Producer Guide

AG HorizonIndex℠

Indexed single-premium deferred annuity with market value adjustment (MVA)

Annuities issued by:
American General Life Insurance Company
A member company of American International Group, Inc.

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AIG AMERICAN GENERAL

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Annuities are the only products that can guarantee income for life.

Introduction to Annuities

What Is an Annuity?

An annuity is a contract between a life insurance company and an individual (the annuity owner), under which the company agrees to accept a premium payment and administer or maintain the annuity until it is surrendered or all funds are withdrawn. Annuities have two phases: an accumulation phase and a payout phase.

During the accumulation phase, funds are paid into the contract and interest is credited. This phase can last a few months or several decades, depending on the needs of the annuity owner. It's also the phase that most people are familiar with in reference to deferred annuities.

In the payout (annuitization) phase, funds are distributed from the annuity based on a payout option selected by the annuity owner. Payments are distributed based on a certain period of time or for the life of the annuitant. This phase can begin several years after the policy is started (through the annuitization feature of a deferred annuity), or it can begin within a short period of time (as with an immediate annuity).

During the entire life of the deferred annuity, withdrawals can be administered as directed by the annuity owner. Withdrawals during the accumulation phase of a deferred annuity are called partial withdrawals. Partial withdrawals can be taken as lump sums, systematic withdrawals, or interest-only payments. Money distributed during the payout phase of an annuity is normally fixed at prescheduled levels which are dependent on the duration selected by the annuity owner.

The type of annuity selected depends on the annuity owner's financial needs and goals. Whether as a retirement savings vehicle or as a steady stream of income, an annuity might be a key component in an overall financial plan. An annuity can be the entire solution or part of an overall diversification of assets, depending on your client's individual situation.

Types of Annuities

Here are some of the types of annuities available to you and your clients:

- **Single-Premium or Multiple-Premium:** An annuity can be purchased with either a single lump sum (single-premium) or a series of payments over time (multiple-premium).
- **Deferred or Immediate:** Payments from an immediate annuity begin within one year of premium payment, whereas payouts from a deferred annuity can begin many years later. Deferred annuities are primarily used when the owner is trying to accumulate assets until some time in the future. Immediate annuities, on the other hand, satisfy a need for people who are entering retirement and require a fixed stream of payments from their assets.
- **Fixed or Variable:** Funds in an annuity may accrue interest based on a predetermined set of circumstances (fixed), or they may be allocated to selected investment options (variable). Most fixed annuities credit interest as declared annually in advance by the insurance company, whereas the value of a variable annuity is based on the performance of the investment options selected. One variation on the fixed annuity is the indexed annuity, which earns an interest rate linked to the performance of a financial index.

Who Purchases Fixed Deferred Annuities?

Fixed deferred annuities can be an excellent solution for a variety of clients, including:

- Clients who are risk-averse or who have seen their assets erode recently
- Clients who are contributing the maximum to their employer-sponsored qualified plans
- Clients who feel they are "behind" in their retirement savings
- Clients who could benefit from a tax-deferred product
- CD purchasers who want retirement income

Benefits of Deferred Annuities

People purchase annuities for a wide range of reasons, and agents are finding more uses for them in overall financial plans.

