



Advantages of Making Charitable Gifts
Giving Back with Life Insurance



Life Insurance



Prudential
Bring Your Challenges®

The Prudential Insurance Company of America

1011181-00001-00 Ed. 11/2018 Exp. 05/10/2020

The background features a stylized, light gray mountain range with sharp peaks and valleys. A large, thin, light gray circular arc is positioned behind the mountains, partially overlapping them. The overall aesthetic is clean and modern.

ABOUT THIS BROCHURE

Your financial professional can provide you with a detailed illustration that includes additional information and important considerations about this strategy. In fact, the best way to understand how this life insurance strategy works is with the help of a financial professional and a policy illustration. An illustration can show you the effects of various interest-crediting rates on your policy and the strategy, and a financial professional can help you assess and offer solutions to meet your needs.

The Power of Giving Back

Life insurance can help build a stronger future for communities and causes that are important to you.



Giving back starts with one person. But it becomes a ripple, spreading wider. Soon, it becomes a wave that lifts others up. Their efforts make it even stronger and broader, lifting even more.

The impact of that one person, that one act, in that one moment, touches many others, initiates additional acts, and alters the course of entire lives for the better.

Few actions can match the power of giving back.

THE POWER TO ACCOMPLISH MORE

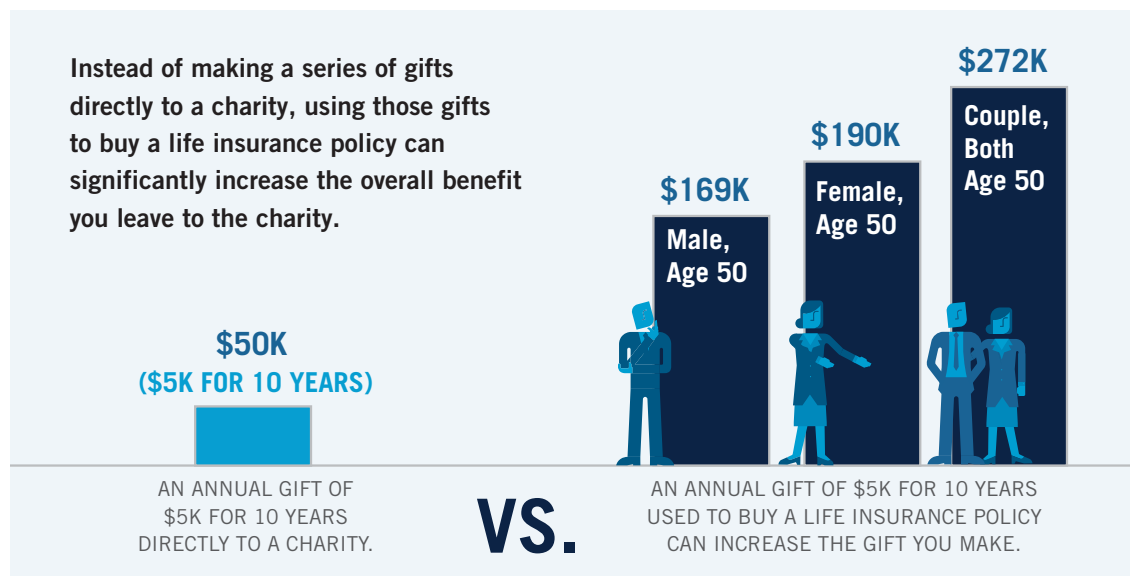
If you're helping to support a charity, life insurance can help magnify your efforts and those of the organization. It can be a resource that can help provide for the future of the organization and its mission.

While several strategies exist for how you can use life insurance this way, it's important to understand the potential life insurance offers as a charitable gift.

Give More with Life Insurance

One of the key reasons to make a charitable gift using life insurance is that you may give more than you might be able to do otherwise. Depending on your age, health, and gender, it could be substantially more, as the chart below demonstrates.

THE POWER TO GIVE MORE WITH LIFE INSURANCE



This chart demonstrates the power of charitable giving using Universal Life insurance. This is based on representative rates in the marketplace for life policies effective August 2018. Policies are based on preferred non-smoker category and have been rounded.

Supporters of a charity have the ability to have the charity purchase fully underwritten products issued by The Prudential Insurance Company of America and its affiliates, which includes term and permanent life insurance. The policy the charity may purchase is based upon your individual circumstances.

Your Prudential financial professional can help you select the right policy for you and the impact you'd like to make with your gift.

A charitable gift could be multiplied by the use of life insurance. It may take years of investing in investments (stocks, bonds, CDs, etc.) to accumulate the benefit of an equivalent gift created by a life insurance policy's death benefit. However, over a long time, the amount accumulated under investments may exceed the death benefit payable through a life insurance policy.

The Benefits of Giving with Life Insurance

Using life insurance for your gift provides a number of advantages to both you and the charity of your choice.



