

# Death Benefit Coverage Under 7702

The IRC 7702 change resulted in the interest rate used in the guideline premium and MEC premium calculation being lowered, allowing more premium to be funded into a policy. However, when solving for the minimum death benefit this change results in lower face values compared to solves prior to the change.

The pre 7702 solves were felt to provide adequate coverage along with good income potential. While for some this new solve has a death benefit that may be adequate, for many others they will end up with a lower face value as well as reduced ABR benefits. The following chart shows how much you need to increase face values of the policy to get a customer approximately the same coverage they would have received prior to the 7702 changes.

Age at Issue	Option A Death Benefit	Option B Death Benefit
	all years Increase Face Value by	switching at the later of 65 or 10 years from issue to Option A Increase Face Value By
25-29	50%	80%
30-34	40%	70%
35-39	35%	60%
40-44	30%	50%
45-49	25%	45%
50-54	20%	40%
55-59	15%	35%
60-64	10%	30%
65-69	5%	25%

### How to calculate on your phone's calculator:

You take the minimum death benefit solve from the illustration system and add the percentage above

### Example for a 35 year old with Option B calculated death benefit of \$175,000:

$175,000 + 60\%$  (be sure to press % key) = 280,000

In all cases, it's important to know your client and to understand the amount of death benefit coverage they need for their situation. This guidance is merely a rule of thumb to approximate the same face coverage that the minimum death benefit solve would have provided prior to these 7702 changes.

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