or long-term care insurance, the Living Needs Benefit can assist by advancing some of the death benefit of your life insurance policy should one of these financially draining situations occur.

If, at some time in the future, the insured under your policy qualifies for the Living Needs Benefit, you (the policyowner) can decide how best to use the funds from the benefit. The Living Needs Benefit is available regardless of your income level or assets.

**Death benefits and any cash and loan values will be reduced if an acceleration of life insurance benefit is paid.<sup>3</sup>**

## MORE FLEXIBILITY

The Living Needs Benefit gives you more opportunities to tailor your life insurance policy to meet your individual needs. If the insured qualifies under one of the following options, this benefit can usually provide more funds than would be available from a policy loan or by cashing in your life insurance policy.<sup>3</sup>

**The Terminal Illness Option**—Payable if you furnish evidence satisfactory to Prudential that the insured's life expectancy is six months or less.<sup>4</sup>

**The Organ Transplant Option**—Payable if you furnish evidence satisfactory to Prudential that the insured's life expectancy is six months or less without an organ transplant.<sup>4</sup>

<sup>1</sup> Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both Prudential Financial companies located in Newark, NJ, offer the Living Needs Benefit on policies they issue.

<sup>2</sup> When a claim is paid under this rider, the death benefit is reduced for early payment and a \$150 processing fee is deducted. Each additional policy used for the same claim will have an additional processing fee of up to \$150 deducted. Portions of the Living Needs Benefit payment may be taxable and receiving an accelerated death benefit may affect your eligibility for public assistance programs. The federal income tax treatment of payments made under this rider depends upon whether the insured is the recipient of the benefit and is considered "terminally ill" or "chronically ill" and, if the policy is business related, whether the insured is receiving the benefits. We suggest that you seek assistance from a personal tax advisor regarding the implications of receiving Living Needs Benefit payments.

<sup>3</sup> Cash values can be accessed from your policy through loans and withdrawals. Policy loans and withdrawals will reduce your cash values and death benefits, may affect any guarantee against lapse, and may have tax consequences. Most term policies that are eligible for the Living Needs Benefit have no cash or loan value.

<sup>4</sup> In most cases, documentation from a qualified physician will suffice. For an organ transplant, Prudential must receive physician documentation prior to the transplant. Prudential reserves the right to investigate further and decide eligibility for payment.

This brochure must be accompanied or preceded by a product brochure.

The form numbers for the Living Needs Benefit are ORD 87241 if added at issue and ORD 87335 if added after issue; there may be state variations.

### 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.



**Prudential**

## IT'S YOUR CHOICE

If you activate the Living Needs Benefit feature of your life insurance policy, funds from your policy's death benefit will be paid to you in advance—either on a monthly basis or, if you prefer, in a lump sum. The approximate benefit will be 90 to 95 percent of the death benefit.

If you elect a partial benefit payment (certain restrictions apply), your life insurance policy will continue with the death benefit reduced by the amount of benefit accelerated. Premiums and contract values will be adjusted accordingly.

To provide you with more security, your beneficiary will be entitled to receive the present value of any Living Needs Benefit amounts not paid out during the insured's lifetime, as well as any remaining death benefit amounts.

Once you start receiving payment(s) from the Living Needs Benefit, you will not be required to provide continuous evidence that the insured meets the initial qualifications in order to receive the payment(s). Payment(s) end only when the predetermined payment period is over.

Of course, you may decide never to make a claim for the Living Needs Benefit. This will allow the death benefit to be paid out in full to the beneficiary in the event of the insured's death.

## TAX TREATMENT OF THE LIVING NEEDS BENEFIT<sup>SM</sup>

Accelerated death benefits like the Living Needs Benefit that are paid from a life insurance policy are generally excludable from federal income tax so long as the insured satisfies the tax law definition of "terminally ill."

If the insured qualifies for the Terminal Illness Option or the Organ Transplant Option, proceeds advanced to the policyowner under the Living Needs Benefit are free of federal income tax whether they are distributed in a lump sum or are made in periodic payments.

The tax treatment described above does not apply when the payments are made to a taxpayer other than the insured in the case of business-related policies.

As always, Prudential recommends that you consult with your tax advisor or attorney about how the election of the Living Needs Benefit may impact your personal situation. Prudential offers this option based on our interpretation of current law, which may change in the future.

## HELPING TO EASE THE BURDEN

The Living Needs Benefit responds to people's concerns that they may not have the money needed if they become terminally ill or require an organ transplant. Payment of this life insurance benefit can help with the financial burdens of a serious illness. These funds can be used for any expenses or to help maintain or improve your standard of living during a difficult time.

But, keep in mind that the Living Needs Benefit is not a health or long-term care insurance benefit and is not designed to eliminate your need for health or long-term care insurance. If you have insurance that covers all of the expenses associated with a terminal illness, you may want to leave your life insurance benefits intact to allow them to remain at full value and, in most cases, provide an income tax-free death benefit to your beneficiary (according to IRC §101(a)).<sup>5</sup>

<sup>5</sup> All benefits received under the Living Needs Benefit provision will be reported to you and the IRS in the year(s) paid.

