

# A Powerful Solution for Your Retirement

Help Grow and Protect Your Income For Life With a Fixed Index Annuity



A person is seen from behind, sitting on a wooden lounge chair on a beach. The person is wearing a white long-sleeved shirt and light blue shorts. Their feet are in the shallow water. The background shows gentle waves and a bright, slightly cloudy sky. The overall mood is peaceful and relaxing.

Dinner in Paris

Sunrise at the Grand Canyon

A sunny afternoon on the beach

## Your Vision of Retirement

can be as exciting as traveling the world, or as quiet and relaxing as spending a day on the beach. To help secure the retirement lifestyle you want, it's important to find an accumulation and income solution that can help you overcome today's key retirement challenges:

**low interest rates, market downturns and longer life expectancies.**

The Power Series of Index Annuities are issued by American General Life Insurance Company (AGL). The Power Index Elite Index Annuity is issued by The Variable Annuity Life Insurance Company (VALIC). AGL and VALIC are member companies of American International Group, Inc. (AIG). Financial obligations of the contract are the responsibility of the issuing insurance company and not AIG.

# A Powerful Accumulation and Income Solution

The **Power Series of Index Annuities**<sup>®</sup> are fixed index annuities that offer a valuable combination of tax-deferred growth potential, principal protection and guaranteed income for life. This blend of accumulation and income features may be the solution to achieving the retirement you envision.

## The Power Series of Index Annuities<sup>®</sup> Can Help You:

<b>OVERCOME</b> today's key retirement challenges	2
<b>GROW</b> your retirement assets	4
<b>PROTECT</b> your principal from market downturns	6
<b>GUARANTEE</b> more income for life	8

### Understanding a Fixed Index Annuity

A fixed index annuity (FIA) like the Power Series Index Annuity is a contract issued by an insurance company. It is not a direct investment in the stock market or any particular index. An FIA works in two stages:

- **Accumulation:** In exchange for your money (premium), the annuity provides you with the opportunity to earn interest based in part on the performance of a particular index and/or based on a fixed rate.
- **Income:** When you need income, the issuing company promises to make regular income payments that can last for life or for a time period you choose using a process known as annuitization (for no additional cost).

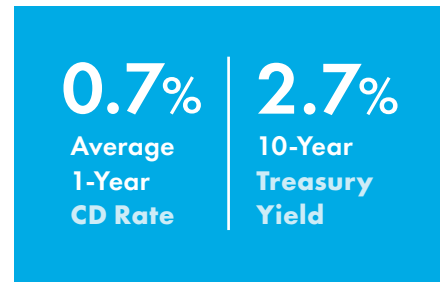
In addition, some FIAs like the Power Series of Index Annuities have features (known as guaranteed living benefit riders) that can provide guaranteed income for life and access to your money during the payout stage (unlike annuitization, which permanently converts your contract into an income stream). These guarantees are backed by the claims-paying ability of the issuing insurance company and are subject to annual fees. Only one rider may be issued per contract and cannot be changed thereafter. Other restrictions and limitations apply.

Withdrawals may be subject to withdrawal charges and federal and/or state income taxes. An additional 10% federal tax may apply if you make withdrawals or surrender your annuity before age 59½. Please consult your tax advisor regarding your specific situation.

# Today's Key Retirement Challenges

## Low Interest Rates

Despite recent increases, today's interest rates are still near historic lows. Given CD and Treasury yields of 0.7–2.7%, you would need to place \$1 million into these fixed income instruments to generate interest income of just \$7,000–\$27,000 per year.



Sources: FDIC and Yahoo! Finance for CD amounts \$100K or greater as of 12/31/2018

## Market Downturns

A bear market can significantly impact the value of your retirement assets. When it comes to planning or executing your retirement accumulation strategy, consider financial instruments that can protect your portfolio from a loss of 20% or more in an unexpected market downturn.



Source: Ned Davis Research, Inc., based on Dow Jones Industrial Average daily closes from 1/2/1900 through 12/31/2018

## Living Longer

It's simple math. The longer you live, the more assets you will need to accumulate for retirement. Building your retirement savings is important, since retirement for you and your spouse may last 30 years or more.



