November 10, 2026

Ben Slutsker
Chair, Life Insurance and Annuities Illustration (A) Working Group
National Association of Insurance Commissioners

Re: Request for comment on Annuity Illustrations Exposure: Sep 15, 2026

Dear Chair Slutsker:

On behalf of the Annuity Products Subcommittee of the American Academy of Actuaries,[1] we appreciate the opportunity to offer comments to the NAIC Life Insurance and Annuity Illustration Working Group (Working Group) regarding the Sep 15, 2026, request about Annuity Illustrations.

We appreciate the Working Group's summarizing of the conceptual decisions made by the group. With the short exposure period and the extensive scope of Model 245 revisions we could not put together a comprehensive response to the exposure.

We have some high-level comments to help clarify the scope:

- With the creation of a required standard illustration is the intent to limit the required information shown and then to reduce the length? Will supplemental illustrations be allowed? How does the Working Group intend to limit information to show how the product works and create a concise way to highlight the non-guaranteed values?

- Model 245 applies to all immediate and deferred annuities that contain non-guaranteed elements (NGEs) with a few exceptions such as Registered Index-Linked Annuity (RILA) / Index-Linked Variable Annuity (ILVA)s. Would SPIAs and/or DIAs with NGEs require standard illustrations?

We offer the following responses to the proposed conceptual decisions made by the Working Group:

Reduce Illustration Length.

- Remove information that is required in the Disclosure Document (Section 5) and then duplicated in Standards for Annuity Illustrations.
    - The consumer needs to be aware of the costs and fees associated with the product even if they do not receive an illustration, so it is appropriate to include cost and fees only in the Disclosure Document.

[1] The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

    - In section 6 5.B.(4) “Specific dollar amount or percentage charges and fees shall be listed with an explanation of how they apply” is duplicated in (6)(E) “Costs and fees of any type shall be individually noted and explained.”
- Disclosure Document (Section 5)
    - In section 5.B.(3)(c) “Periodic income options on a non-guaranteed basis is required,” since non-guaranteed basis requires assumptions used in the illustration, we recommend moving this requirement to Section 6 “Standards for Annuity Illustration.”
- Recommendation for Standardized Illustrations
    a. The following assumes the end solution requires limiting the information in the standardized illustration and allowing additional information in a supplemental illustration.
        i. Standardized Illustration—most recent 10-year scenario
            - Only Initial 10 years, then every 10th contract year thereafter, ending at the maximum Annuitization age
            - Individual Strategy Values (consider need for summary of all individual strategies)
            - Guaranteed Illustration Values
                i. Interest rate
                ii. Interest credits
                iii. Ending Contract Value
                iv. Cash Surrender Value
                v. Death Benefit
                vi. Free withdrawal values
                vii. Surrender charges
                viii. Standard Nonforfeiture Law (SNFL) Values
                ix. SNFL Guaranteed %
                x. SNFL Rate guaranteed or redetermined.
            - Non-Guaranteed values
                i. Hypothetical Index Growth
                ii. Index credit rates
                iii. Index credits
                iv. Ending Contract Value
                v. Cash Surrender Value
                vi. Death Benefit
            - Individual Graphs for each strategy (examples in appendix)
                i. Contact Values
                ii. Historical Index Crediting rate
                iii. Historical Index growth, current and guaranteed index parameters
            - Annuitization Income Options under current model 245 at maturity
                i. At maturity
                ii. Guaranteed
                iii. Single Life based on Annuitant
                iv. Contract Value
                v. Rate per $1000

vi. Annual Dollar amount

- Supplemental Illustration
  i. There is no need to include guarantees again, reference where guarantees are located in standardized illustration.
  ii. Consider requirements for illustrating additional benefits.
  iii. Consider requirement for providing information on all strategies and indices available on the contract at issue.

Include a signed attestation by company officer.

- Attest to comply with:
  - Rules of Model 245.
  - NGEs no more favorable than those illustrated.
  - Any future anticipated dis-improvement is reflected.
- Where will attestation occur:
  - Consideration will need to be made on whether this should be done with the initial filing and/or on an annual basis thereafter.

Concerns with not permitting hypothetical returns for historical years during which the index did not exist.

