

Annual Report Financial Professional FAQ

Overview

In an effort to provide continuous improvements to our policyholders, our first step is implementing changes to provide additional detail surrounding segment performance.

What changes are being made to the Annual Report?

- A new Policy Segment Activity Detail section has been added to the Annual Report for IUL and Indexed ISWL.
- Annual Reports will begin displaying the segment detail for all strategy-segments that had activity during the reporting period.

When do strategy-segments get created?

- When the value in the Basic Interest Strategy (BIS) exceeds the BIS value minimum by \$100 or more, the policy will sweep and create segment(s) in allocated strategy(ies).
- Policies will sweep on the 11th and 26th of each month.
- To be eligible to sweep, the BIS must exceed the BIS value minimum by \$100 or more at least two business days prior to the sweep date.
- For more information, please refer to our brochure Understanding Indexed Universal Life brochure (IUL2188).

When do strategy-segments end?

- Segments are created with a 5-year term using a 1-year point-to-point crediting period or a 6-year term using a 2-year point-to-point crediting period.
- Segments will terminate upon completion of their 5 or 6-year term.
- Segments that are depleted prior to the end of their applicable term will no longer appear on the annual report.

Will all strategies show on the report?

- All fixed and indexed strategy activity that occurred during the reporting period will display.
- Only those strategies with funds allocated will display.

Why do I not see a segment(s) on this report?

- Segments that credit on or after the policy anniversary will not show the activity until the following year's report.
- Segments that credit on or after the policy anniversary but are set to mature, will not show until the following year's report.

Why are there two lines listed for the Indexed Strategy segments?

- First line – displays the activity for the crediting period that ended during the reporting period
- Second line – (if applicable) will display for one of the two following reasons:
 1. To show a partial crediting period.
 2. To show a segment Maturity, or Reallocation.

1 YEAR POINT TO POINT INTERNATIONAL STRATEGY									
Segment Create Dt	Crediting Period		Beginning Value	Transactions		Index Earnings*		Ending Value	Cap Rate
	From	Through		Charges/Withdrawals	Maturing	Amount	Rate		
06/26/20	05/26/21	05/25/22	\$51.19	\$0.00	\$0.00	\$5.37	10.49%	\$56.56	10.50%
	05/26/22	12/09/22	\$56.56	\$0.00	\$0.00	N/A	N/A	\$56.56	10.50%

Where do I see the value of a maturing Indexed Strategy segment?

- Indexed Strategies will reflect the matured strategy as shown below:
 - The first line will display the segment activity during the crediting period.
 - The second line will display the maturity value in the Transactions Maturing column.

1 YEAR POINT TO POINT STRATEGY									
Segment Create Dt	Crediting Period		Beginning Value	Transactions		Index Earnings*		Ending Value	Cap Rate
	From	Through		Charges/Withdrawals	Maturing	Amount	Rate		
08/11/21	08/11/25	08/10/26	\$415.00	\$0.00	\$0.00	\$114.73	N/A [#]	\$529.73	6.00%
	08/11/26	08/11/26	\$529.73	\$0.00	-\$529.73	N/A	N/A	Matured	N/A

- Fixed Term Strategies with a matured segment will be reflected as shown below:

FIXED-TERM STRATEGY - 1 Year Segment(s):						
Segment Create Dt	Beginning Value	Segment Term	Charges/Withdrawals Life to Date*	Fixed Rate For Segment	Segment Status	
04/11/21	\$235.80	0011	\$0.00	3.75%	Matured	
05/11/21	\$49.20	0011	\$0.00	3.75%	Matured	

- Matured – Fixed-Term Segments and Indexed Segments are shown as matured when they have reached the end of the segment term. At this point, the funds have been placed back into the Basic Interest Strategy for transfer based on your premium directions on file with us.

How are reallocated segments displayed on the report?

