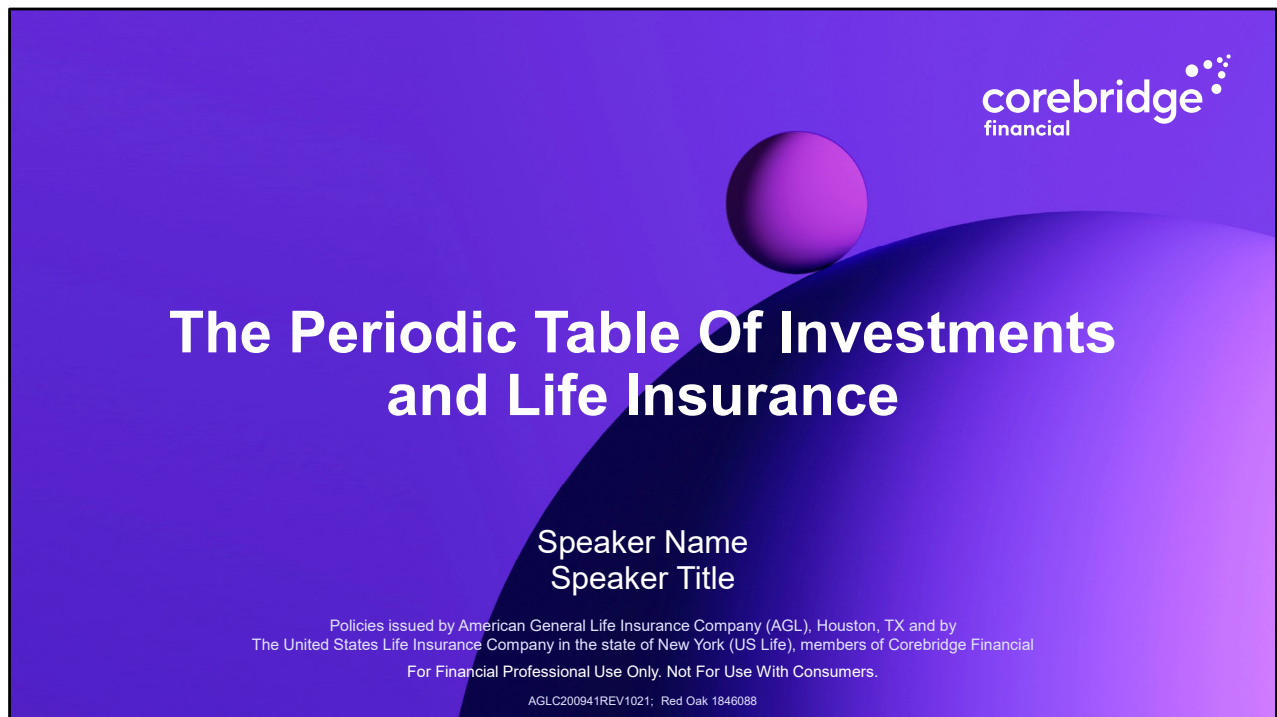




This cover slide is primarily as a placeholder slide before starting webinar presentations. This is what the webinar participants will see as they login.



Hello, and thanks for joining me for today's discussion.

We're going to talk about the impact that Market Volatility can have on index insurance products. Along the way you'll probably learn a few things you didn't know.

By learning the concepts we'll discuss today, you should be more knowledgeable about how index universal life policies **actually work**, the impact that **real-world volatility** can have on IUL products, and you'll be able to better position Index Universal Life to help your clients achieve their financial goals.

Important Notes

Remember that several Broker-Dealers (*such as Morgan Stanley*) are unable to recommend proprietary indices such as the MLSB, PIMCO or Franklin Quality Dividends indices at point-of-sale, so those slides need to be "hidden" when presenting to certain Broker-Dealers. Please be sure to hide the appropriate slides before beginning the presentation.



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3

This is a note for the presenters:

Remember that several Broker-Dealers (*such as Morgan Stanley*) are unable to recommend proprietary indices such as the MLSB, PIMCO or Franklin Quality Dividends indices at point-of-sale, so those slides need to be "hidden" when presenting to these Broker-Dealers.

Please be sure to hide the appropriate slides before beginning the presentation.

Important Notes

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4

Before we begin, here are some important notes about today's conversation.

Important Notes

These examples **DO NOT** use the actual index accounts available within any Corebridge Financial Index Universal Life policy. The values expressed in this presentation reflect the returns of the retail index accounts; and then Caps, Floors and Participation Rates are applied as disclosed throughout the presentation footnotes.

None of the calculations shown in this presentation are meant to be representative of the actual returns credited to any life insurance policy.

The examples shown here are for hypothetical purposes only, and are intended to help you understand indexing concepts related to volatility based on past performance.

All of these examples are predicated on past performance of the various retail indices. Past performance is no indication of any potential future performance of any index, investment or life insurance policy.

For advice concerning your individual circumstances, consult an attorney, financial advisor, tax advisor or accountant.



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5

And here are some additional very important notes about what we'll discuss today.

(These notes are critical to this discussion and should be read to the audience.)

The Periodic Table of Elements

The periodic table displays elements from Hydrogen (1) to Oganesson (118). It is organized into groups (columns) and periods (rows). The groups are labeled at the top: IIA (2), IIIA (13), IVA (14), VA (15), VIA (16), VIIA (17), and VIIIA (18). The elements are color-coded by groups: Alkali Metals (pink), Alkaline Earths (light blue), Transition Metals (blue), Basic Metals (orange), Semi-Metals (green), Nonmetals (yellow), Halogens (light green), Noble Gases (light blue), Lanthanides (pink), and Actinides (red). The lanthanide and actinide series are shown at the bottom, separated from the main body of the table.

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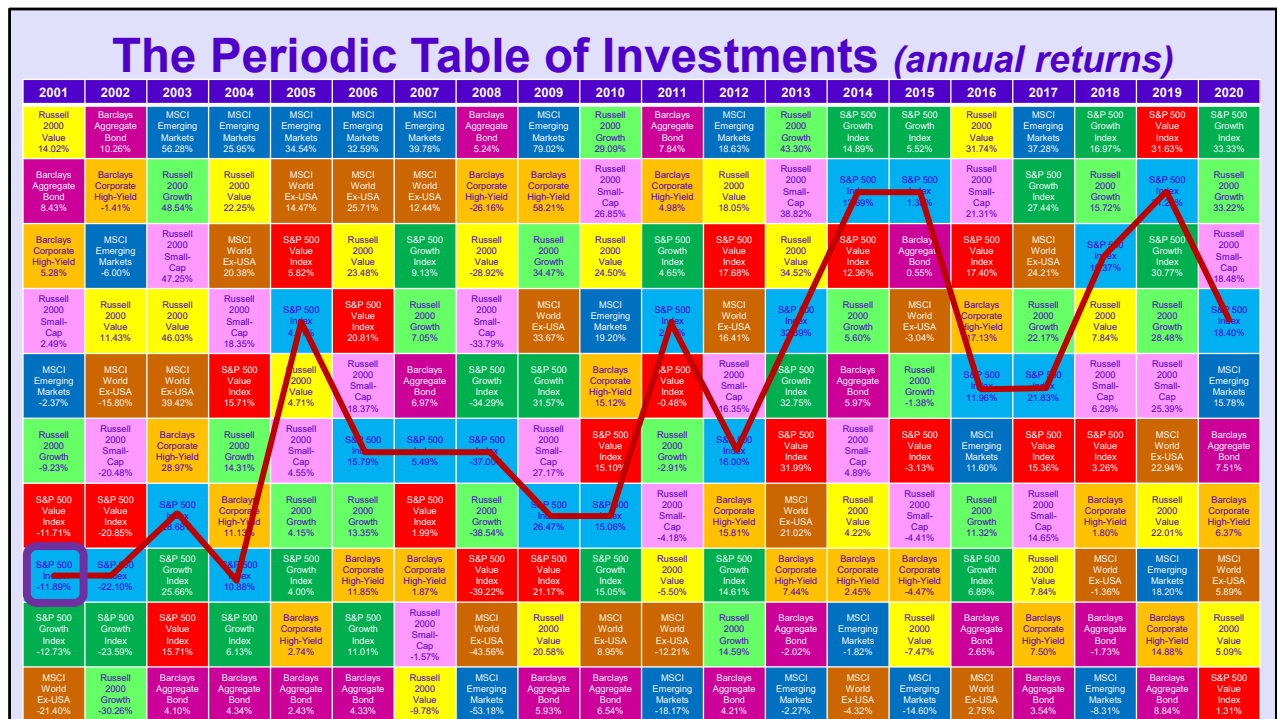
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6

I'm sure many of you can remember back to your high school chemistry class when you learned about **the periodic table of elements**.

If you've forgotten, here's a picture of that **periodic table of elements** to refresh your memory!

As you might have guessed, we're not here to talk about chemistry today. But we will talk about something that has some similarities to the **periodic table of elements**.



I like to call it “***the periodic table of investments.***”

Over the years you may have seen leading economists from various money management firms using this **periodic table of investments** to highlight the variability of returns of various asset classes.

One of the main points they like to drive home with this **periodic table of investments** is the unpredictability of returns from one asset class to another as you go from one year to the next.