- We are supportive of being explicit about what and how composite indices should be illustrated. For such composite indices, we are supportive of finding ways that indices that are a formulaic blend of older existing indices or components of indices that have the appropriate historical data of at least 10 years under Model 245 can be illustrated.
- Indices without 10 years of historical data will continue to be offered, as they are approved by regulators. Where would it be best to provide available information on these indices? In the Model 245 format or through marketing materials?
- Under Model 245, if funds are allocated to an index that is not illustratable then the allocation of funds are reproportioned excluding the non-illustratable index. Having the illustration allocation not in alignment with policyholders' desires could be misleading.
- If all indices available on a product do not have sufficient years of history, then nothing will be available for non-guaranteed illustration.
- Consider additional disclosures for indices without the required historical data.

Concerns with not relying on illustrating non-guaranteed elements.

- The illustration is not a projection of future values; it is intended to show how the Index features impact the crediting strategy using historical performance.
- Using adjustments or "haircuts" to strategy NGEs will create complex scenarios and significantly lengthen the illustration.
- Illustrations using additional scenarios, which either impact NGEs or Index performance, create scenarios that change the illustration to a projection of future values.

Concerns with Adjustments or haircuts to the current level of NGEs

- NGEs' cuts must maintain the option budget that provides substantive participation in an equity index benefit under SNFL.
- The option costs associated with the strategies NGEs are based on the current financial environment. Estimating future option costs and NGE reductions are projections.

Provide supplemental information.

- A chart that provides the consumer with a visualization of the guaranteed and current cash surrender values over the initial 10 years.
- A chart for each strategy that shows the historical index growth, current/guaranteed crediting rate, and current/guaranteed strategy NGE's.

Additional items to be addressed in the Model 245 revisions.

- Should there be a standard for the rebalancing of account value between strategies or the need for additional strategies?
- Model 245 on page 17 has generic examples of Market Value (MVA) adjustments depicting upside and downside impacts. Since the indices that apply to the MVA adjustments would require future projections, is this approach a concern? Is there a desire to include MVA adjustments in non-guaranteed values?

Thank you for your consideration of these comments. We look forward to further discussion with the Working Group, as we share your focus on helping to provide appropriate and helpful information to consumers as they consider the purchase of these products.

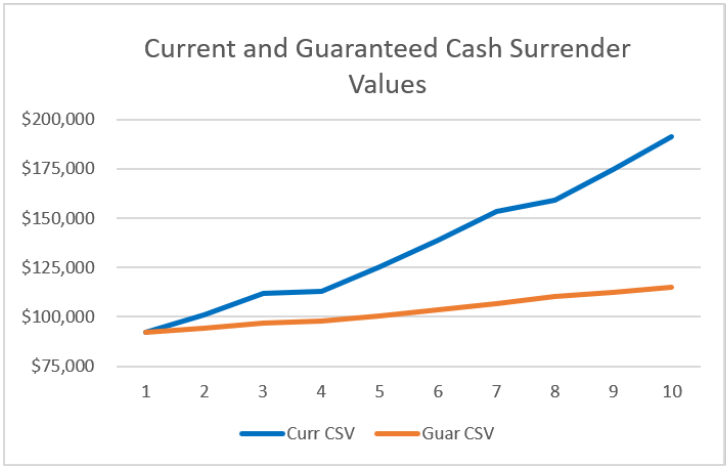
If you have any questions or would like to discuss these comments further, please contact Fabienne Amisial at amisial@actuary.org, the Academy's life policy project manager.