- The Ending Value column will display “Reallocated”.
- The amount transferring out will display in the Transactions Charges/Withdrawals column.
- Segments that are reallocated during the reporting period and prior to the end of their applicable term will no longer appear under the original strategy on future annual reports.
- Reallocated segments will appear with the same creation date under the newly allocated strategy on the current and future annual reports. (Not applicable to fixed term strategies)

1 YEAR POINT TO POINT STRATEGY									
Segment Create Dt	Crediting Period		Beginning Value	Transactions		Index Earnings*		Ending Value	Cap Rate
	From	Through		Charges/Withdrawals	Maturing	Amount	Rate		
03/26/20	02/26/21	02/25/22	\$56,681.62	\$0.00	\$0.00	\$1,119.47	1.98%	\$57,801.09	9.75%
	02/26/22	02/26/22	\$57,801.09	-\$57,801.09	\$0.00	N/A	N/A	Reallocated	N/A

Reallocations only apply to certain products.

How are withdrawals displayed on the report?

- Withdrawals during the crediting period or reporting period will display in the Transactions-Charges/Withdrawals column.

1 YEAR POINT TO POINT STRATEGY									
Segment Create Dt	Crediting Period		Beginning Value	Transactions		Index Earnings*		Ending Value	Cap Rate
	From	Through		Charges/Withdrawals	Maturing	Amount	Rate		
05/26/22	05/26/26	05/25/27	\$754.09	-\$182.72	\$0.00	\$0.00	0.00%	\$571.37	7.75%
	05/26/27	05/26/27	\$571.37	\$0.00	-\$571.37	N/A	N/A	Matured	N/A

Where is the participation rate displayed on the report?

- Participation rate is displayed as a footnote after the last line of segment activity for the strategy.

1 YEAR POINT TO POINT STRATEGY									
Segment Create Dt	Crediting Period		Beginning Value	Transactions		Index Earnings*		Ending Value	Cap Rate
	From	Through		Charges/Withdrawals	Maturing	Amount	Rate		
04/26/21	04/26/25	04/25/26	\$2,693.82	\$0.00	\$0.00	\$202.04	7.50%	\$2,895.86	7.50%
	04/26/26	04/26/26	\$2,895.86	\$0.00	-\$2,895.86	N/A	N/A	Matured	N/A

Participation rate is 100.00%.

What additional resources are available to policyholders?

- Policy holders are encouraged to work with their financial professional on an annual basis to produce an in-force illustration.
- Please reach out to your GAFG sales representative for information regarding applicable index values for segment crediting periods shown in the annual report.

Can you explain Premium Direction Changes in Annual Reporting Period?

- Single Premium Direction change affecting Annual Reporting period:**

If a single Premium Direction change is applied to all reallocated segments in an annual reporting period, then based on the current Premium Direction percentage(s), the Charges/Withdrawal amounts on the segments showing an Ending Value of Reallocated will correspond to the new segments with a Segment Create date equal to the reallocated segment Crediting Period Through date.

- Multiple Premium Direction changes affecting Annual Reporting period:**

If multiple Premium Direction changes are applied to reallocated segments in an annual reporting period, then based on the current Premium Direction percentage(s), only the Charges/Withdrawal amounts on the segments showing an Ending Value of Reallocated will correspond to the new segments with a Segment Create date equal to the reallocated segment Crediting Period Through date.

Notes:

- **Pay close attention to the footnotes listed on the report, as they provide additional detail and information particular to the individual strategies selected.**
- Cap Rates will be displayed for all strategies, except 1-year fixed and 5-year fixed.
- If 11-month initial crediting period was selected, the following message will be displayed in the footnotes:
 - Initial interest crediting period is 11 months, subsequent interest crediting periods are 12 months.
- Standard Footnote on all Indexed strategies:
 - Some segments in this strategy may not have positive index earnings within the Annual Report period for one of the following reasons: 1) If N/A is displayed, a full crediting term has not passed since the segment was created; 2) If \$0.00 is displayed, the index value is down from the previous Annual Report period resulting in no index earnings. Regardless, you will not earn less than the minimum guaranteed interest rate as outlined in your Policy.
- Standard Footnote on Fixed strategies:
 - Charges/Withdrawals displayed are total charges/withdrawals since the segment creation date.