LIFE INSURANCE

Understanding Your Life Insurance Options

MANY PEOPLE BENEFIT FROM HAVING A COMBINATION OF BOTH

TERM AND PERMANENT LIFE INSURANCE

TERM POLICIES

offer **convenience and affordability** for short-term protection needs.

PERMANENT POLICIES

can provide **lifelong protection** and features that can **adapt to changes** in your life.

Financially protecting those who depend on you may be easier than you think.

There are people in your life that you care for deeply. Life insurance plays an important role in seeing to it that those who count on you to financially support them remain protected—even if you die prematurely.

This reference guide was designed to give you a quick understanding of your life insurance options; how it works and the different policy types. It will provide you with the knowledge you need to decide on the policy, or combination of policies, that make sense for your circumstances.

You're encouraged to work with a financial professional. He or she will help you to identify your needs, followed by making recommendations that consider your goals, budget, and tolerance for risk. Please note that this guide provides a summary of common policies but does not represent the features of any particular company's policies.

Life insurance policies within the same category can vary significantly from one another and from the descriptions presented here.

Ask your financial professional for more information about any of these types of policies. He or she will be happy to discuss the specific policies available from The Prudential Insurance Company of America and its affiliates.

Prudential
Bring Your Challenges®

0198177

0198177-00005-00 Ed. 09/2015 Exp. 03/11/2017

	TERM		PERMANENT		
	Traditional	Return Of Premium	Universal Life (UL)	Indexed Universal Life (IUL)	Variable Universal Life (VUL)
Overview	Temporary protection with no cash value. It provides life insurance coverage only for a specific number of years. When that period ends, coverage ends. Some policies have a feature that enables you to convert the policy to a permanent one without having to medically re-qualify if you convert within a specific time.	Just like traditional term, except that this relatively new type of term insurance returns your premiums to you if you outlive the level-premium period.	Insurance that can last a lifetime, with flexible premium payments and death benefit, with a minimum interest-crediting rate guaranteed by the insurer, and the potential for additional cash value.	Insurance that can last a lifetime and has the potential to accumulate cash value. Its death benefit and premiums are flexible, but cash values, which are not guaranteed, fluctuate with the value of the account options that you select. Typically account options include a fixed rate account and at least one indexed account, the interest rate of which is based on a market index, although it is not an actual investment in the index itself.	Insurance that can last a lifetime and has the potential to accumulate cash value. Its death benefit and premiums are flexible, but cash values, which are not guaranteed, fluctuate with the value of the underlying variable investment options that you select.
How long it lasts	Temporary, a fixed number of years or to a specific age such as age 65.	Temporary, a fixed number of years.	Lifetime.	Lifetime.	Lifetime.
Death benefit	Guaranteed, fixed. Generally income tax-free.[1]	Guaranteed, fixed. Generally income tax-free.[1]	May be guaranteed. Generally income tax-free.[1]	May be guaranteed. Generally income tax-free.[1]	May be guaranteed. Generally income tax-free.[1]
Cash value[2]	None.	Guaranteed. Generally, equal to the premiums you've paid into the policy by the end of the level-premium period. Premiums paid under the optional disability waiver and premiums borrowed plus interest will not be returned; also, all premiums may not be returned if the policy is surrendered before the level-premium-paying period ends.	Not guaranteed because of fluctuations in interest rates. Cash value grows tax-deferred. Potential tax-free access to cash value.[3]	Not guaranteed because your choices and the account options affect it. Has potential for cash value growth, which is tax-deferred. Potential tax-free access to cash value.[3]	Not guaranteed because your choices and the underlying investment options affect it. Has potential for cash value growth, which is tax-deferred. Potential tax-free access to cash value.[3]

[1] According to IRC §101(a). There are some exceptions to this general rule, including certain changes in ownership and payment of any additional interest at death.

[2] A policy's cash value may consist of both guaranteed and non-guaranteed values. Non-guaranteed values may include dividends or other earnings that are not guaranteed and are subject to change.

[3] Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences. Distributions, including loans, from modified endowment contracts (MECs) receive less favorable tax treatment than policies that are not classified as MECs.