If you choose any one of the colors in the first column (*under the year 2001*), and follow that color through the chart over the years, you'll see that in some years each investment may be one of the top performers, while in other years it may be one of the bottom performers, and in other years it may be somewhere in between.

The point is that you can never predict what the best-performing asset class will be **next year**.

As an example, let's look at the **S&P 500 Index**, shown in the blue boxes. I've circled the first box in the 2001 column.

As you follow the blue boxes across the grid, you can see what appears to be volatility relative to the returns of the other 9 asset classes.

Why is this a relevant precursor to our conversation?

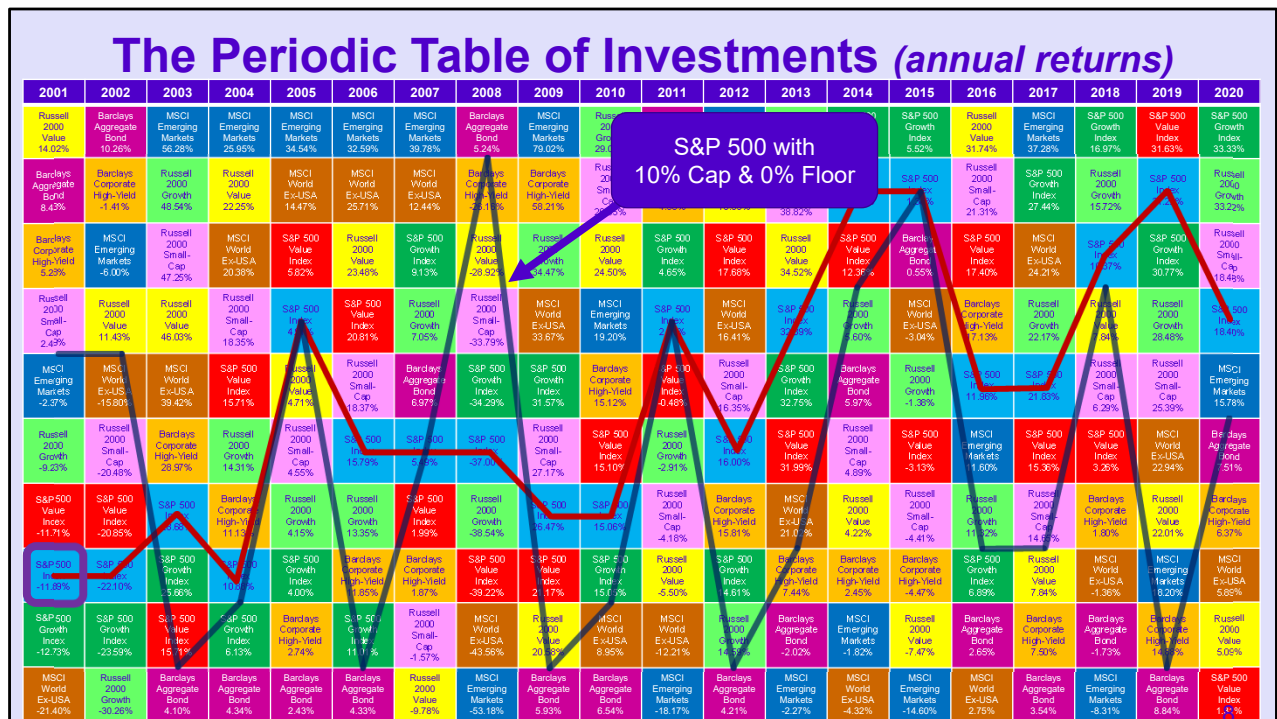
Because, in the world of index universal life, we like to believe that Index UL caps, floors, and participation rates have a tendency to stabilize the results and calm the volatility.

So I wondered: *“What would the S&P 500 index returns look like on **the periodic table of investments** if we limited the S&P 500 index returns with a 10% cap and a 0% floor?”*

My expectation was that it would reduce the appearance of volatility even further... that the line connecting the boxes would be even smoother...

Let's take a look to see if my hunch was correct...

(continued on next slide)



Here, in the blue line, I've overlaid on top of the **periodic table of investments** the **S&P 500 index** returns, with the volatility controlled by adding a 10% cap and a zero percent floor.

My original expectation that it would reduce the appearance of volatility was wrong.

In this view it looks like the caps and floors actually made the **S&P 500 index** appear to be more volatile than it is without caps and floors.

One of my takeaways from this slide is recognizing that there may be more volatility in an index universal life policy's returns than I originally anticipated... and that's something I wanted to explore further.

Is There Volatility In IUL?



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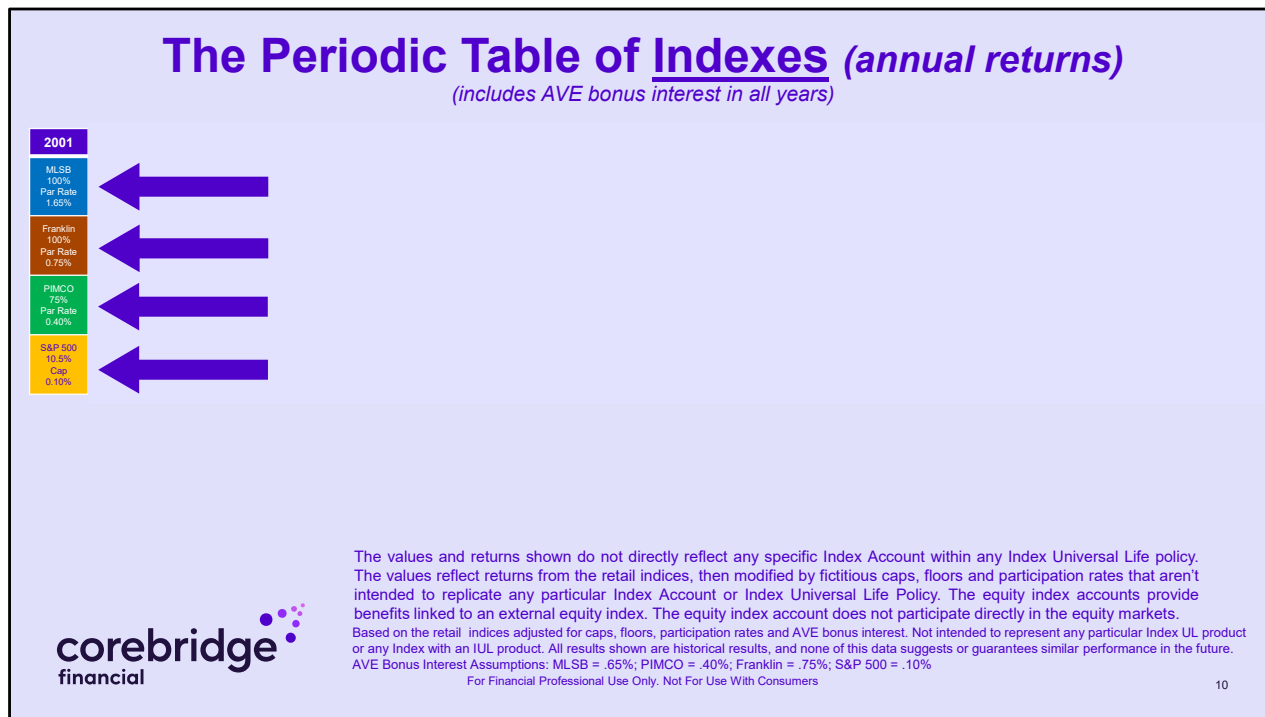
9

So I asked myself: "*Is there volatility in IUL?*"

How can we now take what we've learned about volatility in ***The Periodic Table Of Investments*** and apply it to what we know about index universal life returns?

Maybe there are some lessons we can learn from **the periodic table of investments** that cause us to adjust our thinking a little bit as it regards IUL volatility.

Let's explore IUL index volatility a little bit more...



Here you can see that I'm showing the beginnings of a different “**Periodic Table**”... this one is comprised of four index accounts: the Merrill Lynch Strategic Balanced index, the PIMCO Global Optima Index, the Franklin Quality Dividends Index, and the S&P 500 index from 2001.

Remember that this chart reflects the results of the **retail** indexes for each of these accounts, and then they're modified by hypothetical caps, floors and participation rates. None of these rates of return or scenarios are designed to reflect any actual index account from any Index Universal Life policy, nor do they reflect the actual performance of any Index Universal Life policy.

I've color-coded the three different indices so that we can see how they performed historically, relative to one another, over this 20-year scenario.

For example, you can see that, in 2001, after applying a participation rate of 100%, the MLSB retail index produced a return of just 1%. Then, after adding the 65-basis-point *Account Value Enhancement* bonus... abbreviated AVE... the total return for the MLSB index in 2001 would've been 1.65%.

(The Franklin, PIMCO and S&P 500 retail indices all produced negative returns in 2001, but after applying our 0% floor, each of their returns are 0% rather than negative. Then we add their AVE bonus which takes Franklin's return to 75 basis points; PIMCO's return to 40 basis points; and the S&P 500's return to 10 basis points.)

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

2001
MLSB 100% Par Rate 1.65%
Franklin 100% Par Rate 0.75%
PIMCO 75% Par Rate 0.40%
S&P 500 10.0% Cap 0.10%



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11

This is a rapid transition slide to the next slide... its purpose is to remove the four arrows and transition immediately to the next slide.
There are no speaker's notes for this slide.

