



# BRIGHTLIFE<sup>SM</sup> GROW

## SERIES 155

### PRODUCT GUIDE

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# BRIGHTLIFE<sup>SM</sup> GROW, SERIES 155 PRODUCT GUIDE

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# BRIGHTLIFE GROW PRODUCT GUIDE

## BRIGHTLIFE GROW

BrightLife Grow is a flexible premium universal life insurance policy that offers the opportunity for lifetime insurance protection as well as the potential accumulation of cash value through index-linked interest options. Interest crediting is linked to major market indices, which can provide participation in the upside potential of the equities markets, with full downside protection against market losses. BrightLife Grow offers the same benefits historically associated with universal life insurance. It provides premium flexibility within broad limits with respect to the amount and timing of premium payments. The policy owner can change the death benefit option and increase or decrease the face amount to meet changing circumstances. In addition, BrightLife Grow clients can allocate premiums to any of eight index-linked options, as well as a guaranteed interest option.

BrightLife Grow can be ideally suited for clients with the following characteristics:

- Issue age 35 to 60
- Moderately risk averse or having limited investment experience
- Interested in equity-linked upside, but requires 0% downside floor to limit losses.

BrightLife Grow can be used in premium financing cases (often with the Return of Premium Death Benefit Rider and/or Cash Value Plus Rider) and in conjunction with a policy review. Additionally, for this product, the following AEGIS sales concepts may make sense for qualified prospects:

- Retirement Supplement;
- Executive Bonus and Executive Bonus with Restrictive Agreement (where retirement income is desired);
- Split Dollar (where retirement income is desired);
- Deferral Plans/Supplemental Executive Retirement Plans (SERPs) with life insurance used as an informal funding vehicle; and
- Spousal Lifetime Access Trust.

## WHAT MAKES BRIGHTLIFE GROW SERIES 155 DISTINCTIVE

BrightLife Grow has many of the familiar features of Athena Indexed Universal Life, Series 153 as well as some enhanced features and new features as outlined below.

**Plus and Core Indexed Options:** BrightLife Grow offers a choice of eight indexed options; four "Core" options and four "Plus" options. Plus options offer a higher cap rate available with an additional charge. The Plus options offer greater upside potential, but will not perform as well as the Core options when the markets perform negatively to moderately because the Core options don't have a segment charge.

- **Innovative Indexed Options:** Clients have the ability to allocate premiums to the following options:
  - Plus S&P 500 Price Return Indexed Option with 1-Year Segment Term
  - Plus Russell 2000 Price Return Indexed Option with 1-Year Segment Term
  - Plus MSCI EAFE Price Return Indexed Option with 1-Year Segment Term
  - Plus S&P 500 Price Return Indexed Option with 3-Year Segment Term
  - Core S&P 500 Price Return Indexed Option with 1-Year Segment Term
  - Core Russell 2000 Price Return Indexed Option with 1-Year Segment Term
  - Core MSCI EAFE Price Return Indexed Option with 1-Year Segment Term
  - Core S&P 500 Price Return Indexed Option with 3-Year Segment Term
  - Guaranteed Interest Account

**Note:** The "Core" indexed options are referred to as "Indexed Options" and "Plus" indexed options are referred to as "Choice Indexed Options" in policies issued in all jurisdictions except New York.

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- **Accumulation Focus:** BrightLife Grow is designed to maximize cash value accumulation and distribution potential. It is intended to compliment BrightLife Protect, another product in the BrightLife series, which is tailored to meet client death benefit protection needs. The charges in BrightLife Grow are structured to support the accumulation/distribution product focus. Accumulation products are often funded at target or better until retirement. To ensure funding consistent with an accumulation client need, there is a minimum funding requirement in new business illustrations of at least three target premiums in the first five years, and also sufficient to keep the policy in force on a current basis for at least ten years.
- **New Segment Bonus:** A segment bonus has been added that will be calculated as a percentage of the values of the indexed account segments beginning in year 6 for Core Options and in year 11 for Plus Options.
- **Reduced Segment Charge for Plus Options:** The monthly Segment Charge is 0.5% annually on both a current and guaranteed basis versus 1.0% previously for Athena IUL Series 153 Choice options. The charge for the Plus indexed options will be calculated as a percentage of the value of the Plus indexed account segments and deducted monthly from the unloaned policy account according to the usual hierarchy rules.
- **No-Lapse Guarantee Period:** The No Lapse Guarantee period is the lesser of 10 years or the number of years from issue to attainment of age 90. The rider is automatically included at no additional charge. In contrast to Athena IUL Series 153, the NLG premium no longer has a 2-tiered structure that varies by duration.
- **Return of Premium Death Benefit Rider (ROPR)** – Maximum is one times the initial base policy face amount. The NLG period is limited to 5 years if ROPR is elected.
- **Riders and Endorsements:** BrightLife Grow offers a robust array of additional benefit riders and endorsements.
  - The following benefits are automatically included with eligible policies, in approved jurisdictions, at no charge:
    - No Lapse Guarantee Rider (NLG)
    - Living Benefits Rider (LBR) (terminal illness)
    - Loan Extension Endorsement (LEE) (GPT policies only)
    - 2% Interest Guarantee Endorsement
  - The following additional benefits are available with the policy, in approved jurisdictions. Refer to the Product Guide for terms and availability.
    - Long Term Care Services Rider (LTCSR)
    - Charitable Legacy Rider (CLR)
    - Cash Value Plus Rider (CVPlus)
    - Return of Premium Death Benefit Rider (ROPR)
    - Disability Waiver of Monthly Deductions Rider (DDW)
    - Children’s Term Insurance Rider (CTIR)
    - Option to Purchase Additional Insurance Rider (OPAI)

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# BRIGHTLIFE GROW PRODUCT AT-A-GLANCE

Feature	Description
<b>Type of Policy</b>	Flexible Premium Universal Life Insurance with Index-Linked Interest Options
<b>Gender</b>	Male, Female, and Unisex. Unisex is required in Montana and for cases subject to ERISA.
<b>Minimum Face Amounts</b>	\$50,000; \$1 Million if Charitable Legacy Rider is elected. \$250,000 per life for 1-2 lives and \$100,000 per life for 3 or more lives if CVPlus rider is elected.
<b>Maximum Face Amount</b>	Subject to our retention limits and the availability of reinsurance.
<b>Issue Ages and Underwriting Classes</b>	<p>Preferred Elite: Non-Tobacco Only (18-75).                      Preferred: Non-Tobacco (18-80*), Tobacco (18-85*);                      Standard Plus: Non-Tobacco Only (0-85*);                      Standard: (18-85*);                      Substandard Classes B, C, D, E and F (NTU or TU) (18-74**)</p> <p>Guaranteed Issue: (20-70) - only available with prior approval from the Underwriting/Guaranteed Issue Unit at the NOC.</p> <p>.All classes vary by Tobacco User and Non-Tobacco User except for the Preferred Elite and Standard Plus classes, which are Non-Tobacco User only classes.</p> <p>* For juvenile issue ages 0-17, there is only one underwriting class: Standard Plus with no designation for tobacco-user class. At attained age 18, the Insured will automatically receive Standard Plus NTU rates. No permanent flat extras are allowed for juveniles.</p> <p>** No substandard letter or flat extra rating for issue ages 75 and above will be available for AXA Equitable's retention. For issue ages 75 and above, these substandard ratings will only be allowed on a facultative reinsured basis if facultative shopping is available and such rating is approved through reinsurance.</p>
<b>Policy Charges Deducted from Premiums</b>	Premium Charge: 8% in years 1-2, 6% in years 3+ on a current basis; 8% on a guaranteed basis all years
<b>Policy Charges Deducted from the Policy Account</b>	<p><b>Monthly Per Policy Administrative Charge:</b>  <u>Current, non-guaranteed:</u> \$10 per month until attained age 121  <u>Guaranteed:</u> \$15 per month until attained age 121</p> <p>Monthly per \$1,000 administrative charge: first 10 policy years, varies by death benefit option, or for 10 years following a face increase above the highest previous face amount on a current basis. Applies on a guaranteed basis until attained age 121.</p> <p><b><u>Cost of Insurance (COI) Charge:</u></b></p> <ul style="list-style-type: none"> <li>• Current (non-guaranteed) and guaranteed COI rates vary by the Insured's issue age, gender, Tobacco-Use status, underwriting class, the policy duration and base policy face amount and continues to attained age 121.</li> <li>• Face Amount band break points are set at \$50K and \$250K.</li> </ul>

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Feature	Description
	<ul style="list-style-type: none"> <li>• Guaranteed COIs vary by the Standard and Substandard underwriting classes and Tobacco-Use status.</li> <li>• Guaranteed COIs for the Preferred Elite, Preferred, Standard Plus and Guaranteed Issue classes are the same as the Standard guaranteed COIs and vary by the Tobacco-Use status</li> <li>• The ROPR current and guaranteed maximum COI rates are the same as the base policy COI rates.</li> </ul> <p><b>Segment Charge:</b> A 0.5% annual charge for the Plus indexed accounts calculated as a percentage of value of the Plus indexed account segments and deducted monthly - following the hierarchy rules for the current product.</p> <p><b>Flat Extra Charges (if applicable):</b> Deducted monthly from the Policy Account Value:</p> <ul style="list-style-type: none"> <li>• The monthly charge for Flat Extras equals the flat extra amount per \$1,000 times the number of thousands of Face Amount plus any ROPR Face Amount (total Face Amount), divided by 12.</li> <li>• Permanent flat extras are deducted until the later of attained age 80 or 15 years from the register date.</li> <li>• Temporary flat extras are deducted until their expiry date.</li> <li>• Flat Extras also apply to the current ROPR Face Amount if applicable.</li> <li>• Preferred Elite, Preferred, and Standard Plus classes are not available if the policy is issued with a temporary flat extra.</li> <li>• Permanent flat extras for aviation, or avocation or occupation are allowed with all preferred rate classes but are limited to \$3.50 per thousand with the exception that no flat extras may apply to juveniles (issue ages 0 - 17).</li> </ul> <p><b>Rider Charges:</b> Charges for any optional riders elected by the policy owner.</p>
<b>Surrender Charges</b>	<ul style="list-style-type: none"> <li>• 15-Year Surrender Charge period.</li> <li>• Varies by the gender, Tobacco-User status, and issue age of the Insured.</li> <li>• The initial maximum surrender charge is calculated by multiplying the initial base policy Face Amount by the surrender charge rate. A new 15-year tier of surrender charges will apply to any face amount increase that exceeds the highest previous Face Amount.</li> <li>• Grade down to zero on a monthly basis by the end of the surrender charge period for each layer of coverage, based on a surrender charge grading percentage</li> </ul>
<b>Riders &amp; Endorsements</b>	<p>The following additional benefits are available with the policy, in approved jurisdictions. Refer to the Riders Section for terms and availability.</p> <ul style="list-style-type: none"> <li>• Charitable Legacy Rider (CLR)</li> <li>• Cash Value Plus Rider (CVPlus)</li> <li>• Return of Premium Death Benefit Rider (ROPR)</li> <li>• Disability Waiver of Monthly Deductions Rider (DDW)</li> <li>• Children's Term Insurance Rider (CTIR)</li> <li>• Option to Purchase Additional Insurance Rider (OPAI)</li> <li>• Long Term Care Services Rider (LTCSR)</li> </ul>

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Feature	Description
	<p>The following benefits are automatically included with eligible policies, in approved jurisdictions, at no charge:</p> <ul style="list-style-type: none"> <li>• No Lapse Guarantee Rider (NLG)</li> <li>• Living Benefits Rider (LBR) (terminal illness)</li> <li>• Loan Extension Endorsement (LEE) (GPT policies only)</li> <li>• 2% Interest Guarantee Endorsement</li> </ul>
<b>No Lapse Guarantee (NLG)</b>	<ul style="list-style-type: none"> <li>• Provides that the policy will not terminate during the NLG period, if the premium requirement for the NLG is met and any policy loan and accrued loan interest does not exceed the Cash Surrender Value.</li> <li>• There is no charge for the NLG.</li> <li>• No lapse guarantee period is the lesser of 10 years, or to attained age 90, if earlier. If the Return of Premium Rider (ROPR) is on the policy, the NLG period is 5 years.</li> </ul>
<b>Definition of Life Insurance</b>	Guideline Premium Test (GPT) or Cash Value Accumulation Test (CVAT).
<b>Premiums</b>	Premiums are flexible. However, in order for the No Lapse Guarantee to remain in effect, a certain level of premiums must be maintained.
<b>Premium Payment Modes</b>	<ul style="list-style-type: none"> <li>• Direct Billing - annual, semi-annual, quarterly, and monthly.</li> <li>• Systematic - quarterly and monthly.</li> <li>• Salary allotment - annual, semi-annual, quarterly, and monthly.</li> <li>• Military allotment - monthly.</li> </ul>
<b>Death Benefit Options</b>	<p>Option A - Level Death Benefit Option B - Face Amount Plus Account Value</p> <p>The Death Benefit is always the greater of the amount calculated under the applicable option and a minimum alternative Death Benefit. For policies that elect the ROPR, the Death Benefit Option must be Option A at issue. The ROPR Death Benefit increases cease (are frozen) if the DBO is changed to Option B or a requested face amount increase is processed.</p>
<b>Policy Changes</b>	<p><u>Face Amount Increases</u> - may be available after the first policy year and through the maximum issue age for the rating class (age 70 for GI, 75 for Preferred Elite, 79 for Substandard D, E and F, 80 for Preferred NTU and 85 for Standard Plus, Preferred TU, Standard and Substandard B and C), subject to satisfactory evidence of insurability. Rolling targets will apply to each increase layer.</p> <p><u>Face Amount Decreases</u> - may be available after the 2<sup>nd</sup> policy year but before the Insured's attained age 121.</p> <p><u>Death Benefit Option Changes</u> - may be available after the 2<sup>nd</sup> policy year for A to B changes and after the 5<sup>th</sup> policy year for B to A changes, but before the Insured's attained age 121.</p> <p><u>Rider Additions</u> - available for the Children's Term Insurance Rider (CTIR) and Living Benefits Rider (LBR) subject to underwriting.</p> <p><u>Rider Terminations</u> - generally available after the second policy year subject to the terms of the rider.</p> <p><u>ROPR Changes</u> - may be requested at any time after issue, subject to the terms of the rider. These include changes in the accumulation rate, and</p>

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Feature	Description
	requests to cease face amount increases or to decrease the face amount.
<b>Indexed Options</b>	<p>Premiums may be allocated among the following Indexed Options, in addition to the GIA:</p> <ul style="list-style-type: none"> <li>• Plus S&amp;P 500 Price Return index with 1-Year Segment Term</li> <li>• Plus Russell 2000 Price Return index with 1-Year Segment Term</li> <li>• Plus MSCI EAFE Price Return index with 1-Year Segment Term</li> <li>• Plus S&amp;P 500 Price Return index with 3-Year Segment Term</li> <li>• Core S&amp;P 500 Price Return index with 1-Year Segment Term</li> <li>• Core Russell 2000 Price Return index with 1-Year Segment Term</li> <li>• Core MSCI EAFE Price Return index with 1-Year Segment Term</li> <li>• Core S&amp;P 500 Price Return index with 3-Year Segment Term</li> </ul>
<b>Dollar Cost Averaging (DCA)</b>	<ul style="list-style-type: none"> <li>• Can be elected at issue or initiated after issue.</li> <li>• Allows allocation of premiums to the Guaranteed Interest Account (GIA) to be used toward the Dollar Cost Averaging Service (DCA)</li> <li>• On a monthly basis, level dollar amounts specified by the policy owner will be transferred to the holding accounts then to the specified index-linked options.</li> <li>• Minimum balance of \$5,000 in the GIA and minimum of \$50 for each transfer required.</li> </ul>
<b>Coverage After Age 100</b>	<ul style="list-style-type: none"> <li>• On a current basis, cost of insurance and other monthly charges will continue until age 121 so there will be no change in coverage after age 100.</li> </ul> <p>ROPR will continue to freeze at age 100.</p>
<b>Coverage After Age 121</b>	<p>There is no maturity provision.</p> <p><b>On a guaranteed and current basis:</b> If the policy is in force and not in grace prior to the policy anniversary nearest the Insured's 121<sup>st</sup> birthday, the policy will remain in force without further premiums, subject to the loan provision.</p> <ul style="list-style-type: none"> <li>• The COI Rate is set to zero on a guaranteed and non-guaranteed basis.</li> <li>• The monthly administrative charges are set to zero on a guaranteed and non-guaranteed basis.</li> <li>• The only transactions allowed are loans and loan repayments, segment maturities and transfers to Holding Account and to GIA, new segments created by rollovers, loan repayments and transfers of GIA loaned account interest annually or upon full loan repayment, and transfer requests from GIA to Holding Account, among Holding Accounts and Holding Account to GIA.</li> <li>• Premium Payments, partial withdrawals, face increases and face decreases, and death benefit option changes will no longer be allowed.</li> </ul>
<b>Partial Withdrawals</b>	<ul style="list-style-type: none"> <li>• Available after the first policy year and before the anniversary nearest the Insured's 121<sup>st</sup> birthday.</li> <li>• Any amount between \$500 and the net cash surrender value may be withdrawn provided the face amount is not reduced below \$50,000.</li> </ul>

