



# Value priced life insurance with volatility control and cash value access

## Value+ Protector II Index Universal Life Insurance (IUL)



We see the future in you.<sup>SM</sup>

## What makes life insurance valuable?

### What about...

- Long-term financial protection for your family or business
- Potential to increase your policy's value, with built-in options to access cash value if you need it
- Death benefit guarantees for your beneficiaries<sup>1</sup>
- Living benefits to help if you get sick or need help with unexpected expenses

Value+ Protector II offers affordable protection with a death benefit that can be guaranteed all the way to age 90<sup>1</sup>, plus other features to support your financial needs.

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<sup>1</sup> Provided premiums are paid, no policy loans or withdrawals of cash value, and no material policy changes



## Why Index Universal Life (IUL)?

When you purchase an IUL policy, you have the power to choose what works for you. You can decide within policy guidelines:

- **Pick your death benefit.**  
Purchase an amount that fits your needs. Increasing over time? Level? Your choice.
- **Pick your premium amount.**  
As long as certain rules are followed, your premiums can be flexible. Start low and increase later? Put more in now and slow down later? Your call. Just make sure you are paying enough premium so the policy does not lapse.
- **Pick your premium frequency.**  
If you like contributing annually, no problem. Twice per year works, too. Quarterly is just fine. Monthly? Also good! You pick!
- **Pick how your policy cash value grows.**  
You have five ways to earn interest on your policy, including one fixed interest and four index interest strategies. Do you want 100% in one account? Or 25% into each of the index interest accounts? Any mix that you can imagine, we can, too!

**You can also withdraw cash value or borrow against the policy tax-free<sup>2</sup> for any reason later on, for example, but not limited to:**

- **Supplementing retirement income**
- **Starting a business**
- **Paying for college or a wedding**
- **Covering emergency or business expenses**
- **Purchasing a vacation home or taking a vacation**
- **Making home improvements**

It's really up to you—it's just nice to have a policy that you can use to help meet some of life's challenges.

## Why Value+ Protector II IUL?

Many families know they need life insurance, but also know they need more money saved to supplement retirement income... Sound familiar?

Value+ Protector II offers strong guaranteed death benefits like traditional permanent life insurance products – Whole Life or Guaranteed Universal Life (GUL), for instance – but also provides flexibility and meaningful cash accumulation that can be accessed in the future. Often times, Value+ Protector II can provide an attractive death benefit, cash value accumulation potential, plus extra features for less premium than other permanent alternatives.

<sup>2</sup> Assumes the use of withdrawals to basis and/or policy loans. Policy must comply with IRS requirements to qualify as a life insurance contract. Total premiums in the policy cannot exceed funding limitations under IRC section 7702. Withdrawals during the first 15 years of the contract may be treated as income first and includible in policyholder's income. If the policy is classified as a modified endowment contract (see IRC section 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. 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.



### How does it work?

Value+ Protector II is a flexible life insurance policy designed to fit many needs. An IUL policy can provide you with tax-free income<sup>3</sup> and a greater potential for growth than a traditional universal life policy while safeguarding against market downturns. That's because an IUL policy offers the potential to credit interest based in part on the upward movement of an index. Accumulation can also be generated from a guaranteed crediting bonus received via an account value enhancement (AVE) in policy years 6 and later.

Additionally, an IUL policy offers protection against the impact of market downturns.<sup>4</sup>

#### **We call it, “upside potential and downside protection.”**

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. You cannot invest directly in an index.

#### **How do IUL accounts share in the upside and protect against the downside?**

Generally speaking, when the index goes up, the amount of interest credited to the policy can go up. If the index goes down, there's simply nothing credited.<sup>5</sup>

#### **IUL enables you to put your insurance premium dollars to work for you.**

Their day job is to support your death benefit, and their night job is to contribute toward potential cash value accumulation within your policy.

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<sup>3</sup> Withdrawals and policy loans may be structured to provide tax-free income. You should consult your personal tax advisor with questions related to your particular circumstances.

<sup>4</sup> All guarantees are backed by the claims-paying ability of American General Life Insurance Company.