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MLSB 100% Par Rate 1.65%	MLSB 100% Par Rate 6.65%	PIMCO 75% Par Rate 18.21%	PIMCO 75% Par Rate 12.62%	PIMCO 75% Par Rate 8.65%	PIMCO 75% Par Rate 15.94%	MLSB 100% Par Rate 11.22%	Franklin 100% Par Rate 0.75%	PIMCO 75% Par Rate 12.76%	MLSB 100% Par Rate 14.04%	MLSB 100% Par Rate 10.82%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 13.42%	MLSB 100% Par Rate 11.17%	Franklin 100% Par Rate 0.75%	S&P 500 10.5% Cap 9.64%	PIMCO 75% Par Rate 17.76%	Franklin 100% Par Rate 0.75%	MLSB 100% Par Rate 14.83%	MLSB 100% Par Rate 11.17%	S&P 500 10.5% Cap 10.60%
Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 12.48%	S&P 500 10.5% Cap 9.09%	Franklin 100% Par Rate 3.40%	Franklin 100% Par Rate 12.88%	PIMCO 75% Par Rate 7.88%	MLSB 100% Par Rate 0.65%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.05%	MLSB 100% Par Rate 8.47%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	MLSB 100% Par Rate 0.65%	Franklin 100% Par Rate 4.96%	Franklin 100% Par Rate 13.22%	MLSB 100% Par Rate 0.65%	PIMCO 75% Par Rate 11.16%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 9.07%
PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 8.92%	S&P 500 10.5% Cap 3.10%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 5.22%	PIMCO 75% Par Rate 0.40%	Franklin 100% Par Rate 6.92%	PIMCO 75% Par Rate 9.44%	PIMCO 75% Par Rate 0.92%	PIMCO 75% Par Rate 6.63%	PIMCO 75% Par Rate 9.73%	Franklin 100% Par Rate 5.25%	PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 4.46%	S&P 500 10.5% Cap 10.60%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.30%	PIMCO 75% Par Rate 4.11%
S&P 500 10.5% Cap 0.10%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 10.54%	MLSB 100% Par Rate 7.97%	MLSB 100% Par Rate 2.39%	MLSB 100% Par Rate 7.46%	S&P 500 10.5% Cap 3.63%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.57%	Franklin 100% Par Rate 6.97%	S&P 500 10% Cap 0.10%	Franklin 100% Par Rate 5.42%	MLSB 100% Par Rate 3.33%	S&P 500 10.5% Cap 0.32%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.38%	MLSB 100% Par Rate 8.60%	S&P 500 10.5% Cap 0.10%	Franklin 100% Par Rate 10.41%	PIMCO 75% Par Rate 1.02%	MLSB 100% Par Rate 1.04%



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12

And here you can see the rest of the returns for the remaining 20 years, after applying each indices' Caps, Participation Rates, Floors and AVE bonuses.

Let's do what we did before with ***The Periodic Table Of Investments*** and look at the "relative volatility" when we compare these four indices to each other.

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MLSB 100% Par Rate 1.65%	MLSB 100% Par Rate 6.65%	PIMCO 75% Par Rate 18.21%	PIMCO 75% Par Rate 12.62%	PIMCO 75% Par Rate 8.65%	PIMCO 75% Par Rate 15.94%	MLSB 100% Par Rate 1.22%	Franklin 100% Par Rate 0.75%	PIMCO 75% Par Rate 12.76%	MLSB 100% Par Rate 1.34%	MLSB 100% Par Rate 10.82%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 13.42%	MLSB 100% Par Rate 1.17%	Franklin 100% Par Rate 0.75%	S&P 500 10.5% Cap 9.64%	PIMCO 75% Par Rate 17.76%	Franklin 100% Par Rate 0.75%	MLSB 100% Par Rate 4.83%	MLSB 100% Par Rate 11.1%	S&P 500 10.5% Cap 10.60%
Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 12.48%	S&P 500 10.5% Cap 9.09%	Franklin 100% Par Rate 3.40%	Franklin 100% Par Rate 12.88%	PIMCO 75% Par Rate 7.88%	MLSB 100% Par Rate 0.65%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.05%	MLSB 100% Par Rate 8.47%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	MLSB 100% Par Rate 0.65%	Franklin 100% Par Rate 4.96%	Franklin 100% Par Rate 13.22%	MLSB 100% Par Rate 7.58%	PIMCO 75% Par Rate 11.16%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 9.07%
PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 9.09%	Franklin 100% Par Rate 8.92%	S&P 500 10.5% Cap 3.10%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 5.22%	PIMCO 75% Par Rate 0.40%	Franklin 100% Par Rate 6.92%	Franklin 100% Par Rate 9.44%	PIMCO 75% Par Rate 0.92%	PIMCO 75% Par Rate 6.63%	PIMCO 75% Par Rate 9.73%	Franklin 100% Par Rate 5.25%	PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 4.46%	S&P 500 10.5% Cap 10.60%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.30%	PIMCO 75% Par Rate 1.11%
S&P 500 10.5% Cap 0.10%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 10.54%	MLSB 100% Par Rate 7.97%	MLSB 100% Par Rate 2.35%	MLSB 100% Par Rate 7.46%	S&P 500 10.5% Cap 3.63%	S&P 500 10.5% Cap 0.10%	S&P 500 10.5% Cap 3.57%	Franklin 100% Par Rate 6.97%	S&P 500 10.5% Cap 0.10%	Franklin 100% Par Rate 5.42%	Franklin 100% Par Rate 3.33%	PIMCO 75% Par Rate 0.32%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.38%	MLSB 100% Par Rate 8.60%	S&P 500 10.5% Cap 0.10%	Franklin 100% Par Rate 10.41%	PIMCO 75% Par Rate 1.02%	MLSB 100% Par Rate 1.04%



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13

If you begin with the blue boxes... The Merrill Lynch Strategic Balanced index... You notice that it was the best performer out of the four options in 2001 and 2002. But then it was the worst performer of the group from 2003 through 2006. Then it was the best performer again in 2007, followed by being the worst performer in 2009, and then the best performer again in 2010 and 2011, then zig-zagging between best-performer and worst-performer the rest of the way to 2021.

Do you see any apparent volatility in this chart?

If you were an investor choosing between these four indices in the year 2001, and you were trying to get the best return possible, you'd probably be pretty happy if you had your money in the MLSB index in 2001 and 2002.

But if you stayed in the MLSB, in the next 4 years your money would've been in the worst-performing index of the group.

After four consecutive years of finishing in last-place out of the four indices, you might finally decide that the MLSB wasn't doing so well, and so you might choose to move your money to the PIMCO index at the end of 2006, only to miss out on the MLSB being the best performer of the group in 2007.

So, at the end of 2007, maybe you jump back in to MLSB, getting only a 65-basis-point return in 2008, followed by being the worst performer of the group in 2009.

So, at the end of 2009, you get out of MLSB again, and miss two great years in 2010 and 2011 when it was the best performer of the group.

If you were "chasing returns" based on past performance, you might continue this chaos all the way through to 2021, ending up in the worst-performing group more often than you were in the best performing group.

Unfortunately, people that "chase the best returns" can often be victims of this kind of chaos.

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MLSB 100% Par Rate 1.65%	MLSB 100% Par Rate 6.65%	PIMCO 75% Par Rate 18.21%	PIMCO 75% Par Rate 12.62%	PIMCO 75% Par Rate 8.65%	PIMCO 75% Par Rate 15.94%	MLSB 100% Par Rate 11.22%	Franklin 100% Par Rate 1.00%	PIMCO 75% Par Rate 12.76%	MLSB 100% Par Rate 14.04%	MLSB 100% Par Rate 10.82%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 17.00%	MLSB 100% Par Rate 11.17%	Franklin 100% Par Rate 7.00%	S&P 500 10.5% Cap 9.64%	PIMCO 75% Par Rate 17.76%	Franklin 100% Par Rate 0.70%	MLSB 100% Par Rate 14.83%	MLSB 100% Par Rate 11.17%	S&P 500 10.5% Cap 10.60%
Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 12.48%	S&P 500 10.5% Cap 9.09%	Franklin 100% Par Rate 3.40%	Franklin 100% Par Rate 12.88%	PIMCO 75% Par Rate 7.88%	MLSB 100% Par Rate 0.65%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.00%	MLSB 100% Par Rate 8.47%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	MLSB 100% Par Rate 0.65%	Franklin 100% Par Rate 4.96%	Franklin 100% Par Rate 13.22%	MLSB 100% Par Rate 0.65%	PIMCO 75% Par Rate 11.16%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.07%
PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 8.92%	S&P 500 10.5% Cap 3.10%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 5.22%	PIMCO 75% Par Rate 0.40%	Franklin 100% Par Rate 6.92%	PIMCO 75% Par Rate 9.44%	PIMCO 75% Par Rate 0.92%	PIMCO 75% Par Rate 6.63%	PIMCO 75% Par Rate 9.73%	Franklin 100% Par Rate 5.25%	PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 4.46%	S&P 500 10.5% Cap 10.60%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.30%	PIMCO 75% Par Rate 4.11%
S&P 500 10.5% Cap 0.10%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 10.54%	MLSB 100% Par Rate 7.97%	MLSB 100% Par Rate 2.33%	MLSB 100% Par Rate 7.46%	S&P 500 10.5% Cap 3.63%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.57%	Franklin 100% Par Rate 6.97%	S&P 500 10.5% Cap 0.10%	Franklin 100% Par Rate 5.42%	MLSB 100% Par Rate 3.33%	PIMCO 75% Par Rate 0.32%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.38%	MLSB 100% Par Rate 8.60%	S&P 500 10.5% Cap 0.10%	Franklin 100% Par Rate 10.41%	PIMCO 75% Par Rate 1.02%	MLSB 100% Par Rate 1.04%



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14

For the Franklin Quality Dividend Index, you can see that you could make similar mistakes by "chasing returns," potentially moving into the index right before its worst years and moving out of it right before its best years.

