



Providing for Survivor Income Using a Total Return UniTrust and Life Insurance

Do you have clients who are worried that a downturn in the financial markets may mean that their heirs will not have sufficient income to maintain their current lifestyle? Are they concerned about providing for their current spouse while not slighting their children? If so, then a total Return unitrust along with life insurance may be a good solution.

Facts: Ted Tradewell recently had a review of his finances done. A sophisticated investor, Ted is concerned that his younger wife, Tina, has no skill or interest in finances. He is aware that strife exists between Tina and his children from his previous marriage. Ted wants to avoid personal and legal entanglements while ensuring that Tina has sufficient income to maintain her current lifestyle. He also wants his children to receive an inheritance at his death. He is concerned that a negative market could significantly reduce his portfolio to the extent that it would be difficult to fully support Tina and leave a legacy to his children should he die today.

Solution: Ted's legal advisors have suggested that a family trust be established as a total return unitrust (TRU). A conventional trust, where the usual investment goal is to maximize income for a surviving spouse, depends on dividends being paid, while a trust set up to maximize growth for children usually purchases investments that have the potential for growth as opposed to paying dividends. Tina is obviously interested in income while Ted's children would like to see growth. The TRU allows the trustee to invest not just in investments that pay dividends but also those that may enjoy significant capital gains, balancing the interests of Tina and the children.

The TRU would require an annual payout to Tina of 3-5% of the fair market value of the trust's assets, revalued annually. At Tina's death, the remaining principal would go to Ted's children.

There is a problem. While a TRU can help maximize the returns from Ted's current stock portfolio, because of investment losses suffered several years ago, Ted is concerned that using this technique alone may not produce an adequate income stream to meet Tina's

support needs and still leave an inheritance to Ted's children. The solution? A \$1 million individual life insurance policy, insuring Ted and purchased in an irrevocable trust, that can provide the needed supplemental capital.

Ted likes the idea of the TRU coupled with a life insurance policy and decides to proceed with the plan. A PruLife® Universal Protector policy is recommended. As someone comfortable with equity investments, Ted questions whether variable universal life might be a better choice.

While the TRU trust has been proven to be viable even in a "down market", it won't make a bad market into a good market. By diversifying away from dependence on equity stock performance and using life insurance with death benefit guarantees, Ted can be assured that the policy proceeds (that are generally income tax-free under IRC 101(a)) will be available for Tina's support and that his children will receive an inheritance no matter what happens to his investment portfolio.

Product Features: PruLife® Universal Protector has the following features and benefits that make it appropriate for this scenario:

- ◆ Issued to age 90, based on actual age
- ◆ Lifetime No-Lapse Guarantee available¹
- ◆ "Dial-able" no-lapse guaranteed coverage at all issue ages and guaranteed limited-pay scenarios¹
- ◆ Competitive compensation structure, unreduced by age or risk impairment
- ◆ 24-month rolling commissionable target premiums (except in NY)

ILLUSTRATION IS ATTACHED

¹ All guarantees are based on the claims-paying ability of the insurer. "Dial-able" means the policyholder can secure the length of guarantee desired.

PruLife® Universal Protector is issued by Pruco Life Insurance Company in all states except New York, where it is issued by Pruco Life Insurance Company of New Jersey. Both are Prudential Financial companies located in Newark, NJ, and each is solely responsible for its own financial condition and contractual obligations.

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Prudential  **Financial**

Valued Client, Male, 50, Preferred Best
 \$1,000,000 PruLife® Universal Protector, Type A (Fixed) Death Benefit
 Cash Value Accumulation Test
 Initial Annual Premium Outlay \$ 9,456.00
 Lifetime Death Benefit Guarantee Premium Paid All Years