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Feature	Description
	<ul style="list-style-type: none"> <li>Withdrawal deductions will be taken from the policy account according to the hierarchy rules for all deductions and allocations may not be specified by the policy owner. (See "Rules for Deduction Allocations")</li> <li>AXA reserves the right to establish a 12-month period beginning on the date of any deduction from a Segment for a partial withdrawal, called the Lockout Period, during which amounts would not be transferred into new Segments.</li> </ul>
<b>Policy Loans</b>	<ul style="list-style-type: none"> <li>Available any time after issue. The maximum loan value is 100% of the cash surrender value (CSV) less any outstanding loan and loan interest and any amount required to secure an LBR lien. \$500 is the minimum for new loans.</li> <li>Amounts borrowed remain part of the Policy Account, but are transferred to a special "loaned" section of the Policy Account. Amounts residing in this loaned section are not available to support monthly deductions or other policy charges. The loaned amounts continue to earn interest, but at a rate that may be different than that for unloaned amounts. The guaranteed minimum interest rate is 2%. Interest earned on the loaned portion of the Policy Account is automatically transferred annually or upon full loan repayment to the unloaned portion of the Policy Account.</li> <li>Loan Extension Endorsement: Provides that the policy will not lapse due to an overloan that occurs after Insured's attained age 75, if policy meets certain criteria. See Loan Extension Endorsement below.</li> <li>Policy loans, both requested and automatic capitalization for unpaid loan interest, are deducted from the policy account following the hierarchy rules for all deductions and allocations may not be specified by the policy owner (See "Rules for Deduction Allocations")</li> <li>Interest earned on the loaned portion of the GIA is automatically transferred annually or upon full loan repayment according to the payment allocations on file. Allocations may be to the unloaned GIA and/or to the Indexed Accounts.</li> <li>AXA reserves the right to establish a 12-month period beginning on the date of any deduction from a Segment for a loan, called the Lockout Period, during which amounts would not be transferred into new Segments.</li> <li>AXA does not offer Indexed Loans.</li> </ul>
<b>1035 Carryover Loans</b>	Permitted as part of a Section 1035 exchange. The loan must not exceed 75% of the initial premium on the new policy and must be supportable by the new policy. The carryover loan amount is non-commissionable. The carryover loan amount is subject to all sales loads. Only 1 carryover loan per policy is allowed.
<b>Interest Rate Charged and Credited On Loans</b>	<ul style="list-style-type: none"> <li>The policy has an Adjustable Loan Interest Rate (ALIR) provision that is administered on a 'fixed' basis.</li> <li><u>Interest Rate Charged</u>: Currently 3% for policy years 1 through 10 and 2% thereafter. Guaranteed rate is 15%<sup>1</sup>.</li> <li><u>Interest Rate Credited</u>: Currently 2% for all policy years. Guaranteed minimum rate is 2%.</li> <li>Current spread is 1% for policy years 1 through 10 and 0% thereafter. Guaranteed spread is 1%</li> </ul>

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Feature	Description																		
	The maximum loan interest rate charged for a policy year is the greater of 1) 3% or 2) the “Published Monthly Average” for the month ending two months prior to the policy anniversary. The “Published Monthly Average” is the monthly average corporate yield shown in Moody’s Corporate Bond Yield Average. The loan interest rate for a policy year will never exceed 15%.																		
<b>Premium and Dollar Cost Averaging</b>	<ul style="list-style-type: none"> <li>• May be specified at issue on the BrightLife Grow Questionnaire or changed after issue</li> </ul>																		
<b>Rules for Deduction Allocations</b>	<ul style="list-style-type: none"> <li>• All deductions, including monthly deductions, partial withdrawals and loans, are processed according to special rules.</li> <li>• Deduction allocations cannot be specified by the policy owner, either at issue or otherwise.</li> <li>• Deduction allocations will always follow a hierarchical process that is stipulated in the policy: <ol style="list-style-type: none"> <li>1. From the unloaned GIA until exhausted, then</li> <li>2. From the Holding Accounts pro-rata until exhausted, then</li> <li>3. From all existing Segments pro-rata until exhausted.</li> </ol> </li> </ul>																		
<b>Segment Bonus</b>	<ul style="list-style-type: none"> <li>• Segment bonus is calculated as a percentage of the values of the indexed account segments.</li> <li>• The Segment Bonus will be credited to the unloaned policy account on a monthly basis.</li> <li>• The additional amount credited is determined as a percentage of the values in the segments.</li> <li>• Bonus is non-guaranteed and is not included in guaranteed illustrated values.</li> <li>• Bonus is not guaranteed so it will not be included in current or guaranteed illustrated values in NY.</li> <li>• The bonus will be applied according to the schedule below:</li> </ul> <table border="1" data-bbox="673 1268 1256 1516"> <thead> <tr> <th data-bbox="673 1268 862 1310"></th> <th colspan="2" data-bbox="862 1268 1256 1310">Annual Percentage Rate</th> </tr> <tr> <th data-bbox="673 1310 862 1352"></th> <th data-bbox="862 1310 1057 1352">Plus Options</th> <th data-bbox="1057 1310 1256 1352">Core Options</th> </tr> </thead> <tbody> <tr> <td data-bbox="673 1352 862 1394"><b>Years: 1-5</b></td> <td data-bbox="862 1352 1057 1394">no bonus</td> <td data-bbox="1057 1352 1256 1394">no bonus</td> </tr> <tr> <td data-bbox="673 1394 862 1436"><b>Years: 6-10</b></td> <td data-bbox="862 1394 1057 1436">no bonus</td> <td data-bbox="1057 1394 1256 1436">0.25%</td> </tr> <tr> <td data-bbox="673 1436 862 1478"><b>Years: 11-15</b></td> <td data-bbox="862 1436 1057 1478">0.50%</td> <td data-bbox="1057 1436 1256 1478">0.75%</td> </tr> <tr> <td data-bbox="673 1478 862 1520"><b>Years: 16+</b></td> <td data-bbox="862 1478 1057 1520">1.00%</td> <td data-bbox="1057 1478 1256 1520">1.10%</td> </tr> </tbody> </table>		Annual Percentage Rate			Plus Options	Core Options	<b>Years: 1-5</b>	no bonus	no bonus	<b>Years: 6-10</b>	no bonus	0.25%	<b>Years: 11-15</b>	0.50%	0.75%	<b>Years: 16+</b>	1.00%	1.10%
	Annual Percentage Rate																		
	Plus Options	Core Options																	
<b>Years: 1-5</b>	no bonus	no bonus																	
<b>Years: 6-10</b>	no bonus	0.25%																	
<b>Years: 11-15</b>	0.50%	0.75%																	
<b>Years: 16+</b>	1.00%	1.10%																	

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# POLICY CHARGES

Charges associated with a BrightLife Grow policy are grouped into three categories in this guide:

1. Deductions from Premium Payments;
2. Deductions from the Policy Account; and
3. Surrender Charges.

## DEDUCTIONS FROM PREMIUM PAYMENTS

A Premium Charge of 8% in years 1-2, and 6% in years 3+ is deducted from all premiums paid on a current basis. A Premium Charge of 8% is deducted from all premiums paid on a guaranteed basis.

## DEDUCTIONS FROM THE POLICY ACCOUNT

The following lists all charges that may be deducted from the Policy Account. *The first three charges are charges common to all policies. The last four charges are deducted only as applicable.*

- 1) Monthly Per-Policy Administrative Charge
- 2) Monthly per \$1,000 of Face Amount Administrative Charge
- 3) Cost of Insurance Charge
- 4) Permanent or Temporary Flat Extra Charges
- 5) ROPR Cost of Insurance Charge
- 6) Rider Costs
- 7) Segment Charge

### 1) Monthly Administrative Charge

Non-guaranteed: \$10 until the Insured's attained age 121.

Guaranteed: \$15 per month until the Insured's attained age 121.

### 2) Monthly per \$1,000 of Face Amount Administrative Charge

There is a per \$1,000 of face amount administrative charge that applies for the first 10 policy years on a current (non-guaranteed) basis, until attained age 121 on a guaranteed basis, and varies by DB option at issue. An incremental charge applies following a face increase above the highest previous face amount. On a current basis, the charge is in effect 10 years from the effective date of the face amount increase. The charge for the increase layer is based on the DB option in effect at the time of increase. The charge varies by the Insured's issue age, by the attained age for any increase layer, and the Death Benefit Option. The charge is not affected by face amount decreases. This charge has been significantly reduced from the Athena IUL 153 levels.

### 3) Cost Of Insurance (COI) Charge

- A cost of insurance charge is deducted monthly for coverage under the base policy.
- Calculated by multiplying the Net Amount at Risk at the beginning of each policy month by the monthly cost of insurance rate applicable to the Insured at that time.
- The current, non-guaranteed COI rates vary according to the Insured's issue age, gender, tobacco-user status and underwriting class, the policy duration and base policy Face Amount.
- The current, non-guaranteed COI rate bands are at Face Amounts of \$50,000 and \$250,000.
- COI charges are set to zero beginning at the Insured's attained age 121 on both a current (non-guaranteed) and guaranteed maximum basis. There are non-guaranteed and guaranteed maximum COI rates for male, female, unisex, tobacco-user and non-tobacco User in each underwriting class except for the Preferred Elite and Standard Plus classes which are non-tobacco user classes.

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- The guaranteed rates vary according to the Insured's attained age, gender, tobacco-user status and underwriting class, and are based on the combined (uni-smoker) 2001 CSO Mortality Tables through attained age 17 and the 2001 CSO smoker/non-smoker Mortality Tables for attained ages 18 and above. There are special guaranteed maximum rates for substandard classes B, C, D, E, and F. The guaranteed maximum rates for Preferred Elite, Preferred, Standard Plus, Standard, and Guaranteed Issue are the same.

#### 4) **Permanent or Temporary Flat Extra Charges**

Flat-Extra charges (if applicable) are deducted monthly. Permanent Flat Extras are applicable until the later of: 1) the policy anniversary nearest the Insured's 80th birthday, or 2) 15 years from the Register Date. Temporary Flat Extra charges are deducted until their expiry date. The Preferred Elite, Preferred and Standard Plus underwriting classes may not be combined with any temporary flat extra charges; however, permanent flat extra charges for aviation, avocation or occupation are allowed with these classes but are limited to \$3.50 per thousand with the exception that no permanent flat extras may apply to juveniles (issue ages 0-17).

#### 5) **Rider Costs**

Charges for all applicable riders are deducted monthly. The Return of Premium Death Benefit Rider (ROPR), if elected, uses the same current and guaranteed maximum COI rates and Flat Extra charges per \$1,000 of face amount as the base policy. The ROPR monthly COI charge is calculated by multiplying the ROPR Death Benefit times the current COI rate. The CVPlus rider has a monthly \$0.04 per \$1,000 of initial face amount charge deducted for the rider while the rider is inforce.

#### 6) **Segment Charge**

The annual Segment Charge (0.5% on both a current and guaranteed basis) for the Plus indexed accounts will be calculated as a percentage of the value of the Plus indexed account segments (including guaranteed interest) and deducted monthly - following the hierarchy rules for the current product.

### **SURRENDER CHARGE**

- Applies for the first 15 policy years and for 15 years after a requested Face Amount increase above the highest previous Face Amount.
- The surrender charge varies by Face Amount and duration. The surrender charge at issue is equal to a rate based on the Insured's issue age, gender, and tobacco-user status multiplied by the policy's Face Amount.
- The surrender charge grades down to zero on a monthly basis at the end of policy year 15 (or at the end of the 15th year after a Face Amount increase).

**Surrender Charge on a Face Amount Increase** -- A new tier of surrender charges is imposed if there is a requested Face Amount increase above the highest previous Face Amount. This new tier applies for 15 years after the effective date of the Face Amount increase that exceeds the highest previous Face Amount.

## RIDERS AND ENDORSEMENTS

The riders listed below are available with BrightLife<sup>SM</sup> Grow Indexed Universal Life. Please see the following pages for complete rider descriptions.

- 1) No Lapse Guarantee Rider (NLG)
- 2) Charitable Legacy Rider (CLR)
- 3) Return of Premium at Death Benefit Rider (ROPR)
- 4) Disability Waiver of Monthly Deductions Rider (DDW)
- 5) Children's Term Insurance Rider (CTIR)
- 6) Long Term Care Services Rider (LTCSR)
- 7) Living Benefits Rider (LBR) (terminal illness)
- 8) Cash Value Plus Rider (CVPlus)
- 9) Loan Extension Endorsement (LEE)
- 10) Option to Purchase Additional Insurance Rider (OPAI)
- 11) 2% Interest Guarantee Endorsement

<b>RIDERS* AT-A-GLANCE</b>				
<b>Rider</b>	<b>Issue Ages</b>	<b>Coverage Period</b>	<b>Minimum</b>	<b>Maximum</b>
NLG	All	10 years, or until attained age 90 if earlier, and 5 years for policies with ROPR	N/A	N/A
CLR	All	Until the policy terminates or goes on Loan Extension.	\$1 million base policy face amount Minimum benefit is \$10,000	N/A  Maximum benefit is \$100,000
ROPR	All	Lifetime, but ROPR increases cease at Insured's attained age 100	N/A	1x initial base policy face amount, or less according to underwriting
DDW	0-59	Insured's 5 <sup>th</sup> birthday to the policy anniversary nearest the 65 <sup>th</sup> birthday	Base policy face amount	\$3,000,000
CTIR	Insured: 17-55 Children: 0-17	Begins: when child is 15 days old Ends: a) child's 25 <sup>th</sup> birthday or b) attained age 65 on base insured, if earlier	5 units (\$5,000)	25 units (50 in NY), but not more than 1 unit per \$5,000 of base policy face amount
LBR**	All	Until the policy terminates, goes on Loan Extension or when the amount of the lien equals the total death benefit.	\$5,000	75% of the policy's death benefit, or \$500,000 if less
CVPlus	Issue limits vary by tobacco use and underwriting class	First 8 policy years	\$250,000 per life at issue for 1-2 lives and \$100,000 per life at issue for 3 or more lives	N/A
LEE (GPT only)	All	Lifetime. Loan Extension may be triggered on or after the policy anniversary nearest the Insured's attained age 75, but not earlier than the 20 <sup>th</sup> policy anniversary.	N/A	N/A
OPAI	0-37	Option dates are policy anniversaries nearest Insured's attained ages 22, 25, 28, 31, 34, 37, & 40.	\$25,000	\$100,000

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RIDERS* AT-A-GLANCE				
Rider	Issue Ages	Coverage Period	Minimum	Maximum
LTCSR***	20-75	Until the policy terminates, goes on loan extension, or when the specified amount is paid out	Initial specified amount: equals face amount of base policy times the acceleration percentage	Specified Amount: Amount that would result in \$50,000 of Initial Maximum Monthly Benefit for all Long Term Care Coverage issued by AXA EQ and affiliates. <u>Monthly benefit payment: lesser of the maximum monthly benefit or 200% (100% in NY) of the applicable daily HIPAA limit times 30 (or lesser amount requested, but not less than \$500)</u>

\* Rider availability varies by jurisdiction and state variations apply.

\*\* Rider not available on policies with face amounts less than \$50,000 at issue, except for guaranteed insurability type transactions such as Term Conversions and OPAI elections if LBR was on the prior policy.

\*\*\* Rider not available on policies with face amounts less than \$100,000 at issue.



## RIDER AND ENDORSEMENT DESCRIPTIONS

### No Lapse Guarantee Rider (NLG)

The No Lapse Guarantee (NLG) rider guarantees the policy will not terminate during the NLG period as long as the premium requirement for the NLG is met and any policy loan and accrued loan interest does not exceed the greater of the Cash Surrender Value of the actual Policy Account or the Cash Surrender Value of the Alternate Policy Account (if the Loan Extension provision is not in effect).

#### Availability

- This rider is automatically included at issue with all policies
- This rider cannot be added after issue.
- The rider is available with either Death Benefit Option A or B. The NLG premiums will be the same for both Death Benefit Options, as well as policies with and without ROPR.
- The NLG expires in 10 years, or at attained age 90, if earlier, for policies that do not elect ROPR. For policies that elect ROPR, the NLG duration is 5 years.

#### Features

While the NLG is in effect, any portion of the monthly deduction that cannot be taken will be waived, provided that the NLG Premium Fund Test (PFT) is passed and any loan and accrued loan interest does not exceed the greater of the Cash Surrender Value of the actual Policy Account Value or the Cash Surrender Value of the Alternate Policy Account. The PFT assumes a 3.5% interest rate. The NLG premiums are modalized. Therefore, paying NLG premiums on a mode other than annual will require higher total annualized NLG premiums.

The NLG PFT is passed in one of two ways:

- 1) If the sum of actual premiums paid accumulated at 3.5% per annum, less any partial withdrawals accumulated at 3.5% per annum (called the "actual premium fund"), is at least equal to the sum of all monthly NLG premiums due to that time accumulated at 3.5% per annum (called the "NLG premium fund"). Actual premiums are assumed effective at the beginning of the policy month for this test, or
- 2) For policies that are GPT, if the policy is funded at the guideline limit, then we deem the test to be passed.

If the NLG Premium Fund Test fails, a 61-day Grace Period begins.

**Cost:** There is no charge for this rider.

**Termination:** This rider will terminate at the earliest of the following dates:

- The end of the NLG period;
- If the policy is placed on Loan Extension;
- Termination of the policy; and
- Upon written request by the policy owner.

If the policy lapses without a loan and is subsequently restored, the NLG rider can be reinstated.

**Compensation:** There is no CTP component for this rider.

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## Charitable Legacy Rider (CLR)

The rider provides an additional death benefit of up to 1% of the current base policy face amount to the qualified charitable organization(s) chosen by the policy owner at no additional cost. This benefit is in addition to the death benefit payable by the base policy and any other riders. Therefore this rider benefit will be considered when evaluating retention limits and reinsurance considerations.

### Availability

- The rider may only be elected at issue for policies with a minimum face amount of \$1 million. The rider cannot be added after issue.
- The minimum benefit amount is \$10,000 (1% of \$1 million). The maximum benefit is \$100,000, payable for base policy face amounts of \$10 million and above. The ROPR face amount is not considered when determining face amount eligibility or the charitable payment amount.
- If the face amount on a new business application is split between multiple policies or multiple new business applications are submitted on the same life, then each policy may be eligible for the maximum benefit of \$100,000, payable for base policy face amounts of \$10 million and above.
- The rider is available for guaranteed issue and qualified plans. The rider is not available for the International Underwriting Program. No special underwriting will be required for the rider.
- If the base policy face amount is reduced after issue, by request, partial withdrawal or death benefit option change from A to B, the benefit will be payable on the face amount at the time of the Insured's death, provided the face amount is at least \$1 million. If at the time of the Insured's death the face amount has been decreased below \$1 million, then no benefit is payable.

