

FAQs

Life insurance with optional BenefitAccess Rider

Prudential has prepared this guide to quickly answer the most commonly asked questions about BenefitAccess Accelerated Death Benefit Rider (BenefitAccess), an optional accelerated death benefit with two primary components: a chronic illness option and a terminal illness option. BenefitAccess Rider is not Long-Term Care (LTC) insurance and is not intended to replace LTC. BenefitAccess is currently available on Prudential FlexGuard® Life IVUL, PruLife Founders Plus Indexed UL®, VUL Protector®, PruLife® Index Advantage UL, and PruLife® Custom Premier II and PruLife Essential UL® life insurance policies. We also offer Survivorship BenefitAccess Rider on PruLife® Survivorship VUL and PruLife® Survivorship Indexed UL.

SECTIONS

1. Application and underwriting questions
2. Service questions
3. Claims questions
4. Federal income taxes, federal government public assistance programs, and the chronic illness option
5. Survivorship BenefitAccess Rider

SECTION 1: APPLICATION AND UNDERWRITING QUESTIONS

Who can apply for BenefitAccess?	<p>Applicants ages 20-80 who are applying for a minimum \$100,000 of basic coverage and rated a Table D risk or better may qualify to add this rider.</p> <p>Some examples of impairments that will likely not qualify, regardless of the rating, include:</p> <ul style="list-style-type: none"> • Mild cognitive impairment • History of a stroke at any time or TIA within the last eight years • History of drug or alcohol treatment within the last 10 years • Rateable psychiatric condition • History of rateable criminal activity • Severe chronic respiratory disease • Severe bone or joint disease • Any impairment requiring the use of an ambulatory aid • Neurodegenerative or neuromuscular disease including: multiple sclerosis, Parkinson's, and other similar impairments • Current inability to perform one Activity of Daily Living (ADL), including ambulation, bathing, continence, dressing, eating, toileting, and transferring • Professional athletes (e.g., football players, hockey players, soccer players, boxers, wrestlers)
Minimum Face Amount	\$100,000 minimum limit on base face amount.
Maximum Face Amount	\$5,000,000 – Applies on an aggregate basis, per individual, at the time of application.

Continued on the next page.



How does someone apply for BenefitAccess?	The rider is elected on the Application for Life Insurance. An additional Application Supplement and a Policyholder Disclosure must also be completed and signed with the product application.
Is BenefitAccess available in all states?	The rider is available in many states and may be subject to state variations. You can check for the latest availability on www.pruxpress.com .
Are there any additional underwriting requirements?	Yes, the rider is elected on the Application for Life Insurance. An additional Application Supplement (APS) and a Policyholder Disclosure must also be completed and signed with the product application. If BenefitAccess is requested at application, an RX check will be obtained and an APS may be necessary, in some cases. There is also an additional underwriting requirement.
Can an insured be offered a life insurance policy and be declined for BenefitAccess?	Yes
Do normal financial underwriting rules apply when BenefitAccess is added?	Yes
Can an insured have BenefitAccess and Living Needs BenefitSM (LNB) on the same policy?	No
Can an insured have the BenefitAccess Rider and Enhanced Disability Benefit (EDB) on the same policy?	No
Can my clients convert their current term policy to a permanent individual life policy with the BenefitAccess Rider?	By current company practice, yes. Additional underwriting will apply, please reach out to your wholesaler/underwriter for more information.
Does the insured have to be residing in the U.S. in order to purchase BenefitAccess?	Yes

SECTION 2: SERVICE QUESTIONS

What is the charge for BenefitAccess?	There is an additional charge for this rider. Adding the rider increases premiums, generally from 5-25%, depending on age, gender, monthly benefit option, and underwriting class.
Can BenefitAccess be added to a policy after it is issued?	No
Can BenefitAccess be terminated by the policyowner?	Yes, this rider can be voluntarily terminated at any time and charges will cease. Once terminated, this rider cannot be reinstated.
Can the client request face amount changes if BenefitAccess is attached to the policy?	<ul style="list-style-type: none"> • Face amount increases are not allowed. • Face amount decreases and any withdrawals prior to claim will reduce the Lifetime Benefit Amount.
What impact will there be to BenefitAccess if the insured applies for, and receives, a better mortality class or rating after the policy is issued?	This will result in a lower charge going forward for BenefitAccess, as the per \$1,000 charge for the rider is a function of the insured's rating class.

