



## Life Insurance with BenefitAccess Rider

A CHRONIC AND TERMINAL ILLNESS RIDER THAT  
GIVES YOU FREEDOM, CHOICE, AND CONTROL



# Life Insurance

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

Issued by Pruco Life Insurance Company  
Pruco Life Insurance Company of New Jersey

0260644



**Prudential**  
Bring Your Challenges®

0260644-00001-00 Ed. 04/2014 Exp. 10/21/2015

## **WHAT IS LIFE INSURANCE AND WHY DO YOU NEED IT?**

It's often said that life insurance is not for those who die—it's for those who live. And it is. If you die while you have life insurance in place, the people you've chosen (your beneficiaries) will receive a sum of money (the death benefit) from your life insurance policy. They can use this money for anything, but its main purpose is usually to help make up for the loss of your income.

### **Why do you need life insurance?**

Life insurance can help protect your family or business from financial loss if you should die while you have obligations. The death benefit proceeds, which your beneficiary receives generally free of federal income tax (IRC §101(a)), can replace some of the money you would have earned and can help your family members:

- Remain in their home.
- Remain in their schools.
- Continue their college education.
- Fulfill retirement dreams.

### **Life insurance can have living benefits for you, too.**

But sometimes things happen and you might need the financial protection when you're alive. Riders that offer a living benefit provide a practical and convenient way to help meet those needs.

The BenefitAccess Rider featured in this brochure is an accelerated death benefit rider attached to a permanent life insurance policy. If you, as the insured, qualify under the terms and conditions of the rider, you can access your death benefit if you become chronically or terminally ill. This rider is available for an additional cost, additional underwriting requirements and limits apply, and it is secondary to the need for death benefit protection.

## Living longer means you need protection for more than just your family. You need it for yourself.

People are living longer than ever before. While there are many benefits to a longer life, you need to prepare yourself financially. It also means that you are more likely to be impacted by a chronic or terminal illness.

In fact, there is a very good chance that you will become chronically or terminally ill. **7 in 10 people who are age 65 will need chronic illness care later in life<sup>1</sup>** for illness like Alzheimer's disease, a serious stroke, or crippling arthritis.



It's a hard reality to face because it's not simply the thought of being ill; it's all the additional hardships and arrangements that come with it.

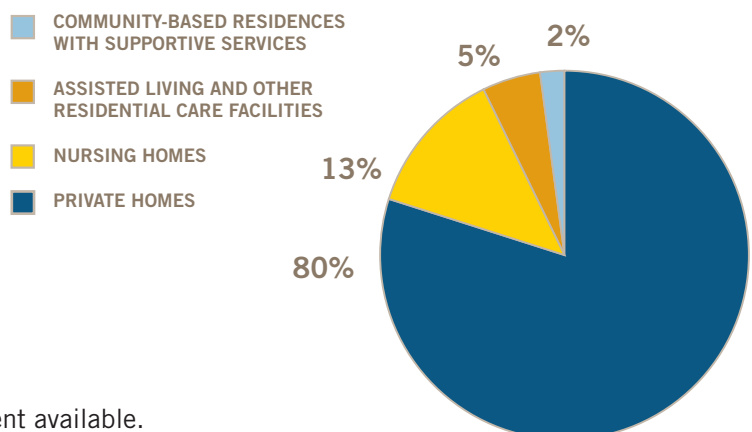
If you were to become chronically ill:

- **Who would care for you?** A member of your family?
- **Where would you live?** In your home that may need to be modified for your comfort?
- **How would you continue to participate in family life?** Would you be forced to miss daily life events like soccer games, neighborhood walks, and family celebrations?

### REALITY CHECK

**4 IN 5** chronically ill people live in private homes where **80%** of care is provided by **FAMILY AND FRIENDS.**<sup>1</sup>

FIGURE 1. LIVING ARRANGEMENTS FOR ELDERLY PEOPLE RECEIVING CHRONIC ILLNESS CARE



The following sources are believed to be the most current available.

<sup>1</sup> <http://longtermcare.gov/the-basics/who-will-provide-your-care/> (Accessed November 25, 2013).



## The emotional impact to you and your family could be life changing.

If you needed your family's support, they could be forced to take time away from work and their personal life, drive great distances, or spend their own money to care for you. And if, for example, you are afflicted with Alzheimer's disease, your family could need to care for you for many, many years.

## The financial impact to you and your family could be significant.

Not only would you have to face the challenges of living with a chronic illness and the adjustments that brings, but the financial aspects of your life could be greatly affected as well. You may need to:

- **Leave your career earlier than planned because you're ill.** With your income affected and your retirement savings diminished, how will your finances fare?
- **Have family members care for you.** How would they make ends meet if they've adjusted their life to support you and reduced or lost their income?
- **Tap into retirement savings to pay for your increased daily expenses.** What would happen to your spouse's retirement goals?