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MLSB 100% Par Rate 1.65%	MLSB 100% Par Rate 6.65%	PIMCO 75% Par Rate 12.21%	PIMCO 75% Par Rate 12.62%	PIMCO 75% Par Rate 8.65%	PIMCO 75% Par Rate 15.9%	MLSB 100% Par Rate 11.22%	Franklin 100% Par Rate 0.75%	PIMCO 75% Par Rate 10.5%	MLSB 100% Par Rate 14.04%	MLSB 100% Par Rate 10.82%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 13.42%	MLSB 100% Par Rate 11.17%	Franklin 100% Par Rate 0.75%	S&P 500 10.5% Cap 9.64%	PIMCO 75% Par Rate 13.22%	Franklin 100% Par Rate 0.75%	MLSB 100% Par Rate 14.83%	MLSB 100% Par Rate 11.17%	S&P 500 10.5% Cap 10.60%
Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 0.75%	Franklin 100% Par Rate 12.48%	S&P 500 10.5% Cap 9.09%	Franklin 100% Par Rate 3.40%	Franklin 100% Par Rate 12.88%	PIMCO 75% Par Rate 7.88%	MLSB 100% Par Rate 0.65%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 1.05%	MLSB 100% Par Rate 8.47%	S&P 500 10.5% Cap 10.60%	S&P 500 10.5% Cap 10.60%	MLSB 100% Par Rate 0.65%	Franklin 100% Par Rate 4.96%	Franklin 100% Par Rate 13.22%	MLSB 100% Par Rate 0.65%	PIMCO 75% Par Rate 11.1%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 9.07%
PIMCO 75% Par Rate 0.40%	PIMCO 75% Par Rate 0.40%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 8.92%	S&P 500 10.5% Cap 3.10%	S&P 500 10.5% Cap 10.60%	Franklin 100% Par Rate 5.22%	Franklin 100% Par Rate 0.40%	Franklin 100% Par Rate 6.92%	MLSB 100% Par Rate 3.57%	Franklin 100% Par Rate 6.97%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 5.42%	Franklin 100% Par Rate 3.33%	PIMCO 75% Par Rate 0.92%	S&P 500 10.5% Cap 6.10%	PIMCO 75% Par Rate 3.38%	MLSB 100% Par Rate 8.60%	S&P 500 10.5% Cap 8.10%	Franklin 100% Par Rate 10.41%	MLSB 100% Par Rate 1.02%
S&P 500 10.5% Cap 0.10%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 10.54%	MLSB 100% Par Rate 7.97%	MLSB 100% Par Rate 2.39%	MLSB 100% Par Rate 7.46%	S&P 500 10.5% Cap 3.63%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 3.57%	Franklin 100% Par Rate 6.97%	S&P 500 10.5% Cap 0.10%	MLSB 100% Par Rate 5.42%	Franklin 100% Par Rate 3.33%	PIMCO 75% Par Rate 0.92%	S&P 500 10.5% Cap 6.10%	PIMCO 75% Par Rate 3.38%	MLSB 100% Par Rate 8.60%	S&P 500 10.5% Cap 8.10%	Franklin 100% Par Rate 10.41%	MLSB 100% Par Rate 1.02%	



The values and returns shown do not directly reflect any specific Index Account within any Index Universal Life policy. The values reflect returns from the retail indices, then modified by fictitious caps, floors and participation rates that aren't intended to replicate any particular Index Account or Index Universal Life Policy. The equity index accounts provide benefits linked to an external equity index. The equity index account does not participate directly in the equity markets. Based on the retail indices adjusted for caps, floors, participation rates and AVE bonus interest. Not intended to represent any particular Index UL product or any Index with an IUL product. All results shown are historical results, and none of this data suggests or guarantees similar performance in the future. AVE Bonus Interest Assumptions: MLSB = .65%; PIMCO = .40%; Franklin = .75%; S&P 500 = .10%
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15

You get essentially the same story with PIMCO.

It was the 3rd-place performer in 2001 and 2002, then the best performer for four consecutive years.

If you had followed your instincts from 2001 and 2002, you might have put all of your eggs in the MLSB Index.

If you didn't make adjustments, and left your money in the MLSB through 2006, you would've missed-out on the PIMCO index being the best performer in the group.

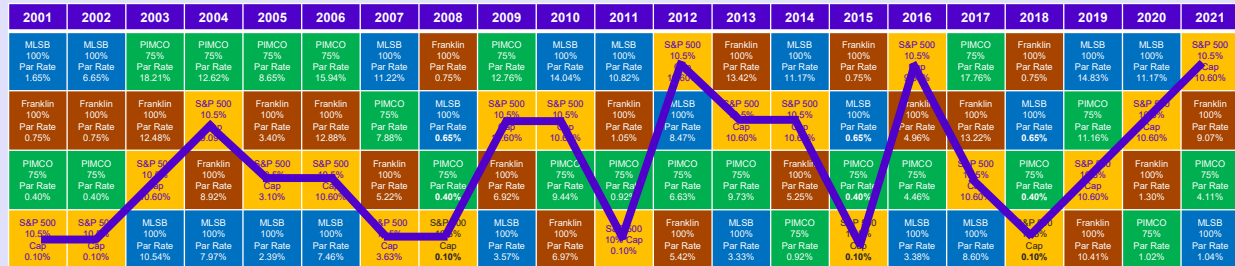
In 2002 was there any way you could've known that, from 2003 through 2006, the PIMCO Index would be the best performer? NO!

Then the PIMCO Index was in the middle of the road for two years before becoming the best performer again in 2009 followed by being the third-place performer in 2010 through 2013, and then it zig-zagged the rest of the way to 2021.

Again I ask: Do you notice any apparent volatility in these lines?

The Periodic Table of Indexes (annual returns)

(includes AVE bonus interest in all years)

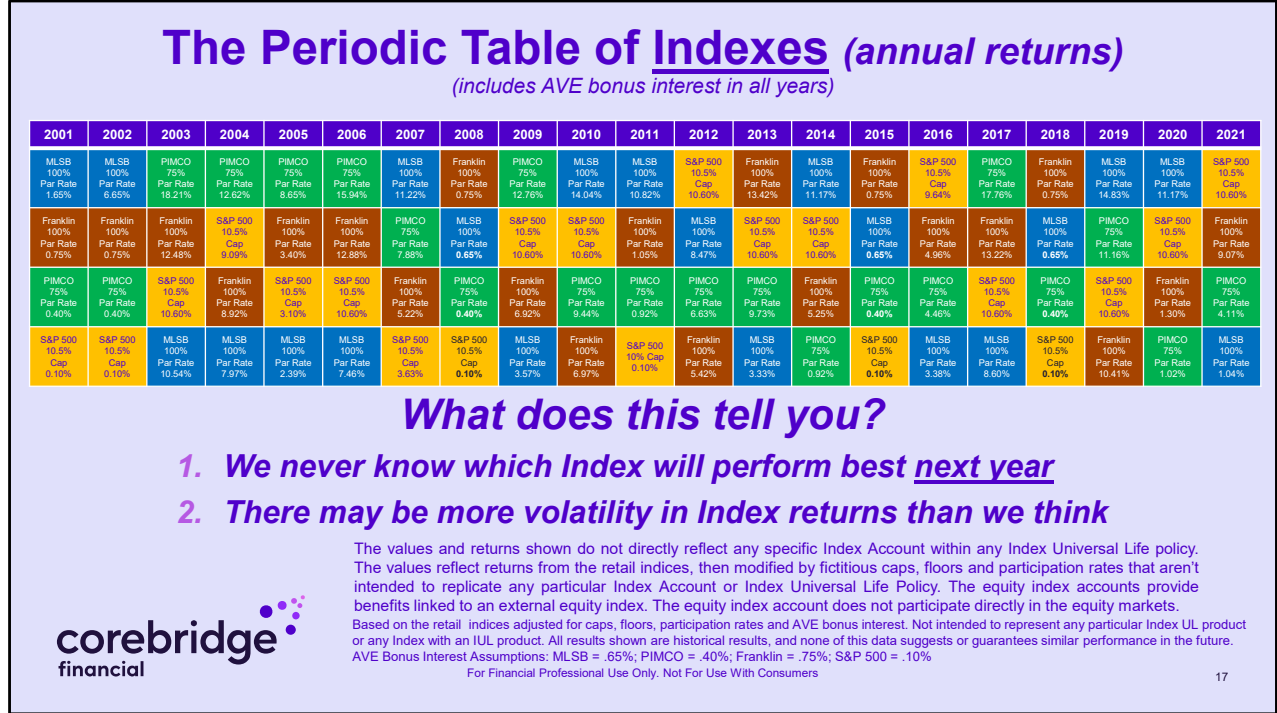


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16

Lastly, let's look at the S&P 500 index with a hypothetical 10.5% cap and a 10-basis-point AVE.

