



with **Optionality**<sup>®</sup>

Changing the way  
you think about and  
use life insurance



**Optionality**<sup>®</sup> - A unique package providing you with life insurance that offers long-term protection and maximum flexibility.

Change the way you think about and use life insurance - safeguard your family or business and enjoy more financial control during uncertain economic times. This flexibility combined with our living benefit riders truly make this life insurance you don't have to die to use.



# Quick Look



- **Guaranteed death benefit**
- **Guaranteed access**
- **Guaranteed cash value**
- **Accelerated Benefit Riders:**
  - Accelerated Access Solution<sup>SM</sup> helps protect against rising chronic illness expenses
  - Lifestyle Income Solution<sup>SM</sup> helps protect against outliving retirement income

## **Optionality in action**

AG Secure Lifetime GUL II provides life insurance with lasting guarantees and protection. Unlike other products of its kind, it can also build substantial long-term guaranteed cash value, and the ability to use your policy to meet your changing needs. Optionality features allow you to:

- Create an additional income stream in retirement while maintaining a guaranteed death benefit
- Reduce the death benefit and premium while maintaining the original coverage guarantee period
- Withdraw cash value from the policy yet still maintain the original coverage guarantee period
- Terminate coverage and surrender the policy for cash value
- Exchange the policy for one that better suits the current need

## **AG Secure Lifetime GUL<sup>®</sup> II may be an ideal life insurance solution if you:**

- Need the death benefit protection of life insurance
- Are age 40-75 and in reasonably good health
- Are risk averse and want strong guarantees
- Need to provide cash or replace income following your death
- Seek a policy that can adapt to changing circumstances
- Seek additional protection against outliving your income



## Features and Guarantees

### **Guaranteed death benefit and continuation guarantee account**

With AG Secure Lifetime GUL II, your death benefit coverage can be guaranteed—regardless of the policy cash value—as long as sufficient premium has been paid to maintain the guaranteed death benefit.<sup>1, 2</sup>

This policy provision frees you from worries about your coverage lapsing. The value of the Continuation Guarantee Account is determined in a calculation similar to the actual policy value. However, its charges and interest rates are fixed and do not change during the life of the policy. The Continuation Guarantee Account is a reference value that is used to determine whether the no-lapse guarantee is in effect at any point in time. Coverage will continue as long as enough premium is paid to guarantee the death benefit. You choose the duration of the no-lapse guarantee, so you won't be paying for a longer period of protection than you desire.

### **Guaranteed premium**

You have the flexibility to choose the number of years or age to which you want the death benefit to be guaranteed, as long as the premium associated with that guarantee is paid. You also have the flexibility to structure a premium payment plan that meets your needs. You can pay premiums

continuously over the life of the policy or pay additional premium to shorten the payment period and pre-fund the coverage guarantee. The death benefit amount can be increased at any time (subject to satisfactory evidence of insurability).<sup>2</sup>

### **Guaranteed return of premium option**

The no-cost Enhanced Surrender Value Rider, commonly referred to as a return of premium rider, gives you a one-time option at the end of policy year 20 to surrender the policy and receive back up to a maximum of fifty percent of premiums paid (funding targets and additional terms apply, see policy form for details). The option must be exercised within a 60-day window.

### **Guaranteed access**

AG Secure Lifetime GUL II also provides you the opportunity to build guaranteed cash value that can be accessed in the future through withdrawals.<sup>3</sup> Making a partial withdrawal of cash value will result in a proportional reduction of the accumulation value, Continuation Guarantee Account value, guaranteed cash value, and the death benefit amount, which also leads to an approximate proportional reduction in the guarantee premium.<sup>4</sup> This unique method of handling a withdrawal allows you to easily estimate future premium requirements so it is simple to maintain the policy after taking a withdrawal.

<sup>1</sup> Guarantees are subject to the claims-paying ability of the issuing insurance company.

<sup>2</sup> Subject to the policy's terms and conditions.

