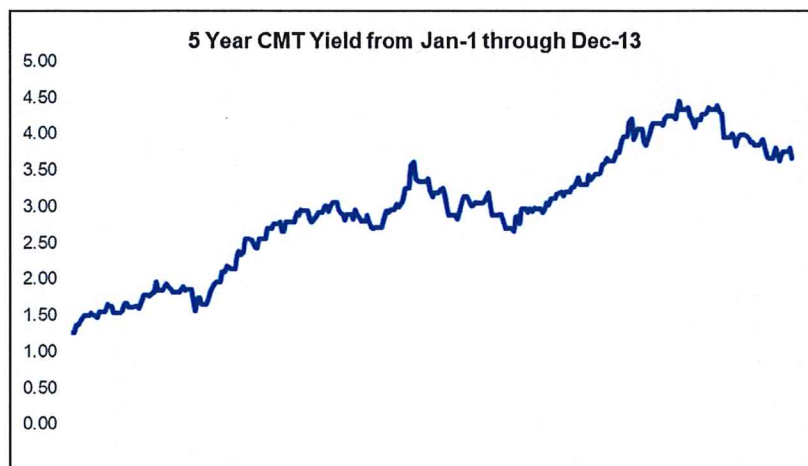


# PFA Annuity Minimum Guaranteed Interest Rate

December, 2022

## Annuity Minimum Guaranteed Interest Rate

- The annuity nonforfeiture rate is re-determined annually and is defined in the annuity nonforfeiture law. It is benchmarked against the 5YR CMT (constant maturity treasury) which has sharply risen in 2022.
- Your minimum guaranteed crediting rate for new issues only will have to be at least as high as this prescribed nonforfeiture rate.
- The specific procedures for setting the nonforfeiture rate is defined in the approved actuarial memos for active policy forms and provided below. **The nonforfeiture rate for 2023 will resolve to 2.75%.**
- The latest required implementation date is January 1, 2023.



*Actuarial Memorandum excerpt:*

**Minimum Guaranteed Interest Rate:** The minimum guaranteed interest rate will be determined based on the issue date of the contract and will not change after the contract is issued. The minimum guaranteed interest rate will not be less than the nonforfeiture interest rate.

**Nonforfeiture Interest Rate:** The nonforfeiture interest rate will be determined based on the calendar year in which a contract is issued and will remain in effect for the entire life of the contract. The nonforfeiture interest rate will be calculated in accordance with the NAIC Standard Nonforfeiture Law for Individual Deferred Annuities (Model #S05) and the NAIC Annuity Nonforfeiture Model Regulation (Model #S06) as follows:

- 1) Compute the average of the 5-year Constant Maturity Treasury yield for the 60 day period ending on December 15<sup>th</sup> of the preceding calendar year.
- 2) Round the resulting average to the nearest 0.05%.
- 3) Subtract 1.25%.

The final rate will be subject to a minimum value of 1.00% and a maximum value of 3%. For 2021 issues, the nonforfeiture interest rate is 1.00%.