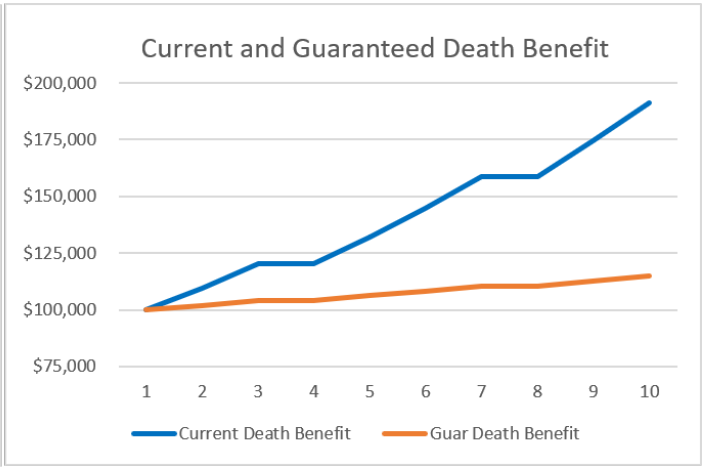
Sincerely,

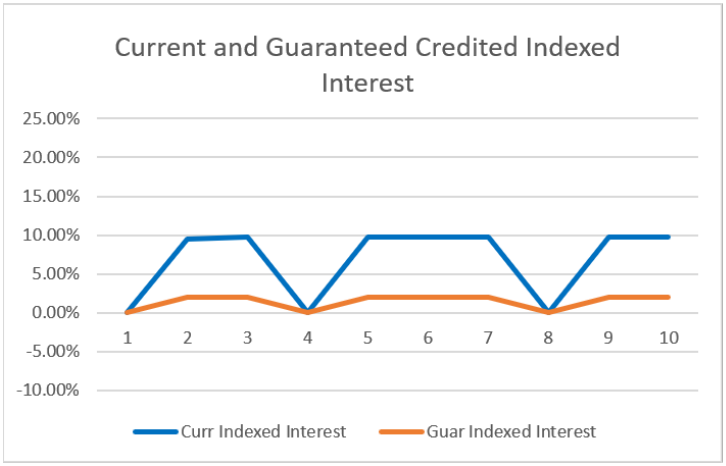
Beth Keith, MAAA, FSA
Chairperson, Annuity Products Subcommittee

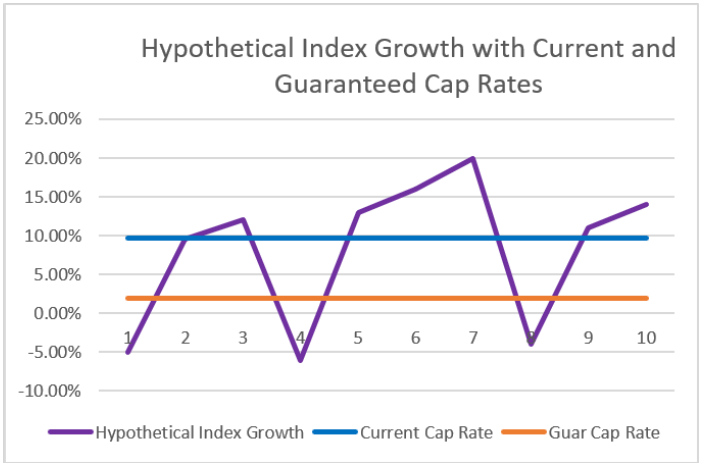
Appendix – Hypothetical Illustration and graphs

Hypothetical Illustration														
				Current Contact Values					Guaranteed Contact Values					
Contract Year	Age	Deposit	Hypothetical Index Performance	Indexed Interest	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Indexed Interest	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Standard Nonforfeiture Minimum Surrender
				9.75% cap					2.00% Cap					
1	60	$100,000	-5.00%	0.00%	$ -	$100,000	$ 92,350	$100,000	0.00%	$ -	$100,000	$ 92,350	$100,000	$ 89,863
2	61		9.54%	9.54%	$ 9,540	$109,540	$101,160	$109,540	2.00%	$ 2,000	$102,000	$ 94,197	$102,000	$ 92,289
3	62		12.00%	9.75%	$10,680	$120,220	$112,045	$120,220	2.00%	$ 2,040	$104,040	$ 96,965	$104,040	$ 94,781
4	63		-6.00%	0.00%	$ -	$120,220	$113,067	$120,220	0.00%	$ -	$104,040	$ 97,850	$104,040	$ 97,340
5	64		13.00%	9.75%	$11,721	$131,942	$125,213	$131,942	2.00%	$ 2,081	$106,121	$100,709	$106,121	$ 99,968
6	65		16.00%	9.75%	$12,864	$144,806	$138,652	$144,806	2.00%	$ 2,122	$108,243	$103,643	$108,243	$ 102,667
7	66		20.00%	9.75%	$14,119	$158,924	$153,521	$158,924	2.00%	$ 2,165	$110,408	$106,654	$110,408	$ 105,439
8	67		-4.00%	0.00%	$ -	$158,924	$158,924	$158,924	0.00%	$ -	$110,408	$110,408	$110,408	$ 108,286
9	68		11.00%	9.75%	$15,495	$174,420	$174,420	$174,420	2.00%	$ 2,208	$112,616	$112,616	$112,616	$ 111,210
10	69		14.00%	9.75%	$17,006	$191,426	$191,426	$191,426	2.00%	$ 2,252	$114,869	$114,869	$114,869	$ 114,212









