



10 in 10

10 MARKETING OPPORTUNITIES IN 10 MINUTES



The LGBT Community



TIP: As you read through this list, think about clients who might benefit from these solutions.



Opportunities within the LGBT Community

When expanding your business into the Lesbian, Gay, Bisexual and Transgender (LGBT) segment, it is important to build a network of relationships with individuals and organizations in order to meet prospective clients. Once you have that accomplished, the following marketing concepts and strategies can help you address the insurance needs and financial goals of those individuals.



THE FIRST STEP: Understanding what matters most financially with the LGBT community

According to our 2012–2013 research study:*

- ▶ **49%** who don't have a financial professional, lack confidence in their financial preparedness.
- ▶ **40%** of gay men and 25% of lesbians spend more than \$500/month on discretionary items.
- ▶ **22%** report they are upscale or doing well; 47% indicate they are paying bills and staying independent.
- ▶ **78%** of all LGBT participants are already saving for retirement.
- ▶ **88%** have yet to have a financial professional contact them about LGBT financial planning.



NEXT STEPS: Approaching the market

The following key concepts are based on Prudential's *The LGBT Financial Experience Research Study* and indicate several specific opportunities for your business within the LGBT community.

- Connect with people in the LGBT community through their circle of influence, including professional and community organizations, LGBT-friendly businesses, gay-friendly events, etc.
- You don't have to be a member of the LGBT community to meet their needs, but you do need to understand the specific nuances and concerns that exist. Understand relationship status whether they are married, have a civil union, or are in a domestic partnership, and use language that reflects this relationship accordingly.
- Be knowledgeable about the latest information concerning same-sex marriage, legal status, and wealth transfer laws in the states where you do business.

To be better prepared when you approach the LGBT market, refer to the *Expanding Your Relationships and Network* flyer.

1 Wealth Transfer Strategy

Wealth transfer planning in the LGBT community has some complicating factors because of state law variations around same-sex marriage and domestic partnerships. In the wake of the repeal of the Defense of Marriage Act (DOMA), many states are working through the laws and rights around marriage for same-sex couples. Life insurance and a will should be key considerations in the initial estate planning process. Life insurance can be a great way to have money available at the death of the insured for any situation that may arise. Whether your client is interested in term or permanent coverage, a life insurance policy can help him or her to leave money to the people he or she intends.

2 Income Protection for Dual-Income Households

Dual-income households are prevalent in the LGBT community and often maintain a lifestyle that relies on the continuation of both incomes. If one income earner dies, a life insurance policy can help replace this lost income and help the surviving family members maintain their quality of life and standard of living. Focusing on the protection needs of both income earners is a smart way to help protect these clients' needs. In cases where there may be other family members involved, the use of trusts in conjunction with the life insurance policy may be an effective option.

*Prudential's 2012–2013 *The LGBT Financial Experience Research Study*.

3

Protection for Parents

The state laws around same-sex marriage are rapidly changing. This makes it especially challenging for LGBT parents to feel confident in their understanding of what they need to do to protect their partner or spouse and their children. They need to protect their income, plan for college, save for retirement, and take action to make sure their estate goes to their spouse or partner and their children when the time comes. A life insurance policy provides a generally income-tax free death benefit to their named beneficiaries that can help accomplish all of these things and more.

4

Protection for Single Parents

Life insurance protection is important for all parents to have, but it is arguably more important for single parents. Many single parents need death benefit coverage that is portable and convertible. Also, coverage that can offer additional benefits in the case of chronic illness can be especially valuable.

5

Protection for Chronic and Terminal Illness Expenses

Healthier lifestyles and medical advances mean that your clients may be living longer. While a longer life has many benefits, it also increases the chance that they will be impacted financially by a chronic or terminal illness. This type of care can cause a serious financial and emotional burden on your clients and their loved ones. Permanent life insurance policies featuring living benefits that can be used in the case of chronic or terminal illness will appeal to a diverse range of clients.

6

Sandwich Generation

Many clients find themselves in situations where they are responsible for raising their children while also supporting elderly parents or relatives. These clients are in the so-called “sandwich generation,” and often need to address multiple needs. Versatile products that offer death benefit protection now plus cash value growth potential for the future can be an attractive solution for their short and long-term needs.**

7

Death Benefit Protection that Offers Accessible and Flexible Cash Value Growth Potential

Some clients want the potential for cash value accumulation in addition to the death benefit so they have ready cash to help in times of need.** This type of policy could help fund a child’s education, help provide extra funds to assist someone with health care expenses, or make available cash value to help someone make ends meet. And, of course, the death benefit can be left to a beneficiary or beneficiaries to ensure that the financial gift your client would like to make will be a reality even if they’re gone. (Please note: the life insurance for education funding sales concept cannot be used in Nevada.)

8

Baby Boomers

LGBT baby boomers are the generation most concerned about retirement. They’ve been hit hard by the most recent recession and lost assets in the stock market and real estate market close to retirement age making it difficult for them to bounce back in their retirement preparation. Strategies around qualified money (rollovers) may resonate since they may have opted to “spend it instead of rolling it” in the past. Financial education around retirement preparation with little time to save will help meet their needs.

***Life insurance policy cash values are accessed through withdrawals and policy loans. Interest is charged on loans. In general, loans are not taxable, but withdrawals are taxable to the extent they exceed basis in the policy. Loans outstanding at policy lapse or surrender before the insured’s death will cause immediate taxation to the extent of gain in the policy. Unpaid loans and withdrawals reduce cash values and policy benefits and negate any guarantee against lapse. If a policy is a Modified Endowment Contract (MEC), distributions (including loans) are taxable to the extent of income in the policy, and an additional 10% federal income tax penalty may apply. You may wish to consult your tax advisor for advice regarding your particular situation.*

9 Leaving a Legacy—Partner Protection and Charitable Intent

There are a few factors to consider in this opportunity—inconsistencies with same-sex marriage rights, charitable tendencies of the LGBT segment as a whole, and higher than average disposable income. The lack of consistency between states regarding same-sex marital rights is concerning for couples who want to leave their estate to their same-sex spouse. Depending on applicable laws and specific circumstances, the use of trusts can help to wall-off potential legacies for partners or well-loved organizations to protect it from others who may try to make a claim. This segment also has higher-than-the-norm disposable income. Combine these last two factors and there is a high likelihood that there may be an interest of leaving a charitable legacy. The use of trusts to leave a legacy to a well-loved organization can be an effective way to accomplish this. Clients should consult with their attorney or tax advisors.

10 Small Business Owner

Life insurance ownership can play an important part in retirement and estate planning for small business owners. A policy's death benefit can be used to help protect the business itself and a client's loved ones, and it can help fund business succession plans. Plus, life insurance policies that offer cash value accumulation potential in addition to death benefit protection can also be used for different financial needs.



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