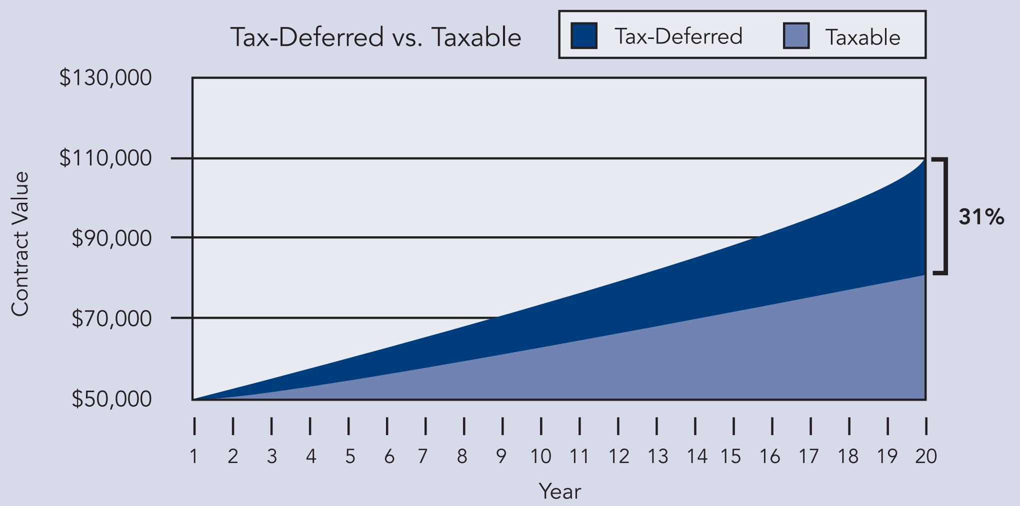
The main reasons annuities have such strong appeal in today's market are:

- **Tax Advantages:** Under IRS regulations, annuities allow for tax-deferred growth, along with tax-advantaged payouts on annuitization. During the accumulation phase, interest paid on annuities is not taxable until funds are withdrawn (see the Tax-Deferred Growth inset). During the payout (annuitization) phase, an exclusion ratio helps spread taxes out over the entire expected duration of the stream of payments.
- **Income for Life:** Annuities are the only products in the market that can guarantee a stream of payments that cannot be outlived by the annuitant
- **No Limits on Contributions:** Nonqualified annuities are not subject to the same rules limiting contribution amounts to IRAs and qualified plans
- **Safety of Premium:** Fixed annuities and indexed annuities contain provisions that allow the owner to minimize the risk during market decline

Tax-Deferred Growth

Annuities enjoy favored tax treatment under current IRS regulations. Any interest credited to a deferred annuity is not subject to federal and state income taxes until withdrawn from the contract. This provision allows annuity owners to benefit from tax-deferred compounding. No taxes are due until funds are withdrawn or paid out.

The following graph represents the value of this feature for an annuity owner. As this representation shows, even in a low interest rate environment, annuities are an excellent way to achieve long-term asset accumulation.



The above graph demonstrates the benefits of tax-deferred accumulation. In this example, we have examined two products that are virtually identical, with the exception that interest credited in one product accumulates without income taxation. Both products were purchased with a $50,000 premium, feature a fixed interest rate of 4 percent and are held for 20 years. Prior to withdrawing all of the funds, the tax-deferred product has increased **31 percent more** than the taxable product. Even after a full withdrawal and payment of income taxes (assuming 35 percent income tax rate), the owner of the tax-deferred product would still have $88,711 — **6.18 percent more** than the owner of the taxable product (which accumulated to $83,544).

What Is an Indexed Annuity?

An indexed annuity is a fixed annuity whose interest rate is linked to the performance of a financial index, such as the Standard & Poor's 500 Index.[1] Interest is calculated based on changes in the index and credited on a regular basis. Like other fixed annuities, indexed annuities also guarantee a minimum nonforfeiture interest rate.

Indexed annuities provide investors with the potential to make more interest than fixed deferred annuities when there are gains in the stock market while limiting the market risks inherent in variable annuities. Whereas variable annuities can actually lose money in "down" markets, indexed annuities are protected by their guaranteed minimum nonforfeiture interest rate.

Who Purchases Indexed Annuities Over Other Forms of Fixed Deferred Annuities?

An indexed annuity may be an ideal choice for clients who:

- Are less risk-averse than other fixed annuity purchasers
- Want their interest credit to benefit from market growth, but still want a "safety net" of protection should the market decline
- Are looking for an earnings vehicle that has a better chance of keeping up with inflation
- Are looking to satisfy a long-term financial goal
- May be contributing the maximum to their 401(k) accounts and are seeking other tax-deferred options

What Are the Pros and Cons of Indexed Annuities?

