

Fixed Interest Participating Loan Rate Update

435NB

Date: March 23, 2023**Effective:** April 1, 2023

In January this year, North American had announced a new Fixed Interest Participating Loan¹ (FPL) rate of 5.75% that would go into effect on April 1, 2023. We would like to inform you that we will now be pivoting to a different FPL rate.

New Fixed Interest Participating Loan (FPL) rate, effective April 1, 2023

- The FPL¹ interest rate for Builder Plus IUL[®] 3 (indexed universal life) **will now be 5.40%**. The Interest Bonus on the Fixed Interest Participating Policy Loan will remain at 2%.

The other updates that were announced in January for the Accelerated Death Benefit Endorsement² interest rate and Variable Interest Policy Loan rate will still go into effect on April 1, 2023 as originally planned.

New loans taken on or after April 1, 2023 will use the new rate. For existing loans, these changes will take place on their next policy anniversary. North American will notify impacted policyholders by mail 60 days prior to their rate change date regarding which rate is applicable to their policy.

For more information on these changes, please contact your Managing General Agency (MGA).

1. The net cost of a Fixed Interest Participating Policy Loan could be negative if the credits earned are less than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged less any guaranteed bonus. In brief, fixed interest rate participating loans have more uncertainty than standard policy loans in the interest rate credited.
2. Accelerated Death Benefits are subject to eligibility requirements. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. An administrative fee is required at time of election of an Accelerated Death Benefit Endorsement.

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

In some situations loans and withdrawals may be subject to federal taxes. North American does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

ACCELERATED DEATH BENEFIT – CHRONIC ILLNESS IS NOT LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG TERM CARE INSURANCE. ACCELERATED DEATH BENEFIT FOR CRITICAL ILLNESS IS NOT HEALTH INSURANCE NOR IS IT INTENDED TO REPLACE HEALTH INSURANCE.

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Field Bulletin

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