Table of Contents

Quick Facts ......................................................................................................................... 3
Compensation ..................................................................................................................... 5
Underwriting ...................................................................................................................... 5
Kind Codes ......................................................................................................................... 6
Policy Description .............................................................................................................. 6
No Maturity Date ................................................................................................................ 7

Additional Features
• Accelerated Death Benefit .......................................................................................... 7
• Full Death Benefit Provision ....................................................................................... 7
• Layered Coverage ......................................................................................................... 7
• Preferred Loans ............................................................................................................. 8
• 10% Surrender-Penalty-Free Withdrawal .................................................................... 8

Death Benefit ................................................................................................................... 8

Premiums
• Required Premium (RAP) ............................................................................................. 9
• Planned Periodic Premiums .......................................................................................... 9
• Premium Limitations ..................................................................................................... 9
• Premium Refunds .......................................................................................................... 10

Free-Look Period and Delivery Period ............................................................................ 10
• Free-Look Period .......................................................................................................... 10
• Delivery Period ............................................................................................................. 10

Monthly Deductions
• Base Coverage and Face Increase Layers ................................................................... 10
• Current Monthly Deductions ...................................................................................... 10
• Guaranteed Maximum Monthly Deductions ................................................................ 11

Policy Charges
• Administrative Charge ................................................................................................. 11
• Per Thousand Charges ................................................................................................. 11
• Policy Fee ....................................................................................................................... 11

Interest Assumptions
• Current Interest Rate .................................................................................................... 12
• Guaranteed Minimum Interest Rate ............................................................................... 12

Policy Lapse and Grace Period
• Policy Lapse .................................................................................................................. 12
• Grace Period ................................................................................................................... 13
• Reinstatements .............................................................................................................. 13

This product guide provides highlights only.
Please see the policy contract for a full and complete description.
Surrenders and Withdrawals
• Full Surrender .................................................................14
• Partial Surrenders or Withdrawals .................................14
• 10% Surrender-Penalty-Free Withdrawal .......................15

Loans
• Preferred Loans (Class A) ..................................................15
• Regular Loans (Class B) ....................................................15
• Capitalization of Loan Interest ........................................15
• Loan Repayments .............................................................16
• Automatic Premium Loan (APL) ........................................16

Policy Changes
• Policy Face Amount Increases or Layers .........................16
• Policy Face Amount Decreases .......................................16
• Conversions .................................................................17
• Underwriting Class Changes .........................................17
• Option for Additional Insurance (OAI) .........................17
• Rewrites ........................................................................17

Information About Federal Tax Laws .............................18
• MECs and IRC Section 1035 Exchanges .........................19

Riders and Options
• Accelerated Death Benefit (ADB) ...................................20
• Accident Indemnity Rider (AI) ...........................................20
• Automatic Premium Loan (APL) .................................21
• Children’s Insurance Rider (CIR) ...................................21
• Full Policy Surrender Penalty Waiver Endorsement (Honeymoon) ..................22
• Insured Exchange Option ................................................22
• Option for Additional Insurance (OAI) .......................23
• Premium Security Option ...............................................23
• Surrender Annuity Option ............................................23
• Surrender Penalty Deferral Endorsement .....................24
• Waiver Provision Rider (WP) ..........................................24
TransUltra Plus® 2006
Quick Facts

Issue Ages:
- 16–80 years (age last birthday)
- 81–89 years (Illustrations available from Home Office only, subject to underwriting and reinsurance availability.)
- Maximum issue age is 80 for Select Nonsmoker underwriting class

Minimum
Face Amount: $100,000

Maturity Date: None

Face Amount Band: $100,000 and up

Required Premium (RAP): 5 years

Available Underwriting Classes:
- Select Nonsmoker
- Preferred Nonsmoker
- Standard Nonsmoker
- Rated Nonsmoker
- Preferred Smoker
- Standard Smoker
- Rated Smoker

Interest Rate:
Current: Company-declared interest rates banded by face amount. Face amounts up to $999,999 will receive the base interest rate. Face amounts of $1 million and over will receive an interest rate 25 basis points higher than the base interest rate.

Guaranteed minimum: 3%

Death Benefit Options: Plus Accumulation Value (Option 2) or Plus-Premium (Option 3) at issue. Level (Option 1) available for death benefit option changes after issue.

Policy Fee:
Policy fees vary by issue age and duration during early policy years but will ultimately be $10 per month, on a current and guaranteed basis. At age 100 the policy fee is zero from that point forward.
Administrative Charge: Charges are determined by policy (or layer) year. Current charges are 7% of gross premiums for policy (or layer) years 1–5; 0% for policy (or layer) years 6–10 and 10% for policy (or layer) years 11 forward. Guaranteed charges are 7% of gross premiums for policy (or layer) years 1–10 and 10% for policy (or layer) years 11 and later.

Monthly Deduction (MD): Current MD rates guaranteed for one (1) year and will go to age 111 while guaranteed MDs go to age 121. Both vary by issue age, duration, sex, band and risk class.

Per Thousand Charges: Charges vary by issue age, sex, and risk class and will apply in all policy (or layer) years to age 100.

TransUltra Plus 2006 Surrender Charges: Decreasing over 14 policy (or layer) years

Available Riders: Accident Indemnity Rider
Children’s Insurance Rider
Waiver Provision Rider

Additional Features: Accelerated Death Benefit (subject to state approval)
Automatic Premium Loan
Free-Look Endorsement
Full Policy Surrender Penalty Waiver (Honeymoon)
Insured Exchange Option
Option for Additional Insurance
Premium Security Option
Surrender Annuity Option
Surrender Penalty Deferral Endorsement

Conversion: Conversion is not allowed to TransUltra Plus 2006
Compensation

First-year commissions for issue ages 16–89 are paid on the Target Premium, which is the lower of the following:

- Maximum Target Premium, or
- The amount of premium actually paid within the first eleven policy months.

Renewal commissions for issue ages 16–69 are paid on any premiums received in the first year in excess of the Target Premium (and on all premiums received after the first eleven policy months) for the first 10 policy years only.

