Life Insurance *as an* Asset Class
SALES KIT

In this kit:
Conversation guide | Sales ideas | Consumer brochures

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Advanced Markets

I want to create wealth to leave a lasting legacy

using life insurance as an asset

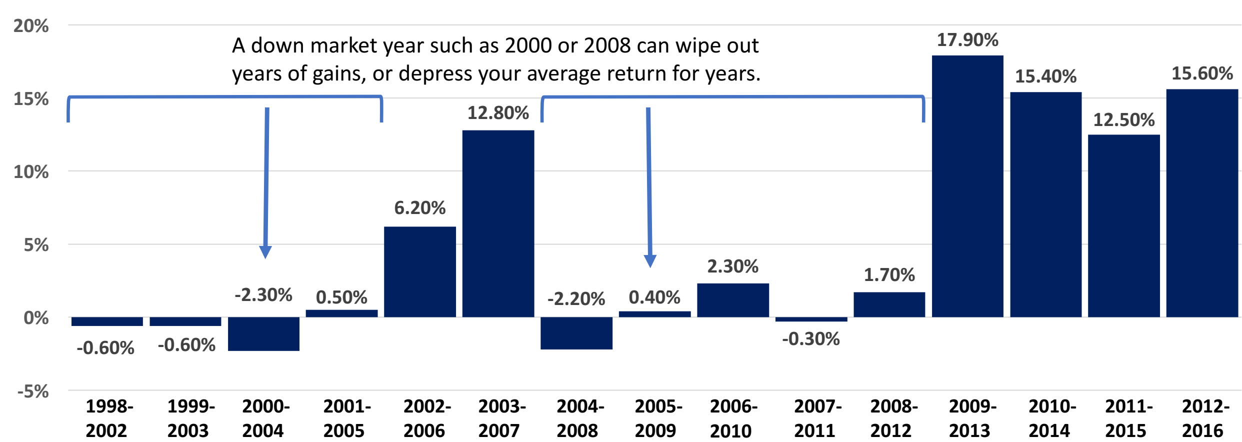
life insurance as an asset

The greatest strength of life insurance lies in the ability to provide money to a family when someone passes away. Sometimes this amount can be many multiples of the premiums that were paid into the insurance policy.

Many people think of life insurance only as a way to provide for a family after the loss of a breadwinner. But some families are also using life insurance as an "asset" to ensure that an inheritance can be passed on to their family, regardless of how their other assets perform. This is increasingly important to many families, still uneasy after the 2008 market crash and unsure of where the market is headed. A badly timed down market can devastate a planned legacy for years. The chart below shows market fluctuations in recent years, based on the five-year S&P 500® Index, without dividends.

By taking a portion of your assets each year to cover the cost of life insurance premiums, you may be able to hedge a portion of your portfolio against fluctuations in the marketplace, because payment comes from the life insurance company,[1] not your assets directly. Knowing that your beneficiaries will be cared for may also allow you to make other choices with your remaining assets — perhaps a more aggressive, growth-oriented strategy, or you might invest more conservatively, knowing you don't need as much growth.

S&P 500® — 5-Year Average Return[1]



Source: Standard & Poor's — the S&P 500® is shown here without dividends.
Past performance is not indicative of future results. Clients cannot invest directly in the S&P 500®.

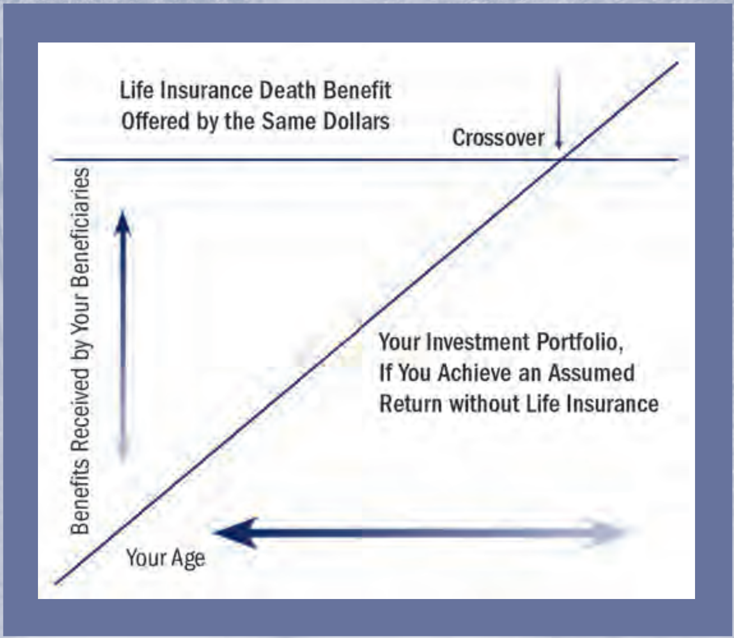
1 The ability to receive a life insurance benefit is dependent on premium payments being made in a timely manner and the claims-paying ability of the life insurance carrier, among other factors.

how does the strategy work?

A hypothetical example of how the strategy works can be seen in the chart below. It shows what you might expect from the same dollars if they were paid into a life insurance policy as premiums, or if they were placed in a hypothetical investment account.

In the early years,[2] life insurance death benefits typically offer substantially more than the hypothetical investment. As time goes on, the leverage offered by life insurance may be reduced as the non-life insurance assets grow and compound. At some point there is a crossover, where the growth in the investment account outweighs the benefit provided by the life insurance policy. Of course, it's hard to know which strategy is more beneficial unless someone knows their precise life expectancy and whether it is before or after this crossover point.

However, this is a conversation you can have with your Financial Professional. They can run numbers for you and estimate the Internal Rate of Return in the years before and after your life expectancy.



For you to get the most out of your policy's life insurance benefit, it has to stay in force until you pass away. If your policy ends or terminates, or if you otherwise dispose of your policy before your death, your beneficiaries would receive a substantially reduced benefit, and any proceeds they would receive could be subject to income taxation.

2 Generally, this refers to the first 20-30 years. The number of years will vary depending on the client's age, underwriting class, premium payments and other factors.

Life Insurance as an Asset: in Action

Helen

- 60 years old
- Widowed
- Portfolio[3] of $3,000,000 in real estate and equities

Helen's Objectives: Helen wants to make sure that her children and grandchildren receive a meaningful inheritance. While Helen expects to receive a 7% return on her investments over time, she is concerned that, in today's environment, the assets might underperform. For example, if her assets receive only a 5% average annual return over time, her beneficiaries might receive substantially less than her expectations. Assuming a blended income and capital gains tax bracket of 27.50%,[4] that 2% difference in return rate over 28 years could result in a difference of over $3,000,000 in the legacy for her children. A down market near Helen's death could have that type of effect on years of wealth accumulation.

Value of Portfolio at Age 88, Pre-Tax 7% Rate of Return: $11,997,877	Value of Portfolio at Age 88, Pre-Tax 5% Rate of Return: $8,139,710

Helen's Wealth Transfer Strategy: As a hedge against that risk, Helen's financial professional suggests she take $30,000 each year, or 1% of her accessible assets, and direct the funds to a life insurance policy on her life. She can own this policy outright, although she may want to consider using a trust. If structured properly, life insurance owned by an irrevocable trust will generally keep the proceeds of the life insurance out of the insured's estate. This will prevent the proceeds from being subject to estate taxation. Estate taxes aren't an issue for Helen, but for others they could be an issue.

Helen's Results: Assuming a policy on Helen's life (a 60-year-old female who receives an underwriting category of Preferred non-tobacco user), her beneficiaries might see the following results. Each year's life insurance premium is $30,000. That may purchase a life insurance benefit[5] of $2,300,000. Helen's portfolio is reduced slightly due to the premium expense, but the life insurance benefit gives her a potentially more effective transfer strategy.

3 This portfolio represents a 50% Income/50% Appreciation portfolio allocation that is primarily made up of real estate and equities.
4 This is a blended tax rate, which assumes a 35% ordinary income tax rate, a 20% capital gains tax rate and a constant 50% Income/50% Appreciation portfolio allocation.
5 The policy premium and life insurance benefit amounts used for this case are intended only to help demonstrate the planning concept discussed and not to promote the sale of a specific product. The rates are broadly representative of rates that would apply for a policy of this type and size for insureds of good health in the ages mentioned. To determine how this approach would work for you, individual illustrations should be prepared or requested for your review. If different rates were used, there might be significantly different results.

Additionally, the death benefit will ensure a return of the funds contributed, something few other financial assets can offer.

In effect, by using her assets to buy life insurance Helen is giving up some upside potential for greater safety in her wealth transfer strategy — By directing this relatively small amount of her net worth into life insurance, she adds a stabilizing element to the dollars ultimately transferred to her family (provided the policy stays in force).

At Average 7.00% Growth				
Year-End	Portfolio without Insurance Planning	Portfolio Reduced by Life Insurance Premiums	Reduced Portfolio Plus Life Insurance Death Benefit	Difference with Life Insurance
5	$3,842,539	$3,664,957	$6,064,957	$2,222,418
10	$4,921,701	$4,516,665	$6,916,665	$1,994,964
15	$6,303,942	$5,607,572	$8,007,572	$1,703,630
20	$8.074,381	$7,004,857	$9,404,857	$1,330,476
25	$10,342,040	$8,794,563	$11,194,563	$852,523
28[6]	**$11,997,877**	**$10,101,400**	**$12,501,400**	**$503,523**
40	$21,731,875	$17,783,769	$20,183,769	-$1,548,106

At Average 5.00% Growth				
Year-End	Portfolio without Insurance Planning	Portfolio Reduced by Life Insurance Premiums	Reduced Portfolio Plus Life Insurance Death Benefit	Difference with Life Insurance
5	$3,584,627	$3,414,498	$5,814,498	$2,229,871
10	$4,283,184	$3,909,770	$6,309,770	$2,026,586
15	$5,117,872	$4,501,560	$6,901,560	$1,783,688
20	$6,115,221	$5,208,675	$7,608,675	$1,493,454
25	$7,306,928	$6,053,590	$8,453,590	$1,146,662
28[6]	**$8,130,710**	**$6,637,647**	**$9,037,647**	**$906,937**
40	$12,465,308	$9,710,854	$12,110,854	-$354,454

6 This year indicates Life Expectancy based on the 2008 VBT Mortality Table

If Helen received a lower rate of return, using life insurance could help offset the risk of loss or underperformance. Through the purchase of life insurance, Helen has, at least in part, shifted the risk of underperformance from her to the insurance company.