Clients considering an indexed annuity should consider all the products advantages and disadvantages, including:

- Potential for market growth plus protection against losses
- A guaranteed interest rate prevents market downturns from eroding the principal
- Tax-deferred growth of earnings until withdrawal
- Higher potential returns — but also higher risk levels — than traditional fixed annuities, CDs or bonds
- Greater stability — but also lower potential returns — than variable annuities, mutual funds or stocks
- Annuities in general, and indexed annuities are no exception, are better for achieving long-term as opposed to short-term investment goals
- As with all annuities, withdrawals taken before age 59½ may be subject to penalties and additional taxes

[1] "Standard & Poor's®," "S&P®," "S&P 500®," "Standard & Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by American General Life Insurance Company. This product is not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of purchasing this product.

One product, many great features — security *plus* the potential for market gains.

Important Information for Selling Indexed Products

Although indexed annuity products are considered to be fixed deferred annuities and feature all the benefits that fixed products have to offer, it's important that agents properly position these products when selling them to clients. Indexed annuities are historically exempt from federal and state securities registration requirements, and it's important to understand that the way in which a product is marketed can directly impact the determination of whether it is considered to be a security. Therefore, all producers should be aware of the following guidelines for marketing indexed annuity products.

- Indexed products should be properly positioned as an alternative to other fixed deferred annuities
- They should not be marketed as a substitute for equity investments (such as mutual funds)
- The marketing and sales process should speak to the guaranteed features of the product without overemphasizing the possibility of high market-linked interest credits or the aspect of linkage to equities
- The overall focus of any marketing, including any sales presentations, should be the long-term retirement aspects, such as minimum guaranteed surrender values, annuity payout options and the safety and stability of insurance products in general

The AG HorizonIndex Annuity

AG HorizonIndex Annuity: An Introduction

Designed to satisfy many of the financial planning needs facing your clients, the *AG HorizonIndex* annuity is a great addition to any agent's portfolio of annuity offerings. From the security of guaranteed interest rates to a customizable choice of indexing accounts, the *AG HorizonIndex* annuity offers your clients many of the options they need — all in one product.

Product Highlights

- Three accounts in which to allocate funds
  - A strong fixed account with a multi-year credited interest rate guarantee
  - An annual strategy with a monthly point-to-point additive method of interest determination
  - A biennial strategy using a point-to-point method of interest determination
- First-year premium bonus
- Annual reallocation of funds without withdrawal charges or MVA
- Account ratcheting (annual or biennial depending on the index account selected)

As a financial planner, all you have to do is determine how long your client wants to keep the product and where the funds should be allocated. Depending on your client's financial planning horizon and risk tolerance, you'll be able to customize a product to fit his or her specific financial plan.

Whether you sell it as a stand-alone product or as part of an overall financial plan, the *AG HorizonIndex* annuity is an excellent way to assist your clients now and for years to come.

From the security of guaranteed interest rates to a customizable choice of indexing accounts, the *AG HorizonIndex* annuity offers many of the options your clients need — all in one product.

AG HorizonIndex Annuity At-A-Glance

Following are some key features of the *AG HorizonIndex* annuity from American General Life Insurance Company (American General Life). For further information, refer to the annuity contract.

