

Index Sweep Change

FREQUENTLY ASKED QUESTIONS

What is changing?

To promote simplicity and provide additional transparency to the consumer, we are moving away from daily index sweeps and into monthly index sweeps. Instead of a policyowner having up to 365 **active index segments for each index selection**, they will now have a **maximum of 12**.

When does this change become effective?

This will begin with the launch of Smart Builder® IUL 3. All newly introduced Indexed Universal Life (IUL) insurance products thereafter will also utilize monthly sweeps.

Does this affect any of my current inforce policies?

Any products currently inforce will continue to utilize daily sweeps, and there's no change.

When will index sweeps occur?

As of product launch, index sweeps will **occur on the 15th of each calendar month**.

What happens if the index sweep date falls on a weekend/holiday?

The index segment will **still begin on the 15th**, regardless if that day falls on a weekend or holiday. **The value from the prior business day will be used for establishing the beginning index value.** Similarly, when the index segment matures, if the date falls on a weekend or holiday, the value from the prior business day will be used to determine the ending index value.

What happens to premium paid in between index sweep dates?

Premiums will first be placed into the **Holding Account, which operates like a Fixed Account, earning daily interest at a rate set by the company.** Premiums paid prior to an index sweep will earn interest until the Index Sweep date, in which the premium, along with any interest gained, will be transferred to the indexes per the policyowner's premium allocation instructions.

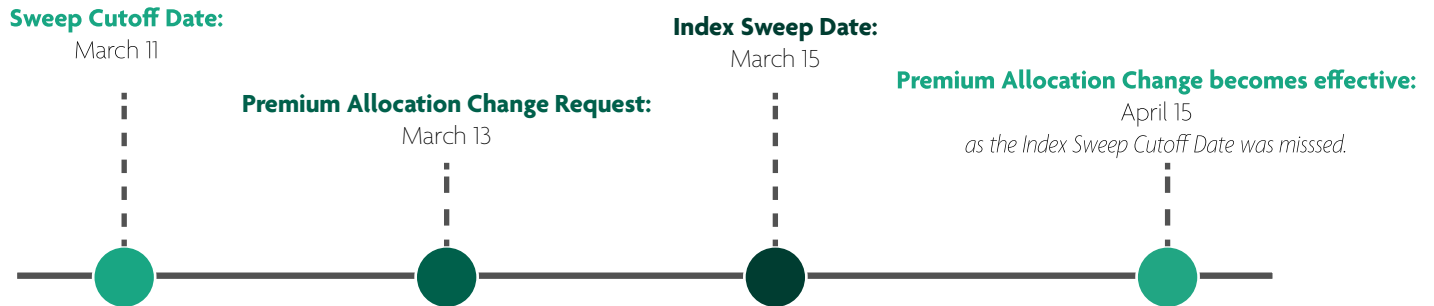
What is the interest rate on the Holding Account?

At the time of product launch, the Current Holding Account interest rate for the Smart Builder IUL 3 is **3.00%** per year. The current rate will be reviewed periodically and may change (subject to the company's discretion). The current rate will never be lower than the Guaranteed Holding Account interest rate set forth in the policyowner's Policy. The Holding Account Guaranteed Interest Rate is 1.50% per year.

How will premium allocation changes and transfers work with monthly sweeps?

For any money allocated to an index account, any change in premium allocation instructions or transfer requests must be received by us prior to the Index Sweep Cutoff Date which currently is four business days prior to the Index Sweep date. This allows enough time for internal processing prior to the index sweep, such that the change in premium allocation instructions or transfer requests can be effective on the Index Sweep date. Any premium allocation changes or transfer requests not received prior to the Index Sweep Cutoff date will be processed effective on the next Index Sweep Date (one month later).

Example



Will all index segments remain at 12 months?

The first index segment after the Policy date will be shortened to 11 months. This will allow the first index segment to mature prior to the end of the first policy year, thus allowing the first index credit to appear on the policyowner's first annual statement. **Every subsequent index segment will remain at 12 months.**

Why is there a difference between the as-sold illustration and the client's annual statement?

Currently, all point-of-sale illustrations assume that the premium will immediately enter an index account and each segment will be 12 months in length. With the change to monthly index sweeps, **any premiums paid will first enter a holding account until the first index sweep date, at which point the value will be transferred into the index accounts. Additionally, the first index sweep after the Policy Date will be shortened to 11 months.**

NOTE: Please be prepared to explain the differences to the client.

For any questions, please contact your Managing General Agent (MGA). MGAs, please contact your dedicated New Business team.

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Smart Builder IUL® 3 is issued on the state version of policy form P100/ICC22P100 including all applicable endorsements and riders, by North American Company for Life and Health Insurance, West Des Moines, IA. Products, features, endorsements, riders, or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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