**Cost:** There is no charge for this rider

**Termination:** The rider will terminate and no further benefits will be paid on the earliest of:

- Termination of the policy;
- Surrender of the policy;
- The date we receive the policy owner's written request to terminate the rider;
- The date of the Insured's death; and
- The date the policy is placed on Loan Extension.

If the base policy lapses and is subsequently restored, the rider will be reinstated.

**Compensation:** There is no CTP component for this rider.

### Additional Rider Information:

#### Electing the Rider

- The designated beneficiary of the rider must be an accredited 501 (c) organization under IRS code 170. A listing of valid organizations is available at [www.IRS.gov](http://www.IRS.gov).
- The rider must be requested on the Indexed Universal Life Supplement (Form number 180-6016)
- The name and address of the designated charity and the charity's Tax-ID must be provided on the Indexed Universal Life Supplement. The charity should be contacted directly to obtain the Tax-ID number. If the required information is not provided, the rider will not be issued.

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### Restrictions on the Charitable Beneficiary

- At least one beneficiary must be named, but up to 2 beneficiaries are permitted. The percentage allocation to each beneficiary may be specified; if not specified, the payment will be evenly divided.
- Changes to the designated charitable beneficiary will be allowed after issue. The change form will require the name and address of the organization and the 501 (c) taxpayer ID. AXA will also validate the exempt status of the charitable beneficiary.
- Owner changes on a policy with this rider will require either a new charitable beneficiary to be specified or confirmation that the existing charitable beneficiary(ies) may remain on the policy.

### Death Benefit

- The exempt status of the organization named as beneficiary must be validated at the time of the Insured's death. If the Charitable Beneficiary is not in existence, or no longer accredited, at the time the Charitable Gift Amount is payable, the Owner (or the Owner's estate representative, if the Owner is the Insured) will name a new Charitable Beneficiary to whom the benefit will be payable.
- If the Charitable Beneficiary is not in existence or no longer qualifies as a 501 (c) 3 charity, and a new accredited Charitable Beneficiary is not named then no proceeds will be payable under this rider to any charity.
- In both instances a written notice will be sent to the policy owner requiring that we receive a written response by the time the base policy claim is approved to be paid.
- AXA will apply any voluntary interest to any Charitable Benefit amount in the same manner as the base policy death claim benefit.

### Taxation

Upon payment of the charitable benefit, AXA will report to the IRS that a payment was made to the charitable organization(s).

- We believe that no portion of any premiums paid for the policy are eligible for charitable deduction purposes on account of the rider.
- For policies owned by the Insured, the benefit payment may be taken as an Estate Tax Deduction or would otherwise not cause a higher Federal estate tax burden on the owner's estate.
- For Third Party Policy Owners, owners should consult their tax advisors as to their specific situation on whether the benefit payment may be able to qualify as eligible for an income tax charitable deduction. For non-individual owners, including trusts and corporations, owners should consult their tax and legal advisors as to the specific appropriateness or consequences of electing the rider and providing for charitable beneficiary.

## **Return of Premium at Death Benefit Rider (ROPR)**

This rider provides an additional Death Benefit (the ROPR Death Benefit) generally equal to the sum of the specified percentage of each premium paid less any partial withdrawals accumulated on each policy anniversary at the accumulation rate specified by the policy owner.

### **Availability**

- The maximum ROPR Face Amount is generally one times the initial base policy Face Amount. A lesser amount may be specified by the underwriter or requested by the client.
- ROPR is only available at issue with non-qualified policies that are Option A.
- Available with CVPlus rider.
- The NLG rider is available and has a specified duration of 5 years. The NLG duration does not change even if ROPR is dropped after issue.
- The DDW and LTCS riders are not available if ROPR is elected.
- The accumulation rate the policy owner chooses can range from 0% (no accumulation) to 6% in whole percentages. This rate may be changed after issue, as described later in this section.
- The policy owner may specify the percentage of premiums to be included in the ROPR death benefit from 15% up to 100%. The percentage is selected at issue and may not be changed.
- ROPR will be available for Guaranteed Issue if underwriter's requirements are met.

### **Cost**

- On a current (non-guaranteed) and guaranteed basis, the rider cost of insurance charge, including any Flat Extra charges for the ROPR Face Amount is deducted each month from the Policy Account until the Insured's attained age 121. (Flat extra charges apply until their expiry date.)
- The rider uses the same current (non-guaranteed) and guaranteed maximum cost of insurance rates as the base policy.

### **Termination**

- The policy owner may submit a written request to terminate the ROPR. The termination will be effective on the monthiversary following receipt of the request at the NOC. The rider cannot be added back to the policy after a requested termination.

The rider may be restored if the policy is restored after the end of the grace period. It is subject to the same reinstatement requirements as the policy.

- Upon reinstatement, the rider Face Amount will be equal to the ROPR Face Amount at termination plus the restoration premium, multiplied by the Specified Percentage of premium paid (unless ROPR increases previously ceased), but not more than the maximum rider Face Amount.

**Compensation:** There is no CTP component for this rider.

### **Additional Rider Information:**

#### **New Business Procedures for Policies with ROPR**

It is important that Financial Professionals follow the procedures below to facilitate the underwriting and policy issuance process for policies electing ROPR. If the sale involves premium financing, there are certain eligibility requirements the Financial Professional must meet **before** an application can be taken.

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It is important to note that payment cannot be taken nor a Temporary Insurance Agreement given for policies electing ROPR.

### **ROPR Cover Memo**

A cover memo from the Financial Professional must accompany all applications for ROPR to assist the underwriter in their initial evaluation of the case, including determination of the appropriate new business underwriting requirements. The cover memo should indicate the:

- Purpose of the insurance;
- Base policy Face Amount being applied for; and
- Maximum ROPR Face Amount desired, if less than one times the initial base policy Face Amount.

If the case involves Premium Financing, the memo must also include the:

- Name of the case contact, if any;
- Name of the third party lending institution; and
- Name of the premium financing program.

### **ROPR Conforming Illustration**

If ROPR is elected on the application, a conforming illustration must be submitted with the application to facilitate underwriting.

### **ROPR Underwriting Requirements**

ROPR can generate a substantial amount of coverage over the life of a policy (i.e., up to four times the base policy Face Amount). This additional liability complicates the underwriting process. The business requirements that are posted on cases with ROPR will automatically be based on the maximum ROPR Face Amount, i.e., one times the initial base policy Face Amount. However, before a Financial Professional secures any underwriting requirements, he or she should consult directly with the underwriter assigned to the case to ensure that all of the requirements shown are necessary. The underwriter may need to limit the maximum amount of coverage under the rider to less than four times the base policy Face Amount because of AXA's retention limits or reinsurance considerations. Failure to consult with the underwriter beforehand may result in the ordering of unnecessary requirements.

### **Policy Issue**

The policy, if approved, will be issued subject to a policy amendment (PF237) specifying the maximum ROPR Face Amount. The maximum ROPR Face Amount, the ROPR percentage of premiums, and the ROPR Accumulation Rate are shown in the policy. There may be other delivery requirements including, but not limited to, a new conforming AXA illustration.

### **ROPR Face Amount**

The ROPR Face Amount is determined as follows:

- 1) It has an initial value equal to a percentage of the initial premium paid ranging from 15% up to 100%;
- 2) Any subsequent premium payments prior to age 100 will increase the ROPR Face Amount by an amount equal to the same percentage of the premium paid, effective as of the date received at the administrative office;
- 3) Each partial withdrawal will reduce the ROPR Face Amount by the amount of the withdrawal, but not to less than zero, effective on the date of the withdrawal;

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- 4) The ROPR Face Amount is increased on each policy anniversary up to and including the Insured's attained age 100 to reflect accumulation at the ROPR Accumulation Rate that was in effect during the preceding policy year, taking into account any changes in ROPR Face Amount that took place during such year due to premium payments or partial withdrawals. The increase will take effect only on the policy anniversary;
- 5) Each request for a decrease in the ROPR Face Amount will reduce the ROPR Face Amount by the amount of requested decrease, but not to less than zero, effective on the policy anniversary that coincides with or next follows the date the request is approved, and;
- 6) ROPR increases either due to premium payments or the application of the accumulation rate will not increase the ROPR Face Amount above the Maximum ROPR Face Amount.

#### **Death Benefit**

- Under Death Benefit Option A, the total Death Benefit for a policy with ROPR equals the greater of a) the sum of the base policy Face Amount plus the ROPR Face Amount, or b) a percentage multiple of the amount in the Policy Account or the Alternate Policy Account, whichever is higher.
- Under Death Benefit Option B, the total Death Benefit for a policy with ROPR equals the greater of a) the sum of the base policy Face Amount plus the ROPR Face Amount plus the amount in the Policy Account or the Alternate Policy Account, whichever is higher, or b) a percentage multiple of the amount in the Policy Account or the Alternate Policy Account, whichever is higher. (Note that the ROPR Face Amount would have been accumulated while the policy was under Death Benefit Option A, since ROPR is only available for policies which are Option A and increases terminate upon any change to Option B).

The ROPR Death Benefit is equal to any excess of the total Death Benefit described in the preceding bullets over the base policy's Death Benefit.

#### **ROPR Changes**

- Changes in ROPR coverage must be requested in writing to the NOC on a properly signed and completed form AMICA-2006, and are subject to our approval.
- If the policy is collaterally assigned, the assignee must sign the Request for Policy Change.
- Note: It is not possible to change the percent of premiums that should be returned once the policy is issued.

#### **Tax Impact of ROPR Changes**

The chart on page 54 summarizes the tax impacts of changes to ROPR Face Amount and ROPR coverage. ROPR Face Increases are material changes resulting in new 7-pay period and 7-pay limits for MEC testing purposes.

#### **ROPR Face Amount Decreases**

- A request for a ROPR Face Amount Decrease must be made prior to the policy anniversary nearest the 100th birthday of the Insured.
- We reserve the right to decline or limit a requested decrease if it would cause the policy to fail to qualify as life insurance.
- Unless specified otherwise, any subsequent increases in rider Face Amount due to premium payments or by application of the Accumulation Rate will continue, subject to the rider's "Cessation of Increases" provision.

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### **Cessation of ROPR Increases:**

ROPR increases are “frozen”, that is, the ROPR Face Amount no longer increases due to premium payments and annual application of the ROPR Accumulation Rate, on the earliest of the following dates:

- On the date that the ROPR Face Amount equals the ROPR maximum Face Amount;
- At the beginning of the policy month that coincides with or next follows the date we receive the policy owner’s written request to stop any further increases;
- On the policy anniversary nearest the 100th birthday of the Insured;
- On the effective date of a death benefit option change to Option B; and
- On the effective date of a requested increase in the base policy Face Amount.

Once increases in the ROPR Face Amount cease, the rider Face Amount will not increase due to premium payments or the annual application of the Accumulation Rate. After increases cease, they cannot be started again, even if there is a subsequent reduction in the rider’s Face Amount or a switch back to death benefit Option A.

### **Changes to the ROPR Accumulation Rate:**

The accumulation rate may be a whole percentage from 0% to 6%. The change is subject to the following, and may be made prior to the Insured’s attained age 100:

- A requested decrease in the rate will take effect on the policy anniversary that coincides with or next follows the date the request is approved;
- A requested increase in the rate requires evidence of insurability of the Insured and is subject to underwriting and reinsurance limits. The increase will take effect on the policy anniversary that coincides with or next follows the date the request is approved.

## **Disability Waiver of Monthly Deductions (DDW)**

This rider waives all monthly deductions from the Policy Account upon proof that the Insured has been totally and continuously disabled for at least six months. The waiver of charges includes the Segment Charges associated with the Plus Indexed Options. AXA will credit the monthly deductions taken during those 6 months to the Policy Account and the Alternate Policy Account when the claim is approved. This rider is useful in protection-oriented sales scenarios where the goal is to keep the policy in effect during a disability.

### **Availability**

- Issue Ages are 0–59.
- The proposed Insured must not be assessed a rating higher than the equivalent of a class D or a flat extra that equals or exceeds \$10.00 per thousand.
- The maximum amount of coverage under DDW is \$3,000,000 for all AXA (and/or any affiliated company) policies in force and applied for.
- DDW is not available with policies that elect ROPR.
- The rider terminates on the policy anniversary nearest the Insured’s 65<sup>th</sup> birthday.

### **Features**

While the policy is on waiver:

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- Monthly deductions are waived for as long as total disability continues if it begins before the policy anniversary nearest the Insured's 60th birthday. If total disability begins on or after this date (age 60), the monthly deductions are waived to the earlier of the policy anniversary nearest the Insured's age 65 or termination of disability.
- Insurance under the policy and benefits under other riders continue according to their terms, provided any policy loan and accrued loan interest do not exceed the greater of the Net Cash Surrender Value of the actual Policy Account Value or the net Cash Surrender Value of the Alternate Policy Account.
- Partial withdrawals and policy loans are available. The policy owner is billed for loan interest on the policy anniversary. If the interest is not paid, it will be added to the loan balance. The policy may terminate if the Net Policy Cash Surrender Value and the Alternate Cash Surrender Value are less than zero. In this instance, the policy owner will be sent a lapse notice and given 61 days to remit the required payment.
- Requested Face Amount increases and decreases are not permitted.
- Payment of premiums is permitted within the usual limits.
- If the policy is in the No Lapse Guarantee period, the Actual Premium Fund (as well as the NLG Premium Fund) is increased by the NLG premium amount on a monthly basis to assure that if the policy comes off the DDW claim the Premium Fund Test is passed.

#### Cost

- The monthly charge for this rider is calculated as a percentage of the monthly deductions. Rates vary by gender, attained age, and substandard rating, if any.
- The charge is deducted until the policy anniversary nearest the Insured's age 65.
- There are different non-guaranteed and guaranteed rates.

#### Termination of the Rider

This rider will terminate on the policy anniversary nearest the Insured's 65th birthday, if the policy terminates, upon written request from the policy owner, at the end of a grace period, or if the policy is placed on Loan Extension.

**Compensation:** There is a CTP component for this rider.

## Children's Term Insurance Rider (CTIR)

CTIR provides term insurance protection on the life of each child. The rider is available in whole units of \$1,000. The minimum coverage is five units and the maximum is 25 units per child for all AXA (and/or any affiliated company) policies combined (50 units in NY), but not more than one unit per \$5,000 of base coverage on the Insured at issue is allowed.

#### Availability

- Provides protection on the lives of the Insured's children, provided the Insured under the base policy is between the ages of 17 and 55. Coverage begins when the child is 15 days old.
- The base policy Insured must be rated no higher than the equivalent of a class D.
- Living children, stepchildren and legally adopted children of the Insured, who have not reached their 18<sup>th</sup> birthday on the date of the application and named therein, are eligible for coverage at issue.

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- Automatic coverage is provided for any child born, or legally adopted if under age 18, after the date of the application. Coverage does not begin on children until they are at least 15 days old.
- The rider cannot be added after issue if the policy has DDW.

### Features

Coverage provided for a child under CTIR is convertible to an individual policy on the life of the child upon the earliest of the child's 25<sup>th</sup> birthday or the expiry date of the rider. Evidence of insurability is not required for the new policy, except that the tobacco-use question must be answered. For any riders under the new policy, underwriting is required.

### Cost

The cost is a flat \$0.50 per \$1,000 unit per month and is deducted from the Policy Account until the policy anniversary nearest the base Insured's age 65.

### Termination

- A child's coverage ends on the child's 25th birthday.
- The rider remains in effect until the policy anniversary nearest the base Insured's 65th birthday.
- The policy owner needs to write to us to have us discontinue the rider sooner if the policy owner no longer has any children eligible to be covered under the rider.
- The rider also terminates if the policy terminates at the end of the 61-day grace period or if the policy is placed on Loan Extension. If the policy is restored prior to the automatic cessation date of the rider, CTIR will be reinstated.

**Compensation:** There is a CTP component for this rider.

## Long Term Care Services Rider (LTCSR)

The optional Long Term Care Services Rider provides a monthly benefit payment for chronically ill insureds to assist with qualified long term care expenses provided by a Long Term Care Facility or by a Home Health Care Provider (in CT, to be eligible for payment of benefits, it must be anticipated that continuous care will be required for the remainder of the insured person's life). The benefit is provided through an acceleration of the policy death benefits.

### Availability

- The LTCS is available at issue only for ages 20 – 75 and underwriting classes of Standard or better with no permanent or temporary flat extra charges (except Florida with issue ages 20 – 67).
- The rider will not be available for policies under the Good Health Credit Program if it was used to improve a substandard rating.
- The rider is not available if the policy is Guaranteed Issue or any form of Simplified Underwriting including Preferred Client Program. It is not available on policies that are issued on Foreign Nationals residing in the U.S. on a temporary basis or under the International Underwriting Program.
- The rider is not available for policies issued in a Qualified Plan or otherwise subject to ERISA.
- The rider is not available if the policy is reinsured.
- The rider is not available if ROPR is elected

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- The rider is not available for Foreign Nationals residing in the U.S. on a temporary basis
- The rider is not available if the Proposed Insured is eligible for Medicaid
- The rider is not available if it is replacing other Long Term Care coverage (either a rider or a standalone policy).
- The rider is not available if DDW or DPW is elected and the rider is declined or issued on rated basis (even if base policy rating class is Standard or better).
- The rider is not available on policies with face amounts less than \$100,000.
- The rider is not available on policies issued with exclusion riders.
- The rider is available in all states and jurisdictions where it has been approved. For information on states and jurisdictions where the LTCSR has been approved, consult the Long-Term Care Services Rider State Availability Chart that can be found on [axa-equitable.com](http://axa-equitable.com) under Products>Life Insurance>Product Materials>Long-Term Care Services Rider. In TX, when the LTCSR has been elected, the LBR is not available.

