



Life

North American Company
for Life and Health Insurance
Since 1886

Custom TermGUL[®]

Low Cost Universal Life Insurance

Marketing Guide



Marketing Custom TermGUL

Many people like the idea of permanent life insurance protection. As opposed to term life insurance, permanent life insurance can provide death benefit protection for life. With its cash accumulation potential, it can also help with financial needs down the road.

Though the idea of permanent life insurance is nice, many are concerned about the cost of its added benefits. These clients are seeking affordable, long-term coverage that will be there when their loved ones need it most. For these scenarios, Custom TermGUL may be the ideal product.

Custom TermGUL is a universal life insurance product that provides low-cost death benefit protection. It performs well on minimum premium to carry the product to maturity. In addition to its value, Custom TermGUL offers several added benefits.

A key benefit of Custom TermGUL is its competitive performance on several payment methods, including 1035 exchanges, short pay, and single-pay scenarios. It offers cash value growth opportunity to help give your clients flexibility and control, and it can provide them surrender value should the need arise. Custom TermGUL offers low-cost life insurance coverage with the added opportunity for cash value growth for unexpected needs.

Custom TermGUL offers the death benefit coverage your clients are looking for along with several impressive features:

- Competitive premium to carry to maturity
- Net zero cost loans in years 11+
- Conditionally guaranteed interest bonus in years 11+

Custom TermGUL can also be ideal for:

- Income replacement
- Paying inheritance taxes
- Low-cost coverage

Business financial planning needs, such as buy-sell and key person insurance.

Interest Bonus

Custom TermGUL offers a conditionally guaranteed interest bonus to help your clients build long-term cash value accumulation. Interest bonus may be earned when we declare a current interest rate that exceeds the guaranteed interest rate of 2.5%. The current interest bonus rate is 1.0% in years 11 and thereafter. The Interest Bonus percentage is subject to change; however, once a policy is issued, the percentage will not change. Interest Bonus is not available in Texas.

Interest bonus is not applied to loaned funds. North American's illustration software allows you to illustrate a case with or without interest bonus. Changing the assumed interest rate to 2.5% removes the interest bonus from the illustrations.

Custom TermGUL Product Specifications

The following product details are highlights of Custom TermGUL. You may also visit our Website, at www.NorthAmericanCompany.com.

Also, be sure to consult our illustration software—you'll find helpful tools that are designed to provide answers quickly and easily!

Minimum Face Amount

- \$25,000

Issue Ages

- 15 days to 85 years (age nearest birthday)

Minimum Premium

- Coverage is guaranteed for fifteen years or to age 75 (whichever is less, but never less than ten years) provided the no-lapse guarantee minimum premium is paid.

Please consult our illustration software for premium rates.

Target Premium

- Target Premiums are based upon age, gender, specified amount, underwriting class, riders and ratings.

INTEREST RATE

- 2.5%, guaranteed in all years, is credited to the account value.
- Current interest rate set by company—only non-loaned policy values gain current rate.
- Current interest rate is guaranteed for the first policy year.
- Current interest bonus rate is 1.0% in years 11+ when North American declares a current interest rate that exceeds the guaranteed interest rate (interest bonus is not applied to loaned funds). The Interest Bonus percentage is subject to change; however, once a policy is issued, the percentage will not change.

WITHDRAWALS

- Partial withdrawals are available starting in the first policy year (available in year two in Oregon).
- Only one withdrawal may be made in the first policy year.
- The maximum withdrawal in policy year one is equal to 50% of the net cash surrender value. In policy year two and beyond, the maximum cumulative withdrawal in each policy year is equal to 90% of the net cash surrender value.
- Minimum withdrawal is \$500.
- Surrender charges decrease on an annual basis for policy years 1 through 20.
- Surrender charges vary by age, sex, underwriting class, policy year and amount of coverage.
- Consult illustration software for surrender charges for all ages and durations.

Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

LOANS

There are two types of loans on Custom TermGUL. The amount available for loans is the net cash surrender value less the interest on policy loans that will accumulate on the next policy anniversary.

- **Regular Loans**—Regular loans are available in the first ten policy years. Please refer to the illustration software for the current loan interest rate. The policy loan interest rate is guaranteed not to exceed 6%.
- **Net Zero Cost Loans**—Beginning in the 11th policy year, loans have no net cost because the loan interest rate and the credited interest rate are both set at 2.5%, resulting in a 0% net cost.

In some situations, loans and withdrawals may be subject to federal taxes. North American Company and its agents do 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.

AUTOMATIC DISTRIBUTION OPTION

The policyowner can request monthly, quarterly, semi-annual or annual distributions of the net cash surrender value. The policyowner needs to complete the Automatic Distribution Option form O-2788 to begin receiving the distribution.

