

A photograph of a man and a woman sitting on a grey rug in a living room. The man is sitting cross-legged, using a laptop. The woman is sitting next to him, holding a mug and pointing at the laptop screen. A small potted plant and a clipboard are on the rug nearby.

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

6.48%

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

8.99%

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 2.5% 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+ III 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.



1 Max Illustrated Rate as of 8/17/2022 on Max Accumulator+ III.

2 Data from 8/17/2022 to 1/31/1985 using current 100% participation rate on Max Accumulator+ III. 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 indicative 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.

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