PruLife
Private Placement Variable Universal Life (PPVUL)
A Tax-Efficient Investment Solution

Kurt Heinen, Regional Marketing Specialist
kurt.heinen@prudential.com
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Agenda

- Impact of Taxes on Investments
- Solution
- Client Identification
- Why Pru?

The Challenge

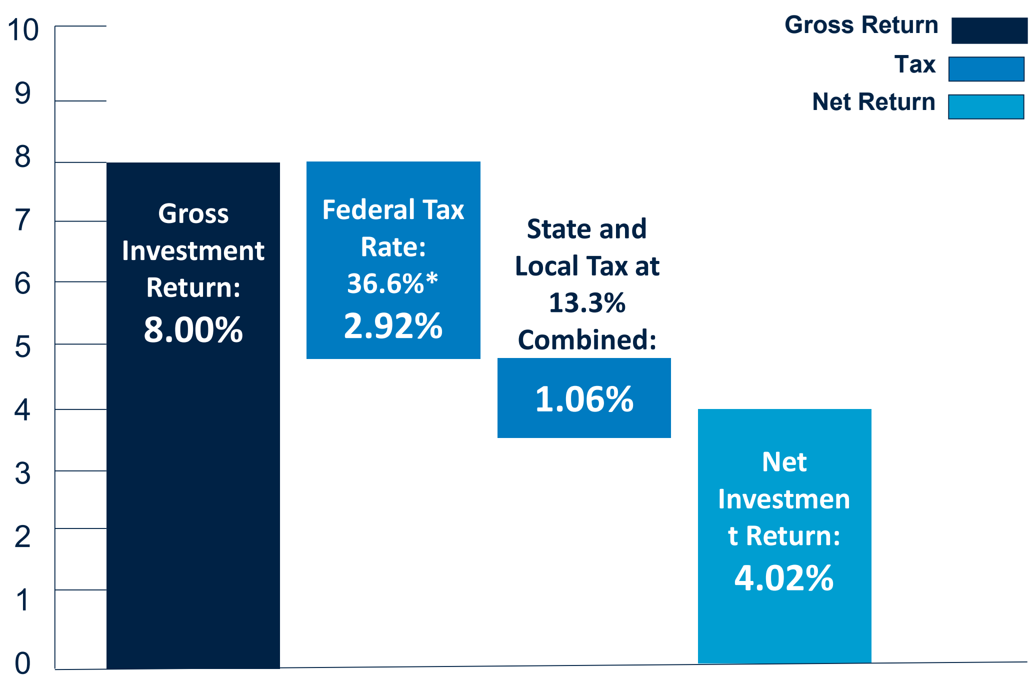
Increasing Individual Tax Rates

Top Federal Tax Rate On:	2012	2020	% Increase
Ordinary Income	35%	40.8%[1]	16.57%
Capital Gains	15%	23.8%[1]	58.87%
Dividends	15%	23.8%[1]	58.87%

[1]Includes 3.80% Medicare surtax.

