North American Company
for Life and Health Insurance
Since 1886

Life

# How indexed universal life insurance works

Indexed Universal Life, or IUL, is universal life insurance that provides a death benefit to protect your loved ones if the worst should happen. It can also build cash value during your lifetime based on movements in a stock market index.

With IUL, your premium payments are allocated to either a fixed account or an index account, or a percentage of each (your choice). The fixed account earns interest at a set rate. The index account earns interest at a rate that reflects market performance (subject to a cap or a maximum interest rate that is used in the calculation of the index credit). But you don't participate directly in the market—instead, indexes are used as "measuring sticks" to determine your interest rate. A zero percent floor protects you against negative market performance.

## HOW IS INTEREST CREDITED?

Interest is credited to the index account based on index movements during the index period for each premium payment. Let's say you pay premium monthly. Every month, you choose to put $200 of the premium payment in an index segment, or "bucket," within your index account. You also choose annual point-to-point crediting, which means the index credit will be calculated based on index performance over a full year:

Begin index period: Jan. 1, 2017 → End index period: Jan. 1, 2018

$200 in premium allocated → $220 in this bucket at end of index period

Index performance over the year **X** index participation rate **=** credited interest rate of 10%

Begin Index Period: Feb. 1, 2017 → End Index Period: Feb. 1, 2018

$200 in premium allocated → $215 in this bucket at end of index period

Index performance over the year **X** index participation rate **=** credited interest rate of 7.5%

The index participation rate is the portion of the index change that is used to calculate the index credit, as above. This rate will be declared for each bucket prior to each index period, and it will never be less than the minimum shown in the policy. The interest crediting rate will never be less than zero percent!

North American IULs offer maximum flexibility. You can change your premium allocations at any time, and you can transfer money between different index selections at the end of the index period for each index segment.

## For more information, see the IUL consumer brochure or contact your North American representative today!

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

The information presented is hypothetical and not intended to project or predict investment results.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Telephone 877-872 -0757.

*We're Here For Life®*

**northamericancompany.com**