

LIFE ILLUSTRATOR

COMMON SOFTWARE SOLVE OPTIONS FOR IUL ILLUSTRATIONS



DEATH BENEFIT SOLVES

| NAME | DEFINITION |
|----------------------------|---|
| Solve | Solves for a face amount based on your requested premium amount, and a targeted cash value in a targeted year. If the solved for face amount gets bumped up to the product minimum face amount, then the Cash Surrender Value might be lower than the requested target cash value. The solve result will also pay attention to the Avoid MEC (Modified Endowment Contract) check box. |
| Minimum Non-MEC | For Guideline Premium Test (GPT), this solve will produce the minimum face amount without causing a MEC or violating any Guideline Premium limits. For Cash Value Accumulation Test (CVAT), this solve will produce the minimum face amount without causing a MEC (whether that is the 7-Pay limit or the Necessary Premium Test). |
| MEC Face Amount | For GPT, this solve will always treat the first-year premium like Guideline Single Premium (GSP), regardless of the user's input premium duration. This is intended for single-pay situations. Expect a MEC in year one. This will solve for a face amount making the first year premium paid is equal to the first year Net Single Premium. |
| Guideline | Available for GPT only. Solves for a minimum face amount based on requested premium amount and duration. The solve will determine from the premium duration and crossover year whether to treat the premium as a Guideline Level Premium (GLP) or a GSP. The solve result will also pay attention to the Avoid MEC check box. |
| Target | Solves for a face amount based on total requested first year premiums. The solve treats the requested premium as Target Premium. |
| Optimal Switch DBO | If doing an income solve, the switch year will maximize the amount of the income while avoiding any cutbacks of premium due to GPT or CVAT guideline limits. If not doing an income solve, the switch year will maximize cash value at maturity. |
| Auto Face Reduction | This solve will reduce the face amount, multiple times, if needed. The first year to attempt a face decrease is currently a user input. This will increase the amount of cash value available, which is helpful if planning on taking an income. |

PREMIUM SOLVES

| NAME | DEFINITION |
|-----------------------|--|
| Solve | Solves for a premium amount based on your requested face amount and a targeted cash value in a targeted year. The solve result will also pay attention the Avoid MEC check box. |
| Seven Pay | Given the requested face amount, the 7-Pay Premium will be used for the premium duration. The solve result will also pay attention to the Avoid MEC check box. |
| Guideline Single | Available for GPT only. Given the requested face amount, the GSP will be used in year 1. The solve result will also pay attention to the Avoid MEC check box. To pay the full GSP, deselect the Avoid MEC check box. |
| Guideline Level | Available for GPT only. Given the requested face amount, the GLP will be used for the premium duration. The solve result will also pay attention to the Avoid MEC check box. |
| Maximum Level Non-MEC | For GPT, this solves for the maximum premium under the GPT limits, without becoming a MEC. For CVAT, this solves for the maximum premium without becoming a MEC (including Necessary Premium Test). |
| Target | Given the requested face amount, the Target Premium will be used for the premium duration. |
| Minimum No Lapse | Given the requested face amount, the Minimum No Lapse Premium will be used for the premium duration. |

INCOME AND TARGETING SOLVES

| NAME | DEFINITION |
|-----------------|--|
| Solve | Solves for the maximum income amounts based on a targeted cash value, year, and duration. This includes the ability to schedule different income in different years (i.e.: college income, then solve for max in retirement). |
| Income Duration | Specify an income amount and a targeted Cash Surrender Value in a targeted year. By choosing "Solve" in the Thru Year column, the software will solve for length of years of income. |
| Loan Repayment | If a loan repayment stream is solved for, the system will calculate the level loan repayment amount that will fully amortize the loan over the specified term. The loan repayment amount is level regardless of whether or not the insured has chosen to capitalize loan interest or to repay loan interest in cash. |

Transamerica Financial Foundation IUL®

FFIUL

| CLIENT | CASE DESIGN | LIFE ILLUSTRATOR SOLVE |
|---------------------------------|---|--|
| Male, Age 35, Preferred Elite | Would like to purchase the maximum amount of death benefit that could be purchased with a Target Premium of \$500 a month that is paid to age 65. | Face Amount: Target Planned Periodic Premiums: \$500 Premium Mode: Monthly |
| Male, Age 35, Preferred Elite | Would like to illustrate how much premiums might be for a \$250,000 death benefit funded with the Target Premium on a monthly basis to age 65. | Face Amount: \$250,000 Planned Periodic Premiums: Target Premium Mode: Monthly |
| Male, Age 35, Preferred Elite | Has a need for \$500,000 of life insurance to protect his family in case of early death. He would like to put in the maximum level premium allowable to age 65 and then solve for the maximum income available through ages 66-85. | Face Amount: \$500,000 Planned Periodic Premiums: Maximum Level Non-MEC Distribution Amounts: Solve |
| Male, Age 10, Juvenile | Parents have disposable income of \$250/month and would like to lock in their child's insurability today while allowing them to use their policy as a source of supplemental tax-free income* in the future. | Face Amount: Minimum Non-MEC Planned Periodic Premiums: \$250 Premium Mode: Monthly Distribution Amounts: Solve |
| Female, Age 3, Juvenile | Parents want to purchase a permanent life insurance policy for their daughter that will ensure she has protection in place regardless of her future health. They have disposable income of \$300/month and would like a policy that also has the potential to provide \$15,000 per year of an additional source of funds for future college expenses. | Face Amount: Minimum Non-MEC Planned Periodic Premiums: \$300 Premium Mode: Monthly Distribution Amounts: \$15,000 ages 19-22 |
| Female, Age 45, Preferred Elite | Has a need for \$500,000 of life insurance to protect her family in case of her death. She would like to pay the minimum premium necessary to keep the policy in force to her age 105. | Face Amount: \$500,000 Planned Periodic Premiums: Solve Target Cash Value: \$1,000 at age 105 (A105) |

Transamerica Financial Choice IULSM

FCIUL

| CLIENT | CASE DESIGN | LIFE ILLUSTRATOR SOLVE |
|-------------------------------|--|--|
| Female, Age 45, Best Class | Has a need for death benefit protection today as well as a source of supplemental retirement income* in the future. Has \$10,000 of discretionary income that they would like to fund the policy and help maximize her retirement income. | Face Amount: Minimum Non-MEC Planned Periodic Premium: \$10,000 Distribution Amounts: Solve |
| Male, Age 55, Best Class | Would like \$500,000 of death benefit coverage today while paying the maximum non-MEC premium into the policy and solving for a supplemental stream of income* in retirement. | Face Amount: \$500,000 Planned Periodic Premium: Maximum Level Non-MEC Distribution Amounts: Solve |
| Male, Age 40, Preferred Elite | Needs \$750,000 of death benefit protection today and would like to pay the maximum premium for 7 years to help drive long-term cash value accumulation and death benefit growth. | Face Amount: \$750,000 Planned Periodic Premiums: Seven Pay Life Insurance Test: CVAT |



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Questions: Call your Transamerica sales partner.

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* Loans, withdrawals, and death benefit accelerations will reduce the policy value and the death benefit and may increase lapse risk. Policy loans are tax-free provided the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

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