The Impact of Taxes on Investments

The Effects of Taxation

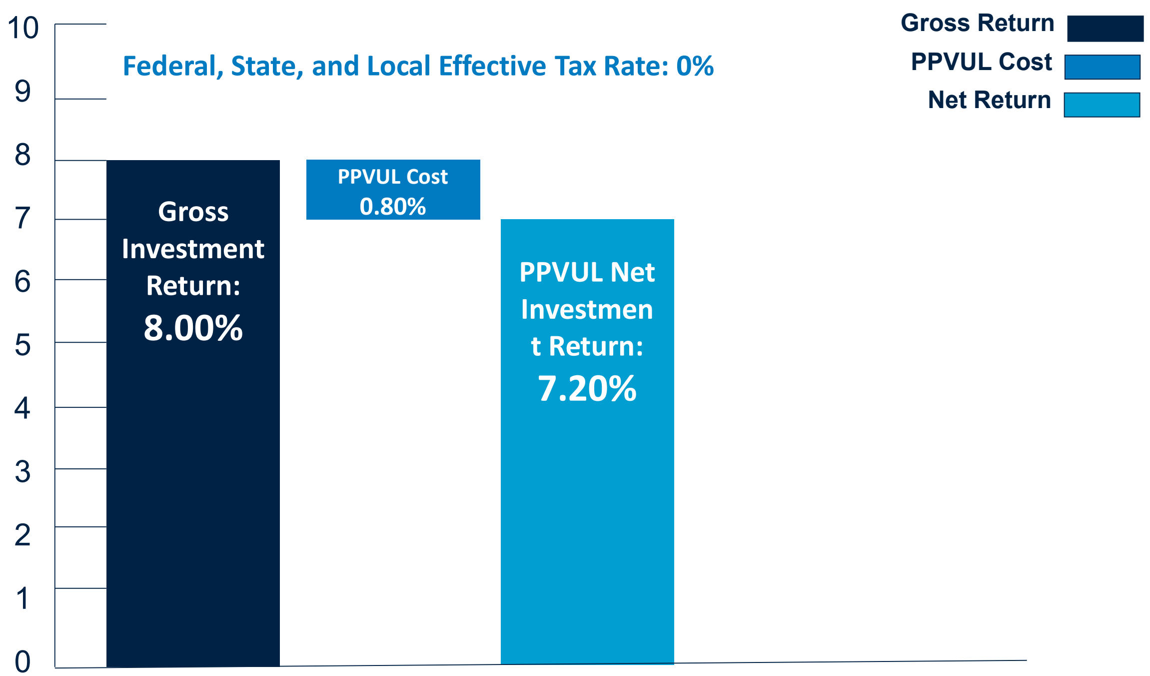


*A high net-worth California resident is invested in alternatives with: 75% turnover (75% short-term capital gains/ordinary income) and 25% long-term capital gains.

State income taxes, which may have a limited offsetting federal deduction, have been excluded above but would further reduce the above return. Assuming the highest state rate of 13.3% (CA) and no federal tax deduction (8% x 13.3% = -1.06%), the net federal and state after-tax return could approximate 5.076% - 1.06% = 4.016%. Sampling of state income tax rates (highest) – CA-13.3%, NY-8.82%, OR-9.9%, NJ-8.97%, MN-7.53%, NC-5.75%, MA-5.1%, OH-5%, IL-3.75%, CO-4.63%, PA-3.07%, AK/FL/NV/SD/TX/WY/WA-0%. http://www.tax-rates.org/taxtables/income-tax-by-state (as of 4/27/2021).

Solution

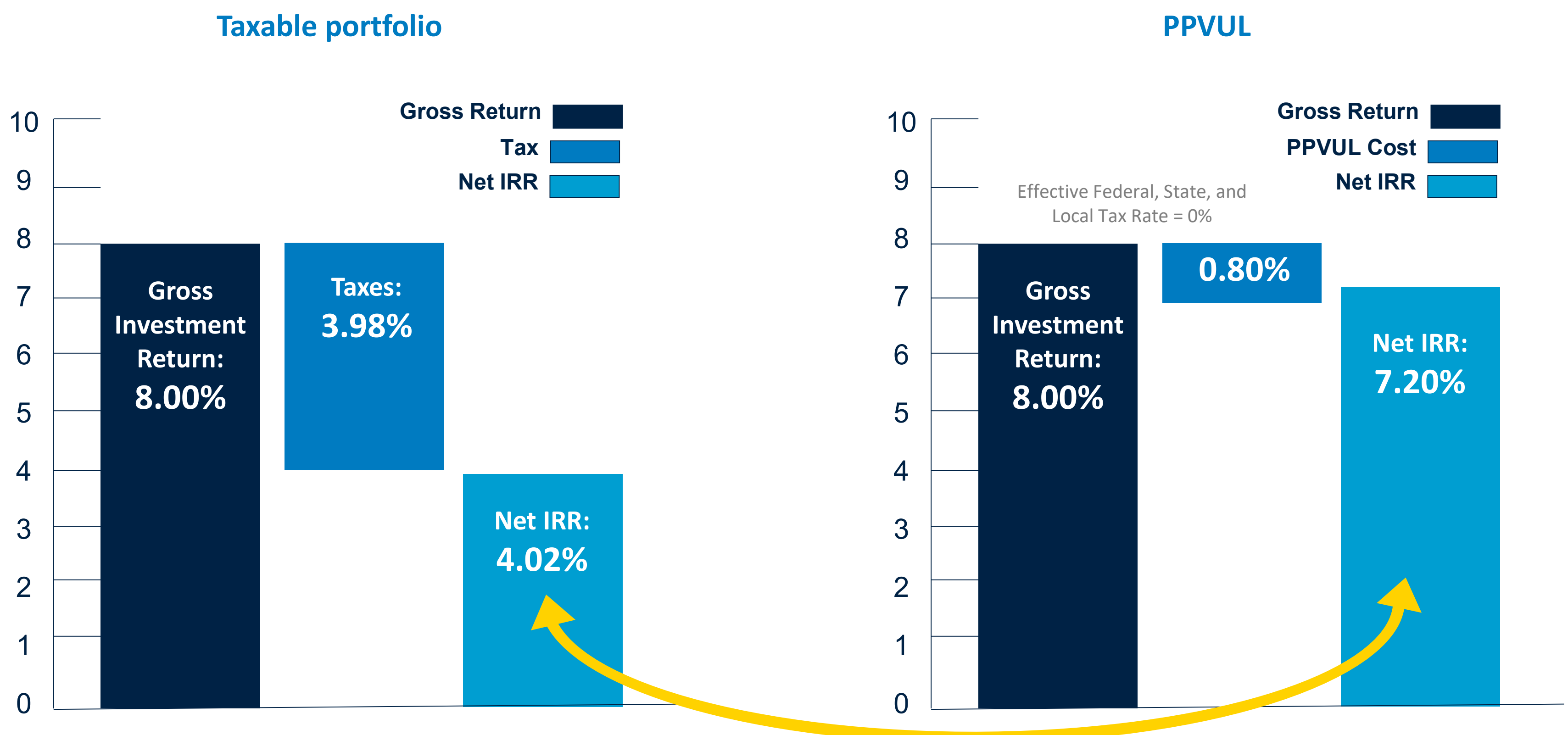
The Solution: Tax-Efficient Investing with PruLife PPVUL



