

Life Insurance 101

Everything you always wanted to know about life insurance but were afraid to ask

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Life insurance101



How Big and Important is Life Insurance?

- Life insurers paid out nearly \$64 billion in death benefits in 2013.
- Most individual life policies (63%) are permanent.
- 58 million—or half of all U.S. households—say they need more life insurance.
 - Why aren't they buying?
- Individual life insurance sales are at a 50-year low.
 - Reason: Less agents serving the middle market.

Do you see the opportunity??

Source: LIMRA: *The Facts of Life and Annuities: September 2014 Update.*

What are Key Financial Objectives?

Protection

People buy life insurance because they love someONE or someTHING!

Accumulation

Potential cash value accumulation that can be used for any reason, one being to help supplement retirement income**

Wealth Transfer

Create a legacy

Death proceeds generally paid income tax-free to named beneficiary*

* Refer to IRC section 101(a)

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

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How can life insurance accomplish the client's objectives?

Protects loved ones (and loved businesses)

Cash, upon the insured's death, when needed most

Death benefit proceeds generally income tax-free

A PROMISE THAT DELIVERS

GET OUT and meet them face to face!

Consumers who receive a financial needs analysis are more likely to buy life insurance than those who don't.

- Prudential will insure up to 35X earnings (depending on age).
- If there was any face-to-face contact during the process, more than 5 in 10 bought.*
- Those who use only the web—only 36% bought.*
- Respondents consider financial advisors, life insurance agents, brokers, and/or parents as the most useful source of information to help with decisions about the purchase.*

**Source: LIMRA'S 2011 Buyer-Nonbuyer study. - Believed to be most recent source available.*

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Three Questions to Ask:

1

Do I need
life insurance?

2

How much
do I need?

3

What kind of
life insurance
should I buy?

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Consumer Options Today

- Internet sales
- Employee coverage
- Banks, P&C agents, financial professionals
 - Consumers don't understand the product and/or their needs
 - "No one asks them"

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Consumer Policy Options Today

Term vs. permanent

- Cost
- Duration
- Accumulation

Term Insurance



Pure
insurance

Limited
duration

Flexibility

Lower
cost

Product
enhancements
and riders

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Permanent Insurance

- Whole Life
- Universal Life (SUL)
- Variable Universal Life

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Whole Life

- Guaranteed premium, cash value, and death benefit
- Accessing cash values may not be efficient

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Universal Life

- **Guaranteed**
 - Guaranteed death benefit if premiums paid
 - Little to no cash value growth
- **Cash accumulation**
 - Premium flexibility
 - Must have cash value to remain in force
 - Limited guarantees
- **SUL (second to die)**

Life insurance

Variable Universal Life

- Cash Accumulation
 - Premium flexibility
 - Must have cash value to remain in force
 - Limited guarantees
 - Client controls the underlying investment options

Riders

Riders and Living Benefits

- Waiver of premium
 - Accidental death
 - Child riders
 - Living Benefits

Riders and benefits may be available at an additional cost and not available in all states.

How to Get Started or expand your business?

Policy Reviews

- Assess where they are currently—how?
- Is it right for them based on client's current and future needs?
- Opportunities and benefits—for you and your clients
 - New policy benefits
 - Retention of assets

Explain the process to client—do you know it?

Life Insurance Sales Process

- Client education
- Needs analysis
- Application
- Case management
- Underwriting
- Set expectations

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Why you should include life insurance in your practice

Why you?



Why now?



Why Pru?



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Summary

Protection, accumulation, wealth transfer

- YOU are the financial professional for your client.
- Get started now.
- Help your clients and grow your business.

***If you are not asking your client,
someone else is!***

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Questions?



Important information



All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer and/or insurance agency selling the policy, or 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 is issued by The Prudential Insurance Company of America, Pruco Life Insurance Company (except in NY and/or NJ) and Pruco Life Insurance Company of New Jersey (in NY and/or NJ). Securities products and services are offered through Pruco Securities, LLC (member SIPC). All are Prudential Financial companies located in Newark, NJ. Each is solely responsible for its own financial condition and contractual obligations.

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

Prudential and its affiliates do not provide tax and/or legal advice. Clients should consult with their personal accountant and/or tax advisor for advice concerning their particular situation.

Important information



Investors should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract, and/or underlying portfolios. The prospectus, and, if available, the summary prospectus, contains this information as well as other important information. A copy of the prospectus(es) may be obtained from prudential.com. Your clients should read the prospectus(es) carefully before investing

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