Source: Society of Actuaries 2012 Individual Annuitant Mortality Tables for couple, age 65

### Important information on CDs, Fixed Annuities, Stocks and Bonds:

CDs, fixed annuities, stocks and bonds have different objectives, risk tolerance levels and time horizons than index annuities. For example, CDs offer a fixed rate of return and FDIC insurance backed by the full faith and credit of the U.S. government. Income from CDs is subject to ordinary income tax. Some CDs may include an early withdrawal penalty. Fixed annuities offer a fixed rate of return guaranteed by the issuing insurance company. Stocks and bonds offer the potential for capital appreciation and income, but they are subject to risks, including the possible loss of principal. Gains or income from stocks and bonds are subject to capital gains or ordinary income tax. U.S. government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. Interest from Treasury bills and U.S. government bonds is exempt from state and local income taxes, but may be subject to federal income tax. Earnings for CDs, stocks and bonds are taxable annually, while earnings from an annuity are not taxed until withdrawn. Please consult your financial professional or agent regarding your individual situation when comparing these various instruments to index annuities.



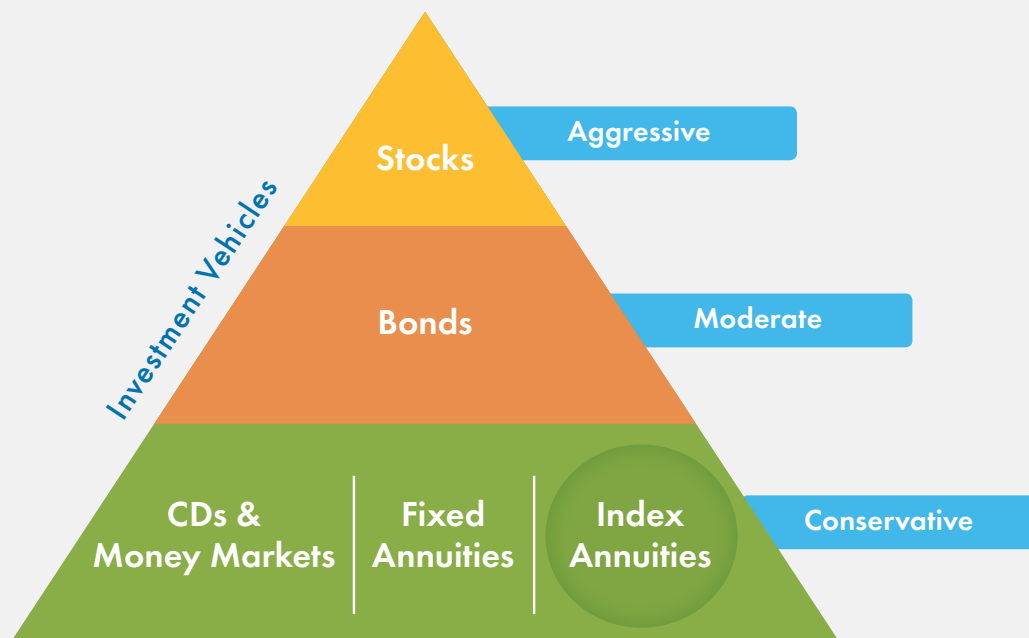
## Consider an Index Annuity for a Portion of Your Retirement Savings to Help Overcome These Key Challenges

A well-balanced retirement portfolio may include a range of conservative, moderate and aggressive instruments. When building a portfolio to meet your individual needs, consider the following retirement savings pyramid. Vehicles like stocks and bonds may offer strong return opportunities, but they lack protection guarantees and are subject to higher risks than traditional fixed income instruments.

Allocating assets to a versatile, yet conservative instrument like a Power Series Index Annuity may:

- Provide the growth potential you need to help combat low interest rates
- Give the guarantees you want to protect your principal in volatile markets<sup>1</sup>
- Bring the certainty you desire to ensure you won't outlive your money<sup>1</sup>

### Adding a Power Series Index Annuity Can Help Reinforce Your Retirement Savings Foundation



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

# Help Grow Your Assets With Tax Deferral and Index-Based Performance

The Power Series of Index Annuities offer growth potential through “**index interest accounts**” that may generate higher interest than many traditional fixed income instruments. These FIAs also offer the comfort and security of a 1-year fixed account with a guaranteed rate of interest.<sup>2</sup>

## The Power of Tax Deferral

With a taxable investment, you pay taxes on interest earned each year. With a Power Series Index Annuity, your earnings are not taxed until withdrawn, giving you the potential to accumulate more assets for retirement. Plus, once you begin withdrawals, you may be in a lower tax bracket, which could provide you with additional tax savings over time.