FIXED INDEXED ANNUITY - ILLUSTRATION (ACCUMULATION ONLY; NO GUARANTEED LIVING BENEFITS)

Enter Account Allocation	
Issue Age:	60
Index Allocation :	S&P500 1-YR Point-to-Point with Cap
Index Cap Rate:	9.75%
SNFL Guarantee %:	87.50%
Minimum Guaranteed Interest Rate:	2.70%
Surrender Charge Schedule (%):	9, 9, 8, 7, 6, 5, 4
Penalty-Free Withdrawal :	15%

Hypothetical Illustration: Non-Guaranteed Contact Value

Contact Year	Age	Beginning Contract Value	Transactions Credited Interest	(+) Credited Interest	(-) Withdrawal	Ending Contract Value	Cash Surrender Value	Guaranteed Minimum Value	Rates Annual Effective Growth Rate
1	60	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 92,350	$ 89,863	0.00%
2	61	$ 100,000	9.54%	$ 9,535	$ -	$ 109,535	$ 101,156	$ 92,289	4.66%
3	62	$ 109,535	9.75%	$ 10,680	$ -	$ 120,215	$ 112,040	$ 94,781	6.33%
4	63	$ 120,215	0.00%	$ -	$ -	$ 120,215	$ 113,062	$ 97,340	4.71%
5	64	$ 120,215	9.75%	$ 11,721	$ -	$ 131,936	$ 125,207	$ 99,968	5.70%
6	65	$ 131,936	9.75%	$ 12,864	$ -	$ 144,799	$ 144,799	$ 102,667	6.36%
7	66	$ 144,799	9.75%	$ 14,118	$ -	$ 158,917	$ 158,917	$ 105,439	6.84%
8	67	$ 158,917	0.00%	$ -	$ -	$ 158,917	$ 158,917	$ 108,286	5.96%
9	68	$ 158,917	9.75%	$ 15,494	$ -	$ 174,412	$ 174,412	$ 111,210	6.38%
10	69	$ 174,412	9.75%	$ 17,005	$ -	$ 191,417	$ 191,417	$ 114,212	6.71%
11	70	$ 191,417	0.00%	$ -	$ -	$ 191,417	$ 191,417	$ 117,296	6.08%
12	71	$ 191,417	9.54%	$ 18,252	$ -	$ 209,668	$ 209,668	$ 120,463	6.36%
13	72	$ 209,668	9.75%	$ 20,443	$ -	$ 230,111	$ 230,111	$ 123,715	6.62%
14	73	$ 230,111	0.00%	$ -	$ -	$ 230,111	$ 230,111	$ 127,056	6.13%
15	74	$ 230,111	9.75%	$ 22,436	$ -	$ 252,547	$ 252,547	$ 130,486	6.37%
16	75	$ 252,547	9.75%	$ 24,623	$ -	$ 277,170	$ 277,170	$ 134,009	6.58%
17	76	$ 277,170	9.75%	$ 27,024	$ -	$ 304,194	$ 304,194	$ 137,628	6.76%
18	77	$ 304,194	0.00%	$ -	$ -	$ 304,194	$ 304,194	$ 141,344	6.38%
19	78	$ 304,194	9.75%	$ 29,659	$ -	$ 333,853	$ 333,853	$ 145,160	6.55%
20	79	$ 333,853	9.75%	$ 32,551	$ -	$ 366,404	$ 366,404	$ 149,079	6.71%

