



DATE: April 9, 2024

TO: Interested Parties

FROM: Product Standards Committee

RE: **Amendments to the calculation of the initial benefit base for Guaranteed Minimum Accumulation Benefit (GMAB) features under the *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities***

The amendment to the *Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities* not only expanded the scope to include Index Linked Variable Annuities but also proposed revisions to the benefit base which is used to determine guaranteed living benefits (GLB).

The current GLB standard requires that the initial benefit base be at least 100% of initial premiums or account value and that reductions in the benefit base for resets triggered by index or account value changes not cause the benefit base to fall below the sum of all premiums paid. Companies had requested a lower benefit base be allowed for variable Guaranteed Minimum Withdrawal Benefit (GMABs). The exposed version of the GLB standard modified the benefit base provision to allow for the initial benefit base to be any portion of the initial premium and removed the sum of premium floor on the benefit base. This was intended to not only address the request from the companies to allow a lower benefit base for GMABs, but to address the comments received on the ILVA draft standards in the ACLI-CAI's September 3, 2023, comment letter.

During the public call on February 13, 2024, the ACLI-CAI asked for additional amendments. After the public call, the PSC discussed whether a minimum percentage should be specified such as 50%, so that there is a "reasonable" GLB benefit that is guaranteed.

After discussion the PSC accepted revisions to the GLB standard to require a minimum initial benefit base of 50% of premium (or account value) and to require that resets triggered by index or account value changes not cause the benefit base to fall below the initial benefit base plus any additional premium added to the benefit base. The PSC did not accept the proposed ACLI-CAI revisions, which would allow for unlimited decreases in withdrawal amounts triggered by index changes (i.e. no minimum guaranteed benefit).