Make a Difference with Life Insurance

Ultimately, at her life expectancy, Helen's purchase of life insurance increases the amount passing to her beneficiaries.

- If Helen continues to receive the expected pre-tax return of 7% average annual growth, her beneficiaries would gain an additional $437,040.
- If Helen receives a lower pre-tax return of 5% on her assets, the gain to beneficiaries would be $833,325. **In fact, if Helen had invested the $30,000 annual premium at a 5% return, she would have to wait until she was age 92 before the funds would grow to a level greater than the $2,300,000 life insurance death benefit.**

Other Considerations

Although using life insurance as a part of your wealth transfer strategy may make sense, you should weigh this against other considerations relative to your long-term financial strategy. Points to consider are:

- By purchasing a life insurance policy, you will consume a portion of assets that might otherwise grow in your investment portfolio. Although life insurance has the potential to offer leverage in the early years, leaving the premium dollars in your portfolio might provide more to your beneficiaries over time. This is particularly true if you live beyond your life expectancy. You should not dedicate excessive amounts of assets to life insurance. Instead, consider life insurance as only one aspect of your overall financial picture.
- The effectiveness of this technique depends on the underlying pricing assumptions in the life insurance policy. Should the life insurance fail to meet the pricing assumptions, or should you live significantly beyond your life expectancy, the anticipated death benefit may not provide your beneficiaries with the anticipated leverage.
- Your ability to purchase life insurance is conditioned by financial and medical underwriting. Based on your overall medical and financial profile, the total amount of life insurance protection you might be able to purchase could be limited or cost prohibitive.
- The ability of the life insurance carrier to pay its obligations will also affect your planning. You should be certain that you are working with a sound carrier and monitor the carrier's overall financial ratings on a periodic basis.

You have choices.

Life insurance is one of those choices. When used properly, it can not only protect your family from the unexpected loss of a breadwinner, it can help ensure your beneficiaries a predetermined death benefit. In turn, you will have other choices for the balance of your portfolio.

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Cat. #139511 (11/17)

life insurance as an asset

illustration request

agent information

Name ____________________

Phone ____________ Fax ____________ E-mail Address ____________________

Mailing Address ____________________

client information

1st Insured

Name ____________________

Age/Date of Birth __________

Gender ☐ Male ☐ Female

Underwriting Classification ____________________

2nd Insured

Name ____________________

Age/Date of Birth __________

Gender ☐ Male ☐ Female

Underwriting Classification ____________________

plan information

Client's Assumed Death Year ☐ Life Expectancy ☐ Age/Year ____________________

Total Portfolio $ ____________ Portfolio Annual Contribution $ __________ Until Age/Year __________

Portfolio Total Average Annual Return __________%

Allocation to Income (Interest & Dividends) __________%

Allocation to Capital Appreciation __________%

Total 100%

Ordinary Income Tax Rate __________ % Capital Gains Rate __________ % Assumed Estate Tax Rate __________ %

policy information

☐ **Universal Life** ____

☐ **Variable Universal Life** ____

Assumed ROR/Crediting Rate ☐ Current UL Rate ☐ _____% (Cannot be more than current rate for UL or 12% for VUL.)

Owner Type ☐ Insured ☐ Corporate ☐ Trust Trust Name __________________________ ☐ Other Individual

Contract State __________

Face Amount Options ☐ Solve ☐ Amount $ _________

Premium Options ☐ Solve ☐ Amount $ _________

Pay Premiums Until ☐ Age __________ ☐ Year __________

Cash Value Goal $ __________ At Age __________

1035 Exchange Amount $ __________ Basis $__________

Loan $ __________

Is the Existing Policy a MEC? ☐ Yes ☐ No

Death Benefit Option ☐ A — Level ☐ B — Increasing

☐ Switch from B to A (Optimally Solved) or Switch Year __________

Riders

☐ Long-Term Care Services℠
☐ Liquidity/Cash Value Plus Rider
☐ Disability Waiver Monthly Deductions
☐ Children's Term Insurance
☐ Return of Premium Death Benefit Rider Accumulation Rate __________ %
☐ Estate Protector (Survivorship Only)
☐ Option to Purchase Additional Insurance $ __________

Comments ____

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G38392
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John Hancock
LIFE INSURANCE

CLIENT PROFILE

WEALTH TRANSFER | Advanced Markets

Income Maximization

Repositioning Income-Producing Assets with Life Insurance

CLIENT PROFILE	
Age:	70 and older
Status:	Retired
Concerns:	Would like to benefit heirs without giving up retirement income, or would like to use their existing asset to further enhance the legacy left to heirs.

Situation

- Many clients have existing income-producing assets such as certificates of deposit (CDs), money market funds, corporate bonds or stocks, that are not generating sufficient income during retirement (or perhaps the income is not needed).
- These clients typically want to protect assets for their children and/or grandchildren, but are concerned about the transfer taxes at death.

Solution

- Your client can either reposition the asset to provide a guaranteed income stream for life and purchase a life insurance policy, or use their existing income as premium to fund life insurance. The strategy depends upon the client's preference, but the result is the same — the purchase of life insurance can provide a larger legacy for heirs.

How It Works

- There are two ways a client can use their income-producing asset to fund life insurance. First, the client can use the existing income from the asset, or they can convert the asset to a Single Premium Immediate Annuity (SPIA) to secure a guaranteed (and potentially higher) income stream for life.[1]
- Part (or all) of the income can be used to fund a life insurance policy.
- If estate taxes are a concern, an Irrevocable Life Insurance Trust (ILIT) can purchase a life insurance policy.[2]
- At death, the policy death benefit will pass to the heirs, free of income taxes and estate taxes (if owned in an ILIT).[3]

Benefits

- Life insurance can increase the amount left to heirs.
- Life insurance provides an income-tax-free death benefit.
- Life insurance cash values grow tax-deferred.
- Life insurance, depending on the state, can offer creditor protection.
- If life insurance is owned in an ILIT, the proceeds can help reduce estate taxes.

Considerations

- The SPIA approach generally creates a larger, guaranteed income stream, which means a larger potential premium and death benefit for the heirs. However, converting to a SPIA is irrevocable and liquidates the asset.
- The income only approach is sometimes preferred because it allows the client to retain access to the asset. However, the income stream used with this approach is generally less than the SPIA, so less life insurance can be purchased.
- Potential tax upon liquidation.
- Plan requires evidence of insurability.

CASE STUDY

CLIENT: **JoEllen Wadsworth**, Age 76, Preferred Non Smoker. She has a $500,000 Certificate of Deposit (CD), 3% net annual income.

The proposed strategy is to convert the CD to a Single Premium Immediate Annuity and purchase a Current Assumption Universal Life policy which buys approximately $1.2M of death benefit using the after-tax SPIA income.*

COMPARISON OF VALUES IN YEAR 16

		CURRENT STRATEGY	PROPOSED STRATEGY
Asset Value Today		$500,000	$500,000
Total Premiums Paid by Year 16			$618,800
Asset in Year 16	+	$500,000	
Death Benefit in Year 16	+		$1,200,000
Saved Asset Income in Year 16 @ 3.00%	+	$311,424	$914
Net to Heirs in Year 16	=	**$811,424**	**$1,200,914**
Potential Gain Due from Planning			**$389,490**

* $41,800 years 1–12, $29,300 thereafter

The figures used in this case study are hypothetical, for discussion purposes only, are not guaranteed and may not be used to project or predict results. Actual results may be more or less favorable. Specific product and policy elements would be found in a policy illustration provided by an insurer. With any decision regarding the purchase of life insurance, a client would need to determine which type of life insurance product is most suitable for their specific needs.

For more information, please contact your local John Hancock Representative or call the Advanced Markets Group at 888-266-7498, option 3.

1. A SPIA is a Single Premium Immediate Annuity that provides an income stream for a chosen number of years based on a single deposit made to purchase the annuity. The annuity income stream is calculated based on a Life-Only No-Refund basis so that the income will last for client's lifetime, or the joint lifetime of client and spouse, if applicable, and no balance will remain in the taxable estate at death. The SPIA guarantee is based on the claims-paying ability of the insurer issuing the SPIA and John Hancock does not issue such contracts.
2. Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including the generation-skipping transfer tax). Failure to do so could result in adverse tax treatment of trust proceeds.
3. Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. Comments on taxation are based on John Hancock's understanding of current tax law, which is subject to change. No legal, tax or accounting advice can be given by John Hancock, its agents, employees or registered representatives. Prospective purchasers should consult their professional tax advisor for details.

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Conversation guide

How to address clients' concerns in any market

If you and your clients are feeling anxious right now, you're not alone. Between oil prices, interest rates, political uncertainty around the world, and myriad other factors, no one knows for certain what the markets will do next week—or next quarter. Facing such extreme volatility just drives home a fundamental truth: you can't deliver good news about the markets to your clients every week.

