



Survivorship BenefitAccess Rider

LIFE INSURANCE POLICY FLEXIBILITY THROUGH LIVING BENEFITS FOR CHRONIC OR TERMINAL ILLNESS





Life Insurance

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Issued by Pruco Life Insurance Company or (in New York) Pruco Life Insurance Company of New Jersey.



THE VALUE OF LIFE INSURANCE PROTECTION

It's often said that life insurance is not for those who die—it's for those who live; it's a spot-on observation. After both you and your spouse have died while having a survivorship life insurance policy in place, the people you've chosen (your beneficiaries) will receive a sum of money (the death benefit) from your policy.

This money typically gets to beneficiaries free from federal income taxes. It can help the people you love live the lives you've dreamed of for them. It can also help your beneficiaries:

- Offset any estate taxes that may be due.
- Equalize inheritance.

LIFE INSURANCE CAN HAVE LIVING BENEFITS, TOO

We can't predict the future, but we can do our best to prepare for the unexpected. Riders are optional features that you can add to your policy. Some riders offer living benefits that provide practical and convenient ways to help meet needs that may come up.

The Survivorship BenefitAccess Rider is one such rider. It's an accelerated death benefit rider attached to a permanent life insurance policy. Here's what that means:

If qualified under the terms and conditions of the rider, the policy owner can access the death benefit if the surviving insured becomes chronically or terminally ill. It can also be accessed if both you and the other insured become chronically or terminally ill at the same time.

The Survivorship BenefitAccess Rider is available for an additional cost; additional underwriting requirements and limits apply. It is secondary to the need for death benefit protection. This rider is not long term care (LTC) insurance and isn't intended to replace LTC. Accelerating the death benefit will reduce, and may even eliminate, the death benefit. Please refer to your policy illustration for policy details.



SOME THINGS IN LIFE ARE WITHIN OUR CONTROL

Other things can be unexpected

Retirement can be an exciting and fulfilling time. As you get closer to it, you and your spouse or other insured person will want to ensure that you both:

- Have enough retirement income to live the retirement you want.
- Can leave a legacy to the people you love.
- Stay healthy and active.

These goals can be derailed by things like market volatility, outliving your savings, or getting sick.

You may have some control over certain things. For example, you can work with a financial professional to help reduce risk in your investment portfolio. You can build a plan to help leave a legacy to your family.

But there are some things that are completely out of anyone's control and things that can be more difficult to plan for. What if, after you or your spouse dies, the survivor becomes seriously or even chronically ill?

The fact is that there's a very good chance that, after being widowed, you or your spouse may become chronically or terminally ill.

Survivorship life insurance and the Survivorship BenefitAccess Rider are available for two insured individuals who need not be married; marriage is not a requirement to own survivorship life insurance policy or a survivorship chronic and terminal illness rider.

CHRONIC ILLNESS AND WIDOWHOOD RISKS

The Survivorship BenefitAccess Rider can help chronically or terminally ill widows and widowers fill a void created when there is no spouse to provide support and care.

- The likelihood of a man or woman becoming chronically ill may increase sharply with age.
- The risk of widowhood is high.
 75% of women will be widowed for five or more years, and 50% will be widowed for 10 years or more.³
- Over half of all couples may one day find that one or both will need 90 or more days of care due to a chronic or terminal illness.⁴



56% of people who are age 65 will deal with a chronic illness or disability in life,² like Alzheimer's disease, stroke, or crippling arthritis.

¹ Per IRC §101(a).

² Favreault, M and Dey, J, et al (January 2021). ASPE Research Brief: Long Term Services and Supports for Older Americans Risks and Financing, 2020. U.S. Department of Health and Human Services and the Urban Institute.

³ 2012 Individual Annuitant Mortality (2012 IAM) Basic Table. Society of Actuaries.

⁴ Favreault, M and Dey, J, et al (January 2021). ASPE Research Brief: Long Term Services and Supports For Older Americans Risks and Financing, 2020. U.S. Department of Health and Human Services and the Urban Institute.

A chronic or terminal illness can cost thousands of dollars each year. This can really take a toll if you haven't prepared for it. Estimates are that, throughout retirement, total out-of-pocket medical expenses for an average 65-year-old couple who retired in 2022 will be \$315,000 and even more if chronic illness care is needed.⁵

Not everyone will become chronically or terminally ill. But if, in widowhood, you or your spouse becomes ill, ask yourselves this:

Does your current strategy provide the income needed to help protect those you love while providing a resource to help pay for things?

