PRODUCT TRAINING PPT SERIES

Index Crediting Made Easy

How does IUL protect against market volatility?

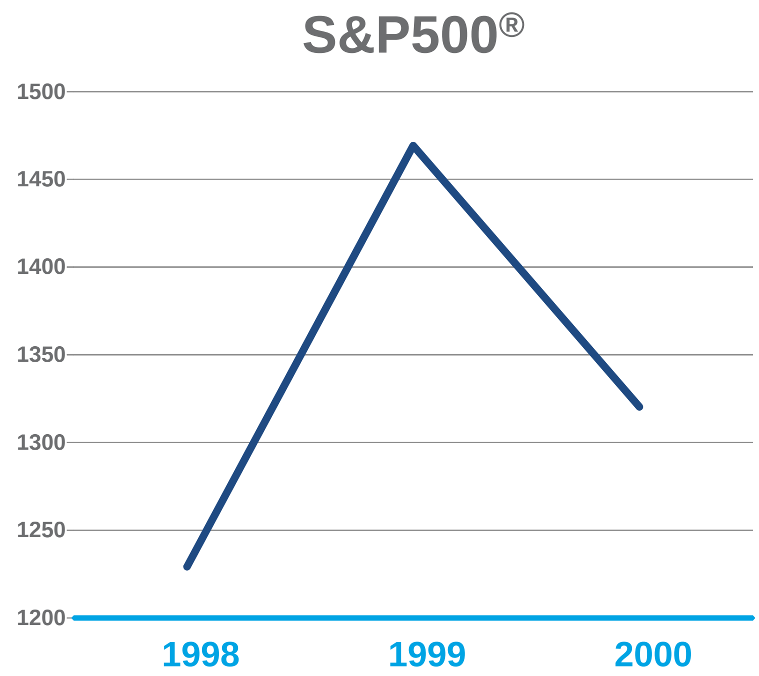
Presented by

Policies issued by American General Life Insurance Company ("AGL")

How does **Index Crediting** work?

Here's how:

1. **IUL** cash value growth is tied to a **performance index** (e.g. S&P500®)

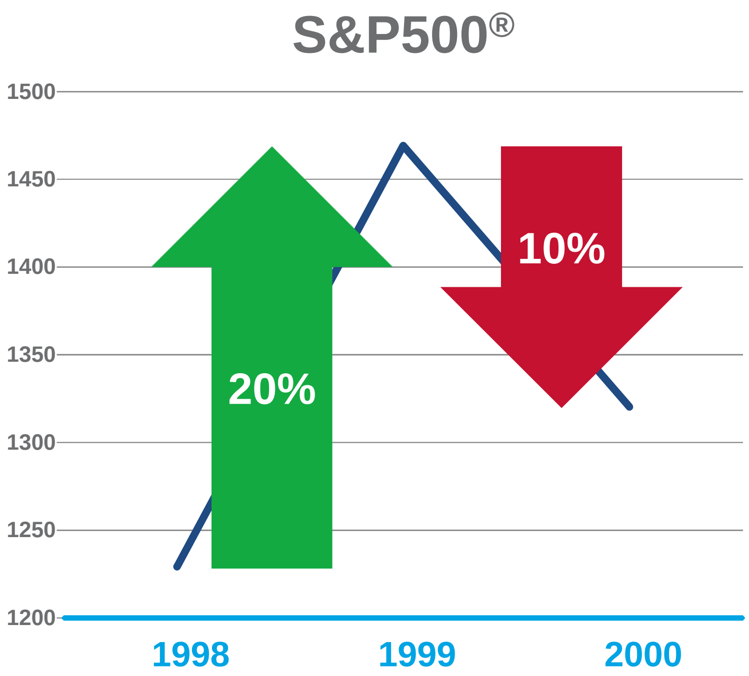


How does **Index Crediting** work?

Here's how:

2. **An index** is subject to market ups and downs – **volatility**

Greater growth opportunity can mean greater volatility

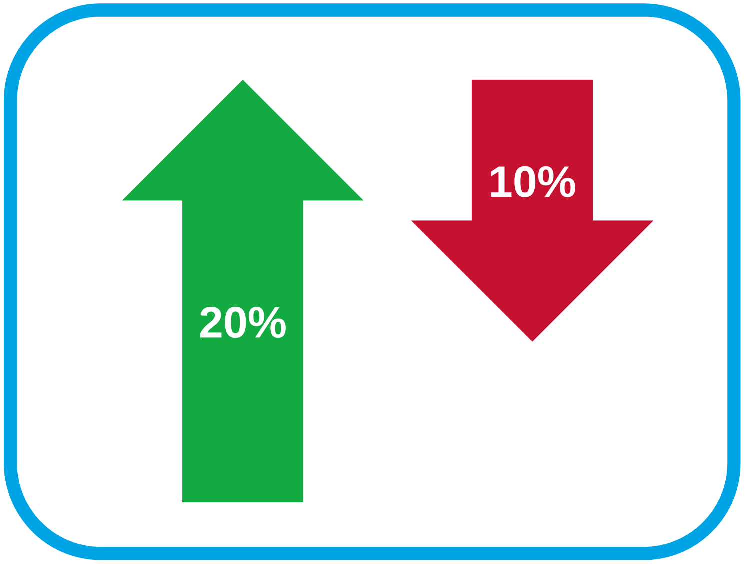


How does **Index Crediting** work?

Here's how:

3. **IUL** provides safeguards, **reducing volatility**

IUL Index Account



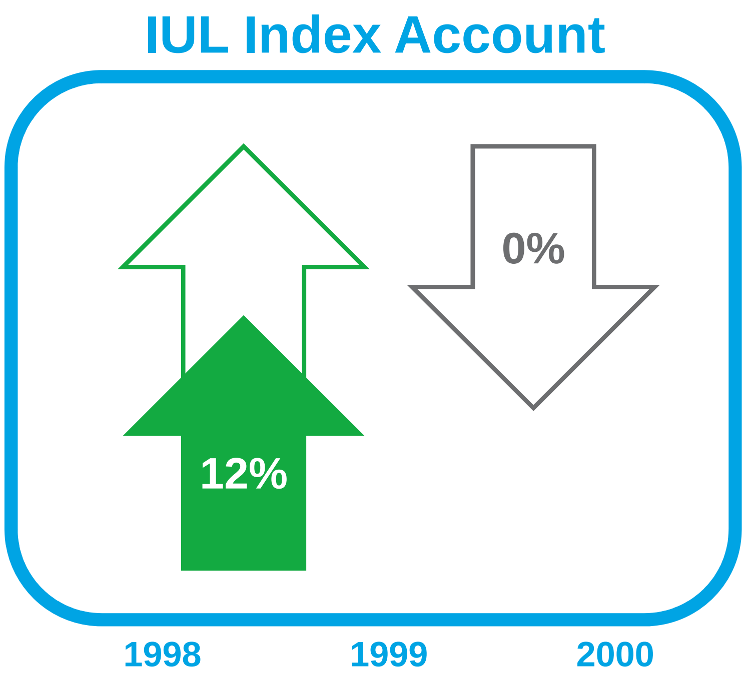
1998 1999 2000

How does **Index Crediting** work?

Here's how:

4. **IUL accounts**
   share in index's up years and none of the down ones

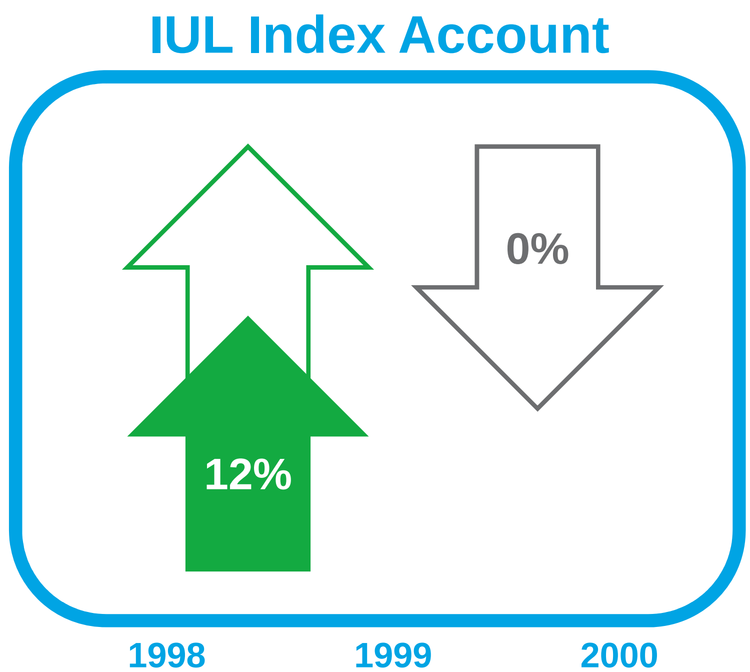
The share of the upside will depend on the **crediting strategy**



How does **Index Crediting** work?

