

10 REASONS

You May Need Life Insurance
in Retirement

1. **A life insurance policy's death benefit is a source of cash for final expenses and estate settlement costs, including estate and inheritance taxes.** We all want to be free of outstanding financial obligations at death to avoid passing financial burdens on to our families. The proceeds from a life insurance policy can be used to help pay funeral costs and last expenses. They can also help pay estate and inheritance taxes on the legacy you may hope to leave behind.
2. **You may still be working! Life insurance can help replace lost income.** Many people at retirement age will continue to work full or part time and will need to replace their income in the event of their death. Life insurance can help ensure that income is there for those who depend on it.
3. **Life insurance can be used to replace all or a part of your spouse's pension benefits.** If your spouse dies, you may no longer be eligible to receive his or her Social Security or full retirement benefits. The death benefit from a life insurance policy can help replace these lost benefits.
4. **The life insurance policy death benefit can be used to pay off mortgages or other debt.** It would be nice to imagine living debt free in retirement, but the reality is that most of us will continue to carry debt, including a mortgage. Life insurance proceeds provide a safe, secure way to help your loved ones pay off debts you may have in retirement.
5. **Responsibilities don't retire when you do.** Today, many people heading into retirement still have people depending on them, from a spouse and children to elderly parents. Life insurance is a great way to continue to protect the people you love.
6. **Life insurance can help create or protect a legacy.** Inherited assets, such as traditional IRAs and tax-deferred annuities that bring with them an income tax liability, may benefit from life insurance proceeds. Planning techniques such as Roth conversions and stretch IRAs can also enhance your legacy. These planning techniques usually require or benefit from the liquidity that life insurance can provide.
7. **Your employer-sponsored group life insurance plan could retire when you do. An individual life insurance policy can replace any group coverage you lose when you retire.** While you may have some life insurance through work, if you retire, change jobs, or become self-employed, you may lose that coverage. To make sure you have enough life insurance after you retire, buy individual life insurance now—premiums will increase as you age and if you develop health issues.
8. **Policy withdrawals or loans can be used to supplement your retirement income.¹** Employer-sponsored retirement plans typically replace only a part of pre-retirement income. A permanent life insurance policy offers access to policy cash value during retirement, which you can use whether you decide to start a business, pursue a hobby, or handle an emergency—or supplement your retirement income.

¹ Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

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9. **If your policy has a *Living Needs Benefit*^{SM, 2}, a portion of the proceeds can be accessed if you become terminally ill or confined to a nursing home.** Living longer means more time to enjoy your favorite things, but how will this affect your retirement resources? You may live 20 or 25 years or more in retirement—if you have health issues, the costs of daily living can really add up. Ask about the *Living Needs Benefit*SM Rider, which accelerates the death benefit to help pay related expenses if you become terminally ill or need to live in a nursing home.
10. **A life insurance policy may have other features and benefits that can help provide you and your family with insurance protection/options in retirement.**

² The *Living Needs Benefit* is an accelerated death benefit and is not a health, nursing home, or long-term care insurance benefit and is not designed to eliminate the need for insurance of these types. There is no charge for this rider but, when a claim is paid under this rider, the death benefit is reduced for early payment, and a \$150 processing fee (\$100 in Florida) 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 the policyowner seek assistance from a personal tax advisor regarding the implications of receiving *Living Needs Benefit* payments. This rider 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 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. The form numbers for the *Living Needs Benefit* are ORD 87241 and ORD 87335; there may be state variations.

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