SECTION 3: CLAIM QUESTIONS

What are the requirements for receiving BenefitAccess benefits?	<p>CHRONIC ILLNESS OPTION — Conditions for Eligibility</p> <p>The right to be paid under the Chronic Illness Option is subject to all of the following conditions:</p> <ol style="list-style-type: none"> 1. The contract must be in force and the insured must be living. 2. We must receive a claim in a form that meets our needs. 3. We must receive written certification by a licensed health care practitioner prior to the start of every benefit year that the insured is chronically ill. 4. We have the right to complete, at our discretion and expense, a personal interview with and assessment of the insured, which may include examination or tests by a licensed health care practitioner of our choice. 5. We must receive authorization from the insured to obtain copies of any relevant medical records that we require. 6. The elimination/eligibility period must be satisfied unless waived (see Waiver of elimination/eligibility period). 7. The policyowner must not have received a benefit payment under the Terminal Illness Option. 8. Other terms and conditions apply.
---	---

<p>What are the requirements for receiving BenefitAccess benefits?</p> <p><i>(continued)</i></p>	<p>TERMINAL ILLNESS OPTION – Conditions for Eligibility</p> <p>The right to be paid under the Terminal Illness Option is subject to all of the following conditions:</p> <ol style="list-style-type: none"> 1. The contract must be in force and the insured must be living. 2. We must receive a claim in a form that meets our needs. 3. We must receive written certification by a licensed health care practitioner that the insured's life expectancy is six months or less (12 months in CA). 4. We reserve the right to set a minimum of no more than \$50,000 on the amount of the death benefit that may be exercised under the option. 5. We must receive the consent, in writing, of any assignee and irrevocable beneficiary(ies) on the policy. 6. We must receive the contract if we ask for it. 7. Other terms and conditions apply.
<p>Is there a period of time when the policyowner must wait before becoming eligible to receive benefit payments under BenefitAccess?</p>	<p>Yes, depending on the expected duration of the insured's illness, an elimination period may apply. Please see sections on elimination period and Waiver of Elimination Period.</p>
<p>How often does the insured's condition need to be re-certified?</p>	<p>Recertification must occur by a licensed health care practitioner every 12 months.</p>
<p>Does the insured have to be residing in the U.S. at the time they file a claim?</p>	<p>No, but the insured would need to fulfill all requirements to qualify for benefits, including certification and recertification in the U.S. every 12 months by a licensed healthcare practitioner.</p>
<p>What is the total amount that can be accelerated under BenefitAccess?</p>	<p>For the Chronic Illness Option, the maximum accelerated amount cannot exceed the death benefit* at the time of initial claim (reduced by any post-claim face reductions). For the Terminal Illness Option, the maximum accelerated amount cannot exceed the current face amount at the time the claim is made.</p> <p>*This is what is referred to as the Lifetime Benefit Amount.</p>
<p>What is the Maximum Monthly Benefit for the Chronic Illness option?</p>	<p>The Maximum Monthly Benefit is the lowest of A, B, or C:</p> <p>A = 2% or 4% of the Lifetime Benefit Amount at the time of initial claim. The 4% option is available only with initial face amounts of \$500,000 or less.</p> <p>B = The monthly equivalent of the IRS Per Diem Limitation in effect on the claim effective date.</p> <p>C = The monthly equivalent of the IRS Per Diem Limitation in effect on the policy issue date, compounded annually at 4%.</p> <p>For 2023, the IRS Per Diem Limitation is \$420. This amount is indexed for inflation and may be adjusted by the Internal Revenue Service.</p>
<p>Is there a waiting or elimination/eligibility period?</p>	<p>A period of 90 consecutive days after which the insured becomes eligible to receive accelerated benefit payments if all conditions for eligibility are met and we have approved the claim. The elimination/eligibility period begins when we receive written certification that the insured is chronically ill. The elimination/eligibility period does not apply to terminal illness claims.*</p> <p>*Subject to state variations</p>

