

Reminder of Waiver of Surrender Charge on outgoing 1035 exchanges

443NB

Date: May 18, 2023

As a reminder, the Waiver of Surrender Charge Rider does not apply to outgoing 1035 exchanges¹ (please refer to the policy pages for details). Below are the steps taken to notify agents and policyholders when a request for outgoing 1035 is received:

Timing	Actions	Additional information
Before request is received	The values section of the website displays that charges may be applied for surrender on outgoing 1035 exchange.	This can be located by hovering over the Tool Tip on the values screen.
First day request received	Agent conservation memo is uploaded to website under inforce correspondence.	This memo explains there will be surrender charges applied to the outgoing 1035 value. This allows 14 days for conservation.
First day request received	Policyholder letter is mailed explaining there are charges with this exchange.	This letter explains there will be surrender charges applied to the outgoing 1035 value. This allows 14 days for the client to withdraw the request.
After 14 days of conservation	The request will be processed unless we are notified in advance by the agent or the policyholder to withdraw the request.	The proceeds will be sent to the outgoing 1035 company by check.
After processing is complete	Reinstatement is not allowed on terminated policies.	

For any questions, please email Life Customer Contact at lifecorrespondence@sfgmembers.com.

1. Surrender charges will not be waived if the policy is surrendered under an external 1035 exchange (except in FL). A decrease charge will be assessed if a reduction in the specified amount is requested during the waiver of surrender charge period. However, if a partial withdrawal results in a reduction of the specified amount, the withdrawal charge is waived. There is an additional charge for this rider and it must be applied for at the time of application.

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