Manage the anxiety with Lincoln solutions

In times like these, remember to share some optimism with your clients: You've added annuities and insurance solutions to their retirement portfolios, which are designed to help manage risk during all types of markets. Lincoln solutions and your guidance make a great team, helping your clients stay on track toward their retirement goals.

Lincoln knows that our solutions can play a valuable role for your clients during volatile times. By adding insurance solutions to client portfolios, you can feel confident staying invested. And with a 110-year history of strong financial ratings for Lincoln and an unblemished reputation for disciplined financial and risk management, you'll always have a good news story to share.

Telling the story

How can you help clients understand the value of solutions designed to help them achieve their retirement goals while guarding against risk? You know that it's hard for clients to watch their net worth go up and down at the whim of the market. They may feel that their chances of retiring happily go up and down with it. But you can help clients feel more confident if you address their biggest concerns and add the right solutions to their portfolios. We've put together some tips to make your conversations easier and help soothe clients' fears.

If your clients worry about being able to retire when and how they imagine...

Ask them, "How would you feel if we put guaranteed retirement income into your strategy?"

Help your clients figure out how much income they need to feel confident about their retirement lifestyle. Explain how an annuity allows them to receive guaranteed monthly payments in retirement. Knowing they have solutions designed to generate reliable income in their portfolio may reduce the uncertainty they feel about living in retirement and may even help them handle market swings more calmly.

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If your clients fear the market will rock their security and their retirement cash flow...

Ask them, "Would you feel safer knowing that your loved ones are financially secure — and that you're growing market-protected cash flow for retirement?"

Explain how life insurance can help protect their family's lifestyle regardless of market performance through a tax-free death benefit.[1] Then introduce them to a range of life insurance solutions that offer the opportunity for tax-advantaged growth and options to generate cash flow when the market rises, while also providing a degree of growth even when the market is down. Dollar cost averaging options allows clients to focus on longer-term growth potential rather than attempting to time the markets.[2]

If your clients worry about health costs, particularly long-term care...

Ask them, "What if we could ensure that you could afford the long-term care you want without worrying the market will eat away your retirement savings?"

Educate your clients on how long-term care solutions, particularly hybrid solutions, can help secure their choice of care and relieve their family from the work of caregiving. If clients plan to self-fund, they may worry with every market swoon. Instead of risking a depleted funding pool or encountering a care need when their market holdings are down, clients can transfer their risk of needed long-term care funding to an insurance company and gain financial leverage by paying less in premiums than they would pay out of pocket for their care costs. They'll know they've taken solid steps to provide funding for the kind of care they want, such as a home health aide or nurse, should a long-term care situation occur, and to help cushion their family from the financial and emotional impact of caregiving.

If your clients are worried about the bite of taxes...

Ask them, "Are you taking advantage of tax-deferred investment vehicles?"

Many clients, including small-business owners, overlook the role of employer-sponsored retirement plans in mitigating the impact of taxes on their investment growth. Help clients see that now is the right time to increase contributions to their sponsored retirement plan. This strategy provides a tax benefit for clients' small businesses through tax deductions on matched contributions, overhead, and plan administration, as well as for their personal taxes through pretax plan contributions. The value of dollar cost averaging of their contributions also provides a valuable way to take advantage of volatility over the long term.

[1] With VUL products, death benefit and account values may fluctuate with the performance of your investment options.

[2] Dollar cost averaging (DCA) does not assure a profit or protect against loss in declining markets. Because dollar cost averaging involves continuous investment regardless of changing price levels, clients should consider their ability to continue purchasing through periods of all price levels.

For more information and resources on helping your clients protect their wealth in any kind of market, contact your representative.

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You're In Charge®

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Protect your income-producing assets

Plan to create income options for your retirement

CASE STUDY

Meet Jim

He's age 45
A single father with one daughter, Abigail

Many Americans are aware that they need to take charge of their financial future. Today, younger generations wonder what their Social Security and Medicare benefits will be when they retire.

Because the responsibility of saving for retirement has shifted from employers and the government to you, the impact of market volatility, rising taxes, and longevity risk can be significant. A market downturn in the early years of your retirement can rapidly deplete your savings. This is why your retirement plan should help protect your portfolio by giving you income options for your future.

In the following example, we are not addressing a required minimum distribution (RMD). Each situation will differ. Keep in mind that the IRS can impose a 50% tax on RMDs not withdrawn. Please consult your advisor to determine if this plan makes sense for you.

Jim feels uncertain about the amount of Social Security benefits he'll receive when he retires. Years ago, his eligibility for full benefits advanced from age 66 to 67. And he thinks that could change again.

But Jim is a take-charge guy who wants to prepare for the future. He makes contributions to his retirement account every year, and if his investments do well, he expects to accumulate $1 million in the next 20 years. He's just not sure he's doing enough and is concerned about a potential market downturn.

Jim's retirement plan has seen great returns the last couple of years, but he realizes the bull market won't last.

He's concerned what will happen to his retirement account, especially with extreme volatility, when he needs it for income. Jim also wants to have enough financial protection for Abigail if something should happen to him.

Jim's current retirement plan

- He hopes to have $1 million in the next 20 years.

Jim's goals

- Portfolio protection from volatility and tax erosion
- Sufficient retirement income to enjoy his lifestyle
- Financial protection so that Abigail can complete her education

Volatility risk in retirement

Market downturns can have a significant impact on the value of Jim's portfolio when he retires and begins to take annual withdrawals. If he doesn't plan ahead, he could potentially outlive his savings.

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The wealth protection plan design

Because no one can predict if the market will be up or down when they retire, Jim's advisor recommends that he supplement his retirement account with a *Lincoln WealthAdvantage*® Indexed UL policy. In addition to his Social Security benefits, Jim will have another potential source of income that can protect his retirement savings when market conditions are volatile. He can tap into his policy's cash value to give his retirement account the opportunity to recover from negative returns.

Jim will pay an annual premium of $9,500 until he's age 65. And his policy will give him:

- A $600,000 income tax-free death benefit for Abigail if Jim dies before he takes policy distributions
- Tax-deferred growth opportunities with reduced market volatility
- A potential source of tax-efficient retirement income that can help protect his savings

The challenge

When he retires, Jim wants to start taking annual distributions of $50,000.* Without a *Lincoln WealthAdvantage* IUL policy, market downturns could have an erosive effect on the value of his nonqualified retirement account as he takes distributions. In this hypothetical example, he will run out of money at age 82, before his life expectancy age of 85.

The solution

With *Lincoln WealthAdvantage* IUL, Jim has sufficient retirement income.

Jim's nonqualified retirement account	Jim's retirement account supplemented by his *Lincoln WealthAdvantage* Indexed UL policy
Jim's total after-tax distributions from retirement account **$878,412**	Jim's total after-tax distributions from retirement account **$775,578** from his policy **$335,372**
Jim's total after-tax distributions **$878,412**	Jim's total after-tax distributions **$1,110,950**
Jim's portfolio value at age 85 **$0** **Jim's retirement account value drops to $0 at age 82, before his life expectancy**	Jim's retirement account value at age 85 **$1,068,927** Death benefit at age 85 **$345,451**
Jim's total benefit at age 85 **$878,412**	Jim's total benefit at age 85 **$2,525,328**
Without *Lincoln WealthAdvantage* IUL his retirement plan fails.	**With *Lincoln WealthAdvantage* IUL his retirement plan succeeds.**

How the idea works

Jim retires at age 66 with income options. He plans to take annual withdrawals from his nonqualfied retirement account, but will rely on tax-free participating loans* from his *Lincoln WealthAdvantage®* Indexed UL policy the year following a negative return. This gives his retirement account the chance to recover from market downturns.

Jim likes that his policy gives him financial protection and income that's sheltered from market and tax risk. His policy offers indexed account options tied to S&P 500 Index performance[1] to cover a wide range of returns a guaranteed 1% minimum interest rate and a guaranteed persistency bonus starting in the 16th policy year that credits interest regardless of S&P performance. And because the index accounts never earn a negative interest rate, his policy gains are locked in and Jim will never have to recover from S&P 500 Index losses before seeing positive interest credited to his account. He feels confident about his future because this plan design helps him move toward his goal of having enough income to enjoy the years ahead.

How it's designed to work

What if the stock market falls from all-time highs? What if we return to the volatility and bouts of negative returns we saw in the 1970s and 80s? In the years following a negative stock market return (indicated by the orange bars in the table below), Jim takes annual participating loans from his *Lincoln WealthAdvantage* Indexed UL policy instead of his retirement account, thus allowing the retirement account to potentially rebound when the stock market rebounds.

Age	After-tax distributions from retirement account	Tax-free fixed loans from policy	Hypothetical S&P 500 Index annual return	Policy death benefit at year end	Retirement account value at year end
66	$50,000	$0	–0.97%	$600,000	**$924,262**
67		$50,500	9.90%	$549,500	**$1,015,801**
68	$51,005	$0	20.01%	$546,975	**$1,137,469**
69	$51,515	$0	–21.57%	$544,324	**$838,234**
70		$52,030	–28.35%	$489,510	**$600,637**
71		$52,551	32.55%	$431,434	**$796,119**
72	$53,076	$0	19.36%	$423,006	**$865,744**
73	$53,607	$0	–11.02%	$414,156	**$706,713**
74		$54,143	1.90%	$350,721	**$720,160**
75	$54,684	$0	14.69%	$338,257	**$742,301**
76	$55,231	$0	18.40%	$325,170	**$791,713**
77	$55,783	$0	–4.99%	$311,429	**$681,538**
78		$56,341	9.96%	$240,659	**$749,420**
79	$56,905	$0	19.54%	$253,444	**$805,129**
80	$57,474	$0	1.21%	$275,033	**$737,285**
81	$58,048	$0	29.59%	$298,184	**$855,139**
82	$58,629	$0	17.07%	$322,987	**$909,589**
83	$59,215	$0	–2.18%	$349,534	**$812,564**
84		$59,807	12.96%	$318,115	**$917,878**
85	$60,405	$0	27.66%	$345,451	**$1,068,927**

*Assumes a 1% annual growth rate.

