

# INDEX STRATEGY OPTIONS FOR Max Accumulator+ III



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

Different interest earnings are possible from each due to their varying exposure to market volatility<sup>1</sup>. All four strategies are outlined below.

## Participation Strategies

	<i>Guaranteed Minimum Interest Rate</i>	<i>Participation Rate</i>	<i>Non-Guaranteed Maximum Illustrative Rate</i>	<i>Current Account Value Enhancement (Policy Years 6+)</i>	<i>Total Illustrative Rate (Policy Years 6+)</i>
<b>1</b> ML Strategic Balanced Index® BLEND STRATEGY	0%	100%	6.34%	0.75%	7.09%
<b>2</b> PIMCO Global Optima Index™ GLOBAL BLEND STRATEGY	0%	75%	6.10%	0.40%	6.50%
<b>3</b> Franklin Quality Dividend Index™ DIVIDEND BLEND STRATEGY	0.25%	100%	5.09%	0.75%	5.84%

## Cap Strategy

	<i>Guaranteed Minimum Interest Rate</i>	<i>Cap Rate</i>	<i>Non-Guaranteed Maximum Illustrative Rate</i>	<i>Current Account Value Enhancement (Policy Years 6+)</i>	<i>Total Illustrative Rate (Policy Years 6+)</i>
<b>4</b> S&P 500® Index HIGH CAP STRATEGY	0%	11.50%	6.99%	0.10%	7.09%

Current Participation/Cap Rates and Illustrative Rates on Max Accumulator+ III (As of 10/25/2024) Rates are subject to change. Participation and Cap Rates are set at contract issue and guaranteed for the index interest crediting period. Rates are subject to change at the end of the term.

The reality is that no one can predict the future performance of the market. If however, you take the client's risk profile and different expectations of the market into consideration, you could help clients determine possible index account allocations that would be more suitable, and potentially closer to their desired objectives.

Let's start by narrowing in on historical market performance.

<sup>1</sup> Due to administrative costs associated with the policy, reduction in cash value is a potential outcome in a down market year.

The table below lists the hypothetical historical performance of underlying indices included in Max Accumulator+ III with current participation or cap rates. It displays the returns from each of the indices over the past 20 years and then shows what would have been credited to each of the index strategies using the current cap or participation rates.<sup>1</sup> Past performance is no guarantee of future results.

		ML Strategic Balanced Index® BLEND STRATEGY - 8/14/14		PIMCO Global Optima Index™ GLOBAL BLEND STRATEGY - 10/9/17		S&P 500® Index HIGH CAP STRATEGY		Franklin Quality Dividend Index™ BLEND STRATEGY	
		1-Yr Pt-to-Pt Participation Rate: 100%		1-Yr Pt-to-Pt Participation Rate: 75%		1-Yr Pt-to-Pt Index Cap Rate: 11.5%		1-Yr Pt-to-Pt Index Dividend Participation Rate: 100%	
Begin Date	End Date	Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited
12/31/2003	12/31/2004	7.32%	7.32%	16.30%	12.22%	8.99%	8.99%	8.17%	8.17%
12/31/2004	12/31/2005	1.74%	1.74%	11.01%	8.25%	3.00%	3.00%	2.65%	2.65%
12/31/2005	12/31/2006	6.81%	6.81%	20.72%	15.54%	13.62%	11.50%	12.13%	12.13%
12/31/2006	12/31/2007	10.57%	10.57%	9.98%	7.48%	3.53%	3.53%	4.47%	4.47%
12/31/2007	12/31/2008	-0.36%	0.00%	-11.45%	0.00%	-38.49%	0.00%	-4.15%	0.00%
12/31/2008	12/31/2009	2.92%	2.92%	16.48%	12.36%	23.45%	11.50%	6.17%	6.17%
12/31/2009	12/31/2010	13.39%	13.39%	12.05%	9.04%	12.78%	11.50%	6.22%	6.22%
12/31/2010	12/31/2011	10.17%	10.17%	0.70%	0.52%	-0.00%	0.00%	0.30%	0.30%
12/31/2011	12/31/2012	7.82%	7.82%	8.31%	6.23%	13.41%	11.50%	4.67%	4.67%
12/31/2012	12/31/2013	2.68%	2.68%	12.44%	9.33%	29.60%	11.50%	12.67%	12.67%
12/31/2013	12/31/2014	10.52%	10.52%	0.69%	0.52%	11.39%	11.39%	4.50%	4.50%
12/31/2014	12/31/2015	-1.41%	0.00%	-3.60%	0.00%	-0.73%	0.00%	-1.09%	0.00%
12/31/2015	12/31/2016	2.73%	2.73%	5.41%	4.06%	9.54%	9.54%	4.21%	4.21%
12/31/2016	12/31/2017	7.95%	7.95%	23.14%	17.36%	19.42%	11.50%	12.47%	12.47%
12/31/2017	12/31/2018	-2.93%	0.00%	-6.47%	0.00%	-6.24%	0.00%	-1.06%	0.00%
12/31/2018	12/31/2019	14.18%	14.18%	14.35%	10.76%	28.88%	11.50%	9.66%	9.66%
12/31/2019	12/31/2020	10.52%	10.52%	0.82%	0.62%	16.26%	11.50%	0.55%	0.55%
12/31/2020	12/31/2021	0.39%	0.39%	4.95%	3.71%	26.89%	11.50%	8.32%	8.32%
12/31/2021	12/31/2022	-12.77%	0.00%	-15.13%	0.00%	-19.44%	0.00%	-1.09%	0.00%
12/31/2022	12/31/2023	6.29%	6.29%	8.25%	6.19%	24.23%	11.50%	2.28%	2.28%
<b>Compound Annual Average</b>		<b>5.70%</b>		<b>6.07%</b>		<b>7.45%</b>		<b>4.89%</b>	

