



LIFE INSURANCE –
HELPING NAVIGATE A SMOOTH
ROAD TO RETIREMENT AND BEYOND

Now you can supplement your retirement income
with Life Insurance. That's Life To The Max!

LIFE
TO THE
MAX 

Get the max from your life insurance

The primary reason to buy life insurance is to provide protection for the ones you love – the people who depend on you. But this doesn't have to be the only reason to buy life insurance anymore. With the powerful life insurance options that are available today, you can do much more.

Did you know that some types of life insurance can also provide supplemental retirement income – with tax advantages?

Index Universal Life (IUL) is a life insurance product that can provide coverage for your family, tax-deferred cash accumulation, protection against market volatility and the potential for tax-free retirement income. This can be especially important when you consider these facts.

FACT 1

AMERICANS
ARE NOT
SAVING
ENOUGH

FACT 2

MARKET
VOLATILITY CAN
PUT RETIREMENT
INCOME AT RISK

FACT 3

THE FUTURE
OF INCOME
TAX RATES IS
UNCERTAIN

FACT
1

AMERICANS ARE NOT SAVING ENOUGH

The majority of Americans will not have enough income to maintain their current standard of living in retirement. According to the Center for Retirement Research at Boston College, in their National Retirement Risk Index, **most should be saving 15% of their salary for retirement.**

Are you saving enough? What if life insurance can help you supplement your retirement income?

THE IUL SOLUTION: SUPPLEMENTAL INCOME

Hypothetical example: John, a 45-year-old, needs \$1M of life insurance coverage for his family. He finds that he can purchase term insurance for about \$1,300/year. He would like to see what \$7,200/year (\$5,900 more) can do to supplement his retirement income. His financial professional shows him an IUL/term policy combination which provides the \$1M in coverage, while potentially increasing his retirement income.¹



John pays a premium of **\$7,200 per year** for 20 years

He purchases an **\$875,000 Term Policy** and a **\$125,000 IUL Policy**, providing **\$1M combined coverage** for the family

During retirement, the IUL policy provides **\$19K/year**, tax-free income, for 20 years²

That's a **6%** internal rate of return on the additional **\$5,900**¹

¹ This hypothetical example uses values from currently-offered IUL and term products from American General for a preferred, non-tobacco underwriting class. The 6% internal rate of return is what John would have to earn (net of all expenses, taxes, etc.) on the \$5,900/year for 20 years in order to generate \$19,000/year of income for 20 years. All numbers were rounded for ease of explanation. Your actual numbers will be different and will be based on your age, underwriting class and other variables.

² Assumes the use of withdrawals to cost basis and/or policy loans. There are rules that apply. See Important Information on back page for details.

FACT 2

MARKET VOLATILITY CAN PUT RETIREMENT INCOME AT RISK

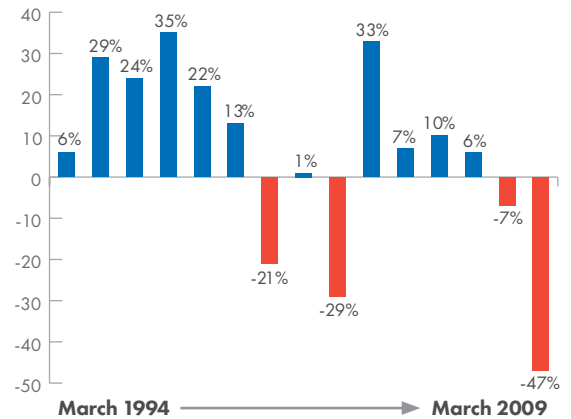
To illustrate the potential risk, as well as a possible life insurance solution, take a look at this hypothetical comparison:

It's March 1994. You are 15 years from retirement and you have \$100,000 invested in stocks tracked by the S&P 500® Index.

Over the next 15 years, the world is rocked by a series of events including September 11, the bursting of the Internet bubble and an economic recession.

By March 2009, 15 years later, your \$100,000 has only grown to \$145,041 – a 2.5% annual rate of return.¹

S&P 500® Index



The S&P 500® Index is a broad-based, market-cap weighted index of 500 U.S. stocks. Clients cannot invest in an index directly.

