

Don't Worry... We've Got Them Covered. Faster. Transamerica's Enhanced Process for 1035 Exchanges

When it comes to funding a new life insurance policy with a 1035 exchange, Transamerica Life Insurance Company knows that it can take time for carriers to release funds.

That's why we've enhanced our process to get applicants covered faster. Now, applicants can be protected, and coverage may be bound as soon as the releasing carrier accepts the surrender of its policy.

With Transamerica's enhanced process, the 1035 request will be issued to the other carrier, as soon as applicants are approved-as-applied-for. If applicants are approved-other-than-as-applied-for, the 1035 request will be initiated as soon as signatures are obtained on required documentation.

For applicants wishing to bind coverage even sooner, our process continues to offer the flexibility to pay the initial premium at any time throughout the process.

Plus, with our enhanced process, policies will now only be issued once, based on the exact 1035 money received. So, you might say that when it comes to making life a little easier, Transamerica's got it covered.

For more information, contact us today!

OL 2793 0610



Transamerica Life Insurance Company
Transamerica Financial Life Insurance Company

AEGON companies



Enhanced Procedures for 1035 Exchanges

The process for life applications qualifying under Internal Revenue Code Section 1035 has been enhanced. For 1035 applications submitted on or after June 1, 2010, the new process provides several enhancements.

- Policies can be bound sooner.
- Policies will be issued once, based on the exact 1035 funds received.
- Applicants can still pay initial premium with Application to start coverage (subject to conditional receipt limits).

Overview of 1035 Exchanges

Section 1035 of the Internal Revenue Code allows for the tax-deferred exchanges of life insurance policies and annuity contracts. The gain or loss from the original policy may be carried over to the new policy issued by the same company or another company. To qualify, the surrender proceeds from the original policy must be transferred directly to the new company at the time the new policy is issued. If the proceeds pass through the policyholder, the tax advantage may be lost. It is the established position of Transamerica that the process for executing tax-free 1035 exchanges is via an absolute assignment.

The Enhanced Process

For 1035 applications submitted on or after June 1, 2010, the new process requires submission of the revised **Absolute Assignment To Effect Internal Revenue Code Section 1035 Exchange and Rollover Form** (TOU761008T rev. 2/10).

If approved as applied:

- New Business will process the 1035 request to the other carrier as soon as a case is approved as applied for. Coverage is bound at the time the other carrier accepts the surrender of its policy. Once the 1035 money is received, the exact amount and effective date of the policy will be emailed to the general agency. The general agency will then be required to provide a revised illustration, based on the exact 1035 money received and the effective date of the new policy. When the revised illustration is received, the policy will be issued.*

If approved other than as applied:

- New Business will email the Amendment and Self-Health Statement (if applicable) when the underwriting decision is made. Upon receipt of the signed document(s), New Business will initiate the 1035 process and coverage will again be bound when the other carrier accepts the surrender of its policy.
- Once the 1035 money is received, the exact amount and effective date of the policy will be emailed to the general agency. The general agency will then be required to provide a revised illustration, based on the exact 1035 money received and the effective date of the new policy. When the revised illustration is received, the policy will be issued.*

** Policies may be issued sooner, upon underwriting approval, at the specific request of the agency and payment of the initial premium with other funds.*



Reminders and Helpful Tips

Following are some reminders to help expedite 1035 applications.

- If the sale involves the 1035 exchange of multiple policies, the application should identify all the policies being exchanged. If multiple carriers are involved, an assignment form is required for each carrier.
- The replacement question on the application should be marked “yes” and complete replacement forms, according to the insured/owner’s state regulations, should be attached.
- Use TransACT® to view updates regarding all 1035 requirements and status updates related to the process of receiving the 1035 funds from the other carrier.
- The Notice of Replacement form must be dated on or before the signature date of the authorization page of the application. Always provide the existing company’s name and policy number for the policy that is going to be replaced.
- The Replacement Transactions Sales Material Certification Statement (TOC 478) should be signed. Only the applicable line should be signed by the producer, indicating whether or not sales material was used at the time of the presentation.
- Questions pertaining to replacements on the “Report by Agency Office” section of the application must be completed.
- A life insurance policy issued in exchange for a Modified Endowment Contract (MEC) is automatically a MEC.
- If a trust owns the policy to be exchanged, list the full name of the trust (including trust date) on the “Ownership” line of the form. The Trustee needs to sign in “trustee” capacity. If there is more than one trustee, one trustee can sign on behalf of the trust IF the verification of Trust Agreement (VTA) indicates that the Trustees can act individually. If the VTA indicates they must act jointly, all Trustees must sign.

Contact Us

If you have questions please contact New Business at 800-295-3990.



Transamerica Financial Life Insurance Company

an AEGON company



No. 3854

May 19, 2010

To General Agents

1035 Exchange Process Enhancements

Agency Managers' | BULLETIN

The purpose of this Agency Managers' Bulletin is to inform you of new requirements for 1035 Exchanges.

Effective for new applications **submitted on or after June 1, 2010**, the revised form, "Absolute Assignment to Effect Internal Revenue Code Section 1035 Exchange" (TOU761008T), will be required in an exchange for a life insurance policy that qualifies under section 1035.

The revised form, which is attached and also posted on TransACT[®], reflects language indicating that coverage will become effective (1) once the policy has been approved for issue and, if approved other than as applied for, once accepted in writing by the policy owner and (2) surrender of the policy is accepted by the existing insurer. Coverage will be effective as long as surrender proceeds sufficient to have put the policy in force are thereafter received. An applicant may be able to choose to pay initial premiums with the application (subject to conditional receipt limits) or thereafter with the Company's written consent to put the policy in force.

Upon receipt of the 1035 monies, the funds will be applied and the policy will be issued.

If you have questions, please contact New Business at 800-295-3990 or via email.



Transamerica Life Insurance Company • Transamerica Financial Advisors, Inc. • Transamerica Financial Life Insurance Company