

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, we are proud to offer this accelerated benefit provision, the Living Needs Benefit.<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:

- ▶ has been confined to an eligible nursing home for at least six consecutive months and is expected to be permanently confined; or
- ▶ is terminally ill.

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



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

### 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, nursing home, 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 to best 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>**

<sup>1</sup>This rider is offered on policies issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102, and Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both located at 213 Washington Street, Newark, NJ 07102. All are Prudential Financial companies. 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.

<sup>2</sup>When a claim is paid under this rider, the death benefit is reduced for early payment, and a \$150 (\$100 in Florida) processing fee is deducted. If more than one policy is used for the claim, each policy will have a processing fee of up to \$150 (\$100 in Florida) 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 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. The Living Needs Benefit is not available in Minnesota to new purchasers over age 65 until the policy has been in force for one year, and the nursing home option is not available in California, Connecticut, Florida, Massachusetts, New York, or the District of Columbia. This rider is not available in Washington state. In Oregon, term policies must include the waiver of premium benefit to be eligible for this rider.

<sup>3</sup>Cash values can be accessed from your policy through loans and withdrawals. Policy loans and withdrawals will reduce your policy's 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.



## MORE FLEXIBILITY

The Living Needs Benefit gives you more opportunities to tailor your life insurance policy to meet your individual needs. This benefit can usually provide more funds than would be available from a policy loan<sup>3</sup> or by cashing in your life insurance policy if the insured qualifies under one of the following options:<sup>4</sup>

**Option A—This is a Nursing Home Option**, payable if the insured has been confined to an eligible nursing home for at least six consecutive months and you furnish evidence satisfactory to Prudential that the insured is expected to remain in the nursing home permanently.<sup>5</sup>

**Option B—This is a Terminal Illness Option**, payable if you furnish evidence satisfactory to Prudential that the insured's life expectancy is six months or less (12 months or less for California).<sup>5</sup> In many states, this option can also advance funds if the insured requires a vital organ transplant.<sup>6</sup>

## 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 maximum amount you can receive may approximate 70 to 80 percent of the death benefit for the Nursing Home Option, and 90 to 95 percent for the Terminal Illness Option.

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 payment period you elected is over.

However, in the case of the Nursing Home Option, the insured must continue to meet the tax law definition of "chronically ill" during the payment period in order to qualify for favorable tax treatment. (See "Tax Treatment of the Living Needs Benefit.")

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.

<sup>4</sup> Not all states have the same options.

<sup>5</sup> In most cases documentation from a qualified physician will suffice.

<sup>6</sup> For an organ transplant, we must receive physician's documentation prior to the transplant. We reserve the right to investigate further and decide eligibility for payment.

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

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Accelerated death benefits like the Living Needs Benefit, which are paid from a life insurance policy, are generally excludable from federal income tax as long as the insured satisfies the tax law definition of “terminally ill” or “chronically ill.”<sup>7</sup>

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 advanced in a lump sum or are made in periodic payments.

If the insured qualifies for the Nursing Home Option and a licensed health care practitioner certifies that the insured meets the tax law definition of “chronically ill,” the Living Needs Benefit paid to the policyowner is generally excludable from federal taxable income. However, there are some limits to the excludable amount depending on actual expenses incurred and benefits received from sources other than the Living Needs Benefit. There are also special considerations 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.

## HELPING TO EASE THE BURDEN

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The Living Needs Benefit responds to people’s concerns that they may not have the money needed if they become terminally ill or are permanently confined to an eligible nursing home. 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, nursing home, or long-term care insurance benefit, and is not designed to eliminate your need for health, nursing home, or long-term care insurance. If you have insurance that covers all of the expenses associated with nursing home care or a terminal illness, you may want to leave your life insurance benefit intact to allow it 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>7</sup>

## LOOK WHAT WE CAN OFFER YOU!

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This benefit is available as a rider on most of our new permanent and level term life insurance policies,<sup>8</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.

The Living Needs Benefit is only one of the valuable answers we offer for your insurance and financial security needs. It’s something you’ve come to expect from Prudential.

With your financial security at stake, you can’t afford to take chances. So call your local financial professional if you have any questions about how our products can help you achieve your insurance protection and financial security goals. He or she can provide you with information about the Living Needs Benefit as well as our wide range of products and services.

<sup>7</sup> IRC §101(a). All benefits to be received under the Living Needs Benefit provision will be reported to you and the IRS in the year that benefits commence. For benefits received under the chronic illness provision, the amount that can be received income tax-free may be limited. Please consult your tax advisor.

<sup>8</sup> New policies must meet certain face amount requirements before the Living Needs Benefit will be added to the contract.

## 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 or chronically ill as defined by the Code (although the exclusion in the case of a chronically ill insured may be limited).

Since 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, nursing home, 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:

- ▶ You may affect your ability to receive certain government benefits or entitlements.
- ▶ 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 neither Prudential nor its affiliates offer legal or tax 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. You should consult your tax and/or legal advisor concerning 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.

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). All are Prudential Financial companies located in Newark, NJ. Each is solely responsible for its own financial condition and contractual obligations.

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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.