

Frequently Asked Questions

Maximum Illustrated Rate Update (AG49)

Effective September 1, 2015, the maximum illustrated rates on Transamerica Index Universal Life products will be updated as follows:

Index Account Options	Maximum Illustrated Rate prior to 9/1/15	Maximum Illustrated Rate as of 9/1/15
Transamerica TransNavigator®		
S&P 500® Index Account	7.66%	6.86%
Global Index Account	9.03%	
S&P 500® Plus Index Account	9.14%	
Global Plus Index Account	10.00%	

Q1: Why did the maximum illustrated rates change?

A: Transamerica has updated the maximum illustrated rates for these IUL products based on a new Actuarial Guideline, AG49. These new maximum illustrated rates apply to both new business and in force IUL policy illustrations.

Q2: What is AG49 and how does it work?

A: AG49 was developed by National Association of Insurance Commissioners (NAIC) to provide insurance carriers a more uniform method for calculating maximum illustrated rates on IUL products and to help consumers better understand index life insurance product illustrations.

A critical part of AG49 defines a Benchmark Index Account which features a:

- One-year point-to-point S&P 500® Index Account
- 100% participation rate, and
- 0% floor.

AG49 then defines a maximum illustrated rate by averaging the annual return for all possible 25-year periods from the most recent 65 calendar years of S&P 500® index returns and applying the Benchmark Index Account and the carrier's Cap. Additional actuarial tests are then applied which may lower the maximum illustrated rate. Currently, the Benchmark Index Account, with a 12% cap, results in a maximum illustrated rate of 6.86%. AG49 requires that the maximum illustrated rates be recalculated annually and updated in March of each year.

Q3: Why did the maximum illustrated rates decrease?

A: One of the main reasons the maximum illustrated rates have decreased is that previously, Transamerica's maximum illustrated rate used the changes in the index over the most recent 25 years. Under AG49, the guidelines now uses a longer 65 year lookback period.

Q4: Does AG49 impact IUL product features?

A: AG49 does not affect IUL product features, such as caps and floors. AG49 affects only the product illustration. **Keep in mind, an illustration of long-term policy values is only hypothetical. Our IUL policies are credited excess index interest based on actual changes in the underlying indexes and the company's crediting method.**

Q5: How does AG49 impact pending applications or in force business issued prior to September 1, 2015?

A: Policies issued September 1st and later will include illustrations that utilize the new maximum illustrated rate where the hypothetical values could be lower than what you originally showed to your client. In force illustrations run September 1st or later are limited to the the new lower maximum illustrated rate.