### Features

- The initial Long-Term Care Specified Amount (LTC SA) is equal to the face amount of the base policy at issue times the Acceleration Percentage.
- Permit LTC Specified Amount based on Death Benefit Option B in addition to Death Benefit Option A.
- For Option A, allow policy owners to specify the percentage between 20% and 100% of LTC benefit to be accelerated subject to a \$100,000 minimum LTC Specified amount at issue.
- The Maximum Total Benefit for Death Benefit Option A policies is the current Long Term Care Specified Amount. For Death Benefit Option B policies, the Maximum Total Benefit is equal to the current LTC SA plus the Policy Account value. During any period of coverage, the maximum Total Benefit is determined as of the first day of that period of coverage.
- The maximum monthly benefit allowed under this rider is \$50,000. All Long-Term Care coverage applied for and in force on any one life with AXA, its affiliates, and all other companies will count towards this limit.
- The minimum Monthly Benefit Payment is \$500. The Monthly Benefit Payment is the lesser of (1) the selected Long Term Care Benefit Percentage times the Maximum Total Benefit (or lesser amount if requested), and (2) 200% (100% in New York) of the applicable daily HIPAA limit times 30. The daily HIPAA limit is \$320 in 2013, resulting in a maximum monthly benefit of \$19,200 (\$9,600 in NY).
- The Long Term Care Benefit percentage is 1% or 2% for Issue Ages 20 – 75 and 3% for Issue Ages 20 – 70. The percentage is selected at issue and cannot be changed after issue. For Florida the issue ages are 20 – 67 for benefit percentages 1% and 2%, ages 20-65 for benefit percentage 3%.
- A Death Benefit Option Change from B to A is permitted when the LTCS Rider is in force and not on claim in accordance with the conditions of the base policy
- The LTCSR is intended to be a tax-qualified long-term care insurance contract under Code Section 7702B (except in New York where the LTCSR is intended to provide a benefit under Code section 101(g)).
- The LTCSR allows for a Nonforfeiture Benefit (NFB) that can be selected at issue. (The Nonforfeiture Benefit is not available for policies with a New York delivery state.) The NFB provides paid-up long-term care coverage that would be in effect until the earlier of the death of

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the insured or the date the NFB benefit limited has been paid out. After the LTCSR has been in force for 3 policy years, the NFB benefit will cover claims with the same eligibility requirements and elimination period as did LTCSR up to NFO's benefit limitations. NFB's benefit period begins when LTCSR has terminated due to:

- Policy surrender
  - Upon requested termination of the LTCSR by the policyowner
  - Upon terminating without value at the end of a grace period
- The Long Term Care Specified Amount is reduced for requested face amount reductions as well as partial withdrawals on Option A policies. Note that the option to "hold face" on a partial withdrawal is not allowed if the LTCSR is on a policy.
  - The benefit payments increase the Accumulated Benefit Lien Amount by the amount of the payment. The Accumulated Benefit Lien Amount will be treated as a lien against the Policy Death Benefit, Policy Account Value and Cash Surrender Value. If there is a policy loan, a pro-rata portion of each benefit payment is used to repay the policy loan. There is no interest for the LTCSR lien.
  - The monthly LTCS charge is waived while the policy is on "LTC claim" until the Long-Term Care Maximum Total Benefit has been paid out. All other Policy Account deductions continue while the policy is on claim unless there is insufficient Policy Account Value. If there is insufficient Policy Account Value while benefits are being paid, the remaining deductions will be waived. This means that the policy cannot lapse until the Long Term Care Maximum Total Benefit has been paid out, even if there is an outstanding loan.
  - The following changes are not allowed if LTCS is elected:
    - Face Increase
    - Death Benefit Option Changes from Option A to Option B
    - Partial withdrawal requests to hold Face Amount (except guideline force-outs)

### Cost

A current charge for the rider is deducted from the Policy Account Value each month until the policy anniversary nearest the insured's 100th birthday (age 121 on a guaranteed basis), unless the policy is on claim under the LTCS. The rider charge is calculated by applying the rider COI rate to the LTCS net amount at risk. For death benefit Option A, the net amount at risk for this rider is the lesser of (1) the current Face Amount minus the Policy Account Value (but not less than zero) and (2) the current Long-Term Care Specified Amount. For death benefit Option B, the net amount at risk for this rider is the current Long-Term Care Specified Amount.

There are guaranteed and non-guaranteed COI rates for the LTCS. The COI rates are banded by benefit percentage amount (1%, 2%, 3%) and vary by Issue Age, Sex, Tobacco User Status and Underwriting Class and whether the NFB has been elected.

### Termination

The rider terminates in the following situations subject to the NFB if elected:

- The Living Benefits Rider (terminal illness) is exercised;
- The policy is put on Loan Extension;
- When the policy terminates;
- Upon death of the insured;

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- Upon written request from the policy owner;
- When the policy is surrendered or
- When the Accumulated Benefit Lien equals the Maximum Total Benefit

If the rider terminates for any reason, it cannot be restored.

**Compensation:** There is a CTP component for this rider.

**Additional Rider Information:**

**Tax Treatment**

The Long-Term Care Services<sup>SM</sup> Rider benefit amounts received under your life insurance policy are intended to be treated for federal income tax purposes as accelerated death benefits under Section 7702B of the Internal Revenue Code (the Code). The Code provides special tax treatments for such payments on the life of a chronically ill insured person receiving qualified long-term care services within the meaning of Section 7702B of the Code. The benefit is intended to qualify for exclusion from income within the limits of those provisions of the Code. Receipt of these benefits may be taxable. For income tax purposes, payment of benefits will be reported to the owner on Form 1099-LTC. The owner must then file Form 8853 to determine the amounts to be included or excluded from income for the applicable taxable year.

The Rider is intended to be a qualified long-term care insurance contract under section 7702B(b) of the Internal Revenue Code. As such, the qualified Long-Term Care Services<sup>SM</sup> Rider monthly charges reduce the policyowner's investment in the life insurance policy, but not below zero. We are required to report such charges to the IRS each year on Form 1099R, but such amounts are not considered distributions and are not taxable. The owner's investment in the contract is used to determine the amount of gain that may be present in their policy for purposes of determining the income tax consequences of a distribution or upon the surrender or termination of the policy. The investment in the contract does not impact the income tax treatment of the policy's death benefit or any Long-Term Care Services<sup>SM</sup> Rider benefits. . (Under the NY version of the rider, which is not "qualified", policy charges are treated as distributions. Taxability rules will be the same as for any actual distribution under the policy. Under the NY version, benefits are under 101(g) of the Code and treated similarly to those paid under a qualified rider.)

Charges for the Long-Term Care Services<sup>SM</sup> Rider are generally not considered deductible for income tax purposes. If the owner and the insured person are not the same, the exclusion for accelerated death benefits for chronic illness does not apply under section 101(g) of the Code if the owner (taxpayer) has an insurable interest with respect to the life of the insured person, by reason of the insured person being an officer, employee or director of the taxpayer, or by reason of the insured person being financially interested in any trade or business carried on by the taxpayer. It is not clear whether or not this is the case for a qualified long-term care benefit under Section 7702B of the Code. Refer to the LTCS Tax Brochure for more information on taxation of LTCSR charges and LTCSR coverage taxation of benefits.

**Living Benefits (Accelerated Benefits) Rider (LBR)**

The Living Benefits Rider (for terminal illness) allows the policy owner to receive a portion of the policy's Death Benefit if the Insured is diagnosed as terminally ill with, generally, no more than twelve months to live (six months in IL ).

**Availability**

- The rider is automatically included at issue with all policies unless declined by the policy owner on the application.

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- We will continue to offer the six-month LBR Rider (R94-102 or state variation) in Illinois .
- This rider is not available on policies with face amounts less than \$50,000 except for guaranteed insurability type transactions such as Term Conversions and OPAI elections if LBR was on the prior policy.
- If LTCS is on the policy, it will terminate if the LBR is exercised.

### Features

- The maximum Death Benefit prepayment amount is, generally, the lesser of 75% of the policy's Death Benefit or \$500,000 (\$250,000 for IL, NJ and WA) under all policies issued by AXA (and/or any affiliated company) policies. The minimum is \$5,000.
- If the rider is added after issue, evidence of insurability is required.
- Some of the features (including the maximum prepayment amount allowed) vary by state.
- If the unloaned GIA and the Holding Accounts are insufficient to fully cover the lien portion of the Cash Surrender Value, the remaining amount will be allocated to the Segment Values on a pro-rata basis. Any amounts allocated to the Holding Accounts and/or Segments will be transferred to the unloaned GIA.
- The LBR benefit payment and accrued interest is treated as a lien against the policy values. The lien cannot be repaid.

### Cost

- There is no charge for this rider at issue; however, we may deduct a processing charge of up to \$250.00 per policy from the LBR payment.
- There is a \$100 charge for adding this rider after issue.

### Termination

The rider terminates when the policy terminates, upon written request by the policy owner, if the policy is placed on Loan Extension or if at any time the amount of the lien equals the total death benefit. If the policy lapses and is subsequently restored, the LBR is reinstated.

**Compensation:** There is no CTP component for this rider.

## Cash Value Plus Rider (CVPlus)

The CVPlus rider modifies the "Table of Surrender Charges for the Initial Base Policy Face Amount" in the Policy Information section of the policy. If, during the first eight policy years, the policy owner gives up the policy for its Net Cash Surrender Value, the applicable surrender charge for the policy year will be reduced by a specified percentage. In addition, if during the first three policy years, the policy owner gives up the policy for its Net Cash Surrender Value, a specified percentage of cumulative Premium Charges deducted will be refunded.

These percentages do not apply if the policy is being exchanged or replaced with another life insurance policy or annuity contract on the Insured including (but not limited to) 1035 exchanges, except for policies issued in Florida. Amounts available under the policy for loans, partial withdrawals and monthly deductions are calculated as if this rider was not part of the policy.

The premium load refund that would be applicable upon a complete surrender of the policy may increase the death benefit that is calculated when the claim is paid in the first three policy years in order for the policy to satisfy the definition of a "life insurance contract" under Section 7702 of the code.

The maximum amount available upon surrender will be limited to the greater of:

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1. Total premiums paid less partial withdrawals and
2. The Net Cash Surrender Value, exclusive of the CVPlus Benefit.

Any amount payable will be further reduced by the amount of any outstanding loan and accrued loan interest

**Availability**

- The rider may be elected at issue with non-qualified or qualified plans, as well as Guaranteed Issue cases.
- The policy must have a minimum Face Amount of \$250,000/life at issue for 1-2 lives and \$100,000/life at issue for 3 or more lives.
- The issue age limits are 0-70 for Tobacco User and 0-75 Non-Tobacco User, both as restricted by the Underwriting Class:

Underwriting Class	Tobacco Use Status	Issue Ages
Preferred Elite	NTU	18 - 75
Preferred	NTU	18 - 75
Preferred	TU	18 - 70
Standard Plus	NTU	0 - 75
Standard	NTU	18 - 75
Standard	TU	18 - 70
Substandard (B, C, D, E, F)	NTU	18 - 75
Substandard (B, C, D, E, F)	TU	18 - 70
Guaranteed Issue	NTU or TU	20 - 70

- A requested increase in the base policy Face Amount will not be permitted while the CVPlus rider is in-force.

**Features**

If the policy is fully surrendered for its net Cash Surrender Value during the first eight years, the surrender charge will be reduced by the specified percentage as follows:

- Policy years 1-4: 100%
- Policy year 5: 80%
- Policy year 6: 65%
- Policy year 7: 45%
- Policy year 8: 25%

In addition, the net cash surrender value will be increased by the refund of a percentage of cumulative premium charges deducted provided the policy is fully surrendered for its Net Cash Surrender Value in the first three policy years. The premium load refund will be based on the following percentages:

- Policy year 1: 100%
- Policy year 2: 80%
- Policy year 3: 33%

The death benefit that is calculated when the claim is paid is modified during the first 3 policy years as follows:

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- Under Option A, the Death Benefit is the greater of (a) the Face Amount of the policy plus the ROPR Face Amount, if applicable; and (b) a percentage multiple of (the amount in the Policy Account **plus applicable premium charge refund**).
- Under Option B, the Death Benefit is the greater of a) the Face Amount of the policy plus the ROPR Face Amount, if applicable, plus the amount in the Policy Account; and b) a percentage multiple of (the amount in the Policy Account **plus applicable premium charge refund**).

Guideline premiums, if applicable, are also modified to reflect the potential refund of a percentage of premium charges if the policy were to be fully surrendered during the first 3 policy years.

### **Cost**

There is a monthly \$0.04 per \$1,000 of initial face amount charge deducted for the rider while the rider is in force. This charge may vary on a current and guaranteed basis but not by policy specifics.

### **Termination**

This rider will terminate on the earliest of the following dates:

- At the end of the eighth policy year.
- On the date the policy ends without value at the end of a Grace Period or otherwise terminates.
- By policy owner request after the first policy year. (Note, the rider may not be reinstated if canceled by the policy owner).
- If the policy lapses and is subsequently restored before the end of the eighth policy year, CVPlus is reinstated.

**Compensation:** A different commission schedule will apply to policies issued with the CVPlus rider.

## **Loan Extension Endorsement (LEE)**

This feature, which is only available on GPT policies, provides that the policy will not lapse due to a total loan balance that exceeds the larger of the current or initial base face amount, if certain conditions are met.

### **Availability**

- This endorsement is automatically included at issue. However, the LEE will not go into effect if ROPR is on the policy.
- Once a policy is placed under Loan Extension, it cannot be deactivated.

### **Features**

The policy will automatically be placed on Loan Extension at the beginning of any policy month starting with the policy anniversary nearest the Insured's 75th birthday, but not earlier than the 20th anniversary if:

- The net Cash Surrender Value of the actual Policy Account Value and the net Cash Surrender Value of the Alternate Policy Account are not sufficient to cover the monthly deduction then due;
- The outstanding loan and accrued loan interest exceeds the greater of the current or initial Face Amount;
- The Death Benefit is Option A;
- The policy is not on LTCSR or LBR rider claim;
- ROPR is not on the policy,

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- The policy is not then in a 61-day grace period; and,
- No current or future distribution from the policy will be required to maintain its qualification as life insurance under the IRC.

If all of the above conditions are met, the Loan Extension Endorsement will automatically be activated. When this occurs, the policy owner will be notified, the policy will stay in force and monthly deductions will be taken up to the amount in the unloaned Policy Account and the balance waived.

When a policy is on Loan Extension:

- If there is value remaining in any individual segment of an Indexed Account at the time LEE is activated, the Segment Value will be transferred automatically to the unloaned GIA. Any amounts in Holding Accounts, plus current basis interest credit, will also be transferred automatically to the unloaned GIA.
- The Index-Linked Credit will not be credited on Segment Maturity even if segments were in progress prior to the policy being placed on Loan Extension;
- No allocations or transfers to the Indexed Accounts may be made even if the loan is fully repaid;
- No new loans may be taken, except for loans made to pay any loan interest that is due;
- No additional premiums will be accepted;
- No partial withdrawals may be made;
- No Death Benefit Option changes may be made;
- No policy changes may be made;
- All additional benefit riders and endorsements will terminate, including the Charitable Legacy Riders, if elected, LTCSR and the NLG rider; and
- No Face Amount increases or decreases may be made.

The policy owner will continue to be billed for loan interest on each policy anniversary. If the interest is not paid when due, it will be added to the outstanding loan balance. Loan repayments may be made under Loan Extension. Any payments that are received while the policy is under Loan Extension will be applied as loan repayments and allocated to the unloaned GIA.

The Death Benefit under the Loan Extension is the greatest of (a), (b), and (c) where:

- Is the greater of the Policy Account Value or the loan and accrued loan interest on the Insured's date of death, multiplied by the corridor factor;
- Is the loan and accrued loan interest on the Insured's date of death plus \$10,000; and
- Is the current base policy Face Amount.

**Cost:** There is no charge for this endorsement.

**Termination**

The endorsement can terminate prior to activation if the policy terminates at the end of a 61-day grace period, or if the policy goes on LBR claim. If the policy lapses and is subsequently restored, the Loan Extension Endorsement will be reinstated.

**Compensation:** There is no CTP component for this endorsement.

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## **Option to Purchase Additional Insurance (OPAI)**

The OPAI rider allows the policy owner to increase the policy face amount or to purchase a new policy for the amount of the option, on specific dates and without evidence of insurability.

### **Availability**

- This rider is available at issue ages 0 – 37.
- The minimum option amount is \$25,000. The maximum option amount is \$100,000.
- The maximum letter rating is the equivalent of a letter class of C.
- The rider cannot be added after issue.

### **Features**

- The option dates are the policy anniversaries nearest the Insured's attained ages 22, 25, 28, 31, 34, 37 and 40. A notice will be produced 60 days prior to the scheduled option date.
- An Alternative Option allows the policy owner to exercise the rider within three years before an option date. However, evidence of insurability is required in such situations. A purchase under the Alternative Option automatically cancels the regular option on the next option date. The rider may also be exercised within 90 days after the live birth of a child of the Insured or the legal adoption of a child by the Insured while the rider is in effect. Evidence of insurability is not required.

### **Cost**

The charge for this rider is based on issue age and option amount. The monthly charge is deducted from the Policy Account until the policy anniversary nearest the Insured's 40th birthday.

### **Termination**

The rider terminates on the policy anniversary nearest the Insured's 40<sup>th</sup> birthday, upon written request by the policy owner, if the policy terminates, or if the policy is placed on Loan Extension. If the base policy is restored prior to the automatic cessation date of the rider, then OPAI will be restored.

**Compensation:** There is a CTP component for this rider

## **2% Interest Guarantee Endorsement**

The 2% interest guarantee endorsement provides a minimum accumulation value called the alternate policy account. This value is used in addition to the regular policy account value to provide additional protection in certain scenarios:

- Adequacy of the policy value to cover monthly deductions to prevent policy lapse
- Cash surrender value at full surrender
- Death benefit
- Amount available for a policy loan.