	TERM		PERMANENT		
	Traditional	**Return Of Premium**	**Universal Life (UL)**	**Indexed Universal Life (IUL)**	**Variable Universal Life (VUL)**
Amount of insurance	Usually fixed.	Usually fixed.	Adjustable.	Adjustable.	Adjustable.
Premiums you pay	Usually fixed.	Guaranteed fixed for the level-premium period.	Flexible.	Flexible.	Flexible.
May be for you if	You need life insurance protection for a specific number of years or to a specific age, perhaps to cover a specific need, such as: ▸ a mortgage or car loan. ▸ a business loan. ▸ education expenses. You do not wish to make the often greater premium payments for a permanent policy right now but want to be able to convert to a permanent policy later without needing to medically re-qualify.	You need life insurance protection for a specific, limited time and would like your premiums returned to you if you outlive the level-premium period you selected. Uses can include supplementing: ▸ retirement funds. ▸ special occasion funds (wedding, Quinceañera, milestone anniversary, etc.).	You need lifetime coverage with: ▸ flexibility to change premiums. ▸ flexibility to adjust death benefit amounts. ▸ flexibility to adjust the duration of the guarantee against lapse. ▸ guaranteed minimum interest-crediting rate.	You would like the potential for lifetime coverage and the added flexibility to choose the account options to which to allocate premium payments (after charges are deducted).	You would like the potential for lifetime coverage and the added flexibility to: ▸ choose the variable investment options to which to allocate premium payments (after charges are deducted). ▸ manage the policy to more closely match your investment objectives and risk tolerance.
Why some people buy	Often initially less expensive than permanent insurance premiums, perhaps enabling you to afford more coverage for a shorter coverage period. Often supplements permanent insurance for times of greatest need.	The policy provides a cash value component that other term policies do not. Some regard the returned premiums as money returned for something they did not use.	You can adjust premium payments and the amount of coverage as your financial situation changes, depending on your health and subject to certain limitations.	You can adjust premium payments and the amount of coverage as your financial situation changes, depending on your health and subject to certain limitations. You have control over how to allocate the premiums (after charges are deducted). The cash value can be accessed to supplement income in retirement.[3]	You can adjust premium payments and the amount of coverage as your financial situation changes, depending on your health and subject to certain limitations. You have control over how to allocate the premiums (after charges are deducted). You can participate in market performance. The cash value can be accessed to supplement income in retirement.[3]

	TERM		PERMANENT		
	Traditional	**Return Of Premium**	**Universal Life (UL)**	**Indexed Universal Life (IUL)**	**Variable Universal Life (VUL)**
What you should know about premiums	Most term policies offer premiums that are guaranteed to be the same for 10, 15, 20, or 30 years and in some instances to a specific age such as age 65—and then increase at the end of that period. Coverage usually expires at a specified age, such as 80 or 95.	Most term policies offer premiums that are guaranteed to be the same for 10, 15, 20, or even 30 years, and then increase at the end of that period. Coverage usually expires at a specified age, such as 80 or 95. Premiums for this type of policy may be higher than those for a traditional term policy, but they will be returned if the insured person outlives the level-premium period.	Premiums are flexible in that you may adjust the amount paid and timing of payments, subject to certain limitations. Paying a specified premium may guarantee the policy against lapse for a limited time or for a lifetime. Premiums (after charges are deducted) are allocated to the insurance company's general account.	Premiums are flexible in that you may adjust the amount paid and timing of payments, subject to certain limitations. Premiums (after charges are deducted) are allocated to account options—fixed or indexed—that you choose. Paying a specified premium may guarantee the policy against lapse for a limited time or a lifetime.	Premiums are flexible in that you may adjust the amount paid and timing of payments, subject to certain limitations. Premiums (after charges are deducted) are allocated to variable investment options—money market, bond, stock, and diversified portfolios—that you choose. Paying a specified premium may guarantee the policy against lapse for a limited time or a lifetime.
Other points to consider	If you want to continue coverage after the policy expires, you usually must apply for a new policy and medically re-qualify. Premiums will generally be higher since they are based on your health and new, older age. It's possible that you will outlive your coverage, be unable to medically qualify for a new policy, or be unable to afford one. There is generally no cash value.	As with any term policy, if you want to continue coverage after the policy expires, you usually must apply for a new policy and medically re-qualify. Premiums will generally be higher since they are based on your health and new, older age. It's possible that you will outlive your coverage, be unable to medically qualify for a new policy, or be unable to afford one. Although premiums are generally lower than those for a permanent policy, they are often higher than for traditional term policies. The cost of the policy needs to be weighed against the advantage of having premiums returned if you outlive the level premium period.	Generally more expensive than term insurance but some types of policies can be less expensive than other forms of permanent insurance. Premiums are invested in the company's general account, which means that there are no investment options to select. Because premiums are flexible, you may pay too little or withdraw or borrow too much of the cash value and cause the policy to lapse.	Generally more expensive than term insurance. Cash value is not guaranteed (excluding money allocated to the fixed-rate account option) by the insurer, so the value will vary with the account options you choose, which are susceptible to market fluctuations. Additional premiums may be necessary to keep the policy in effect if the policy has insufficient funds and no guarantee against lapse is in effect. Because premiums are flexible, you may pay too little or withdraw or borrow too much of the cash value and cause the policy to lapse.	Generally more expensive than term insurance. Cash value is not guaranteed (excluding money allocated to the fixed-rate option) by the insurer, so the value will vary with the investment options you choose, which are susceptible to market fluctuations. Additional premiums may be necessary to keep the policy in effect if the policy has insufficient funds and no guarantee against lapse is in effect. Because premiums are flexible, you may pay too little or withdraw or borrow too much of the cash value and cause the policy to lapse.