

## A case study on principal protection with the potential for asset growth



### → Meet Henry and Catherine

- Henry (age 60) is married to Catherine (age 62).
- They want to protect their retirement savings from market downturns.
- They also want more growth potential than what traditional fixed income assets are offering today—0.17% to 0.93%.<sup>1</sup>

### → Henry and Catherine's protected accumulation solution

- The couple uses \$100,000 to purchase a **Power Series Index Annuity** to diversify index interest accounts that may provide interest based on the returns of:<sup>2</sup>

#### Equity market indices

- S&P 500® Index
- Russell 2000®
- MSCI EAFE

#### Multi-asset, risk-managed indices

- PIMCO Global Optima Index®
- ML Strategic Balanced Index® (MLSB)
- AQR DynamiQ Allocation Index<sup>SM</sup>

- The index annuity protects their principal from market downturns. While no interest is paid during these times, no losses are incurred either.<sup>3</sup>
- Plus, there are no annual fees when issued without a living benefit rider.

<sup>1</sup>0.17% for 1-year CDs of over \$100K and 0.93% for 10-year Treasuries as of 12/31/20. Sources: FDIC and Yahoo! Finance.

<sup>2</sup>Interest is subject to contract provisions, such as an index rate cap.

<sup>3</sup>Guarantees are backed by the claims-paying ability of American General Life Insurance Company.

Index annuities are issued by American General Life Insurance Company, an AIG member company.

## Diversified choices for more growth potential

A Power Series Index Annuity offers Henry and Catherine a diversified selection of indices and index interest accounts that may provide interest based on an index's return over a term (1 year), subject to either an index rate cap, a participation rate, or a combined participation rate with a spread. Please see Key Terms and Definitions below for more information. This table shows the gross annual index returns from high to low for 2011 to 2020.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MLSB 10.15%	Russell 2000 14.63%	Russell 2000 37.00%	S&P 500 11.39%	AQR -0.28%	Russell 2000 19.48%	PIMCO 23.13%	MLSB -2.93%	S&P 500 28.88%	MSCI EAFE 18.36%
AQR 1.50%	MSCI EAFE 13.55%	S&P 500 29.60%	MLSB 10.51%	S&P 500 -0.73%	S&P 500 9.54%	MSCI EAFE 21.78%	S&P 500 -6.24%	Russell 2000 23.72%	S&P 500 16.26%
PIMCO 0.70%	S&P 500 13.41%	MSCI EAFE 19.43%	AQR 10.01%	MLSB -1.40%	PIMCO 5.41%	S&P 500 19.42%	PIMCO -6.46%	MSCI EAFE 18.44%	MLSB 10.52%
S&P 500 0.00%	PIMCO 8.30%	PIMCO 12.45%	Russell 2000 3.53%	MSCI EAFE -3.30%	AQR 3.66%	Russell 2000 13.14%	AQR -6.47%	PIMCO 14.37%	Russell 2000 5.43%
Russell 2000 -5.45%	MLSB 7.82%	AQR 7.14%	PIMCO 0.69%	PIMCO -3.59%	MLSB 2.72%	AQR 9.60%	Russell 2000 -12.18%	MLSB 14.17%	PIMCO 0.82%
MSCI EAFE -14.82%	AQR 7.36%	MLSB 2.68%	MSCI EAFE -7.35%	Russell 2000 -5.71%	MSCI EAFE -1.88%	MLSB 7.97%	MSCI EAFE -16.14%	AQR 12.10%	AQR -0.69%

### Key terms and definitions

**Index rate cap:** The maximum amount of interest that can be earned over an index term.

**Participation rate (PAR):** The percentage of index performance that is used to calculate interest in the account.

**Combined PAR rate with spread:** After the PAR rate is calculated, the spread is the minimum threshold the resulting PAR return must exceed to earn interest.

**Note: Index annuities are not a direct investment in the stock market. Past performance does not guarantee future results.** No interest is earned in flat or down markets. The MSCI EAFE, Russell 2000® and S&P 500® are price return indices and do not include dividends. Both the AQR DynamIQ Allocation and ML Strategic Balanced indices have embedded costs. See back cover for details. The ML Strategic Balanced Index®, PIMCO Global Optima Index® and AQR DynamIQ Allocation Index™ did not exist for the full 10-year period shown. Returns prior to each index's inception date (MLSB 8/12/14, PIMCO 10/9/17 and AQR 5/18/20) represent hypothetical data determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight.

# Combine the power of index-based performance with the power of zero

This table shows the hypothetical interest that would have been paid from the index interest accounts if they had been available for the years shown. It assumes rates as of 1/4/21.

Year	S&P 500 Annual Point-to-Point with <b>4.50% Index Rate Cap</b>	S&P 500 Annual Point-to-Point with <b>20% Participation Rate</b>	MSCI EAFE Annual Point-to-Point with <b>4.00% Index Rate Cap</b>	Russell 2000 Annual Point-to-Point with <b>4.00% Index Rate Cap</b>	MLSB Annual Point-to-Point with <b>85% Participation Rate</b>	PIMCO Annual Point-to-Point with <b>55% Participation Rate</b>	AQR Annual Point-to-Point with <b>100% PAR and 1.00% spread</b>
12/31/11	0.00%	0.00%	0.00%	0.00%	8.63%	0.32%	0.50%
12/31/12	4.50%	2.68%	4.00%	4.00%	6.65%	3.74%	6.36%
12/31/13	4.50%	5.92%	4.00%	4.00%	2.28%	5.60%	6.14%
12/31/14	4.50%	2.28%	0.00%	3.53%	8.93%	0.31%	9.01%
12/31/15	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12/31/16	4.50%	1.91%	0.00%	4.00%	2.31%	2.43%	2.66%
12/31/17	4.50%	3.88%	4.00%	4.00%	6.77%	10.41%	8.60%
12/31/18	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12/31/19	4.50%	5.78%	4.00%	4.00%	12.04%	6.47%	11.10%
12/31/20	4.50%	3.25%	4.00%	4.00%	8.94%	0.37%	0.00%