*A high-net-worth California resident is invested in alternatives with: 75% turnover (75% short-term capital gains/ordinary income) and 25% long-term capital gains.

State income taxes, which may have a limited offsetting federal deduction, have been excluded above but would further reduce the above return. Assumptions: PPVUL design at a hypothetical, non-guaranteed net rate of return of 8% and assume no loans or withdrawals are taken. $1,000,000 in investment for the taxable account for the first 4 years and $1,000,000 of premium for the tax-free policy for the first 4 years. Policy is for a male, age 50, Preferred Non-Smoker. Initial death benefit of $17,625,506. The death benefit of the life insurance policy is switched from variable (type B) to fixed (type A) in Year 5. PPVUL cost is calculated at policy duration year 20. An investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. **This hypothetical example is for illustrative purposes only. Actual results will vary.**

The Solution: Net Internal Rate of Return Comparison



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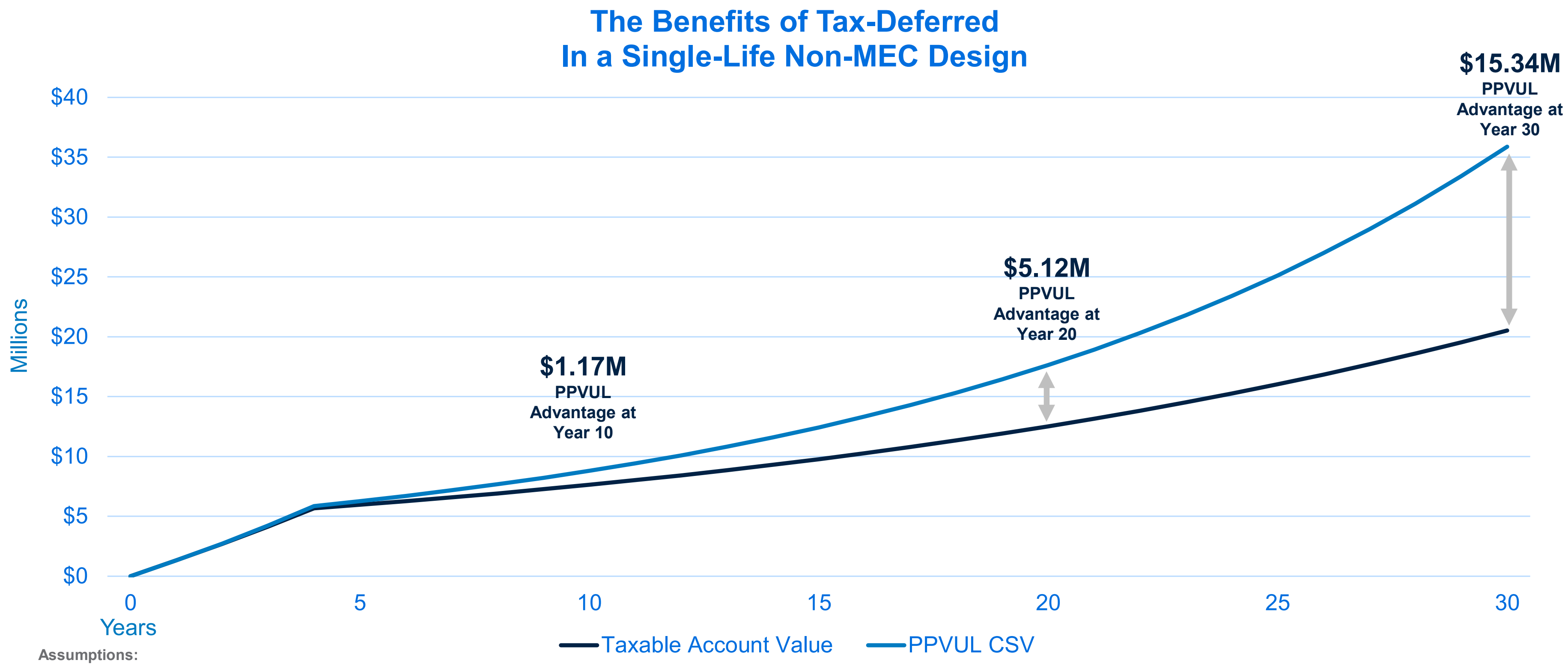
The Solution: Comparing Taxable Portfolio vs. PPVUL



