QoL Max Accumulator+
Index Universal Life Insurance

SEQUENCE OF RETURNS

Cash Access via **Policy Loans**

Sequence of Returns Matters

There are many benefits of owning a permanent life insurance policy. First and foremost is the life insurance death benefit protection. Additionally one of the many benefits that can be utilized along the way, if necessary, is access to the policy's **accumulation value** for the benefit of the policy owner while living. For instance, accumulation value can be used as a supplement during the policy owner's retirement years.

Let's look at one possible application.

Investment returns are variable and unpredictable. The order of returns has an impact on how long a portfolio will last if the portfolio is in the distribution stage and if a fixed amount is being withdrawn from the portfolio. Negative returns in the first few years of retirement can significantly add to the possibility of portfolio ruin.

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Sequence of Returns Matters

Take a look at the two scenarios below.

SCENARIO A Let's assume we have a client that has accumulated a retirement portfolio of $1,000,000 at his retirement age of 65. This retirement account is going to be invested in an index fund that mirrors the S&P 500. This client's goal, with this asset, is to withdraw $50,000 a year pre-tax to help support a portion of his post-retirement lifestyle. If he retired and experienced the sequence of returns in Scenario A, after a 10 year timeframe, he would have ended up with a projected account value of $506,951.

SCENARIO B But what if we simply reversed the hypothetical rates of return? The results of the reversed sequence of returns is shown in Scenario B. By reversing the sequence of returns this client would have an ending account balance of $406,597.

SCENARIO A:

Retirement Account = $1,000,000 Retirement Age = 65

Year	Retirement Acc't Withdrawal	% Gain/Loss in the S&P 500	End of Year Acc't Balance
1	$50,000	12.78%	$1,071,410
2	$50,000	23.45%	$1,260,931
3	$50,000	-38.49%	$744,843
4	$50,000	3.53%	$719,371
5	$50,000	13.62%	$760,540
6	$50,000	3.00%	$731,856
7	$50,000	8.99%	$743,155
8	$50,000	26.38%	$876,009
9	$50,000	-23.37%	$632,971
10	$50,000	-13.04%	$506,951

REVERSE THE SEQUENCE OF RETURNS

SCENARIO B:

REVERSED SEQUENCE OF RETURNS
Retirement Account = $1,000,000 Retirement Age = 65

Year	Retirement Acc't Withdrawal	% Gain/Loss in the S&P 500	End of Year Acc't Balance
1	$50,000	-13.04%	$826,120
2	$50,000	-23.37%	$594,741
3	$50,000	26.38%	$688,443
4	$50,000	8.99%	$695,839
5	$50,000	3.00%	$665,215
6	$50,000	13.62%	$699,007
7	$50,000	3.53%	$671,917
8	$50,000	-38.49%	$382,541
9	$50,000	23.45%	$410,522
10	$50,000	12.78%	$406,597

Not an actual case, and is a hypothetical representation for illustrative purposes only.
The annual values presented above are based on the values of the S&P 500 without dividends at the end of that year.

The Situation:

If the client had retired and the sequence of returns correlated with Scenario A, after a 10 year timeframe he would have had an ending balance of $506,951. But what if we compare that with Scenario B where the sequence of returns was reversed. He would have an ending balance of $406,597.

That is a difference of -$100,054!

SCENARIO A		
Starting Balance	Annual Withdrawal	Ending Balance
$1,000,000	$50,000	**$506,951**

SCENARIO B: REVERSED SEQUENCE OF RETURNS		
Starting Balance	Annual Withdrawal	Ending Balance
$1,000,000	$50,000	**$406,597**

Unfortunately we can't control what the market is going to do when we decide to retire. But there is one possible solution to help protect a client in years when the market does go down...**QoL Max Accumulator+**.

If he purchased American General Life's QoL Max Accumulator+ when he was 50 years old, he could have funded the policy and utilized the power of IUL (upside potential with no downside risk due to market performance) to create an additional bucket of money that he could use as a backup income source for the years following negative performance in his retirement account. Below is an example of the resulting scenario when using an IUL.