The target premiums are lower and renewal commissions are shorter for issue ages 70 and up. Renewal commissions for issue ages 70–89 are paid on any premiums received in the first year in excess of the Target Premium and on all premiums received after the first eleven policy months for the first five policy years only.

Underwriting


The Select Nonsmoker risk classification is the most competitive underwriting class and is available only for qualifying nonsmokers for issue ages 16–80. No extra ratings of any kind are allowed on the Select Nonsmoker class. The aviation flat extra is the only extra rating that will be allowed on Preferred or Standard risk classes. Illustrations for issue ages 81–89 are available from Home Office only, subject to underwriting and reinsurance availability.

NO SUBSTANDARD RATINGS ARE ALLOWED ON THE SELECT NONSMOKER, PREFERRED OR STANDARD UNDERWRITING CLASSES. SUBSTANDARD TABLE RATINGS AND NON-AVIATION FLAT EXTRAS ARE ONLY ALLOWED ON OUR TWO RATED RISK CLASSIFICATIONS: RATED NONSMOKER AND RATED SMOKER.

THE 8-YEAR FLAT EXTRA SUBSTITUTIONS FOR TABLE RATINGS ARE NOT AVAILABLE WITH THIS PRODUCT.
**Kind Codes**

Kind Codes must appear on all submitted applications along with a copy of the illustration presented to the applicant. The illustration must accompany the application to ensure accurate Required Premium (RAP) allocation. See state specific rules regarding signature requirements and application supplements. Kind Codes appear on every computer illustration. Rider Kind Codes appear on the Rider page of the illustration.

**Available as Cash Value Accumulation Test (CVAT) only**

<table>
<thead>
<tr>
<th>TransUltra Plus 2006 Base Policy</th>
<th>Level (for policy changes only)</th>
<th>Plus</th>
<th>Plus Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select Nonsmoker</td>
<td>2608</td>
<td>2508</td>
<td>2515</td>
</tr>
<tr>
<td>Preferred Nonsmoker</td>
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<td>2509</td>
<td>2516</td>
</tr>
<tr>
<td>Standard Nonsmoker</td>
<td>2610</td>
<td>2510</td>
<td>2517</td>
</tr>
<tr>
<td>Rated Nonsmoker</td>
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<td>2511</td>
<td>2518</td>
</tr>
<tr>
<td>Preferred Smoker</td>
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<td>2520</td>
</tr>
<tr>
<td>Rated Smoker</td>
<td>2614</td>
<td>2514</td>
<td>2521</td>
</tr>
</tbody>
</table>

**Riders**

<table>
<thead>
<tr>
<th>Kind Code</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0047</td>
<td>Accident Indemnity</td>
</tr>
<tr>
<td>4459</td>
<td>Children’s Insurance Rider</td>
</tr>
<tr>
<td>2180</td>
<td>Full Death Benefit Provision</td>
</tr>
</tbody>
</table>

**Policy Description**

TransUltra Plus 2006 is a flexible-premium universal life insurance policy. This product is appropriate for individuals in all stages of life through their retirement years. TransUltra Plus 2006 is structured to fit a wide array of life insurance needs, with features, options and benefits designed to meet the needs of clients aged 16 and older. TransUltra Plus 2006 is designed for clients who desire Plus and Plus-Premium death benefit options.

There are Required Premiums (RAPs) in each of the first five policy (or layer) years. The policy will lapse if the RAP is not paid. Premiums are flexible and may be made at any time prior to the policy anniversary at age 121, subject to the minimum and maximum premium requirements as explained in the policy. RAPs vary by issue age, underwriting class and sex.

At the beginning of each policy month, the Company recalculates the net amount at risk (the difference between the death benefit and the accumulation value) and deducts the monthly deduction from the policy’s accumulation value. The policy accrues interest daily at Company-declared rates on policy values and the Company credits it monthly, on the monthly anniversary.
No Maturity Date*

With the improvements in medicine and increased public awareness of health-related issues, longevity has been steadily increasing. In fact, many clients, particularly those in good health, are now concerned about living beyond the traditional life insurance policy age limitations.

TransUltra Plus 2006 addresses this concern by not having a maturity date. If the TransUltra Plus 2006 is still in force at the policy anniversary of the insured’s age 121, the full death benefit continues from that point forward. (Current MD rates are guaranteed for one year and go to age 111, while guaranteed MDs go to age 121.) After the policy reaches the policy anniversary of the insured’s age 121, the charges for the monthly deductions stop, no further premium payments are accepted, and the policy accumulation value will continue to accrue interest uninterruptedly at the guaranteed minimum interest rate of 3%.

Additional Features
The following are highlights only. Coverage is subject to all policy provisions. Please consult the policy for details.

Accelerated Death Benefit (ADB)
This endorsement provides accelerated death benefits if the insured is terminally ill (as defined in the benefit provision). The option will automatically be issued to all policies (in states that have approved the endorsement) with face amounts of $50,000 or more, at no additional charge. The maximum payment is the lesser of $250,000 or 75% of the combined death benefit of all policies on the life of the insured minus a portion of any due loans and interest. There is a $250 administrative charge per ADB payment. Benefits advanced under this option may be taxable. This benefit is only available in jurisdictions that have approved the ADB.

Full Death Benefit Provision
The Full Death Benefit Provision provides for the continuation of the full death benefit after the policy anniversary at the insured’s age 121, if the policy is still in-force at the policy anniversary at the insured’s age 121. The Full Death Benefit Provision is “built in” to the policy, except in Florida where this feature is a separate rider included in the policy at no additional cost.

Layered Coverage
TransUltra Plus 2006 allows the policy owner to add additional insurance as “layers” of coverage, subject to evidence of insurability, to meet additional needs that may arise in the future. Each layer will have its own Surrender Penalty Period, Required Premium appropriate to the issue age of the layer, and accumulation value.