[1]Excluding dividends.

Hypothetical annual returns based on the performance of the S&P 500 Index without dividends for annual periods from December 15 to December 15 from 1970 through 1989. Examples are for illustrative purposes only and do not represent the returns for any investment.

This example does not include any required minimum distributions taken after the age of 70½.

Lincoln WealthAdvantage Indexed UL assumes male, age 45, standard nontobacco, $600,000 level death benefit, $9,500 annual premium paid for 20 years. Assumed rate 6%. State of Pennsylvania. **Assuming 1%, guaranteed charges, and no distributions, policy lapses at age 86.** Assumed 25% tax rate on retirement account distributions.

Get ready for your future

Ask your advisor how a Lincoln wealth protection plan design can help you reach your retirement income goals.

The value of *Lincoln WealthAdvantage*® Indexed UL

One solution for protection and income because you want to reduce your exposure to market volatility

Guaranteed minimum 1% return—When the index percentage change is less than 1%, your account is still credited 1%. Policy charges remain in effect and could reduce the policy value.

Tax-advantaged growth potential—When the index percentage change is positive for the 1-year indexed period, your account is credited a positive rate.

Locked-in gains—The indexed accounts never earn a negative interest rate, and you never have to recover from S&P 500 Index losses.

Persistency bonus—You're rewarded for your long-time policy ownership with a guaranteed bonus in policy years 16 and beyond.

Participating loans for greater income potential by including all of your policy cash value, even the amount you borrow, in indexed account growth*

A fixed loan option with a guaranteed loan charge rate for more predictability*

*Distributions are taken through loans and withdrawals, which reduce your policy's cash value and death benefit and may cause the policy to lapse. Loans are not considered income and are tax free. Withdrawals and surrenders are tax-free up to your cost basis, provided your policy is not a modified endowment contract (MEC). A MEC policy is one in which the life insurance limits exceed certain high levels of premium or the cumulative premium payments exceed certain amounts specified under the Internal Revenue Code. For policies that are MECs, distributions during the life of the insured, including loans, are first treated as taxable to the extent of income in the contract, and an additional 10% federal income tax may apply for withdrawals made prior to age 59½.

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Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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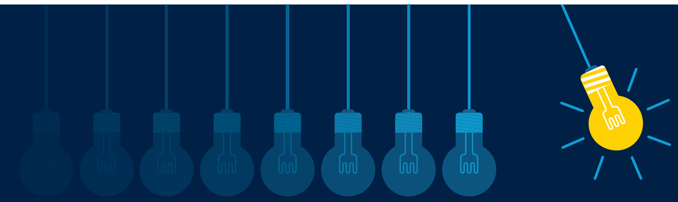
Lincoln Financial Group®
You're In Charge®

ASSET PROTECTION+

THE PRUDENTIAL PARTNERSHIP PROGRAM



Asset Protection+ can be an effective approach for clients to preserve their legacy of retirement assets using life insurance. Benefits are:

- **Death benefit protection** for loved ones.
- **Help in paying the income tax liability** owed by beneficiaries after receipt of the tax-deferred asset.
- **Predictability** with a legacy that will not be diminished or fluctuate based on the financial markets.
- **Flexibility** through a rider that can accelerate the death benefit if chronic or terminal illness strikes the insured.*

**Upon being diagnosed as chronically or terminally ill and otherwise qualifying for benefits.*

REVIEW YOUR BOOK OF BUSINESS FOR CLIENTS WHO:

ASSET PROTECTION+

Age

- Are age 59½ + and want to leave a legacy.

Net Worth

- Have a minimum net worth of $500,000 to $1 million.

Current Retirement Savings Status

- Own an IRA or an annuity that won't be needed for retirement income.
- Have sufficient retirement income from sources other than an IRA or an annuity.
- Desire to provide for children, grandchildren, and/or charity, and consider the IRA or annuity as a "leave-on" asset for them.
- Have a large amount of cash or CDs earning a low interest rate.
- Do not need Required Minimum Distributions for income.

Chronic Illness Concerns

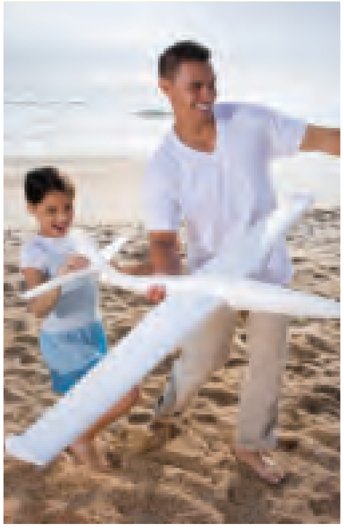
- Have cared for a family member with a chronic illness.
- Are concerned about being a burden on other family members or his or her children in the event of becoming chronically or terminally ill.
- Are not interested in purchasing long-term care insurance because of potential premium increases and losing the money paid should the insurance never be needed.
- Have a health issue that led to being declined for long-term care insurance and can afford to pay rated life insurance premiums.

PRUDENTIAL OFFERS THE RESOURCES AND SUPPORT YOU NEED TO BE SUCCESSFUL

Your Prudential representative can help you to identify clients who can potentially benefit from this strategy and can provide you with guidance and sales materials. Contact your representative to learn more.

1006254-00001-00 Ed. 08/2018 Exp. 02/28/2020

Prudential
Bring Your Challenges®



Asset Protection+

PRESERVING YOUR LEGACY USING LIFE INSURANCE

Life Insurance

PRUDENTIAL
ADVANCED MARKETS TEAM
EXPERIENCED GUIDANCE FOR COMPLEX CHALLENGES®

Prudential
Bring Your Challenges®

The Prudential Insurance Company of America

1009669-00001-00 Ed. 10/2018 Exp. 04/20/2020

Are you someone who:

- Is age 70½+, is family oriented, and has available liquid assets since taking the Required Minimum Distribution (RMD) from your IRA.
- Has a minimum net worth of $1 – $2 million and sufficient liquid assets to support this strategy.
- Has assets that you do not intend to use during your lifetime and are not needed for support in retirement.
- Has a financial strategy that you have developed in conjunction with your financial professional that indicates that you have sufficient income from other sources to meet current and future retirement income needs and expenses.
- Wants to provide for and leave more to children or grandchildren.
- Wants to potentially enhance your legacy.
- Wants to counter potential losses to your legacy assets.

If this describes you, read on to learn how *Asset Protection+,* a life insurance strategy, could benefit you and your family and help to preserve your legacy assets.

PRESERVE AND POTENTIALLY ENHANCE YOUR LEGACY

ASSET PROTECTION+ CAN BE AN EFFECTIVE STRATEGY

Asset Protection+ can be an effective strategy that involves repositioning those assets that you do not expect to need during life (your legacy assets) to fund a life insurance policy. The benefit of this strategy is that it can help you preserve and potentially enhance your legacy.

While there are benefits associated with this wealth strategy, there are also risks and potential tax consequences. You should consider this strategy only in situations in which you have assets that are not intended to be consumed during your lifetime and can be repositioned to fund permanent life insurance premiums.

Threats to Your Legacy

Hard work, sacrifice, and preparing for the future are why you have enough income to provide for yourself and your family. However, if your goal is to pass your wealth on to the next generation, there are a number of threats, such as taxes and chronic illness, that you need to consider. Without adequate preparation, these threats could erode the legacy that you plan to leave to your children, grandchildren, or favorite charity.

The Impact of Taxes

If you pass tax-deferred assets, such as an IRA, on to your beneficiaries, your heirs may be required to pay income taxes upon distribution. This could potentially erode the value of these assets. In addition, based on the size of your estate at death, federal and/or state estate taxes may also be imposed on your assets.

Do you currently have a strategy to help your legacy pass intact to your beneficiaries after your death?

The Risk of Chronic Illness

A chronic illness can be just as financially and emotionally devastating to your family as an untimely death. About 52% of Americans over age 65 will require at least some type of chronic care services during their lifetimes;[1] this is an issue that can potentially impact you. Although 67%[2] of all chronic care is provided at home and the caregiver is typically a family member, there could still be financial impacts to you and the ones you love that you should consider preparing for.

Some life insurance policies offer a rider that, should you become chronically or terminally ill, can help pay for expenses by accelerating the death benefit (paying all or a portion of it to you over time and while you're still living). Such a rider may help you to avoid liquidating other assets. It's important to note, however, that accelerating the death benefit will decrease, or may eliminate, the legacy you were expecting the death benefit to provide to your policy's beneficiaries.

[1] Favreault & Dey, Long-Term Services and Supports for Older Americans: Risks and Financing, ASPE Issue Brief, U.S. Department of Health & Human Services, Office of the Assistant Secretary for Planning and Evaluation, July 2015.

[2] https://www.longtermcarelink.net/eldercare/long_term_care.htm. Last accessed January 20, 2017.

Asset Protection+ Can Help

If you have tax-deferred assets, such as those within an IRA, that you want to pass on to your heirs, you can choose to protect and potentially enhance the value of these legacy assets by using some of your liquid assets or income to purchase a life insurance policy.

As long as sufficient premiums are paid, life insurance can provide a generally income tax-free death benefit to the policy's beneficiaries that can be predictable and will not fluctuate based on economic forces or market performance.

Some policies can also be paired with optional riders, typically for an additional cost, to provide expanded protection. For example, a rider may allow you to accelerate your death benefit to receive income if you become chronically or terminally ill or if you are permanently confined to a nursing home or need a life-saving organ transplant.