A. **Alternate Policy Account:** The alternate policy account is credited with fixed and guaranteed interest at the daily equivalent of 2% annually. Cash value allocation among holding accounts, segments and the guaranteed interest account will not affect the value of the alternate policy account. Monthly deductions taken from the alternate policy account may be different than those taken from the policy account.

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- B. **Lapse:** If the net cash surrender value is not sufficient to cover the total monthly deductions, policies will not be in default if the alternate net cash surrender value is sufficient to cover the alternate monthly deductions.
- C. **Full Surrender:** If the policy is given up while the insured is living (including for a 1035 exchange), the value received will be the greater of the net cash surrender value or the alternate net cash surrender value.

Note: The alternate cash surrender value will not increase the amount available for a partial withdrawal.

- D. **Death Benefit:** If at the time of the insured person's death the alternate policy account value is greater than the policy account value, the alternate policy account value will be used to determine the death benefit under the policy. Similarly, if a change in death benefit option is requested, the greater of the policy account value or the alternate policy account value will be used to determine the new policy face amount on the date the change takes effect. The alternate policy account value will also be used to determine any surrender charges for face amount decreases.
- E. **Loan:** The value available for a maximum new loan will be the greater of the net cash surrender value or the alternate net cash surrender value.
- F. **Other Endorsements or Riders:** The 2% interest guarantee endorsement relates to other endorsements or riders on each policy as summarized in the policy form and /or endorsements /riders. These interactions are only partially reflected in this Product Guide.

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# LIFE INSURANCE QUALIFICATION TEST AND TAMRA

## LIMITS

- All life insurance policies must satisfy one of two tests to qualify as a life insurance contract under Section 7702 of the Internal Revenue Code.
- The policy owner may choose between the Cash Value Accumulation Test (CVAT) and the Guideline Premium Test (GPT).
- Once elected, the test may not be changed. If no test is selected on the application, the policy will be issued with the GPT test subject to an application amendment (PF 237).
- If the Policy Account Value is too high relative to the Death Benefit, the Death Benefit will be increased automatically under the terms of the policy to ensure compliance with the selected test. However, AXA reserves the right to require evidence of insurability or limit certain premium payments that, when made, would increase the net amount at risk under the policy. In addition, we may take certain actions to meet the definitions and limitations in the Internal Revenue Code (IRC) based on our interpretation of the IRC.

### CASH VALUE ACCUMULATION TEST (CVAT)

- Requires that the Death Benefit be sufficient to prevent the Policy Account Value from ever exceeding the net single premium required to fund the future benefits under the contract.
- This requirement is met by multiplying the Policy Account Value by a percentage calculated to satisfy the federal tax requirement, and increasing the Death Benefit to this amount whenever necessary.
- Depends upon the Insured's attained age, gender, and Tobacco User Status and underwriting class. For the Preferred Elite, Preferred, Standard Plus and Guaranteed Issue classes, the Standard CVAT factors are used. The percentages are shown in the policy.
- CVAT percentages are higher than those for the GPT at all ages prior to age 100.
- Generally allows payment of the full non-MEC 7-Pay premium in the first seven policy years under Death Benefit Option A, which may not be possible under GPT.
- Generally results in a rapid increase in Death Benefit when and if the policy hits the corridor due to funding levels or credited interest. One ramification of this extra Death Benefit is a greater net amount at risk and higher corresponding Cost of Insurance charges, which in turn reduce the Cash Surrender Value as compared to the Guideline Premium Test.
- In cases where later age reductions in benefits or Option B to Option A switches are contemplated, CVAT testing may offer the advantage of avoiding the application of negative guideline premium adjustments to the policy's premium limits.

### GUIDELINE PREMIUM TEST (GPT)

- Cumulative premium payments cannot exceed the greater of the Guideline Single Premium (GSP) or the sum of the Guideline Level Annual Premiums (GLAPs). We will refund any premiums received that exceed guideline premium limits. For BrightLife Grow, all comparisons of the premiums paid to the Guideline Premiums continue until the Insured's attained age 121, at which time premium payments will no longer be permitted.
- Guideline Premium recalculations cease at the Insured's attained age 100.
- A reduction in Face Amount, a change in Death Benefit Option, or a reduction or termination of ROPR or certain riders considered Qualified Additional Benefits under the IRC (QABs) can result in a force-out of previously paid premiums, either at the time of the change or later, but not beyond the Insured's attained age 100. DDW, CTIR and OPAI are considered QABs.
- Even if force-outs are not required, reduced or negative guideline limits can in some cases severely limit the allowable premiums that can be paid into the policy. Further, it is possible that the limit can be reduced to only

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the amount necessary to keep the policy in force until the end of the contract year, even though the policy may be underfunded with respect to its intended duration.

- Also imposes a minimum required Death Benefit amount, referred to as a corridor test. That amount is calculated as a percentage multiple of the Policy Account Value. The minimum percentage is determined by the Internal Revenue Code and varies by the Insured's attained age. The applicable percentages are shown in the policy.

It generally takes longer for a policy under the GPT test to reach the corridor and could result in higher Cash Surrender Values than under CVAT, especially in the later years.

### **MAXIMUM PREMIUMS**

- AXA reserves the right to limit the amount of any premium payment a policy owner may make when the policy is in corridor. If at any time the policy account value is high enough to put the policy in the corridor, we reserve the right to limit the amount of premiums paid.
- If the Guideline Premium Test (GPT) is chosen at issue as the Life Insurance Qualification Test, premiums cannot exceed the Guideline Premium Limit, which is described below.

### **TAMRA 7-PAY PREMIUMS**

- If, based upon our understanding of current law, we receive a premium payment that would result in a policy becoming a MEC, our procedure is to return the excess premium to the policy owner unless the policy owner signs a MEC Acknowledgment Form.
- For additional information, please refer to TAMRA 7-Pay Premiums section in the Tax Disclosure section.

### **GUIDELINE PREMIUM LIMIT**

Under federal tax law, premiums cannot exceed a maximum amount known as the Guideline Premium Limit in order for a policy to qualify as life insurance. The Guideline Premium Limits are policy specific. There are certain policy changes that affect these limits.

A decrease or termination of benefits or Face Amount decrease or change in Death Benefit Option could cause a force-out of previously paid premiums to the policy owner. This force-out could occur at the time of the change or later, but not beyond attained age 100. A force-out of premiums will be required only if premiums paid less non-taxable withdrawals exceed the recalculated Guideline Premium Limits, especially when the recalculated GSP or GLAP is negative.

## PREMIUMS

- BrightLife Grow is a flexible premium universal life insurance policy. The policy owner decides the amount and timing of premium payments, within certain limits.
- After the Minimum Initial Premium payment is paid, there are no required premiums. Otherwise, with a few exceptions mentioned below, premium payments may be made at any time and in any amount.
- This flexible premium structure allows policy owners to design a premium stream, which they can alter to take advantage of changes in the economy or in their personal financial situation.
- The policy provides for a No Lapse Guarantee (NLG) if certain premium levels are maintained and any policy loan and accrued loan interest does not exceed the greater of the Cash Surrender Value (CSV) and the Alternate Cash Surrender Value.

### PREMIUM MODES

- Premiums may be paid at any time up until attained age 121.
- All payments are applied as premium payments, except for grace payments when the policy has a loan, if Loan Extension is in effect, or if the policy owner specifies that they should be applied as loan repayments.
- Policy owners may also request to not be billed for premiums either at issue or at any time after issue, up to the Insured's attained age 121.

### PLANNED PERIODIC PREMIUM (PPP)

The minimum is \$50 for all modes, except for requests for no billing.

### COMMISSIONABLE TARGET PREMIUM (CTP)

We will pay first year compensation up to the CTP on premiums received during the first policy year, regardless of the Planned Periodic Premium (PPP). Note that commissions are paid on a rolling target premium basis with this product. The rolling target premium allows First Year "up to target" compensation on premiums received in policy year 2, if the First Year premium did not reach the target premium level. First Year "up to target" compensation will be paid until total premium equals First Year target premium, after which all remaining dollars will get the Renewal Year compensation. There is 0% excess compensation on first year premiums beyond 3 targets in Retail and Wholesale.

The CTP is determined at issue and varies by the Insured's age, gender, tobacco-user status, underwriting class, and the base policy Face Amount. Permanent Flat Extras and substandard letter ratings are included in the CTP. Temporary Flat Extras are not included in the CTP. An incremental target amount for the DDW, CTIR, OPAI and LTCS riders are added to the base target premium to determine the total CTP. There is no incremental target for ROPR, CVPlus, NLG or CLR.

With each requested increase in Face Amount above the highest historical Face Amount, a separate CTP is added to the policy for that specific increase layer. First year and renewal commissions or GDC are paid on premiums attributable to each layer of coverage. Premiums are attributed to each layer based on the relationship that the increase CTP bears to the total CTP. The Face Amount increase is effective on the monthiversary on or following approval of the Face Amount increase.

The CTPs will be reduced on a Last-In-First-Out (LIFO) basis for any requested Face Amount decrease.

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# POLICY ACCOUNT

## CASH SURRENDER VALUE

For the first 15 policy years after issue, or 15 years after the effective date of a Face Amount increase, the Cash Surrender Value equals the Policy Account Value, less the applicable surrender charge. Thereafter, the Cash Surrender Value is equal to the Policy Account Value.

## NET CASH SURRENDER VALUE

The Net Cash Surrender Value is the Cash Surrender Value less any loan and accrued loan interest and any LBR lien and accrued lien interest. This is the amount the policy owner receives if the policy is surrendered.

During a period of coverage under the LTCS rider, the Cash Surrender Value is reduced to reflect any LTCS Lien.

## DECLARED INTEREST RATE

At policy issuance and periodically thereafter, AXA declares the interest rates that will apply to the Guaranteed Interest Account. There is no guarantee period for declared interest rates. Declared rates can be changed at any time. A minimum interest rate of 2% (effective annual rate) is guaranteed. New business interest rates and renewal interest rates may be different as well as the interest rates for loaned and unloaned amounts.

## POLICY ACCOUNT ACTIVITY

- As each premium is received, the Premium Charge is deducted. The balance, the Net Premium, is credited to the Policy Account as of the date that it is received at our Administrative Office. In the case of the initial premium, the credited date is the later of the Register Date or the date the full MIP is received at the Service Center.
- At the beginning of each policy month, starting on the Register Date, deductions are made from the Policy Account to cover applicable charges. At the beginning of each month following the Register Date, the loaned and unloaned policy accounts are credited with interest for the prior month.
- Portions of net premiums may be contributed to one or more of the Indexed Accounts and the Guaranteed Interest Account. Premium allocation instructions are specified on the application. The policy owner may change the allocation instructions at any time. AXA reserves the right to place limitations on the policy owner's ability to contribute premiums to Segments. Monthly deduction allocations cannot be specified, and will instead follow the hierarchy rules described on page 44.

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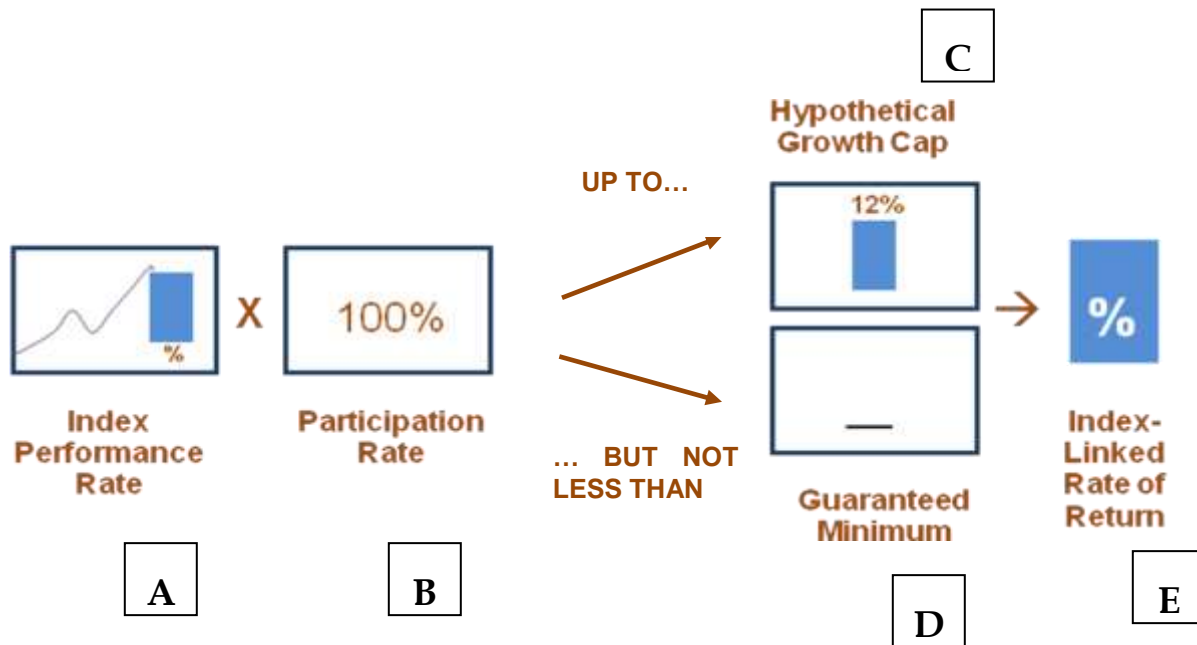
# HOW THE INDEXED OPTIONS WORK

BrightLife Grow offers eight index-linked options, providing clients with a diversity of choice while still maintaining crediting method simplicity.

## HOW INTEREST CREDITING WORKS

The Indexed Account of BrightLife Grow can deliver upside potential based on equity market movements without the downside typically associated with equity markets because of the beneficial way the Accounts interest credits are calculated.

The following diagram shows how the interest crediting works visually:



### **A. Index Performance Rate**

A simple point-to-point method is used to determine the Index Performance Rate for each Indexed Account segment. This is the difference between the index’s value at the beginning and end points of the 1-year or 3-year segment, expressed as a percentage increase or decrease.

### **B. Participation Rate**

The Participation Rate determines what percentage of the Index Performance Rate will be used in the calculation of the Index-Linked Credit on the Segment Maturity Date. With BrightLife Grow, the Participation Rate is guaranteed to be at least 100%. If market conditions warrant, AXA reserves the right to raise the Participation Rate to above 100% in the future. The current and guaranteed minimum Participation Rates may vary for each segment of each Indexed Account.

### **C. Growth Cap Rate**

The Growth Cap Rate establishes an upward limit on the rate of return an Indexed Account can credit over each 1-year or 3-year segment. Growth Cap Rates are subject to change until the Segment Start Date, and the current Growth Cap Rates may vary for each segment of each Indexed Account. The Guaranteed Minimum Growth Cap Rate is currently 3% for each of the Core one-year indexed options (3.5% for the Plus Option), and 10% for the Core three-year indexed option (11.5% for the Plus Option). As Growth Cap Rates are declared on each Segment Start Date, they will be available on [axa-equitable.com](http://axa-equitable.com).

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#### **D. Segment Guaranteed Minimum Annual Interest Rate (Cumulative Segment Guaranteed Minimum Interest Rate for multi-year indexed options)**

The Segment Guaranteed Minimum Annual Interest Rate (Guaranteed Minimum) for all of the Indexed Accounts is 0%. If the market index of an Indexed Account loses value over the 1-year or 3-year segment, the interest credit would equal 0% and the value of the Indexed Account would not decrease except due to the effect of monthly deductions, loans or withdrawals.

#### **E. Index-Linked Rate of Return**

The Index-Linked Rate of Return reflects any growth in the Index, subject to the Growth Cap Rate and Participation Rate, which exceeds the Segment Guaranteed Minimum Annual Interest Rate or Cumulative Segment Guaranteed Minimum Interest Rate (for multiyear indexed options). The Index-Linked Rate of Return is equal to [the lesser of (A x B) and C] - D, such result being not less than zero.

A = **Index Performance Rate** equal to (Index Price at the segment maturity date)/ (Index Price at the segment start date) - 1, but not less than zero

B = **Current Participation Rate**: The Participation Rate determines how much of the Index Performance Rate (e.g., the increase in the S&P 500 index) will be used in the calculation of the Index-Linked Credit on the Segment Maturity Date. The Guaranteed Minimum Participation Rate is 100%, and the Current Participation Rate is 100% for all Indexed Accounts with flexibility to increase the rate. The current and guaranteed Participation rates may vary for each specific Indexed Account.

C = **Growth Cap Rate**

D = Segment Guaranteed Minimum Annual Interest Rate or **Cumulative Segment Guaranteed Minimum Interest Rate (for multiyear index)**. (For multiyear index, Cumulative Segment Guaranteed Minimum Interest Rate is a compounded value over the duration of the segment term for the Segment Guaranteed Minimum Annual Interest Rate.)

#### **Index-Linked Credit**

The Index-Linked Credit for each individual Segment is calculated by multiplying the Index-Linked Rate of Return by the Average Monthly Balance of the Segment Principal Amounts (excluding guaranteed interest) on the Segment Maturity Date. Using this approach, any amounts deducted from the Segments (including charges, partial withdrawals and loans) during the Segment Term receive pro-rata amounts of the Index-Linked Credit. The Average Monthly Balance is the average of the 12 end-of-month segment balances for the duration of the segment term, and excludes any Segment Guaranteed Interest. The Average Monthly Balance is calculated based on "segment months", which end on the same calendar day of each month as Segment Maturity Date for the segment.

The performance is only credited at Segment Maturity and only if the policy is still inforce (i.e. not terminated due to lapse, surrender, death or NTO) and not in the grace period or under Loan Extension as of the end of the Segment Term. In addition, the policy must have remained continuously inforce during the segment term. If the policy terminates due to lapse and is subsequently restored then the segment was terminated and receives no performance credit at the end of the segment term. As long as these conditions met, then even if the Segment Principal Amount is zero at segment maturity, performance is credited on a prorata basis for amounts in the segment during the segment term.