Returns for the Index before inception represent hypothetical data determined by retroactive application of a backtested model, itself designed with the benefit of hindsight. The above hypothetical chart is intended only to show the performance of the Franklin Quality Dividend Index™, PIMCO Global Optima Index™, ML Strategic Balanced Index®, and the S&P 500® Index from 2002-2023. Actual results will vary and may be higher or lower than those shown. Past performance is no guarantee of future results. Due to administrative costs associated with the policy, reduction in cash value is a potential outcome in a down market year.

As you can see, among the three volatility control index strategies<sup>2</sup> the:

- Global Blend Participation strategy (tracking the **PIMCO Global Optima Index™**) provides potentially higher returns with global market exposure and higher volatility.
- Blend Participation strategy (tracking the **ML Strategic Balanced® Index**) offers more consistent and stable returns, especially during market downturns, such as the 2001-2002 dot-com bust and the 2008-2009 financial crisis.
- The inclusion of dividends in the **Franklin Quality Dividend Index™** may provide higher returns in strong domestic equity market periods.

And the strategy tracking the S&P 500® index the:

- **High Cap Rate** strategy displays the highest volatility and potentially credits at a higher rate in strong equity markets.

<sup>1</sup> Hypothetical performance of Max Accumulator+ III index interest credit strategies does not take into consideration the account value enhancements which could improve the performance. Past performance is not indicative of future results, and this not a reflection or guarantee of future performance.

<sup>2</sup> Volatility Control strategies seek to reduce volatility lessening the impact of market downturns. However, in doing so, these measures can also limit upside potential.

So if we combine the assumptions from the previous page (based on past market performance) with potential client profiles; we can identify some broad segments for potential strategies. Use the graphic below to assist in understanding how certain clients might benefit from certain strategies.

## PARTICIPATION STRATEGIES\*

### Volatility Control Index Options

<p><b>ML Strategic Balanced Index®</b> BLEND STRATEGY</p>	<p><b>POTENTIAL CLIENT PROFILE</b> Have lower risk tolerance and prefer to protect against volatile markets by dynamically diversifying equity and fixed income in domestic markets.</p>	<p>May provide a hedge against S&amp;P 500® Index volatile periods.</p>
<p><b>PIMCO Global Optima Index™</b> GLOBAL BLEND STRATEGY</p>	<p><b>POTENTIAL CLIENT PROFILE</b> Have higher appetite for volatility; seek maximum diversity of assets and the desire to build values based on global market performance.</p>	<p>May work better in a strong equity market with certain segments or markets outperforming others.</p>
<p><b>Franklin Quality Dividend Index™</b> DIVIDEND BLEND STRATEGY</p>	<p><b>POTENTIAL CLIENT PROFILE</b> Prefers market volatility protection by utilizing domestic dividend paying stocks to help maximize returns.</p>	<p>Inclusion of dividends may provide higher returns in strong domestic equity market periods.</p>

## CAP STRATEGY

### S&P 500® Index Tracking Option

<p><b>S&amp;P 500® Index</b> HIGH CAP STRATEGY</p>	<p><b>POTENTIAL CLIENT PROFILE</b> Can accept greater risk for larger potential annual gains in rising domestic markets.</p>	<p>May work better in large S&amp;P 500® index performance years.</p>
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\* The potential return on each of these indices is used to determine how much, if any, index interest is credited to the IUL policy's cash value.

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