It was a relatively low performer from 2001 through 2011, only to be a top performer in 2012, near the top in 2013 and 2014, at the top again in 2016, then drifting to the bottom of the chart again before finishing strong in 2020 and 2021... again with substantial apparent volatility throughout.



So which index account performed the best from 2001 to 2021?

It's kinda hard to tell from this chart, isn't it?

But what does this ***"Periodic Table of Indexes"*** tell you?

This chart makes it clear that the best performing index in one year will not necessarily be the best performing index the next year.

It also suggests that there may be more volatility to these index returns than we typically think about.

That's partly because index caps and floors tend to reduce volatility... But we can't be lulled into thinking that the caps, floors and participation rates eliminate volatility.

If you don't think there's volatility in index returns... think again!

Let's learn a little more about that.

Are We Seeing The Volatility In IUL Indices?



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18

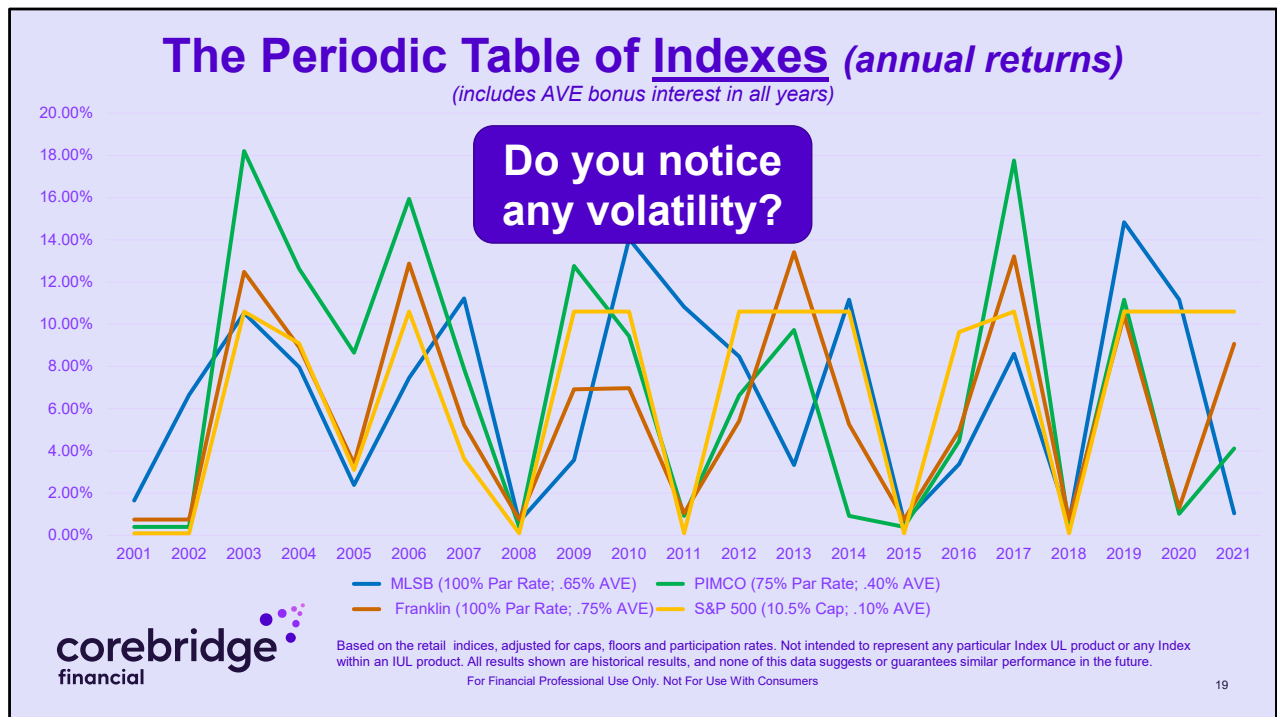
So I wondered if we are seeing the volatility that actually exists in IUL indices.

And I wondered how that volatility might affect performance during accumulation and during distribution.

And I thought: "We can use this historical return information to do some modeling that might teach us something."

So what can we learn if we take a closer look at the volatility that exists in IUL indices, based on historical performance, armed with the knowledge that past performance is no indication of future performance?

Let's see...



In this graph I simply took the annual returns from the ***Periodic Table Of Indexes*** chart and graphed them, and applied each index's caps, floors, participation rates and AVE bonuses.

The MLSB returns are shown in the blue line; the PIMCO returns are reflected in the green line; the Franklin returns are in the bronze line; and the S&P 500 returns are shown in the yellow line. The legend shows the Caps, Participation Rates and AVE Bonuses for each index.

The good news is that, because each of the indexes has a 0% floor, none of the returns are negative.

But is there volatility?

Yes... there is... there's a LOT of volatility.

(Remember that, in Index Universal Life, even though the index return has a 0% floor, the account value can go down as a result of cost of insurance and other charges within the policy.)

My point is to help you understand that, even though we think of index caps, floors and participation rates as having the ability to reduce volatility, they certainly don't eliminate volatility.

And you can also tell that you never know which index is going to produce the best return in the next year.

The PIMCO returns have great highs that certainly look attractive, but look at these years:

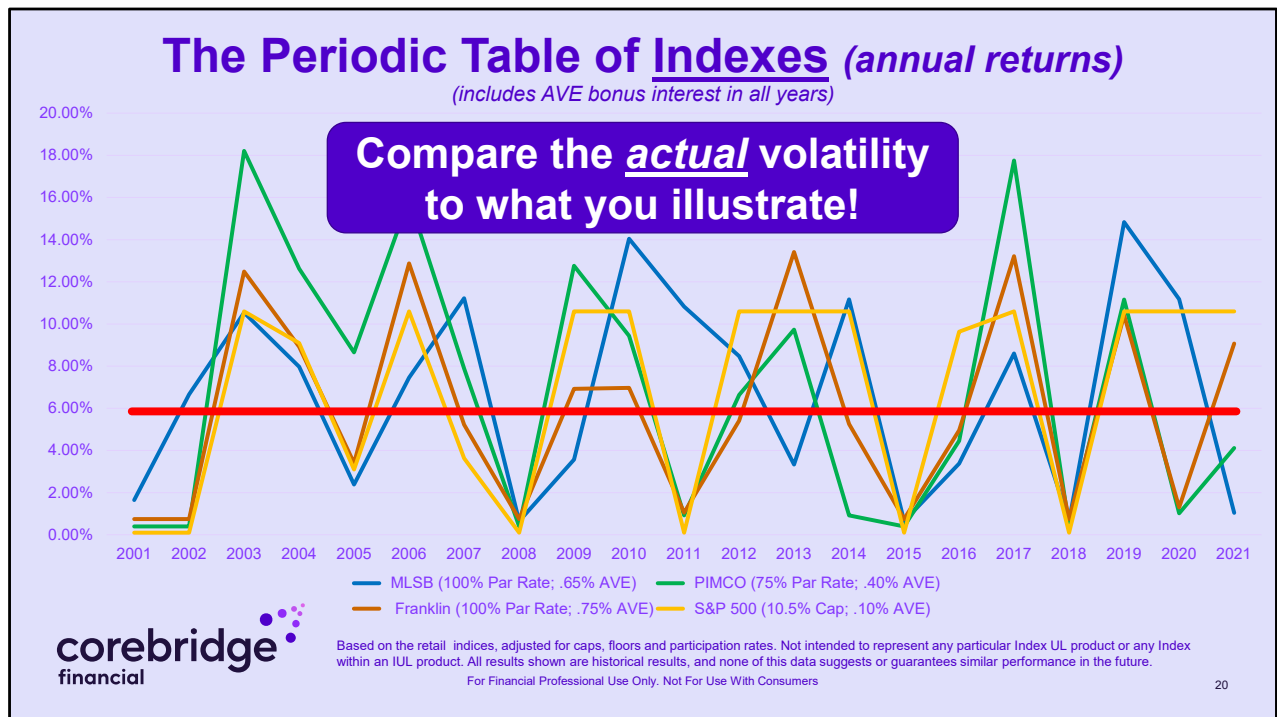
- In 2002 PIMCO returned .4% while MLSB returned 6.65%
- In 2011 the MLSB produced a 10.82% return while the PIMCO index had just a 0.92% return.
- Or look at 2014 when the MLSB index returned 11.17% and the S&P 500 returned 10.6% while the PIMCO returned less than 1%.
- Or how about 2021 when PIMCO returned 4.11% compared to the S&P 500 at 10.6%.

So, there are certainly some years where you may have wished you were in any one of these indices... and other years where you may have wished that you weren't.

And more challenging is the fact that our Index Universal Life illustrations show a level rate of return... in every year of the illustration... so the illustration doesn't really reflect the volatility inherent in the indices.

That nice, level, never-changing interest rate is what your client sees **BEFORE** they purchase the policy.

AFTER they purchase the policy, they see returns like the returns in the graph.



If your illustration led them to believe that they'll get a 6% interest rate every year, just like the illustration shows, they'll be in for a surprise when they begin seeing their annual statements.

The red line in this graph shows the level, annual 6% rate of return you might have used in your illustration, compared to the ACTUAL returns your client might receive after purchasing the policy.

