

*Understanding*  
**Indexed Universal Life**

**Issued by Accordia Life and Annuity Company**



## Global Atlantic Financial Group

Global Atlantic Financial Group, through its subsidiaries, offers a broad range of retirement, life and reinsurance products designed to help our customers address financial challenges with confidence. A variety of options help Americans customize a strategy to fulfill their protection, accumulation, income, wealth transfer and end-of-life needs.

Global Atlantic was founded at Goldman Sachs in 2004 and separated as an independent company in 2013. Its success is driven by a unique heritage that combines deep product and distribution knowledge with leading investment and risk management, alongside a strong financial foundation.



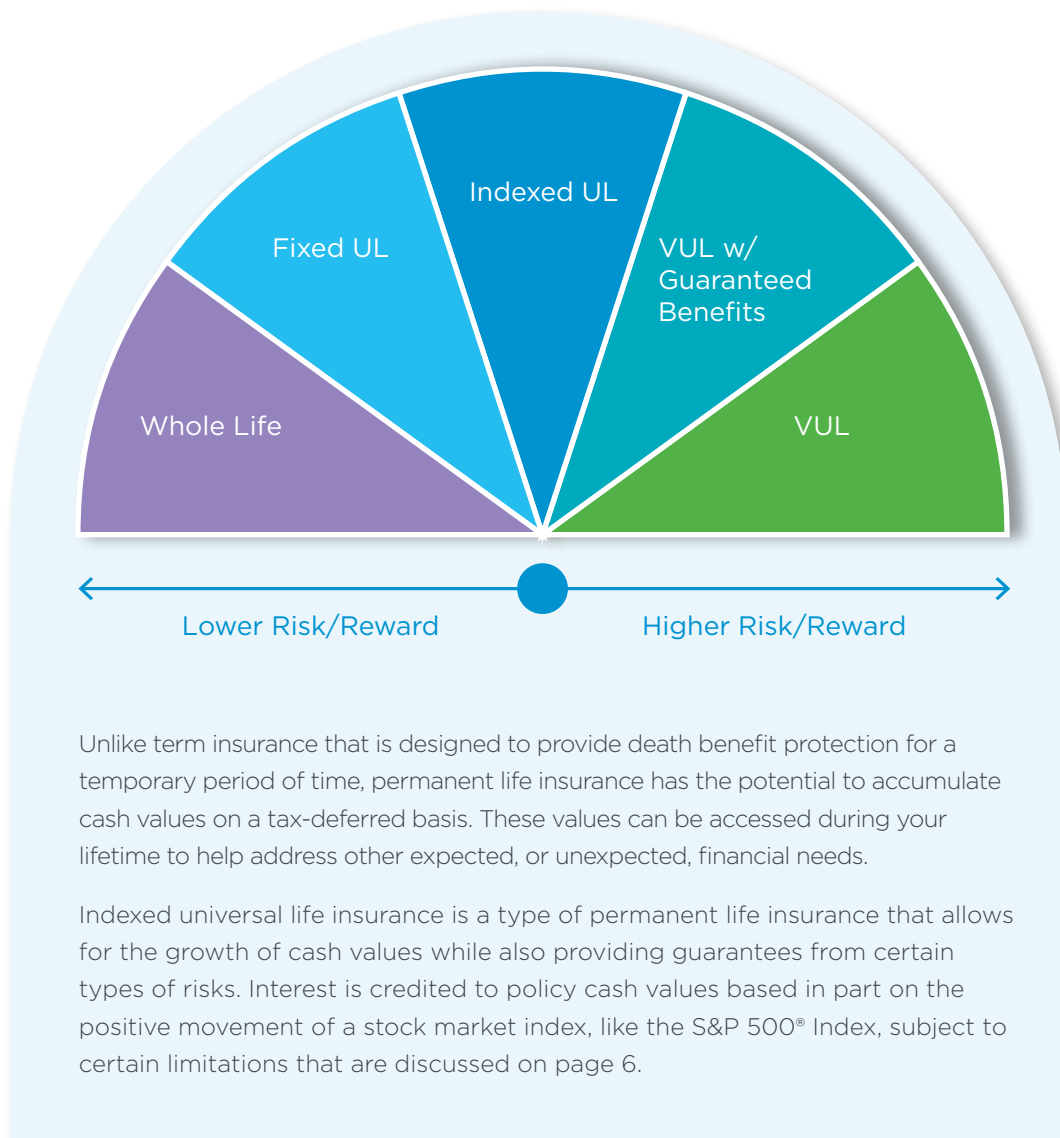
# Innovation *and* experience



## Why permanent life insurance?

Protecting the financial well-being of loved ones, efficiently transferring wealth to the next generation or planning for the long-term viability of a small business are prudent objectives. To achieve them successfully takes planning. Permanent life insurance offers a number of benefits to help you achieve such goals.