Is there a waiver for the elimination/eligibility period?	<p>The elimination/eligibility period will be waived if the insured is certified as chronically ill and not likely to recover from the chronic illness condition (if all other conditions of eligibility are met and Prudential approves the claim). When the elimination/eligibility period is waived, benefit payments will begin as of the monthly policy date on or after the date that the claim is received in good order.</p>
<p>What is the Maximum Monthly Benefit? <i>(continued)</i></p> <p>For 2023, policies issued with BenefitAccess and a level face amount of \$315,000 or less (\$315,000 or less for 4% monthly benefit option) would not be limited by either B or C because:</p> <p>When selecting the 4% option your clients will be accelerating the death benefit at a faster rate. The IRS per diem limit will be reached in 2023 when the death benefit is at \$315,000.</p>	<div> <div> 2% of the Lifetime Benefit Amount = 2% x \$630,000 = \$12,600 </div> <div> 4% of the Lifetime Benefit Amount = 4% x \$315,000 = \$25,200 </div> <div> The monthly equivalent of the 2023 IRS Per Diem Limitation = \$420 x 30 (we always use 30) = \$12,600 </div> </div> <p>Since 2% of \$630,000 is the exact amount of the monthly equivalent of the IRS Per Diem Limitation, the Maximum Monthly Benefit will always be the A value.</p>
<p>For policies issued with face amounts higher than \$630,000, the Maximum Monthly Benefit may be less than 2% of the Lifetime Benefit Amount. Take a \$1 million level face amount with BenefitAccess, for example:</p>	<div> <div> 2% of the Lifetime Benefit Amount = 2% x \$1 million = \$20,000 </div> <div> The monthly equivalent of the 2023 IRS Per Diem Limitation = \$420 x 30 = \$12,600 </div> </div> <p>Since 2% of \$1 million is more than the monthly equivalent of the IRS Per Diem Limitation, the Maximum Monthly Benefit for this month will be \$12,600.</p>
<p>Now let's use the same example, but instead assume that the IRS Per Diem Limitation increases by 4% annually, so that B and C are exactly the same.¹ If chronic illness occurs in year 2035, the daily value for B and C will equal \$672. To figure the Maximum Monthly Benefit, we compare the following:</p>	<div> <div> 2% of the Lifetime Benefit Amount = 2% x \$1 million = \$20,000 </div> <div> The monthly equivalent of the 2035 IRS Per Diem Limitation = \$672 x 30 = \$20,160 </div> </div> <p>Since 2% of \$1 million is less than the monthly equivalent of B and C, the Maximum Monthly Benefit for this benefit year will be \$20,000.00.</p>
Is the Maximum Monthly Benefit amount the same each month?	<p>Yes</p>
Can a policyowner take less than the Maximum Monthly Benefit?	<p>Yes, each year the policyowner can select an amount that is less than the Maximum Monthly Benefit, subject to minimum rules then in effect (minimum is currently \$500). By choosing a lesser amount, the period of eligibility for monthly benefit payments may be extended. In CA only: A one-time lump sum is also available, equal to the present value of all Maximum Monthly Benefit payments, which can vary depending on the size of the Lifetime Benefit Amount. Electing the one-time lump sum may result in adverse tax consequences. Clients should consult with a tax advisor before electing this option.</p>

¹The Per Diem Limitation declared by the IRS is \$420 per day for 2023. This amount may be adjusted for inflation by the IRS. The clients' benefit will fluctuate according to the terms of the rider only if adjusted for inflation by the IRS subject to a maximum annual increase of 4%.

Are other payment frequencies available?	There is an Annual Lump Sum Option equal to the present value of the next 12 Maximum Monthly Benefit Amounts. This option is payable at the beginning of the benefit period. Present value discounting is based on an interest rate never to exceed the current yield on 90-day Treasury bills or the current maximum statutory adjustable policy loan interest rate, whichever is greater. Please note that there may be different tax consequences associated with the Annual Lump Sum Option.
How do benefit payments impact the policy's death benefit and account value?	Each benefit payment will decrease the total death benefit on a dollar-for-dollar basis. Accelerating the death benefit will reduce and may eliminate, the benefit payable to the beneficiary. The policy's account value and any policy indebtedness will be reduced proportionately to the death benefit amount immediately prior to the payment. It should be noted that for policies with indebtedness, a portion of the benefit payment serves as a loan repayment, resulting in a lower net benefit payment. Benefit payments will be considered a proportionate return of cost basis.
How does the Terminal Illness Benefit work?	<p>It provides for a benefit if the insured becomes terminally ill and has a life expectancy of six months or less (12 months in CA). It is designed to add flexibility to the payment of specified claims by advancing part of the death benefit.</p> <p>A claim can be made by the policyowner if the insured is terminally ill and has a life expectancy of six months or less. Satisfactory evidence from the insured's physician must be provided.</p> <p>When a claim is paid, a processing fee of up to \$150 (\$100 in FL) for the first policy and for each additional policy used for the same claim will be deducted (as well as a reduction for early payment).</p> <p>The entire death benefit may be accelerated, less an actuarial reduction. After the actuarial reduction is applied, the amount paid to the policyowner is typically between 90% and 95% of the death benefit. Proceeds are paid in a lump sum. A one-time partial claim is also available. The Terminal Illness Option can be exercised if a client is on Chronic Illness Option claim. However, once the Terminal Illness Option is exercised, the client cannot go back on to Chronic Illness Claim.</p> <p>If a partial benefit payment is claimed, the life insurance policy can continue with a reduced death benefit and lower premiums. See the Rider for any restrictions that apply to partial Terminal Illness Option claims. When only a portion of the option is elected, the insured's death benefit of the life insurance policy will be reduced proportionately and will continue to provide a reduced death benefit for the beneficiary. The premiums, values (including any Contract Fund values), and amount of insurance will be appropriately reduced.</p> <p>In a full settlement, riders on other lives are not included in the calculation and will remain in force with no further premium due. If a partial claim is paid, the premium, death benefit, contract fund, and outstanding loan amounts will be proportionately reduced, but benefits payable under an accidental death benefit rider or a rider on a life other than the insured are not impacted.</p>
Can one switch from receiving Chronic Illness benefits to receiving Terminal Illness benefits?	Yes, but once terminal illness benefits have been received, the <i>insured cannot go back to receiving chronic illness benefits.</i>