Even though we're attempting to minimize volatility with Caps, Floors and Participation Rates, we're beginning to see that the actual returns are likely to be more volatile than we thought.

But how does this volatility translate into actual performance?

Let's explore that a little.

Important Notes

This information is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations.

Please understand that this presentation is not suggesting that diversifying a client's premiums and cash values equally across four indices is the correct approach for any particular situation. Every client situation is unique and needs to be evaluated independently.

The illustration of equally dividing the premiums and cash values equally across four indices should not be deemed to be investment advice. However, as an agent or advisor, you might want to consider the potential benefits of diversifying client's assets into more than one index.

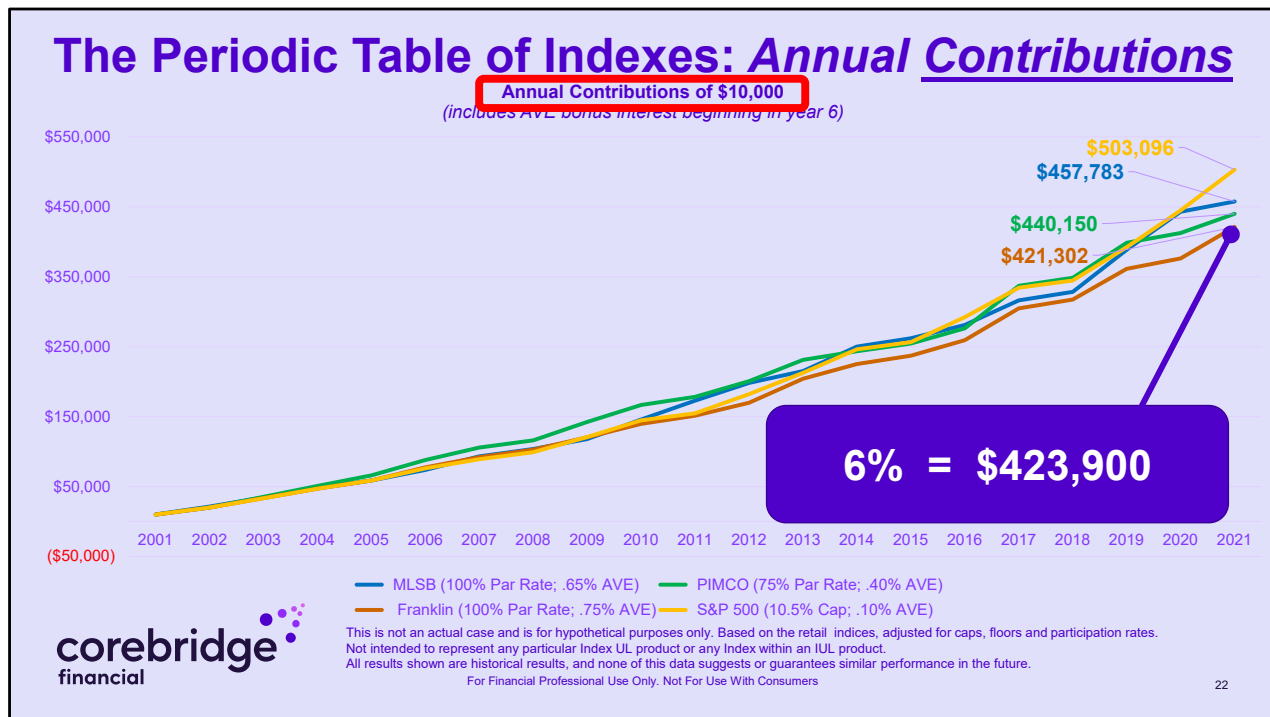


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21

Here are some important notes about the next part of our discussion regarding diversification **within** an IUL product.

You should be sure to discuss these important notes before proceeding.



Let's look at what would have happened, historically, if we had applied those historical returns to a \$10,000 annual contribution.

Remember, we're not talking about actual life insurance policy performance in this graph. We're just looking at the annual returns of the indices. These historical values don't include any of the costs associated with life insurance, including premium expense charges, policy fees, cost-of-insurance charges and the cost of riders. This only shows what would happen to contributions of \$10,000 per year being subjected to the annual growth rates of each index.

After hypothetically investing \$10,000 per year into the Franklin index, using the historical returns from our **Periodic Table Of Indexes** chart, and the Participation Rate and AVE shown in the legend, the ending value would've been in 4th place at about \$421,000.

Using the historical returns of the PIMCO index, the ending value would've been in 3rd place with about \$440,000.

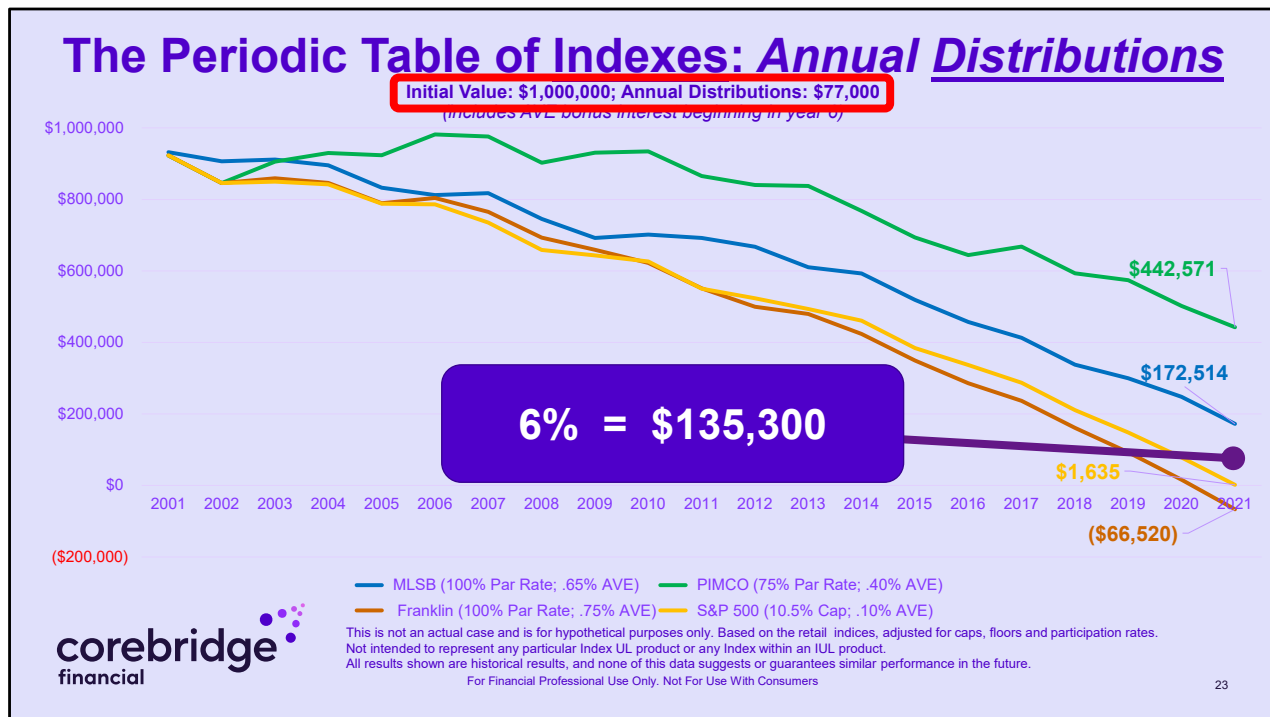
Using the historical returns of the MLSB index, the ending value would've been in 2nd place at about \$457,000.

And the winner would've been the S&P 500, which would've grown to about \$503,000.

Although there's some difference between the performance of the three accounts, when you look at them on the graph it looks like they all performed pretty similarly... but there *is* an \$80,000 difference between the S&P 500 index and the Franklin index, making the S&P 500 balance almost 20% more than the Franklin balance.

The good news here is that, if you had projected the results at a constant, level 6% interest rate, the ending value would've been about \$423,000. So your client may have expected \$423,000, while all four indices were projected to generated \$421,000 or more.

This means you would've under-promised and over-delivered, and that's good news.



To add to your knowledge and understanding, let's also look at what happens during distribution if you would've started with a \$1,000,000 account in each index, and withdrew \$77,000 per year for the next 20 years.

Again, remember that these are NOT life insurance illustration numbers. These are just the projected values after applying the historical returns.

- The Franklin index would've ended at about negative \$66,000... you would've run out of money right as you took your final \$77,000 withdrawal.
- The S&P 500 index... which was the best performer during the 20-year accumulation example we just looked at... would've ended with a residual value of about \$1,600, landing it in 3rd place among the group.
- The MLSB index would've ended at about \$172,000.
- And the PIMCO index, which was projected to be in 3rd place in the accumulation example, would be projected to finish in 1st place in the distribution example with a projected value of about \$442,000.

If you had projected these values using a constant, level 6% growth rate every year, the ending value would've been projected at about \$135,000.

Here are some observations you may find interesting:

- If you had put all of your money in the Franklin or S&P 500 indices, you would've over-promised and under-delivered. That typically wouldn't be good news.
- If you had put all of your money in the MLSB or the PIMCO, you would've under-promised and over-delivered, which would typically be good news. Your client expected \$135,000 and they actually received \$172,000 or \$442,000.