Some folks need to liquidate or sell assets for extra money should they become chronically or terminally ill in widowhood. A survivorship life insurance policy with the **Survivorship BenefitAccess Rider** can help you prepare for the financial impact of chronic or terminal illness so the emotional one is a little easier.

REALITY CHECK



\$315,000. Estimated out-of-pocket medical expenses throughout retirement for an average 65-year-old couple who retired in 2022.

This number can significantly increase if chronic illness care is needed.⁵



SURVIVORSHIP BENEFITACCESS RIDER

When applied for and added to a survivorship life insurance policy at the time of purchase, the Survivorship BenefitAccess Rider allows for the **acceleration of the policy's death benefit** (access to the death benefit money). There is a monthly charge included in your premiums when the Survivorship BenefitAccess Rider is added to your policy.

The Rider can be used if:

- Both insureds are deemed chronically or terminally ill at the same time; or
- The surviving insured becomes chronically or terminally ill.

Chronic illness must be certified by a licensed health care professional while terminal illness must be certified by a licensed physician.



No receipts, no restrictions

There is no requirement to submit receipts or medical bills to collect benefits. Chronic illness benefits can be qualified for when a licensed health care practitioner certifies that both of you (at the same time) or the survivor are/is chronically ill and meet other terms of the Rider.

Before taking benefits, it's best to consult with one's personal tax advisors regarding the implications of receiving accelerated death benefit payments.

Estate Planning and Tax Considerations:

- If a survivorship life insurance policy is owned by an irrevocable life insurance trust, adding the Survivorship BenefitAccess Rider could result in the policy being included in the insureds' estate.
- If the owner of the survivorship policy is a business, there are circumstances where Survivorship BenefitAccess benefit payments will be included as taxable income. This depends on the relationship between the business and the insured individuals.
- If additional benefits are being received under similar contracts, all or a portion of Survivorship BenefitAccess benefit payments may be included as taxable income.

You decide how to use the money.

Money accessed through the Survivorship BenefitAccess Rider can be used for any purpose, such as help paying daily living expenses. Here are some things that can be done with the money:

- Pay a family member for at-home care.
- Modify the home to meet needs, such as installing ramps, expanding doorways to accommodate mobility devices, and more.
- Take loved ones on a trip—or fly them in for a visit.
- Pay for transportation when driving is no longer possible.

THE FLEXIBILITY OF BENEFITACCESS

Take a look at two hypothetical examples calculated based on 2023 factors. They show how the rider can be used by a chronically ill widow or widower with a \$1,000,000 life insurance policy:6

Example 1:

A widow or widower stays at home and receives \$12,600 per month for over 6 years. This money helps to improve quality of life by paying a loved one to stay home or by hiring a professional assistant to help with day-to-day chores.

Example 2:

A widow or widower takes an annual lump sum of \$151,200 per year for 6 years, and the remaining \$92,800 in the 7th year. With help from the Rider, the things needed to be more comfortable and enjoy precious time with loved ones can be paid for.

Please keep in mind that accelerating the death benefit will reduce, and may even eliminate, the death benefit.

These are hypothetical examples to illustrate how the rider could work.

Actual results may vary based on policy performance and individual circumstances.



Here's the point: you can spend the money any way you choose.

⁶ 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.

Using Your Living Benefit

Here's what happens when you file a claim for a chronic illness benefit:

Step 1:

YOU CALL OUR CLAIMS DEPARTMENT. If you are chronically or terminally ill and would like to initiate a claim, please call a live representative in our claims department. We'll supply you with the necessary forms to complete and return to us for review.

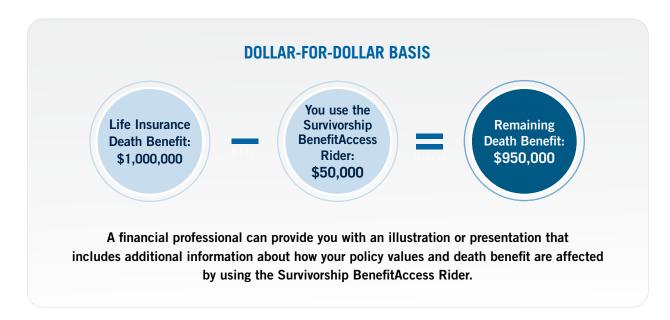
Step 2:

WE PREPARE THE POLICY. Your benefit amount is determined by the amount of your death benefit at time of claim. Depending on the type of life insurance policy you have, we may need to adjust your policy once you are receiving payments. These changes are made to stabilize your policy so you don't need to worry about market performance while you are on claim.

