

Introducing Smart Builder IUL 2

375NB

Date: November 18, 2021

Effective: November 22, 2021

North American is pleased to announce a new Indexed Universal Life (IUL) insurance product available **November 22, 2021**. Smart Builder 2 is designed for death benefit protection and the potential for strong early cash surrender values through a 0% premium load and optional Waiver of Surrender Charge (WOSC) Option Rider.

Smart Builder 2 highlights:

- Death benefit protection
- Includes new 7702 and 7702A calculations for Guideline Premium Test, Cash Value Accumulation Test, and what qualifies as a Modified Endowment Contract
- 0% premium load
- 0% surrender charge when the WOSC Option Rider is selected*
- Surrender charge period is 10 years
- Strong early cash value performance
- Accelerated death benefit endorsement for critical, chronic, and terminal illness¹
- Variable interest rate policy loans allowed in policy year one²
- 10% of the surrender value is available for a penalty free withdrawal beginning in policy year two

**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.*

Index selections and rates

Index	Crediting Method	Par Rate	Cap Rate	Spread Rate	Max Illustrated Rate*
Fidelity Multifactor Yield Index SM 5% ER	PtP	125%	-	-	6.12%
S&P 500 [®]	PtP	100%	6.50%	-	4.32%
S&P 500 [®]	Mthly PtP	100%	2.25%	-	3.38%
S&P 500 [®]	PtP w/ Spread	100%	-	9.00%	5.87%
High Par S&P 500 [®]	PtP	140%	5.80%	-	4.00%
NASDAQ 100 [®]	PtP	100%	5.80%	-	4.36%
S&P MidCap 400 [®]	PtP	100%	5.80%	-	4.23%
Russell 2000 [®]	PtP	100%	5.80%	-	3.85%
EuroStoxx 50 [®]	PtP	100%	7.00%	-	4.28%
Uncapped S&P 500 [®]	PtP	34.00%	-	-	4.00%
Multi-Index	PtP	100%	5.60%	-	4.02%

PtP = Annual Point to Point, PtP w/Spread = Point to Point with Spread, Mthly PtP = Monthly Point to Point

*Maximum illustrated rate reflects the requirements of AG49-A.

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7702 and 7702A updates

Updated calculations for GPT and CVAT allow for potentially larger premium amounts for the same death benefit (or lower death benefit for same premium). For more information on this, please refer to our [Frequently Asked Questions](#).

Product availability

Starting **November 20, 2021**, this product will be available to quote and apply for on North American's Web-Based Illustration software, and SimpleSubmit[®] (our electronic application platform). **Applications for Smart Builder 2 must be dated November 22, 2021, or later.** New Business and Policy Change will be able to issue Smart Builder 2 policies starting **November 22, 2021**.

Smart Builder 2 is available in all states. The prior version of the Smart Builder will no longer be available for sale as of 12/15/21.

Forms

The supplemental forms for Smart Builder 2 have been updated as follows:

Form Title	Prior Version	New Version
IUL Systematic Premium Allocation Request Form (SPA)	O-2882 rev 2-21	O-2882 rev 9-21

Note: The SPA form is being updated to the 9-21 version in all states and for all IUL products. The prior version of the form will no longer be accepted if it is signed January 1, 2022, or after.

Commission Options

This product includes an asset trail Commission Option C that may allow for significantly higher total commissions paid over time. Commission Option C is required if you select the WOSC Option Rider.

If you do not select the WOSC Option Rider, you may choose between Commission Options A, B, or C. Commission Option A is the traditional heaped option and Commission Option B includes an asset trail.

Note: For policies with the WOSC Option Rider, if a full surrender or lapse occurs during the first policy year, 100% of the compensation paid will be charged back.

Discontinuation of the previous version of Smart Builder IUL

Electronic Applications

As of **December 15, 2021**, the previous version of Smart Builder will no longer be available in SimpleSubmit[®]. Electronic applications for the previous version of Smart Builder must be signed by all parties and submitted by **December 14, 2021**.

Paper Applications

- To receive the previous version of Smart Builder, the application must clearly indicate that product, be signed by **December 14, 2021**, AND received by **December 27, 2021**.

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- Paper applications signed **November 22, 2021**, and after that do not specify which series is wanted, will automatically receive Smart Builder 2.
- All applications received **December 28, 2021**, and after will automatically receive Smart Builder 2, regardless of what is requested on the application.

Current pending business

Existing applications that are currently being processed in New Business or Policy Change but have not yet been placed in force can be changed to Smart Builder 2. To change an existing case to Smart Builder 2, a new fully completed application that is dated **November 22, 2021**, or later, will be required.

Policy dating guidelines

All Smart Builder 2 policies must have an anniversary date of **November 22, 2021**, or later.

All prior versions of Smart Builder policies must have an anniversary date of **December 28, 2021**, or prior.

Exchanges

Policies that have already been placed in force that are outside of the free look period cannot be reissued to receive Smart Builder 2 without full exchange paperwork.

Materials to get started

Please visit the products page on the NA Marketing Toolkit next week for marketing materials to get started with Smart Builder 2.

For more information on the new product, contact your Managing General Agent (MGA).

1. 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 applies for an election of the chronic or terminal illness. There is no administrative fee for critical illness.
2. The net cost of a variable interest rate 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 on variable interest rate policy loans. In brief, Variable Interest Rate Policy Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.

Indexed Universal Life products are not an investment in the “market” or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

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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.

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 request. 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).

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