## LOOK WHAT WE CAN OFFER YOU!

This benefit is available as a rider on most of our new permanent and level term life insurance policies,<sup>6</sup> so this may be a good time to review your life insurance coverage. The Living Needs Benefit is another excellent reason to keep adequate life insurance throughout your retirement years.

If you never need to use your Living Needs Benefit, you still have the great features of your policy. Permanent life insurance can provide funds for your family in the event of your death, or for other needs, such as to supplement your retirement income or to help fund a child's educational expenses. And, of course, the cash values in your policy accumulate tax-deferred and, in most cases, death benefits are received income tax-free by your beneficiary (according to IRC §101(a)).<sup>5</sup>

### Prudential Living Needs Benefit<sup>SM</sup> (LNB) Terminal Illness Illustration<sup>7</sup>

Terminal Illness Illustration <sup>7</sup>		Acceleration of Benefit:	100% of Death Benefit	50% of Death Benefit
Policy Description	Sample Policy	Living Needs Benefit Payable	\$191,259 <sup>8</sup>	\$95,554 <sup>8</sup>
Sex and Issue Age	Male 45	<b>Contract Values as of 12/20/2019 After Acceleration of Death Benefit:</b>		
Rating	Preferred Best	Face Amount	\$0.00	\$100,000
Policy Date	12/20/2009	LNB Terminal Illness Benefit Remaining	\$0.00	\$95,554 <sup>8</sup>
LNB Terminal Illness Claim Date	12/20/2019	Loan Balance	\$0.00	\$520
<b>Contract Values as of 12/20/2019 Before Acceleration of Death Benefit:</b>		Net Death Benefit	\$0.00	\$99,480
Face Amount	\$200,000	Net Cash Value	\$0.00	\$5,580
Loan Balance	\$1,040	Annual Premium	\$0.00	\$934
Net Death Benefit	\$198,960	Loan Amount Available	\$0.00	\$5,580
Net Cash Value	\$11,161			
Annual Premium	\$1,868			
Loan Amount Available	\$11,161			

Partial benefits do not match because the initial partial settlement assumes premiums with no policy constant. The settlement of the remainder of the policy would assume premiums, including the policy constant.

<sup>6</sup>New policies must meet certain face amount requirements before the Living Needs Benefit will be added to the contract.

<sup>7</sup>This illustration is designed to show only how the Living Needs Benefit works with one of our products. The figures are for illustrative purposes only and are not guaranteed.

<sup>8</sup>A six-month discount at an annual rate of 8 percent has been applied for early payment and a processing fee of \$150 has been deducted.

## PLEASE NOTE

If you receive payment of accelerated benefits from a life insurance policy, you may lose your right to receive certain public funds, such as Medicare, Medicaid, Social Security, Supplemental Security, Supplemental Security Income (SSI), and possibly others. Also, receiving accelerated benefits from a life insurance policy may have tax consequences for you.

This benefit is intended to qualify under Section 101(g) of the Internal Revenue Code of 1986, as amended (the "Code"). With the exception of certain business-related policies, the receipt of this benefit should be excluded from income provided that the insured is terminally ill as defined by the Code (although the exclusion in the case of a chronically ill insured may be limited).

Because we cannot give you advice about this, you may wish to obtain advice from a tax professional or an attorney before you decide to receive accelerated benefits from a life insurance policy.

## IMPORTANT INFORMATION

The Living Needs Benefit is an accelerated payment of life insurance proceeds. It is not intended or designed to provide health or long-term care insurance. The money you receive from the benefit can be used for any purpose.

There is no extra premium charge to add the Living Needs Benefit to your life insurance policy.<sup>2</sup>

If you add the Living Needs Benefit to your policy and later accept benefit payments, you should recognize the following:

- ▶ Your ability to receive certain government benefits or entitlements and eligibility for public assistance programs may be affected.
- ▶ You may outlive the periodic payments.
- ▶ Receipt of accelerated benefits may be taxable; assistance should be sought from a personal tax advisor. (See "Tax Treatment of the Living Needs Benefit.")

Although Prudential Financial, its affiliates, and representatives do not provide tax or legal advice, we do not believe that a government agency can force you to exercise this option involuntarily in order to apply for, obtain, or retain a government benefit or entitlement such as Medicaid. In addition, we do not believe that creditors, a trustee in bankruptcy, or a bankruptcy court could force you to exercise this option involuntarily. Consult your tax or legal advisor regarding your particular circumstances.

If you add the Living Needs Benefit to your life insurance policy and later decide you do not want the option, you can have it permanently removed from your policy by submitting a written request. A policy must be in force in order for you to be eligible for the Living Needs Benefit.

Like most insurance policies and riders, our policies and riders contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Your financial professional will be glad to provide you with costs and complete details.

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**This brochure must be accompanied or preceded by a product brochure.**

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May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union,  
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