### **SEGMENT MECHANICS**

Net premiums are first deposited into the Holding Accounts associated with the indexed options specified by the policy owner. The Holding Accounts will earn interest at rates declared periodically by AXA-Equitable, which will be at the same rate credited to the unloaned portion of the GIA, and will

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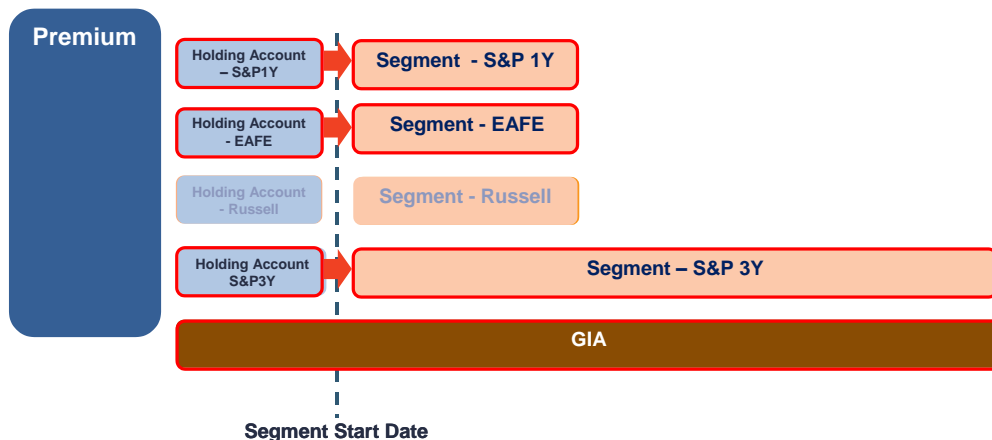


never be less than the Guaranteed Minimum Interest Rate of 2% per year. *Note: the illustrations below show only the Core options for simplicity. Plus indexed options work in a similar fashion.*



Generally, a new Segment will be established monthly. This occurs when an amount, including any accumulated interest, is transferred from the Holding Account into the Segment, subject to satisfying the requirements necessary to establish a new Segment. New Segments are generally created effective the 15th of each calendar month and generally mature on the 14th of the final calendar month of the Segment Term. Amounts must be in the Holding Account as of the Segment Cut-off Date to be included in that month's new Segment.

In the example below, the policy owner has selected three Indexed Options, as follows:

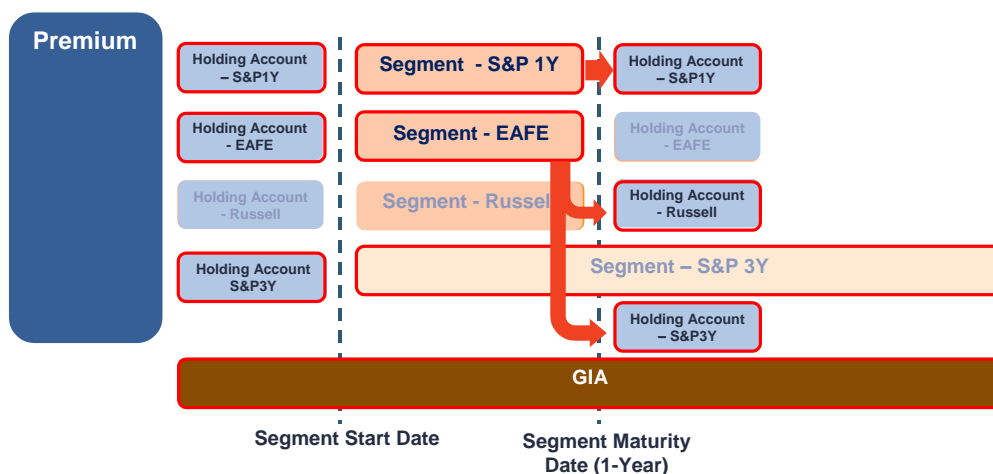


At Segment Maturity (one year or three years later), the Index-Linked Credit, if any, for the specified Segment is included in the Segment Value. The Index-Linked Credit is credited on the Segment Maturity Date as long as the policy is in force, and not under Loan Extension or in a grace period on that date, and has remained continuously in force during the Segment Term.

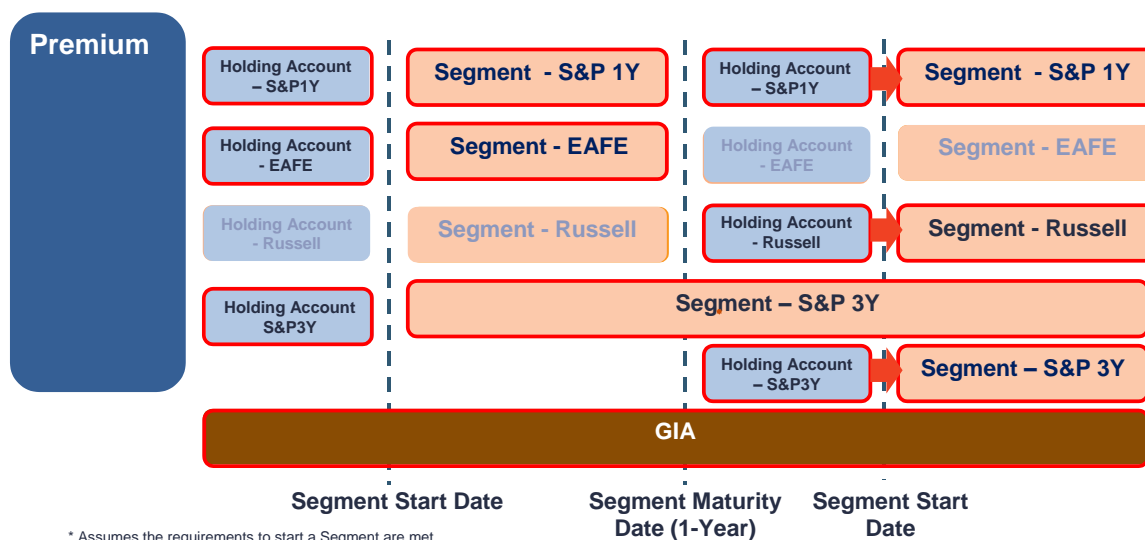
The Segment Value plus the Index-Linked Credit (i.e. the Segment Maturity Value) is then reallocated according to the Segment Maturity allocations specified by the policy owner at issue or subsequently changed. (See Segment Maturity Value Reallocation below.)

In this example, the policy owner has elected to rollover the S&P 1-Year Segment and reallocate the EAFE Segment to the Russell 2000 Indexed Option and S&P 3-Year Indexed Option, as illustrated:

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On the Segment Start Date, new segments are established.



\* Assumes the requirements to start a Segment are met.

## SEGMENT START DATE AND SEGMENT MATURITY DATE

Segment maturity and commencement will always occur on the first and second business days occurring after the 13th calendar day of the month. Generally this results in segments starting on the 15th of the calendar month and generally maturing on the 14th of the calendar month.

### DEFINITION OF BUSINESS DAY

A Business Day is any day the New York Stock Exchange (NYSE) is open for regular trading and generally ends at 4:00 p.m. Eastern Time (or as of an earlier close of regular trading). Generally, close of business (COB) is 4 pm on a Business Day. Segments can only begin and end on business days.

### IMPACT OF NON-BUSINESS DAYS ON SEGMENT START AND MATURITY DATES

The Segment Maturity Date and Segment Start Date may sometimes occur on later dates, if the 14th and/or 15th are not Business Days. Below are some examples of how the Segment Maturity Date and Segment Start Date may be moved in a given month. In addition to weekends, the additional non-business days that typically would impact this determination are Good Friday, Martin Luther King's For Financial Professional Use Only. **Not To Be Used With Or Distributed To The General Public.**

birthday (Monday holiday) and President’s Day (Monday holiday). **The resulting Segment Maturity and Segment Start Dates are all assumed to be business days.** As shown below Segment Maturity Dates can vary between the 14th and 17th and Segment Start Dates can vary between the 15th and 18th of a month.

Selected examples for the 14th of the month:

<b>If the 14th is a:</b>	<b>then the Segment Maturity Date is:</b>	<b>and the Segment Start Date is:</b>
Friday (business day)	Friday the 14 <sup>th</sup>	Monday the 17 <sup>th</sup>
Friday (non-business day)	Monday the 17 <sup>th</sup>	Tuesday the 18 <sup>th</sup>
Saturday	Monday the 16 <sup>th</sup>	Tuesday the 17 <sup>th</sup>
Sunday	Monday the 15 <sup>th</sup>	Tuesday the 16 <sup>th</sup>
Monday (business day)	Monday the 14 <sup>th</sup>	Tuesday the 15 <sup>th</sup>
Monday (non-business day)	Tuesday the 15 <sup>th</sup>	Wednesday the 16 <sup>th</sup>

Selected examples for the 15th of the month:

<b>If the 15th is a:</b>	<b>then the Segment Maturity Date is:</b>	<b>and the Segment Start Date is:</b>
Friday (business day)	Thursday the 14 <sup>th</sup>	Friday the 15 <sup>th</sup>
Friday (non-business day)	Thursday the 14 <sup>th</sup>	Monday the 18 <sup>th</sup>
Saturday	Friday the 14 <sup>th</sup>	Monday the 17 <sup>th</sup>
Sunday	Monday the 16 <sup>th*</sup>	Tuesday the 17 <sup>th</sup>
Monday (business day)	Monday the 15 <sup>th</sup>	Tuesday the 16 <sup>th</sup>
Monday (non-business day)	Tuesday the 16 <sup>th</sup>	Wednesday the 17 <sup>th</sup>

## **SEGMENT CUTOFF DATE**

If a policy owner wishes to include any values in an upcoming segment, such transactions must be performed by 4:00 pm on the Segment Cutoff Date. Generally this is the 14th of each month, the last business day before a Segment Start Date. Any values added to a Holding Account after this date (e.g. on the 15th of the month that is a Segment Start Date) will not be included in that Segment’s values, and will remain in the Holding Account until the next available Segment Start Date (i.e. the following month).

## **REQUIREMENTS TO ESTABLISH A SEGMENT**

- The following requirements must be met in order to start a new Segment. If these requirements are not satisfied, any amount allocated for an Indexed Account will remain in the Holding Account: The annual interest rate credited on the unloaned portion of the GIA, compounded for the number of years in the Segment Term, must be less than the current Growth Cap Rate for the Segment.
- The minimum amount for entering a Segment must be available within the Holding Account (currently there is no minimum amount).
- The total amount allocated to the Segments of an Indexed Account must be less than any maximum limit the company may have established (currently there is no maximum limit).

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- The policy must not be in a grace period.

### **HIERARCHY FOR DEDUCTIONS DURING A SEGMENT TERM**

All deductions from the policy account (including charges, partial withdrawals, and loans) are deducted following the hierarchy rules for all deductions and deduction allocations may not be specified by the policy owner. Deductions will be taken first from the unloaned GIA until exhausted, and then on a pro-rata basis from the Holding Accounts for each indexed option until exhausted. Any remaining deductions will be then taken pro-rata from all Segments of the Indexed Accounts until all Segments are exhausted without regard to Segment Term or time until Segment Maturity.



### **SEGMENT MATURITY VALUE REALLOCATION**

The policy owner can change Segment Maturity Allocation instructions by contacting the Service Center after issue. At Segment Maturity, the value may be allocated to the GIA or to the Indexed Accounts or to a combination of the GIA and the Indexed Accounts. If no allocation is specified, matured values will be rolled over into the same Indexed Accounts.

Rollover amounts and Segment maturity value reallocations to the Indexed Accounts are not invested directly into a Segment. On the same day the Segment Term ends (i.e. generally 14th of the month) the allocated percentage of the Segment Maturity Value will be transferred into the specific Holding Account for the Indexed Option selected. It will then be transferred on the next business day (generally the 15<sup>th</sup> of the month), into a new Segment, subject to satisfying the requirements necessary to establish a new Segment.

### **KEY TERMS**

The definitions below are a brief description of terms and features related to the index-linked options.

- **Average Monthly Balance:** The average of the ending monthly Segment Principal Amounts (as of the same calendar day of each month as the Segment Maturity Date) for the duration of the Segment Term.
- **Growth Cap Rate (GCR):** The maximum rate of return that will be used in the calculation of the Index-Linked Credit. This will be determined for each Segment of each Indexed Account on or before the Segment Start Date. The Company reserves the right to change the Growth Cap Rate at any time prior to the Segment Start Date. However, it will never be less than the guaranteed minimum GCR for each indexed option. The GCR is guaranteed not to change during the Segment Term. Current GCR rates will be reflected in the policy owner's annual report for the period covered.
- **Holding Accounts:** The portion of the Indexed Account that temporarily holds net premiums and other amounts the policy owner requests to be allocated or transferred to the corresponding indexed option.
- **Index:** The index upon which the Index-Linked Credit is based.

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- **Indexed Account:** The portion of the Policy Account that is comprised of the Holding Account and Segments associated with any indexed option selected by the policy owner.
- **Index-Linked Credit:** The amount included in the Segment Value on the Segment Maturity Date that is equal to the Segment's Index-Linked Rate of Return multiplied by the Segment's Average Monthly Balance on the Segment Maturity Date. Any Index-Linked Credit may be positive or zero.
- **Index-Linked Rate of Return:** The rate of return that is used to calculate the Index-Linked Credit. The Index-Linked Rate of Return reflects any growth in the index, subject to the Growth Cap Rate and Participation Rate, in excess of the Segment Guaranteed Minimum Annual Interest Rate or Cumulative Segment Guaranteed Minimum Interest Rate (for multi-year indexed options).
- **Index Performance Rate:** The rate that represents the percentage change in the index during a Segment Term using the Point-to- Point Method.
- **Participation Rate:** The percentage of the Index Performance Rate that is used in calculating the Index-Linked Credit. This will be determined for each Segment of each Indexed Account on or before the Segment Start Date. However, it will never be less than the guaranteed minimum Participation Rate for each indexed option.
- **Point-to-Point Method:** A method that compares the value of the index at two discrete points in time: the Segment Start Date and Segment Maturity Date.
- **Policy Account:** The sum of the values of the Guaranteed Interest Account (loaned and unloaned) and the Indexed Accounts.
- **Segment:** The portion of an Indexed Account that is associated with a particular Segment Start Date.
- **Segment Cut-off Date:** The last business day before the Segment Start Date by which transaction requests (such as premium payments, premium allocations, transfers, changes in maturity reallocation instructions, and loan repayments) must be received at our Administrative Office in order to have any effect on the amount transferred into new Segments on the Segment Start Date. This date is specified in the policy.
- **Segment Charge:** The 0.5% annual charge for the Plus indexed accounts calculated as a percentage of value of the Plus indexed account segments and deducted monthly – following the hierarchy rules for the current product.
- **Segment Maturity Date:** The date on which a Segment Term is completed and the Index-Linked Credit for that Segment, if any, is included in the Segment Value.
- **Segment Maturity Value:** The Segment Value on the Segment Maturity Date, which includes any Index-Linked Credit for that Segment.
- **Segment Principal Amount:** The amount initially transferred from the Holding Account into a new Segment on the Segment Start Date, subject to the conditions described in the policy. This amount will be reduced by any subsequent monthly deductions, policy loans, transfers, partial Net Cash Surrender Value withdrawals, or other policy distributions that are allocated to a Segment in accordance with the terms of the policy.
- **Segment Start Date:** The date on which a Segment is established.
- **Segment Term:** The duration of a Segment. The Segment Term for each Segment begins on its Segment Start Date and ends on its Segment Maturity Date.
- **Segment Value:** The Segment Principal Amount increased by any: (1) Segment Guaranteed Minimum Annual Interest during a Segment Term and (2) Index-Linked Credit on the Segment Maturity Date.

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# DEATH BENEFIT

## FACE AMOUNT LIMITS

Minimum Face Amount: \$50,000; \$1,000,000 if the Charitable Legacy Rider is elected; \$250,000/life at issue for 1-2 lives when the CVPlus Rider is elected and \$100,000/life at issue for 3 or more lives when the CVPlus Rider is elected.

Maximum Face Amount: subject to our retention limits and the availability of reinsurance. For MLOA, any excess over their retention is automatically ceded to AXA up to its retention limit.

## DEATH BENEFIT OPTIONS

Option A: the Death Benefit is the greater of:

- 1) the Face Amount of the policy, or
- 2) a percentage of the amount in the Policy Account or the Alternate Policy Account whichever is higher.

Option B: the Death Benefit is the greater of:

- 1) the Face Amount plus the Policy Account or the Alternate Policy Account, whichever is higher, or
- 2) a percentage of the amount in the Policy Account or the Alternate Policy Account, whichever is higher. See Table of Percentages on pages 35 and 35 for CVAT and GPT, respectively.

Changes from A to B may be made at any time after the second policy year, and changes from B to A may be made at any time after the fifth policy year, while the policy is in force, but may require evidence of insurability, depending on the type of Option change. If the policy is on Loan Extension, the Death Benefit Option must always be A. Death Benefit Option Changes from A to B are not permitted if the Long Term Care Services Rider is on the policy.

## COVERAGE AFTER AGE 100

Premium payments, partial withdrawals, face amount decreases and death benefit option changes are permitted after the Insured's attained age 99.

## COVERAGE AFTER AGE 121

The policy does not contain a maturity provision.

After Age 121:

- COI and monthly administrative charges will be set to zero, however the annual Segment Charge of 0.5% will continue if the client is currently invested in one or more of the Plus Indexed Options.
- The Segment Credit will continue.
- On a non-guaranteed basis, the loan interest rate charged will be equal to the loan interest rate credited.
- Premium payments stop.
- Interest will continue to be credited.
- If a policy is on LTCS claim, the Long-Term Care benefit payments will continue until the Long-Term Care Maximum Total Benefit has been paid out.

