

▶ RETIREE LIFE BUYOUT



HELP PROTECT THE FINANCIAL WELLNESS OF YOUR COMPANY AND YOUR RETIREES

Every day, 10,000 baby boomers reach retirement age, and this will continue for the next 20 years.¹ With numbers like these, retiree benefits may be costly and difficult for employers to manage. A Retiree Life Buyout can help employers meet the challenge of managing post-retirement life insurance—simply, cost-effectively, and without impacting retirees or their benefits. And, employers can still help retirees close financial wellness gaps through the protection of life insurance issued by The Prudential Insurance Company of America (Prudential).

A Retiree Life Buyout helps employers manage retiree benefit costs.

Employers choose a Retiree Life Buyout to:

- ▶ Reduce long-term liabilities:
 - The buyout removes the FAS 106 (ASC 715)² liability from the employer's balance sheet for a distinct group of retirees.
 - Employers can remove part or all of their liability through a lump sum premium payment.
 - The liability transfer reduces future premium expenses.
 - The buyout guarantees that employers will never have to contribute any additional premium to insure this closed group.
 - Prudential assumes all investment and mortality risk.
- ▶ Accelerate a tax deduction:
 - Employers may take a tax deduction on premiums associated with benefit amounts up to the Deficit Reduction Act limit of \$50,000.
 - Older retirees may be grandfathered for amounts of more than \$50,000.
- ▶ Lower negative claims experience for active group term life plans:
 - A buyout may lead to a composite rate reduction and an extended rate guarantee because removing older insured retirees may help favorably impact the demographic mix of the employer's overall plan.
 - Claims paid under a buyout do not impact the rates for the current workers' Group Life plan.
- ▶ Lower retiree administrative costs:
 - Prudential maintains retiree life records, processes beneficiary changes, prepares claims for processing, and answers retiree life questions.³
 - Retiree life liability on the distinct group of retirees does not have to be calculated for FAS 106 (ASC 715).

▶ EXPERIENCE. SIMPLICITY.

Everything we do is designed to make benefits easier—for you and for your retirees. To learn more about Retiree Life Buyout Insurance, please contact your Prudential representative.

THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NONSUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.

1 Social Security Administration Annual Performance Plan, 2012.

2 Accounting Standards Codification (ASC) Topic 715, Compensation Retirement Benefits. Prudential does not provide tax, legal, actuarial or accounting advice. Therefore, the employer should consult its own tax, legal, actuarial, and/or accounting advisor about the tax implications and/or FAS 106 accounting implications of the retiree life liability transfer arrangements they enter into with Prudential.

3 Except W-2 reporting for imputed income for coverage over \$50,000 and ERISA 5500 reporting.

Group Life Insurance coverages are issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102. Contract Series: 83500.

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