How do benefit payments impact the policy's death benefit and account value? *(continued)*

Following are some examples of how benefit payments affect the policy. These examples assume that, aside from benefit payments, there are no other changes to values, such as monthly deduction amounts, unit value due to market gain or loss, interest crediting, loan interest, or premium amounts.

Level Face Amount of \$420,000 Account Value of \$70,000 at the Point of Claim for the Chronic Illness Option				
Month	Gross Benefit Payment	Net Benefit Payment	New Account Value	New Death Benefit
1	\$8,400	\$8,400	\$68,600	\$411,600
2	\$8,400	\$8,400	\$67,200	\$403,200
3	\$8,400	\$8,400	\$65,800	\$394,800
4	\$8,400	\$8,400	\$64,400	\$386,400
5	\$8,400	\$8,400	\$63,000	\$378,000
6	\$8,400	\$8,400	\$61,600	\$369,600
7	\$8,400	\$8,400	\$60,200	\$361,200
8	\$8,400	\$8,400	\$58,800	\$352,800
9	\$8,400	\$8,400	\$57,400	\$344,400
10	\$8,400	\$8,400	\$56,000	\$336,000
11	\$8,400	\$8,400	\$54,600	\$327,600
12	\$8,400	\$8,400	\$53,200	\$319,200

Level Face Amount of \$420,000 Account Value of \$70,000 at the Point of Claim • Loan of \$20,000 at the Point of Claim						
Month	Gross Benefit Payment	Net Benefit Payment	New Account Value	New Death Benefit	New Loan	New Death Benefit Net of Loan
1	\$8,400	\$8,000	\$68,600	\$411,600	\$19,600	\$392,000
2	\$8,400	\$8,000	\$67,200	\$403,200	\$19,200	\$384,000
3	\$8,400	\$8,000	\$65,800	\$394,800	\$18,800	\$376,000
4	\$8,400	\$8,000	\$64,400	\$386,400	\$18,400	\$368,000
5	\$8,400	\$8,000	\$63,000	\$378,000	\$18,000	\$360,000
6	\$8,400	\$8,000	\$61,600	\$369,600	\$17,600	\$352,000
7	\$8,400	\$8,000	\$60,200	\$361,200	\$17,200	\$344,000
8	\$8,400	\$8,000	\$58,800	\$352,800	\$16,800	\$336,000
9	\$8,400	\$8,000	\$57,400	\$344,400	\$16,400	\$328,000
10	\$8,400	\$8,000	\$56,000	\$336,000	\$16,000	\$320,000
11	\$8,400	\$8,000	\$54,600	\$327,600	\$15,600	\$312,000
12	\$8,400	\$8,000	\$53,200	\$319,200	\$15,200	\$304,000

Chart illustrates level account value and loans. In actuality, both will change during the claim benefit period.

Are loans and withdrawals allowed while on claim?

Loans are allowed while on chronic illness claim; standard rules regarding maximum loans available will apply. Proportionate loan repayments are made from each benefit payment, resulting in a lower net benefit payment. Withdrawals are not available while chronic illness benefits are being paid.