DEATH BENEFIT OPTIONS

There are two death benefit options with Custom TermGUL:

- Level death benefit, where the death benefit is at least the Specified Amount
- Increasing death benefit, where the death benefit is at least the Specified Amount plus the Account Value in the policy

————— Flexibility for your clients! —————

LIFE INSURANCE TESTS

- **Guideline Premium Test (GPT)**—A policy that uses the GPT will have limitations on the amount of premium that can be paid. The limitations, called Guideline Single Premium and Guideline Level Premium, are required by the Internal Revenue Code for the policy to qualify as a life insurance contract.
- **Cash Value Accumulation Test (CVAT)**—A policy that uses CVAT does not have limitations on the amount of premium that can be paid. The death benefit for a policy that uses CVAT might be increased in order to qualify the policy as a life insurance contract.

MATURITY DATE

- To age 120, age nearest birthday

SPECIFIED AMOUNT CHANGES

Increases

- Available starting in the first policy year with satisfactory evidence of insurability
- Minimum increase amount is \$25,000

Decreases

- Available after the second policy year
- The specified amount may not be decreased below \$25,000
- Subject to surrender charges

Riders and Endorsements

The following riders and endorsements are available for Custom TermGUL:

- Accelerated Benefit Endorsement
- Accidental Death Benefit Rider
- Children's Term Rider
- Guaranteed Insurability Rider
- Waiver of Monthly Deductions Rider¹

¹ Not available in California. (for Waiver of Monthly deduction rider).

CHRONIC ILLNESS ACCELERATED BENEFIT RIDER²

This accelerated benefit rider advances a portion of the death benefit if the insured is chronically ill, which is defined as being permanently unable to perform at least two of the six Activities of Daily Living or having a severe cognitive impairment. The rider is not available to insureds over issue age 75, insureds rated higher than Table 4, or on policies that contain medical flat extras. An administrative fee is required at the time of election. There is no additional premium for this benefit. The death benefit will be reduced by the amount the client chooses to accelerate for a qualifying chronic illness. However, because benefits are paid prior to death, the actual amount paid to the client will be less than the amount of death benefit accelerated. Additional exclusions and limitations apply. May not be exercised at the same time as the Accelerated Benefit Endorsement. Refer to the Chronic Illness Accelerated Benefit Rider guide (NAM-1080) for complete details.

North American's illustration software can illustrate cases that include these riders.

POLICY COSTS

- Monthly administrative fee is \$7.00 up to age 100.
- Premium load is 7% in all policy years up to age 100.
- Per \$1,000 Unit Expense Charge is charged for 10 years on a current basis and to age 100 on a guaranteed basis.
- Guaranteed cost of insurance charges based on 2001 CSO, ANB, gender distinct, smoker distinct mortality tables (Montana uses gender non-distinct tables). COI rates are \$0 starting at age 100.

UNDERWRITING

Detailed underwriting requirements can be found in the Underwriting Guidelines brochure, NAM-1147.

Issue Ages (age nearest)	Specified Amount: \$25,000 to Maximum*
15 days - 17 years	Standard NT
18 years - 85 years	Super Preferred NT Preferred NT Standard NT
18 years - 85 years 15 years - 85 years	Preferred TB Standard TB

*Specified amounts for applicants under age 18 are limited by underwriting guidelines. Please contact your underwriter for details.

² Not available in California.

SUBSTANDARD

Table ratings are available for both medical and non-medical reasons and vary by issue ages. Table ratings are applied under the following guidelines:

- Table ratings are 25% per table for COI rates and minimum premiums.
- Table ratings are 25% per table for target premiums.
- Table ratings are applied to the Standard Non-Tobacco or Standard Tobacco rates.

Flat extras may be applicable for issue ages 15 days to 85 years, and are applied under the following guidelines:

- Non-medical flat extras are applied to all rate classes except Super Preferred NT, Preferred NT ages 71+, and Preferred TB ages 71+.
- Medical temporary flat extras may be applied to the Standard Non-Tobacco and Standard Tobacco rates.
- Temporary flat extras are non-commissionable.





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| *Life*

Custom TermGUL is issued on policy form series LS167, Accelerated Benefit Endorsement is issued on form series LR352A, Accidental Death Benefit Rider is issued on form series LR370A, Children's Term Rider is issued on form series LR458, Chronic Illness Accelerated Benefit Rider (In Minnesota, Accelerated Benefit Rider for Continuous Confinement) is issued on form series LR450A, Guaranteed Insurability Rider is issued on form series LR373A, Waiver of Monthly Deductions Rider is issued on form series LR416B; or state variation by North American Company for Life and Health Insurance, Administrative Office, Sioux Falls, SD 57193.

Products, features, riders, endorsements or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

We're Here For Life[®]

525 W Van Buren | Chicago IL 60607

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