CLIENT STRATEGIES

Protecting a Child's Future – Term Solution

PROTECTING THEIR CHILD'S FUTURE

When your clients are planning for their child's or children's future, they should consider taking a first step to protect it with life insurance.

This case study shows how a term life insurance policy can help keep dreams for a child's or children's future alive.

CASE STUDY

Evan, 28, is a retail salesman and Alyson, 27, is a marketing manager. They have been married 3 years, own a house, and just had their first child, Amanda.

THE CURRENT SITUATION

- Evan and Alyson are new parents and are excited about raising their daughter in their home.
- They have an affordable, $300,000, 30-year mortgage on their home and love that they will be raising Amanda in their hometown.
- They have dreams and plans for Amanda to play sports as she grows and maybe even attend their alma mater, where they met.
- They have been told that they should have life insurance other than what they get through their jobs to protect Amanda's future as well as their home.

THE CHALLENGE

- Need to replace the income of the deceased spouse for a period of time to pay final expenses, outstanding debt, and other lifestyle expenses that would continue.
- Premature death of Evan or Alyson could be catastrophic financially. It could be extremely difficult for one of them to maintain the mortgage without the second salary and their hopes of raising Amanda in their hometown and attending college could be threatened.
- Make sure that all of their debts are paid should one of them die prematurely, and that the other has enough to afford to stay in their home and give Amanda a college education.

CLARIFYING THEIR GOALS

Evan and Alyson sit down with their Financial Professional to clarify their goals and examine options that can:

- Provide individual life insurance protection in case one of them dies unexpectedly.
- Replace the deceased spouse's income for a period of time.
- Ensure there are funds that can be used to pay their debts, including the mortgage, if one of them dies.
- Ensure there's enough money for Amanda to get a college education.

See next page for the strategy using term life insurance.

THE STRATEGY USING TERM LIFE INSURANCE

After a needs analysis and careful consideration, their Financial Professional recommended a basic term life insurance policy at this stage in their lives to help meet their goals. The recommendation was made that they each purchase a $500,000, 20-year term life insurance policy that will cover the mortgage and other debt, and protect their dreams for Amanda, should they need it before she is out of college.

Here's how their goals can be met using term life insurance:

Provide individual life insurance protection in case one of them dies unexpectedly.

The policy should be large enough to pay final expenses, replace the lost income until the child reaches the age of 18, allow the beneficiary to pay the mortgage and any outstanding debt, and have a lump sum to cover the expense of college.

The cost of raising a child to age 18 is estimated at around $245,000[1] and the average cost of a 4-year public college is approximately $136,000.[2] These numbers may seem daunting, but are very real. Add to these numbers the outstanding mortgage and the clients may need quite a hefty sum. This is why affordable term insurance can be a great starting point for new parents in this situation.

AFFORDABLE TERM IN THIS CASE:

Evan
$38.70/Month

Alyson
$31.50/Month

Evan and Alyson are assumed to be in good health with a Preferred Best rating.

At their young ages, these Term Essential 20 rates (that include waiver of premium rider) are some of the lowest available.

Payment modes other than annual will result in higher aggregate premiums. The availability of coverage and rates will vary based on company underwriting criteria including but not limited to age, sex, health history, smoking status, and residency.

The term policies can be converted to permanent in the future.

If they buy term policies with conversion options, if their financial situation changes, they have the option to convert to permanent life insurance.

[1]U.S. Department of Agriculture, Expenditures on Children by Families, August 2014. Accessed 9/6/2016.

[2]2015 – 2016 average annual cost of a four-year education: public out-of-state college. The College Board, Trends in College Pricing 2015 – 2016. Costs include tuition & fees, and room & board for a resident. The College Costs numbers are the 2015 – 2016 national average for a four-year college or university. College costs are indexed at 3.5%.

1 REVIEW CLIENTS & PROSPECTS

2 SET UP AN APPOINTMENT

3 PREPARE FOR THE MEETING

4 CONDUCT THE CLIENT APPOINTMENT

5 SCHEDULE A FOLLOW-UP

6 FOLLOW UP

ACTION PLAN FOR SUCCESS

A successful approach with this marketing concept is to focus on 10 clients at a time, following each of the steps below. Once you finish all of the steps with those clients, select 10 more and continue building your business.

1. Review your client book and prospecting lists for potential candidates.
2. Once you have identified a potential prospect, set up an appointment to discuss their protection needs.
3. Prepare for the meeting with appropriate marketing materials and illustrations.
4. At the appointment, walk clients through the material to help pinpoint their needs.
5. Schedule a follow-up meeting to present strategies to address the challenges identified.
6. Be sure to follow up after these meetings for applications, questions, or additional discussion.

Your Prudential Life Wholesaler can walk you through term life insurance consumer material and discuss how to present it to your clients.

Term Essential 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.