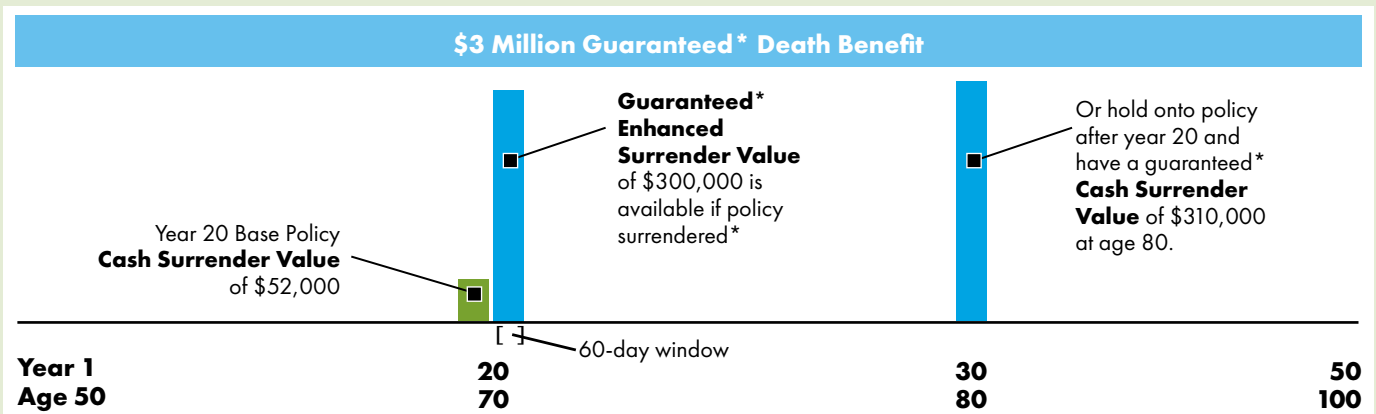
<sup>3</sup> Partial withdrawals or loans will reduce the death benefit and cash value and could reduce the duration of coverage. Partial withdrawals may be taxed as regular earnings. Policy owners should consult a tax advisor to determine if a transaction is a taxable event.

<sup>4</sup> The reduction in specified amount will be subject to the same guidelines and restrictions as outlined in the policy. The resulting remaining death benefit amount must be no less than \$50,000.

# Optionality in action

Flexibility and security in one policy. At American General Life, we know that life events can alter or change long term objectives. AG Secure Lifetime GUL II offers the flexibility to meet those changes. The Enhanced Surrender Value Rider, offered at no charge, is designed to provide a one-time option during the 60-day period following the end of the 20th policy year to surrender your policy and receive up to a maximum of 50% of premiums that have been paid.

- Male, age 50, preferred non-tobacco
- Death benefit of \$3 million, guaranteed to age 100
- Annual premiums of \$60,000
- Total premium paid over a 10 year period equates to \$600,000



As shown above, at the end of year 20, the policy owner could exercise the Guaranteed Enhanced Surrender Value Rider (Return of Premium feature) and receive back \$300,000 or continue guaranteed coverage to age 100.

Not an actual case. For illustrative purposes only. Not to scale.

\* Assumes all premiums paid, no outstanding loans and no surrenders.

## Unique guaranteed cash value accumulation

You no longer need to be concerned about policy performance since the cash value accumulation is guaranteed. While it is common for cash value accumulation in universal life insurance policies to be illustrated on a non-guaranteed basis, AG Secure Lifetime GUL II quotes contain only guaranteed cash value accumulation. The cash value accumulation is clearly stated in your signed quote.

## Consumer-friendly features

Because it is not always possible for you to make premium payments precisely when they are due, AG Secure Lifetime GUL II contains consumer-friendly processing features.

**Late Payments:** Premium payments received within a 28-day window after a due date will be credited as if received on that due date for the purpose of maintaining the death benefit guarantee

**1035 Exchanges:** Proceeds from 1035 exchanges will be treated as if received on the date of issue for the purpose of maintaining the death benefit guarantee.<sup>5</sup> In both situations above, the accumulation value is credited with interest from the date the premium is received.

