LET'S TALK FINANCIAL WELLNESS®

September/October 2024

Life Insurance: Its Many Uses

You may think of life insurance* as financial protection for loved ones if you or your spouse were to die unexpectedly. The policy's death benefit can help provide money to pay expenses or be used in legacy planning so that your family can pay any taxes due on your estate. Although both term and permanent life insurance provide a death benefit, term typically covers the policyholder only for a specified time (usually 10 to 30 years), while permanent insurance remains in effect indefinitely and builds cash value.

During September, which is life insurance month, consider some of the ways permanent life insurance can be used as part of a comprehensive financial strategy.

Income in Retirement
A permanent life policy accumulates cash value that can be accessed in the form of a tax-advantaged loan. Accessing cash value may be used as part of an income strategy, but keep in mind that any outstanding loans will reduce the policy's death benefit.

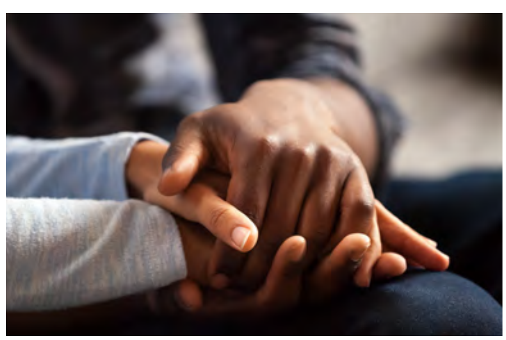
Cash During an Illness
As the policyholder, you can access the policy's cash value if you become ill. Some policies offer an optional rider that allows you to use some of the death benefit while you're living in the event of a chronic or terminal illness.

Business Protection
Insurance can allow for the continuation of your business if a partner or key person dies. It can also help with the exchange of ownership without depleting capital in the event of a partner's retirement, disability or death.

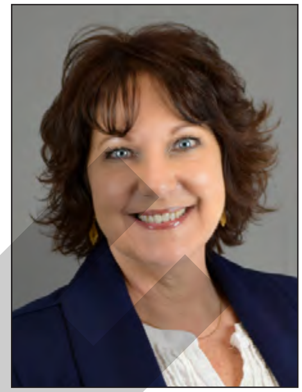
Fund Non-qualified Retirement Plans
The policy's cash value can be used to fund non-qualified retirement plans from a portion of the premiums paid.

Consult an insurance professional before you implement any of these strategies.

** Applications for life insurance are subject to underwriting. No insurance coverage exists unless the required premium is paid to put an issued policy in force. Accessing cash values may reduce the death benefit and policy values, trigger tax consequences, surrender fees, and charges, and may require additional premium payments to maintain the contract. Guarantees are based on the claims-paying ability of the issuer. Riders generally incur an additional premium, and benefits may not be available in all states. Riders that pay benefits for events other than death will likely reduce the policy's death benefit and cash value.*



1081088-00001-00 FINRA Reference FR2024-0521-0105/E INS



Karen Petrucco
Account Manager

The Prudential Insurance Company of America
236 Broadway
Albany, NY 12204

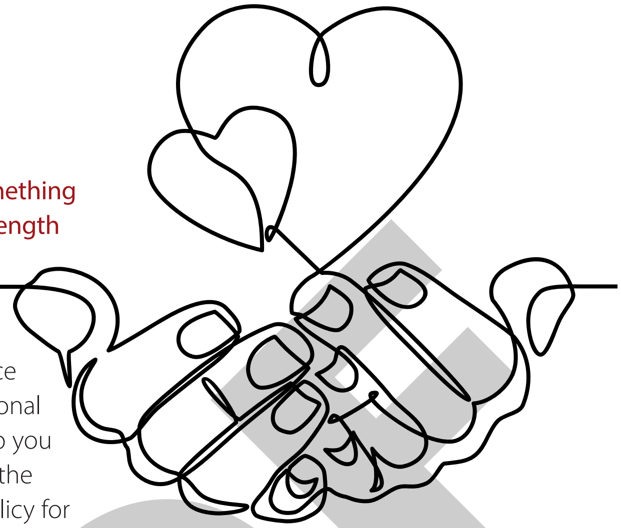
Tel: 800-243-5334
Fax: 800-720-0780
karen.petrucco@prudential.com
www.prudential.com