Can the policyowner increase the monthly benefit amount in order to repay any outstanding policy loan?	The gross benefit amount can never exceed the Maximum Monthly Payment; however, loan repayments can be made out-of-pocket.
Can 100% of the benefit payment be applied to an outstanding policy loan?	No
Can a policy lapse while on claim?	No
If the insured comes off claim, can the policy lapse?	Yes. If the insured comes off claim within 25 months (or the annual equivalent) of initial claim, he or she may need to resume premium payments on the remaining death benefit or the policy could lapse. Once the insured has been on claim for 25 consecutive months or more, the policy cannot lapse.
What happens when 100% of the Lifetime Benefit Amount has been paid?	The Rider will terminate. If there is any remaining death benefit above the face amount, the policy will continue as lapse protected and it will be paid out as a death benefit upon the insured's death.
Is there a residual death benefit available after the Lifetime Benefit Amount has been paid?	There is not an explicit residual death benefit; however, if there is any remaining death benefit, it will be paid to the named beneficiary after the death of the insured.
What happens to other policy riders while on claim? (Enhanced Disability Benefit (EDB) is not available)	While chronic illness benefits are being paid, charges for all riders are waived. Accidental Death Benefit (ADB) benefits remain at the full original benefit amount, but the Rider terminates when the entire death benefit has been paid. Children Level Term (CLT) Rider also remains in effect at the full original amount and becomes paid up when the full death benefit has been paid.
What is meant by fund restrictions during claim?	During claim the premiums for the policy are being waived by Prudential. As part of this mechanism any funds in variable product subaccounts is moved to the fixed account. If the policy goes off claim the client is free to invest in the subaccounts again.

SECTION 4: QUESTIONS PERTAINING TO FEDERAL INCOME TAXES AND FEDERAL GOVERNMENT PUBLIC ASSISTANCE PROGRAMS AND THE CHRONIC CARE OPTION

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

What are the income tax consequences of benefits under BenefitAccess?	BenefitAccess is designed so that the benefits paid under the rider will be treated for federal income tax purposes as accelerated death benefits under Internal Revenue Code Section 101(g) and may be excluded from taxable income depending on the insured's particular situation. Depending on the circumstances, benefits under the rider may be taxable as income to the extent the insured receives total benefits that exceed the IRS Per Diem Limit.
---	---

What are the income tax consequences of benefits under BenefitAccess? Do the income tax consequences differ if there is more than one contract providing accelerated benefits on account of chronic illness or a long-term care contract on the insured?

(continued)

For income tax purposes, Prudential will report payment of benefits to the policyowner on IRS Form 1099-LTC. The policyowner must then file IRS Form 8853 to determine any includable amount for the tax year. If there is more than one contract providing accelerated benefits on account of chronic illness or a qualified long-term care contract on the insured (whether owned by the same person or not),² receipt of all per diem benefit payments must be considered to determine whether the benefits are taxable. To the extent the aggregate per diem benefits for an insured exceed the IRS Per Diem Limit, the excess benefit amounts will generally be taxable as ordinary income to the policyowner. Clients should consult a qualified tax advisor prior to purchasing this rider and electing to receive benefits.

In general, Per Diem benefit payments with respect to an insured are excludable from income to the extent they do not exceed the Per Diem Limit, which is the greater of (1) the then current IRS Per Diem amount (e.g., \$420 per day in 2023) less reimbursements, or (2) the actual qualified costs incurred on behalf of the insured, less reimbursements.

Let's look at some scenarios:

A: Jane Smith owns a policy with BenefitAccess and no other accelerated benefit or qualified long-term care contract. Her qualified expenses³ are not reimbursed through insurance or otherwise. Jane elects to receive monthly benefits under BenefitAccess.

B: John Barker owns a policy with BenefitAccess and a qualified long-term care contract that pays on a per diem basis. His qualified expenses³ are not reimbursed through insurance or otherwise. John elects to receive monthly benefits under BenefitAccess, as well as benefits under the qualified long-term care contract.

TAX RESULT

To the extent the benefits paid under BenefitAccess or the aggregate benefits paid under BenefitAccess and the qualified long-term care contract do not exceed the IRS Per Diem Limit, neither Jane or John would be required to pay federal income taxes. To the extent the benefits/aggregate benefits exceed the IRS Per Diem Limit, such benefits are generally taxable.

If the life insurance policy with BenefitAccess is a Modified Endowment Contract (MEC), will the income tax consequences of receiving rider benefits differ?

The benefit payments are treated as death distributions, not withdrawals, so they are unaffected by MEC status.

Can an Irrevocable Life Insurance Trust (ILIT) own a life insurance policy with BenefitAccess to keep the death benefit outside the insured's estate for federal estate tax purposes? Are the federal estate tax consequences any different if another third party, such as a child of the insured, owns the life insurance policy with BenefitAccess?

In a typical ILIT created for estate liquidity purposes, the insured is not a trustee or beneficiary and does not otherwise have any other right in or to the ILIT and its assets. Usually, the insured is only making gifts to fund the ILIT. If there is implied or expressed understanding among the parties involved that the insured will have access to the benefits under BenefitAccess in the event of chronic illness, then inclusion of the life insurance policy in the estate of the insured may occur.⁴

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

²Special rules apply to determine the taxability of benefits when there is more than one contract providing accelerated benefits on account of chronic illness or qualified long-term care contract on the insured's life and more than one policyowner. A qualified tax advisor should be consulted.

