

Premium Deposit Account (PDA) Agreement highlights

The PDA Agreement is a policy rider that provides the opportunity to help maximum-fund a life insurance policy through a series of pre-scheduled fixed payments. It allows you to show a single-payment solution without creating a Modified Endowment Contract (MEC).

Issue ages	0-110		
Cost	There is no charge for this agreement.		
Minimum deposit amount	Minimum deposit of \$5,000 unless the insured is age 17 or under, which requires a minimum deposit of \$2,000 into the PDA. These minimums do not include the initial premium payment.		
Minimum number of premium payments	At least two years of premium payments must be deposited into the PDA. This does not include the initial premium paid at issue.		
Maximum number of premium payments	No more than 10 years of premium payments can be deposited into the PDA. This does not include the initial premium paid at issue.		
Annual interest rate¹ Effective March 1, 2023	PDA interest is dependent on the number of annual planned premium payments out of the PDA. The same interest rate is applied for all payments. This does not include the initial premium paid at issue.		
	Number of premium payments from PDA	Interest rates for fixed and indexed products	Interest rates for variable products
	2-7 payments	4.25%	4.25%
	8-10 payments	4.25%	4.25%
Can additional deposits be made to the PDA?	Yes, a total of three deposits can be made to the PDA.		
Can withdrawals from the PDA occur?	Yes, only the full balance of the PDA may be withdrawn at any time. No interest will be earned on amounts withdrawn. ² This will result in a termination of the PDA Agreement. Partial withdrawals from the PDA are not allowed.		
Agreement parameters	<ul style="list-style-type: none"> • The annual planned premium cannot be decreased while the PDA Agreement is active. • While additional premium may be paid, when PDA is active, EFT and direct billing for premium are not available. • The annual planned premium can be increased only when making additional deposits to the PDA. • The balance of the PDA agreement account will be “payable on death” to the policy’s designated beneficiary. • 1035 exchange funds may not be deposited into a PDA. 		

How it works

The client pays a lump sum, along with an amount equal to the first-year premium of the policy. The lump sum payment will go into an account that is designated to earn interest. The first-year premium is applied to the contract at issue. Each year at the policy anniversary, the annual premium is paid from the PDA. This payment consists of the accrued interest in the PDA and a portion of the principal that makes up the balance of the annual premium.

1. Interest may vary by state.

2. In some states, interest may be paid upon death or PDA termination and will be calculated using the Minimum PDA annual interest rate.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

PDA may not be available on all products in every state. PDA may not be available in all states, may exist under a different name in various states and may not be available in combination with other agreements.

The PDA Agreement has restrictions that may result in termination of the agreement prior to the payment of all of the planned premiums and may result in the loss of expected interest. Interest credited when used to pay policy premiums will be reported as taxable income to the policy owner.

PDA interest is dependent on the number of annual planned premium payments paid from the PDA. The same interest rate is applied for all payments. If paying 11 premiums, one premium must be paid at issue; therefore, a maximum of 10 years of additional premiums may be deposited into the PDA.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states or may exist under a different name in various states and may not be available in combination with other agreements.

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