

MARKET 4

SPECIAL LEGACY PLANNING AND CHARITABLE GIVING

AFFLUENT, EMERGING AFFLUENT, OR MIDDLE MARKET CLIENTS

9 SALES OPPORTUNITY 9: SPECIAL NEEDS PLANNING	10 SALES OPPORTUNITY 10: CHARITABLE GIVING
<p>WHAT IS THE ISSUE?</p> <p>When a family has a child with special needs and one parent dies, the other parent may be able to continue to care for the child and maintain the child's special lifestyle. When both parents die, however, unless they have made arrangements to provide for the child and maintain his or her special lifestyle needs, the child could suffer hardships.</p> <p>THE SUL PROTECTOR SOLUTION:</p> <p>An SUL Protector policy's death benefit may be able to help provide for that child's needs. Generally, for clients with children who have special needs, special needs planning typically refers to the necessity of establishing a trust for children with disabilities, special medical needs, or other special needs. As in all cases involving trusts, clients must consult with an attorney who has experience in special needs planning to ensure that the trust is properly drafted to provide assistance to the special needs child without negatively impacting the child's right(s) to other services (e.g., governmental assistance, etc.). SUL Protector can be used to fund special needs trusts.</p>	<p>WHAT IS THE ISSUE?</p> <p>You may have clients who wish to leave a charitable legacy, but don't want it to be diminished by estate taxes.</p> <p>THE SUL PROTECTOR SOLUTION:</p> <p>SUL Protector may be selected as a way to fund a charitable gift. The clients may own the SUL Protector policy and name the charity as policy beneficiary. After the second spouse passes away, the SUL Protector policy would pay the death benefit to the charity. As an alternative, the client may gift the premium to the charity on a periodic basis. The charity, in turn, would be the owner and beneficiary of the policy and use the client gifts to pay the premium.</p>

*According to IRC §101(a), there are some exceptions to this general rule, including certain changes in ownership and payment of any additional interest at death.

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10 SALES OPPORTUNITIES IN 10 MINUTES.

SURVIVORSHIP UNIVERSAL LIFE (SUL)—
OPPORTUNITIES EXIST ACROSS ALL MARKETS.



PRULIFE® SUL PROTECTOR

SUL Protector can be a viable financial solution for many clients, not just the high net worth individuals. Here are ten ideas grouped in four different markets that can help expand your sales horizon.

TIP: As you read through this list, think about three people who might benefit from these solutions.

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MARKET 1
TRANSFER TAX/LEGACY PLANNING
 HIGH AND ULTRA-HIGH NET WORTH CLIENTS

