



Illustrated vs. Actual Index Returns

Maximum illustration rates on Index Universal Life (IUL) policies are set by industry guidelines – specifically, Actuarial Guideline 49-A (AG 49-A).

While the maximum illustration rate may not be exceeded on an illustration, it does not limit the amount of actual interest that a policyholder can earn.

Maximum Illustrated Rate:¹

6.20%

Our **ML Strategic Balanced Index (MLSB)** is a proprietary index. Introduced on our IUL products in 2016, MLSB is a volatility control index that uses a dynamic blend of the S&P 500 and Merrill Lynch 10-Year Treasury Futures Total Return Index™.

Even though the index became available in 2016, we can back-test its performance to 1/31/1985! Because MLSB is a rules-based index, those established rules can be used to look at historical performance over a longer period time – that include many market return conditions.

Average Annual Return:²

9.59%

What does this mean for your clients?

- While illustration values are limited by the maximum illustrated rate, the actual index performance is not. The client could earn more – depending on the performance of the index.
- The Average Annual Return is more than 3% higher than the current Max Illustrated Rate!
- And higher interest crediting means more potential for higher cash value!

Note that the index interest credited is determined by the performance of the market index and may be higher or lower than the maximum illustrated rate, but never less than 0%. Cost of insurance, policy fees, and expenses may result in loss of value if no index interest is credited to the policy.

Other important considerations:

- There are no additional fees for any of our index strategies or Account Value Enhancement features!
- Max Accumulator+ II has multiple index strategy options. Review each of the strategies before deciding which is right for your client's goals and objectives.
- The client may change their strategy allocations, as often as they want, at the end of every annual crediting period.
- Don't put all your eggs in one basket – consider diversifying by using multiple index strategies to meet your client's goals and objectives.

We see the future in you.SM — 

¹ Max Illustrated Rate as of 12/31/2021 on Max Accumulator+ II.

² Data from 12/31/2021 to 1/31/1985 using current 115% participation rate on Max Accumulator+ II. The Index was created on August 12, 2014. Levels for the Index before August 12, 2014 represent hypothetical data determined by retroactive application of a backtested model, itself designed with the benefit of hindsight and weightings. Past performance and weightings are not indicative of future performance. Actual performance and weightings will vary, perhaps materially, from the performance set forth herein. The performance of the Index does not include fees or costs of any financial instrument referencing the index. Excludes any fee drags on performance. Account value enhancement is not included in this figure and begins crediting in policy year 6. Past performance is not an indication of future results

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

Policies issued by American General Life Insurance Company (AGL) Houston, TX, Policy Numbers: 19646, ICC19-19646; Rider Numbers ICC15-15994, 15994, 13600-5, 15600-7, 15600-5, 13601, ICC13-13601, ICC15-15600, 15600, 82410, 14306, 07620, ICC18-18012, 18012, ICC18-18004, 18004, 15996, 15997, ICC15-15602, 15602, ICC15-15603, 15603, ICC15-15604, 15604, 15271, ICC15-15271, 15274, ICC15-15274, 15272, ICC15-15272, 15273, ICC15-15273, ICC18-18276AGLA 04CHIR (0514), AGLA 04CRIR, AGLA 04TIR. Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). Guarantees are backed by the claims-paying ability of the issuing insurance company. AGL does not solicit, issue or deliver policies or contracts in the state of New York. Products may not be available in all states and product features may vary by state.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. Please consult with your financial professional regarding your situation. For legal, accounting or tax advice consult the appropriate professional.

© AIG 2022. All rights reserved.