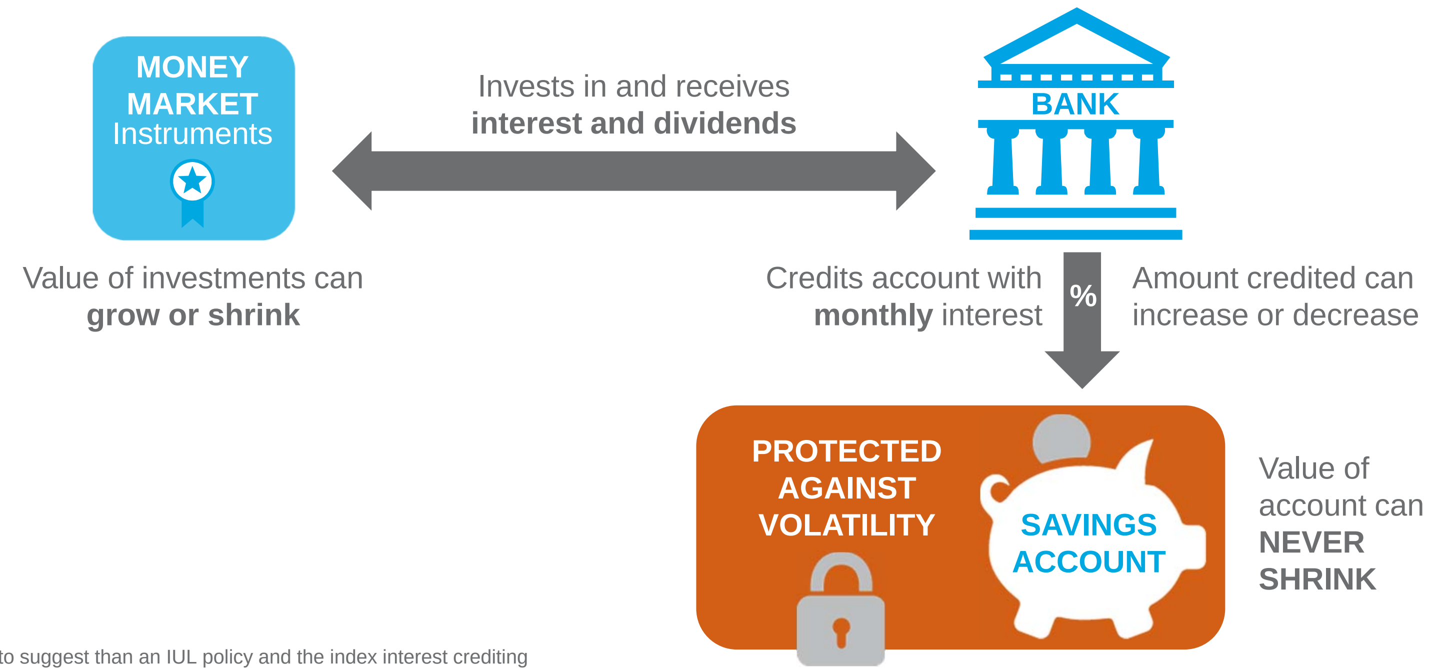
Here's how:

Upside potential with downside protection!



How do **insurances companies** do this?

Imagine a typical savings account…



Note: This is not intended to suggest than an IUL policy and the index interest crediting accounts are equivalent to a savings account. See the Notes section for more information.