MARKET 2
TRANSFER TAX PLANNING
 AFFLUENT, EMERGING AFFLUENT AND MIDDLE MARKET CLIENTS

MARKET 3
LEGACY AND GIFT PLANNING
 AFFLUENT, EMERGING AFFLUENT AND MIDDLE MARKET CLIENTS

<p>1</p> <p>SALES OPPORTUNITY 1: DYNASTY TRUST</p> <p>WHAT IS THE ISSUE? Dynasty trusts are multigenerational irrevocable trusts, usually funded with life insurance, generally for high net worth (\$10 million +) and especially for ultra-high net worth families (\$25 million +). They want to pass their wealth on to the generations that follow.</p> <p>THE SUL PROTECTOR SOLUTION: The clients fund the trust through cash gifts that, at this level of planning, can be in the millions of dollars. After receiving the cash gift(s), the trustee can use the gifts to purchase life insurance. Often, the trustee may choose an SUL Protector policy that will provide liquid funds payable to the trust upon the death of the second client. The trust often provides funds in perpetuity to the generations that follow.</p>	<p>3</p> <p>SALES OPPORTUNITY 3: STATE ESTATE/INHERITANCE TAXES</p> <p>WHAT IS THE ISSUE? State estate taxes and/or inheritance taxes imposed on the right to inherit assets may be an issue.</p> <p>THE SUL PROTECTOR SOLUTION: To help offset the costs of these types of taxes to their heirs, clients may choose to purchase an SUL Protector policy that can provide additional funds to the heirs through the form of a generally income-tax free death benefit (according to IRC 101(a)*) when the second insured person dies. Often, the SUL Protector is purchased by an irrevocable life insurance trust (ILIT) to keep the insurance policy outside the clients' estate. However, in some cases, the clients may choose to own the policy outright.</p>	<p>5</p> <p>SALES OPPORTUNITY 5: ESTATE EQUALIZATION</p> <p>WHAT IS THE ISSUE? Estate equalization may be an issue. For example, one child may live close to home, while another child lives away. In such a situation, the client may give a home or a parcel of land to the child living close to home and may wish to equalize the inheritance for the child who moved away.</p> <p>THE SUL PROTECTOR SOLUTION: SUL Protector may be used in these situations to provide a death benefit inheritance to the child or children who moved away and will not inherit the home or parcel of land. The death benefit can provide monetary value equivalent to the home or land, thereby giving all heirs an equal share.</p>	<p>7</p> <p>SALES OPPORTUNITY 7: INCOME FOR CHILDREN IN DUAL-INCOME HOUSEHOLDS</p> <p>WHAT IS THE ISSUE? When children live in a dual-income household, they have a lifestyle that relies on both incomes. When one parent dies, their individual life insurance policy can help replace their income, and the second parent can continue to provide the second income, thereby maintaining the household income. However, when the second parent dies, both forms of income will be gone. This can cause a hardship to the children.</p> <p>THE SUL PROTECTOR SOLUTION: SUL Protector may be purchased to help provide income replacement to children of dual-income households after the second parent or income-provider's death. This can help to replace income earned by both parents.</p>
<p>2</p> <p>SALES OPPORTUNITY 2: FEDERAL ESTATE TAX</p> <p>WHAT IS THE ISSUE? Federal estate tax may be applicable, under current law, for clients with an excess of \$5 million in net worth or \$10 million for married couples.</p> <p>THE SUL PROTECTOR SOLUTION: In these cases, clients may choose to establish an irrevocable life insurance trust (ILIT) to hold life insurance outside of their estates so that it is not counted as part of their estate. SUL Protector is an attractive consideration to be used as the funding vehicle for such trusts because it pays a benefit after the second spouse passes away, which is generally when federal estate taxes may apply.</p>	<p>4</p> <p>SALES OPPORTUNITY 4: INCOME IN RESPECT OF DECEDENT (IRD)</p> <p>WHAT IS THE ISSUE? When an heir inherits an IRA or 401(k) retirement plan, the heir must pay income taxes on the monies when he or she receives them. Those monies are considered Income in Respect of Decedent (IRD). This issue of IRD taxation is a problem for many.</p> <p>THE SUL PROTECTOR SOLUTION: Clients may choose to purchase an SUL Protector policy to provide additional funds to their heirs, when they need it most, in order to help offset the impact of these IRD taxes upon their heirs. The generally income-tax free death benefit* from the SUL Protector policy can be used to pay the taxes that are due.</p>	<p>6</p> <p>SALES OPPORTUNITY 6: ENHANCING GIFTS TO CHILDREN AND GRANDCHILDREN</p> <p>WHAT IS THE ISSUE? Clients may want to leave a larger inheritance to their children and grandchildren. How do they maximize what they want to leave and protect it, too?</p> <p>THE SUL PROTECTOR SOLUTION: SUL Protector may be used to enhance a gift to children or grandchildren. The clients may choose to gift money to a trust. In turn, the trust purchases an SUL Protector policy in an appropriate amount. Generally, notwithstanding the time value of money, the gift that had been given to the trust and used to purchase the SUL Protector policy will be lower than the amount that will be paid out as the death benefit. By having the trust purchase the SUL Protector policy, the clients were able to leave a larger gift to their heirs.</p>	<p>8</p> <p>SALES OPPORTUNITY 8: CHILDREN NOT PARTY TO BUSINESS SUCCESSION PLANNING</p> <p>WHAT IS THE ISSUE? One child may have worked in a small family business while another child may have moved away from home and may not want to return to continue in the family business. In such a situation, the clients may give the family business to the child who is involved in the business and may wish to equalize the inheritance for the child who moved away.</p> <p>THE SUL PROTECTOR SOLUTION: Similar to estate equalization, for clients regardless of net worth, SUL Protector may be a useful way to fund a gift to a child or children who are not party to business succession planning. SUL Protector can provide a death benefit to the child or children who will not inherit the business. The death benefit can provide monetary value equivalent to the business, thereby giving all heirs an equal share.</p>

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