



Seminar Series – Part 3 Creating a Solid Plan for the Future

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A grayscale photograph of a desk setup. In the center is a laptop with a keyboard and a trackpad. To the right is an open spiral notebook with a pen resting on it. In the foreground, there is a white mug filled with dark coffee. To the left of the laptop is a small potted plant with thick, rounded leaves. The background shows a wooden desk surface and a pair of glasses resting on the laptop. The overall scene is clean and organized, suggesting a professional or academic environment.

What You'll Learn Today

Insurance

- Property and casualty
- Medical
- Life
- Disability Income
- Long-term care

Medicare

Estate Planning



Protect Against the Unexpected

- Loss or damage to property
- Out-of-pocket medical expenses
- Premature death
- Loss of income
- Accidental illness or injury

Insurance Planning

Life Stages Concerns

Just Starting Out	Growing Family	The Sandwich Generation	Pre-retirement/Retirement
<ul style="list-style-type: none">▪ Liabilities▪ Funeral Expenses	<ul style="list-style-type: none">▪ Liabilities▪ Funeral Expenses▪ Disability Income▪ Survivor Income Needs▪ Retirement Savings▪ Education Savings	<ul style="list-style-type: none">▪ Liabilities▪ Funeral Expenses▪ Disability Income▪ Survivor Income Needs▪ Retirement Savings▪ Estate Settlement▪ Education Expenses	<ul style="list-style-type: none">▪ Liabilities▪ Funeral Expenses▪ Survivor Income Needs▪ Estate Settlement▪ Long-term Care



➔ **Property and Casualty Insurance**

- Who is it for?
- You and the people who rely on certain key possessions
- What does it do?
- Protects your possessions (e.g., home, auto, boat, etc.)
- Type of Policies
- Automobile insurance
- Homeowners insurance
- Umbrella policy



Medical Insurance

- Who is it for?
- You and your dependents
- What does it do?
- Helps cover the cost of medical and related expenses
- Medical Insurance:
- Health Savings Account (HSA)



www.HHS.gov



➔ **Life Insurance**

- Who is it for?
- People who depend on you
- What does it do?
- Helps them make up for the loss of your income
- Considerations
- Type of policy
- Adequate coverage/how much do you need?

Types of Life Insurance

		Permanent			
	Term	Whole	Universal	Survivor -ship	Variable
Temporary Coverage	✓				
Permanent Coverage		✓	✓	✓	✓
Guaranteed Death Benefit	✓	✓	✓	✓	✓
Focus on Affordability	✓				
Covers Two Lives with One Policy				✓	
Potential to Build Cash Value		✓	✓	✓	✓
Growth Potential Based on Market					✓
Tax-advantaged Death Benefit	✓	✓	✓	✓	✓
Ability to Access Money		✓	✓	✓	✓

Activity – Life Insurance Quick Estimator

LIFE INSURANCE QUICK ESTIMATOR

How Much Life Insurance is Enough?

Client Name _____ Date _____

This worksheet provides a quick and simple method to estimate the amount of life insurance you will need.

INCOME

- Annual before-tax income your family would need if you died today
Typically between 60% and 80% of total income. Include all salaries, dividends, interest, and any other sources of income. \$ _____
- Annual income available to your family from other sources
Include dividends, interest, and spouse's earnings. (Social Security may be available.) \$ _____
- Annual income to be replaced (Subtract line 2 from line 1.) \$ _____
- Capital needed for income \$ _____
Multiply line 3 by the appropriate factor below:

Years Income Needed	10	15	20	25	30	35	40	45	50
Factors ¹	9.4	13.6	17.5	21.1	24.5	27.7	30.6	33.3	35.9

EXPENSES

- Funeral and other final expenses
Typically the greater of \$15,000 or 4% of your estate \$ _____
- Mortgage and other outstanding debts
Include mortgage balance, credit card debt, car loans, home equity loans, etc. \$ _____
- College costs² 2019-2020 average annual costs at four-year public and private colleges:
Public - \$21,959 (in-state), \$38,330 (out-of-state), Private - \$49,879

	Annual Amount	X	Number of Years in College =	Total Cost (\$)
Child 1		X		
Child 2		X		
Child 3		X		
Child 4		X		
Child 5		X		
				Total capital needed for college

- Total capital required (Add lines 4, 5, 6 and 7) \$ _____

ASSETS

- Savings and investments
Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc. \$ _____
- Retirement savings
IRAs, 401(k) plans, SEPs, pension, and profit sharing plans \$ _____
- Present amount of life insurance
Include group insurance and personal insurance purchased on your own \$ _____
- Total of all assets (Add lines 9, 10, and 11) \$ _____
- Estimated amount of additional life insurance needed (Subtract line 12 from line 8.) \$ _____

