

# Helping you help your financial professionals

MAR.  
2021

The BGA Bulletin from Nationwide®



## April 12, 2021: Nationwide® products updated with the new 7702 and 7702A rates

Recent changes to Internal Revenue Code sections 7702 and 7702A have lowered the minimum interest rate assumptions used in calculating premium limits. This is good news as it increases the funding limits for policies to qualify as life insurance and allows for higher premiums relative to the specified amount before becoming a modified endowment contract (MEC). Starting April 12, 2021, the new rates will be applied to new business for the following products:

- **IUL products** — Nationwide IUL Accumulator II 2020, Nationwide IUL Protector II 2020, Nationwide Survivorship IUL 2020, Nationwide YourLife IUL Accumulator-New York only, Nationwide YourLife IUL Protector-New York only
- **VUL products** — Nationwide VUL Accumulator, Nationwide VUL Protector
- **Linked-benefit UL** — Nationwide CareMatters® II and Nationwide YourLife CareMatters® (New York & California only)

Our illustration software will be updated with the new 7702 and 7702A rates on April 9, 2021.



## Applying 7702 and 7702A rates to in-force policies for IUL and VUL

For IUL and VUL policies dated January 1, 2021 to April 11, 2021, we will begin applying the new 7702 and 7702A rates retroactively to increase the life insurance qualification funding limit and MEC limit. When we apply the new 7702 rates, we will not change a policy's premium, coverage amount or target premium unless a policy change is requested. The reduced CVAT minimum required death benefit factors will result in lower death benefits for policies in corridor. This may reduce the dollar amount of cost of insurance charges, because the net amount at risk is reduced. We will be in touch on how the 7702 and 7702A changes will be communicated to you and your clients.



## Applying the 7702 and 7702A rates to CareMatters policies

For YourLife CareMatters and CareMatters II policies issued from January 1 to April 12, 2021, we will apply the new 7702A rates retroactively. For YourLife CareMatters and CareMatters II policies issued on or after April 12, 2021, we will apply the new 7702 rates. The reduced CVAT minimum required death benefit factors will result in lower death benefits for policies in corridor. This may reduce the dollar amount of cost of insurance charges, because the net amount at risk is reduced. There is no impact to the long-term care benefits provided by the policies. Click [here](#) and for the Transition Guidelines.



## April 12, 2021: Nationwide Rewards Program changes for accumulation IUL and VUL

The calculations used in the Nationwide IUL Rewards Program and VUL Rewards Program (Rewards Program) are based on the 7702 limits. Since the limits are increasing, it could cause a sharp rise in the premium required in Rewards Program for accumulation products. In order to address this issue — and as a result of evaluating our Rewards Program experience — we are adjusting the premium required in the program. It will increase in some cases and decrease it in others. The adjustments apply to accumulation IUL and VUL policies issued on or after April 12, 2021.

This is the first change to the Rewards Program since being introduced in 2015. It applies to Nationwide IUL Accumulator II 2020, Nationwide YourLife IUL Accumulator (New York only) and Nationwide VUL Accumulator.

If a policy issued before April 12, 2021 has 7702 and 7702A changes applied retroactively, the policy will keep the original premium required for the Rewards Program. Click [here](#) for the Transition Guidelines.



### Help Protect Our Families campaign launch

Nationwide is proud to participate in the Help Protect Our Families campaign in partnership with LIMRA and other industry trade associations. The pandemic has prompted new priorities and together we can help close the life insurance coverage gap in the United States. Find out more details in [this fact sheet](#). Over the coming months, we will share resources and additional information so we can collectively work towards insuring more Americans. .



### International Travel

The COVID travel restriction expired 12/31/2020. Therefore, our normal International Underwriting Guidelines apply. Please note that the application, medical requirements, and policy delivery must take place in the United States.

[Click here](#) for Foreign National guidelines.



### Join us for Q1 National Life Webinars – March

Please join us for our National Life Webinars in 2021. Following are the webinars scheduled for this month; please use the Register Now button to sign-up.

#### Potential Tax Changes for 2021 & Beyond

Nationwide Technical Director, Advanced Consulting Group **Gail Brannock** shares her expertise in this webinar which will explore post-election tax planning for 2021 and beyond. She will discuss opportunities and the tax impacts on Individuals, Businesses and Estate and Gift categories.

**Thursday, March 11, 2 – 3 p.m. ET**

[Register Now](#) to share insights about the risks and tips on how to avoid them.



Questions? For more information, call us at 888-767-7373 or visit [nationwidefinancial.com](http://nationwidefinancial.com).

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Keep in mind that, as an acceleration of the death benefit, exercising the Chronic Illness Rider or the Critical Illness Rider payout will reduce both the death benefit and cash surrender value by an amount greater than one dollar for every dollar paid. Make sure life insurance needs will still be met, even if the rider pays out in full. Though riders that customize a policy to fit individual needs usually carry an additional charge, neither the Chronic Illness Rider, the Critical Illness Rider nor the Terminal Illness Rider has an initial cost or upfront monthly charge when any is included in the policy; however, a cost is incurred if and when the rider is exercised. A life insurance purchase should be based on the life policy and not solely on riders or features.

The chronic illness, critical illness or terminal illness benefit paid will be reduced to pay due and unpaid premium or charges. Additionally, a pro rata portion of the payment will be applied as a policy loan payment if there is any outstanding indebtedness.

Neither Nationwide nor its associates provide tax or legal advice. Benefits may be taxable under certain circumstances. Clients should consult with their tax and legal advisors about their specific situation.

Be sure to choose a product that meets long-term life insurance needs, especially if personal situations change — for example, marriage, birth of a child or job promotion. Weigh the costs of the policy and understand that life insurance has fees and charges that vary with sex, health, age and tobacco use. Riders that customize a policy to fit individual needs usually carry an additional charge. Rider names and availability vary by state.

Nationwide CareMatters is a cash indemnity product that pays LTC benefits when the insured person is certified to have a qualifying condition and a need for LTC services. Bills and receipts showing actual expenses do not have to be submitted for payment of benefits once a claim has been approved. Each year, the policyowner can receive, tax free, the greater of the HIPAA per diem amount or actual LTC costs incurred. However, benefits may be taxable under certain circumstances. Taxpayers should consult with their tax and legal advisors about their specific situation. Benefits under the LTC Rider are an advance payment of the policy's death benefit while the insured is still living. Accelerating the death benefit, along with taking loans and withdrawals, reduces both the

death benefit and cash surrender value of the policy. Care should be taken to make sure that life insurance needs continue to be met even if the entire death benefit is accelerated or if money is taken from the policy. Individual care needs and costs will vary, and there is no guarantee the policy will cover the entire cost of the insured's long-term care. Nationwide pays benefits to the policyowner. If the policy is owned by someone other than the insured, there is no guarantee the policyowner will use the benefits to pay for LTC services.

Guarantees are subject to the claims-paying ability of the issuing insurer. Products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation. Please remember, no product, rider, service or strategy is suitable for all clients. It is the responsibility of a registered representative of a broker/dealer to carefully consider the client's needs, objectives, risk tolerance and overall suitability before recommending any product, rider, service, or implementing any strategy.

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Products may not be available in all states. Riders are available for an additional cost, may not be available on all products or in all states and may be known by different names in different states. Nationwide CareMatters II is not available in MT, CA and NY. YourLife CareMatters is available in NY and CA instead. The general distributor for variable products is Nationwide Investment Services Corporation, member FINRA. Nationwide annuities and life insurance are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Company, Columbus, Ohio. FOR FINANCIAL PROFESSIONAL USE ONLY — NOT FOR USE WITH THE PUBLIC  
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