<sup>5</sup> Due to administrative costs associated with the policy, reduction in cash value is a potential outcome in a down market year.



Watch it work

Over time, you will be able to leverage multiple options to access cash value you have accumulated through your premium payments and any interest credited from upside market performance, or you can save some or all of the life insurance benefit for your beneficiaries.

Take a look at this graphic which describes the three phases of IUL policy ownership: **Contribution, Accumulation and Distribution.**

In case you’re curious, here’s a little more information about “Index Interest Crediting Strategies”

There are five ways to earn interest on your policy, including one fixed interest and four index interest crediting strategy choices available – we’ll come back to those. For now, just know that three are Participation Rate (Par) types and one is Cap Rate.

What is a Participation Rate?

Determines, by a specified percentage, how much of the positive performance from the index will be credited to the index interest account, (e.g., 60%, amount of ‘participation’) in positive index performance years, while the negative years receive no less than 0% interest.

What is a Cap Rate?

Determines, by a specified percentage, the maximum (‘capped’) rate of interest credited to a policy, regardless of how well the index performs, (e.g., 12%).

What is an index?

An index is a statistical composite that measures changes in the financial markets. Indices are hypothetical portfolios of securities designed to represent a certain market, or portion of the overall market. Most importantly, it’s their positive or negative performance that determines your cash value.

<sup>6</sup> Less premium expense charges.

<sup>7</sup> Based on current federal income tax laws.

<sup>8</sup> Plus administrative and expense charges.

<sup>9</sup> Including applicable charges.



## What indices are used in Value+ Protector II?

### For ALL methods:

The index interest account will never be credited less than 0% interest, plus all accounts receive a crediting bonus guaranteed no less than 0.75% for MLSB, PIMCO indexed accounts and fixed interest accounts (0.10% for S&P 500 indexed accounts).

It's important to note that while an IUL credits interest based in part on the upward movement of an index, Value+ Protector II is not an investment. Your cash value is never invested directly in the stock market.

We offer four strategies which utilize three indices as the basis for interest crediting<sup>10</sup>:

### ML Strategic Balanced Index® – Proprietary Domestic Blend Participation Rate Strategy

The ML Strategic Balanced Index provides a systematic, rules-based process of blending equity and fixed income indices—the S&P 500 (without dividends), which serves to represent the 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 volatility, the Index may also systematically utilize cash allocations. This index is designed to generate equal risk contribution to each asset class.

### PIMCO Global Optima Index® – Proprietary Global Blend Participation Rate Strategy

The PIMCO Global Optima Index is a rules-based index with an equity focus for strong growth potential, global diversification for an enhanced opportunity set, and a design powered by their time tested investment insights. The Index offers exposure to:

- Global Equity: U.S. large cap, U.S. mid cap, U.S. small cap, International and Emerging Markets
- Domestic Fixed Income: High-quality U.S. fixed income made up of treasuries, corporate bonds
- Total return potential: Dividends are included in the performance calculation of the PIMCO Global Optima index

Additionally, this index adjusts the exposures across the Global Equity and Domestic Fixed Income components on a daily basis based on market volatility.

### S&P 500® Index – Domestic Blend Participation Rate Strategy

This index is often regarded as the standard for broad stock market performance. It is used to measure the average stock price changes of the 500 most widely held large capitalization companies representing over 100 specific industry groups.

### S&P 500® Index – Domestic Cap Rate Strategy

Value+ Protector II also offers a fixed interest option. Its performance is based on a declared interest rate and not on an index.

**The end goal for understanding all of these indices is to understand how they help provide you tax-free income<sup>11</sup> over time, while protecting the future financial security of you and your beneficiaries.**

<sup>10</sup> Value+ Protector II credits interest based in part on the upward movement of an index but it is not an investment. Your cash value is never invested directly in the stock market.

<sup>11</sup> If structured correctly with the use of withdrawals and policy loans



Cash value can be disbursed through a variety of access points, depending upon your situation and at your discretion. Some are built-in. Some are optional. Some must be elected at the time of purchase.

