

Updated cap, illustrated rates and PDA interest rate

357NB

Date: May 20, 2021**Effective:** June 28, 2021

Updated cap and illustrated rates

North American believes in providing competitive products along with long-term value and stability. As we are committed to upholding these promises, we continue to evaluate our products and rates to ensure they are aligned with this long-term focus. Please be advised that we will soon be making adjustments to the cap and maximum illustrated rates for the following currently marketed products:

- **Builder Plus IUL[®] 2**
- **Protection Builder IULSM**
- **Smart Builder IUL[®]**

Please note, the cap and illustrated rate changes do not impact the Builder Plus IUL[®] 3 (Refer to field bulletin 352NB for Builder Plus IUL 3 availability).

For these products to receive the current rates, **ALL** monies must be placed into the index accounts with an effective date **ON OR BEFORE June 25, 2021**. All monies with an effective date **on or after June 28, 2021**, will receive the new rates as outlined in the tables on page two. The new maximum illustrated rates are also shown below.

Please consider using the new rates for all future illustrations as applications you submit today may not be ready for issue until after the new rates have been implemented. All in force product lines will have rate reductions as well. The rate changes will take effect for index selections on inforce policies that renew on or after **June 28, 2021**.

To receive current rates

All of the following criteria must be met for monies to be placed into the index accounts with an effective date on or before **June 25, 2021**:

For applications in New Business

- Policy Anniversary Date of 6/25/21 or earlier
- Money received and applied by 6/24/21
- All requirements received in good order by 6/24/21
- Policy placed in force by 6/24/21

For applications in Policy Change

- Policy Anniversary Date of 6/25/21 or earlier
- Money received and applied by 6/23/21

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- All requirements received in good order by 6/23/21
- Policy placed in force by 6/23/21

Cap rates for the S&P 500 Annual Point-to-Point will be reduced by 60 – 80 basis points, the High Par S&P 500® Annual Point-to-Point will be reduced by 10 – 75 basis points, and cap rates will be reduced 10 – 60 basis points on few other strategies on currently marketed products as well as some inforce product lines.

Note: not all rates are changing at this time. The rates that are changing are highlighted.

Currently Marketed Products

PtP = Annual Point to Point, PtP w/Spread = Point to Point with Spread, Mthly PtP = Monthly Point to Point

The Fidelity Index is currently available in all states and territories except: Alabama, California, Delaware, Florida, North Dakota, and South Dakota.

Builder Plus IUL® 2 - Effective for Index Periods that start on/after June 28, 2021					
Index	Crediting Method	Par Rate	Cap Rate	Spread Rate	Max Illustrated Rate**
Fidelity Multifactor Yield Index SM 5% ER	PtP	135%	-	-	5.32%
S&P 500®	PtP	100%	8.70%	-	5.54%
S&P 500®	Mthly PtP	100%	3.15%	-	5.32%
S&P 500®	PtP w/Spread*	100%	-	10.00%*	5.32%
High Par S&P 500®	PtP	140%	7.50%	-	5.07%
NASDAQ 100®	PtP	100%	7.70%	-	5.32%
S&P MidCap 400®	PtP	100%	7.90%	-	5.32%
Russell 2000®	PtP	100%	7.70%	-	4.97%
EURO STOXX 50®	PtP	100%	9.25%	-	5.32%
Multi Index	PtP	100%	7.40%	-	5.20%
Uncapped S&P 500®	PtP	48.50%	-	-	5.32%

*On a current basis the percentage of account value charge has been reduced by 80 bps to 0% for monies allocated to this index selection.

**Maximum illustrated rate reflects the requirements of AG49-A. These rate updates reflect the lesser of the 65-year historical look back or the maximum allowed AG49-A illustratable rate. Illustrated maximums may vary by index to reflect additional spending and may vary by product to incorporate multiplier impacts.