BENEFITS FOR THE DONOR

- ▶ Life insurance death benefits can give you the opportunity to provide a greater benefit that may exceed the amount you might otherwise be able to donate through other contributions.
- ▶ You are able to make a large endowment to charity without depleting your current assets.
- ▶ You can avoid the costs, delays, publicity, or other complications of estate settlement since the gift is “self-completing.”
- ▶ The charitable gift of life insurance, if structured properly, can result in an income, gift, and/or estate tax deduction.¹



BENEFITS FOR THE CHARITY

- ▶ Life insurance can provide substantial deferred endowment funds, helping to support the charity in its future endeavors.
- ▶ Life insurance can help provide security because the charity can anticipate receiving the death benefit in the future.
- ▶ Life insurance helps to provide prompt payment of needed funds at the death of a major donor.
- ▶ Some life insurance policies can potentially build cash value that can be accessed for the charity’s immediate cash needs.²

¹For estate tax purposes, once a completed gift is made to a charity, the gift, whether that gift is an entire policy or just the death benefit, will not be included in your estate at your death unless you die within three years of the transfer. However, should death occur during this three-year period, the gift will be included in your estate, but this inclusion is offset by an estate tax charitable deduction for the amount of the death benefit going to the charity. Please discuss with qualified tax and legal advisors to determine how this may apply to your situation.

²Donors and charitable organizations should be aware that loans and withdrawals from cash value life insurance policies will reduce cash values and death benefits, may affect any guarantees against policy lapse, and may have tax consequences.

The majority of states now have laws in place that give charitable organizations an insurable interest in your life as a donor. However, the laws vary according to the applicable state statutes. As a donor, you should consult your personal tax and legal counsel about the particular statutes that apply to your planning situation.

Help the Charity Purchase a New Policy

WITH THIS STRATEGY, THE CHARITABLE ORGANIZATION PURCHASES THE POLICY, NAMING ITSELF AS OWNER AND BENEFICIARY, AND IS RESPONSIBLE FOR MAKING THE PREMIUM PAYMENTS.

You can make annual cash contributions to the charitable organization equal to or greater than the amount needed to pay the premium, and you are the insured on the policy.

STRATEGY SUMMARY	ADVANTAGES	DISADVANTAGES
<p>Donor makes a contribution to the charity. The charity purchases a new policy and is the owner and beneficiary of the policy.</p> <p>OWNER OF POLICY Charity</p> <p>BENEFICIARY Charity</p> <p>TAX BENEFITS FOR DONOR On funds donated for annual premiums</p>	<ul style="list-style-type: none"> ▶ Simplicity. ▶ For any contributions the donor makes, an annual charitable tax deduction should be available, subject to the general limitations placed on charitable contributions. ▶ Can be used to create a future endowment as long as both donor and charity do their part. 	<ul style="list-style-type: none"> ▶ Charitable organization isn't obligated to maintain the policy. ▶ Purchase of a new life insurance policy will require underwriting. ▶ The donor isn't obligated to continue contributing funds for the premiums, but failing to do so may cause the policy to lapse. ▶ The charitable organization has limited access to donor funds prior to death.

Make the Charity the Beneficiary of an Existing Policy

AS A DONOR, YOU CAN MAINTAIN OWNERSHIP OF AN EXISTING POLICY AND SIMPLY NAME THE CHARITY AS A BENEFICIARY.

The charitable organization can be named as sole beneficiary, a beneficiary of a portion of the policy proceeds, or a contingent beneficiary.

While making the organization a beneficiary of an existing insurance policy is simple, with no additional out-of-pocket costs, it will reduce the amount going to the policy's other beneficiaries. This strategy can also be used if you are no longer insurable or the cost of a new policy is prohibitive.

STRATEGY SUMMARY	ADVANTAGES	DISADVANTAGES
<p>Donor makes the charitable organization the beneficiary of an existing life insurance policy.</p> <p>OWNER OF POLICY Donor</p> <p>BENEFICIARY Charity</p> <p>TAX BENEFITS FOR DONOR Donor's estate is reduced, which may reduce any applicable estate taxes.</p>	<ul style="list-style-type: none">▶ Simplicity.▶ Privacy.▶ Donor retains control of the policy.▶ Death benefit will qualify for estate tax charitable deduction.	<ul style="list-style-type: none">▶ No tax deductions during your lifetime.▶ Original purpose of life insurance policy is no longer covered.▶ Original intended heirs lose death benefit protection.

Make a Gift of an Existing Policy

YOU MAY CHOOSE TO MAKE AN OUTRIGHT GIFT OF AN EXISTING POLICY TO A CHARITABLE ORGANIZATION.

To gain a current income tax charitable deduction, you must be certain to transfer all rights of ownership in the policy to the charity, including making the charity the owner and policy beneficiary.