After this example, you may tend to think *"I like the PIMCO index the best."*

Or maybe you'd think: *"I'm going to use the S&P 500 during accumulation and the PIMCO during distribution."*

Unfortunately, hindsight is just that... hindsight.

And hindsight cannot predict the future.

That's right... you don't know how any of these indices will perform over the next 20 years...

You don't know which index will perform the best and which will perform the worst, and the results may be different if your client is contributing or distributing.

This can make it very difficult to know what to do.

What About Diversification Within An IUL Policy?

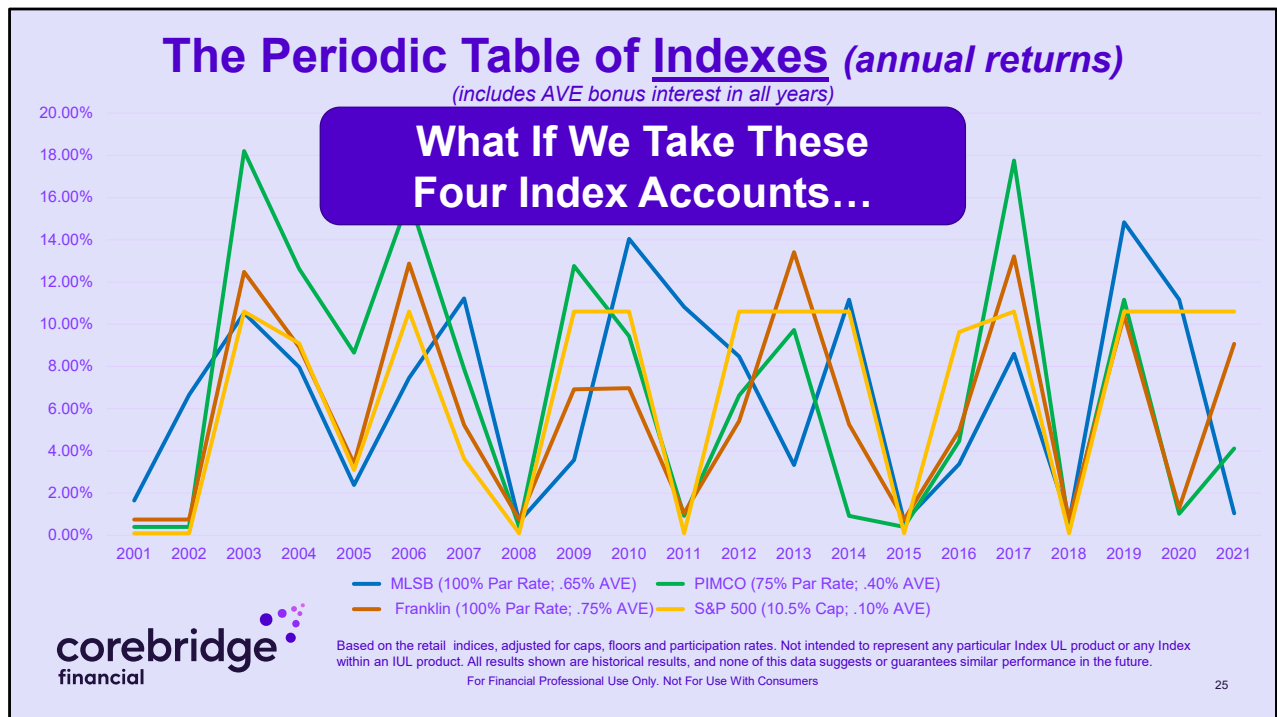


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24

So, as we consider the potential volatility of these indices, maybe there's an opportunity to think about "*diversification within an IUL policy.*"

Let's see...

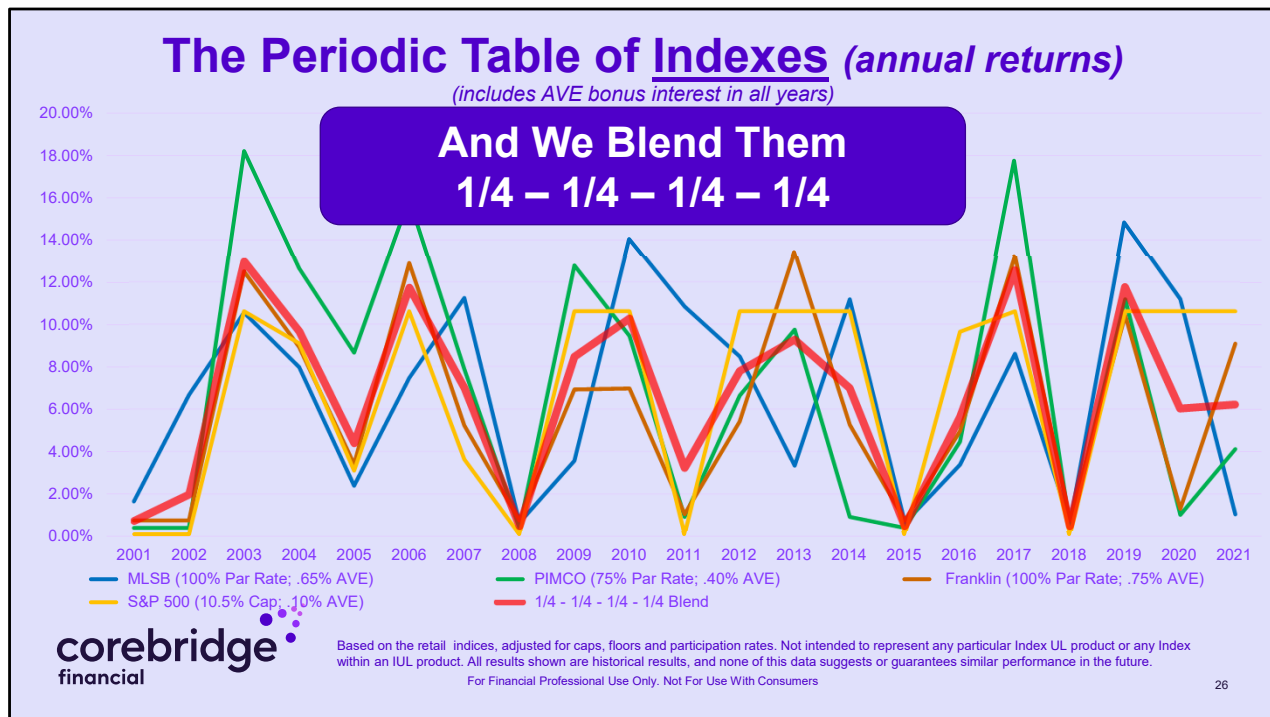


Remember, even after applying caps, floors and participation rates, we're still dealing with a LOT of potential volatility.

So...

What if we DON'T try to pick the best performing index over the next 20 years?
And what if we DON'T put all of our eggs in one basket?

What if we take these four index accounts...



And we blend them with 1/4 of the money in each index bucket?

Here I've added a red line that shows the **average return** of all four indices.

It essentially represents what you'd get each year if 1/4 of your return came from the MLSB index; 1/4 of your return came from the PIMCO index; 1/4 of your return came from the Franklin index; and 1/4 of your return came from the S&P 500 index, after applying each index's caps, floors, participation rates and AVE bonuses.

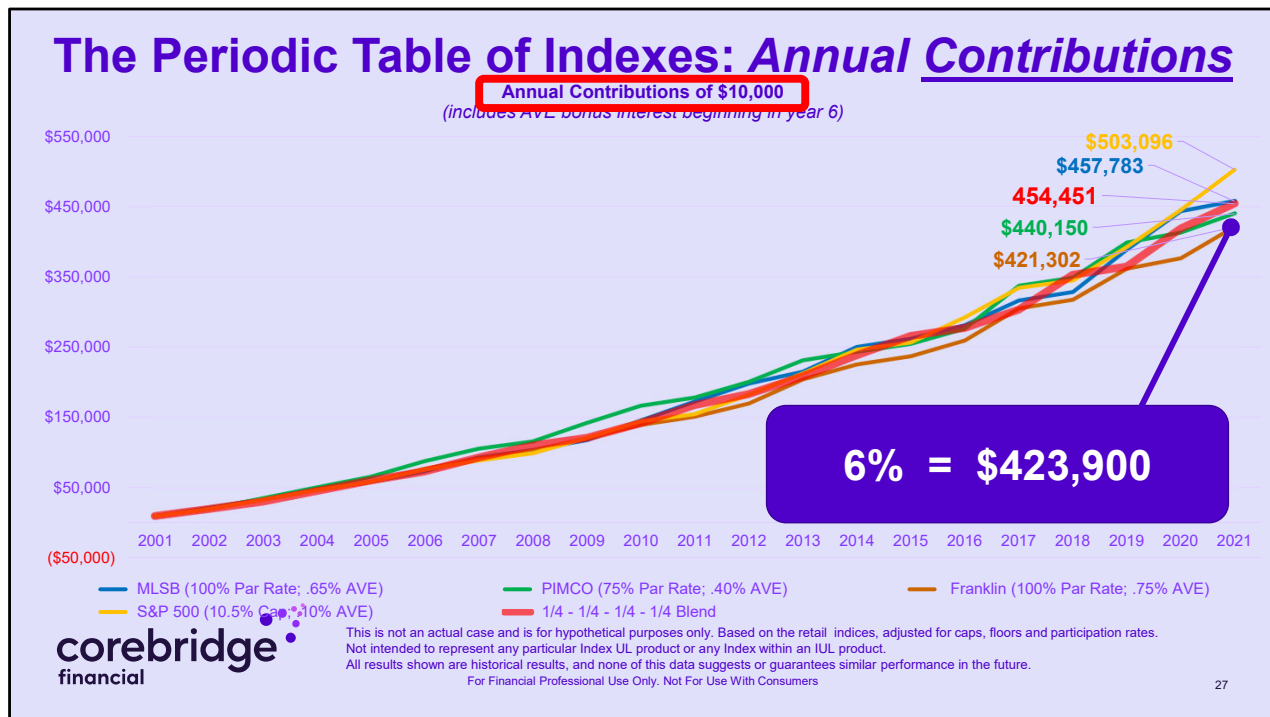
You'll notice that "blending" the four returns produced an even less volatile return than any of the individual index accounts.