THE IUL SOLUTION: DOWNSIDE PROTECTION

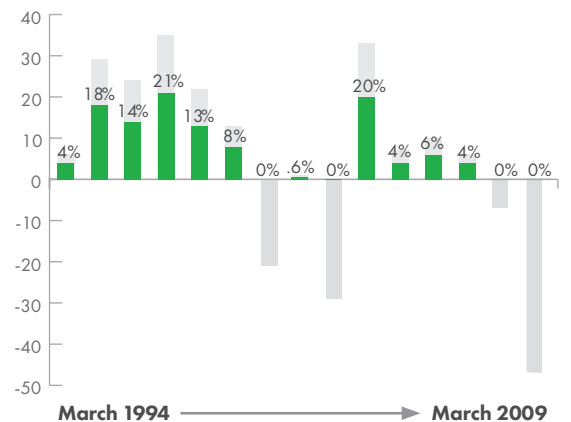
What if the same \$100,000 was managed using the same strategy found in an IUL policy – where you share in a portion of the market upturns (in this example, 60%) and none of the downturns?²

Over the same time period, your \$100,000 would have grown to \$284,000 – a 7.2% annual rate of return!¹

This example is designed to help you understand how index interest crediting can protect against market volatility.

While it is important to note that IUL is not an investment, it is a life insurance product that provides growth potential through index interest crediting.

Index Strategy



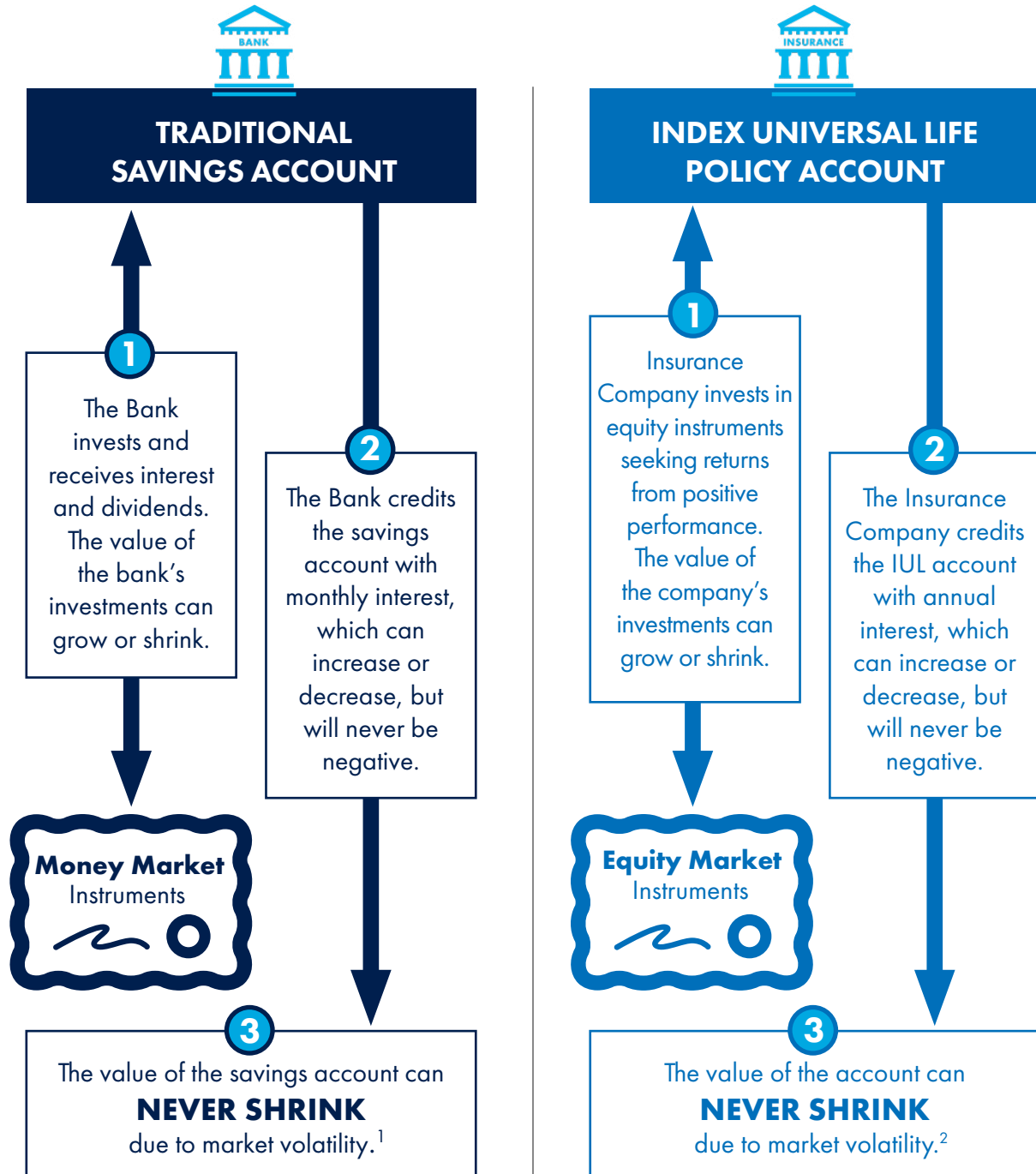
Index Universal Life Insurance helps protect against market volatility by providing upside potential and downside protection!