## The Power of Index-Based Performance

The growth potential of an index interest account is linked to an index like the S&P 500.<sup>®</sup> Although your assets are not invested directly in an index, a Power Series Index Annuity offers you the opportunity to earn interest based on whether the index is up or down at the end of an index term:

- **If index performance is positive, your annuity may INCREASE in value.** As you can see from the graph on the next page, the S&P 500<sup>®</sup> Index has been positive 73% of the time over the last 30 years, earning an average annual return of 9.06%. Keep in mind interest earned is subject to different factors like index rate caps.<sup>3</sup> See the **Interest Crediting Options & Features at a Glance Brochure** for more information.
- **If index performance is flat or down, your annuity value remains the same.** Only positive performance is used to determine the interest credited. See the **Power of Zero** on page 6 for details.

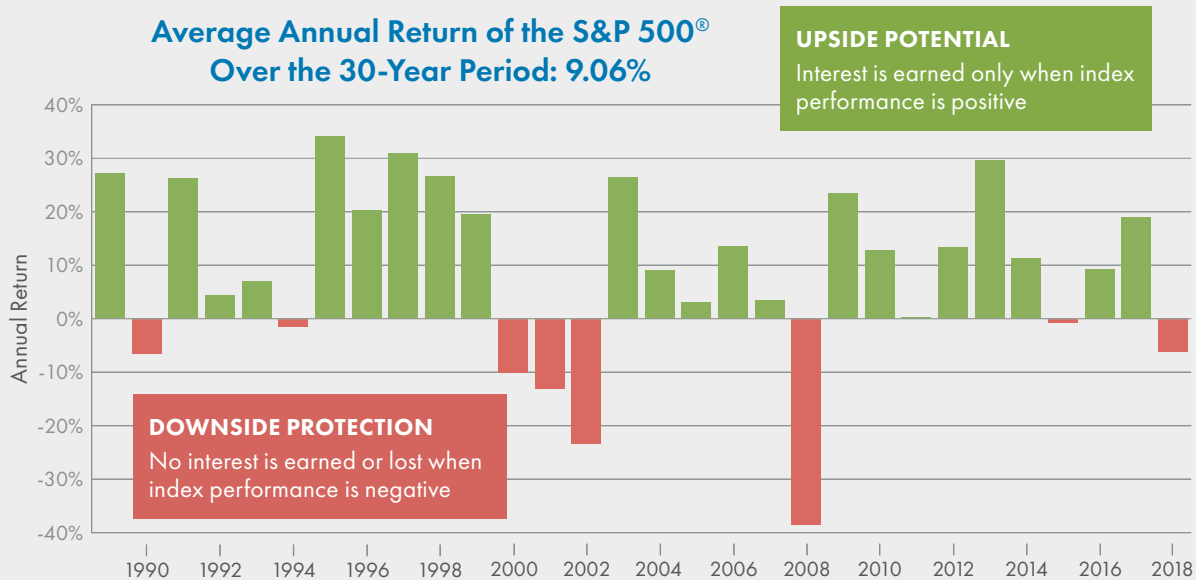
### Allocating Your Assets for Retirement

Each Power Series Index Annuity offers index interest accounts with different interest crediting methods. See the **Interest Crediting Options & Features at a Glance Brochure** for more information on the accounts in the annuity you are considering and other features such as beneficiary protection and withdrawal charges. Your financial professional or agent can help you determine which index annuity and account options are right for you.



## The S&P 500® Index Has Been Positive 73% of the Time Over the Last 30 Years

Index Performance (Without Dividends), 1989-2018



**Note:** The S&P 500® Index is a broad-based, market-cap weighted index of 500 U.S. stocks. Past performance is not a guarantee of future results. The above index returns do not reflect the amount of interest credited to an index interest account. Actual results for a specific insurance contract depend on the account chosen and the crediting mechanisms, such as index rate caps, for the time period shown. These mechanisms may limit or reduce the amount of interest earned. Indices are unmanaged and not available for direct investment.

<sup>2</sup>The initial fixed rate is guaranteed for the first contract year, after which it is subject to change on contract anniversaries.

<sup>3</sup>An index rate cap is the maximum amount of interest that can be earned over a specific period.

# Protect Your Principal With the Power of Zero

A Power Series Index Annuity offers you the confidence of knowing that your money is protected against market downturns and that it can grow with:

- **No loss of principal** due to market fluctuations. Keep in mind, your contract value will be reduced by any withdrawals and/or fees.
- **No loss of earned interest.** Any interest earned is locked into the contract and protected from future downturns.
- **No emotional ups and downs.** Neither your principal nor your emotions will fluctuate in volatile times.

## Put the Power of Zero to Work for You

As the following hypothetical example shows, negative index performance over a 1-year crediting period, like the S&P 500® Index's 38% decline in 2008, would not affect the value of your Power Series Index Annuity.