<sup>5</sup> Internal Revenue Code Section 1035 and associated rules are complex in nature. The policy owner may incur surrender charges from the previous policy and be subject to new sales and surrender charges as well as other limitations with the new policy. It is highly recommended that the policy owner consult a tax advisor prior to exchanging a policy.



# Life Insurance you don't have to die to use

## Access to living benefits to help with the unexpected

In addition to the protection of a death benefit, think about what other concerns may affect your ability to live comfortably and enjoy your retirement. Do any of these issues concern you?

- Unexpected healthcare costs due to chronic illness
- Outliving your retirement income
- Social security income reduction
- Unexpected expenses – home repairs, market corrections
- Becoming a burden on family

In addition to the valuable protection guarantees that AG Secure Lifetime GUL II provides for your family, you can also help protect against unexpected healthcare costs and outliving your retirement income with our accelerated benefit riders – Accelerated Access Solution<sup>SM</sup> and Lifestyle Income Solution<sup>SM</sup>.

## Increased longevity is not just a possibility – statistics show it's very likely:

- In 2050, the number of Americans age 65 and older is projected to be 88.5 million, more than double its projected population of 40.2 million in 2010.<sup>6</sup>
- For a married couple age 65, there is a 50% chance that at least one spouse will live to 94, and a 10% chance that one will live to 104.<sup>7</sup>

## The Answer

Life insurance solutions that provide a living benefit depending on your needs. Accelerated Access Solution helps protect against the unexpected expenses that may arise from chronic illnesses and Lifestyle Income Solution was developed to help preserve your standard of living throughout retirement.

The positive aspects of living longer do come with some financial concerns:

### Every 34 seconds...

**1 American has a coronary event<sup>8</sup> - 75% of people who suffer a heart attack survive at least three years<sup>9</sup>**

### Every 40 seconds...

**an American has a stroke<sup>10</sup> - 70% of people who suffer a stroke survive at least three years<sup>11</sup>**

### 61% of Americans...

**surveyed said they were more afraid of outliving their assets than they were of death.<sup>14</sup>**

### 48% of Americans...

**ages 45-70 have no financial plans in place to protect themselves against outliving their assets and the rising cost of healthcare should they live longer than expected.<sup>15</sup>**



## Accelerated Access Solution<sup>SM</sup>

Accelerated Access Solution provides access to income tax-free death benefits to help pay for expenses related to a chronic illness. When you meet the health impairment criteria, you can access a pre-determined portion of the death benefit every month for as long as the criteria is met, or until the total benefit amount is exhausted, whichever occurs first.

### How it works

As long as you meet the health impairment criteria:

1. Monthly deductions are waived for as long as you meet the chronic illness requirements
2. The death benefit is reduced by the benefit amount paid
3. Benefits received are generally income-tax-free
4. Remaining death benefit is paid to beneficiaries income-tax-free<sup>16</sup>

## Lifestyle Income Solution<sup>SM</sup>

Lifestyle Income Solution protects against outliving your retirement income, allowing you to enjoy your early retirement years with the knowledge that you have the option to access your death benefit while living later in retirement (benefits beginning at age 85). You can use your benefit for whatever you like: non-health-related issues such as significant market corrections, financially supporting family, home/automobile repairs; or alternatively, traveling, gifts or simply enjoying life.

This optional rider can provide access to the death benefit when the following requirements are met: (a) the policy and rider have been in effect for 15 years, and (b) the amount of policy premiums paid are sufficient to guarantee death benefits until insured reaches age 100.

### How it works

1. Policy owner requests that benefit payments begin, in any amount up to 10% of total benefit amount per year (not to exceed total maximum benefit)
2. Policy owner receives payments income-tax-free<sup>16</sup> up to amount of cumulative premiums. Benefits received in excess of cumulative premiums could be taxed as ordinary income.
3. Policy owner uses funds for any purpose, without any restrictions.