Hypothetical Illustration: Guaranteed Contact Value

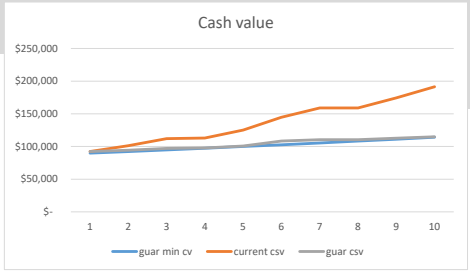
Contact Year	Age	Beginning Contract Value	Transactions Credited Interest	(+) Credited Interest	(-) Withdrawal	Ending Contract Value	Cash Surrender Value	Guaranteed Minimum Value	Rates Annual Effective Growth Rate
1	60	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 92,350	$ 89,863	0.00%
2	61	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 92,350	$ 92,289	0.00%
3	62	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 94,781	$ 94,781	0.00%
4	63	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 97,340	$ 97,340	0.00%
5	64	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 99,968	$ 99,968	0.00%
6	65	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 102,667	$ 102,667	0.00%
7	66	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 105,439	$ 105,439	0.00%
8	67	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 108,286	$ 108,286	0.00%
9	68	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 111,210	$ 111,210	0.00%
10	69	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 114,212	$ 114,212	0.00%
11	70	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 117,296	$ 117,296	0.00%
12	71	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 120,463	$ 120,463	0.00%
13	72	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 123,715	$ 123,715	0.00%
14	73	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 127,056	$ 127,056	0.00%
15	74	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 130,486	$ 130,486	0.00%
16	75	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 134,009	$ 134,009	0.00%
17	76	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 137,628	$ 137,628	0.00%
18	77	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 141,344	$ 141,344	0.00%
19	78	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 145,160	$ 145,160	0.00%
20	79	$ 100,000	0.00%	$ -	$ -	$ 100,000	$ 149,079	$ 149,079	0.00%

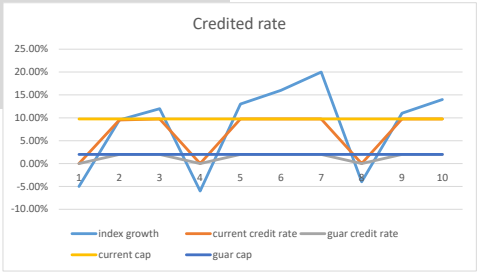
End of Contract Year	Start Age		Non Guar Annual Effective Rate through year 10	Guar Annual Effective Rate through year 10
10	69		6.71%	0.00%

Hypothetical Illustration

				Non-Guaranteed Contact Value					Guaranteed Contact Value										
Contact Year	Age	Deposits	Hypothetical Index Growth	Transactions Credited Interest 9.75% cap	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Transactions Credited Interest 0.02	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Guaranteed Minimum Cash Value	SC				
1	60	$ 100,000	-5.00%	0.00%	$ -	$ 100,000	$ 92,350	$ 100,000	0.00%	$ -	$ 100,000	$ 92,350	$ 100,000	$ 89,863	0.0765	Questions	0.0975	0.02	0
2	61		9.54%	9.54%	$ 9,535	$ 109,535	$ 101,156	$ 109,535	2.00%	$ 2,000	$ 102,000	$ 94,197	$ 102,000	$ 92,289	0.0765	one for each index strategy	0.0975	0.02	0
3	62		12.00%	9.75%	$ 10,680	$ 120,215	$ 112,040	$ 120,215	2.00%	$ 2,040	$ 104,040	$ 96,965	$ 104,040	$ 94,781	0.068	how to show rebalancing	0.0975	0.02	0
4	63		-6.00%	0.00%	$ -	$ 120,215	$ 113,062	$ 120,215	0.00%	$ -	$ 104,040	$ 97,850	$ 104,040	$ 97,340	0.0595	what does it take to understand how the product worl	0.0975	0.02	0
5	64		13.00%	9.75%	$ 11,721	$ 131,936	$ 125,207	$ 131,936	2.00%	$ 2,081	$ 106,121	$ 100,709	$ 106,121	$ 99,968	0.051	what does a comparison sheet look like	0.0975	0.02	0
6	65		16.00%	9.75%	$ 12,864	$ 144,799	$ 144,799	$ 144,799	2.00%	$ 2,122	$ 108,243	$ 108,243	$ 108,243	$ 102,667	0	how do you avoid this looking like an expectation	0.0975	0.02	0
7	66		20.00%	9.75%	$ 14,118	$ 158,917	$ 158,917	$ 158,917	2.00%	$ 2,165	$ 110,408	$ 110,408	$ 110,408	$ 105,439	0	How to demonstrate MVA	0.0975	0.02	0
8	67		-4.00%	0.00%	$ -	$ 158,917	$ 158,917	$ 158,917	0.00%	$ -	$ 110,408	$ 110,408	$ 110,408	$ 108,286	0	SNFL - commit to option budget, NGE changes and still	0.0975	0.02	0
9	68		11.00%	9.75%	$ 15,494	$ 174,412	$ 174,412	$ 174,412	2.00%	$ 2,208	$ 112,616	$ 112,616	$ 112,616	$ 111,210	0	what is fixed rate after initial SC period works	0.0975	0.02	0
10	69		14.00%	9.75%	$ 17,005	$ 191,417	$ 191,417	$ 191,417	2.00%	$ 2,252	$ 114,869	$ 114,869	$ 114,869	$ 114,212	0	SC+1 year for minimum	0.0975	0.02	0