The diagram consists of three colored boxes connected by an equals sign. The first box is red and contains the text '-38% Annual Decline in the Index'. An arrow points from this box to the second box, which is green and contains '0% Interest Credited to Your Account'. To the right of the second box is a yellow equals sign, followed by a blue box containing 'ZERO Impact to Your Principal'.

**Note:** This hypothetical example is for illustrative purposes only. It does not represent the performance of any specific index or index interest account. Principal will decline due to fees and withdrawals. Guarantees are backed by the claims-paying ability of the issuing insurance company. Past performance is not a guarantee of future results.



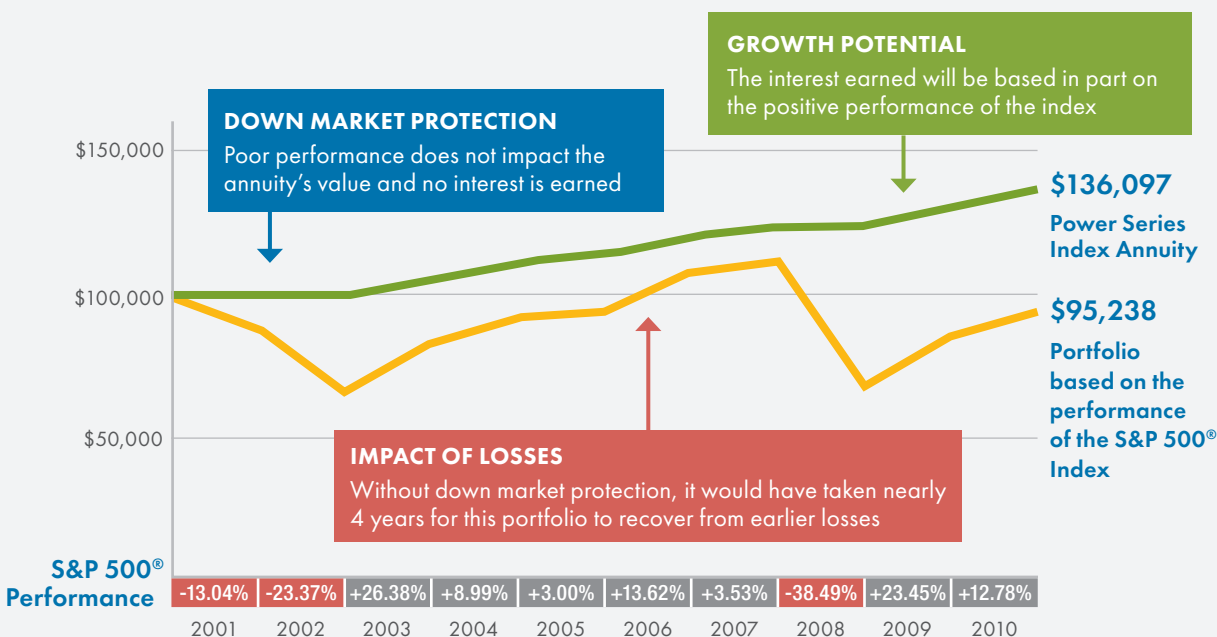


## Could You Afford a “Lost Decade” During Your Retirement?

The “Lost Decade” is what many financial pundits have labeled the 10 years from 2000-2010 when key U.S. stock market indices posted either low or negative returns. If a Power Series Index Annuity had been available during the “Lost Decade” (based on the assumptions below), it would have protected your annuity’s value from sharp market declines and provided attractive growth over this time period. Please note that past performance is not a guarantee of future results.

### A Power Series Index Annuity Would Have Provided Principal Protection Plus Interest Earnings of More Than \$36,000 Over the Lost Decade

Based on the Assumptions Below



**Hypothetical example assumptions:** Power Series Index Annuity with Annual Point-to-Point Index Interest Account (S&P 500® Index), \$100,000 premium, and 5% annual index rate cap, reset each year. The Annual Point-to-Point Index Interest Account earns interest based on the S&P 500® index performance from one contract anniversary (the date the contract is issued) to the next contract anniversary, subject to the 5% index rate cap. This chart is for illustrative purposes only and is produced with the benefit of hindsight for the period, 12/31/2000–12/31/2010. It is not intended to be indicative of the performance of any specific investment. Indices are unmanaged and are not available for direct investment. Past performance is not a guarantee of future results. The index rate cap is hypothetical and may be reset at a higher or lower rate on each contract anniversary by the issuing insurance company. It assumes no deduction of taxes or any annual fee from the annuity’s contract value or from the portfolio based on the performance of the S&P 500® Index. If an annual fee were imposed on both accounts, the values shown here would be lower.