Assumptions:

- Both are calculated at a hypothetical, non-guaranteed net rate of return of 8% and assume no loans or withdrawals are taken.
- $1,250,000 in investment for the taxable account for the first 4 years and $1,250,000 of premium for the tax-free policy for the first 4 years.
- Taxable investment account values assume that 75% is short-term capital gains/ordinary income using a 40.8% rate (37% top ordinary rate plus 3.8% investment surtax) and 25% is long-term capital gains/dividends using a 23.8% long-term capital gains rate (20% top rate plus the 3.8%investment surtax).
- Policy is for a male, age 50, Preferred Non-Smoker. Initial death benefit of $15,111,706. The death benefit of the life insurance policy is switched from variable (type B) to fixed (type A) in Year 5.
- Any tax advantage would be relative to the amount of the rate of return. If the rate of return were 0%or less, there would be no tax advantage and in a maximum charges scenario the policy would lapse in Year 27.
- An investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors.

PPVUL: Parties to Transaction

Producer

- FINRA registered to offer variable products in specific state(s)
- Agents optimally design, structure, and service policy
- Customized compensation can be in the form of an asset-based fee, upfront commission, and/or service fee

Policy Holder

- Must be accredited investor and qualified purchaser
- May be an individual, trust, LLC, or other entity
- Selects investments of Insurance Dedicated Funds (IDFs) and/or Separately Managed Accounts (MSAs)

