

# AIG Elite Global IUL Crediting Explanation

The primary purpose of life insurance is to provide a death benefit for your family or your business. Interest credited to policy values is important in accumulating cash values in the policy. *AIG Elite Global IUL* issued by American General Life Insurance Company (policy form number 06444) is the first indexed universal life product that provides indexed interest based upon a truly global perspective, yet still provides traditional life protection for your family or business. Cash values can be used to reduce out-of-pocket premium payments or may be distributed to the policy owner in future years. Because indexed interest is only credited every five years, purchase of this policy should be viewed as a long term financial commitment of 20 years or more.

## Diversity of Indices

With *AIG Elite Global IUL*, American General Life introduces a new generation of indexed universal life products. Rather than using a single index as the basis for its indexed interest, *AIG Elite Global IUL* uses three international indices – S&P 500<sup>®1</sup>, Dow Jones EURO STOXX 50<sup>®2</sup>, and Hang Seng Index<sup>3</sup> – and weights the two best performing indices when indexed interest is calculated.

## Here's how indexed interest in the *AIG Elite Global IUL* works:

At the end of each five year period, the point-to-point return for each index is determined. In the calculation of indexed interest

for the five year period, the participation rate is applied to 75% of the best performing index and 25% of the second best performing index. The index with the lowest return is removed from the equation. Regardless of the performance of the external indices, the policy's cash value will never earn less than 2.5% annually. For an example hypothetical calculation, please go to the *AIG Elite Global IUL* Consumer and Producer Guide (#AGLC102051).

We believe that the combination of multiple indices, a five-year look-back period and a calculation that over weights the two best performing indices has the potential to:

- Produce higher interest crediting rates than single index crediting methodologies
- Provide diversification to enhance the likelihood of positive index returns
- Reduce the volatility associated with year to year performance, by looking back over a five-year period

The table below displays some historical values for the S&P 500, the Dow Jones EURO STOXX 50, and the Hang Seng Index. However, past Index performance does not represent future performance of these indices, nor past or future performance of the *AIG Elite Global*.

## Historical Values 1992 – 2005

| Year                                      | S&P 500<br>Five Year<br>Change in Index | EURO STOXX 50<br>Five Year<br>Change in Index | Hang Seng<br>Five Year<br>Change in Index | Hypothetical 5 Year<br>Return Applying<br>Overweighting<br>Methodology and<br>55% Participation<br>Rate* | Hypothetical<br>Annual Interest<br>Crediting Rate* |
|---|---|---|---|--|--|
| 1992                                      | 47.71                                   | 24.57   | 98.97                                     | 47.39  | 8.07%  |
| 1993                                      | 69.23                                   | 60.94   | 200.07                                    | 92.05  | 13.94%   |
| 1994                                      | 41.89                                   | 42.37   | 242.37                                    | 105.80   | 15.53%   |
| 1995                                      | 65.10                                   | 39.78   | 201.06                                    | 91.89  | 13.92%   |
| 1996                                      | 77.02                                   | 69.33   | 204.74                                    | 95.05  | 14.30%   |
| 1997                                      | 109.77                                  | 127.06  | 141.43                                    | 75.81  | 11.95%   |
| 1998                                      | 139.92                                  | 155.30  | 27.95                                     | 83.30  | 12.88%   |
| 1999                                      | 189.09                                  | 182.36  | 38.64                                     | 103.08   | 15.22%   |
| 2000                                      | 161.62                                  | 264.87  | 75.76                                     | 131.48   | 18.28%   |
| 2001                                      | 76.65                                   | 142.83  | 8.04                                      | 69.46  | 11.12%   |
| 2002                                      | 14.69                                   | 32.90   | -21.02                                    | 15.59  | 2.94%  |
| 2003                                      | -10.85                                  | -21.64  | 11.70                                     | 13.14  | 2.50%  |
| 2004                                      | -14.68                                  | -26.37  | 3.54                                      | 13.14  | 2.50%  |
| 2005                                      | -14.73                                  | -36.04  | -8.63                                     | 13.14  | 2.50%  |
| Cumulative average for the 14 years shown |   |   |   |  | <b>10.40%</b>                                      |

■ Best Performing ■ Second Best Performing

\*These hypothetical numbers are intended to demonstrate how interest rates would have been calculated based upon certain assumptions and historical index returns. They demonstrate how rates could vary from year to year. These figures do not represent actual interest that would have been credited because the participation rate would have changed and actual results would have been different.

The level annualized interest rate in column 6 compounded over 5 years equals the amount in column 5.

This marketing piece must be accompanied by *AIG Elite Global IUL* Consumer and Producer Guide (AGLC102051)

## AIG Elite Global IUL Crediting Explanation (Continued)

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Policies issued by:  
**American General Life Insurance Company**  
*A member company of American International Group, Inc.*  
2727-A Allen Parkway, Houston, Texas 77019

Policy Form Number: 06444

Maturity Extension Rider (Accumulation Value) 99110, Maturity Extension Rider (Death Benefit) 99111, Terminal Illness Rider 91401, Waiver of Monthly Deduction Rider 82001

The underwriting risks, financial obligations and support functions associated with the policies issued by American General Life Insurance Company (American General Life) are its responsibility. American General Life is responsible for its own financial condition and contractual obligations.

American General Life does not solicit business in the state of New York. Policies and riders not available in all states.

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