**The Power of Zero**  
 When index returns are negative, no interest is paid but no losses are incurred either.

Note: The interest rates shown in this table are determined by applying the current index rate caps, participation (PAR) rates and spreads shown above to the applicable back-tested index performance. Please refer to page 2 for more information on back-tested performance. Index rate caps, PAR rates and spreads are subject to change on an annual basis. This hypothetical example assumes that rates are constant for the full 10-year period and that no guaranteed living benefit rider is elected for an annual fee.

## The power of a diversified index allocation

Below are hypothetical scenarios showing the growth potential of Henry and Catherine's \$100,000 allocated to different index interest accounts, assuming the same annual index returns, index rate caps, PAR rates and spreads from the previous pages. These values were created with the benefit of hindsight.



Index Interest Account	S&P 500 Annual Point-to-Point with <b>4.50% Index Rate Cap</b>	S&P 500 Annual Point-to-Point with <b>4.50% Index Rate Cap</b>	MLSB Annual Point-to-Point with <b>85% Participation Rate</b>	S&P 500 Annual Point-to-Point with <b>4.50% Index Rate Cap</b>	MLSB Annual Point-to-Point with <b>85% Participation Rate</b>	PIMCO Annual Point-to-Point with <b>45% Participation Rate</b>	AQR Annual Point-to-Point with <b>100% PAR and 1.00% spread</b>	MLSB Annual Point-to-Point with <b>85% Participation Rate</b>	PIMCO Annual Point-to-Point with <b>45% Participation Rate</b>	AQR Annual Point-to-Point with <b>100% PAR and 1.00% spread</b>
Allocation Percentage	100%	50%	50%	25%	25%	25%	25%	33%	33%	34%
Year										
2011	100,000	50,000	54,314	25,000	25,000	25,000	25,000	35,847	33,104	34,170
2012	104,500	52,250	57,924	26,125	26,662	25,934	26,590	38,230	34,340	36,343
2013	109,203	54,601	59,243	27,301	27,269	27,387	28,223	39,101	36,264	38,575
2014	114,117	57,058	64,536	28,529	29,705	27,472	30,765	42,594	36,377	42,050
2015	114,117	57,058	64,536	28,529	29,705	27,472	30,765	42,594	36,377	42,050
2016	119,252	59,626	66,028	29,813	30,392	28,141	31,584	43,579	37,262	43,169
2017	124,618	62,309	70,501	31,155	32,451	31,070	34,300	46,531	41,141	46,881
2018	124,618	62,309	70,501	31,155	32,451	31,070	34,300	46,531	41,141	46,881
2019	130,226	65,113	78,993	32,557	36,359	33,079	38,107	52,135	43,801	52,085
2020	136,086	68,043	86,056	34,022	39,611	33,201	38,107	56,797	43,963	52,085
Ending Balance	<b>136,086</b>	<b>154,099</b>		<b>144,940</b>				<b>152,845</b>		

Please note that other index interest account options are available. The information above is intended for informational purposes only and does not represent a recommendation for a specific product or index interest account. Please ask your financial professional to see current Rate Flyers for more details. Rates are subject to change. Please refer to page 2 for more information on back-tested performance. This chart is for illustrative purposes only and is produced with the benefit of hindsight. It is not intended to be indicative of the performance of any specific investment. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results. The index rate caps and participation rates are hypothetical and may be reset at higher or lower rates on each contract anniversary by the issuing insurance company. It assumes no deduction of taxes or any annual fee from the annuity's contract value. If an annual fee were imposed the values shown here would be lower.

# Build a brighter financial future with The Power Series of Index Annuities®

Talk to your financial professional today for more information  
on how a Power Series Index Annuity can help:

- **Protect** principal and growth from market downturns
- **Grow** potentially more assets for retirement
- **Guarantee** income for life

## Understanding a Fixed Index Annuity

A fixed index annuity (FIA) is a contract issued by an insurance company. It is not a direct investment in the stock market or any particular index. An FIA works in two stages:

- **Accumulation:** In exchange for your money (premium), the annuity provides you with the opportunity to earn interest based in part on the performance of a particular index and/or based on a fixed rate.
- **Income:** When you need income, the issuing company promises to make regular income payments that can last for life or for a time period you choose using a process known as annuitization (for no additional cost).

In addition, some FIAs like the Power Series of Index Annuities have features (known as guaranteed living benefit riders) that can provide guaranteed income for life and access to your money during the payout stage (unlike annuitization, which permanently converts your contract into an income stream). These guarantees are backed by the claims-paying ability of the issuing insurance company and are subject to annual fees. Only one rider may be issued per contract and cannot be changed thereafter. Other restrictions and limitations apply.

Withdrawals may be subject to withdrawal charges and federal and/or state income taxes. An additional 10% federal tax may apply if you make withdrawals or surrender your annuity before age 59½. Please consult your tax advisor regarding your specific situation.

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