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Protection Builder IUL - Effective for Index Periods that start on/after June 28, 2021					
Index	Crediting Method	Par Rate	Cap Rate	Spread Rate	Max Illustrated Rate*
Fidelity Multifactor Yield Index SM 5% ER	PtP	135%	-	-	6.12%
S&P 500 ^o	PtP	100%	7.95%	-	5.15%
S&P 500 ^o	Mthly PtP	100%	2.45%	-	3.81%
S&P 500 ^o	PtP w/Spread	100%	-	8.50%	6.08%
High Par S&P 500 ^o	PtP	140%	6.70%	-	4.57%
NASDAQ 100 ^o	PtP	100%	6.80%	-	5.03%
S&P MidCap 400 ^o	PtP	100%	6.75%	-	4.90%
Russell 2000 ^o	PtP	100%	6.75%	-	4.43%
EURO STOXX 50 ^o	PtP	100%	8.30%	-	5.00%
Multi Index	PtP	100%	6.25%	-	4.47%
Uncapped S&P 500 ^o	PtP	37.50%	-	-	4.37%

*Maximum illustrated rate reflects the requirements of AG49-A. These rate updates reflect the lesser of the 65-year historical look back or the maximum allowed AG49-A illustratable rate. Illustrated maximums may vary by index to reflect additional spending and may vary by product to incorporate multiplier impacts.

Smart Builder IUL- Effective for Index Periods that start on/after June 28, 2021					
Index	Crediting Method	Par Rate	Cap Rate	Spread Rate	Max Illustrated Rate*
Fidelity Multifactor Yield Index SM 5% ER	PtP	135%	-	-	6.12%
S&P 500 ^o	PtP	100%	7.40%	-	4.84%
S&P 500 ^o	Mthly PtP	100%	2.25%	-	3.35%
S&P 500 ^o	PtP w/Spread	100%	-	9.00%	5.82%
High Par S&P 500 ^o	PtP	140%	6.25%	-	4.26%
NASDAQ 100 ^o	PtP	100%	6.00%	-	4.49%
S&P MidCap 400 ^o	PtP	100%	6.00%	-	4.39%
Russell 2000 ^o	PtP	100%	6.00%	-	3.98%
EURO STOXX 50 ^o	PtP	100%	7.75%	-	4.71%
Multi Index	PtP	100%	5.80%	-	4.17%
Uncapped S&P 500 ^o	PtP	34%	-	-	3.97%
PtP = Annual Point to Point, PtP w/Spread = Point to Point with Spread, Mthly PtP = Monthly Point to Point					

*Maximum illustrated rate reflects the requirements of AG49-A. These rate updates reflect the lesser of the 65-year historical look back or the maximum allowed AG49-A illustratable rate. Illustrated maximums may vary by index to reflect additional spending and may vary by product to incorporate multiplier impacts.

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Updated PDA interest rate

Effective June 28, 2021, the PDA interest rate will change from 3.25% to 2.00% for any new deposits into existing Premium Deposit Agreements (PDA) and PDAs established with a new policy issue.

For policies already in force:

- Will receive the old 3.25% rate for deposits received on or before **June 25, 2021**.
- Will receive the new 2.00% rate on subsequent deposits received after **June 25, 2021**.

Refer to the guidelines below to determine what rate the PDA on a newly issued policy will receive.

For applications in New Business that are not yet placed in force:

- To receive the old rate, the policy anniversary date must be **June 25, 2021** or prior.
- Policies with PDA that are placed in force on **June 24, 2021 or prior**, will receive the old 3.25% rate.
- Policies with PDA that are placed in force on **June 25, 2021 and after**, will receive the new 2% rate.

For applications in Policy Change that are not yet placed in force:

- To receive the old rate, the policy anniversary date must be **June 25, 2021** or prior.
- Policies with PDA that are placed in force on **June 23, 2021 or prior**, will receive the old 3.25% rate.
- Policies with PDA that are placed in force on **June 24, 2021 and after**, will receive the new 2% rate.

New policy pages will need to be reissued to reflect the new PDA rate for policies that are issued prior to June 28, 2021, but not placed in force by:

- **June 24, 2021** for New Business cases.
- **June 23, 2021** for Policy Change cases.

The reissue of a full policy (either paper or eDelivery, will match how it was issued originally) will take place the week of June 28, New Business and/or Policy Change will notify you if you have a case that needs to be reissued.

Contact Sales Support for assistance with PDA rate calculations.

Illustration Platform

Our Web Illustrations will reflect the updated maximum illustrated rates, the updated cap and participation rates, and the PDA rate on **June 26, 2021**.

More information

For further information on these changes, please contact your Managing General Agent (MGA).

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