³Qualified expenses mean necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, rehabilitative services, and maintenance or personal care services required to treat a chronically ill individual under a plan of care prescribed by a licensed health care practitioner.

⁴Internal Revenue Code 2036(a), Treasury Regulation 20.2036-1(a). Assumes the ILIT has an insurable interest in the life of the insured.

(Continued)	<p>If a child of the insured owns the policy, instead of an ILIT, and the insured is gifting cash to the child for payment of the premium or paying the premium directly to the insurance carrier, then there must not be an expressed or implied understanding between the insured and the child that the insured will have access to the benefits under BenefitAccess, or inclusion in the insured's estate of the policy for federal estate tax purposes may also occur.</p> <p>In either of these instances, clients should consult a qualified tax advisor to fully appreciate the Rider's impact for income, gift, and estate tax purposes.</p>
<p>What is the difference between BenefitAccess and a qualified long-term care rider?</p>	<p>BenefitAccess is an accelerated death benefit rider on a life insurance policy and is not LTC Insurance, nor is it intended to replace the need for LTC Insurance.</p> <ul style="list-style-type: none"> • There is no requirement for the insured to incur LTC expenses in order to be eligible for BenefitAccess benefits. Eligibility for BenefitAccess benefits is based on the insured's chronic illness condition, not the LTC expenses they incur. LTC insurance policies pay on an expense reimbursement basis and benefit eligibility is based on evidence (such as receipts) that the insured has incurred qualified long-term care expenses. The benefit payment on an LTC policy amount is equal to the amount of LTC expenses incurred by the insured during that benefit period. • The total benefit amount available under BenefitAccess is the death benefit of the life insurance policy. The total benefit amount available under an LTC insurance policy is based on benefit levels and a pool of money selected by the policyowner at the time of purchase. • Payments can begin immediately once the insured qualifies for the BenefitAccess benefits. Qualification of the insured means they are certified as chronically ill and not likely to recover from the chronic illness condition (and all other conditions of eligibility are met and Prudential approves the claim). For LTC insurance policies, benefit payments are often delayed until a waiting period or elimination period (such as 90 or 100 days) is satisfied. Also, benefits must be used to pay for qualified LTC expenses. • For situations where the client's condition is deemed temporary and the client is likely to recover, a 90-day elimination period will apply. This period is based on 90 calendar days from receipt of claim and not days of treatment. With an LTC rider, the elimination period may or may not be determined by the days in which the client receives treatment, as opposed to calendar or consecutive days. This calculation, based on days of treatment, could make the elimination period considerably longer than 90 consecutive days. • There may be other differences between BenefitAccess and any specific LTC insurance policy. Clients should carefully review the specific details of each before making any decision to purchase.
<p>Despite some similarities, BenefitAccess is life insurance and long-term care insurance is health insurance.</p>	<p>Since long-term care insurance is classified as health insurance, it is subject to the Health Insurance Portability and Accountability Act (HIPAA) and must provide certain consumer protection provisions specific to long-term care. In addition, state law requires health contracts, like long-term care, to have different policy provisions and requirements than life insurance contracts. A health license is also required to sell long-term care insurance.</p> <p><i>Because BenefitAccess is a life insurance rider (and not health insurance), state law prohibits the Rider from being marketed as long-term care insurance.</i></p>

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

NOT FOR CONSUMER USE.

