

Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force Amendment Proposal Form*

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

American Academy of Actuaries, Variable Annuity Reserves & Capital Work Group

Update the reference to the required minimum distribution (RMD) age in the VM-21 Standard Projection Amount for the Setting Every Community Up for Retirement Enhancement (SECURE) Act change.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

January 1, 2021, version of the Valuation Manual

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

In VM-21, Section 6.C.5:

- i. For tax-qualified contracts, add the following to the revised $GAPV^2$ corresponding to an initial withdrawal age of ~~74~~ the federal required minimum distribution (RMD) age.

$$0.50 \times \begin{cases} 0.95 - \sum_{i=Issue\ Age}^{Initial\ WD\ Age} GAPV^2_{Adjusted,Scaled} & , \text{ if contract is a tax - qualified GMWB} \\ 0.85 - \sum_{i=Issue\ Age}^{Initial\ WD\ Age} GAPV^2_{Adjusted,Scaled} & , \text{ if contract is a tax - qualified hybrid GMIB} \end{cases}$$

- j. Scale the revised $GAPV^2$ values at all future initial withdrawal ages—i.e., all ages greater than ~~74~~ the required minimum distribution (RMD) age, as identified in the preceding step—such that the sum of the revised $GAPV^2$ values equals 0.95 for tax-qualified GMWB contracts and 0.85 for tax-qualified hybrid GMIB contracts again.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

The Standard Projection’s withdrawal delay cohort method includes an adjustment at the required minimum distribution (RMD) age. The SECURE Act changed the RMD age from 70.5 to 72. This proposed amendment implements the change by directly referencing the RMD age. The direct reference will reduce Valuation Manual maintenance for any future changes.

* This form is not intended for minor corrections, such as formatting, grammar, cross-references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
Notes:			