<sup>6</sup> The Next Four Decades, The Older Population in the United States: 2010 to 2050 U.S. Department of Commerce, Economics and Statistics Administration, U.S. CENSUS BUREAU, Issued May 2010, P25-1138

<sup>7</sup> Prepared by Ernst & Young Insurance and Actuarial Advisory Services practice. The analysis uses the Annuity 2000 mortality table with Scale G2 mortality improvements.

<sup>8</sup> American Heart Association, Heart Disease and Stroke Statistics — 2013 Update

<sup>9</sup> American Heart Association, Heart Disease and Stroke Statistics — 2011 Update

<sup>10</sup> American Heart Association, Heart Disease and Stroke Statistics — 2013 Update

<sup>11</sup> American Heart Association, Heart Disease and Stroke Statistics — 2010 Update

<sup>12</sup> US National Cancer Institute's Surveillance Epidemiology and End Results (SEER) Database

<sup>13</sup> 2011 ASCO Annual Meeting, Yousuf Zafar, MD, MHS, Assistant Professor of Medicine, Duke Cancer Institute.

<sup>14</sup> The SunAmerica Retirement Re-Set<sup>SM</sup> Study 2Q11 US public opinion poll was conducted by Harris Interactive via telephone interviews with a national sample of 1,001 adults age 55+ representative of general population by income, ethnicity, geography and gender

<sup>15</sup> State of the Insured Retirement Industry: 2012 Recap and a 2013 Outlook, Insured Retirement Institute

<sup>16</sup> Based on current income tax laws.

# Highlights at a Glance

## Key Benefits

- Guaranteed death benefit protection
- Flexible Continuation Guarantee allows policy owners to select their guarantee period and premium funding period
- Guaranteed cash value accumulation provides flexibility if needed in the future<sup>17</sup>
- Unique pro-rata adjustments on partial withdrawals allow policy to remain in force with proportionally reduced death benefit, cash values, and guaranteed premiums
- Consumer-friendly features
  - for purposes of maintaining death benefit guarantees, premium payments received within 28 days following date of issue and each subsequent premium due date are treated as received on time
  - for purposes of maintaining death benefit guarantees, 1035 exchange premiums are treated as if received on the date of issue<sup>5</sup>

## Lifestyle Income Solution<sup>SM</sup>

- Optional, premium-paying rider provides guaranteed withdrawal benefits (regardless of the cash surrender value under the policy)
- Issue ages 18-70
- Minimum specified amount \$100,000, max specified amount \$10,000,000 (assuming no other coverage in force)
- Minimum Eligibility Period for the rider is 15 years
- The Lifestyle Income Rider must be issued in conjunction with the non-cost Terminal Illness Rider. This requirement does not apply in New York.

## Accelerated Access Solution<sup>SM</sup> (except in New York)

- **Multiple benefit payment options** – three options available including an IRS maximum per diem amount which provides a form of inflation protection for the policy owner's benefit\*
  - IRS maximum per diem (IRS caps the maximum daily rate each year - 2014 maximum is \$330)
  - 2% of AAS benefit per month
  - 4% of the AAS benefit per month
- **Waiver of monthly deduction** – policy payments stop for base policy and riders as long as policy owner meets the chronic illness requirement
- **Flexible option with total benefit amount** – select any amount between 50% - 100% of base policy death benefit
- **Guaranteed benefits** – no increases in rider costs or decreases in benefits paid based on changing market conditions

**Min. Death Benefit** \$100,000 at issue (\$50,000 after partial withdrawal)

\*IRS caps the maximum daily rate each year. The 2014 maximum per diem is \$330/day or \$9,900/month. Subsequent years may be higher.