- **Contract Description:** Indexed single-premium deferred annuity with market value adjustment (MVA)
- **Issue Ages (Owner and Annuitant):** 0–85 for qualified and nonqualified (0–70 for IRAs)
- **Premium Type:** Single
- **Minimum Deposit:** $5,000, excluding premium bonus (qualified and nonqualified)
- **Maximum Deposit:** $1 million ($500,000 above age 75) without home office approval
- **Plan Options:** 9-Year and 12-Year
- **Account Options:** Fixed Interest Account; 1-Year Term Account; 2-Year Term Account (see explanations beginning on page 11)
- **Premium Bonus:** A premium bonus will be applied to the premium amount and allocated to each of the interest crediting strategies in the same percentages as the premium; the premium bonus will be different for the 9-Year Plan versus the 12-Year Plan
- **Guaranteed Minimum Withdrawal Value:** 90 percent of premium, less prior withdrawals, accumulated at 2 percent interest (unless states require a higher interest rate to be used)
- **Income Plan Options:** A full range of income plans, including life income, life income with years guaranteed, life income with installment refund, fixed amount, and fixed period income
- **Death Benefit**
  - Equal to the withdrawal value without MVA
  - Minimum death benefit is premium paid less any prior partial withdrawals
  - Alternatively, annuity value will be applied if annuitized under one of the income options set forth in the contract (five year minimum payout period)
- **Free Withdrawals:** One withdrawal per contract year, for up to 10 percent of the annuity value as of the previous contract anniversary, is allowed after the first contract year without withdrawal charge or MVA. Free amount is offset by any systematic withdrawals taken.
- **Systematic Withdrawals**
  - Systematic withdrawal of interest is allowed after 30 days from fixed interest accounts
  - Systematic withdrawals in the first year are subject to withdrawal charges and MVA
  - Systematic withdrawals after the first anniversary will be subject to withdrawal charges and MVA if total annual amount withdrawn is greater than 10 percent of annuity value as of previous anniversary
- **Annuitization:** Allowed after fifth year without MVA or withdrawal charge if income plan selected is for the greater of five years or the remaining withdrawal charge term (state variations exist)
- **Riders:** Extended Care — waives early withdrawal charges assessed on withdrawals or surrenders, if certain conditions are met

Interest Crediting Strategies

The *AG HorizonIndex* annuity offers three interest crediting strategies and two great options, which allow annuity owners to customize their contracts to fit their specific financial goals. Amounts may be allocated to any combination of the strategies. There is no minimum requirement on the amount of premium allocated to each strategy.

- **Fixed Interest Account** (“Fixed Interest Strategy”)
- **1-Year Term Account:** An S&P 500 Index additive monthly cap one-year term strategy (“1-Year Term Strategy”)
- **2-Year Term Account:** An S&P 500 Index point-to-point two-year term with cap strategy (“2-Year Term Strategy”)

The owner may reallocate account values among the interest crediting strategies on each contract anniversary without having to pay withdrawal charges or an MVA. See page 14 for more details.

Two Initial Options

At issue, the owner selects from one of two available options: the 9-Year Plan and the 12-Year Plan. The two options are functionally similar, except for:

- Withdrawal charge schedule and MVA (percent charged and length of time; see “Withdrawal Charges,” page 15)
- Initial guaranteed credited rate and length of guaranteed period in the Fixed Interest Account (see “Fixed Interest Strategy” below)
- Premium bonus

Fixed Interest Strategy

Under the Fixed Interest Strategy, American General Life will declare an initial credited interest rate, which will be guaranteed for the annuity’s multi-year guarantee period.

- Under the 9-Year Plan, the guarantee period is six years
- Under the 12-Year Plan, the guarantee period is nine years
- Different credited rates will likely be declared for the 9-Year Plan and the 12-Year Plan

After the multi-year guarantee period ends, American General Life will declare interest rates in advance for each contract anniversary, which will be guaranteed for the next 12 months. The minimum guaranteed credited interest rate is 2 percent (in most states).

1-Year Term Strategy

Under the 1-Year Term Strategy, interest is credited annually at the end of each one-year indexing term, which coincides with each contract anniversary.