*Transamerica Life Insurance Company and its representatives do not give tax advice. Neither the Internal Revenue Code (IRC) nor the Internal Revenue Service (IRS) has defined life insurance beyond age 100 or addressed the tax effects of attaining age 100 or the actual or constructive receipt of proceeds at that time or later. Clients should be urged to consult with and rely solely upon their own independent advisors regarding their particular situation.
Preferred Loans Available
Preferred loans may be taken up to 10% of the accumulation value as of policy year six and beyond. For preferred loans during policy years 6–10, the net loan interest rate is 1%. For preferred loans during policy years 11 and beyond, the net loan interest rate is 0.5%. There may be tax consequences.

10% Surrender-Penalty-Free Withdrawal
Up to 10% of the accumulation value may be withdrawn each year, beginning in the second policy year. During the RAP period, the maximum amount of accumulation value available for withdrawal is the sum of premiums paid in excess of the cumulative RAPs. Surrender-Penalty-Free Withdrawals are not subject to Company surrender penalties and they do not decrease the policy’s face amount. However, there may be tax consequences. Policy owners should consult with qualified tax advisors about possible tax implications.

Death Benefit
The beneficiary receives the death benefit less any policy indebtedness. There are three death benefit options: Plus, Plus-Premium, and Level.

The Level Death Benefit version is only available after issue and only as the result of a death benefit option change from the Plus or Plus-Premium versions of TransUltra Plus 2006.

The death benefit is defined as follows:

- **The Plus Version**—a death benefit equal to the sum of the face amount of the base policy and all face increase layers plus the accumulation value less any outstanding loans as of the date of death.

- **The Plus-Premium Version**—a death benefit equal to the lesser of (1) or (2), minus any outstanding loans as of the date of death.
  1. the sum of the face amount of the base policy and all face increase layers plus all gross premiums paid, less any premium refunds, withdrawals, partial surrenders, or
  2. four times the sum of the face amount of the base policy and all face increase layers as of the date of death.

- **The Level Version**—a death benefit equal to the sum of the face amount of the base policy and all face increase layers less any outstanding loans as of the date of death. The Level death benefit version is not available for new business.

Under all three death benefit options, if the accumulation value times the applicable death benefit factor yields a higher amount (i.e., the policy is in corridor), then the death benefit would be this amount less any indebtedness.

If the TransUltra Plus 2006 policy is in-force at the policy anniversary at the insured’s age 121, then the full death benefit (as defined in the contract) will continue after the policy anniversary of the insured’s age 121 until the death of the insured or until the policy is surrendered. The death benefit option (Plus, Plus-Premium, or Level) after age 121 will remain the same as the option in effect immediately prior to the policy anniversary of the insured’s age 121.
**Premiums**

**Required Premium**
The TransUltra Plus 2006 policy owner has a Required Premium (RAP) for the first five policy (or layer) years. There are separate RAPs for the base policy and any face increase layers.

The RAPs are based on the insured’s age, sex, underwriting class, smoking status, face amount, and any riders. The following is applicable to the Required Premium for the base policy and any subsequent layers:

- The policy owner must satisfy the RAP requirement cumulatively in each of the first five policy (or layer) years. These premiums must be paid on or before each year-end policy anniversary.

- The cumulative RAP is the minimum RAP times the number of complete years the policy (or layer) has been in force. This means that at the end of each of the first five required premium years, the Company will test the net deposits (gross premiums paid minus partial surrenders, withdrawals, and premium refunds) to be sure the policy owner has paid the cumulative RAP. If the policy fails the RAP test on an anniversary, the grace period begins. At the end of any 61-day grace period, the policy will lapse if sufficient premium has not been paid.

- After the RAP period, the premiums are flexible subject to all premium requirements shown in the policy. Please note that fluctuations in interest rates and/or policy charges and other factors may require the payment of additional premiums to keep the policy in force.

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**Important Note:** On the policy application, the policy owner specifies the total Planned Periodic Premium (PPP). The application also must specify the amount of RAP allocated to the base policy and any riders. This breakdown of RAP allocation appears on the illustration. For this reason, we must have received a copy of the compliant illustration generated by Company-developed software in order to issue the policy. Accuracy of the RAP allocation is crucial. We require an illustration before we will issue the TransUltra Plus 2006 policy.

**Planned Periodic Premiums**
On the application, the policy owner selects a premium amount and the mode of payment. The payment at each mode is called the Planned Periodic Premium, or PPP. The Company will bill for the greater of the PPP or the amount necessary to satisfy the Required Premium. The payment modes available are annual, semi-annual, quarterly, as well as PAC quarterly and monthly. All modes are available except direct monthly.

**Premium Limitations**
After issue, the minimum premium payment amount is $25. If, in the Company’s opinion, any premium would cause the death benefit to lose its tax-favored status as a life insurance contract under Section 7702 of the IRC, we will refund that premium.
We also reserve the right to refund premiums after the first policy year in the following situations:

1. If unscheduled premiums in any 12-month period exceed $25,000.

2. If the total premium paid during the policy year increases the difference between the death benefit and accumulation value, and exceeds $20 per thousand of face amount and three times the monthly deduction for the last policy year.

**Premium Refunds**
Apart from the “free-look” provision, it is not our normal practice to refund premium payments on policies. It is the policy owner’s responsibility to withhold payments if the policy owner does not wish to pay them.

**Free-Look Period and Delivery Period**

**Free-Look Period**
The free-look period varies from state to state. For the majority of states, the free-look period is 10 days, although different rules may apply to “senior” policy owners and replacement situations. This provision provides that, at any time within 10 days after the policy owner receives the policy, it may be returned to the Company (or the producer who sold the policy) and the policy will be cancelled and voided from the beginning. The Company will refund any premiums paid to the policy owner.

**Delivery Period**
The delivery period for TransUltra Plus 2006 is 60 days.

**Monthly Deductions**

**Base Coverage and Face Increase Layers**
Each month, the Company subtracts from the accumulation value a monthly deduction (MD). The MD rates are applied to the net amount at risk, which is the difference between the death benefit of the policy and the accumulation value at the beginning of each month. Monthly deductions cover cost factors that include, but are not limited to, the cost of insurance, expenses, any applicable federal, state and local taxes, the cost of riders, any monthly per thousand charge, and the policy fee. The monthly deduction rates vary based on sex, issue age, duration, and underwriting status.