To execute the Asset Protection+ strategy, you, as the IRA owner, need to begin taking your RMD at age 70½. Some IRA accounts may give you the option to automatically take RMD in the following years. This decision should be based on the guidance of your legal advisor. And if you decide to take RMD, be sure to consider where to put that money next. For example, you could use the after-tax proceeds to pay premiums on a life insurance policy with an optional rider for chronic and/or terminal illness.

Upon your death, the life insurance proceeds are generally received income tax-free. Your heirs can use these proceeds to help offset the impact of taxes on your legacy and potentially enhance the overall wealth they receive.

And, if you become chronically or terminally ill, an optional rider could allow you, the policyowner, to advance a portion of the death benefit and/or receive monthly income.

However, any amounts accelerated under the rider will reduce the death benefit and may result in beneficiaries receiving less or no life insurance proceeds at death if the death benefit is fully exhausted while you are alive. While these types of riders are not designed to cover all the costs associated with a chronic or terminal illness, they can help you to pay expenses. Additionally, these riders are not long-term care (LTC) insurance or intended to replace LTC insurance, but rather are intended to be a supplement.

WHEN PROPERLY STRUCTURED, THIS STRATEGY CAN:

- Help **take care of loved** ones after your death.
- Provide a **generally income tax-free benefit**, according to IRC Section 101(a), that can help offset the income taxes owed by beneficiaries after receipt of the tax-deferred asset.
- Provide **accelerated life insurance death benefits** if you become chronically or terminally ill.

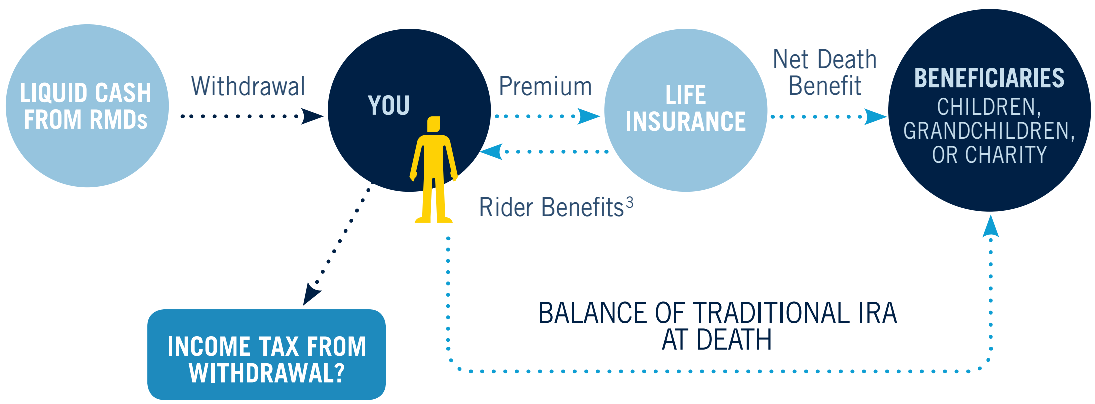
Asset Protection + Using Life Insurance

THERE ARE A FEW IMPORTANT THINGS TO KEEP IN MIND:

- The hypothetical examples to the right and on the following pages only depict federal income taxes.
- If your estate is large enough, your legacy asset could be included in your estate and may be subject to estate taxes when it is transferred to the next generation. However, these hypothetical examples assume that your assets are not subject to estate taxes.
- Legacy assets may be found in a multitude of financial instruments and there may be income tax consequences that may result from withdrawals and repositioning these assets.

As you can see in the diagram, the hypothetical client, who already has a liquid cash asset since taking his/her RMD from an IRA, can use that money to purchase a life insurance policy with an optional rider for chronic and terminal illness.

After the insured's death, the death benefit proceeds from the life insurance policy are directed to the insured's children, along with the remaining value, if any, of the IRA.



BENEFITS OF THIS STRATEGY USING LIFE INSURANCE

- Can help replace income and provide for your loved ones following death.
- Provides flexibility to access the death benefit under a chronic illness rider upon being diagnosed as chronically ill and otherwise qualifying for benefits.
- If the death benefit is no longer needed, it can be used to help preserve and enhance the financial legacy to your heirs or favorite charity.
- Benefits are generally received income tax-free, which can help to offset the impact of income taxes for certain assets that are transferred to your beneficiaries upon your death.
- The death benefit is generally not subject to the price and interest rate volatility inherent in the equity and fixed income markets.
- Can be guaranteed[4] and may enhance the ultimate values received by heirs.

[3]Chronic illness rider benefits may reduce or possibly eliminate the death benefit available to policy beneficiaries and may have other adverse consequences.

[4]All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company.

A Hypothetical Case Study*

Client:
JUDY HILL, 71
Two sons

WILLIAM, 42

TYLER, 40

Judy, our hypothetical client, is a 71-year-old retiree with two sons. She would like to enhance and protect her legacy, and help protect herself against the potential financial impact of a chronic or terminal illness.

- **Assets:** $300,000 home, $1,000,000 of cash and investable assets, and a $700,000 IRA.
- Has income from a defined benefit plan and sufficient income from other assets to meet current and future income needs.
- Has substantial assets in an IRA and available cash assets resulting from prior decisions to take RMDs at age 70½.
- IRA earmarked as legacy money.
- Would like to leave more to two sons.
- Concerned about the financial impact of unexpected costs associated with a chronic or terminal illness.

THE APPROACH

Let's assume that Judy, our hypothetical client, takes **$20,000 of cash annually** to pay annual premiums on a life insurance policy with an optional chronic and terminal illness rider.

We are assuming a 5% rate of return on the IRA assets.

THE RESULT

She could, based on her age, health, and product choice, obtain roughly **$550,000* in death benefit protection**. Either this value could be used to enhance her legacy or the death benefit could be accelerated to provide her with funds if she becomes chronically or terminally ill as defined by the rider.

*This information is hypothetical and not representative of any particular product.

LIFE INSURANCE OFFERS A TYPICALLY INCOME TAX-FREE OPTION

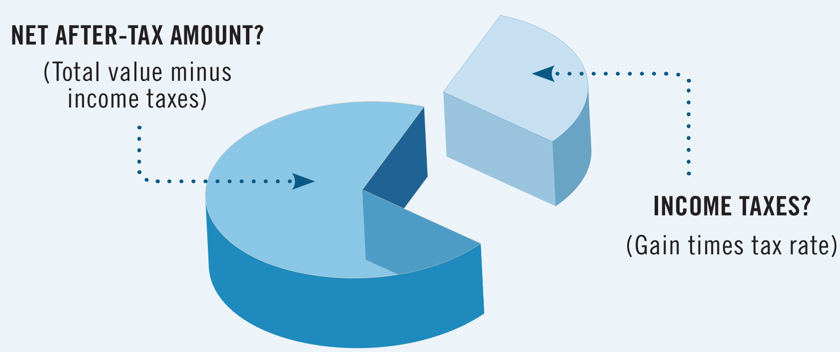
A significant portion of your legacy could be lost to taxes. If you pass a taxable or tax-deferred asset on to your loved ones, they will, depending on the value of your estate, be required to pay estate taxes. Additionally, your loved ones may also be required to pay income taxes after receiving the proceeds from your estate. Life insurance, however, pays a typically income tax-free death benefit to its beneficiaries, according to IRC Section 101(a).

TAXABLE ASSETS VS. TAX-DEFERRED ASSETS

	TAXABLE ASSETS MUTUAL FUNDS, STOCKS, CDs or CASH, BONDS	**TAX-DEFERRED ASSETS** TRADITIONAL IRA
TAX TREATMENTS DURING LIFE	Capital gain on realized gains, ordinary income on interest and dividends.	Tax-deferred accumulation, ordinary income to extent of gain on distributions.
TAX TREATMENTS AT DEATH	Step-up in basis at death, subject to estate taxes.	Ordinary income on gain at death AND subject to estate taxes.

Life insurance has fees and charges (including surrender charges) and may be less liquid than other “taxable” assets. Additionally, sufficient premiums need to be paid to keep the policy from lapsing.

TRADITIONAL IRA LIQUIDATION VALUE



Assumes the IRA is liquidated by one beneficiary at IRA owner’s death as a lump sum subject to a tax rate of 37%. There may be other options besides lump sum available.

TAX RATE = Combined federal and state marginal income tax rates

GAIN = Total value minus cost basis (traditional IRAs may be 100% taxable)

Can you afford the cost of a chronic or terminal illness

ARE YOU PREPARED FOR A CHRONIC OR TERMINAL ILLNESS?

A chronic or terminal illness can be just as emotionally and financially devastating to your family as your untimely death.

QUESTIONS TO CONSIDER

- Are you adequately positioned to handle the financial and emotional impact that your chronic or terminal illness could have on your family?
- Have you considered the effects of inflation on the cost of care?
- If you were ever to become chronically or terminally ill, which assets would you sell first to cover any related costs of care?
- Have you considered the impact a chronic or terminal illness could have on your succession plan (i.e., financial legacy)?

CONSIDER YOUR FINANCIAL AND EMOTIONAL WELL-BEING WHEN PREPARING FOR A POTENTIAL CHRONIC OR TERMINAL ILLNESS TO HELP PROTECT YOURSELF AND YOUR FAMILY.

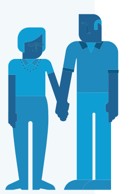
A chronic or terminal illness can cost thousands of dollars each year. That can really take its toll if you haven't prepared for it. Not everyone will become chronically or terminally ill, but if you do, does your current strategy provide you with the additional income you may need to protect yourself and your family?

