



MassMutual raising premium limits for ALIR and similar riders

Effective June 1

MassMutual is raising premium limits for the Additional Life Insurance Rider (ALIR). Effective June 1, the limits will be:

- **\$5 million using the 10:1 rule:** ALIR payments up to \$5 million can be made provided the payment is no more than 10 times the base policy plus LTCAccess Rider annual premiums.
- **\$3 million using the 20:1 rule:** For 1035 exchanges, ALIR dump-ins up to \$3 million can be made provided the payment is no more than 20 times the base policy plus LTCAccess Rider annual premiums.
- **For 1035 exchanges,** loans carried over from the old policy to the MassMutual policy will be treated as an unscheduled ALIR payment and subject to the maximum limits above. In some cases, this may require additional evidence of insurability and/or the client to pay out-of-pocket money if there is not enough 1035 value going into the policy to cover the loan being carried over.
- **These limits also apply to** the Life Insurance Supplement Rider (LISR), as well as the Survivorship Additional Life Insured Rider (ALIRS) and Survivorship Life Insurance Supplement Rider (LISRS) available on second-to-die whole life policies. These are aggregate limits for these riders and apply across all policies on a given insured.

Illustrations available June 1

Illustrations with the higher limits will be available June 1 in MassMutual Designs and WinFlex.

Frequently asked questions

Here is additional information on the new limits.

Are there limits on the amount of base premium that may be paid?

No, there is no limit on the amount of base premium that may be paid (subject to underwriting).

Are there limits on the amount of premium that may be applied to the ALIR or LISR AT policy issue?

Yes, the maximum combined total first-year ALIR and LISR premium for all policies on the life of an insured may vary but may not exceed \$5 million with 10:1 ALIR to base policy for all cases (including 1035 exchange cases). If the 20:1 rule is used for a 1035 exchange case, the total first-year ALIR and LISR dump-in may not exceed \$3 million.

Are there limits on the amount of premium that may be applied to the ALIR or LISR AFTER policy issue?

Yes, the maximum total renewal-year ALIR premium for all policies on the life of an insured may not exceed \$5 million per year. However, due to ALIR flexibility rules, higher ratios may be permitted in some cases.* The maximum total renewal-year LISR premium for any policy is the amount that would allow LISR to cross over and consist entirely of paid-up additions.

Is there a limit on the maximum ratio of ALIR or LISR premiums to base premiums AT policy issue?

Yes, the maximum combined ratio of ALIR and LISR premiums to base premiums is 10:1, except for 1035 exchanges with a total premium of \$3 million and under may have a combined ratio of ALIR and LISR to base up to 20:1.

Is there a limit on the maximum ratio of ALIR or LISR premiums to base premiums AFTER policy issue?

Yes, the maximum ratio of ALIR to base premium is 10:1. However, due to ALIR flexibility rules, higher ratios may be permitted in some cases.* The maximum ratio limit of LISR is the ratio that would allow LISR to cross over and consist entirely of paid-up additions.

Do limits exist for premium financing cases?

Yes, in addition to the premium limits above on premium financing cases, the maximum ratio of ALIR/LISR to base premiums is 1:1.

Are not-for-profit organizations limited?

Yes, case designs for not-for-profit organizations including ALIR must be pre-approved by Advanced Sales.

**For example, "stop and go" flexibility allows skipped payments to be made up in subsequent years.*

FURTHER INFO

- Contact your MassMutual brokerage director



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Creative Financial Group

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