¹ Past performance does not guarantee future results. This hypothetical scenario does not take in to account the impact of charges, fees or expenses on an investment account or the IUL product. Had it, the results for both would be lower.

² This is an example of a "participation rate" index crediting strategy. There are other strategies available. It is hypothetical and rates will vary.

How does an IUL policy help protect against market volatility?

Another way to think of an IUL policy's protection against market volatility is to compare it to something much more familiar. While an IUL policy is not a savings account, it may be easier to understand how IUL interest crediting works by understanding the fundamentals of how interest crediting works on a savings account at your bank.



¹ Bank savings accounts are backed by the Federal Deposit Insurance Corporation.

² This is not intended to suggest that an IUL policy's index interest crediting accounts are equivalent to a bank savings account. This is simply a demonstration of how an account holder can be protected against market volatility. IUL index accounts will not decrease due to market volatility, but will be reduced by insurance costs and other expenses. IUL policies and any guarantees associated with them are backed by the claims-paying ability of the issuing insurance company.

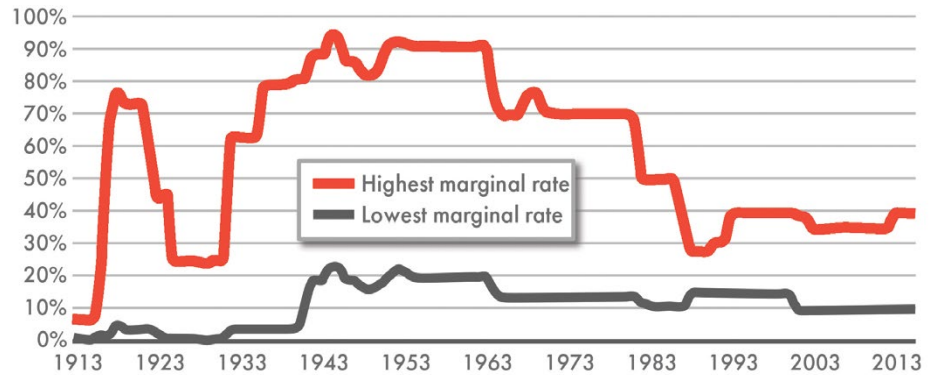
FACT
3

THE FUTURE OF INCOME TAX RATES IS UNCERTAIN

Many people assume that their tax rate will be lower during retirement years. But will that really be the case? While no one knows what will happen in the future, the history of income tax rates may provide a basis for your prediction.

You can see that we are currently in a period of comparatively low tax brackets. By looking at this chart alone, one might expect that tax brackets will go up in the future.