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- The only policy transactions that are permitted on or after the Insured's attained age 121 are loans, loan repayments and transfers between the unloaned GIA and Holding Accounts. Premium payments, partial withdrawals, changes in face amount and death benefit options changes will not be accepted.

## TAXATION

The death benefit paid to a beneficiary of the life insurance policy will generally be income tax free. This assumes the policy meets the definition of life insurance under section 7702 of the Code. There may be different tax consequences, however, if:

- the owner lacked an insurable interest in the insured when the policy was issued,
- the policy or an interest therein is transferred or assigned for value to a different owner, unless an exception to the transfer for value rules of the Code applies,
- it is an employer owned policy, unless all necessary notice and consent requirements have been met.

## WITHDRAWALS AND POLICY LOANS

### WITHDRAWALS OF THE NET CASH SURRENDER VALUE

A policy owner may request a partial withdrawal any time after the first policy year but before the Insured's attained age 121, subject to the following:

- Minimum withdrawal is \$500.
- Face Amount must not drop below the minimum stated in the policy.
- Partial withdrawals are not permitted if the policy is on **Loan Extension** or on claim under the **LBR or LTCSR claim**.

### THE EFFECTS OF A WITHDRAWAL

What does a withdrawal reduce?

- A withdrawal generally reduces the Policy Account Value, the Cash Surrender Value, and the Death Benefit on a dollar-for-dollar basis.
- Under Death Benefit Option A, the Face Amount is generally reduced so that there is no change in the Net Amount at Risk.
- Under Death Benefit Option B, the Face Amount does not change.

Other Effects:

- A withdrawal that reduces the Face Amount will also result in the Guideline Premiums and NLG premiums, if applicable, being recalculated. Guideline premiums are only recalculated for withdrawals prior to attained age 100.
- If the policy is "in corridor", such that a higher Death Benefit was in effect, a withdrawal will reduce the Death Benefit by a greater amount than the actual withdrawal.
- Withdrawals under Option A policies during a 7-Pay Period, which result in a decrease in Face Amount, are viewed as TAMRA reductions in benefits, and could cause the policy to be classified as a MEC.
- If the withdrawal reduces the face amount to below \$1 million, the death benefit payable under the Charitable Legacy Rider will not apply.

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Partial withdrawals are deducted from the policy account following the hierarchy rules for all deductions, and allocations may not be specified by the policy owner. Deductions will be taken first from the unloaned GIA until exhausted, and then on a pro-rata basis from the holding accounts for each indexed option until exhausted. Any remaining deductions will then be taken pro-rata from all Segments of the Indexed Accounts until all Segments are exhausted without regard to segment term or time remaining until maturity. AXA reserves the right to establish a 12-month period beginning on the date of any deduction from a segment for a partial withdrawal, called the Lockout Period, during which amounts would not be transferred into new segments.

#### **THE EFFECTS OF A WITHDRAWAL ON A POLICY WITH RETURN OF PREMIUM RIDER**

- A partial withdrawal on a policy with ROPR will reduce the ROPR Face Amount first, but not below zero; if this occurs during a 7-pay period, it would be viewed as a TAMRA reduction in benefits, and could cause the policy to be classified as a MEC.
- If the withdrawal exceeds the ROPR Face Amount, the excess amount may reduce the base policy Face Amount as stated above.
- For policies where the Death Benefit is Option B or is a percentage of the Policy Account Value, a partial withdrawal will also reduce the base policy Death Benefit under the provisions of the policy.

#### **POLICY LOANS**

Policy loans are available at any time subject to the following:

- Any time after issue, up to 100% of the Net Cash Surrender Value (NCSV) may be borrowed against
- The minimum loan amount is generally \$500.
- For policies on Loan Extension, no new loans may be taken, except for loans made to pay any outstanding loan interest that is due and unpaid.
- Amounts borrowed remain part of the Policy Account, but are transferred to a special “loaned” section of the Policy Account. Amounts residing in this loaned section are not available to support monthly deductions or other policy charges. The loaned amounts continue to earn interest, but at a rate that may be different than that for unloaned amounts. The guaranteed minimum interest rate is 2%.

AXA will accept the transfer of an existing loan as part of a Section 1035 transfer to a new BrightLife Grow policy, subject to certain limitations. Under our current administrative rules, the carryover loan amount cannot exceed 75% of the initial premium on the new policy and must be supportable by the policy. We do not permit loans to be carried over to an inforce policy.

Loans are deducted from the policy account following the hierarchy rules for all deductions, and allocations may not be specified by the policy owner. Deductions will be taken first from the unloaned GIA until exhausted, and then on a pro-rata basis from the holding accounts for each indexed option until exhausted. Any remaining deductions then will be taken pro-rata from all Segments of the Indexed Accounts until all Segments are exhausted without regard to segment term or time remaining until maturity. Reductions in the Segment Value are first to principal and then to Segment Guaranteed Interest, if any.

AXA reserves the right to establish a 12-month period beginning on the date of any deduction from a segment for a loan, called the Lockout Period, during which amounts would not be transferred into new segments.

AXA does not offer Indexed Loans.

#### **LOAN INTEREST CHARGED - ADJUSTABLE LOAN INTEREST RATE (ALIR)**

Interest on policy loans accrues daily at a rate established at the beginning of each policy year. The same rate is applicable to both outstanding and new loans in a policy year.

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The maximum loan rate in any year is the greater of

- 1) 3% or
- 2) the "Published Monthly Average" for the month ending two months prior to the policy anniversary but not more than 15%. (For example, the "Published Monthly Average" for July is used for October policy anniversaries.)

The "Published Monthly Average" is the monthly average corporate yield shown in Moody's Corporate Bond Yield Average. On a current, non-guaranteed basis, the loan interest rate charged is 3% for policy years 1-10, and 2% thereafter.

#### **LOAN INTEREST DUE DATE**

- Charged in arrears and is due on each policy anniversary.
- If not paid on or before the due date, the loan interest is added to the outstanding loan in the form of an additional loan. If the policy is a MEC, this transaction will be taxable to the extent of the gain in the policy.

#### **INTEREST CREDITED ON LOANED AMOUNTS**

- Loaned amounts continue to earn interest, but at a rate expected to be lower than the rate charged on the loan during the first 10 policy years.
- The interest rate credited is guaranteed to never be lower than 1% below the interest rate charged.
- Currently, the rate credited on loaned amounts is 2%.
- On a guaranteed basis, the interest rate credited will not go below 2%. Even though there is no differential on a non-guaranteed basis between the interest rate credited and the interest rate charged beginning in policy year 11, there can be tax implications with respect to interest charged and interest credited on policy loans.
- Interest charged with respect to policy loans is generally non-deductible for income tax purposes for individuals.
- The interest credited as well as the capitalized loan interest charged are taken into account for determining the taxation of distributions under the policy or in the event that the policy is ever surrendered, lapses or becomes a Modified Endowment Contract (see page 53).
- Interest earned on the loaned portion of the GIA is automatically transferred annually or upon full loan repayment according to the payment allocations on file. Allocations may be to the unloaned GIA and/or to the Indexed Accounts.

#### **LOAN REPAYMENTS**

- All or part of a policy loan may be repaid at any time.
- All payments are assumed to be premium payments unless the policy owner specifies that the payment is to be applied as a loan repayment, the policy has been placed under Loan Extension, or if a grace payment is received on a policy with a loan.
- The policy owner may tell us how to allocate loan repayments to the unloaned GIA and the Indexed Accounts. If no instructions are received, the premium allocation percentages in effect will apply.
- Note: See the Riders section for the loan repayment rules applicable to Loan Extension.

#### **THE EFFECTS OF A POLICY LOAN**

- A loan has a permanent effect on the Policy Account Value and on the benefits under the policy, even if the loan is repaid.

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- Interest credited on the loaned portion of the Policy Account may be different than the interest credited on the unloaned portion of the Policy Account.
- The amount of any unpaid loan, plus accrued loan interest, is deducted from the policy proceeds at death or surrender.
- An outstanding loan reduces the Net Cash Surrender Value available for loan or withdrawal.
- A loan may cause a policy to lapse even if the NLG premium has been paid, which could result in taxable income if the loan exceeds the cost basis of the policy, even though there is no cash distributed.

### **HOW TO MAKE LOAN REQUESTS**

Only persons who are properly authorized under the policy may request loans. Loan requests may be made by telephone if we approve, over the Internet or by writing to AXA's Administrative Office.

### **TAXATION OF WITHDRAWALS AND LOANS**

- Partial withdrawals of amounts up to basis are generally income tax-free if the policy is not a MEC. However, some partial withdrawals may be taxable during the first 15 policy years, even if the policy is not a MEC.
- Loans taken will be free of current income tax as long as the policy remains in effect until the Insured's death, does not lapse and does not become a MEC. This assumes that the loan will eventually be satisfied from income tax-free death proceeds.
- To the extent a loan is partially repaid through a LTCSR benefit, taxation will be determined by the taxation of the benefit. That is, a portion of the benefit is used to repay a portion of the loan. If the death benefit under a policy loses its eligibility for income tax free treatment, (such as a result of certain transfers for value or a failure to satisfy necessary notice and consent requirements for employer owned policies), the death benefit used to repay the loan may be taxable to the extent it exceeds the owner's tax basis in the policy.
- Loans and withdrawals reduce the policy's Net Cash Surrender Value and Net Death Benefit and increase the chance that the policy may lapse. If the policy lapses, is surrendered or otherwise terminates before the Insured's death, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distributions of policy cash values.
- If the loan exceeds the policy owner's basis in the policy, it is reportable even though no cash is distributed at the time of lapse.
- If a policy becomes a MEC, distributions (whether a loan or a withdrawal) will be taxable and, in addition, a 10% penalty tax will apply unless the policy owner is 59½ years of age or older, or receives the distribution as an annuity for life or life expectancy or for a joint life or joint life expectancy including the beneficiary. These rules apply to distributions during the taxable year the contract becomes a MEC as well as distributions made in anticipation of the contract becoming a MEC.

## **POLICY CHANGES**

All policy change requests must be made in writing to the National Operations Center and are subject to our approval. The available policy changes are as stated in the policy and described below. Policy changes that are not specified in the policy are not available. AXA reserves the right to decline a policy change that causes the policy to fail to meet the definition of life insurance under current federal tax law. In addition, we also reserve the right to decline a change that would cause the policy to lose its ability to be tested for Federal income tax purposes under the 2001 CSO Mortality Table.

Many policy changes will result in a recalculation of Guideline Premiums, if applicable. In some cases where benefits are decreased, this may cause premiums to be "forced out" of a policy at the time of the change or in the future in order to continue to adhere to the definition of life insurance under current

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federal tax law. This can occur even when the policy may not be adequately funded to remain in force for its intended duration. In addition, certain policy changes are categorized as a “material change” under TAMRA and trigger a recalculation of the 7-Pay premium and the start of a new 7-year period. Other policy changes are considered a reduction of benefits if effective during a 7-Pay period. Refer to the sections entitled Guideline Premium Limit, on page 36, and TAMRA 7-Pay Premiums on page 36 for more information. The chart on page 56 summarizes the tax impacts of the available policy changes.

In general, policy changes are effective on the monthly policy anniversary that coincides with or immediately follows the date we approve the change request. Policy changes are not available if the policy is being kept in force by the LEE or if the policy is in a grace period or on disability rider claim. A new policy information section will be provided for the requested change.

## **DEATH BENEFIT OPTION CHANGES**

Death Benefit Option changes from A to B may be available any time beginning on the 2nd policy anniversary but prior to attained age 121 at no charge. Death Benefit Option changes from B to A are not allowed until the 6<sup>th</sup> policy year and are allowed until the insured’s attained age 121. If the policy is on Loan Extension, the Death Benefit Option must always be A. Death Benefit Option Changes from A to B are not permitted if the Long Term Care Services Rider is on the policy.

Death Benefit Option changes generally do not directly affect the NLG premium, the monthly administrative charges, or policy surrender charges. The Guideline Premium Limit is affected, as described above.

A Death Benefit Option Change from B to A can greatly reduce the policy’s guideline annual limit and in some case cause it to become negative, resulting in possible current or future force-outs of amounts from the policy or severely limiting allowable premiums into the policy. This can occur even when the policy may not be adequately funded to remain in force for its intended duration.

## **FACE AMOUNT CHANGES**

AXA reserves the right to decline a Face Amount increase or decrease that it believes causes the policy to fail to meet the definition of life insurance under current Federal tax law.

### **INCREASES**

Face Amount increases are permitted after the first policy year but not after the maximum age shown on the policy Page 3, that is the maximum issue age for the Insured’s rating class in effect as of the date of the change. Face amount increases are subject to the following conditions:

- The policy must not be on Loan Extension, on Disability Waiver claim, or in a grace period, and the policy must not have the CVPlus or LTCSR still in effect.
- Satisfactory evidence of insurability is required.
- The minimum requested increase must be at least \$10,000.
- When a face amount increase is processed, the guaranteed maximum monthly per \$1,000 charge associated with the death benefit option currently on the policy will be in effect.
- There will be an 8% premium charge on premium paid applicable to each increase layer for years 1 and 2 on a current and guaranteed basis, then 6% in years 3 and above on a current basis.
- Rolling targets will apply for each increase layer.
- A separate layer of surrender charges and per \$1,000 of face amount administrative charges are added to the policy with each requested increase above the highest previous Face Amount. The additional surrender charge applies for 15 years after the Face Amount increase, and the additional monthly per \$1,000 of face amount administrative charges apply for 10 years on a current (non-guaranteed) basis, and until the Insured’s attained age 121 on a guaranteed basis. If

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the amount of the increase does not bring the policy over the highest previous Face Amount, no new surrender charge or per \$1,000 of face amount administrative charge layer is added to the policy and no first-year commissions are paid.

- If ROPR is on the policy, ROPR increases will cease when the Face Amount increase become effective.
- If the policy is in an NLG period, the NLG premiums are also recalculated for every face amount increase. The increment is based on the amount of the increase and the attained age of the Insured at the time of the increase.
- A policy with the Charitable Legacy Rider, issued at a face amount of \$1 million or above, which then decreases to below \$1 million, will become eligible for the 1% death benefit payable to the charitable beneficiary if the face amount is subsequently increased to \$1 million or above. If the face amount is increased beyond \$10 million, the Charitable Legacy Rider death benefit is capped at a maximum of \$100,000.

### **DECREASES**

Any time after the 2<sup>nd</sup> policy year but before the Insured's attained age 121, the policy owner may request a decrease in the Face Amount. Decreases are subject to our approval and the following conditions.

- Face Amount decreases are not available if the policy is on Loan Extension, on Disability Rider claim, or if the policy is in a grace period.
- A decrease must be for at least \$10,000 and we will not allow a decrease that will reduce the base policy Face Amount below the minimum Face Amount stated in the policy.
- A requested decrease in Face Amount will result in a decrease in the Commissionable Target Premium, however the monthly per \$1,000 charge and surrender charge do not get reduced. Decreases can impact the policy's guideline premium limits and 7-pay limit testing for MEC status.
- AXA reserves the right to decline a Face Amount decrease that causes the policy to fail to meet the definition of life insurance under current Federal tax law.

A policy with the Charitable Legacy Rider, issued at a face amount of \$1 million or above, which then decreases to below \$1 million, will become eligible for the 1% death benefit payable to the charitable beneficiary only if the face amount is subsequently increased to \$1 million or above.

### **TOBACCO USER STATUS CHANGE**

A policy owner who was issue age 18 or older and where the insured was classified as a Tobacco User (including those who received Non-Tobacco User rates during the first policy year as an incentive to stop use of tobacco products) can apply for a change to Non-Tobacco User status after the first policy year. The change requires full underwriting.

### **INCENTIVE TO STOP USING TOBACCO PRODUCTS**

Applicants issue ages 18 or older classified as Tobacco Users receive Non-Tobacco User COI rates (on a non-guaranteed basis) during the first policy year as an incentive to stop the use of tobacco products. Sixty days prior to the first policy anniversary, AXA sends the policy owner a notice to advise them that the Tobacco User rates for the Insured's rating class will apply beginning in policy year 2 unless they apply and the Insured is approved for Non-Tobacco User rates. The change to Non-Tobacco User status is subject to full underwriting. If approved, it will take effect on the monthiversary that coincides with or next follows the date AXA approves the change. If the policy owner does not apply or if the Insured is not approved for a change to Non-Tobacco User rates, the cost of insurance charge will be based on the Insured's Tobacco Use classification beginning in the second policy year.

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## **RATING REDUCTION**

Generally, after the first policy year, the Insured may apply for a reduction in rating, subject to underwriting approval.

## **RIDER ADDITION: CHILDREN'S TERM INSURANCE RIDER**

The Children's Term Insurance Rider (CTIR) may be added to a policy after issue, subject to underwriting if the policy does not have the Disability Waiver of Monthly Deductions Rider (DDW).

## **RIDER TERMINATIONS**

Subject to our rules and the terms of the rider, the policy owner may submit a request to cancel certain rider coverages generally after the first policy year. Monthly deductions are adjusted accordingly.

## **TAX DISCLOSURE**

Please be advised that this document is not intended as legal or tax advice, and is for Financial Professional use only. Accordingly, any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed, and any taxpayer should seek advice based on his or her particular circumstances from an independent tax advisor. There are a number of tax benefits associated with universal life insurance policies. For tax benefits to be available, the policy owner must have an insurable interest in the life of the Insured under applicable state laws. Requirements may vary by state. A failure can, among other consequences, cause the policy owner to lose anticipated favorable federal tax treatment generally afforded life insurance. Employer and business owned policies may be subject to additional tax rules and requirements, some of which must be satisfied prior to the issuance of a policy to receive favorable tax treatment. Such policies may have different tax consequences and such owners should consult their tax advisers as to their particular circumstances. For tax benefits to continue, the policy must continue to qualify as life insurance. We reserve the right to restrict transactions that we determine would cause the policy to fail to qualify as life insurance under federal tax law. We also reserve the right to decline to make any change that may cause the policy to lose its ability to be tested for federal income tax purposes under the 2001 Commissioners Standard Ordinary Mortality Tables.

