

## Compensation options

# PRUDENTIAL MOMENTUM IUL<sup>SM</sup>



Once you determine that a Momentum IUL policy is suitable to your client's needs, you may have a choice in compensation options.

### Traditional compensation: Based on target premium

Advisors who choose the traditional compensation model will be paid upfront as a percentage of the target premium, mostly within the first year. Advisors often will receive renewal compensation for premiums collected in subsequent years. This traditional model can be a good fit for protection-orientated policies that aren't designed to drive maximum cash value.

### Alternative compensation: Based on target premium and cash value

Prudential now offers asset-based compensation in the form of **low** or **high trails**. These alternate compensation options trade off some upfront and renewal compensation (based on target premium) for longer-duration asset-based trailers that are tied to the performance of a policy's cash value over time. Asset-based compensation can be a good fit for highly funded accumulation policy designs. When your client's policy performs better, this positively impacts the compensation paid during the trailer period. (Policy years two through 20).

**Important note:** Compensation choice has no impact on the charges, features, or performance of the policy for the client.

### Potential benefits of trailers

- Advisors can optimize their compensation based on a policy's funding plan. Asset-based compensation is designed to work best for highly funded cases that intend to accumulate cash value.
- Advisors have the flexibility to spread out their compensation over a longer period of 20 years to gain a more continuous income stream or future succession plans.
- Provides new options to advisors more accustomed to working with other types of financial products that compensate based on Assets Under Management.

Traditional Compensation*			
Policy Year	Up to Target	Excess of Target	Trail
1	80%	3.2%	N/A
2 – 10	2%	2%	N/A

\*Current compensation rates vary by firm and represent the typical portion of total compensation paid for new sales. Unless an alternative compensation option is selected, the traditional compensation option will be selected as the default option.

Low-Trail (Asset-Based) Compensation*			
Policy Year	Up to Target	Excess of Target	Trail
1	52%	0%	0%
2 – 10	0%	0%	.50%
11 – 20	0%	0%	.25%

High-Trail (Asset-Based) Compensation*			
Policy Year	Up to Target	Excess of Target	Trail
1	9%	0%	0%
2 – 10	0%	0%	.70%
11 – 20	0%	0%	.40%

\*Alternate compensation options are standardized.

### Asset trailer details

- Asset-based trailers start in the second policy year (beginning at the end of the third month of the second policy year) and are paid quarterly based on the policy's average net cash value for the quarter (net of outstanding loans, after charges, and after interest is credited), also known as the Contract Fund value.
- Alternate compensation must be selected at issue on the Agent Underwriting Report and cannot be changed when a policy is in force.
- Internal replacements are ineligible for low-or high-trail compensation.
- Commissions shall be paid, and chargebacks recaptured, per the selling agreement.

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### Policy Design

- Male, 45, Preferred, 20-Pay, LIRP, \$25k for 20 years
- Increasing death benefit for 20 years, then level
- Max distribution for 20 years, beginning age 65
- 5% gross rate of return
- Initial death benefit of \$373,810

Policy Year	Traditional Compensation Option (Default)			Low-Trail Compensation Option			High-Trail Compensation Option		
	Premium Compensation*	Asset Trailer**	Accumulation Total	Premium Compensation*	Asset Trailer**	Accumulation Total	Premium Compensation*	Asset Trailer**	Accumulation Total
1	7,481	0	7,481	4,523	0	4,523	783	0	783
2	500	0	7,981	0	199	4,722	0	279	1,062
3	500	0	8,481	0	311	5,033	0	435	1,497
4	500	0	8,981	0	427	5,460	0	598	2,095
5	500	0	9,481	0	550	6,010	0	769	2,864
6	500	0	9,981	0	678	6,688	0	949	3,813
7	500	0	10,481	0	812	7,500	0	1,137	4,950
8	500	0	10,981	0	953	8,453	0	1,334	6,284
9	500	0	11,481	0	1,101	9,554	0	1,541	7,825
10	500	0	11,981	0	1,255	10,809	0	1,757	9,582
11	0	0	11,981	0	717	11,526	0	1,148	10,730
12	0	0	11,981	0	818	12,344	0	1,308	12,038
13	0	0	11,981	0	923	13,267	0	1,477	13,515
14	0	0	11,981	0	1,035	14,302	0	1,656	15,171
15	0	0	11,981	0	1,153	15,455	0	1,844	17,015
16	0	0	11,981	0	1,277	16,732	0	2,043	19,058
17	0	0	11,981	0	1,408	18,140	0	2,252	21,310
18	0	0	11,981	0	1,546	19,686	0	2,473	23,783
19	0	0	11,981	0	1,691	21,377	0	2,706	26,489
20	0	0	11,981	0	1,845	23,222	0	2,952	29,441

\*The premium compensation column includes commission paid based on premiums paid up to target and excess over target for the policy year.

\*\*The Asset Trailer column includes commission paid based on the quarterly average net policy cash value (net of outstanding loans). This illustration is for informational purposes only. The actual commission payable may be higher or lower and may be affected by chargebacks, actual premiums paid, adjustments to policy benefits, etc. **No time-value of money was applied.**

NOTE: This sample illustration is provided for informational purposes only. Illustrations will vary based on specific sales scenario. Commission options may be restricted based on the specific sales situation.

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