- For each one-year term, American General Life declares in advance the monthly cap for this strategy
- The credited interest rate equals the sum of 12 monthly point-to-point index value change percentages, with each month's positive percentage subject to the declared cap
- Monthly change percentages can be either positive or negative
- Minimum annual credited interest rate is 0 percent. Maximum annual credited interest rate equals the monthly cap multiplied by 12.
- No portion of current term interest is earned on death benefits or withdrawals during the current indexing term

Sample Scenario

Derek Allen purchases an *AG HorizonIndex* annuity and allocates $10,000 of his premium and premium bonus to the 1-Year Term Strategy.

Assumptions:

- The monthly interest cap is 2 percent
- There have been no partial withdrawals or transfers of value between accounts
- The S&P 500 Index value on the date of issue is 1,000; the index values on each of the following months are as shown below

Interest Rate Calculation for Derek's 1-Year Term Account

Month	S&P 500 Index Value	S&P 500 Index Percent Change	Capped Percent Change
Date of Issue	1000	–	–
Month 1	1050	5.00%	2.00%
Month 2	1020	(2.86)	(2.86)
Month 3	1100	7.84	2.00
Month 4	1115	1.36	1.36
Month 5	1095	(1.79)	(1.79)
Month 6	1100	0.46	0.46
Month 7	1100	0.00	0.00
Month 8	1200	9.09	2.00
Month 9	1240	3.33	2.00
Month 10	1210	(2.42)	(2.42)
Month 11	1300	8.33	2.00
Month 12	1330	2.31	2.00
Total Capped Percent Change			6.75%

Interest credited = $10,000 x 6.75% = **$675**

Note that in months where the S&P 500 growth exceeded the monthly interest cap, the percentage change is limited to 2 percent.

On the contract anniversary, the 1-Year Term Strategy account in Derek's annuity is credited with **6.75 percent** interest, or **$675**, raising his account value to **$10,675** ($10,000 + $675 interest = $10,675).

Had the total capped percent change at the end of the term been negative, Derek's 1-Year Term Account would have been credited the minimum rate of 0 percent and his account value would remain unchanged.

2-Year Term Strategy

Under the 2-Year Term Strategy, interest is credited at the end of each two-year indexing term, which coincides with the contract anniversary every two years. The credited rate equals the biennial percentage change in the index value, which cannot exceed the declared cap or be less than zero. No portion of current term interest is earned on death benefits or withdrawals during the current indexing term.

Because the owner may reallocate account values into the 2-Year Term Account annually on the corresponding two-year contract anniversary, a contract may have up to two account value "buckets." On each contract anniversary, interest is credited to the bucket whose indexing term ends on that date.

- While this is a "two-year account" out of which funds may not be transferred until the end of the corresponding two-year period, the owner may transfer or allocate funds into this account each year
- If funds are reallocated to the 2-Year Term Strategy on a year after a 2-Year Term Strategy has already begun, a second 2-Year Term Account bucket will begin. Interest will be credited to the account bucket on which it was earned at the end of each respective two-year period.
- Any funds currently allocated to a 2-Year Term Account that is not renewing on the upcoming contract anniversary are not eligible for transfer or reallocation

Sample Scenario

Becky Morgan purchases an *AG HorizonIndex* annuity on December 5, 2004, and allocates $5,000 of her premium (inclusive of premium bonus) to the 2-Year Term Account. On the first contract anniversary (December 5, 2005), she reallocates $3,000 to a second "bucket" under the same strategy. The company declares a two-year interest cap of 12 percent every year. Assume S&P 500 two-year changes as stated in the following table and that there are no further reallocations or partial withdrawals.

Interest Rate Calculations for Becky's 2-Year Term Account

		2006	2007	2008	2009	2010	2011	2012	2013
S&P 500 2-Year Change		+5.5%	+10.0%	-6.8%	-2.7%	+13.8%	+2.5%	+8.4%	-0.2%
Bucket 1 ($5,000 allocated)	Credited Interest Rate	+5.5%		0.0%		+12.0%		+8.4%	
	Interest Credited	$275	—	$0	—	$633	—	$496.27	—
	Account Value	$5,275		$5,275		$5,908		$6,404.27	
Bucket 2 ($3,000 allocated)	Credited Interest Rate		+10.0%		0.0%		+2.5%		0.0%
	Interest Credited	—	$300	—	$0	—	$82.50	—	$0
	Account Value		$3,300		$3,300		$3,382.50		$3,382.50

Note that in 2010, the S&P 500 growth exceeds the interest cap, therefore a 12 percent rate is credited. Conversely, in 2008, 2009 and 2013 when the S&P 500 saw negative returns, the minimum rate of 0 percent was credited.

