

WHY DO YOU NEED LIFE INSURANCE IN THE RETIREMENT RED ZONE? 10 REASONS



1. LIFE INSURANCE IS A SOURCE OF CASH FOR FINAL EXPENSES.

We all want to be free and clear of financial obligations at death so as not to pass on our financial burdens to our families. The proceeds from a life insurance policy can be used to help pay funeral costs and last expenses.

2. POLICY WITHDRAWALS OR LOANS CAN BE USED TO SUPPLEMENT YOUR RETIREMENT INCOME.¹

Most employer sponsored retirement plans replace only a part of pre-retirement income. A permanent life insurance policy offers immediate access to cash during retirement whether you're looking to start a business, pursue a hobby or handle an emergency – or supplement your retirement income.

3. LIFE INSURANCE CAN BE USED TO REPLACE ALL OR A PART OF YOUR SPOUSE'S PENSION BENEFITS.

If your spouse dies, you may no longer be eligible to receive his or her Social Security or full retirement benefits. The death benefit from a life insurance policy can be used to help replace these lost benefits.

4. YOU MAY STILL BE WORKING! LIFE INSURANCE CAN REPLACE YOUR INCOME, SHOULD YOU DIE WHILE SOMEONE DEPENDS ON IT.

Many people at retirement age will continue to work full- or part-time and will need income replacement in the event of their death. Life insurance can help ensure that income is there for those depending on it.

5. LIFE INSURANCE CAN BE USED TO HELP EQUALIZE ESTATE DISTRIBUTION INEQUITIES.

Life insurance can equalize the inheritances for children, particularly those not involved in a family business. Children active in a family business may inherit the business — life insurance proceeds can provide a comparable inheritance to those not involved in the business. It is also useful in dividing assets among children of second marriages.

6. LIFE INSURANCE PROCEEDS CAN BE USED TO PAY OFF MORTGAGES OR OTHER DEBT.

It would be nice to imagine living debt free in retirement, but the reality is that most of us will continue to carry debt including a mortgage. Life insurance proceeds provide a safe, secure way to help pay off debts you may have in retirement.

¹ Life insurance cash values are accessed through loans and withdrawals, which reduce policy values and death benefits, may affect any guarantee against lapse and may have tax consequences.

7. IF YOUR POLICY HAS A *LIVING NEEDS BENEFIT*,² A PORTION OF THE PROCEEDS CAN BE ACCESSED IF YOU BECOME TERMINALLY ILL OR CONFINED TO A NURSING HOME.

Living longer means more time to enjoy your favorite things, but how will this affect your retirement resources? You may live 20 or 25 years or more in retirement and if you have health issues, the costs of daily living can really add up. Ask about the *Living Needs Benefit*,SM which accelerates the death benefit to help pay related expenses if you become terminally ill or need to live in a nursing home.

8. MOST EMPLOYER-SPONSORED GROUP LIFE INSURANCE PLANS RETIRE WHEN YOU DO. AN INDIVIDUAL LIFE INSURANCE POLICY MAY REPLACE GROUP COVERAGE YOU LOSE WHEN YOU RETIRE.

Sure you may have some life insurance through work, but if you retire, change jobs or become self employed you may lose that coverage. To make sure you have enough life insurance after you retire, buy individual life insurance now – premiums increase as you age and if you develop health issues.

9. LIFE INSURANCE PROCEEDS CAN BE USED TO PAY ALL OR A PORTION OF YOUR ESTATE OR INHERITANCE TAXES SO YOUR HEIRS DON'T INCUR THESE EXPENSES.

Your heirs may need cash to cover state inheritance taxes, lawyer fees, probate costs or appraisals. The assets you leave to them in your will are subject to probate court and liquidation of those assets may take some time. When a life insurance policy is placed in an irrevocable trust, it is not counted as part of your estate and the proceeds are immediately available to your heirs to help pay those taxes and fees.

10. RESPONSIBILITIES DON'T RETIRE WHEN YOU DO.

A recent study shows 60% of individuals approaching retirement expect to be responsible for a spouse, child, parent, or others in their retirement.³ Life insurance is a great way to continue to protect the people you love!

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² When a claim is paid under this rider, a discount for early payment is applied and a \$150 processing fee is deducted. Each additional policy used for the same claim will have an additional processing fee of up to \$150. Receipt of accelerated benefits may be taxable; assistance should be sought from a personal tax advisor. Receipt of the accelerated death benefit may affect eligibility for public assistance programs. **The *Living Needs Benefit* is not available in Massachusetts**, and not available in Minnesota to new purchasers over age 65 until the policy has been in force for one year, and the nursing home option is not available in New York or the District of Columbia.

³ "Are You Ready for The Retirement Red Zone?", 2006