**Issue Ages** 18-80

**Other Available Riders<sup>18</sup> and Options**

**Accidental Death Benefit**

- Provides an additional death benefit if death is accidental
- Double Accidental Death Benefit is paid if the death is sustained while a fare-paying passenger on a licensed public conveyance
- Minimum: \$25,000; Maximum: The lesser of \$200,000 or the initial sum insured under the policy

**Children's Insurance Benefit Rider**

- Provides term insurance on the base insured's dependent children—up to but not including age 25
- Minimum: \$1,000; Maximum: \$10,000

**Enhanced Surrender Value Rider**

- Return of premium rider provides a one-time option for surrender, during the 60-day period following the end of policy year 20
- The amount of cash surrender value is fifty percent of the total premium paid, net of partial withdrawals and outstanding loans. See the Rider for details.
- There is no charge for this optional rider; it will be attached at issue and cannot be terminated by policyowner request.

**Spouse/Other Insured Rider (except in New York)**

- Provides level term insurance on the insured's spouse
- Minimum: \$10,000; Maximum: Two times the base policy

**Terminal Illness Rider (except in New York)**

- Provides an accelerated death benefit (living benefit) when the insured is diagnosed with a terminal illness (12 months or less to live)
- One-time acceleration benefit of up to 50 percent of the base policy death benefit (less policy loans and excluding riders)
- Maximum: \$250,000
- Subject to an administrative fee
- Some states require a signed disclosure form at time of application

**Waiver of Monthly Deduction Rider**

- Waives the monthly deduction while the insured is disabled after six months of disability
- Premiums are based on the insured's attained age
- Rider not available for face amounts greater than \$5 million

**Option to Extend Coverage<sup>19</sup>**

Allows the policy owner to elect to extend the coverage under the policy beyond the original maturity date. If this option is elected, then starting on the original maturity date, (1) the policy death benefit is set to equal the death benefit in effect immediately prior to the original maturity date, (2) no monthly deductions will be made, and (3) no new premium payments will be accepted. There are no additional charges associated with this benefit.

<sup>17</sup> Accessing cash values may affect the continuation guarantee.

<sup>18</sup> See the riders for complete details. There may be a charge for each rider selected. Adding or deleting riders and increasing or decreasing coverage under existing riders can have tax consequences. Policy owners should consult a tax advisor prior to exchanging their policy.

<sup>19</sup> Policies may be subject to tax consequences when continued beyond the maturity date. The policy may not qualify as life insurance under the Internal Revenue Code after age 100. Policy owners should consult a tax advisor before electing this option.

## 1. What is meant by “guarantee premium”?

The guarantee premium is the premium required to guarantee coverage for the duration specified. AG Secure Lifetime GUL II offers the policy owner the flexibility to choose the length of time he or she wants the guarantee to last, be it 20 or 30 years—or any other period of time.

## 2. Where does it say that the death benefit is guaranteed?

In two separate places:

**In the Policy:** The policy outlines the requirements of the Continuation Guarantee provision. While the methodology used to calculate the Continuation Guarantee is complex, the provision stipulates that the policy will not lapse as long as the Continuation Guarantee is in effect.

**On the Quote:** The quote shows how the policy performs on a guaranteed basis over several years. As long as the quoted premium is paid on time each year, the quote shows the actual guaranteed death benefit and cash value.

## 3. If interest rates rise and there is enough cash value in the policy to carry it to maturity (age 121), do the guarantee premiums still need to be paid?

No. Guarantee premiums are only needed if the policy’s cash value falls to zero and the policy would otherwise lapse. The Continuation Guarantee stipulates that as long as the guarantee premiums are paid, the policy will not lapse even if the cash value falls to zero (as long as the conditions of the Continuation Guarantee have been met).

## 4. Can the Continuation Guarantee ever be lost?

Certain policy owner actions can cause the Continuation Guarantee to be shortened or lost. For instance:

- Not paying the premiums when they are due. The timing of payments is important in calculating the value of the Continuation Guarantee

Account. Late or skipped payments affect the value of the Continuation Guarantee Account. (See the section on late payments.)