## **Beneficiary disbursements** Flexible cash value for your family or business if they die too soon.

### **Lump-sum life insurance benefit**

Distribution of policy death benefit to the beneficiary upon the passing of an insured is generally income tax free.<sup>12</sup> You can use this option to help ensure your family or business lives on with a lump-sum life insurance payment.

### **Select Income Rider (Installment Payout Plan)<sup>13</sup>**

This option distributes the life insurance death benefit in installments rather than a lump sum, to help your beneficiaries manage ongoing expenses. Selecting this rider may also lower your policy's cost of insurance charges, which may potentially lower your premium.

You can also opt for just a partial amount to be paid as a lump sum and the remainder in installments. The rider provides annual payout options over a specified period for the life insurance benefit amount chosen.

**Important to note:** this option is selected at issue and is irrevocable to the beneficiary. It provides a guaranteed income stream for your beneficiaries that will grow at a fixed interest rate. There is no charge for this rider. If you elect this rider, it cannot be terminated following the Date of Issue.

<sup>12</sup> Based on current federal tax laws.

<sup>13</sup> Rider features and availability may vary by state. Check rider for details.



## Policy owner disbursements

Flexible protection against the unexpected: Income for any purpose.  
Income if they get sick along the way.

### Policy Loans and Withdrawals<sup>14, 15</sup>

Use these features any time to access cash for any purpose. You can select from one or a combination of three types of policy loans: Standard (Fixed), Preferred or Participating, that:

- Are potentially income tax free
- Offer fast access to cash value when needed
- Provide potential for positive interest earnings on loaned money
- Have no repayment plan required

### Chronic Illness Rider Accelerated Access Solution® (AAS)

Income to help if you get sick along the way, allowing you to access a portion of your death benefit if you suffer from a qualifying illness or condition.<sup>16, 17</sup> Choose from payments of 2%, 4% or an IRS per diem amount monthly. The tax-free income can be used to cover:<sup>18</sup>

- Medical expenses
- Supplement lost income
- Long-term care
- For any other purpose

**Important to note:** AAS is elected at the time of policy purchase for an additional charge.<sup>19</sup>

### Strong Index Performance<sup>16</sup>

If values in the policy exceed target assumptions this one-of-a-kind liquidity option allows you to withdraw the excess cash value<sup>20</sup>, either in policy year 20 or at age 85 – with no decrease in the initial life insurance or length of guarantee.<sup>21</sup> The cash value can be used as desired, or to buy additional paid-up life insurance without further underwriting; which provides additional protection for your beneficiaries at no extra cost.

### Excess Funding<sup>16</sup>

By paying extra premium into your policy to achieve additional tax advantaged growth, you can use this unique liquidity option to withdraw excess premiums in policy year 20 with no decrease in your initial life insurance benefit,<sup>22, 23</sup> if there is available cash surrender value in the policy.

### Premium Protection Rider

The Protected Premium Rider can be selected for those policies that will be funded early, for example through a single-pay premium or the transfer of a policy from another company. With this rider, you may withdraw funds above the target premium in years 2 to 5 with no surrender charge penalties. The funds are not locked in. This rider is elected at the time of policy purchase for an additional charge.

<sup>14</sup> Policy loans and withdrawals may be taxable.

<sup>15</sup> Policy can lapse in the event that excessive loans are taken.

<sup>16</sup> Limitations apply. Please review the rider. Certain distributions may be taxable. You should consult your personal tax advisor to assess the impact of the benefits on your particular circumstances.

<sup>17</sup> Insured must be certified as chronically ill by a licensed physician and meet all eligibility requirements. This rider is not available in all states.

<sup>18</sup> Life insurance death benefits are generally tax-free for beneficiaries under IRC 101(a), but may under certain situations be taxable in part or whole

<sup>19</sup> The rider must be selected at the time of policy purchase. Installment payments under this rider may be taxable.

<sup>20</sup> “Excess cash value” is any amount over the benchmark cash value, which is a cash value assuming the same premium and charges as the regular account value, but at 5.50% annual interest.