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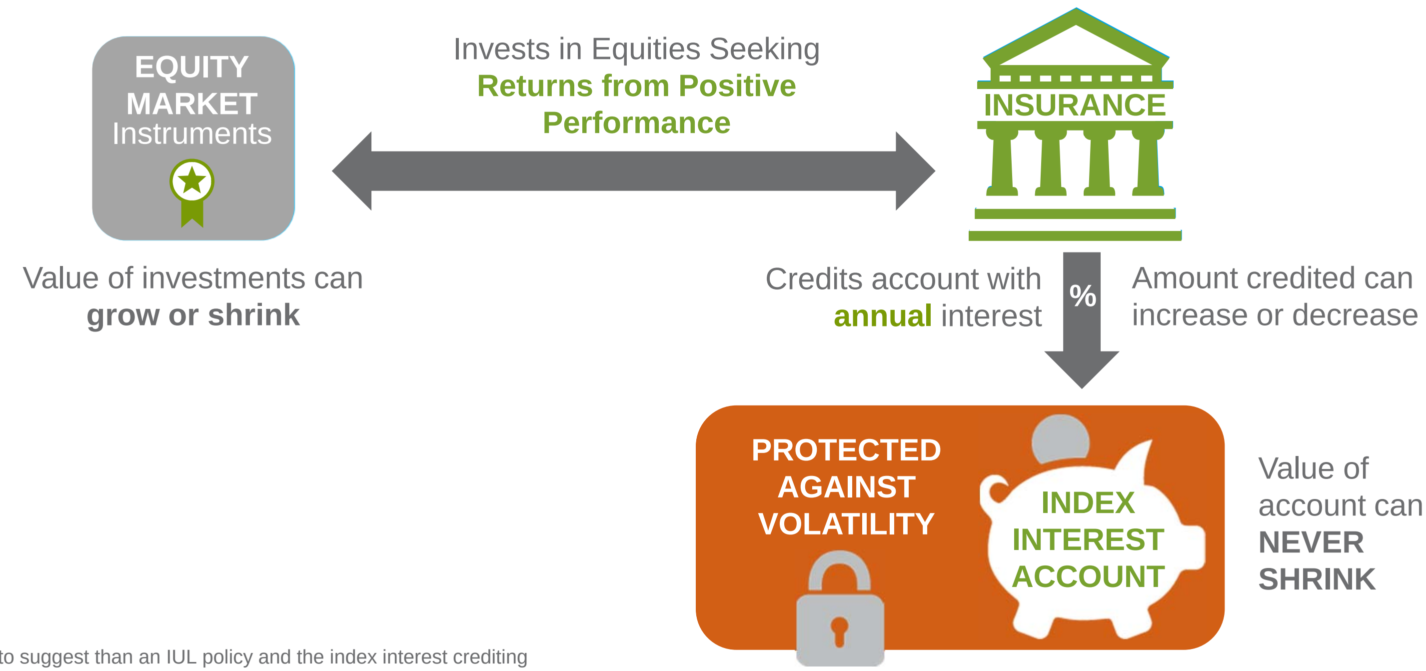

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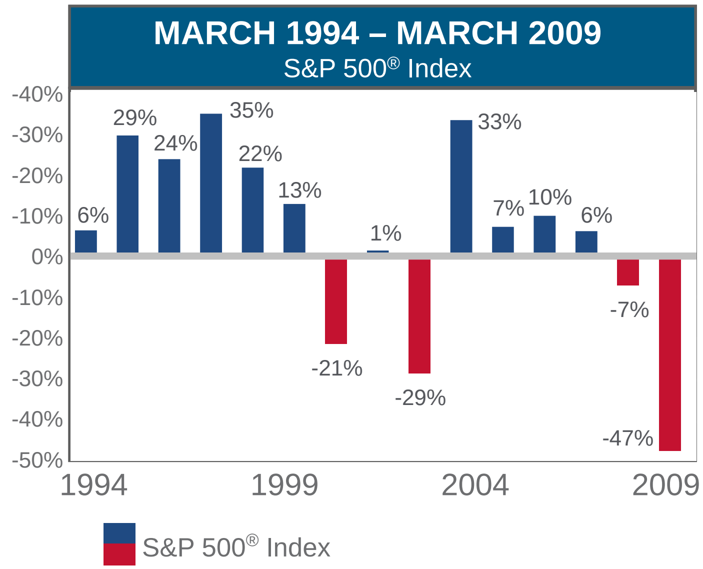
Watch **index crediting in action!**

Let's look at a hypothetical index crediting example: 1994 -2009

Markets were impacted by 9/11, the Dotcom Bubble Burst, and the Great Recession

If you had **$100,000** invested in the stocks listed in the **S&P 500®**

Original Investment
Beginning Value: **$100,000**
Ending Value: **$145,041**
Rate of Return: **2.5%**



These are the returns for those years

This is a hypothetical scenario. No fees or charges are reflected and, if they were, they would reduce the amount shown and the rate of return. Dividends were not included or reinvested. Past performance is not indicative of future results. You cannot invest directly in an index.

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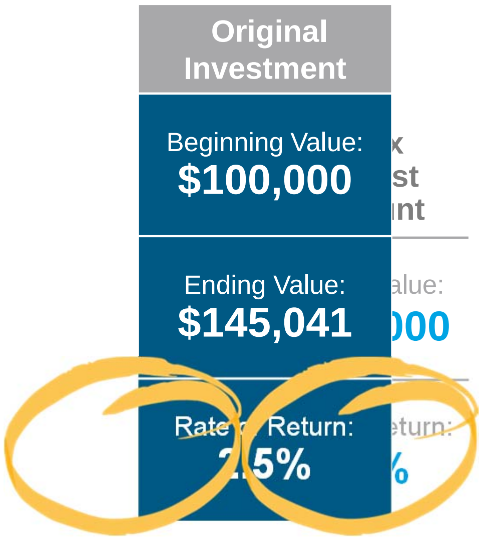