## TAX IMPLICATIONS OF POLICY CHANGES

The chart below summarizes the various tax effects of requested policy changes. TAMRA Material Changes, Guideline Premium Recalculations and Guideline Premium Forceouts cease at attained age 100. Refer to sections entitled TAMRA 7-Pay Premium on page 53 and Guideline Premium Limit on page 36 for more information.

Policy Change	TAMRA Material Change	TAMRA Reduction in Benefits Change (in a 7-Pay Period)	Guideline Premium Recalculation*	Potential Guideline Premium Forceout (immediate or future)*
Death Benefit Option Changes				
• A to B (decrease in face amt)	No	Yes	Yes	Yes
• A to B (face amount held constant)	Yes	No	Yes	No
• B to A (increase in face amt)	Yes	No	Yes	Yes
• B to A (face amount held constant)	No	No	Yes	Yes
Face Increase**	Yes	No	Yes	No
Face Decrease	No	Yes	Yes	Yes
Add CTIR	Yes	No	Yes	No
Cancel DDW, CTIR, ROPR, or OPAI	No	Yes	Yes	Yes
Change to non-tobacco status	Yes	No	Yes	Yes
Cancel CVPlus	No	No	No	No
Reduction in rating class (from substandard class)	Yes	No	Yes	Yes
Reduction in Rating Class (due to flat extra change)	Yes	No	Yes	Yes
Reduction of ROPR Face Amount	No	Yes	Yes	Yes
Change to ROPR Accumulation Rate	No	No	No	No
Policy Restoration (90 or more days after default)	Yes	No	Yes	No

\* Only applies to policies that have the GPT. For policies that have the CVAT, the bolded changes will change the corridor percentages.

\*\* Includes increases in Face Amount for policies with ROPR due to premium payments or application of ROPR Accumulation Rate.

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## **TAMRA 7-PAY PREMIUMS**

The federal tax law limits the amount of premiums that can be paid if the policy owner wishes to prevent the policy from being classified as a “Modified Endowment Contract” (MEC). The 7-Pay Premium is a benchmark amount established at issue (and re-determined after a material policy change or a reduction in benefit policy change) for purposes of testing whether the policy meets the definition of a MEC. In general, a policy is a MEC if the cumulative amount of premiums paid less non-taxable withdrawals exceeds the cumulative 7-Pay Premiums at any time during the first seven policy years or within seven years of a material policy change

- Payments of Section 1035 Exchange proceeds (including the amount of any carry-over loan) are provided special treatment under the current tax law. These payments are not measured against the 7-Pay limit; instead, the 7-Pay Premium is reduced by a portion of the Section 1035 proceeds.
- A material change will result in a new 7-Pay period and a new 7-Pay limit. The new 7-Pay limit may be more restrictive than the previous limit because the new 7-Pay premium is reduced by a portion of the Policy Account. See page 54 for policy changes that are considered material changes. If ROPR is elected, 7-Pay Premiums do not reflect future increases in the ROPR Face Amount. As a result, the 7-Pay Premium is recalculated and a new 7-pay period begins each time a ROPR increase occurs. Material policy changes apply until the Insured’s attained age 100. There are no re-determinations of the 7-Pay premium for material changes after the Insured’s attained age 99. MEC testing continues for 7 years beyond a material change; therefore there can be no MEC testing on or after the Insured’s attained age 107.
- A reduction in benefits during a 7-Pay Period could cause the policy to be classified as a Modified Endowment Contract. See page 54 for policy changes that trigger a reduction in benefits. A reduction in benefits causes a retroactive recalculation of the 7-Pay Premium and retrospective review of premium and withdrawal activity to determine if the policy is a MEC. AXA retroactively re-determines the 7-Pay Premium as of the 7-Pay start date and retests each premium payment and withdrawal from the beginning of the 7-Pay Period. A policy will become a MEC if premiums previously paid minus non-taxable withdrawals ever exceed the re-determined 7-Pay limit at any time after the start of the 7-Pay Period. Retroactive MEC testing continues beyond the Insured’s attained age 100. For policy changes effective on or after the Insured’s attained age 100, retroactive MEC testing will be done for decreases effective less than 7 years after the last preceding material change. Since material changes cease as of the Insured’s attained age 100, there can be no retroactive MEC testing on or after the Insured’s attained age 107.
- If the policy becomes a MEC, a withdrawal will be taxable to the extent of the gain in the policy. Also, any withdrawal within the first 15 policy years when there is a gain in the policy may be taxable even if the policy is not a MEC.

# POLICY LAPSE

## GRACE PERIOD

If the net Cash Surrender Value of the actual Policy Account and the net Cash Surrender Value of the Alternate Policy Account at the beginning of any policy month are not sufficient to pay the monthly deduction for that month, we check to see if the policy meets the No Lapse Guarantee Premium Fund Test, if applicable (unless it is on Loan Extension). If it does, the policy will not lapse, provided that any policy loan and accrued loan interest does not exceed the greater of the Cash Surrender Value and the Alternate Cash Surrender Value

If the Net Cash Surrender Value at the beginning of any policy month is not sufficient to pay the monthly deduction for that month, and the No Lapse Guarantee does not apply (and assuming that the policy is not on Loan Extension), the policy is in default and a 61-day grace period begins. This can occur if:

- 1) The NLG premium requirements are met, but an outstanding loan and accrued loan interest exceed the Cash Surrender Value;
- 2) The NLG premium requirements are not met;
- 3) The policy year is beyond the NLG period, or the NLG rider had terminated due to prior lapse with a loan outstanding or at the request of the policy owner.
- 4) The LBR lien is equal to or greater than the Face Amount of the policy.

The policy owner is notified of the amount required to continue coverage. During the NLG period this amount will be limited to an amount to pass the Premium Fund Test and to repay any outstanding loan and accrued loan interest. For policies with loans, the grace payment will automatically be applied as a loan repayment to the extent of the loan and any excess will be applied as a premium. If the required payment is not received by the end of the 61-day grace period, the policy terminates without value.

If the Insured dies during the 61-day grace period, past due monthly deductions, as well as any outstanding loan and accrued loan interest and any Living Benefits Rider lien are deducted from the Death Benefit payment. However, if the Insured dies during the grace period within the No Lapse Guarantee Period, the amount deducted will be the lesser of the overdue deductions or the amount that would have been necessary to pass the No Lapse Guarantee Premium Fund Test.

## POLICY RESTORATION

A BrightLife Grow lapsed policy may be restored after the grace period has expired under the following conditions:

- The Insured is alive on the date of the restoration;
- The policy did not terminate because of surrender;
- The request is made within five years of the end of the Grace Period;
- Satisfactory evidence of insurability is provided; and,
- A required payment is made that is sufficient to cover:
  - 1) The monthly deductions for three months, calculated from the effective date of restoration; plus
  - 2) Any excess of the surrender charge on the date of restoration over the surrender charge deducted on the plate of default; plus

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- 3) However, this required payment will not exceed any premium amount necessary to pass the No Lapse Guarantee Premium Fund Test, if applicable.
- 4) The Premium Charge.

The restored policy retains its original Register Date and coverage resumes on the monthiversary that coincides with or next follows the date we approve the application for Policy Restoration. There is no collection of past due monthly deductions or charges. Commissions after restoration are paid on the same schedule as if the policy had remained in force without a lapse. The premium charge and surrender charge are the same as if there were no break in coverage.

The policy will be restored to the Face Amount, and riders applicable on the date of the failed deduction will be restored if not past their expiry dates, with the following exceptions and clarification:

- Policy Account and Alternate Policy Account are restored with a surrender charge credit, equal to the surrender charge deducted on the date of the failed deduction, but not greater than the applicable surrender charge as of the date of restoration. The applicable surrender charge as of the date of restoration is calculated as if there had been no break in coverage. That is, it is based on the interpolated surrender charge for the monthiversary of restoration.
- The restoration is not effective until the next monthiversary that coincides with or next follows the date the restoration payment is received. Any payments received prior to the approval of the restoration are effective on the restoration effective date.
- ROPR may be restored. It will be subject to the same restoration requirements as the policy. Upon restoration, the ROPR Face Amount will be equal to the amount at termination plus the selected percentage of the restoration premium (unless ROPR increases previously ceased) but not more than the maximum ROPR Face Amount. However, the ROPR cannot be restored after a requested termination of the rider.
- If a policy terminates for any reason during the NLG period the NLG is not restored.
- LTCSR may be restored as part of a policy restoration subject to acceptable evidence of insurability

Restoring a policy will generally not reverse any tax effects caused by the policy's lapse. If coverage resumes 90 days or more after the date of default, and prior to attained age 100, a policy restoration is considered a "material change" under TAMRA and will cause a new 7-Pay premium and a new 7-Pay period and new Guideline Premiums, if applicable, to apply.

## COMPLIANCE

### LICENSING

Producers must be appointed by AXA, licensed by the state in which the sale is solicited, the application is signed, where the owner resides and where the policy is delivered.

Producers are reminded that it is permissible to take an application only if:

- (a) the Producer has the appropriate license in that state;
- (b) the state has approved the product; and
- (c) there is a "reasonable nexus" i.e., a connection exists between the applicant and the state where the application is taken. An example of reasonable nexus is when the applicant either resides or works in the state where the application is taken. Financial Professionals are cautioned that the underwriter will reject a case where reasonable nexus does not exist.

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## **ILLUSTRATION REQUIREMENTS**

Illustrations shown or furnished to a prospective client must include all sequentially numbered pages printed by the proposal software, including the footnote and disclosure pages. Any alteration to the proposal software pages is strictly prohibited. Violations are subject to disciplinary action.

If an illustration that conforms to the coverage applied for is provided to the applicant at the point of sale, a copy of the conforming illustration should be signed by both the Producer and the prospective client and submitted with the application. However, when it is not possible to provide a conforming illustration at the point of sale, a signed Illustration Certification is permitted in lieu of a signed conforming illustration unless ROPR is elected. The Illustration Certification acknowledges that case was sold without a conforming illustration and a conforming illustration will be delivered on or before delivery of the policy. The certification must be signed by both the Producer and the applicant. If ROPR is elected, a conforming illustration must be submitted with the application. See page 20 for New Business instructions for applications that include ROPR.

The policy owner must receive an illustration that conforms to the policy issued no later than policy delivery. A conforming illustration must have the same initial premium allocation as the policy application. A copy of the conforming illustration must be signed by the Producer, the applicant and the policy owner, and returned to the National Operations Center (NOC) with any other delivery requirements.

## **SUITABILITY CONSIDERATION FOR FINANCIAL PROFESSIONALS**

The flexibility of the choices provides opportunities for in-depth discussions with the client. As an initial consideration, it is critical that a client who is considering the Plus option be made aware that the Core option is a cheaper alternative available to them. Items to consider in the recommendations of Core, Plus or both include:

- Orientation of the client for the primary and secondary purpose of the product
  - The primary driver in the decision to purchase life insurance is death benefit protection. Once the decision is made to purchase a product however, it must be determined whether the client is focused on death benefit or accumulation. Generally speaking, a client more focused upon accumulation would be expected to be more interested in the Plus option than a client more concerned with death benefit protection.
- Tradeoff between the higher cap and additional 0.5% fee in the Plus options
  - This really comes down to the client's expectations for market performance during the segment period. Given the drag of the 1% Plus fee on performance, if the client does not expect substantially positive equity market performance for the duration of the segment (that is, at least in excess of 1% more than the Core caps), selection of the Plus option would be questionable. Conversely, a client who is bullish on equity markets may find the opportunity for higher yields in the product well worth the Plus fee.
  - Client's risk tolerance should be considered. Even though the product has a downside collar at 0% return, a risk averse client may not want to take the chance that equity market returns will exceed the Core cap and justify the selection of the Plus option. The lower the returns in equity markets, the greater the negative impact of the Plus fee on product performance.
- Choosing the automatic rollover versus a decision prior to each segment expiration, i.e., how will the choices be discussed with the client at new business vs. post-issue.
  - Given the elections to be made as segments expire, IUL is not a "set it and forget it" product. In light of its flexibility, regular servicing over the lifetime of the product is important to ensure clients make informed decisions on segment elections as their personal profile and market trends evolve over time.

As always, as a best practice FPs should document discussions with clients about how the alternatives are discussed and decisions made.

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## **MINIMUM FUNDING RULES**

The proposal system has minimum funding rules. The illustrated funding level must be equal to or greater than three times the Commission Target Premium, cumulative over the first five years and sufficient to keep the policy in force (under current assumptions) for 10 years. The AEGIS software will not produce an illustration that does not meet these criteria, on-screen or otherwise.

## **COST DISCLOSURE NOTICE**

Cost Disclosure Notice will be included with the illustration where required by applicable state regulation.

## **BUYER'S GUIDE**

A Buyer's Guide that conforms to applicable state regulations will be included with the policy for delivery to the policy owner. Some states require that the Buyer's Guide be delivered to the prospective client when the application is taken.

## **FREE LOOK PERIOD**

Generally, a policy owner has the right to cancel a policy within 10 days of receiving it. Some states have a free-look period greater than 10 days. The request to cancel must be submitted in writing to the National Operations Center (some states allow the policy to be returned to the Financial Professional) and must be received by the National Operations Center (or by the Financial Professional if permitted in the applicable state) no later than 10 days (or period required by the applicable state regulation) after delivery of the policy.

If the policy has a Long-Term Care Services Rider (LTCS), there is a 30-day free look period on the LTCS. If the client requests to free look the LTCS rider, we will re-issue the policy as of the original register date without LTCS. No premiums will be refunded.

If the policy is canceled, AXA will refund all premiums paid less any loan and loan interest. All compensation paid is recovered in full if the policy is cancelled during the free-look period.

## **DELIVERY PERIOD**

The delivery period is shown on the Policy Summary Document you will receive with the policy. A properly signed and completed delivery receipt and any other delivery requirements must be received at the National Operations Center within 45 days of the end of the delivery period or we will recover any compensation paid.

## **DELIVERY RECEIPT**

A special form to acknowledge receipt of a policy is included for delivery with every policy. The receipt must be signed and dated by the policy owner and the Insured, if other than the policy owner, and returned to the National Operations Center for retention with the application file. Compensation is generated when the case is issued and paid. It will be recovered if the delivery receipt is not received within 45 days after the end of the delivery period. Compensation that was recovered will be repaid when the delivery receipt and any outstanding requirements are received at the NOC.

## **TRAINING REQUIREMENTS**

Certain states, such as Iowa, require that an indexed product training course be completed before an indexed universal life application can be accepted. AXA will verify completion of the required training before processing an application in these states. Refer to AD 10-022 for further details.

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## GLOSSARY OF TERMS

- Cash Surrender Value:** For the first 15 policy years after issue, or 15 years after the effective date of a Face Amount increase, the Cash Surrender Value equals the Policy Account Value, less the applicable surrender charge. Thereafter, the Cash Surrender Value is equal to the Policy Account Value
- Commissionable Target Premium (CTP):** The maximum premium amount on which first-year commissions are paid at the highest rate.
- Corridor:** Under both death benefit options (A or B), the death benefit must equal or exceed a percentage multiple of the policy account value in order for the policy to be treated as life insurance under current federal income tax law. If the death benefit is less than this required amount, the policy is said to be "in corridor" and the death benefit is adjusted to the higher amount.
- Guideline Premium Limit:** For policies under the GPT, premiums cannot exceed the guideline premium limit in order for a policy to qualify as life insurance. The maximum premium is the greater of the guideline single premium (GSP), less the sum of all prior premiums, plus the sum of all non-taxable withdrawals, or the sum of the guideline annual premiums (GLAPs), less the sum of all prior premiums, plus the sum of all non-taxable withdrawals.
- Life Insurance Qualification Test:** All life insurance policies must satisfy one of two tests to qualify as a life insurance policy. Choice of cash value accumulation test (CVAT) or guideline premium test (GPT) available at issue. Once elected, it may not be changed.
- Minimum Initial Premium (MIP):** The amount that must be paid in order to place the policy in force.
- Modified Endowment Contract:** A policy is a MEC if the cumulative amount of premiums paid less non-taxable withdrawals exceeds the cumulative 7-pay premiums at any time during the first seven policy years or within seven years of a material policy change. A policy can also be a MEC due to a reduction of benefits during a 7-pay test period if premiums previously paid exceed the retroactive application of reduced 7-pay limits.
- Net Cash Surrender Value:** the Cash Surrender Value less any loan and accrued loan interest and any LBR lien and accrued lien interest. This is the amount the policy owner receives if the policy is surrendered.
- Net Policy Account Value:** Equals the Policy Account Value less any loan and accrued loan interest. It is the source of funds for monthly deductions to cover the cost of insurance, monthly per-policy administrative charge, monthly per \$1,000 administrative charge and any applicable charges for policy changes.
- No Lapse Guarantee (NLG) Premium:** The premium that is used to determine whether the policy would stay in force under the NLG provision if on any monthly processing date there is insufficient net cash surrender value to pay the policy charges.
- Planned Periodic Premium (PPP):** The amount the policy owner plans to pay each modal period, as specified in the application or later changed. It is also the billed or systematic payment amount.
- Policy Account Value:** Equal to the sum of the loaned and unloaned amounts in the Guaranteed Interest Account, and each of the Indexed Accounts. The amount in each Indexed account at any time is equal to the amounts in the Corresponding Holding Account, and each individual Segment (the Segment Value) in each Indexed Account.
- Sales Load Target Premium (SLTP):** The amount used to establish the current (non-guaranteed) limit on the Premium Charges. Equal to the CTP for the base coverage, excluding the CTP component for riders and flat extras.
- TAMRA 7-Pay Premium:** A benchmark amount established at issue (and re-determined after a material policy change or a reduction in benefit policy change) for purpose of testing whether the policy meets the definition of a MEC.

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