Can another insurance carrier's life insurance policy with a qualified IRC Section 7702B rider be exchanged income tax-free under IRC Section 1035 to a Prudential policy with BenefitAccess?	Effective in 2010, provisions of the Pension Protection Act of 2006 make it clear that life insurance with a rider established under Section 7702B will be treated as a life insurance contract for Section 1035 purposes. As a result, a life insurance contract with a Section 7702B rider may be exchanged income tax-free under Section 1035 for a policy with BenefitAccess.
Are the income-tax consequences different if the owner of a policy with BenefitAccess is not the same as the insured, such as a business entity?	Potentially. For instance, when a business or trust is the owner of the policy the BenefitAccess benefit may be taxable if the owner of the policy has an insurable interest in the life of the insured by reason of being a director, officer, or employee of the owner, or by reason of being financially interested in any trade or business carried on by the owner. ⁵
Will the rider affect eligibility for Medicaid, Supplemental Social Security Income, or other public assistance programs?	The mere fact that a client owns a policy with an accelerated benefit rider may affect eligibility for these government programs. In addition, exercising the option to accelerate death benefits and receiving those benefits before clients apply for these programs or while receiving government benefits may affect initial or continued eligibility under the programs. Many public assistance programs also vary by state. For example, each state's Medicaid program is different, even though they must operate within federal guidelines. Clients should consult a qualified advisor to determine how the Rider will affect their initial or continued eligibility for public assistance programs.
Will Medicare pay for expenses that BenefitAccess pays for?	Once a claim is approved, the Rider pays benefits without regard to expenses incurred. Unlike BenefitAccess, which is a life insurance rider, Medicare is health insurance for qualifying people. Under certain circumstances, Medicare may cover some expenses associated with being chronically ill.
Does the addition of the Rider affect creditor protection rules of life insurance in various states?	The statutory creditor exemptions afforded life insurance vary by state and the treatment of BenefitAccess will also vary. The protections, if any, against creditors for life insurance cash surrender values and accelerated death benefits like those provided by BenefitAccess may depend on the relationship between the policyowner and insured, and between the policyowner and beneficiary. Clients should consult a qualified advisor in their state to determine how the Rider impacts creditor protection rules for life insurance in their state.
What is the tax impact of having a loan and running out of BAR Benefit?	A pro-rata share of each benefit payout would be used to pay off the loan. So, if the death benefit is fully exhausted, there would be no outstanding loan. Prudential cannot provide tax advice and the client should consult their tax advisor.
What information needs to be filed with a BAR Acceleration?	Prudential cannot give tax advice. Please consult with CPA or tax professional. It is up to CPA to determine if accelerations need to be filed. <ul style="list-style-type: none"> • Prudential sends a 1099-LTC to the policy owner, reporting the full amount accelerated from their policy in the tax year. • It is the client's responsibility to report these amounts when they are filing their taxes. (Form 8853)

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

⁵IRC §101(g)(5)

<p>Does having BAR allow for WA residents to claim tax exemption from a State Payroll Tax for Long-Term Care Benefits?</p>	<p>In 2019, Washington State signed into law the Long-Term Care Trust Act. The Act seeks to provide employees in the State of Washington with basic, publicly funded long-term care protection.</p> <p>The program is funded through a payroll tax deduction. Once an employee is vested in the program, they are entitled to a total lifetime benefit of \$36,500 adjusted for inflation. The program also provides for an exemption from the payroll tax if a worker attests they have long-term care coverage. The statute goes on to define long-term care coverage that is eligible for the exemption.</p> <p>It is our interpretation that a Prudential's BAR Rider is not eligible for the exemption.</p>
---	--

SECTION 5: SURVIVORSHIP BENEFITACCESS RIDER

<p>For federal estate tax purposes, when a trust owns a life insurance policy with SBAR, will the death benefit be considered as being outside the insured's estate?</p>	<p>In a typical irrevocable life insurance trust (ILIT) created for estate liquidity purposes, the insured(s) do not otherwise have any other right in, or to, the ILIT and its assets. Usually, the insured(s) is/are only making gifts to the ILIT. However, if there is an implied or expressed understanding among the trustees, beneficiaries, and grantors that the insured(s) will have access to the benefits under SBAR in the event of chronic or terminal illness, then inclusion of the insurance in the estate of the insured(s) may occur. Clients must consult with their own tax and/or legal counsel.</p>
<p>Why doesn't SBAR pay benefits while both insureds are still living and only one has a chronic or terminal illness?</p>	<p>SBAR is an accelerated death benefit rider on a life insurance policy and is not long-term care insurance. As a life insurance benefit filed under section 101(g) of the Internal Revenue Code, accelerated benefits can receive the same treatment as death benefits (generally income tax-free treatment).</p> <p>Similar to the death benefit on a last survivor policy, which is only payable when the last survivor passes, the acceleration of the death benefit is only payable when the last survivor meets eligibility criteria. Benefits can also be payable when both insureds meet eligibility criteria. Keep in mind that accelerating benefits under SBAR will decrease the death benefit dollar-for-dollar.</p> <p>Please note that long-term care insurance (LTC) is considered health and accident insurance, is not subject to the same guidelines as life insurance, and can pay benefits when either insured meets eligibility criteria. SBAR is not LTC.</p>
<p>Is the waiver of charges during claim similar to single life policies?</p>	<p>The rules are the same as single life once both insureds are chronically ill or if only one insured is still living and has a chronic illness.</p> <ul style="list-style-type: none"> • 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 will be required to resume paying premiums as needed 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.