**The main benefit** of permanent life insurance is an income tax-free death benefit **to provide financial resources at a time of need.**



*As such, indexed universal life may provide the potential for greater interest crediting over the life of the policy when compared to traditional universal life designs.*

## Why indexed universal life insurance may be a good choice

An indexed universal life insurance policy can provide you with the potential to earn interest that is based in part on the positive movement of a stock market index. The amount of interest that is credited to your policy is typically subject to certain limitations. These limits may include cap rates, participation rates and strategy expense charges. Indexed universal life insurance also provides you with protection from negative market returns since zero is the lowest amount of interest that can be credited to the policy. Taken together, the upside potential and downside protection that indexed universal life insurance offers is an attractive combination for anyone seeking the protection permanent life insurance provides.

## How is interest credited?

With indexed universal life insurance, you can decide how your policy earns interest. You can select a fixed interest crediting strategy, indexed crediting strategies or a blend of multiple strategies.

A fixed strategy uses a current interest rate, declared on an annual basis by the insurance company. Net premiums<sup>1</sup> directed to the fixed strategy remain allocated to it for one year. At the end of the year, those premiums, along with interest that has been credited, can remain in the fixed strategy at the new annual interest rate or be re-directed to a different crediting strategy.

An indexed strategy uses a formula that calculates interest based in part on the positive movement of a stock market index. There are several indexed strategies available that provide different methods for calculating interest. While a stock market index is used to determine how much interest may be credited to your indexed universal life policy, your premiums and cash values are never invested directly in the stock market. Therefore, if the index goes down, the resulting interest credit to your policy would not be less than zero.

## Protection and potential find common ground

Indexed universal life insurance provides you with the ability to earn interest based on the positive movement of a stock market index, subject to the limitations previously described. This can be a very powerful feature to help your policy accumulate cash value; however, there are times when the market has a down year, or years. Remember, with indexed universal life, the lowest amount of interest that can be credited to your policy is 0%.

Indexed universal life insurance has policy charges that are deducted from the policy cash values every month. In years where the index returns are zero or negative, policy charges can cause the cash values of an indexed universal life policy to decrease.

<sup>1</sup> Net premiums are your paid premiums less a percentage charge that varies based on the product selected.

# A unique layer of protection

Our indexed universal life insurance policies allocate premium dollars to the available interest crediting strategies in a unique way. The process by which premiums are applied to the policy is as follows:



<sup>1</sup> Net Premiums = Premiums paid — expense charges

### **Basic Interest Strategy**

The part of your policy account value that will hold net premium payments to fund approximately one year of policy charges and the cost of insurance before premiums are directed into other interest crediting strategies.

### **Segment**

A segment is a part of your policy's account value created each time excess dollars are directed into a fixed term or indexed crediting strategy. Each segment has its own participation rate and cap rate. Some strategies are subject to a strategy expense charge.

### **Segment Term**

A segment term is a one-, five- or six-year period of time that begins when a segment is created. The segment term varies by strategy. Traditionally, values cannot be redirected to another strategy until the segment matures at the end of the segment term. Newer product designs are starting to incorporate the option to move values on the interest crediting date, within a segment term.

### **Interest Crediting Period**

This is an amount of time that's measured from the segment creation date and every segment anniversary thereafter throughout the segment term.

### **Policy Charges**

Policy charges are deducted monthly and include a monthly policy charge, a policy expense charge, cost of insurance charges as well as charges for any riders. These charges vary based on your individual policy.



## How do indexed strategies work?

Depending on which indexed strategy you select, there are two or three additional components used to measure how much interest is credited to your indexed universal life insurance policy. Participation rates, cap rates and strategy expense charges are used to determine the amount of interest credited to your policy. We limit the amount of interest that can be credited during a given period in order to be able to provide additional guarantees and protection during the years when index performance is not positive. The participation rate



The cap rate is the most amount of interest will credit to an indexed strategy. Cap rates vary by strategy and product and may be reset at the beginning of an interest crediting period.

determines how much of the increase in the index's value is taken into consideration in calculating the interest credit, before applying the cap rate. The participation rates on our indexed universal life strategies are guaranteed never to be less than 100% for the life of your policy. That means when index returns are positive, your policy will realize interest crediting reflective of that increase up to a set cap rate. When applicable, a strategy expense charge\* is deducted from the index return during the indexing period before the participation rate and cap rate are applied. We have one indexed strategy that assesses a strategy expense charge.

