

Understanding Index Strategy Options

The Max Accumulator+ offers four index interest crediting strategies. All are 1 year point-to-point designs with different cap rates, participation rates, account value enhancements, and index options.

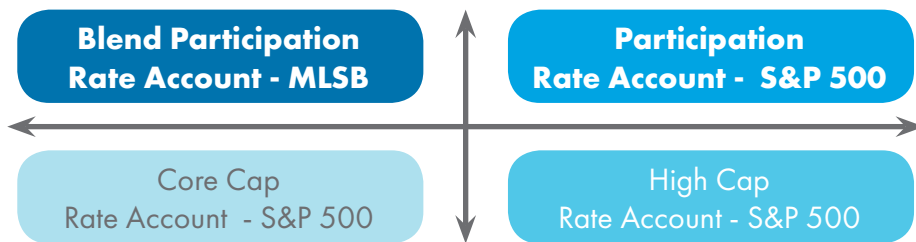
What "1-Year Point-to-Point" Means



The beginning point (value) and end point (value) of the index's one year interest crediting period are used to determine the percentage change. Interest credits are based in part on this change and credited at the end of the period.

Which One Should You Choose?

No one can predict the future performance of the market but depending on the client's goals and objectives you can determine a possible index account allocation that could be most suitable.



Blend Participation Rate Account – ML Strategic Balanced Index®

- Index: Tracks the performance of the **ML Strategic Balanced Index®**
- Objective: Volatility control by blending the S&P 500 and the Merrill Lynch 10-Year Treasury Futures (Total Return) Index
- Current Participation Rate **100%**
- Current Max Illustrated Rate: **7.38% — HIGHEST RATE BEFORE ACCOUNT VALUE ENHANCEMENT**
- Guaranteed Floor: **0.00%**
- Current Non-Guaranteed Account Value Enhancement: **0.65%**
- Combined Illustrated Rate (Max Illustrated Rate + Account Value Enhancement) beginning in policy year 6 = $(7.38 + 0.65)$ **8.03% — HIGHEST MAX RATE**

Participation Rate Account – S&P 500® Index

- Index: Tracks the performance of the **S&P 500 Index**
- Objective: S&P 500 Uncapped Participation Rate Strategy (capitalize on positive S&P 500 returns)
- Current Participation Rate **60%**
- Current Max Illustrated Rate: **6.80%**
- Guaranteed Floor: **0.00%**
- Current Non-Guaranteed Account Value Enhancement: **0.45%**
- Combined Illustrated Rate (Max Illustrated Rate + Account Value Enhancement) beginning in policy year 6 = $(6.80 + 0.45)$ **7.25%**

High Cap Rate Account – S&P 500 Index

- Index: Tracks the performance of the **S&P 500 Index**
- Objective: S&P 500 High Cap Strategy (capitalize on positive S&P 500 Index returns)
- Current Cap Rate: **13.00%**
- Current Max Illustrated Rate: **7.28%**
- Guaranteed Floor: **0.00%**
- Guaranteed Account Value Enhancement: **0.25%**
- Combined Illustrated Rate (Max Illustrated Rate + Account Value Enhancement) beginning in policy year 6 = $(7.28 + 0.25)$ **7.53%**

Core Cap Rate Account – S&P 500 Index

- Index: Tracks the performance of the **S&P 500 Index**
- Objective: S&P 500 Core Cap Strategy (competitive illustrated values when running illustration at lower rates of return compared to the other index strategy options)
- Current Cap Rate: **10%**
- Current Max Illustrated Rate: **6.11%**
- Guaranteed Floor: **0.25% — HIGHEST GUARANTEED FLOOR**
- Current Non-Guaranteed Account Value Enhancement: **0.75% — HIGHEST ACCOUNT VALUE ENHANCEMENT**
- Combined Illustrated Rate (Max Illustrated Rate + Account Value Enhancement) beginning in policy year 6 = $(6.11 + 0.75)$ **6.86%**

Which Strategy Should I Illustrate?