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

Is there a waiting or elimination period?	A 90-day elimination period may apply for chronic illness claims (not for terminal illness claims). The elimination period begins when we receive certification that the insured(s) is (are) chronically ill. When applicable, the elimination period is waived if the insured(s) is (are) not expected to recover from the chronic illness. Chronic illness claims are not expected to be permanent. Permanent Claims expected to last a lifetime are exempt.
Are there restrictions on how the benefits are used?	No. Benefit proceeds can be used for any purpose. Clients don't need to submit bills, receipts, or any other evidence of what the money was used for. Eligibility is based on certification of the insured's chronic or terminal illness condition, and other terms of the rider being met.
When do Terminal Illness benefits become available on a survivorship policy?	Terminal illness benefits are triggered on either the last survivor qualifies or both must qualify—not available for the “first to qualify” if both are still alive). When electing terminal illness benefits, either a partial one-time payment can be elected (in which case the remaining amount is payable as a death benefit) or a full terminal illness benefit can be elected (in which case we accelerate the entire DB amount, discounted for early payment, based on the six-month expected mortality of the insured).
What's the maximum the monthly benefit can be?	<p>The Maximum Monthly Benefit is the lowest of:</p> <ul style="list-style-type: none"> • The Monthly Benefit Percentage chosen at the time of policy issue* (2% or 4%), multiplied by the death benefit at the time of claim; • The monthly equivalent of the IRS per diem limit in effect at the start of the benefit payment year; or • The monthly equivalent of the IRS per diem limit in effect on the policy issue date, compounded annually at 4% <p>*The 2% Monthly Benefit Percentage is available on policies with initial face amount of \$5,000,000; the 4% Monthly Benefit Percentage is available on policies with an initial face</p>
For federal estate tax purposes, when a trust owns a life insurance policy with SBAR, will the death benefit be considered as being outside the insured's estate?	In a typical ILIT created for estate liquidity purposes, the insured(s) do not otherwise have any other right in, or to, the ILIT and its assets. Usually, the insured(s) is/are only making gifts to the ILIT. However, if there is an implied or expressed understanding among the trustees, beneficiaries, and grantors that the insured(s) will have access to the benefits under SBAR in the event of chronic or terminal illness, then inclusion of the insurance in the estate of the insured(s) may occur. Clients must consult with their own tax and/or legal counsel.

IF YOU HAVE QUESTIONS ABOUT BENEFITACCESS RIDER OR SURVIVORSHIP BENEFITACCESS RIDER, TALK TO YOUR PRUDENTIAL REPRESENTATIVE TODAY.

Prudential does not provide tax advice. The discussion that follows is provided for general information purposes only. Special tax rules may apply with respect to certain situations that are not discussed. Your clients should consult with a qualified tax advisor prior to purchasing the rider and electing to receive benefits.

Prudential FlexGuard® Life IVUL, PruLife Founders Plus Indexed UL®, PruLife Essential UL®, VUL Protector®, PruLife® Index Advantage UL, and PruLife® Custom Premier II, PruLife® Survivorship VUL and PruLife® Survivorship Indexed UL are issued by Pruco Life Insurance Company except in New York, where they are issued by Pruco Life Insurance Company of New Jersey. Both Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey are Prudential Financial companies located in Newark, NJ. Prudential FlexGuard® Life IVUL, VUL Protector, PruLife® Survivorship VUL, and PruLife® Custom Premier II are offered through Pruco Securities, LLC (member SIPC).

The BenefitAccess Rider is an optional rider that accelerates the life insurance death benefit when the insured is terminally ill or is chronically ill as defined in the rider. It is not Long-Term Care (LTC) insurance. Benefits received under the rider will reduce and may deplete the death benefit. Electing the BenefitAccess Rider results in an additional charge and underwriting requirements. Some benefit payments may be subject to a fee. Other terms and conditions apply and can vary by state. Clients should consult their tax and legal advisors.

We do not provide tax, accounting, or legal advice. Clients should consult their own independent advisors as to any tax, accounting, or legal statements made herein.

For New York contracts: Please also note the rider is not subject to the minimum requirements of New York law, does not qualify for the New York State Long-Term Partnership Program, and is not a Medicare supplement policy. In addition, receiving accelerated death benefits may affect clients' eligibility for public assistance programs and such benefits may be taxable. Benefit payments may only be made if the payments are subject to favorable federal tax treatment. When determining whether the benefit payments will receive favorable tax treatment, the payment of benefits from all insurance policies must be considered. Accordingly, prior to applying for benefits, you should seek assistance from a qualified tax advisor.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. 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 makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any clients or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing a client's retirement savings. Clients seeking information regarding their particular investment needs should contact a financial professional.

Your client should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract and/or underlying portfolios. The prospectus and, if available, the summary prospectus contain this information as well as other important information. Your clients should read the prospectus carefully before investing. A copy of the prospectus(es) may be obtained by contacting your Prudential Life Wholesaler or from prudential.com. It is possible to lose money by investing in securities.

NOT FOR CONSUMER USE.

© 2023 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo, and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.