Once interest is credited to an account, it cannot be taken away, even in years of negative market returns.

Annual Reallocations
The owner may reallocate account values among the interest crediting strategies on each contract anniversary. Withdrawal charges and MVAs are not assessed on reallocations. A reallocation letter will be sent to the annuity owner at least 45 days prior to each contract anniversary, providing information about the account and requesting reallocation information. See the annuity contract for full details.

Summary Information About Transfers of Account Values
- Any requested transfers will be implemented on the upcoming contract anniversary, after any interest is credited. Hence, the actual account values that will be transferred are not known until that time.
- All transfers will be based on a percentage of the annuity value that is eligible for transfer on the upcoming contract anniversary. Any funds currently allocated to a 2-Year Term Account that is not renewing on the upcoming contract anniversary are not eligible for transfer.
- There is no minimum account value requirement for any one crediting account
- Withdrawal charges and MVAs will not be applied to any transfers
- If no transfer request is received 14 days or more prior to the upcoming contract anniversary, the account value allocation will remain unchanged

Reallocations in the Fixed Interest Account
Transfers into the Fixed Interest Account during the initial guarantee period will receive interest at the rate declared as of the date of issue for the balance of the initial guarantee period. The initial interest rate will be in effect as follows:
- For the 9-Year Plan, the initial interest rate will be in effect for the first six contract years
- For the 12-Year Plan, the initial interest rate will be in effect for the first nine contract years

Reallocations in the 2-Year Term Account
- Although this is a “two-year account,” the owner may transfer funds into this account each year
- If funds are added at the end of the first year of a two-year period, the 2-Year Term Account will be divided into two parts called “buckets.” On the following contract anniversary, any interest on the older bucket will be credited. Interest on the newer bucket will not be credited until its second contract anniversary. Interest earned will be applied to the same bucket in which it was earned.
- Any funds currently allocated to a 2-Year Term Account that is not renewing on the upcoming contract anniversary are not eligible for transfer

Withdrawals
As with all fixed annuities, the annuity owner is allowed access to his or her money throughout the contract. The annuity owner is allowed to make partial withdrawals or full withdrawals (surrenders) at any time. These withdrawals may or may not be assessed a withdrawal charge or an MVA. Partial withdrawals will be funded from the Fixed Interest Account unless the owner directs otherwise.

The withdrawal limitations are:
- Minimum Remaining Annuity Value: $5,000 (for partial withdrawals)
- Minimum Withdrawal: $250 for non-systematic or $50 periodic payment for systematic

Free Withdrawal Provision
After the first contract year, up to 10 percent of the annuity value as of the previous contract anniversary can be withdrawn without assessment of a surrender charge or MVA, subject to the following limitations.
- If the withdrawal is non-systematic, then only one is allowed per year under this provision
- Minimum Required Distributions on tax-qualified contracts are available without a withdrawal charge or MVA at any time
- If systematic withdrawals are used, then additional funds can be taken in a one-time non-systematic method, as long as the total withdrawn under all means is not more than the 10 percent allowed

Systematic Withdrawals
Systematic withdrawals allow the annuity owner to schedule withdrawals on a monthly, quarterly, semiannual or annual basis beginning any time after the contract has been in force at least 30 days. Systematic withdrawals normally are either interest-only or minimum required distributions, but others are also available. Interest-only systematic withdrawals are allowed from the Fixed Interest Account exclusively, as that is the only account that credits interest ratably throughout the year.