1913-2016: History of the Highest and lowest Federal income tax rates



Sources: www.taxfoundation.org; www.davemanuel.com/history-of-deficits-and-surpluses-in-the-united-states.php

Will your tax rate be higher when you retire?

THE IUL SOLUTION: TAX-FREE INCOME

With most of your retirement assets likely involving accounts that will be fully or partially taxable at retirement, maybe “tax diversification” makes sense. IUL offers these tax benefits.¹

TAX-DEFERRED GROWTH

No taxes due on account growth while inside the policy

TAX-FREE DISTRIBUTIONS

If set up correctly, distributions from the policy’s cash value during retirement can be Federal income tax-free

SELF-COMPLETES AT DEATH, TAX-FREE

If you die before reaching retirement, your beneficiaries receive Federal income tax-free benefits²

¹ All of these tax benefits are available as long as the policy follows certain rules. See Important Information on back page for details.

² Based on current Federal law.

RETIREMENT IS COMING

Are you saving enough?

IUL can help accumulate tax-deferred funds

Are you protected against market volatility?

IUL can help protect against losses due to market downturns

Are you prepared for the future of tax rates in retirement?

IUL can help by providing tax-free income

NEXT STEPS

Determine your desired insurance benefit

How much insurance protection do your beneficiaries need?

1

Determine how much you would like to contribute


Contributions can be made annually, semi-annually, quarterly or monthly. The greater the amount, the greater the potential income

2

Start the health review process

Purchasing life insurance requires a review of your health status and other factors, which can begin with a few questions

3



Your financial professional can help you decide if Life To The Max is right for you.

IMPORTANT INFORMATION

Index Universal Life (IUL) is life insurance which may be used to help supplement your retirement income. It is not a retirement plan. You pay premiums which go into accounts which are credited with interest. The interest rate credited to those accounts will never be negative (e.g., -10%). The lowest policies will go is 0%, in years when the markets are negative.

Monthly, those account values are used to pay policy expenses. They also pay mortality charges, which is how your life insurance death benefit gets purchased. So, while your accounts can never be reduced due to market volatility, they can be reduced in order to pay expenses and charges. The goal, of course, is to provide enough premium and interest to pay the expenses and charges with money left over to grow.

Excess money in your accounts will continue to grow (based on the account performance) free of annual Federal income taxes (tax-deferred). If you want to use some of this cash (e.g., for retirement), there are two ways to get money out: withdrawals and loans. Withdrawals up to your cost basis (generally, premiums paid) are income tax free.

Policy loans are also income tax free. Policy loans are subject to interest charges and can reduce the death benefit paid to beneficiaries.

Distributions will reduce policy values and may reduce benefits. Availability of policy loans and withdrawals depend on multiple factors including but not limited to policy terms and conditions, performance, and fees or expenses. Outstanding policy loans may affect the value of the policy and possibly the length of time the policy remains in force.

The hypothetical example in this material is intended solely for illustrative purposes. Past performance of the index is not a guarantee of future results. The use of alternative assumptions in these examples could produce significantly different results. An indexed universal life insurance policy is not a registered security or stock market investment and does not directly participate in any stock or equity investment or index.

Finally, the death benefit to your beneficiaries is, generally, free from income tax.

Rules of the Road

There are rules that must be followed to receive the tax benefits discussed in this material.

- Life insurance death benefits are generally federal income tax free for beneficiaries under IRC section 101 (a), but may be taxable in part or in whole under certain circumstances.
- Policy must comply with IRS requirements to qualify as a life insurance contract.
- Total premiums in the policy cannot exceed funding limitations under IRC 7702.
- If the policy is classified as a modified endowment contract (see IRC 7702A), withdrawals or loans are subject to regular income tax and an additional 10% tax penalty may apply if taken prior to age 59 ½.

FOR MORE INFORMATION:

Contact your financial professional for help creating a supplemental retirement income strategy for you.

Go to aig.com/LifeToTheMax to test drive an interactive tool providing even more information.

Visit RetireStronger.com for resources, tools and information on retirement challenges and solutions.

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