STRATEGY SUMMARY	ADVANTAGES	DISADVANTAGES
<p>Donor gifts existing life policy to the charitable organization.</p> <p>OWNER OF POLICY Charity</p> <p>BENEFICIARY Charity</p> <p>TAX BENEFITS FOR DONOR On the value of the gifted policy and on additional premiums</p>	<ul style="list-style-type: none"> ▶ Provides a current tax deduction to the donor. ▶ For any subsequent contributions the donor makes, an annual charitable deduction should be available, subject to the general limitations placed on charitable contributions. ▶ Charity controls the cash value and dividends (if available). ▶ Charity receives the death benefit free of federal income, gift, and estate taxes. ▶ Death benefit goes to charity and avoids probate and other administrative costs and delays. 	<ul style="list-style-type: none"> ▶ Donor loses control of the policy. ▶ Original intended heirs lose death benefit protection.

In general, the value of the deductible gift you make, subject to the general limitations placed on charitable contributions, is equal to the fair market value of the policy at the time of transfer. If the value of the policy exceeds the premiums paid as of the date of transfer, a donor may deduct only his or her cost basis in the policy. The value of the charitable deduction also depends on other factors, including whether the additional premiums are required. Your advisors, working with your insurance company, can help you obtain the proper values.

Gift Assets to the Charity and Replace Family Wealth Through Life Insurance

YOU MAY FACE THE DILEMMA OF WANTING TO CONTRIBUTE TO A CHARITY YET ALSO LEAVE A LEGACY FOR YOUR HEIRS.

If charitable giving is important to you, while at the same time you have heirs whom you also want to provide for, life insurance can be a way of replacing charitable intended assets. In this case, instead of being the gift, life insurance can be the solution.

STRATEGY SUMMARY	ADVANTAGES	DISADVANTAGES
<p>Donor contributes to the charity and buys a life insurance policy for heirs.</p> <p>OWNER OF POLICY Donor</p> <p>BENEFICIARY Donor's heirs</p> <p>TAX BENEFITS FOR DONOR An annual charitable tax deduction may be available to an individual contributing to a charity. Additionally, the individual's beneficiaries will receive a generally income tax-free* death benefit.</p>	<ul style="list-style-type: none">▶ Provides a current tax deduction to the donor.▶ Charity receives your donations and heirs receive your legacy.▶ Donor retains control of the policy.▶ Death benefit goes to heirs and avoids probate and other administrative costs and delays.▶ Policy ownership can be structured so it stays outside of your estate.	<ul style="list-style-type: none">▶ Contributions to charity may not be as significant as with a life policy.

You can make a substantial gift to your favorite charity and then use the tax savings to purchase a life insurance policy. This strategy allows you to donate your assets to charity and still provide a benefit to your heirs.

*According to IRC section 101(a).

Charitable Giving When Facing Estate Tax Issues

YOU MIGHT CONSIDER USING LIFE INSURANCE WITHIN A TRUST.

If you want to give to a charity and you also believe you'll be subject to potential estate taxes and other transfer expenses, using life insurance within a trust may address both issues.

HOW A TRUST WORKS

- ▶ The trust is created by the donor and holds assets outside of the donor's estate and the charity:
 - The life insurance policy is held inside a trust, instead of being owned by either you or the charity.
 - You contribute assets to the trust, which pays the premiums.
 - The charity will receive all or part of the death benefit, depending on how you design the trust.

Ultimately, this strategy provides a gift to the charity while moving the assets outside of your estate to reduce your tax liability.



WORK WITH A TEAM OF PROFESSIONALS TO CREATE THE TYPE OF TRUST YOU NEED.

The type of trust you use and how it is designed depend on your purpose. Different types of trusts range from the simple, such as an irrevocable life insurance trust, to more advanced, such as a charitable remainder trust. Working with a team of financial and legal advisors familiar with trusts will help you meet your goals.

WHAT OPPORTUNITIES CAN LIFE INSURANCE PROVIDE TO YOUR FAVORITE CHARITY?

Your financial professional can help guide you as you explore how life insurance can become part of your legacy to your favorite charity. He or she can also help you choose the life insurance strategy and policy that allow you to achieve your personal goals while helping you to support the charity.

THE PROTECTION COMPANY FOR OVER 140 YEARS

Prudential Financial is one of the world's largest financial institutions and has been meeting customers' financial challenges for over 140 years. Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both Prudential Financial companies that issue life insurance policies, are highly rated by the top U.S. rating agencies.

Prudential Financial and its financial professionals do not give legal or tax advice. Clients should consult their own advisors.

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

Life insurance is issued by The Prudential Insurance Company of America and its affiliates. All are Prudential Financial companies located in Newark, NJ, and each is solely responsible for its own financial condition and contractual obligations. Life insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Your financial professional can provide you with costs and complete details. The availability of other products and services varies by carrier and state.

Investment and Insurance Products:

Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

Prudential, Prudential Financial, and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities.

© 2018 Prudential Financial, Inc. and its related entities.

1011181-00001-00 Ed. 11/2018 Exp. 05/10/2020