Year	Age	Annual Premium Outlay	Guaranteed Results Based on Minimum Interest Rate Of 3.00% And Maximum Charges			Non-Guaranteed Results Based on Illustrated Interest Rate Of 4.55% for 20 years, then 5.00%* and Current Charges		
			Contract Fund	Cash Value	Death Benefit	Contract Fund	Cash Value	Death Benefit
1	50	9456	1781	0	1000000<	3608	0	1000000<
2	51	9456	3317	0	1000000<	7344	0	1000000<
3	52	9456	4513	0	1000000<	11287	2038	1000000<
4	53	9456	5296	0	1000000<	15311	6942	1000000<
5	54	9456	5533	0	1000000<	19688	12201	1000000<
6	55	9456	5134	0	1000000<	26463	19856	1000000<
7	56	9456	4055	0	1000000<	33410	27244	1000000<
8	57	9456	2292	0	1000000<	40545	34819	1000000<
9	58	9456	0	0	1000000<	47879	42593	1000000<
10	59	9456	0	0	1000000<	55398	50554	1000000<
Total		94560						
11	60	9456	0	0	1000000<	63227	58822	1000000<
12	61	9456	0	0	1000000<	71187	67228	1000000<
13	62	9456	0	0	1000000<	79250	75726	1000000<
14	63	9456	0	0	1000000<	87397	84374	1000000<
15	64	9456	0	0	1000000<	95455	92813	1000000<
16	65	9456	0	0	1000000<	103266	101064	1000000<
17	66	9456	0	0	1000000<	111007	109246	1000000<
18	67	9456	0	0	1000000<	118737	117416	1000000<
19	68	9456	0	0	1000000<	126367	125486	1000000<
20	69	9456	0	0	1000000<	133555	133114	1000000<
Total		189120						
21	70	9456	0	0	1000000<	140544	140544	1000000<
22	71	9456	0	0	1000000<	146736	146736	1000000<
23	72	9456	0	0	1000000<	152020	152020	1000000<
24	73	9456	0	0	1000000<	156262	156262	1000000<
25	74	9456	0	0	1000000<	159418	159418	1000000<

<Indicates the No-Lapse Guarantee will be in effect for the entire policy year.

*This includes a non-guaranteed additional excess interest amount in years 21 and later.

Current rate as of 1/1/06, subject to change.

Results labeled as non-guaranteed are not guaranteed. They are based on assumptions that are not likely to continue unchanged in future years and are subject to change by the insurer. Actual results may be higher or lower.

Issue state – Arizona.

It is very important that only complete ledgers are used in any client presentation. You may not show illustration excerpts to clients nor may you write anything on an illustration unless as required by the NAIC Illustration Model Regulation. The above excerpts and annotations shown here are to help you understand this discussion.

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Year	Age	Annual Premium Outlay	Guaranteed Results Based on Minimum Interest Rate Of 3.00% And Maximum Charges			Non-Guaranteed Results Based on Illustrated Interest Rate Of 4.65% for 20 years, then 5.00%* and Current Charges		
			Contract Fund	Cash Value	Death Benefit	Contract Fund	Cash Value	Death Benefit
26	75	9456	0	0	1000000<	160973	160973	1000000<
27	76	9456	0	0	1000000<	160969	160969	1000000<
28	77	9456	0	0	1000000<	159055	159055	1000000<
29	78	9456	0	0	1000000<	154752	154752	1000000<
30	79	9456	0	0	1000000<	147504	147504	1000000<
Total		283680						
31	80	9456	0	0	1000000<	136788	136788	1000000<
32	81	9456	0	0	1000000<	121838	121838	1000000<
33	82	9456	0	0	1000000<	102044	102044	1000000<
34	83	9456	0	0	1000000<	76537	76537	1000000<
35	84	9456	0	0	1000000<	44117	44117	1000000<
36	85	9456	0	0	1000000<	3234	3234	1000000<
37	86	9456	0	0	1000000<	0	0	1000000<
38	87	9456	0	0	1000000<	0	0	1000000<
39	88	9456	0	0	1000000<	0	0	1000000<
40	89	9456	0	0	1000000<	0	0	1000000<
Total		378240						
41	90	9456	0	0	1000000<	0	0	1000000<
42	91	9456	0	0	1000000<	0	0	1000000<
43	92	9456	0	0	1000000<	0	0	1000000<
44	93	9456	0	0	1000000<	0	0	1000000<
45	94	9456	0	0	1000000<	0	0	1000000<
46	95	9456	0	0	1000000<	0	0	1000000<
47	96	9456	0	0	1000000<	0	0	1000000<
48	97	9456	0	0	1000000<	0	0	1000000<
49	98	9456	0	0	1000000<	0	0	1000000<
50	99	9456	0	0	1000000<	0	0	1000000<
Total		472800						

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<Indicates the No-Lapse Guarantee will be in effect for the entire policy year.

*This includes a non-guaranteed additional excess interest amount in years 21 and later. Current rate as of 1/1/06.

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