### REALITY CHECK

**1 IN 3** caregivers of people with Alzheimer's disease and other dementias provide care for over **5 YEARS.**<sup>2</sup>

### REALITY CHECK

**5 OUT OF 10** people retired before they expected to because of poor health or job loss, or to care for a spouse or other family member.<sup>3</sup>

The following sources are believed to be the most current available.

<sup>2</sup> 2014 Alzheimer's Disease Facts and Figures, p. 33.

<sup>3</sup> Helman R., et al. The 2013 retirement confidence survey. Employee Benefit Research Institute, p. 28–9. March 2013.

Consider your financial and emotional well-being when planning for chronic and terminal illness to help protect yourself and your family.

A chronic or terminal illness can cost thousands of dollars each year, ranging from the costs of nursing care, transportation, prescriptions, etc. to the simple expense of buying groceries. Not everyone who retires will become chronically or terminally ill, but if you do, does your current strategy provide you with the income you will need to protect yourself and your family?

#### REALITY CHECK



The 20-year out-of-pocket medical expenses for an average 65-year-old couple retiring in 2013 will be

**\$292,800.**

If they live till age 90, that couple will need

**\$441,200.<sup>4</sup>**



#### Average National Costs of Chronic Care (2010)

- \$205 per day for a semi-private room in a nursing home (\$74,825/year)
- \$21 per hour for a Home Health Aide (\$30,660/year at four hours per day)
- \$67 per day for care in an Adult Day Health Care Center (\$24,455/year)

Source: [www.longtermcare.gov](http://www.longtermcare.gov). U.S. Department of Health and Human Services, May, 2010.

The **BenefitAccess Rider** was designed to help you prepare for the financial impact of chronic or terminal illness so the emotional one is a little easier.

The following sources are believed to be the most current available.

<sup>4</sup> Society of Actuaries-July/August 2013, arch-2014-iss1-yamamoto-paper[1].pdf. Based on hypothetical couple retiring in 2013, 65 or older with average life expectancy of 20 years. That amount includes health care costs not paid for by the federal government through the Medicare program (including Medicare Parts B and C premiums).



5

## The BenefitAccess Rider lets you choose— your care, your finances, your life.

BenefitAccess gives you a means to get the help you need in the way you want, by advancing up to 100% of your policy's death benefit.<sup>6</sup> You can do this if you are certified as being chronically or terminally ill by a licensed health care practitioner, and if you otherwise meet the terms and conditions of the rider.

### The choice is yours:

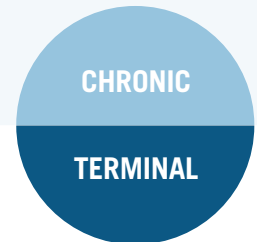
- Receive care at home from a family member or a medical professional.
- Move into a nursing home.
- Live in an assisted living facility.

With no restrictions on how the benefits can be used, and limited only by the amount of your policy's death benefit,<sup>6</sup> you can help pay for expenses related to your illness, preserve it for all the other reasons you bought life insurance, or use a combination of both.<sup>7</sup> With options like this, you'll know that your money is going to good use.

### BenefitAccess Rider— two components for protection.

1. Chronic illness
2. Terminal illness

Each works differently from the other, but combined they give you protection should you suffer a chronic or terminal illness.



<sup>5</sup> BenefitAccess is covered by U.S. Patent No. 7,958,035, which was issued on the insurance product management system for an accelerated benefit provided in response to a medical condition, where the benefit is paid to the policyowner without restriction on use of proceeds.

<sup>6</sup> The maximum monthly benefit under the rider is 2% of the death benefit amount at the time of claim, not to exceed the lesser of: A) The monthly equivalent of the IRS per diem limit at the time of claim; or B) The monthly equivalent of the IRS per diem limit on the policy issue date, compounded annually at 4%. The IRS per diem limit for 2014 is \$330. If you receive chronic illness benefits from multiple policies, the aggregate amount you receive from all policies will be considered to determine tax treatment. Receipt of benefits may affect eligibility for public assistance programs such as Medicaid. You should consult your tax and legal advisors before initiating any claim.

<sup>7</sup> Accelerating your death benefit will reduce the death benefit on a dollar-for-dollar basis. Full acceleration will eliminate the death benefit available for your policy's beneficiaries and your policy will terminate. The rider benefits may not cover all of the costs associated with a chronic or terminal illness of the insured.