Blend Participation Rate Account

- Diversification
- Hedge against S&P poor performance
- Capitalize on times of low volatility by overweighting
- Potentially higher returns
- Uncapped strategy
- Highest illustrated values

Core Cap Rate Account

- Use when illustrating a rate of 5% or 6%
- Highest Account Value Enhancement 0.75%
- Highest guaranteed floor 0.25%
- Competitive on Fixed loans

High Cap Rate Account Participation Rate Account

- High Cap and Participation S&P 500 account
- Competitive cap rate or participation rate
- Attractive Account Value Enhancements
- Works well when expecting strong S&P 500 performance

Tips for Modifying Index Strategy Options in WinFlex:

	Allocation	Maximum Illustrative Rate	Current Persistency Bonus	Current Cap Rate	Current Participation Rate	Guaranteed Minimum
Blend Participation Rate Account - MLSB	100	7.38%	0.65%	NA	100%	0.00%
Participation Rate Account - S&P 500	0	6.80%	0.45%	NA	60%	0.00%
High Cap Rate Account - S&P 500	0	7.28%	0.25%	13.00%	NA	0.00%
Core Cap Rate Account - S&P 500	0	6.11%	0.75%	10.00%	NA	0.25%
Declared Interest - Fixed Account	0	2.65%	0.25%			2.00%
Total Allocation % MUST EQUAL 100%	100%					

Account	Rate
Blend Participation Rate Account - MLSB (Rate)	7.38
Participation Rate Account - S&P 500 (Rate)	6.80
High Cap Rate Account - S&P 500 (Rate)	7.28

You can adjust your index strategy allocation here. You can split the allocation between all of the strategies. The allocations just have to add up to 100%.

Example: If illustrating at a rate of return of 6% or 5% you could allocate 100% to the Core Cap Rate Account to take advantage of the highest account value enhancement.

You can make adjustments to the illustrated rates here.

Disclosures from Index Companies

Information about the ML Strategic Balanced Index[®]

The ML Strategic Balanced Index[®] provides systematic, rules-based access to the blended performance of two underlying indices—the S&P 500 (without dividends), which serves to represent equity performance, and the Merrill Lynch 10-year U.S. Treasury Futures Total Return Index, which serves to represent fixed income performance. To help manage overall return volatility, the Index may also systematically utilize cash performance in addition to the performance of the two underlying indices.

Important Note: The ML Strategic Balanced Index[®] embeds an annual index cost in the calculations of the change in Index Value over the Index Term. This “embedded index cost” will reduce any change in Index Value over the Index Term that would otherwise have been used in the calculation of index interest, and it funds certain operational and licensing costs for the index. It is not a fee paid by you or received by the Company. The Company’s licensing relationship with Merrill Lynch, Pierce, Fenner & Smith Incorporated for use of the ML Strategic Balanced Index and for use of certain service marks includes the Company’s purchase of financial instruments for purposes of meeting its interest crediting obligations. Some portion of those instruments will, or may be, purchased from Merrill Lynch, Pierce, Fenner & Smith Incorporated or its affiliates. Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates (“BofA Merrill Lynch”) indices and related information, the name “BofA Merrill Lynch”, and related trademarks, are intellectual property licensed from BofA Merrill Lynch, and may not be copied, used, or distributed without BofA Merrill Lynch’s prior written approval. The products of licensee American General Life Insurance Company have not been passed on as to their legality or suitability, and are not regulated, issued, endorsed, sold, guaranteed, or promoted by BofA Merrill Lynch. BOFA MERRILL LYNCH MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO ANY INDEX, ANY RELATED INFORMATION, ITS TRADEMARKS, OR THE PRODUCT(S) (INCLUDING WITHOUT LIMITATION, ITS QUALITY, ACCURACY, SUITABILITY AND/OR COMPLETENESS). The ML Strategic Balanced Index[®] (the “Index”) is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, “S&P Dow Jones Indices”). S&P Dow Jones Indices will not be liable for any errors or omissions in calculating the Index. “Calculated by S&P Dow Jones Indices” and the related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Merrill Lynch, Pierce, Fenner & Smith Incorporated. Note that the ML Strategic Balanced Index[™] is not available for policies issued in the State of New York.

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