# Guarantee Income For Life

The Power Series of Index Annuities add certainty to your retirement income by providing you and your spouse with guaranteed income for life.

## Create a Retirement “Paycheck” That You Won’t Outlive

Every Power Series Index Annuity offers no-cost annuitization options, including guaranteed income that can last for your life or the lives of you and your spouse.<sup>4</sup>

If you’re concerned about inflation or rising retirement costs, you may want to consider purchasing a Power Series Index Annuity with a guaranteed living benefit (GLB) rider. As the chart below shows, a GLB rider provides guaranteed income for life, plus the opportunity to guarantee rising income for a specific number of years or provide rising income potential based on interest earned.<sup>5</sup> To receive these guarantees, withdrawals must be taken within the terms of the contract. Please see the corresponding **GLB rider brochures** for more information on these enhanced lifetime income features.

## Two Ways to Protect Your Retirement Income For Life



**Contact your financial professional or agent for more information about  
The Power Series of Index Annuities**

<sup>4</sup>Annuitization is the process of permanently converting your contract to income at no extra cost. Once you annuitize a contract, you will no longer have access to the principal or contract value.

<sup>5</sup>A Power Series Index Annuity with a guaranteed living benefit rider offers you continued access to your contract value, even after withdrawals begin. GLB riders are not available in all Power Series Index Annuities. Only one rider may be elected per contract. There is no guarantee that a fixed index annuity with a GLB rider will keep pace with or protect against inflation.

<sup>6</sup>Principal will be reduced by the GLB rider fee.

<sup>7</sup>As of September 30, 2018, the latest date for which information was available for certain foreign insurance companies.

# Benefit From Our Strength and Experience

American International Group, Inc. (AIG) is one of the world's largest insurance organizations providing protection and financial solutions with a history dating back to 1919. AIG companies are leading providers of life insurance, retirement solutions and other financial services with:

- Nearly 50,000 employees serving customers in more than 80 countries and jurisdictions as of 12/31/18
- One of the largest companies in the world by shareholders' equity<sup>7</sup>
- \$492 billion in total assets as of 12/31/18

American General Life Insurance Company (AGL) and The Variable Annuity Life Insurance Company (VALIC), both AIG member companies, are the issuers of The Power Series of Index Annuities. AGL and VALIC have received strong financial strength ratings from independent ratings agencies, reflecting their financial stability and ability to meet their obligations to policyholders. For details on specific insurer ratings, please visit the Investor Relations section of [aig.com](http://aig.com).



Index annuities are not a direct investment in the stock market. They are long-term insurance products with guarantees backed by the claims-paying ability of the issuing insurance company. They provide the potential for interest to be credited based in part on the performance of the specified index, without the risk of loss of premium due to market downturns or fluctuations. Index annuities may not be suitable or appropriate for all individuals.

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Tax-qualified plans such as IRAs, 401(k)s or 403(b) plans are tax deferred regardless of whether or not they are funded with an annuity. If you use a Power Series Index Annuity to fund a tax-qualified plan, you should know that an annuity does not provide any additional tax-deferred treatment of interest beyond the treatment by the tax-qualified plan itself. You should only use an index annuity in a tax-qualified plan if you want to benefit from features other than tax deferral. If you intend to take Required Minimum Distributions (RMDs), please consult with a tax advisor concerning your particular circumstances. A Power Series Index Annuity may not be appropriate for use with contributory plans if you plan to make ongoing contributions. In addition, a Required Minimum Distribution under a qualified contract is a withdrawal and, as such, will prevent the application of the Minimum Income Base under the Lifetime Income Plus rider if it occurs during the first 10 contract years.

All contract and benefit guarantees, including any fixed account crediting rates or annuity rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased or any affiliates of those entities and none makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

**The Power Series of Index Annuities are issued by American General Life Insurance Company (AGL), 2727-A Allen Parkway, Houston, Texas 77019. Power Series Modified Single Premium Deferred Fixed Index Annuity (Single Premium Only in Oregon), Contract numbers: AG-800 (12/12) and AG-801 (12/12). The Power Index Elite Index Annuity is issued by The Variable Annuity Life Insurance Company (VALIC), 2727-A Allen Parkway, Houston, Texas 77019. Power Index Elite Modified Single Premium Deferred Fixed Index Annuity (Single Premium Only in Oregon), Contract number: V-800 (12/14).**

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