## The advantages of BenefitAccess – Chronic Illness

The cash payments from the rider can be used in any way that suits your personal needs and can help you maintain your independence and freedom. Get the money you need up to the amount of your death benefit, and use it as you'd like.<sup>8</sup>

For example, to help pay for:

- A family member's time or travel expenses related to your care.
- Transportation.
- Home modifications/yard maintenance.
- Skilled nursing care.
- Groceries and prescriptions.
- Home or institutional health care.
- Income replacement or savings.



No receipts are required and there's no waiting period.

Once your claim is approved, you begin receiving income immediately.

You should consult with your personal tax advisors regarding the implications of receiving accelerated death benefit payments. There are instances where the rider proceeds are taxable as income. This depends on:

- If additional benefits are being received under similar contracts
- Whether qualified expenses are incurred<sup>9</sup>

<sup>8</sup> Benefits paid under the BenefitAccess Rider are intended to be treated for federal tax purposes as accelerated life insurance death benefits under IRC §101(g)(1)(b). Tax laws related to the receipt of accelerated death benefits are complex and proceeds may be taxable in certain circumstances.

<sup>9</sup> Qualified expenses mean costs incurred for the necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services needed by a chronically ill individual. When the insured and policyowner are not the same (e.g., a policy owned by an irrevocable life insurance trust (ILIT)), the policyowners should consult with a qualified tax advisor to ensure there are no unintended consequences of the unavailability of funds to the insured or unintended tax consequences related to the availability of funds to the insured. In addition, if the policyowner has an insurable interest in the insured's life based on certain business or financial relationships, the rider's benefits may be subject to income tax.



## Life Insurance with the BenefitAccess Rider is there when you need it.

This rider gives you access to the policy's death benefit if the insured is certified by a licensed health care practitioner as chronically ill and otherwise meets the terms of the rider.

Typically, this means that the insured:

- Cannot perform at least two Activities of Daily Living without substantial assistance and will likely need assistance for the rest of his or her life; OR
- Requires substantial supervision and protection from threats to health and safety due to a severe cognitive impairment, and will likely require supervision for the rest of his or her life.

### Activities of Daily Living (ADLs)

- Bathing
- Eating
- Toileting
- Dressing
- Continence
- Transferring

## While you are receiving benefits for chronic illness, your policy will not lapse.

During the time that you are receiving rider benefits, we will ensure that your policy does not lapse. Policy charges will be waived, so you will not have to worry about paying premiums.

If you stop receiving benefits within 25 months of going on claim, you may need to resume paying premiums to keep your policy from lapsing. However, once you've been on claim for 25 months or longer, policy charges will be permanently waived, so you'll never have to resume paying premiums or worry about your policy lapsing.



## Using your chronic illness benefit.

Depending on your life insurance policy type, some changes occur in your policy if you use your chronic illness benefit. If you have:

A life insurance policy with a <b>Variable Death Benefit (Type B)</b>	At the time you submit a claim, the death benefit option will be automatically changed to a <b>Fixed Death Benefit (Type A)</b> and cannot be changed. The death benefit at the time of claim will be fixed as well.
A life insurance policy with <b>variable investment options</b>	At the time you submit a claim, you will need to authorize the transfer of any policy values from variable investment options into the fixed-rate option. While your claim is reviewed and while you are receiving Benefit Payments, policy values must remain in the Fixed Rate Option, and you must allocate future premiums or loan repayments to the Fixed Rate Option. If you stop receiving chronic illness benefits and are no longer on claim, this restriction no longer applies and you may request that policy values and future premium payments be allocated to variable investment options.

No matter what type of policy you have, if you choose to use the BenefitAccess Rider, benefit payments will reduce the death benefit on a dollar-for-dollar basis and may eliminate it altogether, depending on how much you use.<sup>7,10</sup>

### DOLLAR-FOR-DOLLAR BASIS



**Your financial professional can provide you with an illustration that includes additional information about how your policy values and death benefit are affected by using the BenefitAccess Rider.**

<sup>10</sup> If at the time of claim your policy is in default, but not past the grace period, the benefit payment will be reduced by the amount needed to bring your policy out of default. If at the time of claim there is a loan on your policy, a portion of each benefit payment will be used to reduce the loan on a pro-rata basis. The benefit you receive will be reduced by the amount of the loan repayment. Interest will continue to accrue on any outstanding loan and a policy can lapse due to excess policy debt.