Adding a chronic illness rider to your life insurance policy can help you prepare for the financial impact of chronic or terminal illness so the emotional one is a little easier. Note that the chronic illness rider benefits generally are paid directly to the policyowner and can be used in any way he or she chooses.

REALITY CHECK

The 20-year out-of-pocket medical expenses for an average 65-year-old couple that retired in 2016 is projected to be

$233,280.[5]



If they live till age 90, the estimate for that couple is

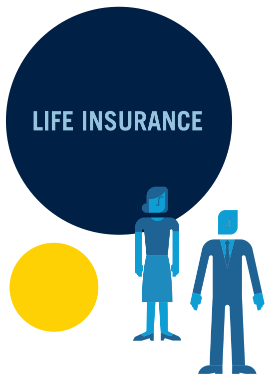
$284,400.[5]

You may need even more if chronic illness care is required.

[5] Foster AC. *A Closer Look at Spending Patterns of Older Americans. Beyond the Numbers: Pricing and Spending*, Volume 5, Number 4. U.S. Bureau of Statistics, Table 2, p. 4, March, 2016. Healthcare costs estimated from Table 2, assuming a 65-year-old couple lives for 20 years.

TALK TO YOUR FINANCIAL PROFESSIONAL

If you want to leave legacy assets to your loved ones or a favorite charity, here are some questions to discuss with your financial professional to help determine whether this strategy is right for you.



Prudential offers a variety of life insurance products and riders that can effectively help to protect or enhance your legacy.

QUESTIONS TO CONSIDER

- Would you like to leave a financial legacy to your children, grandchildren, or favorite charity?
- What is your monthly income need?
- What are you using to meet this need?
- If you die, will your spouse have sufficient replacement income?
- If you outlive your spouse, will you have sufficient replacement income?
- If you're currently taking RMD from an IRA, do you need the after-tax cash for your lifestyle needs today or possibly in the future?

If not:

– Do you see yourself ever needing it?

– What do you plan to do with these assets and/or income?

If you plan to leave these assets to your loved ones or a favorite charity:

– Have you considered the effects of inflation?

– Have you considered the effects of market volatility?

– Have you considered the impact of income taxes?

– If you could potentially leave them more, would you want to learn how?

Important Considerations

BEFORE IMPLEMENTING THE ASSET PROTECTION+ STRATEGY

- Any investment purchased during retirement involves the planning and use of your income or other assets. You should be certain to have sufficient liquid assets other than the asset or income you may be repositioning to support your current and future income and expenses before considering the purchase of a life insurance policy. Equity in the home should not be considered a liquid asset.
- You should consider developing a comprehensive financial strategy to take into account current and future income and expenses in conjunction with implementing the strategy discussed here.
- We recommend that you consult your tax and legal advisor to discuss your situation before implementing the strategy discussed here.

ABOUT ASSET PROTECTION+

This concept is only intended to be used for assets that will not be needed for living expenses for the expected lifetime of the insured. It is your responsibility to estimate these needs and expenses and it is recommended that you consider developing a comprehensive financial strategy in conjunction with implementing the strategy being considered. The accuracy of determining future needs and expenses is more critical for individuals at older ages who have less opportunity to replace assets used for the strategy.

IF YOUR FINANCIAL OR LEGACY PLANNING SITUATION CHANGES

- If you need to use the assets or income being repositioned for current or future income needs and you can no longer make premium payments, the life insurance policy may lapse and the results illustrated may not be achieved.
- If the asset or income being repositioned becomes fully exhausted, premiums may have to be paid using other assets or income to keep the life insurance policy in force.

WHEN ASSET PROTECTION+ MAY NOT BE IN YOUR BEST INTEREST

Depending on your life span, it is possible that your beneficiary may receive more by just inheriting the assets being repositioned, rather than by receiving the death benefit of the life insurance policy that was purchased.

TAX AND OTHER FINANCIAL IMPLICATIONS

- There may be tax and other financial implications as a result of liquidating assets within an investment portfolio. If contemplating such a strategy, it is important to understand that life insurance is a long-term strategy to meeting particular needs.
- The sale or liquidation of any stock, bond, certificate of deposit, mutual fund, or other asset to fund the purchase of a life insurance product may have tax consequences, early withdrawal penalties, and/or other costs or penalties as a result of the sale or liquidation.

ABOUT LIFE INSURANCE

- The death benefit protection offered by a life insurance policy can be a key component of a sound financial strategy.
- It is important to fully understand the terms and conditions of any financial product before purchasing it.

OTHER NOTES

- You should consider that life insurance policies contain fees and expenses, including cost of insurance, administrative fees, premium loads, surrender charges, and other charges or fees that will impact policy values.
- If premiums and/or performance are insufficient over time, the policy could lapse, which would require additional out-of-pocket premiums to keep it in force.

A FINANCIAL LEADER FOR OVER 140 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.

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

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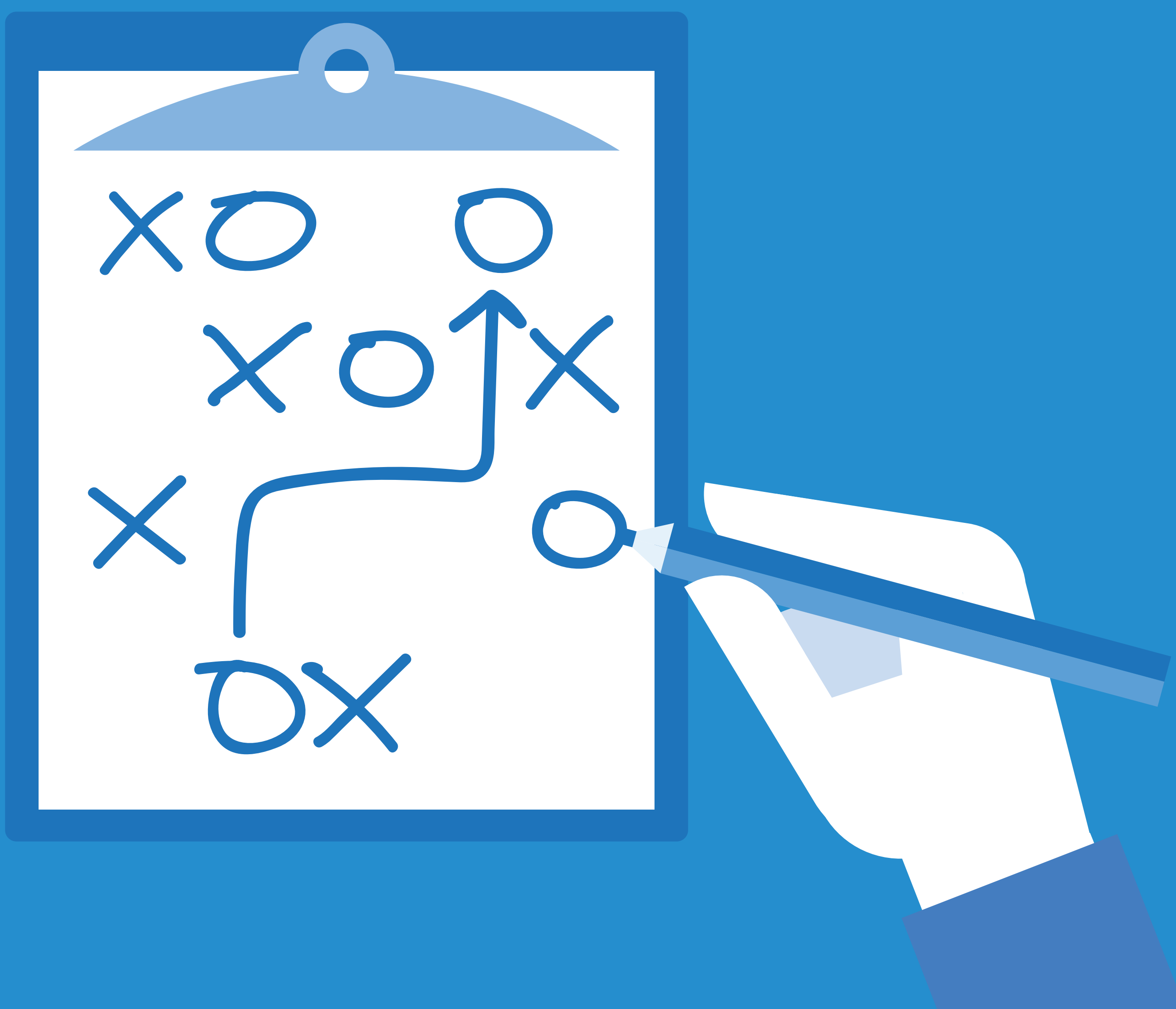
May Lose Value.
Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