Other than the years where all four indexes produced a 0% return, the red line tends to "play in the middle," as you'd expect.

It doesn't have the highest highs, or the lowest lows in any particular year.

Therefore, each index's caps, floors and participation reduce volatility; but blending them reduces the volatility even more.

So let's go through our previous two examples to see how the "blended" performance does.

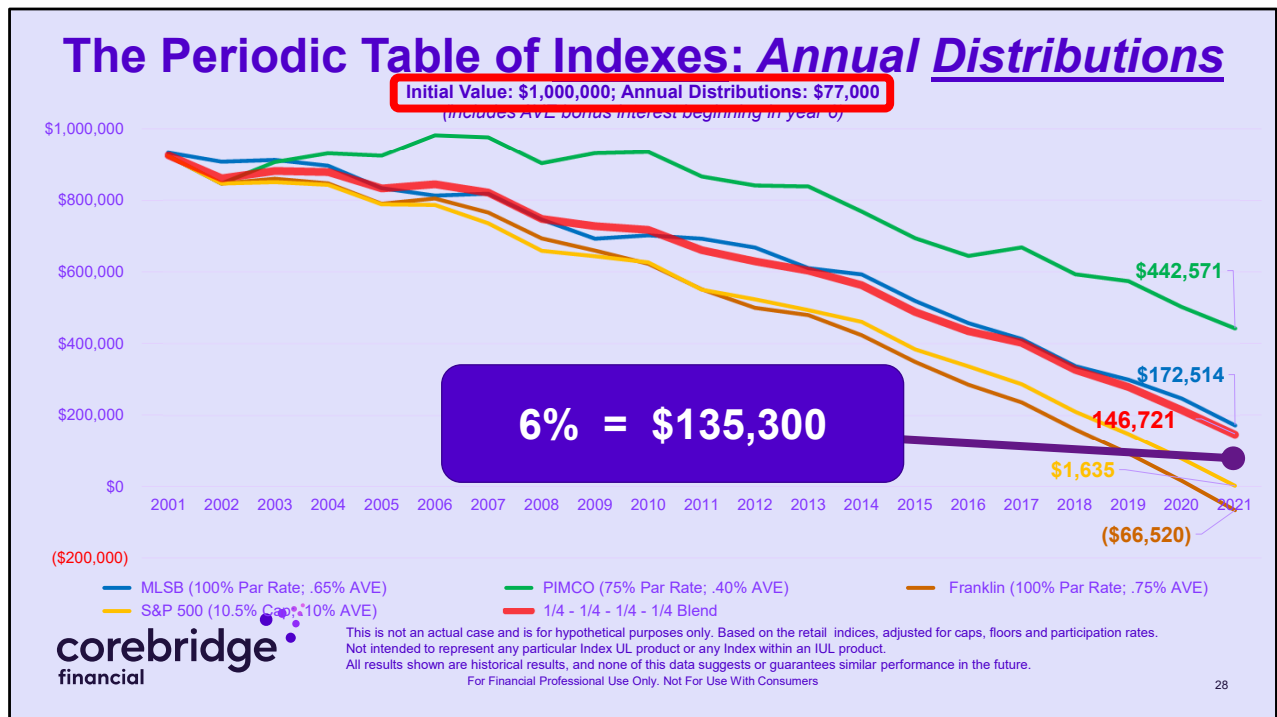


With annual contributions, the result of the "blended returns" did what you may have expected... it produced results right down the middle. In this example the blended returns ended-up being higher than three of the indices, but lower than the S&P 500.

If you had projected a \$10,000 annual contribution at a constant, level 6% return, the value at the end of 20 years would've been \$423,900

And the blended approach is projected to be about \$50,000 more than a constant 6% return, which implies that the blended approach outperformed what you may have originally expected at 6%.

This would be a good outcome... your client's actual results exceeded their expectations. You under-promised and over-delivered.



And in the example showing a \$1,000,000 account with \$77,000 annual distributions, once again the blended approach delivered results right down the middle...

not the best, but certainly not the worst...

and better than the results would have been with a constant annual return of 6%.

This implies that the blended approach would've out-performed what you originally illustrated at 6%. Again you under-promised and over-delivered.

This also would've been a good outcome...

your actual results exceeding the originally illustrated results.

The Point Is: Consider Diversification Within An IUL Policy



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29

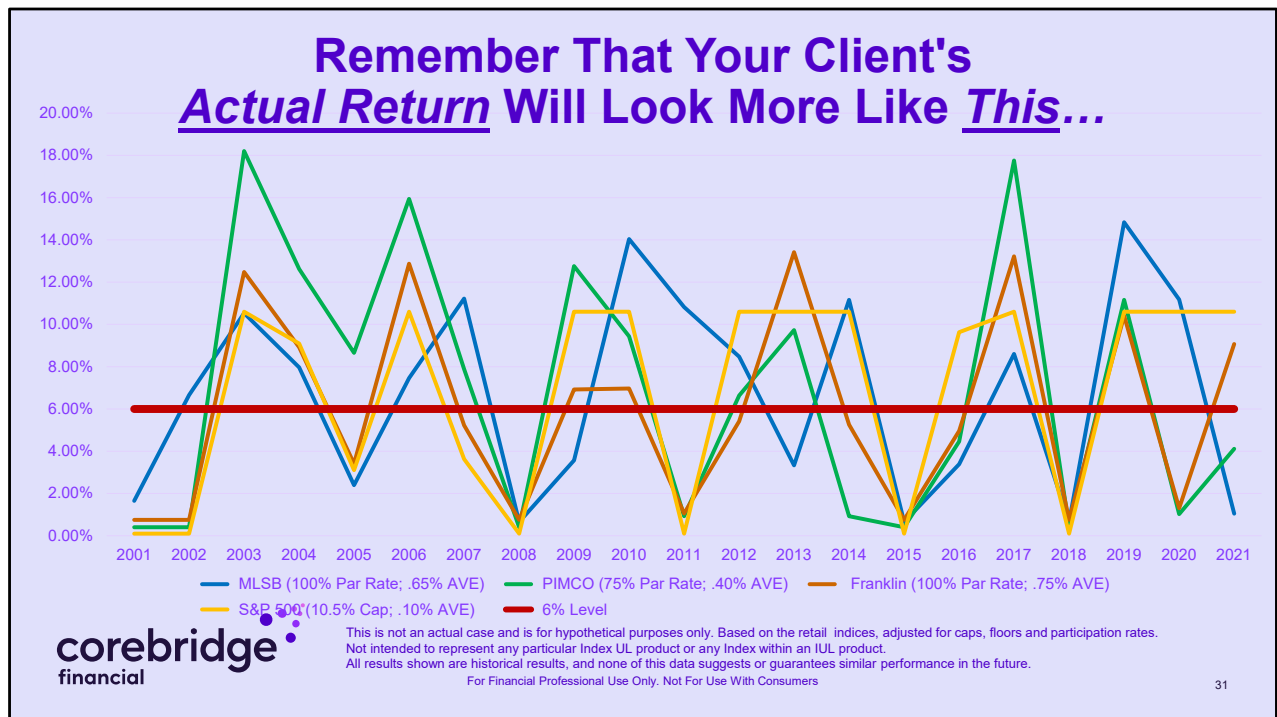
So my point is that you may want to reconsider your approach to Index Universal Life.

It may make sense to consider “*diversification within an IUL policy.*”

Instead of putting all of your assets into ONE index bucket, it may make sense to diversify across several index buckets, producing less volatility and more predictable results.



So the next time you're illustrating your IUL,
and you're thinking that IUL returns don't really have much volatility...
Remember that your client is making a significant purchase decision based on this
level return...



When their actual returns **AFTER they buy their policy** will look more like this.

So if you don't think there's much volatility in IUL policies, think again.

Consider preparing your client for the reality of the return volatility they'll see after they buy the policy.

And consider diversifying your client's IUL policy across more than ONE index bucket.



Thanks for joining me today... I hope you learned something you can immediately apply to your business so that you can do it even better.

Looking at Index volatility through a different lens hopefully helps you think differently about how you position your IUL products, and how you describe them to your clients.

This kind of information can put you at the leading edge of knowledge about IUL products and index volatility.

Here at Corebridge we look forward to continuing to provide you with the products, the services and the people that are the hallmark of our Corebridge reputation.

And I thank each of you for everything you do, every day, to help your clients achieve and protect their lifetime of financial security.



This closing slide is primarily as a placeholder slide that appears at the completion of webinar presentations as a static background.