## The advantages of BenefitAccess – Terminal Illness

If you select the Terminal Illness option and your claim is approved, here's how it works:

- Funds from your policy's death benefit will be accelerated and paid to you. The amount you receive will be reduced by a discount factor. This means the amount paid to you is less than the death benefit of the policy.
- You may take a benefit payment in either a partial or full lump sum. You may only take one partial acceleration.
- If you choose to take the one-time partial amount of the death benefit instead of the full amount available for acceleration, your life insurance policy will continue and the death benefit will be reduced dollar-for-dollar by the amount of benefit that was accelerated.
  - If you only accelerate part of the death benefit, future premium payments and contract values will be adjusted accordingly to the new death benefit amount.
- Full acceleration will eliminate the death benefit available for your policy's beneficiaries and your policy will terminate.
- There is a maximum charge of \$150 (\$100 in FL) each time you file a claim.
- Once you receive the terminal illness benefit, continuous evidence of terminal illness isn't required.

When the Terminal Illness option is being used, you will no longer qualify for the Chronic Illness option.

## The flexibility of BenefitAccess

You might be interested in the BenefitAccess Rider if you:

These four examples show how the rider might be used with a \$300,000 life insurance policy<sup>9,11</sup>



Home care for 20 years provided by a family member.

**\$1,250 per month for 20 years**



Skilled nursing care for 10 years, e.g., Alzheimer's disease.

**\$2,500 per month for 10 years**



Home care for 4 years provided by a family member + nursing home care for 5 years.

**\$2,500 per month for 4 years, then \$3,000 for 5 years.**



Skilled nursing care for 5 years, e.g., serious stroke.

**\$5,000 per month for 5 years**

**Consider all of your needs when purchasing a life insurance policy—including those for chronic or terminal illness expenses.**

A life insurance policy with the **BenefitAccess Rider** may be a cost-effective way to provide death benefit protection for your family or if your needs change, to provide benefits to help with the costs of chronic or terminal illness for you.

- Are in your mid-40s to mid-60s
- Have a family history of longevity or chronic disease
- Are concerned about outliving your spouse
- Need income for medical or non-medical expenses if you were to become chronically ill
- Would prefer to stay at home if chronically ill
- Do not wish to become a financial burden to your loved ones if you become chronically ill
- Are interested in having access to your death benefit if you face a terminal illness
- Would like to be prepared today but make decisions tomorrow about how you'll be cared for should you become chronically ill

The following source is believed to be the most current available.

<sup>11</sup> Based on average national costs. [www.longtermcare.gov](http://www.longtermcare.gov). U.S. Department of Health and Human Services. May, 2010.

## A FINANCIAL LEADER FOR OVER 135 YEARS

Prudential Financial is a worldwide financial leader with a long tradition of serving the public interest. Prudential Financial has approximately 50 million customers. The well-known Rock symbol is an icon of strength, stability, expertise, and innovation that has stood the test of time.



*Produced with the  
environment in mind*



*Printed on Recycled Paper  
with 10% Post-Consumer Waste*

Our policies contain exclusions, limitations, reductions in benefits, and terms for keeping them in force. A financial professional can provide you with costs and complete details.

This rider is available on certain life insurance policies that are issued by Pruco Life Insurance Company except in New York where, if available, they are issued by Pruco Life Insurance Company of New Jersey. Both are Prudential Financial companies located in Newark, NJ. Each is solely responsible for its own financial condition and contractual obligations. The rider form number for the BenefitAccess Rider varies by underlying insurance product and is either VL 145 B-2013, ICC13 VL 145 B-2013, VL 145 B2-2013, ICC13 VL 145 B2-2013, VL 145 B3-2014, or ICC14 VL 145 B3-2013. Some rider form numbers may be followed by a state code.

Variable universal life insurance products are offered through Pruco Securities, LLC (member SIPC), Newark, NJ.

The BenefitAccess Rider is not long-term care insurance (LTC) and it is not intended to replace LTC. The rider may not cover all of the costs associated with chronic or terminal illness. The rider is a life insurance accelerated death benefit product, is generally not subject to health insurance requirements, and may not be available in all states.

BenefitAccess Rider is generally not subject to health insurance requirements and may not be available in all states.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

This material is designed to provide general information about the subject matter covered. It should be used with the understanding that we are not rendering legal, accounting or tax advice. Such services should be provided by your own professional advisors. Accordingly, any information in this document cannot be used by any taxpayer for purposes of avoiding penalties under the Internal Revenue Code.

### **Securities and Insurance Products:**

Not Insured by FDIC or Any Federal Government Agency.

May Lose Value.

Not a Deposit of or Guaranteed by Any Bank or Bank Affiliate.

Prudential, the Prudential logo, and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities.

NOT FOR USE IN CALIFORNIA

© 2014 Prudential Financial, Inc. and its related entities.

0260644-00001-00

[ML #]