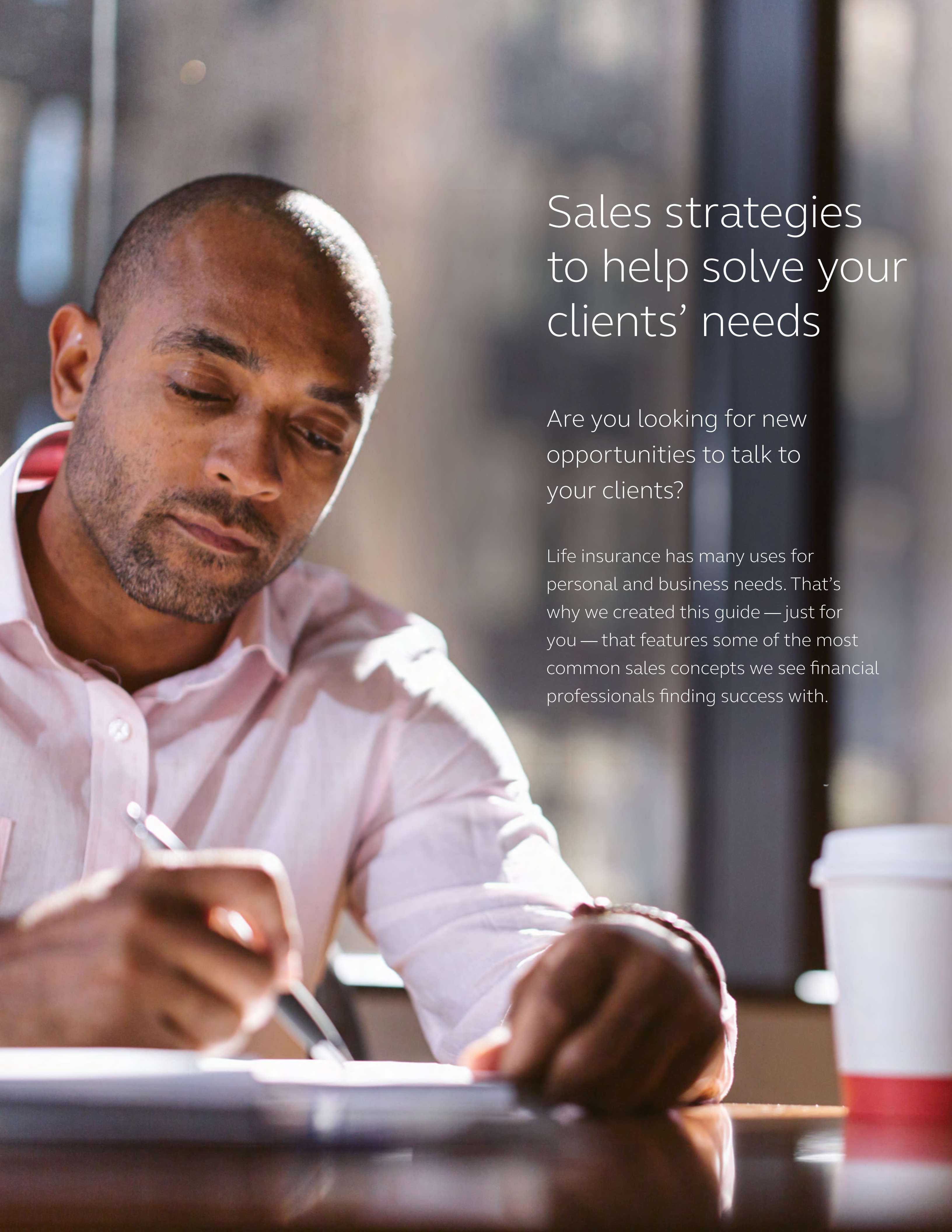
Principal℠

Life insurance

Strategies to develop more opportunities

Concept marketing guide





Sales strategies to help solve your clients' needs

Are you looking for new opportunities to talk to your clients?

Life insurance has many uses for personal and business needs. That's why we created this guide — just for you — that features some of the most common sales concepts we see financial professionals finding success with.

Getting started:
Understand and apply the concepts

Simple steps lead to more sales

The easy-to-apply sales concepts are organized by some of the most common needs a business or individual has to plan for, and then focuses on a popular solution to help meet the need. You'll find simple, approachable ways to open doors and start conversations.

Proven sales concepts to help you deliver personalized solutions

Value-added services and support that stand out

Quick tips to close more sales

You can help your clients protect what they've worked for

By taking a little bit of time on the front-end to plan, your clients can continue enjoying the life they've created. And, we know you're busy too, so these sales concepts are designed in an easy-to-sell format that will help you focus your efforts and get results.

Learn

Understand the concept, how it works and the opportunity

Approach

Identify prospects to target your efforts

Consult

Start the conversation and gather important information

Take action

Initiate next steps to deliver a custom solution

Get started now >

Get all of the tools and resources to guide you through the sales process at **advisors.principal.com.**

Key person life insurance

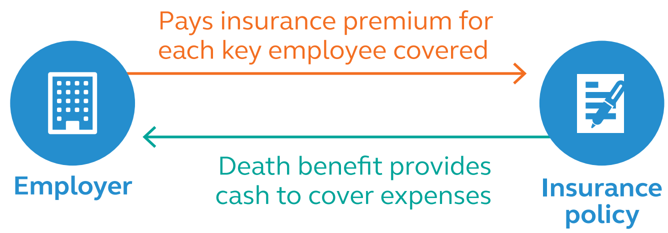
Learn

The most valuable asset of any business is the people who contribute most to its success. Loss of the service of these key employees can cause financial strain on a business from lost sales to additional cost to find and train a replacement. Key person insurance can provide a financial cushion with cost-effective liquidity for replacing employees who critically impact the value of the business.

How it works

Your business is the owner and beneficiary of a life insurance policy for each key employee you choose.

If the unexpected does happen, you receive cash, generally income tax-free, to help with the burdens of the loss.



Approach

Common profile

Key person insurance is among the most common business needs and is appropriate for companies of most types, sizes and industries.

Consult

Start the conversation with clients

- Who are the difference makers in your business — in areas such as operations, workflow, relationship management and sales?
- If one of your key employees died or left for a competitor, would your business be as successful as it is today?

Take action

1. Use the Key Person Calculator and run an illustration OR submit a Key Person Request for Proposal: www.principal.com/keyperson.
2. Develop a plan to protect the business or retain top talent.

Buy-sell agreements

Learn

A buy-sell agreement creates a market for the business when a co-owner dies, becomes disabled or leaves. It also protects the remaining owners by preventing a disruptive or unqualified person from acquiring an interest in the business.

Common buy-sell agreement options

Cross purchase: Co-owners purchase departing owner's business interest

Entity purchase: Business purchases departing owner's business interest

One-way: Key employee purchases departing owner's business interest

Importance of current business valuation

An outdated valuation creates risk for all parties.

- Exiting owner may not get fair value for their share
- Remaining owners may over-pay the exiting owner(s)
- Costly delays and arguments amongst owners may ensue

Approach

Common profile[1]

Industries: Professional, scientific and technical services, manufacturing, construction, wholesale trade, finance and insurance

Employees: 1-99

Business experience: 10+ years

Entity type: Corporation (S or C), partnership

Consult

Ask your clients these questions

- What is your business worth?
- Whom do you see running the business when you leave?
- Do you have a buy-sell agreement in place?

Take action

1. Request a complimentary Informal Business Valuation[2] and/or Buy-Sell Review.
2. Review the report(s) with Advanced Solutions to identify opportunities.

Did you know?

Principal offers complimentary Informal Business Valuations for most businesses.

[1] In Q3 2015, the Principal Financial Group analyzed its business insurance block of business customer data. Dunn & Bradstreet demographic data is also appended.

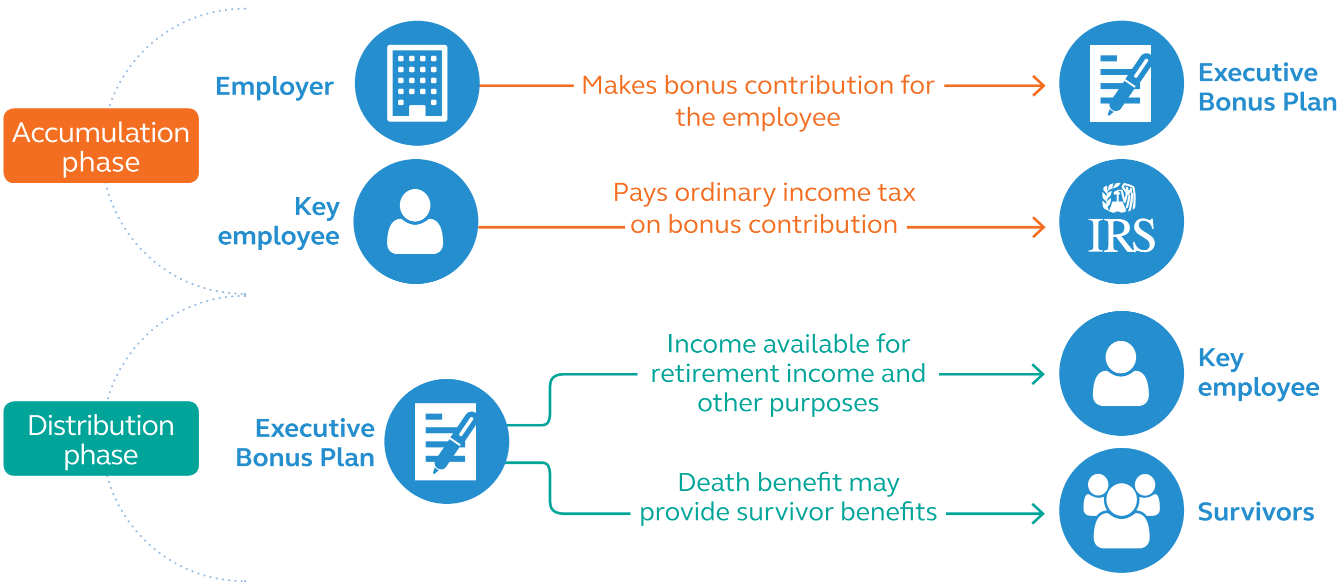
[2] Buy-Sell Reviews and Informal Business Valuation Planning Reports are available for a variety of business types. Some prospects may present challenges, including: farms, nonprofit organizations, publicly traded companies, nonprofitable businesses, sole proprietors, real estate holding companies, financial services firms and new companies.

Principal Executive Bonus Plus℠

Learn

Business owners want a simple way to recruit, reward, retain and retire key employees. One option is with a Principal Executive Bonus Plus plan. It provides a platform for employers to offer supplemental retirement income benefits to key employees on a tax-deductible basis.