Cap	Year 1	Year 2	Year 5	Year 10
2.00%		$ 102,000	$ 106,121	$ 114,869
5.85%		$ 105,850	$ 118,597	$ 148,880
7.80%		$ 107,800	$ 125,273	$ 169,173
9.75%	$ 100,000	$ 109,535	$ 131,936	$ 191,417
11.70%		$ 109,540	$ 136,672	$ 211,428
13.65%		$ 109,540	$ 138,634	$ 225,892





Hypothetical Illustration																	
				Current Contact Values					Guaranteed Contact Values								
Contract Year	Age	Deposit	Hypothetical Index Performance	Indexed Interest	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Indexed Interest	(+) Credited Interest	Ending Contract Value	Cash Surrender Value	Death Benefit	Standard Nonforfeiture Minimum Surrender Value			
				9.75% cap					2.00% Cap							Current	Guaranteed
1	60	$ 100,000	-5.00%	0.00%	$ -	$ 100,000	$ 92,350	$ 100,000	0.00%	$ -	$ 100,000	$ 92,350	$ 100,000	$ 89,863		9.75%	2.00%
2	61		9.54%	9.54%	$ 9,540	$ 109,540	$ 101,160	$ 109,540	2.00%	$ 2,000	$ 102,000	$ 94,197	$ 102,000	$ 92,289		9.75%	2.00%
3	62		12.00%	9.75%	$ 10,680	$ 120,220	$ 112,045	$ 120,220	2.00%	$ 2,040	$ 104,040	$ 96,965	$ 104,040	$ 94,781		9.75%	2.00%
4	63		-6.00%	0.00%	$ -	$ 120,220	$ 113,067	$ 120,220	0.00%	$ -	$ 104,040	$ 97,850	$ 104,040	$ 97,340		9.75%	2.00%
5	64		13.00%	9.75%	$ 11,721	$ 131,942	$ 125,213	$ 131,942	2.00%	$ 2,081	$ 106,121	$ 100,709	$ 106,121	$ 99,968		9.75%	2.00%
6	65		16.00%	9.75%	$ 12,864	$ 144,806	$ 138,652	$ 144,806	2.00%	$ 2,122	$ 108,243	$ 103,643	$ 108,243	$ 102,667		9.75%	2.00%
7	66		20.00%	9.75%	$ 14,119	$ 158,924	$ 153,521	$ 158,924	2.00%	$ 2,165	$ 110,408	$ 106,654	$ 110,408	$ 105,439		9.75%	2.00%
8	67		-4.00%	0.00%	$ -	$ 158,924	$ 158,924	$ 158,924	0.00%	$ -	$ 110,408	$ 110,408	$ 110,408	$ 108,286		9.75%	2.00%
9	68		11.00%	9.75%	$ 15,495	$ 174,420	$ 174,420	$ 174,420	2.00%	$ 2,208	$ 112,616	$ 112,616	$ 112,616	$ 111,210		9.75%	2.00%
10	69		14.00%	9.75%	$ 17,006	$ 191,426	$ 191,426	$ 191,426	2.00%	$ 2,252	$ 114,869	$ 114,869	$ 114,869	$ 114,212		9.75%	2.00%

Did Not Use These Graphs

