



## Another Shift Toward More Conservative Indexed Universal Life (IUL) Illustrations

The National Association of Insurance Commissioners (NAIC) recently adopted revisions to Actuarial Guideline 49 (AG49) which governs maximum illustrated rates for IUL products. The recently approved revisions will effectively put an end to using bonuses and multipliers that add additional accumulation value to an illustration (aside from the annual projected index credit).

### **The most notable change will be:**

Lower maximum illustrated rates of volatility-controlled indices.

Any fixed bonus should not illustrate more favorably than a traditional capped S&P 500 indexed account.

IUL illustrations have become very complex over the years as an attempt to represent a higher illustrated value with multipliers, buy up accounts, charge reductions, charge increases and bonuses. There was not a lot of consistency in how different products were illustrated, which made it more difficult for producers and their clients to assess their options.

Take the complexity out of the conversation and introduce your clients to a financial solution they can count on. For life.

### **Life offers very few guarantees. We offer three of them.**

Guaranteed level premiums.

Guaranteed death benefit.

Guaranteed cash value.

MassMutual Whole Life Insurance is designed to give clients the peace of mind they're looking for.

[Learn how](#) AG49 impacts Whole Life Insurance. Sharing this with your Financial Professionals is easy too! Click the share button below and fill in the attached Outlook template with your contact information.

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### Permanent Life Insurance Options

Comparing Whole Life and Indexed Universal Life

When buying permanent life insurance, there are several different types to choose from. Two popular choices are whole life insurance and indexed universal life (IUL).

Here are some of the policy features to consider when deciding what type of coverage is right for your client.

Product Features	Whole Life Insurance	Indexed Universal Life
Premium	Level	Flexible
Death Benefit	Guaranteed	May be guaranteed, depending on policy. Guaranteed interest rate floor which may be positive or zero depending on policy.
Cash Value or Account Value Growth	Guaranteed cash value accumulation	Non-guaranteed account values. Based on maximum fluctuation rate of the index chosen. Components of calculation could apply for the following: cap rate, participation rate, quarterly bonus, multiple, fixed bonus, floor. (See Contract Components of Calculating the IUL Crediting Rate below.)
Market Participation	No	Yes, interest credited on changes in securities indices. There do not include dividends from the stock making up the index.

U.S. products are marketed with illustrative market production and assume market growth potential. It is important to have a basic understanding of how these products generally work and are illustrated.

- Guarantees a profit from market loss (i.e. CRF Rider) are not without some cost.
- Potential adjustments to Cash Value and Participation Rate are part of the cost.
- It is possible for the account value to decline in a down market due to the reduction of policy charges.
- Premiums are not typically guaranteed for the life of the policy, some policies may have a no lapse guarantee feature.
- Depending on the performance of the policy over the lifetime of the policy, adjustments may need to be paid more than the premium quoted when the policy was issued to keep the coverage in force.

U.S. has a list of scoring parts and non-guaranteed elements that are often difficult for customers to fully understand. U.S. is similar to Universal Life products but use different crediting rate methodologies to calculate the policy's account value growth.

\* Dividends are not guaranteed



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MassMutual does not issue Indexed UL policies.

The products and/or certain features may not be available in all states. State variations will apply.

Whole Life Legacy series policies ((Policy Forms: MMWL-2018 and ICC18-MMWL in certain states, including North Carolina)/ (MMWLA-2018 and ICC18-MMWLA in certain states, including North Carolina)) and MassMutual Whole Life series policies on the digital platform (Policy Forms: WL-2018 and ICC18WL in certain states, including North Carolina) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.



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