How it works



Approach

Common profile

Industries: Professional, scientific and technical services; healthcare and social assistance

Employees: High income earners — $150,000

Business experience: 10+ years

Entity type: Corporations (S or C)

Consult

Talk to your clients about their key employees

- Are you looking for ways to recruit, retain and reward key employees?
- Would your key employees like to save more money on a tax advantaged basis?

Take action

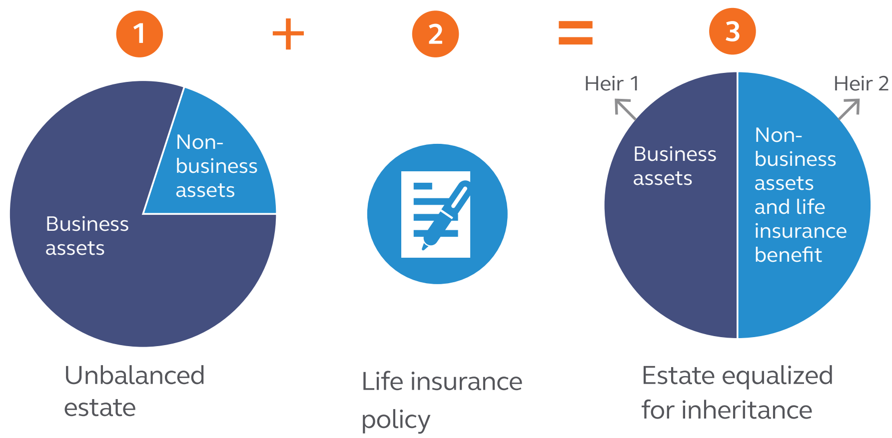
1. Use the Employer Summary (BB8976) to approach clients about the need.
2. Submit the Principal Executive Bonus Plus Request for Proposal.

Inheritance equalization

Learn

Business owners, like most of us, want to be fair to their children when leaving an inheritance. They also know some may want to continue the business' success while others won't. But when a majority of their assets are tied up in the business, how can they leave it intact for the future owner and have enough left to be fair to others? Using life insurance to equalize inheritance can help.

How it works



1 | Determine the amount of business and non-business assets, and what fair distribution looks like to them. Then, calculate the additional assets needed to achieve the distribution goal.

2 | Purchase life insurance in the amount needed.

3 | Upon the owner's death, the business can go to one heir, and the non-business assets and life insurance benefit goes to the other.

Approach

Common profile

Who: Owners of a closely held business; farm and ranch owners

What: Have family members involved or interested in owning the business

Why: To make inheritance distribution intentional and equitable

Consult

Talk to your clients about their estate plan

- What plans do you have for your business after you're gone?
- Do you have children or heirs with potential interest in continuing the business?
- Is it important to you to be fair to all children, including those not involved in the business?

Take action

1. Discuss how the strategy works.
2. Show clients how it can meet their needs using the sample proposal.
3. Complete an Inheritance Equalization Request for Proposal.

Diversified life strategy

Learn

Use a mix of life insurance products to design customized solutions to cover all of a client's needs and provide flexibility for the future. The client allocates their total budgeted premium between two or more policies in order to diversify among product types and policy durations.

Benefits

- Meet multiple protection needs
- Provide flexibility as needs change
- Enhance an overall financial portfolio

Approach

Common profile

Who: Individual or business owner

What: Has multiple needs for life insurance

Why: Seeks to diversify risk, coverage type, objective or duration

Consult

Assess the short- and/or long-term needs your clients want to cover

- Do you need temporary insurance coverage until your children are through college and your mortgage is paid off?
- Do you need permanent coverage for you and your spouse to protect each other?

Consider these strategies:

- **Term + permanent**
  For low-cost protection, plus cash value accumulation
- **Term layering**
  Multiple term policies of varying lengths
- **Risk diversification**
  Policies using different interest crediting strategies
- **Personal and business coverage**
  Business owners and key executives often require both
- **Policy review**
  Identify additional coverage needed

Take action

1. Discuss with your clients the benefits of life insurance.
2. Use the Life Insurance Worksheet (BB9138) to get started.

Outstanding service and support to help you throughout the sales process

When you work with us, we'll partner with you for success — listening and consulting to achieve results. Our life insurance solutions are designed with you and your clients' needs in mind to provide support before, during and after the sale.

Before

Start conversations with clients

Business market
Stand out with our robust business solutions platform. It delivers expertise and service to help you close more cases.

- **Start with business planning services**
  Offer complimentary informal business valuation and buy-sell review

Individual market
Help individuals and their families evaluate their financial goals and objectives.

- **Use tried-and-true approaches**
  Create more opportunities with door openers to assess current life insurance needs, such as life insurance review.

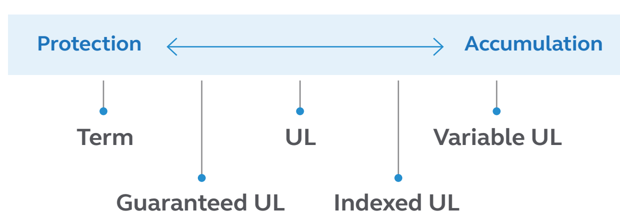
During

Deliver custom solutions

Get consultative and personalized service from experienced professionals

- **Advanced Solutions**
  Talk to attorneys and certified public accountants (CPAs) for custom case design
- **Dedicated sales support**
  Contact our team of wholesalers and sales consultants for your case development needs
- **Underwriters**
  Work directly with underwriters committed to delivering fair and consistent decisions

Choose from our diverse product portfolio



After

Benefit from streamlined services and post-sale support

Close cases faster with time-saving, Principal Accelerated Underwriting℠

- Faster underwriting decisions in as little as 48 hours
- Can eliminate lab testing and paramed exams[3]
- Polices issued and paid in 10 days or less

Provide specialized administrative support with business market services

With some carriers, plan administration is sourced to third-party administrators, which adds costs. Our in-house Business Market Administration (BMA) team provides quality services for your clients, at no charge.

Employers can:

- **Receive** consolidated payment reminders for all of the policies under the program
- **View** policy information online.
- **Get** ongoing support and information:
  - Tax reporting information for split dollar economic benefit, imputed interest and 101(j)
  - Retirement income re-projections
  - Answers to questions regarding the policies and/or plan design

[3] Based on age, product, face amount and personal history.

Connect client solutions with our products to find the right fit

See the full range of product solutions to help you close more cases

	Term	SUL	UL				IUL		VUL	VUL – NY only		COLI
	Principal Term	Principal SUL Protector II℠	Principal UL Protector IV℠	Principal UL Provider Edge℠	Principal UL Flex II℠	Principal UL Accumulation II℠	Principal Indexed UL FlexII℠	Principal Indexed UL Accumulation℠	Principal VUL – Business℠	Principal VUL Income III℠	Principal Benefit VUL II	Principal Executive VUL II
Business protection												
Key person	●		●	●	●	●	●	●	●	●	●	DC
ESOP repurchase						●	●	●	●	●		DC
Stay bonus	●		●	●	●	●	●	●	●	●	●	
Legacy and estate planning												
Charitable giving		●	●	●	●	●	●	●				
Gifting strategies		●	●	●	●	●		●		●	●	
Inheritance equalization		●	●	●	●		●					
Private split dollar		●	●	●	●	●	●	●		●	●	
Trust solutions		●	●	●	●	●	●	●		●	●	
Business succession planning												
Cross-purchase buy-sell	●		●	●	●	●	●	●	●	●	●	
Entity purchase buy-sell	●		●	●	●	●	●	●	●	●	●	
No-sell buy-sell	●		●	●	●	●	●	●	●	●	●	
One-way buy-sell	●	●	●	●	●	●	●	●	●	●	●	
Multi-owner buy-out					●	●	●	●	●	●	●	
Select buy-out					●	●	●	●	●	●	●	
Business continuation general partnership/LLC	●		●	●	●	●	●	●	●	●	●	
Sole owner transition plan	●		●	●	●	●	●	●	●	●	●	
Key employee retention and retirement												
Principal Executive Bonus Plus℠					●	●	●	●	●	●	●	
Principal LLC Bonus℠					●	●	●	●	●	●	●	
Principal S Owner Plus℠					●	●	●	●	●	●	●	
Deferred compensation												DC
Principal Select Reward Plan℠			●	●	●	●	●	●	●	●	●	
Principal SERP Select℠					●	●	●	●	●	●	●	
Endorsement split dollar					●	●	●	●	●	●	●	
Personal planning												
Diversified life strategy	●	●	●	●	●	●	●	●	●	●	●	
Life insurance as an asset		●	●	●	●	●	●	●	●	●	●	
Supplemental retirement income						●	●	●	●	●	●	
Special needs planning	●	●	●	●								

DC = For deferred compensation

Let's connect.

Call the National Sales Desk at 800-654-4278, or your Life RVP.

Visit *advisors.principal.com.*

principal.com

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PINNEY
INSURANCE

Providing All the Tools for Your Success(sm)

Pinney Insurance

Founded in 1972 as a Transamerica branch office and later incorporated as Pinney Insurance Center, Inc., we are headquartered in our own building in Roseville, California. We provide a small local agency feel with the power of a major national firm.

Pinney has expanded into a national distributor with thousands of contracted agents and offices in California, Illinois, Maryland, North Carolina, Oklahoma, Pennsylvania, Texas, Washington, and Mississippi. Pinney represents over 100 life, annuity, disability, and long-term care companies with the intent of providing our clients & partners with the best possible product solutions at the lowest possible costs. Email Brokerage Sales Support or contact one of our Brokerage Directors today at 800-823-4852.

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Most Popular Tools

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