



New York Life Advanced Markets Network Retail Life Third Party Distribution (TPD)

To: Distribution Partners
From: Scott Long, CLU, ChFC, CVP, Head of Advanced Markets Network, TPD
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7702 Transition and Important Implications for WL, CWL, and CSWL & Key Year-End Business Processing Dates

Summary

This newsletter outlines important year end processing deadlines for currently sold Life products with respect to recent changes to IRC section 7702, including all Whole Life, Custom Whole Life, and Custom Survivorship Whole Life applications dated **November 5, 2021** or prior. For these applications, all requirements must be submitted by **December 6, 2021** to be issued by year-end. **No exceptions can be made.**

Since the Consolidated Appropriations Act (CAA) was signed into law on December 27, 2020, we have been preparing to transition our life product portfolio to ensure continued compliance with all regulations. The CAA impacts the interest rates used in Internal Revenue Code (IRC) Section 7702 and Section 7702A. These interest rates are used in the calculation of Definition of Life Insurance ("DOLI") testing and Modified Endowment Contract ("MEC") premiums. Additionally, the allowable Nonforfeiture Interest Rate used to determine the minimum cash value on certain products has also changed. All products must be in compliance by January 1, 2022 and policies that do not comply cannot be issued in 2022.

Whole Life Suite to be updated in 2021

- On November 6, 2021, AD121 Whole Life (WL), Custom Whole Life (CWL), and Custom Survivorship Whole Life (CSWL) will be introduced reflecting a new guaranteed cash value interest rate. A Network News will be published closer to the launch date of the new product series with full details.
 - With the launch of the new products, the Children's Insurance (CI) rider will be discontinued. To issue a policy with a CI rider, the year-end processing rules outlined below must be followed.

Year End Business Processing Deadlines for Applicable Whole Life Products

AD117 WL and CWL, and AD119 CSWL, cannot be issued in 2022. To issue all applicable AD117 WL and CWL, and AD119 CSWL policies by the end of the year the following deadlines have been established:

- For AD117 WL and CWL, and AD119 CSWL, eLife applications must be signed/submitted by **November 5, 2021**. Applications with a Part I application date of November 6, 2021 or later will receive the AD121 series of the product.

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- A complete application package (Part 1 and 2), including all underwriting requirements, must be submitted and received by **December 6, 2021** to position our underwriting teams to complete their review and issue these cases by year-end.
- AD117 WL and CWL or AD119 CSWL policies cannot be issued after year end. **No exceptions can be made.**

Any completed application packages, including outstanding underwriting requirements, received after December 6, 2021 will be processed in the order in which they were received, with a best effort made to issue for year-end. If these cases are not able to be issued by year end, they will not be issued. In these instances, a new application submission (e.g. amended application part I with a new signed date and revised illustration) would be required to instead issue the AD121 series of the product.

Impact of 7702 Transition on Contractual Term Conversion Options

Original age term conversions (OATC) on term policies issued on or before November 5, 2021 will continue to be allowed to convert to an AD117 WL or CWL product on or after January 1, 2022. The contractual provision maintains the original term insurance issue date and makes available the WL product that was available for sale at that time. Any term insurance issued on or after November 6, 2021 will have a contractual original age conversion privilege to AD121 products.

Attained age term conversions (AATC) will follow these same year-end business processing rules. Any AATC dated November 5, 2021 or earlier must provide all necessary requirements by December 6, 2021 to ensure issuance. Any AATC dated November 6, 2021 or later will convert to the AD121 products.

Summary of Key Year End Processing Key Dates for ALL products

- November 05** Last day to sign/date a Part I application (to include eLife) for the AD117 WL, CWL and AD119 CSWL products; **all** applications with a Part I application date of November 6, 2021 or later will receive the AD121 series of the product.
- December 06** A complete application package for **all** products (Parts 1 and 2), including all underwriting requirements, must be received in our office and deemed in good order. Submissions and underwriting requirements received after this date will be processed and underwritten on a "best effort" basis.
- December 20** Underwriting approval must be received to proceed to issue.
- December 27** Initial premium payment and currently dated Supplemental Application (Self-Health Certificate) must be received in good order to pay compensation for 2021.
- December 31** Final day AD117 WL and CWL or AD119 CSWL policies can be issued. No exceptions can be made

We're here to help! For additional information please contact:

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