I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.
1020924-00002-00

Insurance Version

Prudential

Life Insurance: Consider Your Options



Life insurance* proceeds can provide a financial lifeline for loved ones if something were to happen to you. The type of policy you choose may depend on the length of time you'll need coverage and the policy's cost.

Term Insurance
Term insurance provides coverage for a specific period, typically 10 to 30 years, although shorter and longer terms are possible. If you die during the term, the policy pays a death benefit to your beneficiaries. A term policy has no cash value. It is less expensive than permanent insurance and may be a good choice when others depend on your income.

Permanent Insurance
Permanent insurance generally remains in effect if you continue to pay the premiums. In addition to the death benefit, the policy builds cash value over time. Permanent insurance is a good option if you want lifetime coverage, access to the policy's cash value through withdrawals or loans and are comfortable with the higher premiums.

Your insurance professional can help you choose the right policy for your circumstances.

**Applications for life insurance are subject to underwriting. No insurance coverage exists unless the required premium is paid to put an issued policy in force. Accessing cash values may reduce the death benefit and policy values, trigger tax consequences, surrender fees, and charges, and may require additional premium payments to maintain the contract. Guarantees are based on the claims-paying ability of the issuer.*

Understanding Beneficiary Designations

Your will is an important document for passing assets to loved ones when you die, but it doesn't apply to everything. Life insurance proceeds, retirement accounts, annuities and similar accounts pass through beneficiary designations and are not governed by your will.

Review Your Selections
You chose a beneficiary when you initially set up your accounts. But things can change. Divorce, death of a beneficiary or even a change in your intentions can affect your selections. Revisit your designations periodically to ensure they're up to date.

Check Old Accounts
Forgetting about 401(k) or other retirement accounts held with former employers can result in outdated beneficiary designations. Remember to include these accounts in your review.

Avoid Mistakes
Take special circumstances into account when you're naming beneficiaries. Minors will not be able to claim assets until they turn 18 or 21 (depending on the state). Individuals with special needs can lose valuable government benefits if they receive an inheritance directly. Setting up a trust to receive the assets may help in both situations.

Keep in mind that godparents are not the same as legal guardians but could be a good choice to serve as trustees.

Integrate with Estate Planning
Your financial professional can help you review your beneficiary designations as an integral part of your estate plan.

The "New" Identity Theft

As if stealing your personal information to access your bank accounts or open credit in your name isn't enough to worry about, there's another form of identity theft taking hold. Deed theft is a type of identity theft that targets your residence, second home or other property.

How It Happens

Thieves target a potential property — often a vacation home, second home or vacant property. Criminals forge the owner's signature on the deed and sell the home to themselves or a third party. They then use personal information found on the Internet to assume your identity or to represent you when they record the deed with the county.

They're Not Moving In

Once thieves have the deed to your property, they can:

- Sell your home and keep the profit
- Refinance the mortgage to cash out equity
- Open a home equity line of credit
- Illegally rent out unoccupied property

Protect Yourself

You can take steps to protect yourself and your property from deed theft.

- Monitor your credit reports for loans you didn't take out or for other suspicious activity.
- Check for liens against your property from contractors, subcontractors or attorneys.
- Visit vacant homes periodically to make sure no one is living in them.
- Have your mail forwarded, kept at the post office or picked up by someone when you're away from home.
- Pay close attention to mortgage, tax, water and other home-related bills.
- Check your county recorder's office or local registry online for land records and property deeds. You may be able to set up notifications at the registry to alert you to changes.

If Something Is Amiss

Notify the register of deeds as well as law enforcement if you find evidence of deed theft or other criminal activity. Obtain a certified copy of the fraudulent document and consult an attorney.