**Current Monthly Deductions**
Current monthly deduction rates are guaranteed for the first policy (or layer) year. After the initial guarantee period, the monthly deduction rates will never be greater than the guaranteed rates printed in each issued policy. Current MDs will end at age 111 (the last rate applies for the policy year beginning at age 110). However, premium payments (and guaranteed monthly deductions) end at 121 with the last premium paying year being the policy year beginning at age 120.

Each month, the Company subtracts from the accumulation value a monthly deduction (MD). The MD rates are applied to the net amount at risk, which is the difference between the death benefit of the policy and the accumulation value at the beginning of each month. Monthly deductions cover cost factors that include, but are not limited to, the cost of insurance, expenses, any applicable federal, state and local taxes, the cost of riders, and any per thousand charge.
The monthly deduction rates vary based on sex, issue age, duration, risk class, rating, and bands. Current MDs are banded by face amounts as outlined in the Quick Facts found at the beginning of this guide. The band for which the policy qualifies depends on the UL coverage face amount.

**Guaranteed Maximum Monthly Deductions**
The current monthly deduction rates are guaranteed for the first policy or layer year. For all nonsmoker underwriting classes the guaranteed monthly deduction rates (after the initial guarantee period) are based on 2001 CSO sex-distinct, ultimate, age-last-birthday nonsmoker tables. For all smoker underwriting classes the guaranteed MD rates (after the initial guarantee period) are based on the 2001 CSO sex-distinct, ultimate, age-last-birthday smoker tables.

For attained ages 121 and up, the guaranteed maximum monthly deduction rates are zero. Premium payments and guaranteed monthly deductions end at 121 with the last premium paying year being the policy year beginning at age 120. After the policy anniversary at age 121, the policy will continue on with no further charges and will earn the guaranteed minimum interest rate of 3%. After the policy anniversary at age 121, a policy will only lapse if there is insufficient cash value to cover any loan interest due and not paid in cash. The table of guaranteed maximum MD rates is included in the policy contract.

**Policy Charges**

**Administrative Charge**
The administrative charge is determined by the policy (or layer) year. When we receive a premium, the Company deducts the administrative charge; the remaining premium is the net premium. For example, we receive premium in policy year one, 7% of the premium is deducted as the administrative charge. Therefore, the net premium is 93% of the gross premium paid.

<table>
<thead>
<tr>
<th>Gross Premiums Paid in Policy (or Layer) Years</th>
<th>Current Administrative Charge</th>
<th>Guaranteed Administrative Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–5</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>6–10</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>11 and beyond</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Per Thousand Charges**
Per thousand charges vary by issue age and are guaranteed for all policy (or layer) years 1–10. From policy (or layer) years 11+, the current rates are zero, but guaranteed rates will continue to age 100. The guaranteed maximum charges are shown in the policy and vary by sex, issue age, duration, risk class, rating and band. Current charges may change, subject to policy maximums.

**Policy Fee**
The policy fees vary by issue age and duration during the early policy years but will ultimately be $10 per month on both the current and guaranteed basis. After the policy anniversary at age 100, the guaranteed maximum policy fee from that point forward is zero.
Interest Assumptions

The accumulation value accrues interest at the then-current Company-declared interest rates, through the policy anniversary at the insured’s age 121, and then the accumulation value will earn interest at the guaranteed minimum rate of 3% from that point forward.

Current Interest Rate

The current interest rate applicable to the accumulation value is Company-declared. It is never guaranteed. The current interest rates are banded. The current interest rate for face amounts up to $999,999 will receive the base interest rate. At the present time, face amounts of $1 million and higher receive an interest rate 25 basis points higher than the base interest rate. This 25 basis point spread is not guaranteed.

The rate a particular premium receives depends on the policy face amount and the date we receive the premium payment in the Administrative Office. Consequently, more than one interest rate is often applicable to different portions of the accumulation value at the same time. The policy owner’s annual statement itemizes the applicable current rates.

TransUltra Plus 2006 is supported on the Transamerica Life Illustration software. The illustrated interest rate can be used in an example of how a policy may work. The illustrated interest rate is not guaranteed, nor is it a prediction of future policy values. Only the values and benefits in the columns on the micro illustration labeled Projected Values at Guaranteed Interest Rate/Guaranteed Monthly Deductions represent amounts actually guaranteed in the policy.

Guaranteed Minimum Interest Rate

The guaranteed minimum interest rate is 3% for all face amounts.

Policy Lapse and Grace Period

Policy Lapse

TransUltra Plus 2006 is an accumulation value-based lapse policy for policy years 1–5 and a cash value-based lapse policy for policy years six and beyond.

**During the five-year RAP period:** Each month during the five-year RAP period the Company checks the unloaned accumulation value for sufficient funds to pay that month’s MD. If there is not enough value, the policy enters the grace period. Also, on the policy anniversary, we check to see that the premium paid up to that anniversary date (less any partial surrenders and withdrawals) satisfies the cumulative RAP test. If not, the policy enters the grace period.

**When the five-year RAP period has elapsed:** Contractually, if there is insufficient net cash value to pay the MD plus loan interest due and not paid in cash, the policy enters the grace period. The policy owner will be notified of the premium needed to continue the coverage. Under its terms, the policy lapses if we do not receive the premium during the grace period.
**Grace Period**
If, during the RAP period, the policy fails the RAP test on an anniversary, the grace period begins if there is no Automatic Premium Loan provision in effect or if the net cash value is insufficient to borrow to pay the premium due. At the end of any 61-day grace period, the policy will lapse if the Company does not receive the required premium due during that time. If upon lapse there is net cash value remaining, the Company will send a surrender check to the policy owner. Cash surrender is the only nonforfeiture option except in states that require us to offer Reduced Paid Up.

