

Increased Premium Deposit Agreement interest rate

Effective: August 1, 2023

North American's enduring strength and stability, prudent investment philosophy and private ownership allows us to continually evaluate new opportunities that can bring more value to our distribution partners and customers. As a result, we are excited to announce that, **effective August 1, 2023**, the interest rate on the Premium Deposit Agreement in the Premium Deposit Account **will change from 2.50% to 4.00%**. This applies to new premium deposits paid into an existing Premium Deposit Agreement and new Premium Deposit Agreements established at policy issue.

Use the guidelines below to determine what rate will be received.

For applications in New Business and Policy Change that are not yet placed inforce

To receive the new **4.00%** interest rate, all of the following must occur:

- Anniversary date must be **August 1, 2023** or after
- Policy packet must be issued/generated on **August 1, 2023** or after
- Case must be placed inforce on **August 1, 2023** or later

If all of the above criteria is not met, the old 2.50% rate will be received.

For policies already inforce

- Deposits received in Premium Deposit Account on or before **July 31, 2023**, will receive the old **2.50%** rate
- Deposits received in Premium Deposit Account on or after **August 1, 2023**, will receive the new **4.00%** rate

Transition details

Policies that are issued with a Premium Deposit Agreement on **July 31, 2023** or prior that are not placed inforce by **July 31, 2023**, will need to be reissued to reflect the new interest rate. This reissue of a full policy (either paper or eDelivery, will match how it was issued originally) will take place the week of **July 31, 2023**. New Business and/or Policy Change will notify you if you have a case that needs to be reissued.

Applications that are still pending or not yet issued will automatically get the new rate as long as they are issued on or after **August 1, 2023**. Between **July 20, 2023** and **July 31, 2023**, New Business and Policy Change will ensure all cases with a Premium Deposit Agreement are only issued per instruction from the agent, otherwise they will be held up from issue until **August 1, 2023** so the new interest rate will be received.

Please keep in mind that the new rate will result in a different premium if utilizing the same lump sum and number of years. This may require an adjustment to ensure a non-Modified Endowment Contract¹ status remains after the rate change. Contact Agent Solutions for assistance with Premium Deposit Agreement interest rate calculations.

Field Bulletin

Illustration platform

Our web illustrations platform will reflect the new interest rate on **July 29, 2023**.

For more information on these changes, please contact your Managing General Agency (MGA) or your dedicated New Business or Policy Change team.

1. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

THE PREMIUM DEPOSIT AGREEMENT IS NOT INTENDED TO BE USED FOR INVESTMENT PURPOSES.

The Premium Deposit Agreement is issued on form series LR509 or state variation, by North American Company for Life and Health Insurance, West Des Moines, Iowa. Products, features, riders, endorsements, and issue ages may not be available in all jurisdictions. Limitations and restrictions may apply.

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