- If you selected a policy with a variable or rising death benefit option, we will move you to a fixed or level death benefit.
- If you selected a variable policy and are currently invested in underlying sub-accounts, we will move you over to a fixed account.

Step 3:

WE PAY YOUR CLAIM. Once all of the terms of the rider have been met and upon claim approval, your benefit is paid and your policy values will be adjusted accordingly.



The advantages of BenefitAccess Rider —Terminal Illness

If both you and your spouse or the survivor are/is certified as terminally ill by a licensed physician and a claim is approved, here's how it works:

You can access up to 95% of your death benefit in the event of terminal illness.

If both you and your spouse or the survivor are/is terminally ill and choose to take the one-time partial amount of the death benefit instead of the full amount available for acceleration, the life insurance policy will continue and the death benefit will be reduced dollar-fordollar by the amount of benefit that was accelerated.

If only part of the death benefit is accelerated, future premium payments and contract values will be adjusted accordingly to the new death benefit amount.

You and your spouse or the survivor may take a benefit payment in either a partial or full lump sum or may only take one partial acceleration.

(Accelerated benefits paid under the terms of the Terminal Illness portion of the rider are subject to a \$150 processing fee (\$100 in Florida).)

- 4 Full acceleration will eliminate the death benefit available for your policy's beneficiaries and your policy will terminate.
- Annual recertification is not required for terminal illness benefits. Evidence of terminal illness is required for any terminal illness claim (partial or full).



When the terminal illness option is being used, you will no longer qualify for the chronic illness option.



The Survivorship BenefitAccess Rider requires that both insureds be ill at the same time or the survivor to be ill before it can be used. But it's entirely possible that you or your spouse could become chronically or terminally ill while you are both living.

If your survivorship life insurance policy offers the potential for cash value accumulation, it may have a potential solution you can leverage. Cash value can be accessed on a tax-favorable basis through loans and withdrawals at any time, including, but not limited to, when there's a need for money should one of the insureds become ill while both insureds are living. The money can be used in any way you choose.

Of course, unpaid loans and withdrawals reduce cash values and death benefits; may reduce the duration of any guarantee against lapse, which may lapse the policy; and may have tax consequences. Access to policy withdrawals is restricted during periods in which BenefitAccess Chronic Illness benefit payments are being made.



THE SURVIVORSHIP BENEFITACCESS RIDER CHECKLIST

You might be interested in the Survivorship BenefitAccess Rider if you and/or your spouse:

Have a family history of longevity or chronic disease

Are concerned about a potential chronic or terminal illness in widowhood

May need income for medical or nonmedical expenses if you were to become chronically ill

Would prefer the spouse left behind to stay at home if chronically ill

Do not wish to financially impact your loved ones if you become chronically ill as a widow or widower

Are interested in having access to your death benefit if you face a terminal illness

Have concerns about becoming chronically or terminally ill at the same time

Would like to be prepared today but make decisions tomorrow about how you'll be cared for should you become chronically ill



Benefits paid under the Survivorship 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 receiving accelerated death benefits are complex, and benefits may be taxable in certain circumstances. Receipt of benefits may affect eligibility for public assistance programs such as Medicaid. Accelerated benefits paid under the terms of the Terminal Illness portion of the rider are subject to a \$150 processing fee (\$100 in Florida). Please consult your tax and legal advisors before initiating a claim.

To qualify for chronic illness benefits, both insured individuals (or the surviving insured individual) must be certified as chronically ill by a licensed health care practitioner. Benefits are not payable if both insured individuals are alive and only one insured is certified as chronically ill. For chronic illness benefits to continue beyond one year, recertification by a licensed health care practitioner is required. Other terms and conditions may apply, including an elimination period. The elimination period is a term of 90 consecutive calendar days that must pass before benefits can be payable. To qualify for terminal illness benefits, both insured individuals (or the surviving insured individual) must be certified as terminally ill by a licensed physician.

This rider is not Long-Term Care (LTC) insurance, and it is not intended to replace LTC. The rider may not cover all of the costs associated with chronic or terminal illness. It is a life insurance accelerated death benefit rider and is generally not subject to health insurance requirements. The availability of the rider as well as terms and conditions may vary by state.

If your survivorship policy will be owned by a trust or nonliving entity, you should consult a tax advisor prior to electing the Survivorship BenefitAccess Rider. Clients should always consult their tax and legal advisors when considering the purchase of a life insurance policy and/or accelerated death benefit rider.

Guarantees are based on the claims-paying ability of the issuing company.

Prudential Financial and its financial professionals do not give legal or tax advice. Please consult your own advisors.

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