Guaranteed Minimum Return
A contractual provision guarantees that the withdrawal value will never be less than 90 percent of premium, less prior partial withdrawals, accumulated at a 2 percent effective annual interest rate. The guarantee will never be less than that stated. Insurance laws in some states may make it necessary to increase the effective annual interest rate to more than 2 percent; if that is mandated, the company will comply.

Withdrawal Charges
Withdrawal charges are applied as a percentage of the annuity value (before application of the MVA) that exceeds the permitted free withdrawal.

Contract Year	1	2	3	4	5	6	7	8	9	10	11	12	13+
9-Year Plan Withdrawal Charge	10%	10%	9%	8%	7%	6%	5%	4%	2%	0%	0%	0%	0%
12-Year Plan Withdrawal Charge	12%	12%	12%	12%	12%	11%	10%	9%	8%	7%	5%	3%	0%

Withdrawal charges for the 12-Year Plan are reduced from those displayed above at certain “older” attained ages; see the annuity contract for details.

Market Value Adjustment (MVA)
MVA may be applied to any withdrawals that exceed the permitted free withdrawal amount. MVAs may increase or decrease the withdrawal value, depending on interest rate fluctuations. If interest rates have declined, the withdrawal value could be higher; if interest rates have increased, the withdrawal value could be lower. MVAs are only applicable during the withdrawal charge period (up to year 10 for the 9-Year Plan, or up to year 13 for the 12-Year Plan). State variations in the MVA exist. See the annuity contract for a more detailed explanation.

Best of all, AG HorizonIndex is backed by one of the industry's most highly rated and trusted names: American General Life.

Death Benefits
Prior to an income plan beginning, death benefits will be paid to the beneficiary upon the death of the owner and will be equal to:
- The withdrawal value without MVA (minimum death benefit is premium paid less any prior partial withdrawals) or
- The annuity value, which will be applied if annuitized under one of the income options set forth in the contract (five year minimum expected payout period).

Alternatively, if the beneficiary is the spouse of the annuity owner, he or she may, upon request, become the owner and annuitant, continuing the contract. Otherwise, the surviving spouse may select an income plan option or request the death benefit in a single sum.

Death of Annuitant After an Income Plan Begins
If the annuitant dies while payments are being made under an income plan, those payments will end unless the income plan chosen calls for payments to continue after the annuitant's death. These payments will be made at least as rapidly as they were being made at the time of death.

Income Plan Options
An income plan allows you to use the contract to create a fixed income for life or for a specified period.

This contract provides for five income plan options to be paid monthly, quarterly, semiannually or annually. The amount of income paid under an income plan will depend on the amount applied to purchase the income plan, less premium tax, if any, and the income plan option selected.

The annuity value (without MVA or withdrawal charge) will be applied to compute income payments if the income plan selected begins after the fifth contract year and is for the greater of five years or the remaining withdrawal charge term. Withdrawal value is applied otherwise (state variations exist).

Your income plan options are:
- Life Income
- Life Income with 5, 10, 15 or 20 Years Certain
- Life Income with Installment Refund
- Fixed Amount
- Fixed Period Income

Glossary
Account Ratcheting (also known as "annual ratcheting"): A feature under which interest credited becomes the future term's minimum account value and cannot be taken away.

Index Cap: An upper limit placed on the amount of interest that can be credited for a particular term.

Index Value: The index used for indexing strategies under the *AG HorizonIndex* annuity is the Standard & Poor's 500 Composite Stock Price Index. The index value on any specified date is the closing value of the selected index on that date.

Indexing Term: A predetermined period over which interest is calculated. Indexing terms generally range from one to 10 years; in most cases, any interest earned is credited to the account at the end of the term.