\* Strategy Expense Charge is subject to change.

The chart on the right illustrates how the participation rates and cap rates are applied based on different market scenarios.

	Scenario 1	Scenario 2	Scenario 3
<b>Index Return</b>	18%	8%	-10%
<b>Par Rate</b>	100%	100%	100%
<b>Cap**</b>	13%	13%	13%
<b>Interest Credited</b>	13%	8%	0%

These scenarios are hypothetical only and are not a predictor of actual results. For purposes of this comparison it is assumed the policies are identical.

\*\* The amount of interest credited cannot exceed the stated cap of the selected indexed strategy.



## What indexed strategies are available?

For any interest crediting period, the interest credited to your policy will be either positive or zero. We offer a number of indexed crediting strategies that provide your policy the opportunity to accumulate cash values based on the S&P 500® Index and the Hang Seng Index.

Dollars directed to the indexed crediting strategies (other than the Two-year Point to Point strategy) create a new five-year segment. Interest, if any, is calculated and credited every 12 months on the dollars in the segment. This means the interest is locked in every 12 months and is not subject to potential future downturns in the index. At the end of each 12-month period the beginning index value is the ending value of the prior period.

The Two-year Point to Point strategy is similar but when dollars are directed to the Two-year Point to Point strategy a new six-year segment is created. Interest, if any, is calculated and credited every 24 months on the dollars inside the segment.

The indexed credited strategies available with our indexed universal life policies are:

Indexed Crediting Strategy and Index	Participation Rate (P), Strategy Expense Charge (S)	How it Works
1-Year Point to Point, S&P 500® Index	(P) - 100% minimum	Annual Reset
1-Year Point to Point Increased Participation, S&P 500® Index	(P) - 200% minimum	Annual Reset
1-Year Point to Point Elevated Cap, S&P 500® Index	(P) - 100% minimum (S) - 6% maximum	Annual Reset
1-Year Point to Point Monthly Cap, S&P 500® Index	(P) - 100% minimum	Annual Reset
1-Year Point to Point International Index, Hang Seng Index	(P) - 100% minimum	Annual Reset
2-Year Point to Point, S&P 500® Index	(P) - 100% minimum	Biennial Reset (every two years)

### S&P 500® Index:

Standard & Poor's 500® Index is often regarded as the standard for broad stock market performance. It is used to measure the average stock price changes of the 500 most widely held companies representing over 100 specific industry groups. The S&P 500® Index represents approximately 75 percent of the total US equity market's capitalization.

Source: [www.standardandpoors.com](http://www.standardandpoors.com)

### Hang Seng Index:

The Hang Seng Index (HSI) is one of the earliest stock market indexes in Hong Kong. This index has become the most widely quoted indicator of the performance of the Hong Kong stock market.

Source: [www.hsi.com.hk](http://www.hsi.com.hk)

*Cap rates vary by product and strategy selected. For a more detailed explanation of each indexed strategy see the applicable strategy information sheets.*

## Additional reasons to consider our products

### Guaranteed Interest Rate True Up

Our minimum interest rate guarantee or “true up” is applied differently than most providers of indexed universal life. The “true up” occurs at the end of each segment term and compares the interest crediting experienced during that term to that of the guarantee. In the event a given premium segment does not earn the equivalent of a 2% interest rate compounded annually for the segment term, we will credit the value of the difference to the policy. This “true up” process guarantees that at least the minimum interest rate will be applied at the end of each segment term as well as at policy termination.

### Pioneering history:

Our life insurance predecessor company was one of the first carriers to introduce indexed universal life in 1999. Our track record in the indexed universal life marketplace has provided us with valuable experience in setting participation and cap rates, illustrated rates and most importantly proven performance in delivering positive interest credits.

### Flexibility and Choices:

Our indexed universal life policies offer multiple death benefit options and premium payment flexibility. Six indexed strategy options are available to select from. In addition, we offer three loan options and an account value enhancement that credits additional interest to the policy holder’s account value. The account value enhancement is not available on all products. Ask your insurance professional for details.

### Experience and innovation

Our company is the product of seasoned life insurance professionals coming together to deliver innovation and proven product designs that help Americans address financial concerns in an efficient manner. Talk to your agent today to learn more about our indexed universal life products and see if they can help further your objectives





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