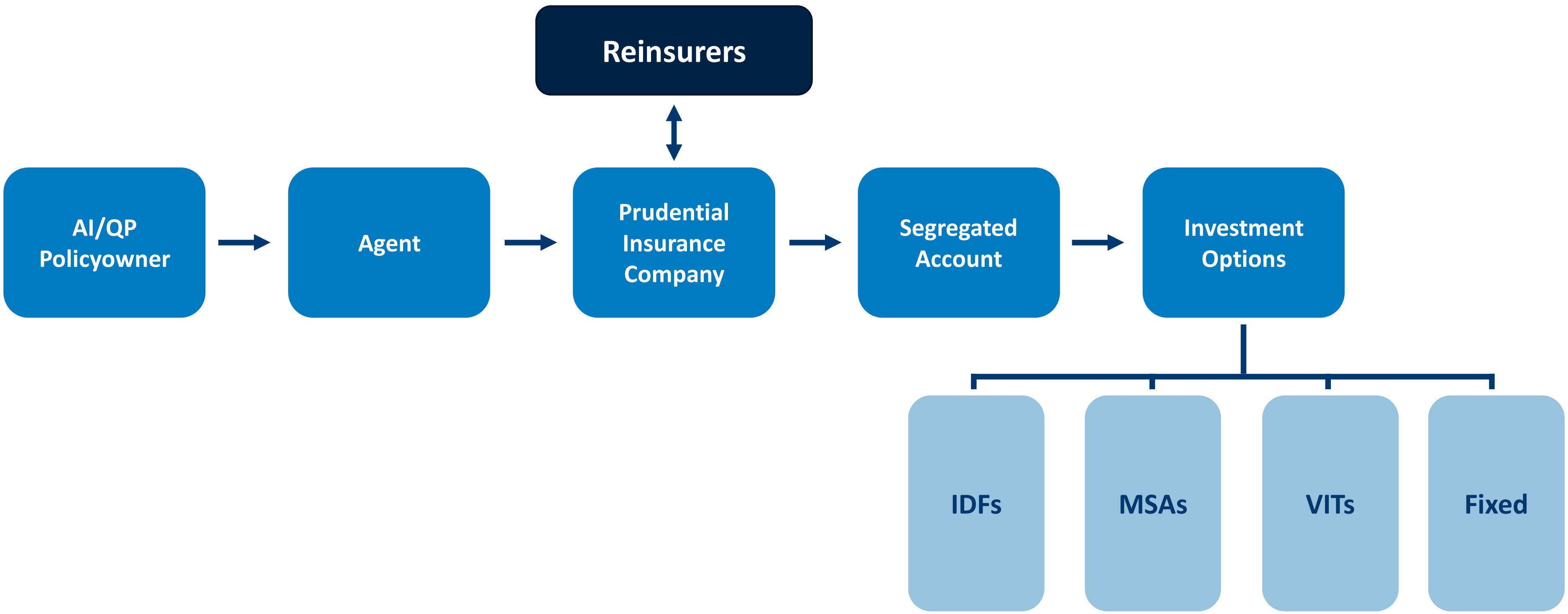
Insurance Company

- Product Manufacturer
- Underwrites life ins. policy
- Approves IDFs/MSAs available for allocation of premiums (investments)
- Administers policy & reporting
- Provides market capacity