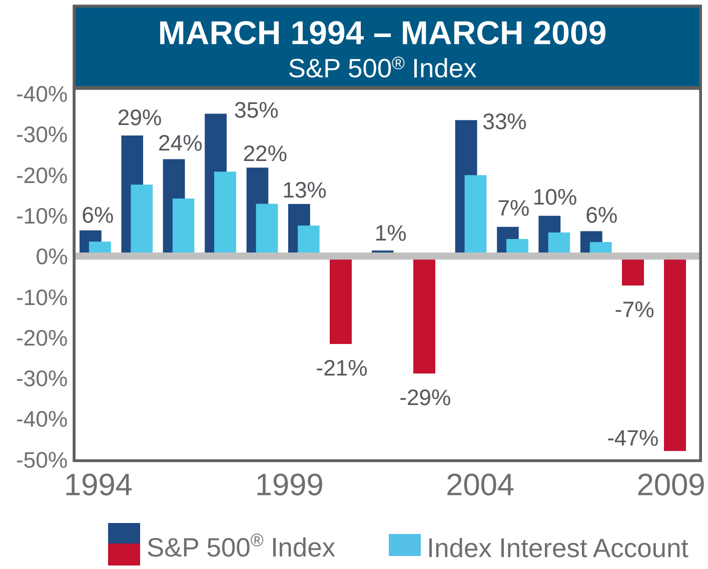

Instead, let's share in 60% of the good years and none of the bad…

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Watch **index crediting in action!**

There are, generally, two methods of index crediting:

1. **Participation Rate Method** (shown in the previous example)
   - Share in a **percentage** (e.g., 60%) of the positive years
   - Negative years are protected by a "floor" (e.g., 0%)
2. **Cap Rate Method**
   - Share in **100%** of the positive years' return up to a "**cap**" (e.g., 9%)
   - Negative years are protected by a "floor" (e.g., 0%)

Sample Index Return	Participation Rate (60%) Amount	Cap Rate (9%) Amount
7.5%	4.5%	7.5%
15.0%	9.0%	9.0%
30.0%	18.0%	9.0%
-10.0%	0.0%	0.0%

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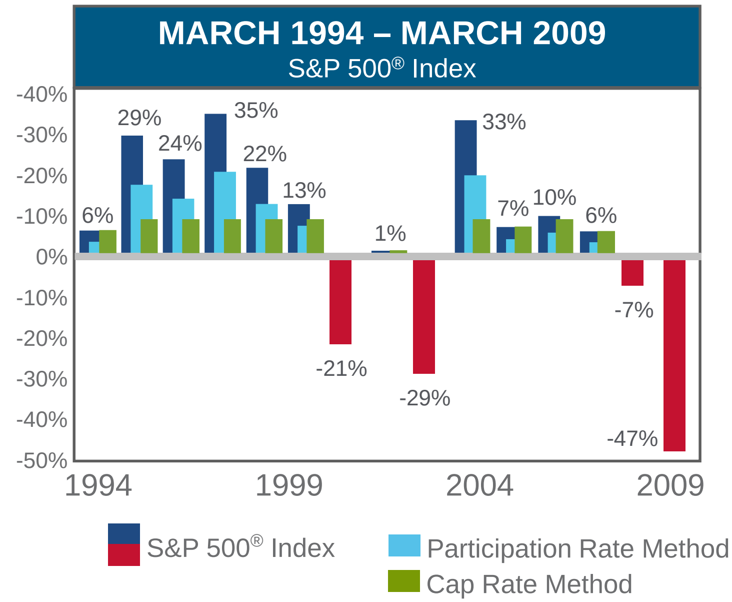
Watch **index crediting in action!**

There are, generally, two methods of index crediting:

Original Investment	Index Interest Account
Beginning Value: **$100,000**	
Ending Value: **$145,041**	Ending Value: **$284,000** **$224,000**
Rate of Return: **2.5%**	Rate of Return: **7.2%** **5.5%**



Let's see the 9% cap rate in action…

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Index account **strategy options**

Various crediting strategies may be available:

- Participation Rate and Cap Rate **blends**
- **Multiple indices** (e.g. an equity index and a bond index)
- Some indices are **domestic**; others are **international**

But they all have one thing in common…

Upside potential with
downside protection!

AIG offers two **innovative IUL options**

Max Accumulator+ IUL
Accumulation-focused

Value+ Protector IUL
Protection-focused

Visit one of our producer sites:

www.aig.com/iul
for IUL-specific sales support, product information, and training

www.aig.com/generationmatters
for generation-specific information and sales concepts

www.retirestronger.com
to provide retirement support and supplemental income to your clients

A parting thought … **remember this!**

ZERO

is your

HERO!

Thank you!