The policy will also enter the grace period during the RAP period if the accumulation value less any loans is less than the monthly deduction due. The policy will lapse at the end of the 61-day grace period if sufficient premium is not received.

Contractually, if the RAP period has already expired, and the policy’s net cash value is not enough to cover the monthly deduction due plus any loan interest due and not paid in cash, the policy will enter the grace period. The policy owner will be notified and has 61 days to pay sufficient premium to continue the coverage. Under the policy’s terms, if the Company does not receive enough premium within the grace period, the policy and any attached rider(s) will lapse.

After the policy anniversary at age 121, the 61-day grace period starts on the policy anniversary on which any loan interest due has not been paid in cash, and the policy’s cash value minus any existing loan is less than the loan interest due.

**Reinstatements**
Reinstatements are allowed within three years after the lapse date provided the policy was not surrendered. The reinstatement is subject to:

- Evidence of insurability satisfactory to us
- Payment of the appropriate premium and reinstatement interest of 6% is paid.

If there is a loan, the policy owner must repay or reinstate any policy loan that was in existence as of the termination date, and the compounded loan interest must be paid.
Surrenders and Withdrawals

There may be tax consequences. Policy owners should be urged to consult with qualified tax advisors about possible tax implications. In general, withdrawal of an amount in excess of the policy’s basis is taxable. If the policy is a MEC, please see the section at the rear of this guide entitled “MECs and IRC Section 1035 Exchanges.” Withdrawals will affect the policy value and net cash value and may affect the death benefit.

Company-imposed surrender penalties decrease each year and disappear entirely after the 14th policy (or layer) anniversary for TransUltra Plus 2006. A new schedule of penalties applies to each layer added.

By current Company practice, TransUltra Plus 2006 is eligible for the Surrender Annuity Option. This option allows a policy owner to reduce surrender penalties by using the surrender value to buy an immediate annuity available for sale by Transamerica Life Insurance Company. The Surrender Annuity Option is available by Company practice only and its availability on new policy issues may discontinue at any time. It is not part of the policy.

Full Surrender
The surrender penalties for TransUltra Plus 2006 are for 14 policy (or layer) years and decrease each year until they disappear. The amount available for a full surrender is the total accumulation value as of the surrender date (plus any interest accrued to the date of the request), minus any surrender penalty, and minus the amount of any outstanding loans.

Riders cannot exist without the base UL coverage. If the policy owner requests a full surrender, all riders will terminate.

Partial Surrenders or Withdrawals
Partial surrenders are withdrawals that incur a company-imposed surrender penalty. They are allowed after the free-look period has expired. The minimum partial surrender amount is $500. Withdrawals will be first processed to the extent possible as a Surrender-Penalty-Free Withdrawal (SPFW) and any amount beyond the SPFW limit will be processed as a partial surrender.

The maximum amount available for a partial surrender is the accumulation value, minus the amount of any outstanding loans, minus three monthly deductions, minus the greater of the full surrender penalty or $25. The face amount on the Level version will be reduced by the sum of the partial surrender plus the partial surrender penalty. A partial surrender which would reduce the face amount below the minimum face amount of $100,000 for TransUltra Plus 2006 will not be permitted.

Important Information Regarding Partial Surrenders, Required Premiums and the RAP Period
During the RAP period, the policy will lapse if partial surrenders cause the net amount paid (i.e., premium minus amounts withdrawn) as of each policy anniversary during a policy year to fall short of the cumulative Required Premium.
10% Surrender-Penalty-Free Withdrawals (SPFW)
Beginning in the second policy year, up to 10% of the accumulation value may be withdrawn each year. However, during the five-year RAP period, only excess premium over the cumulative committed RAP is available for withdrawals. The maximum amount available for a Company surrender-penalty-free withdrawal is the lesser of:

1. 10% of the accumulation value, minus the sum of all surrender-penalty-free withdrawals since the last policy anniversary; or,

2. The maximum amount available for a partial surrender.

Loans
Loans are available any time after issue as long as there is net cash value. This request must be made in writing. The maximum amount available for a policy loan is the accumulation value minus the greater of three monthly deductions or a full surrender penalty, minus the amount of any outstanding policy loans, minus any interest on the requested loan to the end of the policy year. Loans will affect the policy accumulation value, the net cash value, and the death benefit. There are two types of loans available:

Preferred Loans (Class A)
Class A policy loans allow the policy owner to borrow cash value at a preferred interest rate. This loan is limited to 10% of the accumulation value each year and is available in policy years six and beyond.

• In policy years 6–10, the net effective loan interest cost is 1%. The effective annual loan interest rate is 6.5% (6.1% payable in advance at the beginning of the policy year). The annual effective credited interest rate is 5.5% on loaned funds, resulting in a net effective loan interest cost of 1%.

• In policy years 11 and beyond, the net effective loan interest cost is 0.5%. The effective annual loan interest rate is 6.0% (5.66% payable in advance at the beginning of the policy year). The annual effective credited interest rate is 5.5% on loaned funds, resulting in a net effective loan interest cost of 0.5%.

Regular Loans (Class B)
Class B loans have a net effective loan interest cost of 2%. The effective annual loan interest rate is 7.5% (6.98% payable in advance at the beginning of the policy year). The annual effective credited interest rate is 5.5% on loaned funds, resulting in a net effective loan interest cost of 2%.

Capitalization of Loan Interest
If the policy owner does not pay policy loan interest in cash, we will create a new loan of the same class to pay the interest. If the policy owner pays interest in cash, we will apply it first toward the interest on any Regular (Class B) loans, then toward the interest on any Preferred (Class A) loans.
Loan Repayments
The policy owner may repay any part of a loan at any time. The policy owner must specifically request that a payment be applied to repay the loan; otherwise, we treat it as a premium payment.

Automatic Premium Loan (APL)
At the time of application, a policy owner may specify on the application whether or not to include the Automatic Premium Loan provision. If APL is in effect and the policy fails a RAP test, but there is enough net cash value, we will create a Class B loan for the amount of the RAP due. We will do this at the end of the grace period. Borrowing the RAP keeps the policy from lapsing due to failure to meet the cumulative RAP test.