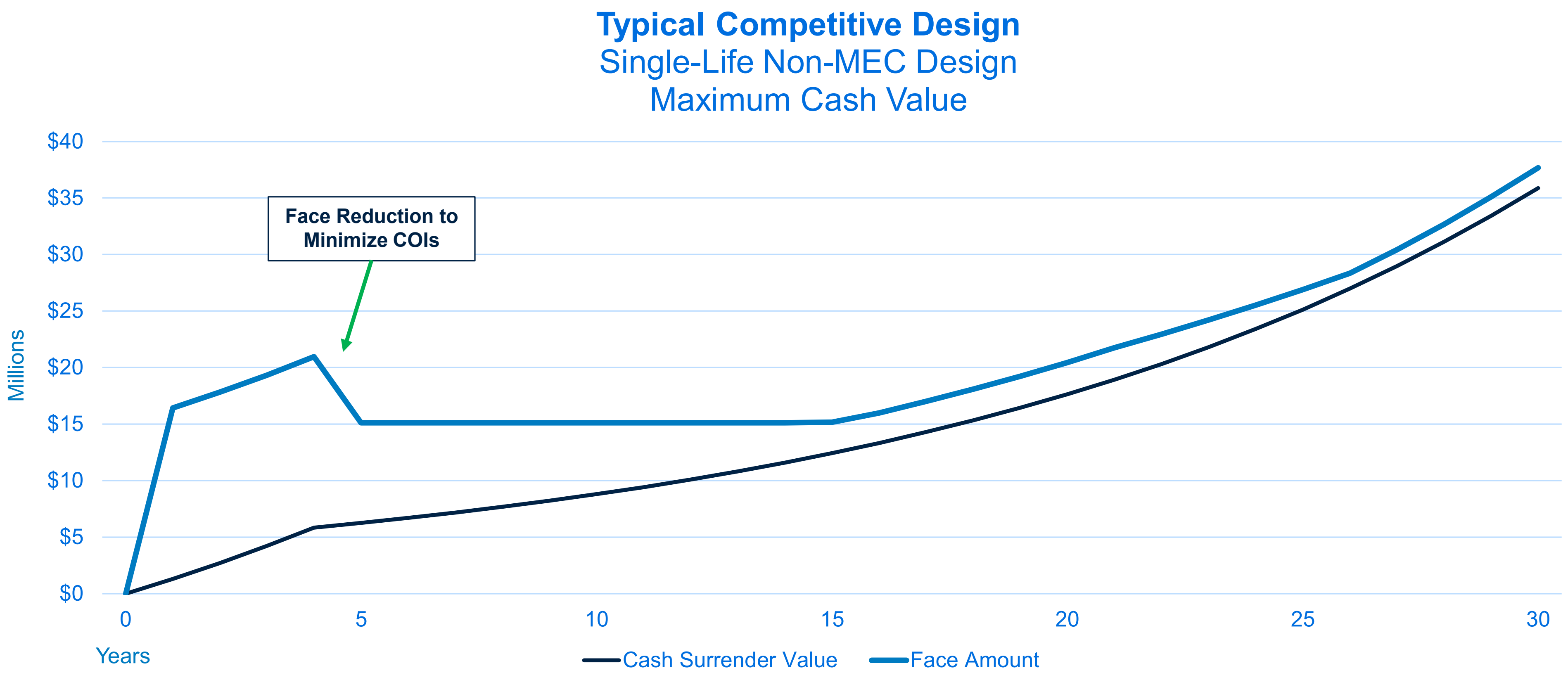
IDF/MSA Administrator/ Asset Manager

- Administers and handles compliance on IDF/MSA
- Creates and manages IDF/MSA with specific investment strategy
- Growth of IDFs has tripled in last five years
- Assets Under Management of IDFs now surpasses $11 billion

PPVUL: Process Flow



PruLife PPVUL: Optimal Non-MEC Design*



*Assumes 8% return on investments. $1.25 million, four years for a non-MEC single-life policy issued in SD for a 50-year-old male insured IRC § 7702 compliant.

PruLife PPVUL: Benefits

With proper design and complying to IRC § 7702:

- Tax-free growth to magnify the benefits of compounding
- Tax-free treatment of death benefit
- Flexible access to tax-free distributions* (via withdrawals and/or loans)
- No policy surrender charges
- Low institutional and transparent pricing structure
- Elimination of K-1s and tax reporting generated by underlying investments
- Access to robust investment option lineup

*Subject to liquidity constraint of IDF.

Life insurance policy cash values are accessed through withdrawals and policy loans. Loans are at interest. Unpaid loans and withdrawals cause a reduction in cash values and death benefits. In general, loans are not taxable, but withdrawals are taxable to the extent they exceed basis in the contract. Loans outstanding at policy lapse or surrender prior to the death of the insured will cause immediate taxation to the extent of gain in the contract. For policies that are Modified Endowment Contracts, distributions (including loans) are taxable to the extent of income in the contract, and an additional 10% federal income tax penalty may apply. You may wish to consult your tax advisor for advice regarding your particular situation.

Benefits: PPVUL Comparison vs. Taxable Investment

Benefit	Private Placement Variable Universal Life (PPVUL)	Taxable Investment
Eliminates Investment Income Taxes	Yes	No
Eliminates Capital Gains Taxes	Yes	No
Eliminates Taxes on Dividends	Yes	No
Exempt from Estate Taxes	Yes	No
Exempt from K-1 Reporting	Yes	No
Tax-Free Distributions of Gains	Yes	No
Provides Tax-Free Death Benefit	Yes	No
Transparency	Yes	Yes
Exempt from Generation-Skipping Taxes	Yes	No
Protected from Insurance Company Creditors	Yes	N/A
Enhanced Creditor Protection	Yes*	No

*Depending on state.

Identifying Opportunities

Identifying Opportunities in Your Practice

Clients with:

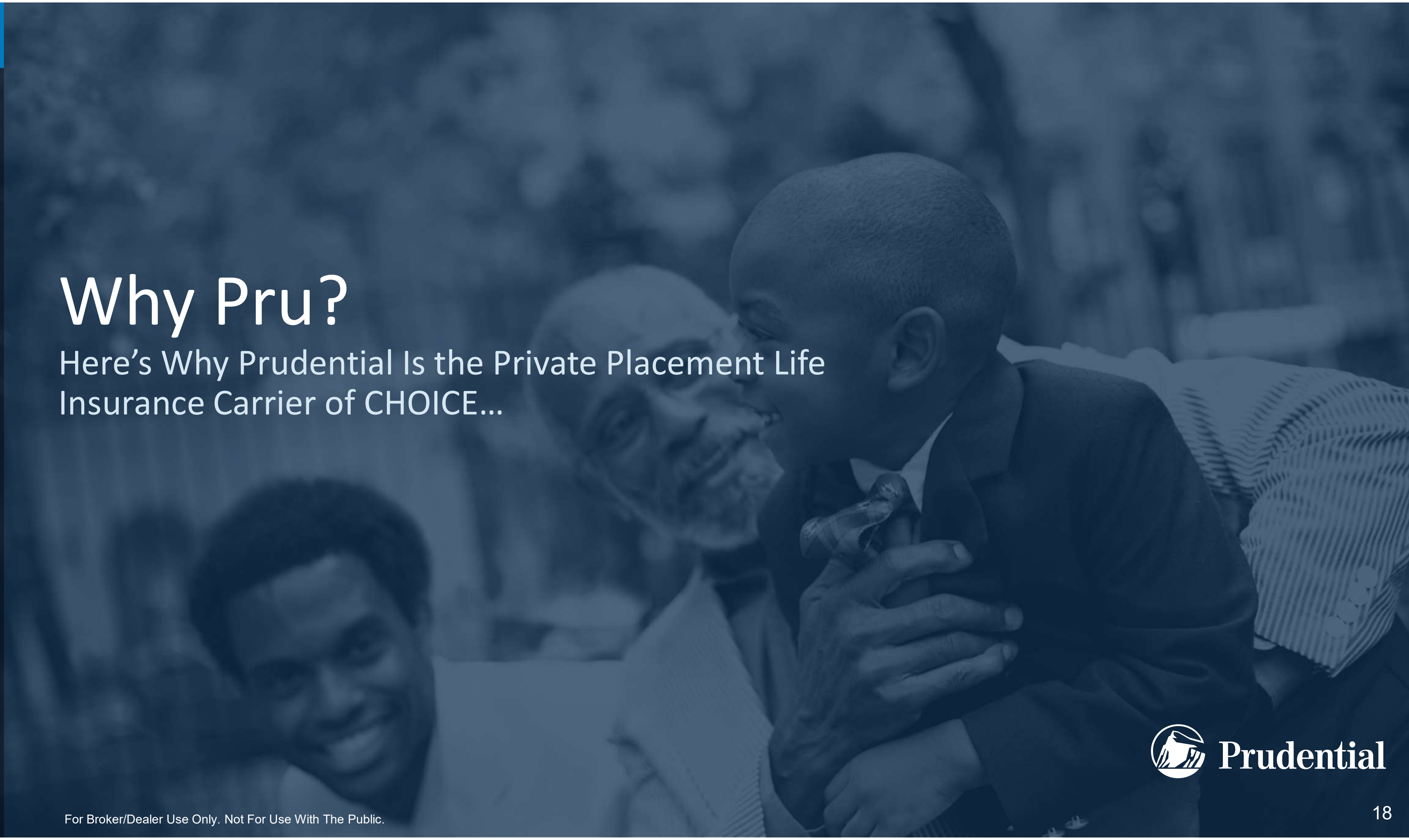
- Interest in reducing taxes on investments
- Alternative investments
- Liquidity events
- Pre-funded trust in excess of $5 million
- Supplemental retirement income
- Gifting
- 1035 opportunities; existing large CSVs in policies
- Executives receiving exit packages
- Prudential term policies
- An alternative to traditional retail life insurance

Identifying Opportunities in Your Practice

- **Access or expanding presence in:**
  - Family offices
  - RIAs
  - Law Firms
  - CPA Firms
  - Trust Offices
- **Access or expand penetration in UHNW markets**
- **Create recurring revenues that are “sticky”**
- **Leverage the PPVUL solution to enhance the traditional Life discussion**
- **Expand AUM Revenue: Enhance the value of your firm**
- **PPVUL already offered by Investment Institutions, RIAs, Family Offices, etc.**
- **Investment Managers using tax-inefficient strategies**

Identifying Opportunities in Your Practice

- RIAs with AUM > $1 billion
- RIAs/Family Offices already handling alternative investments
- CPA firms – clients with high investment income taxes
- RIAs looking to differentiate themselves in UHNW market



Why Pru?

Here's Why Prudential Is the Private Placement Life Insurance Carrier of CHOICE…

Prudential

Pru: The PPVUL Carrier of Choice

#1: Underwriting and Performance Advantages

- Pru retention up to [$10 million*]

  (subject to issue age and underwriting class)
- Automatic Issue up to [$65 million*]

  (subject to issue age and underwriting class)
- Facultative Capacity up to [$100 million]

  (subject to case specifics and reinsurance availability)
- High retention and capacity means control and expedient underwriting
- In-house expert underwriters; can review traditional products simultaneously

*Limits are graded down by age, rating, and special risks (e.g., foreign residence and travel, entertainers, and professional athletes).