Selling Your Home?

Homeowners who qualify may exclude up to $250,000 of gain ($500,000 for married couples) from the sale of a primary residence.

Eligibility

To be eligible for the capital gains tax exclusion, you must have owned your home and used it as your primary residence for at least two out of the last five years prior to the sale. The exclusion can be claimed once every two years. You'll pay capital gains tax on any profits exceeding the exclusion amount, so keep accurate records of the purchase price and any improvements made to the property.

Exceptions

Because the IRS doesn't consider certain transfers to be a gain or loss, the exclusion rules don't apply if you're transferring a home to a spouse or ex-spouse or the home is a factor in a separation, divorce or the death of a spouse.

Partial Exclusion

If the reason for a home sale involves a change in work location, a health issue or an unforeseeable event, the sale may qualify for a partial exclusion. Consult your tax professional for guidance.

A Decade of Home Sales

U.S. home sales are projected to pick up slightly in 2024 and 2025, following a decade low in 2023. High mortgage interest rates and high inflation are considered major factors in the current U.S. housing market.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (projected)	2025 (projected)
5.38 million	5.75 million	6.01 million	6.12 million	5.34 million	6.02 million	6.46 million	6.89 million	5.67 million	4.76 million	5.0 million	5.54 million

Source: Statista Research Department, March 14, 2024

Take Advantage of Higher Exemptions

Lifetime exemption limits for transferring wealth are historically high, but their end may be on the horizon. Current lifetime exemption amounts are set to expire on December 31, 2025, unless Congress acts to extend them. Reviewing your wealth preservation strategies with your financial, tax and legal professionals will help ensure you're taking full advantage of the opportunities available to you. Consulting your tax professional can help prevent unwelcome surprises.

The Federal Estate Tax Exemption

Individuals can gift up to $13.61 million to their heirs free of federal estate taxes. This amount doubles to $27.22 million when a spouse joins in the gift.

The GST Tax Exemption

The generation-skipping transfer (GST) tax applies when grandparents directly transfer assets to their grandchildren or other individuals without first leaving the assets to their children. However, the generation-skipping transfer tax exemption is an amount that can be directly transferred to grandchildren, or into a GST trust for their benefit, without incurring federal GST taxes.

Annual Gift Tax Exclusion Amount

Individuals can gift up to $18,000 ($36,000 for a married couple) to an unlimited number of recipients free of federal gift taxes. Recipients pay no federal taxes on the gifts. Gifts greater than the annual exclusion amount will count against the giver's lifetime gift tax exemption.

Other Exceptions

Payments made directly to a qualifying educational institution for a child's or grandchild's tuition are not subject to federal gift tax. In addition, direct payments made to a medical provider or medical institution for an individual's care are not subject to gift tax.

Trusts Offer Advantages

Trusts may be a useful vehicle for individuals to take advantage of annual gift tax exemptions and exclusions. *Lifetime irrevocable trusts* allow grantors to transfer assets into the trust using their lifetime exemption and exclusion amounts, in lieu of making cash payments to beneficiaries. *Grantor-retained annuity trusts* (GRATs) allow grantors to transfer assets to recipients, while reserving the right to receive annual annuity payments. Assets remaining in the trust pass tax free to beneficiaries.

FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 10, 2024

Reference: **FR2024-0521-0105/E**

Org Id: 23568

1. Lets Talk Money September October 2024 Insurance
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

This year's Advertising Regulation Conference will be held on September 26-27 in Washington, D.C. For more information and to register, please view our site at: https://www.finra.org/events-training/conferences-events/2024-advertising-regulation-conference

Please send any communications related to filing reviews to this Department through the Advertising Regulation Electronic Filing (AREF) system or by facsimile or hard copy mail service. We request that you do not send documents or other communications via email.

NOTE: *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the communication was "reviewed by FINRA" or "FINRA reviewed," you may not say that we approved it.*

Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568