Policy Changes

Policy Face Amount Increases or Layers
When a policy owner requests a face amount increase, if approved, the increase amount becomes a new, separate layer of coverage. The minimum layer is $25,000. Layers may be added only after the first policy year. The face increase layer may carry a different underwriting class of risk, or a different rating or flat extra than the base policy or previously added layers because new underwriting evidence must be submitted.

Each layer has its own RAP, RAP period, target, and surrender penalties. The policy owner must satisfy the minimum RAP requirement for the layer RAP period.

Keep in mind that the death benefit for the Plus-Premium version (Option 3) that is not in corridor will not be higher than four times the total face amount of the policy and all layers.

An increase in face is a material change under TAMRA and will require a new seven-pay period. Please see the section at the rear of this guide entitled “MECs and IRC Section 1035 Exchanges” for further information.

Policy Face Amount Decreases
The minimum amount of any policy face decrease is $25,000, and may not reduce the policy below the minimum face amount. The minimum face amount is $100,000 for TransUltra Plus 2006. A prorated surrender penalty is assessed for decreases during the surrender penalty period of the base policy or any layers. Future monthly deductions will be based on the band in effect after the requested decrease. Any subsequent surrender penalties will be based on the reduced face amount, but the surrender durations will still be measured from the original policy (or layer) date. For the Plus-Premium version, if the face amount is reduced, the new death benefit will not be greater than four times the new reduced total face amount.

Decreasing the face is not a material change. However, if the decrease occurs within seven years after issue or after a material change, this will result in the retroactive recalculation of the TAMRA 7-pay limit based on the reduced face amount. This may cause a policy to become a Modified Endowment Contract (MEC) based on premiums previously paid if it fails the new 7-pay test.
Conversions
TransUltra Plus 2006 is not available for conversions.

Underwriting Class Changes
If the insured provides evidence of insurability satisfactory to the Company, we may change the class of risk of the policy or layer to a more favorable risk class. The following changes will be allowed by Company practice (noncontractual changes):

- Standard to Preferred or Select underwriting class;
- Smoker to Nonsmoker; and
- Rated to Nonrated.

After the change, monthly deduction rates will be based on the new risk class. Since we require evidence of insurability, a new Contestability Period will begin; however, the suicide provision will not start anew.

When requesting an underwriting class change, please remember that no substandard ratings are allowed on the Select Nonsmoker, Preferred or Standard underwriting classes. Substandard table-rated cases are only allowed on our two rated risk classifications: Rated Nonsmoker and Rated Smoker.

Such a change in the policy is considered a material change under TAMRA. The Company may alter or terminate its practice of noncontractual changes at any time.

Option for Additional Insurance (OAI)
When the OAI option is exercised on an existing TransUltra Plus 2006 policy, the additional insurance may be issued as a new policy or as a layer on an existing TransUltra Plus 2006 policy.

Rewrites
If a policy owner requests a “current date change” from another UL policy to TransUltra Plus 2006, full evidence of insurability will be required. Full surrender charges on the other policy’s value will be assessed. First-year compensation will be paid only on any increase in the TransUltra Plus 2006 target premium over the other policy’s target premium.
TransUltra Plus 2006 satisfies the definition of a life insurance contract using the Cash Value Accumulation Test method under IRC Section 7702.

The Cash Value Accumulation Test (CVAT) places no tax law limit on the amount of premiums that can be paid. Therefore, CVAT accommodates clients who have sizable premiums or deposits (for example, with transfers of cash values from existing policies). There are, however, Company limitations. See the Premium Limitation section of the guide for details.

The CVAT method ensures that a minimum amount is “at risk” between the death benefit and the accumulation value. Without this prescribed amount at risk, the contract would no longer qualify as a life insurance contract for federal income tax purposes. To comply with the requirements of IRC Section 7702, the CVAT version uses Death Benefit Factors to maintain the required margin between the accumulation value and the death benefit. Therefore, as needed, the death benefit is increased causing the death benefit to go into “corridor” to maintain the policy’s qualification as life insurance. When a policy is in corridor, it may result in a larger amount at risk and larger monthly deductions, which leads to lower cash value accumulation.

In this guide, references to the IRC mean the IRC of 1986, as amended. IRC Sections 7702 and 7702A are discussed in a limited fashion.

*Urge policy owners to seek the advice of a qualified tax counselor.*

Transamerica Life and its representatives do not give tax advice, nor should any information contained herein be construed as tax advice.

This material was not intended or written to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code. This material was written to support the promotion or marketing of the products, services and/or concepts addressed in this material. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely solely on their own independent advisors regarding their particular situation and the concepts presented here.
MECs and IRC Section 1035 Exchanges
In 1988, Congress enacted TAMRA which created a new category of life insurance called a “Modified Endowment Contract” (MEC). Generally speaking, a life insurance policy becomes a MEC if the premium exceeds the cumulative limit during the first seven years after issue, or during the first seven years after a material change (like the policy owner adding a layer). New 7-pay limits may be established for the policy as a result of changes in policy terms or benefits or a change in underwriting classification. An increase in face amount is a material change and will require a new 7-pay period. A decrease in face amount is not a material change. However, if the decrease occurs within seven years after issue or after a material change, this will result in the retroactive recalculation of the 7-pay limit based on the reduced face amount. This may cause a policy to become a MEC based on premiums previously paid if it fails the new 7-pay test. If the MEC policy is a survivor contract, a decrease in the benefit at any time, not just the first seven contract years, causes a recalculation of the 7-pay limits.

Under current federal income tax law, a MEC still continues to earn tax-deferred interest on its accumulation value and generally qualifies for income tax-free distribution of the death benefit to the beneficiary. However, if a policy becomes a MEC, loans, withdrawals, surrenders, distributions, pledges and assignments in the two years prior to becoming a MEC and thereafter, are treated as distribution of earnings first and distribution of cost basis last. This means that the policy owner of a MEC would have an immediate income tax liability for any money received, up to the gain in the contract, as a result of any of these transactions on an “income-out-first” basis. In contrast, if a life insurance policy is not a MEC, distributions are first a recovery of basis and then a distribution of income in the contract. Partial surrenders and withdrawals are distributions; policy loans, pledges and assignments are not considered distributions when taken from a policy that is not a MEC.

