

FFIUL ENHANCEMENTS

AGENT FAQ

Beginning June 17, 2023, we're introducing enhancements to the *Transamerica Financial Foundation IUL*® – IUL09 (FFIUL), excluding New York, that provides policyholders better cash values earlier within their policy. These enhancements include the following:

- Increase on the Critical Illness Accelerated Death Benefit from \$500,000 to \$1.5M on the FFIUL– IUL09 **and** *Transamerica Financial Choice*SM IUL (FCIUL) product
- New Per Unit Charges (PUCs)
- Reduced Surrender Charges
- Decrease in Minimum No Lapse Premium (MNLPI)

The new rates will be available using product code “FFIUL 2023” for all states except New York

Below are questions and answers regarding the IUL product enhancements, transition guidelines, and impacted sales tools.

Q1. What is changing with the FFIUL IUL09?

A. We're introducing enhancements to the FFIUL that provides policyholders better cash values earlier in the life of the policy, as well as:

- Reduced Surrender Charges beginning in policy year 4, through year 15. Surrender Charges will decline every year after that and will be 0% at 16+ years
- Reduced PUCs — 99% of policy quotes will decrease by at least 25%, with an average of 31%. The duration of PUCs has been extended from 10 years to 16 years (note that the PUCs will be higher in years 11-16)
- Decrease in Minimum No Lapse Premiums (MNLPIs)

NOTE: The above changes do NOT apply to FCIUL.

Q2. What changes are being made to both FFIUL and FCIUL?

A. The maximum accelerated benefit amount for the Critical Illness Death Benefit Rider will increase from \$500K to \$1.5M. This is available in all states (including South Carolina) except for New York.

Q3. Does the change to the Critical Illness Death Benefit Rider accelerated benefit amount affect current policy owners?

A. Yes. All FFIUL and the new FCIUL product launched on January 4, 2023. The current language in the FFIUL and FCIUL contract states that the maximum accelerated death benefit is lesser of 90% or a maximum accelerated death benefit about that is declared by Transamerica.



The amount will never be less than \$500K. This statement allows Transamerica to increase the amount. FFIUL and FCIUL in-force policyholders with the Critical Illness Death Benefit Rider will be notified at time of claim on the benefit amount available to them.

After **June 17th, 2023**, agents with inforce policies that have exercised their accelerated benefit will be notified via email to inform them of the benefit amount increase. Agents can also check the agent web portals to view current inforce policies impacted by the increase in the accelerated benefit amount.

Note: A scan will be run on **June 20, 2023**, to identify within the past 9 months those policies with Critical Illness claims that have been paid with specified amounts above \$555K, as well as those currently inflight. These policyholders will be notified via a mailing advising them of the increased accelerated benefit amount.

Q4. What about new Critical Illness claims going forward?

A. The new Accelerated Death Benefit amount will apply to FFIUL and FCIUL qualified claims beginning June 17, 2023.

Q5. Will these changes apply to the FFIUL for all states, ~~except South Carolina initially~~, where the product is available?

A. No, New York is not included in these enhancements.

Q6. Will target premiums be changing?

A. No, the MNL floor from the December 2021 reprice is still 50% of the target premium.

Q7. If the agent requests an internal 1035 Exchange to a new policy, what is required to waive surrender charges?

A. For FFIUL only, the policyholder must increase the face amount on the new policy by 25% or more above the in-force policy to waive surrender charges. Keep in mind, when they apply and move an in-force policy to a new policy, it is the cash value that is moved.

There are **no** changes to the existing forms or processes for internal 1035 Exchanges. We'll provide an illustration with the final 1035 Exchange funds amount, and the form will need to be signed by the client.

Q8. What is changing with the surrender charge schedule?

A. Below are the current and new surrender schedules, effective June 17, 2023.

| Year | Current FFIUL | Enhanced FCIUL |
|------|---------------|----------------|
| 1 | 100% | 100% |
| 2 | 100% | 100% |
| 3 | 100% | 100% |
| 4 | 100% | 92% |
| 5 | 100% | 85% |
| 6 | 100% | 77% |
| 7 | 100% | 69% |
| 8 | 100% | 62% |
| 9 | 100% | 54% |
| 10 | 100% | 46% |
| 11 | 83% | 38% |
| 12 | 66% | 31% |
| 13 | 50% | 23% |
| 14 | 33% | 15% |

| | | |
|-----|-----|----|
| 15 | 16% | 8% |
| 16+ | 0% | 0% |

Q9. Will there be changes to the current processes or forms?

A. No, however, the FFIUL and FCIUL products will be available on the new *Transamerica Life Illustrator* tool set to release on June 30, 2023.

Q10. What are the transition rules for paper and electronic applications for the old rates versus the new rates?

A. See chart below.

| Options | Old Rates | New Rates |
|---------------------------------|---|--|
| iGO e-App® & Paper Applications | Policies issued or printed on or before Friday June 16, 2023, will receive old rates. | Applications received on or after Saturday, June 17, 2023, will receive new rates. Inflight policies issued or printed on or after June 17, 2023, will get new rates. |

Exclusions and Other Notes

- New York (IUL09NY/TFLIC) is not included in this reprice initiative.
- A new application is **not** required in order to receive the increased Critical Illness maximum amount. All new Critical Illness claims on currently sold FFIUL(IUL09) or FCIUL products received on or after **June 17, 2023**, can accelerate the lessor of 90% or \$1.5M.

Reissue Requests

- Policies are NOT eligible for reissues. The new rates are NOT available for applications dated, issued, or printed on or before **June 16, 2023**.
- All cases submitted for reissue will be reissued with the same rates/plan codes that they were originally printed with.

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