



EQUITABLE

BULLETIN

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Channel: ☒ Independent

Bulletin number: AD20-1116 (**November 16, 2020**)

Subject: New Maximum Illustrated Crediting Rates for IUL Products-Pursuant to Actuarial Guideline 49-A

Main message:

In October, we communicated that the National Association of Insurance Commissioners (NAIC) had recently adopted a new version of Actuarial Guideline 49 (AG 49), which governs the illustration of Indexed Universal Life (IUL) insurance products ([see AD20-1023](#)). The newly revised version of the guideline, known as AG 49-A, reflects the NAIC's decision that products with multipliers, cap buy-ups and other index-linked enhancements should not illustrate better than products without such features.

Implementation of AG 49-A will result in lower maximum illustrated crediting rates, also known as default rates, for indexed options available with **IUL Protect, Series 160** and **BrightLife® Grow, Series 159**. Please see the table on the following page for these new rates.

Who:

Financial Professionals

When:

AG 49-A becomes effective on December 14, 2020.

- New business IUL illustrations run on or after December 14, 2020 will be in compliance with AG 49-A. In force IUL illustrations will be in compliance with AG 49-A for policies with register dates of December 14, 2020, and later.
 - Pursuant to AG 49-A the new requirements will have no effect on in force illustrations for IUL policies with register dates prior to December 14, 2020.
- AEGIS and WinFlex will be updated on December 14 to ensure that: 1) all new business illustrations run are compliant with AG 49-A, and 2) all in force illustrations run are compliant with the appropriate version of AG 49 (i.e. AG 49 or AG 49-A) based on each policy's register date.

How:

For more information, please see the following pages, refer to [AD20-1023](#) or contact the Life Sales Desk at 1-800- 924-6669, option 2.

New Maximum Illustrated Crediting Rates

Product	Indexed Option	Prior (AG 49) Max. Illustrated Crediting Rate	New (AG 49-A) Max. Illustrated Crediting Rate
IUL Protect Series 160	Select Account – S&P 500 1-Year	4.59%	4.35%
BrightLife® Grow Series 159	S&P 500 1-Year	4.59%	4.41%
	Russell 2000 1-Year	4.28%	4.04%
	MSCI EAFE 1-Year	3.92%	3.54%
	S&P 500 3-Year	4.59%	4.03%

Illustrations will be updated on December 14, 2020 to become compliant with AG 49-A, which includes the use of the new maximum illustrated crediting rates, also known as default rates, shown above. Once these new rates become effective on December 14, the old AG 49-compliant rates **will not** be available for use in new business illustrations.

New Hypothetical Benchmark Index Account Under AG 49-A

Among the changes under AG 49-A are new rules for the determination of maximum illustrated crediting rates. Under these rules, the new maximum illustrated crediting rates for IUL Protect, Series 160 and BrightLife® Grow, Series 159 have been determined with reference to a hypothetical Benchmark Index Account for each product. These hypothetical Benchmark Index Accounts aren't actual indexed options available under either product; rather, they are hypothetical indexed accounts required to be determined for each product under the new rules for illustrations set by AG 49-A. A table showing the minimum and maximum average annual credited rate for each product's hypothetical Benchmark Index Account is required to be included in illustrations. For your convenience, the rates which will be shown in IUL Protect, Series 160 and BrightLife® Grow, Series 159 illustrations under AG 49-A are as follows:

Hypothetical Benchmark Index Account		
Product	Minimum Average Annual Credited Rate	Maximum Average Annual Credited Rate
IUL Protect Series 160	2.43%	4.44%
BrightLife® Grow Series 159	2.48%	4.53%

Timing Information

AG 49-A becomes effective on December 14, 2020. Illustration systems will be updated on December 14.

New business IUL illustrations run on or after December 14 will be subject to AG 49-A while new business IUL illustrations run prior to this date will be subject to AG 49. In force IUL illustrations run for policies with register dates earlier than December 14, 2020 will be subject to AG 49 while in force IUL illustrations run for policies with register dates of December 14, 2020, or later, will be subject to AG 49-A (note that since December 14 is a Monday: Friday, December 11 will be the latest possible register date before AG 49-A takes effect).

AEGIS and WinFlex will be updated to ensure that all new business illustrations are compliant with AG 49-A and the illustration systems will also ensure that all in force illustrations are compliant with the appropriate version of AG 49 based on each policy's register date. AEGIS and WinFlex users **will not** be required to elect AG 49 or AG 49-A as part of illustration input.

NOTE: Due to these timing rules, it is possible that the new business illustration of an IUL policy and all future in force illustrations for the same policy will be subject to different versions of AG 49. For example, an application with completed requirements (including a signed illustration) for an IUL policy is submitted on November 23, 2020 and the policy is later issued with a register date of December 14, 2020 or later. In this case, the policy's new business illustration is subject to AG 49 while any future in force illustrations would be subject to AG 49-A. It is important for you to be aware of the timing of your upcoming IUL case submissions so that you can utilize the most appropriate case design and monitor the case in the most effective manner going forward.

NOTE: AG 49-A is a legally-mandated illustration requirement which takes effect on December 14, 2020. New business illustrations run prior to December 14 are compliant with the old AG 49. Old, AG 49-compliant illustrated crediting rates will not be available after this date. If cases with initial illustrations run prior to December 14 need subsequent or conforming illustrations on or after December 14, these ensuing illustrations must be compliant with AG 49-A. This means that initial illustrations and any subsequent illustrations run for the same case may be forced to comply with different versions of AG 49.

REMINDER: AG 49-A governs illustrations only. It does not affect any policy's actual performance or features. IUL policies will continue to be administered according to the terms of their contracts.

For more high-level and background information on AG 49-A, refer to [AD20-1023](#).

BrightLife® Grow and IUL Protect are issued in New York and Puerto Rico by Equitable Financial Life Insurance Company (NY, NY) and in all other jurisdictions by Equitable Financial Life Insurance Company of America, an Arizona stock corporation with its main administration office in Jersey City, NJ 07310 and are co distributed by Equitable Network, LLC (Equitable Network Insurance Agency of California in CA; Equitable Network Insurance Agency of Utah in UT; Equitable Network of Puerto Rico, Inc. in PR), and Equitable Distributors, LLC. When sold by New York based (i.e. domiciled) financial professionals BrightLife® Grow and IUL Protect are issued by Equitable Financial Life Insurance Company (NY, NY).

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