In addition, if the policy owner is under age 59½ or is not an individual (e.g., a trust), the policy owner may be subject to the additional 10% federal income tax penalty on the taxable portion of any distribution. Though MECs can be valuable life insurance contracts, they should probably be avoided if the policy owner plans to withdraw policy values at retirement.

A MEC contract is not appropriate for policy owners who wish to deposit large sums of money in the early years with the intent of withdrawing or borrowing the funds in the near future.

To prevent a policy from becoming a MEC, the premium submitted in each of the first seven policy years after issue or after a material change cannot exceed the 7-pay limit. To avoid creating a MEC, premiums may not be paid in advance. If, for example, the yearly 7-pay limit is $1,000, then the total premium submitted cannot exceed $1,000 by the first anniversary, $2,000 by the second, $3,000 by the third, etc. If $500 is paid in year one, $1,500 could be paid in year two, but not vice versa. To determine the 7-pay premium for a particular case, you will need to run an illustration.

To calculate whether the life policy resulting from a Section 1035 exchange will be a MEC, take the gross value being carried over and multiply it by the appropriate factor shown on the micro illustration. If the result, plus any new premium submitted, is below the 7-pay limit in each of the first seven years and the old contract was not a MEC, the new policy should not be a MEC. The illustration software will do this calculation for you if you fill in the appropriate 1035 exchange figures.

To determine the 7-pay premium for a particular case, you will need to run an illustration.

A policy that does not become a MEC in the first seven policy years can become a MEC after the seventh policy year if the death benefits go into corridor or if certain policy changes occur and sufficient additional premium is added.
Riders and Options

(The following are highlights only. Please consult the actual policy text for details. Coverage is subject to all terms, conditions and exclusions contained in the policy. Availability of any rider and/or option is subject to appropriate regulatory approval and requirements.)

Much of the appeal of TransUltra Plus 2006 is its flexibility, which can be further enhanced through the use of the riders and options summarized below.

**Accelerated Death Benefit (ADB)**
If the insured has a terminal illness (as defined in the policy) diagnosed by a licensed physician after the issue date of the policy and is expected to die within 12 months, the Accelerated Death Benefit will provide advance death benefits from the life insurance policy. This benefit is only available in jurisdictions that have approved the ADB. Benefits advanced under this option may be taxable. This benefit is only available in jurisdictions that have approved the ADB.

**Limits:**
The policy must have a minimum face amount of $50,000.

The minimum payment is $10,000. The maximum payment is the lesser of $250,000 or 75% of the combined death benefit of all policies on the life of the insured minus a portion of any loans and interest due.

**Rates:**
Transamerica Life does not charge an additional premium for this option; however, there is a $250 administrative fee for each Accelerated Death Benefit payment.

**Accident Indemnity Rider (AI)**
AI provides for the payment of an additional death benefit if the insured dies as a result of accidental bodily injury as defined in the policy. Double this additional amount is payable if the accidental bodily injury occurs while the insured is a fare-paying passenger on a common carrier. Death must occur within 90 days from the accident and before policy anniversary at age 70 of the insured. AI premium is based on issue age and remains level thereafter. Rates are not based on sex or smoker status. The RAP is increased by the annualized deductions for the rider.

Accident Indemnity is not available on policies rated higher than Table D.

**Issue Limits:**
Ages 16–65 (provided the insured is engaged in nonhazardous occupations as determined by the Company): For face amounts below $200,000: Up to 2 ½ times the face amount to a maximum of $200,000. For face amounts $200,000 and up, the limit is $300,000 or the face amount, whichever is less for each insured. AI is limited to a maximum of $300,000 per insured for all companies that are members of the AEGON Insurance Group.
**Automatic Premium Loan (APL)**

APL provides the owner with the opportunity to pay required premiums by creating loans against the policy cash value. There must be sufficient net cash value available to cover the amount of the premium. The APL provision can be requested as an endorsement to the policy where an overdue premium will automatically be paid by loan on the 61st day past the premium due date.

If the APL provision was not elected at issue, APL can be requested in writing. The request must be received in the Cedar Rapids home office within 60 days of the premium due date or the policy will be subject to normal reinstatement rules.

APL can be requested on a universal life product with a RAP. If the RAP test shows insufficient RAP premium, a loan will be made against the net cash value in an amount equal to the difference between the submitted premium and the RAP if adequate net cash value exists.

**Cost:** No Additional Charge

**Children’s Insurance Rider (CIR)**

This rider provides life insurance protection for all of the children in the insured’s family. All new children are covered automatically by this rider at age 15 days at no additional premium. The rider is purchased on a unit basis. Each unit is equal to $1000 of level term insurance which expires either at the anniversary of the insured’s 65th birthday or on the child’s 25th birthday, whichever occurs first.

Insurance under this rider may be converted. All conversions will be made at rates then in effect at the attained age, exact birthday of the children insured under this rider. The covered children, if under age 25, may convert their insurance to a permanent policy for up to five times the original amount of the term life insurance, but not more than $50,000 on certain dates specified in the rider. At times other than those specific dates the rider coverage can be converted for an amount equal to the rider coverage amount.

If the insured dies before the children, the rider will automatically be changed to an individually owned paid up term policy.

**Issue Ages:**

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured</td>
<td>16 years</td>
<td>55 years</td>
</tr>
<tr>
<td>Child</td>
<td>15 days</td>
<td>18 years</td>
</tr>
</tbody>
</table>

**Issue Limit:**

Minimum: 1 unit. Maximum: none, however, the amount of insurance cannot exceed the base policy.

