

LIVING NEEDS BENEFITSM

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 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.

Disclosures

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.² If you add the *Living Needs Benefit* to your life insurance 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 with your legal and/or tax 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*.

¹ Pruco Life Insurance Company, a Prudential Financial company, offers the *Living Needs Benefit* on policies issued by Pruco Life.

² New policies must meet certain face amount requirements before the *Living Needs Benefit* will be added to the contract. When a claim is paid under this rider, a reduction for early payment is applied and up to \$150 processing fee is deducted. Each additional policy used for the same claim will have an additional processing fee of up to \$150. Receipt of the accelerated death benefit may be taxable and may affect eligibility for public assistance programs.

³ 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.

⁴ 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. Term policies that are eligible for the *Living Needs Benefit* have no cash or loan value.



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GET THE MOST OUT OF YOUR LIFE INSURANCE



Prudential

The *Living Needs Benefit*SM

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 and its affiliated company, Pruco Life Insurance Company, are proud to offer our accelerated benefit provision, the *Living Needs Benefit*.¹

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

- Has been confined to a nursing home for at least six 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 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, most people don't plan ahead for the expenses that can result.

Prudential 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.

More Flexibility

The *Living Needs Benefit* gives you more opportunities to use 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:

Option A — This is a nursing home option, payable if the insured has been in a nursing home for at least six months and you furnish evidence satisfactory to Prudential that the insured is expected to remain in the nursing home permanently.³

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. In many states, this option can also advance funds if the insured requires a vital organ transplant.³

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 help provide you with more peace of mind, 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" 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.

Tax Treatment of the *Living Needs Benefit*SM

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" or "chronically 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 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. Annual certification must be provided to us to qualify for this extension. 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

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 a 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 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.

Look What Prudential Can Offer You!

This benefit is available as a rider on most of our new permanent and level term life insurance policies,² 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.

Should 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.⁴ 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.

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.