

## Upcoming Illustration Changes for Indexed UL Products (AG49-A)

Actuarial Guideline 49-A (AG49-A) was adopted by the National Association of Insurance Commissioners (NAIC) to update the existing AG49 guideline that is applicable to all Indexed UL products. AG49-A was originally expected to be effective on **November 25, 2020** but will now be effective on **December 14, 2020**. It is prospective only, so will not apply to any new business or future in-force illustrations for any policies that meet the transition rules.

The two main goals of AG49-A are:

- To ensure that features such as multipliers, bonuses and buy-up caps with an associated charge will not improve illustrated values. AG49-A does not prohibit products from having these features or charges, nor does it impact their performance, it simply places limits on values that can be shown in an illustration. New maximum illustrated rates will reflect this methodology
- Reduce the limitation on indexed interest credited to participating loans, inclusive of any applicable index credit enhancements, from **1.00%** to **0.50%** above the illustrated loan charge rate

The *Lincoln DesignIt*<sup>SM</sup> Illustration System will apply the appropriate loaned and unloaned crediting rates and reflect them in the combined Net Policy Values and Surrender Value columns of the illustration. Actual interest credited to the policy will not be limited by AG49-A parameters, and participating loan values will earn the same credited rate as the unloaned values.

Although variable products are excluded from AG49 and AG49-A, Lincoln will continue to apply the original AG49 methodology to the *Lincoln AssetEdge*<sup>®</sup> VUL and *Lincoln AssetEdge*<sup>®</sup> Exec VUL products with indexed accounts but will **not** apply new AG49-A requirements.

### Transition Rules

Formal applications or tickets (with all solicitation forms) that are signed, dated and **received by Lincoln's home office in-good-order on or before December 11, 2020**, will not be subject to the illustration guideline changes. Any IUL application/ticket received after December 11, 2020 will be subject to the new AG49-A illustration guideline changes.

## Affected Products

In accordance with AG49-A, Lincoln will be adjusting the maximum illustrated rates for all currently sold Indexed UL products with the software update effective December 14, 2020. The following chart shows the new maximum illustrated rate under AG49-A:

Product	AG49-A Maximum Illustration Rate
<b>Lincoln WealthAccumulate® IUL 2019*</b>	
Perform Plus Account	5.46%
Perform Account	4.83%
Balance Account	5.06%
Conserve Account	5.02%
<b>Lincoln WealthPreserve® IUL 2019*</b>	
Plus Account	5.05%
Conserve Account	5.02%
<b>Lincoln WealthPreserve® IUL 2017**</b>	
Conserve Account	5.57%
<b>Lincoln WealthAdvantage® Indexed UL**</b>	
Capped Account	4.74%
High Par Account	4.62%
Uncapped Account	5.14%

\* Not Available in NY

\*\* Only Available in NY

## Illustrations

On November 16, 2020, *Lincoln DesignIt*<sup>SM</sup> will include the ability to run AG49-A compliant illustrations manually. If you have an active internet connection, the software will automatically update to include these changes. If you need to download the *Lincoln DesignIt*<sup>SM</sup> Illustration System, it is available on the Lincoln producer websites or from Field Office Technicians.

See the steps below to run an AG49-A compliant illustration using the **November 16, 2020** software version:

1. On the Payments Tab **manually update** the max illustrated rates for each account selected to satisfy AG49-A limitations.
2. On the Disbursements Tab, in the *General Disbursement Information* section **select from the “Limit loan spread and variable multiplier (PPC)” drop down “Limit to 0.50% above loan charged rate/include PPC cap”**

See the **Reference** section in *DesignIt*<sup>SM</sup> for max illustrated rates and detailed instructions.

The *Lincoln DesignIt*<sup>SM</sup> update on December 14, 2020 will include the new maximum rates for each product. If you have an active internet connection, the software will automatically update to include these changes. If you need to download the *Lincoln DesignIt*<sup>SM</sup> Illustration System, it is available on the Lincoln producer websites or from Field Office Technicians.

**It is imperative to accept the December 14, 2020 illustration software update as any new applications received after December 11, 2020 will require an illustration with this software version or newer to issue the policy. There will be no exceptions.**

For additional information on AG49-A, [click here](#) to view a comprehensive **Frequently Asked Questions** document.