<sup>21</sup> Option election dates are at the end of the 20th policy year (for issue ages 0-64) and the later of age 85 or the end of the 5th policy year (for all issue ages).

<sup>22</sup> “Excess premiums” are premiums over the benchmark premium, which is a premium that will carry the policy to near maturity using current assumptions and 6% interest.

<sup>23</sup> Option election date is at the end of the 20th policy year for issue ages 0-64 or the later of age 85 or the end of the 5th policy year for issue ages 65-85.



## TAILOR YOUR POLICY WITH RIDER OPTIONS<sup>24, 25</sup>

### Value+ Protector II Liquidity Benefit Options

<b>Cash Value Access If Strong Index Performance Feature</b>	<ul style="list-style-type: none"> <li>Automatically included in policy at no extra cost</li> <li>Can be utilized either: (1) at the end of 20 years (for issue ages 0-64) or (2) the later of age 85 or the end of 5 policy years</li> <li>If policyholder's Actual Cash Surrender Value (ACSV) outperforms the Benchmark Cash Value (BCV) then policyholder may withdraw up to an amount equal to the difference. Clients can withdraw lesser of 10% of their initial death benefit or \$100,000<sup>25</sup></li> <li>Will not incur a partial surrender charge, partial withdrawal fee, reduction in specified amount (the death benefit would reduce if the DB option is 2 or if the policy is in corridor), or reduction in CG Account Value</li> <li>Alternatively, can also use the difference to purchase a paid-up life insurance policy, completely separate from the base policy. The contract will be single premium whole life.</li> </ul>
<b>Cash Value Access Excess Funding Feature</b>	<ul style="list-style-type: none"> <li>Automatically included in the policy at no charge</li> <li>Can be utilized if the sum of the premiums paid in the first 20 policy years (or the later of 5 years or to age 85 for issue ages above 65) exceeds the sum of benchmark premiums for the same period, and to the extent there is ACSV available for withdrawal<sup>24</sup></li> <li>Policyholder may withdraw an amount up to the difference. Clients can withdraw the lesser of 10% of their initial death benefit or \$100,000</li> <li>Will not incur a partial surrender charge, partial withdrawal fee, reduction in specified amount (the death benefit would reduce if the DB option is 2 or if the policy is in corridor) or reduction in CG Account Value</li> </ul>
<b>Accelerated Access Solution® (AAS) Chronic Illness Rider</b>	<ul style="list-style-type: none"> <li>Premium paying rider provides access to cash value for qualifying chronic illness</li> <li>3 options available: 2% of the AAS benefit per month; 4% of the AAS benefit per month; IRS per diem maximum of the AAS benefit/month</li> <li>Monthly benefit is capped at the maximum IRS daily rate at the time of claim. The 2021 maximum per diem is \$400/day or \$12,167/month. Subsequent years may be higher.</li> </ul>
<b>Protected Premium Rider</b>	<ul style="list-style-type: none"> <li>Any time during policy years 2 through 5 the policyholder may make a withdrawal for the lesser of the Accumulation Value or the excess of premiums paid over the sum of the annual target premiums at the beginning of the policy year, given no prior withdrawals have been made or a loan balance exists at the time of the withdrawal. There can be no other policy changes.</li> <li>Not a guaranteed return of premium option</li> <li>Affects the specified amount, accumulation value, and CG account value like a normal withdrawal</li> </ul>