- Taking loans from the policy, as these affect the Continuation Guarantee Account value.
- Making policy changes such as increasing the death benefit or adding a rider, as these can affect the Continuation Guarantee Account value. In these cases, the Continuation Guarantee can be maintained as long as corresponding changes to the amount of premium being paid are also made. AG Secure Lifetime GUL II offers the flexibility to design the product that best meets the policy owner’s needs and can change with his or her changing circumstances.

## 5. Can the company cause the Continuation Guarantee to be lost?

No.

## 6. Can the premium needed for the guarantee ever go up?

The premium required for the guarantee can increase due to actions taken by the policy owner. Actions that affect the Continuation Guarantee include, but are not limited to: (1) not paying the guarantee premiums when they are due; (2) taking loans; and (3) making policy changes such as increasing the death benefit or adding riders. For instance, if the policy owner increases the death benefit amount, the guarantee premium he or she has been paying may not be sufficient to guarantee the new higher death benefit for the same length of time. In order to maintain the Continuation Guarantee for the new death benefit, a larger guarantee premium may be required.

## 7. Can the premium needed for the guarantee ever go down?

Yes. Certain actions by the policy owner can cause the guarantee premium amount to decrease, such as removing a rider or reducing the death benefit.

## 8. What if the policy owner makes a late payment or skips a payment?

**Late Payments:** Because we know that from time to time policy owners may send a late payment, we will credit payments received within 28 days of the due date as if received on time for the purposes of calculating the value of the Continuation Guarantee Account. Payments applied beyond the 28-day window may shorten the duration or cause loss of the continuation guarantee.

**Skipped Payments:** A skipped payment may shorten the duration or cause loss of the Continuation Guarantee because it affects the calculation of the Continuation Guarantee Account value. If such a situation occurs, AG Secure Lifetime GUL II gives policy owners the option to pay additional premium in order to preserve the guarantee. In general, the best course of action is to pay the minimum guarantee premium and pay it on time.

## 9. Is the Continuation Guarantee affected by the timing of 1035 exchanges?

The company will credit 1035 exchange proceeds as if received on the issue date for purposes of calculating the value of the Continuation Guarantee Account.

## 10. Can a loan be taken from the policy? How does a loan affect the Continuation Guarantee?

Yes, a policy owner may borrow from the policy at any time as long as the policy is in force and the amount borrowed is equal to or less than the policy’s loan value (cash value less any outstanding loans, surrender charges, and interest due on the amount to be borrowed). Taking a loan from the policy will cause the Continuation Guarantee to be adjusted.





Policies issued by: **American General Life Insurance Company (AGL)**, 2727-A Allen Parkway, Houston, Texas 77019. Policy Form Numbers 13460, ICC13-13460; Lifestyle Income Rider Form Number 13972; Accelerated Access Solution (Chronic illness accelerated death benefit rider) form number ICC13600, 13601, Accidental Death Benefit Rider Form Number 82012; Children's Insurance Benefit Rider Form Number 82410; Enhanced Surrender Value Rider 11990; Spouse/Other Insured Term Rider Form Number 88390; Terminal Illness Rider Form Number 91401; Waiver of Monthly Deduction Rider Form Number 82001. **The United States Life Insurance Company in the City of New York (US Life)**, One World Financial Center, 200 Liberty Street, New York, New York, 10281. Policy Form Number 13460N; Lifestyle Income Rider 13972N; Accidental Death Benefit Rider Form Number ADB 79-1E; Children's Insurance Benefit Rider Form Number CI 79-1E; Waiver of Monthly Deduction Rider Form Number 82001N; Enhanced Surrender Value Rider 11990. The underwriting risks, financial and contractual obligations and support functions associated with the products issued by AGL and US Life are the issuing insurer's responsibility. Guarantees are subject to the claims-paying ability of the issuing insurance company. American General does not solicit business in the state of New York. AGL and US Life are members of American International Group Inc., (AIG). AIG does not underwrite any policy described herein. Policies and riders not available in all states. These product specifications are not intended to be all-inclusive of product information. State variations may apply. Please refer to the policy for complete details.

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AGLC107381 REV1213