Pru: The PPVUL Carrier of Choice

#2: Investment platform flexibility and product advantages

- [50] plus Exempt Alternative Funds; [50] plus Registered Funds / VITs
- Entry point – $1 million total premium (e.g., $250k years 1 – 4)
- Continuously adding investment fund options
- RIA and institutional partnerships with brokers
- Managed Separate Accounts (MSAs)
- MSA entry point – $5 million total premium (e.g., $1.25 million, years 1-4)
- Over $2 billion in PPVUL Assets Under Management (AUM)
- Timely investment manager due diligence process
- No underwriting fees; > $1 million account value pricing starting at 20 basis points
- Expertise balancing traditional and PPVUL designs
- Availability in 48 states (emphasis in low premium tax states)
- Term conversions available to PruLife PPVUL

Pru: The PPVUL Carrier of Choice

#3: Track Record, Experience, and Expertise

- Leader in the PPVUL market for 20+ years
- Dedicated Business Development, Underwriting, and Case Management Teams
- A+ rating A.M. Best for Pruco Life Insurance Company*
- Brand awareness built over 145 years
- Robust universe of variable broker/dealer selling agreements in place

*A+ (Superior) is the highest of 10 ratings that A.M. Best extends, the lowest being S (Suspended), and is a measure of an insurer's financial strength and ability to meet ongoing insurance policy and contract obligations. Ratings are not an indication of any variable portfolio's performance, which fluctuates with market conditions. Ratings are not a guarantee of future financial strength and/or claims-paying ability. Guarantees are dependent on the claims-paying ability of the issuing company. Ratings Information: Pruco Life Insurance Company a member of the Prudential Financial family of companies.

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Ratings are as of February 4, 2021. These ratings are subject to change and do not reflect any subsequent rating agency actions. While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company and do not apply to the investment performance or financial strength of the underlying variable investment options, which are subject to market risk. We make every effort to update our literature as soon as possible after a ratings change. Please visit our investor relations site, www.investor.prudential.com, for the most current ratings information.

Summary

- Illustration Requests
- Joint Marketing
- Case Studies
- White Papers

Thank You

Any questions?

Important Information

Private Placement VUL is issued by Pruco Life Insurance Company and offered through Pruco Securities, LLC (member SIPC). Both are Prudential Financial companies located in Newark, NJ. Private Placement VUL is also offered by broker-dealers who have an agreement with Pruco Securities, LLC. This product is not available in all states.

This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any clients or prospective clients. The information is not intended as investment advice and is not a recommendation about managing or investing a client's retirement savings. Clients seeking information regarding their particular investment needs should contact a financial professional.

Clients should consider the investment objectives, risks, and charges and expenses carefully before investing in the policy, and/or underlying exempt portfolios and investment options. The applicable private offering memorandum, prospectus, and, if available, summary prospectus contain this information as well as other important information. Clients can obtain a copy of the prospectus and private offering memorandum from a financial professional. They should read these documents carefully before investing.

It is possible to lose money by investing in securities.

Private Placement Variable Universal Life Insurance is a long-term investment and may not be suitable for all investors. The policy's value will fluctuate based upon the performance of the underlying funds. It is possible to lose principal. Policyowners should be aware of the additional risks involved with investing in non-registered funds. Non-registered funds are not registered under the securities laws and are not subject to the same regulatory requirements as registered funds. Among other activities, non-registered funds may engage in potentially riskier investment practices, charge higher fees, and impose liquidity restrictions on policyowners' assets.

Policyowner Requirements

Private Placement VUL is a domestic proprietary private placement variable life product for high-net-worth clients. It can only be issued to clients who satisfy the definitions of an Accredited Investor under Rule 501(a)(1)-(8) of Regulation D of the Securities Act of 1933 and a Qualified Purchaser under Section 2(a)(51) of the Investment Company Act of 1940.

An Accredited Investor fits within one of eight categories, which most commonly include:

- A natural person with an individual net worth, or joint net worth with a spouse, that exceeds $1 million, excluding the person’s primary residence.
- A natural person with an individual income in excess of $200,000 in each of the two most recent years or joint income with that person’s spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- Any trust with assets in excess of $5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described under Regulation D.
- A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets exceeding $5 million.

A Qualified Purchaser fits within one of the following categories:

- A natural person who owns at least $5 million in Qualified Investments.
- A family-owned company or trust owning at least $5 million in Qualified Investments.
- A trust not formed for the specific purpose of acquiring the securities offered; grantors and trustees must also meet definition of Qualified Purchasers.
- Any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests, on a discretionary basis, not less than $25 million in Qualified Investments.