

Protection For LIFE

We all want to protect our family when we're gone, and life insurance can help with that. But where permanent and term life insurance can differ is in how much flexibility you may need. Take a walk down this life insurance selection map to help remove some of the stress in determining what might be right for you.

KEY

TERM
Temporary insurance that lasts for a set period of time, like 10 or 20 years. Once the term ends, the coverage ends.

PERMANENT
Insurance that provides coverage your entire life as long as the premiums are paid. Many permanent policies have the potential to build cash value.

NO
Move to the next question

QUESTION #1:

Do you have a new baby or young children?



YES | TERM



A good rule of thumb to determine how much to purchase is to calculate your income—or the value of what you do in the house for stay-at-home parents—and multiply it by the years you need to support your kids.

QUESTION #2:

Do you need to protect a child with special needs for their entire life?

NO

Move to the next question

YES | PERMANENT



The average cost of lifetime care for a child with autism is \$1.4 million, and that can rise substantially if there are other mental challenges.¹ The need to provide for the child doesn't change; neither will permanent insurance's coverage.

QUESTION #3:

Do you want the option to build cash value?



NO

Move to the next question

YES | PERMANENT



It's a solid choice if you want the potential to build cash value to use for an additional source of retirement income or money in the event of an illness or other unexpected need.

QUESTION #4:

Are you under 50 years old and need to cover debts, like a mortgage or student loans?

NO

Move to the next question

YES | TERM



Mortgage debt passes onto your spouse. Private student loan balances transfer to your cosigner. Term is usually the best bet, since you'll have coverage while you pay down the debt.

QUESTION #5:

Do you want investment options?



NO
Move to the next question

YES | PERMANENT

Some types of permanent life policies offer a variety of underlying investment options that you can choose from based on your risk tolerance and goals. However, the cash value can decline if your choices perform poorly.

QUESTION #6:

Do you want to be able to borrow against the policy?



NO

Move to the next question

YES | PERMANENT

The policy's cash value can increase your death benefit, and you can take income tax-free loans as needed. Plus, loans typically have low interest rates.²

QUESTION #7:

Would you like to leave a legacy?

NO

Move to the next question

YES | PERMANENT

The death benefit from life insurance can provide a lump sum of money to your beneficiaries. And it can be set up in a way so you leave it to heirs only after both you and your spouse have passed on.

QUESTION #8:

Do you want it to offset or help pay estate taxes or funeral costs?



YES | TERM OR PERMANENT

The average cost of a funeral in the U.S. ranges from \$6,000 to \$10,000.³ If you pass on property that has high upkeep expenses, then your beneficiaries may be forced to sell. Both term and permanent can help provide your family with the financial resources to help pay those costs.

¹cesolutions.org/2018/10/cost-of-raising-special-needs-child/, accessed 12/1/2020

²You can access your cash value through loans and withdrawals. In general, loans are charged interest; they are usually not taxable. If a policy lapses or is surrendered, the loan becomes immediately taxable to the extent of gain in your policy. Withdrawals are taxable only when you take more money out of the policy than you've paid in premiums. If your policy becomes a Modified Endowment Contract (MEC), different, less advantageous tax provisions apply. Loans and withdrawals may reduce or eliminate the death benefit payable to your beneficiaries.

³"Median Cost of a Funeral With Viewing and Burial," nfdi.org/news/statistics, accessed Dec. 1, 2020



Prudential

Life insurance is issued by The Prudential Insurance Company of America, Newark, NJ, and its affiliates.