### Value+ Protector II Additional Riders

<b>Select Income Rider</b>	<ul style="list-style-type: none"> <li>Optional rider converts a portion or all of the life insurance benefit for beneficiaries to a predefined guaranteed set of annual payments<sup>26</sup></li> <li>Minimum percentage of life insurance benefit available to convert is 10% (up to 100%)</li> <li>May lower the policy's cost of insurance charges, which may result in a lower premium</li> <li>Schedule of life insurance benefit payments will be determined at issue</li> <li>Benefit schedule will be based on the initial face amount of the policy at issue and is irrevocable for the beneficiary</li> <li>Life insurance benefit payments will increase annually at a rate set at issue</li> </ul>
<b>Dollar Cost Averaging Rider</b>	<ul style="list-style-type: none"> <li>Automatic, free rider that allocates lump-sum payments (both 1035 and non-1035) as well as periodic payments on frequency of annual, semi-annual and single premiums to be allocated to this rider and then dispersed to the Index Interest Accounts over several months so that a large portion of the policy's Accumulation Value is not subject to the market movements of only one date. It is your client's choice to utilize this rider. There is no additional fee associated with this rider. Utilizing this rider will affect the amount of interest your policy earns. Depending on the performance of the indices, utilizing this rider may result in more or less interest.</li> <li>The DCA Rider creates an additional account ("DCA Account") that will remain on the policy for the life of the contract. Interest is credited daily. The amount of interest credited is determined by the Company, but shall be no less than 2.00%. Premiums allocated to the DCA account will be transferred into the Index Interest Accounts according to the allocation percentage of your choosing. Note that transfers from the DCA Account to the declared interest account are not permitted.</li> </ul>
<b>Accidental Death Benefit Rider (ADB)</b>	<ul style="list-style-type: none"> <li>Provides an additional death benefit if death resulted from certain accidental injuries</li> <li>Minimum: \$25,000; Maximum: The lesser of \$250,000 or the initial sum insured under the policy</li> </ul>
<b>Children's Insurance Benefit Rider (CIB)</b>	<ul style="list-style-type: none"> <li>Provides term insurance on the base insured's dependent children with coverage through attained age 24</li> <li>Minimum: 1 unit (\$1,000); Maximum: 25 units (\$25,000)</li> </ul>
<b>Overloan Protection Rider</b>	<ul style="list-style-type: none"> <li>Rider guarantees that base policy will not lapse due to an outstanding loan</li> <li>Rider must be activated in writing once the loan balance exceeds 94% of cash value.</li> <li>A one-time charge will be deducted from the accumulation value, and future monthly deductions will be waived.</li> <li>Rider benefit can be activated at or after the later of attained age 75 or 15th policy anniversary</li> </ul>
<b>Terminal Illness Accelerated Benefit Rider</b>	<ul style="list-style-type: none"> <li>Provides accelerated death benefit (living benefit) when insured is diagnosed with terminal illness (24 months or less to live)</li> <li>One-time accelerated benefit of up to 50% of the base policy death benefit (less policy loans and excluding riders)</li> <li>Maximum: \$250,000</li> <li>Subject to an administrative fee. Some states require a signed disclosure form at time of application</li> </ul>
<b>Waiver of Monthly Deduction Rider</b>	<ul style="list-style-type: none"> <li>Waives the monthly deduction while the insured is disabled after we receive proof of Total Disability and after six months of disability</li> <li>Rider charges are based on the insured's attained age and increase annually</li> <li>Rider not available for face amounts greater than \$5 million</li> </ul>

<sup>24</sup> There may be a charge for each rider selected. See the rider for details regarding the benefit descriptions, limitations and exclusions. Adding or deleting riders and increasing or decreasing coverage under existing riders can have tax consequences. Policy owners should consult a tax advisor prior to exchanging their policy. Riders are not available in all states.

<sup>25</sup> Under current federal tax law, partial withdrawals are reportable to the policy owner and may be taxable. Limitations apply.

<sup>26</sup> The rider must be selected at the time of policy purchase. There is no additional fee for this rider. A portion of the installment payments under this rider may be taxable.

## 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.

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An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy’s death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Federal Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of an ABR will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state, or local government. Death benefits and policy values, such as cash values, premium payments and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.







Ask about **Life with Confidence**,  
an interactive tool that helps explain  
IULs in everyday terms and eases  
concerns about market volatility.

**[aig.com/LifeWithConfidence](https://aig.com/LifeWithConfidence)**

For more Value+ Protector II  
information, contact your  
financial professional.

**Name**

**Email**

**Phone**

**License No. (if required)**

**We see the future in you.<sup>SM</sup>**



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