¹ Inflation is assumed to be 3%. The rate of return on investments is assumed to be 4.5%. College costs are indexed at 4.5%.
² The national median cost of a funeral with burial for calendar year 2019 is \$7,640. 2019 NFDA General Price List Study, December 19, 2019. <https://www.nfda.org/news-media-center/nfda-news-releases/4/4737/2019-nfda-general-price-list-study-shows-funeral-costs-not-rising-as-fast-as-rate-of-inflation>
³ Source: The College Board, Trends in College Pricing 2019, Figure 1. Costs include tuition, room, board, books and supplies, transportation, and other expenses for a resident. The College Costs numbers are the 2019-2020 national average for a four-year college or university.

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➔ **Disability Income Insurance**

- Who is it for?
- You and the people who depend on you
- What does it do?
- Provides income when you can't
- Types of coverage
- Group (e.g., short-term and long-term disability)
- Individual

The chances of a disability occurring are much greater than most Americans realize. More than one in four of today's 20-year-olds will become disabled before reaching age 67.

Social Security Administration Disability Benefits Planner. Accessed March 2020.

Long-term Care Insurance

Who is it for?

- You and the people who depend on you

What does it do?

- Covers costs incurred in cases of long-term chronic illness or disability

Payment can come from a variety of sources

- Out-of-pocket (self-insured)
- Family members
- Medicare/Medicaid
- Long-term care insurance



Medicare Part A – Hospital Insurance

Provides hospital coverage, no out-of-pocket premiums

BUT, once in the hospital, this is what you pay per benefit period in 2022 for Part A – covered medically necessary services:

- \$1,556 deductible per benefit period
- Days 1-60: \$0 per day coinsurance
- Days 61-90: \$389 per day coinsurance
- Days 91& beyond: \$778 coinsurance per each “lifetime reserve day” after day 90 for each benefit
- Beyond “lifetime reserve” days: All costs paid by patient



90-day hospital stay could cost more than \$10,000

www.medicare.gov as of November 2020.



<https://www.ssa.gov/pubs/EN-05-10043.pdf>

Medicare Part B – Medical Insurance

If your yearly income in 2020 was...		You pay (in 2022)
File individual tax return	File joint tax return	
\$91,000 or less	\$182,000 or less	\$170.10
\$91,001 to \$114,000	\$182,001 to \$228,000	\$238.10
\$114,001 to \$142,000	\$228,001 to \$284,000	\$340.20
\$142,001 to \$170,000	\$284,001 to \$340,000	\$442.30
\$170,001 to \$500,000	\$340,001 to \$750,000	\$544.30
Over \$500,000	Over \$750,000	\$578.30

Monthly premium based on Adjusted Gross Income (AGI).

www.medicare.gov as of November 2021

Medicare Part C – Medicare Advantage Plan

- Private companies that have contracts with Medicare
- Includes Medicare Parts A and B
- Most offer prescription drug coverage



Medicare Part D – Prescriptions

If your yearly income in 2020 was...		You pay (in 2022)
File individual tax return	File joint tax return	
\$91,000 or less	\$182,000 or less	Your plan premium
\$91,001 to \$114,000	\$182,001 to \$228,000	\$12.40 + your plan premium
\$114,001 to \$142,000	\$228,001 to \$284,000	\$32.10 + your plan premium
\$142,001 to \$170,000	\$284,001 to \$340,000	\$51.70 + your plan premium
\$170,001 to \$500,000	\$340,001 to \$750,000	\$71.30 + your plan premium
Over \$500,000	Over \$750,000	\$77.90 + your plan premium

www.medicare.gov as of November 2020

Medigap Insurance

Medigap Benefits	Medigap Plans									
	A	B	C	D	F*	G	K	L	M	N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Part B coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes** *
Blood (first 3 pints)	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A hospice care coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Skilled nursing facility care coinsurance	No	No	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A deductible	No	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Part B deductible	No	No	Yes	No	Yes	No	No	No	No	No
Part B excess charges	No	No	No	No	Yes	Yes	No	No	No	No
Foreign travel emergency (up to plan limits)	No	No	80%	80%	80%	80%	No	No	80%	80%
Out-of-pocket limit**	N/A	N/A	N/A	N/A	N/A	N/A	\$6,220	\$3,110	N/A	N/A

¹ Plan F also offers a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount of \$2,370 in 2021 before your Medigap plan pays anything. (Plans C and F aren't available to people who were newly eligible for Medicare on or after January 1, 2020.)

**After you meet your out-of-pocket yearly limit and your yearly Part B deductible, the Medigap plan pays 100% of covered services for the rest of the calendar year.

***Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in inpatient admission

How to Enroll in Medicare

Enrollment in Part A and B is automatic for those who qualify

You will need to enroll if:

- You aren't getting Social Security or Railroad Retirement Board benefits
- You qualify for Medicare because you have end stage renal disease

Annual enrollment period runs from October 15 to December 7

You can register online at [MyMedicare.gov](https://www.mymedicare.gov)



What Doesn't Medicare Cover?

- Long-term care services (after 100 days)
- Dental coverage*
- Eye care
- Hearing aids
- Podiatry*
- For more information on Medicare visit www.medicare.gov or call 1-800-633-4227

* some exceptions apply



The Role of an Employee Benefits Program



Activity - The Lifestages Folio

LIFESTAGES FOLIO

Bringing organization to life's stages



Organization is key to meeting the financial challenges of each life stage, and each family's circumstances are unique as to how organization is achieved. This LifeStages Folio from The Prudential Insurance Company of America (Prudential) provides a solid starting point.

LIFESTAGES: getting married, buying or upgrading a home, moving, sending a child to college, changing jobs or careers, retiring, or taking care of an aging parent. Each life stage is a milestone in your life and presents new financial challenges.

The LifeStages Folio checklist will help you and your family begin bringing some organization to the financial challenges of your life.

However established and experienced you are, these LifeStages force you to reflect on your situation and make many kinds of decisions – including many financial choices. Whenever an event touches your financial security, it's wise to seek professional guidance to ensure you've considered all the factors that may affect your immediate, short- and long-term financial goals.

Congratulations for taking an important step toward planning for a secure future.

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A Financial Wellness Series



I can provide assistance in completing the Folio checklist. When appropriate, contact your attorney or accountant regarding legal and tax matters and related documents.

Key Documents or Information	✓	Location/Contact Info/Username and Password
1. General Items – should always be readily available		
Addresses and phone numbers of key contacts (financial professional, doctor, attorney, home health aide, accountant, etc.)		
Birth Certificate		
Social Security card		
Driver's license number		
Citizenship (naturalization) papers		
Marriage certificate		
Adoption papers		
Pre-nuptial agreement		
Divorce or separation papers		
Letter of instruction from the deceased to his/her executor or executrix		
Safe and combination		
Safe deposit box(es) and keys		
2. Financial Documents		
Brokerage account statements		
Mutual fund account statements		
IRA account statements		
Company retirement plan statements		
Stock certificates		
Bearer bonds		
Other investment documents		
Investment club documents		
529 plan statements		
On-line securities transaction info		
Documents showing cost basis		

Everyone Needs an Estate Planning Strategy

- A will
- Trusts
- Living Will
- Advance Directive
- Healthcare Power of Attorney
- Power of Attorney



Beneficiary Review

- Review beneficiary designations annually or after life-changing events
- Life event that may trigger a change
- The dangers of naming trusts as beneficiary of retirement accounts

BENEFICIARY



Probate

Activity - Estate Planning/Wealth Transfer Checklist

- Have you previously thought about estate planning/wealth transfer strategies?
- What have you done so far?
- What are the benefits of professional assistance?

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ASSETS TRANSFER CHECKLIST

Take the Next Step

1	Do you have a will?	<input type="checkbox"/> YES <input type="checkbox"/> NO
2	Is your state of residence the same as it was when your assets transfer plan was developed?	<input type="checkbox"/> YES <input type="checkbox"/> NO
3	Is your family's status the same as when your assets transfer plan was developed?	<input type="checkbox"/> YES <input type="checkbox"/> NO
4	Does your will name a guardian for your children in the event both you and your spouse are deceased?	<input type="checkbox"/> YES <input type="checkbox"/> NO
5	Are you comfortable with the executor(s) and trustee(s) you have selected?	<input type="checkbox"/> YES <input type="checkbox"/> NO
6	Have you made sure that your property ownership and beneficiary designations are coordinated with your assets transfer planning documents?	<input type="checkbox"/> YES <input type="checkbox"/> NO
7	Is the value of your estate generally the same as when your assets transfer plan was developed?	<input type="checkbox"/> YES <input type="checkbox"/> NO
8	If you have a revocable living trust, have you changed the title of your assets to the name of the trust?	<input type="checkbox"/> YES <input type="checkbox"/> NO
9	Have you executed a durable power of attorney and the appropriate healthcare documents?	<input type="checkbox"/> YES <input type="checkbox"/> NO
10	If either spouse is a resident but not a citizen of the United States, have you considered including QDOT (Qualified Domestic Trust) provisions in your assets transfer plan?	<input type="checkbox"/> YES <input type="checkbox"/> NO
11	If your estate will be subject to estate tax, do you and your spouse each own enough assets to take advantage of your full estate tax applicable exclusion amounts?	<input type="checkbox"/> YES <input type="checkbox"/> NO
12	If each spouse owns enough assets to take advantage of the estate tax applicable exclusion amount, are both your assets transfer plan and your spouse's designed to take advantage of this amount?	<input type="checkbox"/> YES <input type="checkbox"/> NO
13	Have you considered taking advantage of the annual gift tax exclusion?	<input type="checkbox"/> YES <input type="checkbox"/> NO
14	Do you have sufficient liquid assets to pay the debts and taxes that become due at death?	<input type="checkbox"/> YES <input type="checkbox"/> NO
15	Does your assets transfer plan provide sufficient income for your surviving spouse to maintain his or her lifestyle?	<input type="checkbox"/> YES <input type="checkbox"/> NO
16	Are you certain your assets transfer plan is up-to-date and takes into account potential tax-saving strategies?	<input type="checkbox"/> YES <input type="checkbox"/> NO