RETIREMENT ACCOUNT

Retirement Acc't Withdrawal	% Gain/Loss in the S&P 500	End of Year Acc't Balance
$50,000	-13.04%	$826,120
$0.00	-23.37%	$633,056
$0.00	26.38%	$800,056
$50,000	8.99%	$817,486
$50,000	3.00%	$790,510
$50,000	13.62%	$841,368
$50,000	3.53%	$819,303
$50,000	-38.49%	$473,198
$0.00	23.45%	$584,163
$50,000	12.78%	**$602,430**

$500,000 QOL MAX ACCUMULATOR+ POLICY

Policy Yr	Premium	Death Benefit	Loan	Cash Value
1	$7,261	$500,000	$0	$0
5	$7,261	$500,000	$0	$22,672
10	$7,261	$500,000	$0	$57,037
16	$0.00	$500,000	$0	$115,368
17	$0.00	$466,627	$32,500*	$122,478
18	$0.00	$431,585	$32,500*	$129,491
19	$0.00	$428,166	$0	$136,600
20	$0.00	$424,576	$0	$143,979
21	$0.00	$420,806	$0	$155,142
22	$0.00	$416,848	$0	$160,632
23	$0.00	$412,693	$0	$169,436
24	$0.00	$374,956	$32,500*	$178,286
25	$0.00	$368,708	$0	$187,165

This supplemental illustration must be preceded or accompanied by a basic illustration for the product described in this material. Please see the basic illustration regarding guaranteed and nonguaranteed elements of the policy, including surrender values, accumulation values, loans, withdrawals, death benefits and other important information.

Policy Details:
QoL Max Accumulator+

- Male 50 Preferred Non-Tobacco
- 35% Federal Tax Bracket
- $500,000 Level Death Benefit carry to age 131
- $7,261 Annual Premium for 15 Years
- $115,368 Projected Cash Value Age 66 (7.38% Non-Guaranteed Rate of Return)
- $32,500 Participating loans at age 67, 68 and 74 fund his retirement in the years following his retirement account experiencing a loss.

ENDING AVAILABLE CASH BALANCE	
Without cash from QoL Max Accumulator+ policy	With cash from QoL Max Accumulator+ policy
$406,597	**$602,430**

By utilizing cash from the QoL Max Accumulator+ as a supplemental source of income after the years when the retirement account experienced a loss, we were able to increase the available cash balance at the end of 10 years from $406,597 to $602,430.

THAT IS A DIFFERENCE OF $195,833!

QoL Max Accumulator+ also helps with diversification, both from a tax perspective as well as asset allocation.

- First, by using a properly designed index life insurance policy the client has the ability to take policy loans which are received income tax free, under the current tax code. Which is why we are not pulling out the entire $50,000 that the client needed. Since the money comes out tax free we are only taking out $32,500 which is equivalent to a pre-tax withdrawal of $50,000 using the hypothetical tax bracket of 35%.

*** $32,500 tax free = pre-tax withdrawal of $50,000 using 35% tax bracket**

- Secondly, an important design aspect of the QoL Max Accumulator+ that helps contribute to stable returns is the minimum guarantee of 0.00% on the index strategies along with a current account value enhancement of 0.65% beginning in the 6th policy year.
- Thirdly, by utilizing the QoL Max Accumulator+'s unique index strategy, the ML Strategic Balanced Index™[1], which is designed to dynamically blend equity and fixed income indices to help stabilize returns we have also helped hedge against the risk of negative performance in the S&P 500. For more information on this unique strategy refer to the ML Strategic Balanced Index™ Consumer Brochure (Form AGLC108222).

IMPORTANT NOTE

This brochure is intended for educational use only. The ML Strategic Balanced Index™ is available within select index annuities and index universal life (IUL) products. These products are insurance products, not investments, and they do not represent an investment in any index. Index annuities and IUL products provide the potential to earn interest based in part on the performance of an index or indices. Individuals cannot invest directly in an index. Please refer to the corresponding consumer product brochure for more information.

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[1] ML Strategic Balanced Index™ is not available for policies issued in the state of New York. New York policies have an Index Interest Participation Rate Account with interest crediting based on the annual growth of the S&P 500® Index, subject to a participation rate.

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