The nonmedical limit is 20 units for all issue ages.
**Conversions:**
Insurance that terminates under the rider may be converted within 31 days to any level-premium permanent policy available at the time of conversion issued by Transamerica Life. The face amount of the permanent policy can be up to five times the amount of rider coverage but cannot exceed $50,000 (see rider for details).

**Rates:**
Rates apply per unit of CIR: Universal Life (monthly deduction)—$0.45. If waiver of premium is issued on the base policy, it will cover the CIR without an additional charge. The RAP is increased by the annualized rider deductions.

**Full Policy Surrender Penalty Waiver Endorsement (FPSPW or Honeymoon Provision)**
The Full Policy Surrender Penalty Waiver Endorsement waives company-imposed surrender charges for a full surrender of a policy during the first five policy years. Surrender charges will continue to apply to partial surrenders, loan amounts, and face reductions. This endorsement is also known industry-wide as the “Honeymoon Provision.”

The FPSPW endorsement is only available at issue on policies with a minimum PPP of at least $100,000 per year for five years. It must be requested in the “Remarks” section of the application. The client should be urged to consult with a tax advisor about possible tax consequences. Both the producer and the general agent, however, will be required to sign a Honeymoon Provision Consent to Charge Back of Commission form (TOA 300-104) acknowledging that they understand that the commissions will be “charged back” if the policy is cancelled, lapsed or is surrendered during the first five policy years. **The signed form must be submitted to New Business before the policy will be issued with the Honeymoon Endorsement.**

This endorsement is not illustratable.

**Insured Exchange Option**
Permits the policy owner to exchange the current policy for a new policy insuring a new base insured. This option is most often used when a business owns the policy on a key person. The new policy will be the same as the original policy. The owner, however, must have an insurable interest in the new insured and must complete the new business application. Exercise of this option may have adverse tax consequences. The policy owner should be urged to consult with a qualified tax advisor.

This option is provided at no additional charge. Premiums for the new policy will be determined by the new insured’s attained age, sex, and smoker status.

The minimum face amount available is subject to the rules of the original policy of insurance as of the original date. The maximum face amount available is limited to the larger of:
1) The same face amount as the original policy, or
2) The face amount provided by the same basic premium as the original policy (exclusive of any extra charges for a special class of risk or for riders). On universal life policies, the face amount of the new policy is not allowed to exceed that of the old policy.
Option for Additional Insurance (OAI)
OAI gives the policy owner the opportunity to buy up to $100,000 of additional life insurance on the insured within 31 days of the first, second, and third policy anniversaries. If the insured is 50 years old or less and is not receiving disability benefits, additional coverage is guaranteed without evidence of insurability. For issue ages 51–65, the insured will simply have to give us permission to check his or her Medical Insurance Bureau file and answer two health questions.

If the original policy has a Waiver Provision (WP), it may be carried over to the new policy if the insured is aged 55 or less when the option is exercised. However, if the original policy is currently on Waiver, OAI cannot be exercised. This option is included on policies up through issue age 65 at no additional charge.

Premium Security Option
The Premium Security Option (also known as the Alternative Paid Up Life Option) allows the policy owner the opportunity to surrender the policy and use the net cash value to purchase an alternative paid-up life insurance policy.

The face amount will be the amount which the policy’s cash value will purchase at the then-current single premium rate. The owner is guaranteed the face amount of the new single-premium policy, and no further premiums will be required. This option can be exercised on or after the fifth policy anniversary but before the policy anniversary at age 100. All riders attached to the original policy will terminate. Not available in all jurisdictions.

This option is included at no additional charge.

Surrender Annuity Option
This “opportunity” is provided by Company practice and it allows the policy owner the option to surrender (in some cases partially surrender) the policy, and have all or part of the applicable surrender charges waived if the proceeds are used to purchase a Transamerica Life immediate annuity. The annuity purchased must provide an income based on:
1) life contingency, or
2) annuity certain, with an income period of at least five years.

If the insured has attained insurance age 65 or older and the surrender (and annuity purchase) occurs no earlier than the end of the 10th policy year, then the entire surrender charge is waived if:
1) the entire cash value surrendered is applied to purchase the annuity, and
2) the cash value is at least $150 per $1,000 of face amount. If the cash value is insufficient, the insured can supplement the cash value with outside funds to reach the $150 per $1,000 requirement.
For insureds who do not qualify as described above, up to 10% of the annuity purchase price is waived from the surrender charge. If 10% of the purchase price exceeds the amount of surrender charges, the percentage is reduced accordingly.

Rates applicable for the immediate annuity are the rates available at the time of purchase.

This option is allowed by Company practice only and may be withdrawn as a practice at the discretion of the Company.

**Surrender Penalty Deferral Endorsement**
This endorsement will allow a one-time face reduction on or after the fifth policy anniversary with no Company-imposed surrender charges assessed at that time. The surrender charges from the original face amount will continue to apply to the policy after the face reduction. This endorsement is only available on policies with a **minimum PPP of $50,000 per year for five years**. The Surrender Penalty Deferral Endorsement is only available at the time of issue and therefore must be requested in the “Remarks” section of the application. This endorsement does not impact producer or agency compensation. A reduction in the face amount in the first seven policy years may cause the policy to become a MEC.

**Waiver Provision Rider (WP)**
In the event of total disability (as defined in the policy) the WP waives monthly deductions as well as the cumulative RAP check during the RAP period upon satisfactory proof of the insured’s permanent disability. The monthly deductions (MDs) will be waived from the beginning of the disability after a six-month waiting period. The disability must occur before the policy anniversary at age 60.

Premiums will not be waived if the disability results directly or indirectly from intentionally self-inflicted injury; from participation in an insurrection; or from war or any act of war.

The Waiver Provision may be issued as Standard Waiver (without any substandard rating), or it may be issued substandard at Table B or Table D only. Waiver Provision is not available on a policy or layer that is rated higher than Table D. The Waiver Provision does not add value to the accumulation value. If the base policy has WP, all riders and additional layers must have it as well. Issue ages 16–55.

**Issue ages: 16–55**

Available at an additional cost reflected in the RAP and monthly deductions for the policy.