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A black and white photograph of a desk. On the left, a laptop keyboard is visible. In the center, a small, round, spiky cactus sits in a dark pot. To the right, an open notebook with a grid pattern is partially visible. The desk surface is made of light-colored wood with a prominent grain.

Estate Planning Pitfalls

- Not having a plan
- Not putting your plan in writing
- Not reviewing your assets to determine which should be titled in a way that avoids probate
- Not preparing custodian arrangements for minors
- Not using common estate planning documents to minimize taxes

This information is general and can vary by state.

A black and white photograph of a desk. On the left is a laptop keyboard. In the center is a small potted cactus. To the right is a pair of glasses and an open notebook with a calendar page. A white mouse is visible at the bottom right. A white rounded rectangle is overlaid on the right side of the image, containing a list of bullet points. A black rounded rectangle is overlaid on the left side of the image, containing the title 'Estate Planning Strategies' in white text.

Estate Planning Strategies

- A myriad of options
- Set goals and objectives
- Consider strategies to transfer your wealth
- The role of life insurance
- Lifetime giving

Important Considerations

- Which assets will be inherited?
- What rights may your surviving spouse have?
- Do you want children to receive some or all of your assets?
- How much control do you want to keep?
- What if a child has special needs? Or predeceases you?
- What about other beneficiaries?
- Philanthropic goals?





➔ **Life Insurance as an Estate Planning Tool**

- Maintain heirs' lifestyles
- Provide immediate liquidity
- Pay death taxes
- Equalize estate distributions
- Increase bequests to family members and charities
- Death benefits are generally income tax-free

A black and white photograph of a desk. On the left is a laptop keyboard. In the center is a small cactus in a round bowl. To the right is a pair of glasses resting on an open notebook. At the bottom right is a computer mouse. A white rounded rectangle is overlaid on the right side of the image, containing a list of bullet points. A black rounded rectangle is overlaid on the left side of the image, containing the text 'Lifetime Giving'.

Lifetime Giving

- Annual gift tax exclusion
- Gift of the applicable exclusion amount
- Gift tax marital deduction

Assemble a Support Team

- Financial professional
- Tax advisor and/or tax attorney
- Trust/estate attorney



Activity - Roadmap to Financial Wellness

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FINANCIAL WELLNESS CHECKLIST

- Take full advantage of your company's benefit program
- Develop a household budget
- Create/maintain an emergency fund to cover 3-6 months of expenses
- Determine if discretionary expenses can be cut to save more for long-term goals (e.g. retirement, college education, caring for elderly parents)
- Maximize tax-deferred investment vehicles (e.g. 401(k), IRA, Roth IRA)
- Develop a retirement plan strategy (set goals, asset allocation strategy, periodic monitoring)
- Develop a retirement income strategy
- Determine how much you can draw from your savings annually in retirement
- Determine if you have adequate life insurance
- Determine if disability income insurance is needed
- Consider long-term care insurance
- Consider lifetime income from annuities
- Complete the LifeStages Folio
- Review/update your beneficiaries
- Consider asset consolidation strategies (e.g. rollovers)
- Develop an estate/wealth transfer strategy
- Develop a professional support team

Key Takeaways



PROTECT yourself and your family against the unexpected



ASSESS your breadth of coverage through your life stages



DETERMINE the right amount of life insurance coverage



UNDERSTAND the role of Medicare



INCLUDE these protection tools in your retirement strategy

Key Takeaways



MAXIMIZE your employee benefits

KEEP your important financial information updated and together

DEVELOP an estate planning strategy

UNDERSTAND common estate planning tools like wills and trusts

AVOID common pitfalls

COMPLETE the Financial Wellness Checklist

We Value Your Feedback

SURVEY

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