Market Value Adjustment (MVA): MVA may be applied to any withdrawals that exceed the permitted free withdrawal amount (see "Withdrawals" on page 15). MVAs may increase or decrease the withdrawal value, depending on interest rate fluctuations. If interest rates have declined, the withdrawal value could be higher; if interest rates have increased, the withdrawal value could be lower. See the annuity contract for a more detailed explanation.

Point-to-Point: A calculation method under which interest is based on the percentage change in the index value at the *end* of some period and the index value at the *start* of that same period. Terms can be designed to have one or multiple point-to-point calculations, but normally interest is only credited once at the end of the indexing term.

Application Checklist

To submit an application for the *AG HorizonIndex* annuity, make sure you send the following forms and documentation.

Issue Timing

- The *AG HorizonIndex* annuity will be issued on the 5th, 12th, 20th and 28th of each month
- The credited interest rate that will be utilized for funds allocated to the Fixed Interest Account will be the rate in effect on the date the contract is issued
- For funds allocated to the 1-Year Term Account and the 2-Year Term Account, the S&P 500 Index Value that will be applied to a contract is the closing value as of the date of issue, not the date the application was signed or received
- If the issue date falls on a day when the S&P 500 Index is not derived (i.e., weekend or holiday), the value utilized as the starting point for the contract will be the S&P 500 Index value from the first day prior to the issue date where the index was derived. The issue date and effective date of the contract are unaffected.

Forms Required

The following forms must be completed and submitted on every case.

- Annuity Application — AGLC100959-2004 (or the appropriate state specific variation)
- Owner's Acknowledgement — select between the nine-year version (AGLC101050) or the 12-year version (AGLC101052) depending on the needs of your client. Both of these forms have state variations so you need to make sure that you pull the correct form by state.

1035 Exchange and Trustee-to-Trustee Transfer Process

For all transfers of money via either a 1035 exchange or Trustee-to-Trustee transfer, American General Life allows for a 60-day rate lock of the initial credited interest rate for any funds allocated to the Fixed Interest Account. The credited interest rate used upon issue of the contract will be the higher of the declared credited interest rate on either the date all paperwork is received in good order by the home office or the day the contract is issued. This comparison will be used provided that the entire process has not taken more than 60 days and that American General Life had control of the transfer process for the entire time. If more than 60 days have passed, then the interest rate that is in effect on the day the contract is issued will be used.

The 60-day rate lock only applies to the Fixed Interest Account initial interest rate and does not apply to any parts of the indexed crediting accounts, namely the declared caps for each account.

Optional Forms

- **1035 Exchange Form** (AGLC101063) — Required for all transfers from current nonqualified annuity contracts or life insurance policies
- **Replacement Forms** — Required for all 1035 exchanges in states that require annuity replacement forms to be used
- **Rollover Request Form** (AGLC101063) — Required for all transfers involving IRA or Qualified Plan trustee-to-trustee transfers or rollovers
- **Systematic Withdrawal Form** (AGLC101061) — Used if your client would like to establish systematic withdrawals at the same time the application is completed

Application Mailing / Processing

The *AG HorizonIndex* will be issued at American General Life in Houston, TX, phone: 888-438-6933.

U.S. Mail	Express Mail
American General Life Attn: Deferred Annuity Operations P.O. Box 3018 Houston, TX 77253-3018	American General Life Attn: Deferred Annuity Operations 2727-A Allen Parkway Houston, TX 77019-7100

About American General Life

The most prominent independent ratings agencies continue to recognize American General Life Insurance Company in terms of insurer financial strength and claims-paying ability. Both A.M. Best and Standard & Poor's Corp. have assigned their highest ratings to American General Life.

Clients have long been entrusting their hopes and dreams to American General Life, part of the American International Group, Inc. (AIG) global financial network. The key to our success is simple — a steadfast commitment to our clients and the advisors who safeguard their security. That commitment has been our highest priority for many years and continues to drive our business as we look to the future.

AIG AMERICAN GENERAL

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

AG HorizonIndex Annuity Contract Number 04367

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

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