Protective

Product guide

PROTECTIVE INDEXED CHOICE℠ UL

Indexed universal life insurance

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Protective refers to Protective Life Insurance Company.

Life insurance provides financial protection for your loved ones. But it also gives you flexibility and benefits that can help you build the future you have in mind. It can be used for retirement or education, even unexpected costs.

We understand that some people want more from their life insurance. That's why we're proud to offer Protective Indexed Choice℠ UL, an indexed universal life insurance policy built around lifetime protection, flexible features and potential cash value growth to help meet your needs today and tomorrow.

This brochure is intended to provide an overview of the key features and benefits of Protective Indexed Choice UL. For more information and additional details, please consult your illustration and policy.

Protective®

Protection for your loved ones

Life insurance provides security for your loved ones when they need it most. Providing them with this protection can help them avoid added financial pressures should something happen to you.

Death benefit coverage

The death benefit from your Protective Indexed Choice UL policy can be paid directly to your beneficiaries to replace your income and help maintain their standard of living. It can also be used for things like burial and final expenses as well as recurring or future expenses. Your policy will not lapse before age 90 as long as premiums are paid on time and there are no policy loans or withdrawals.[1,2]

Protective Indexed Choice UL also lets you increase or decrease your death benefit amount if your needs change, without having to buy a new, separate policy.

Growing cash value

With Protective Indexed Choice UL, you have a choice of two interest accounts which can work together to build cash value.

The fixed account

Premium amounts allocated to the fixed account earns interest at a company-declared rate. While the fixed account interest rate is guaranteed to never be lower than 1%, the current credited rate could be higher and is subject to change at the discretion of Protective Life.

The indexed account

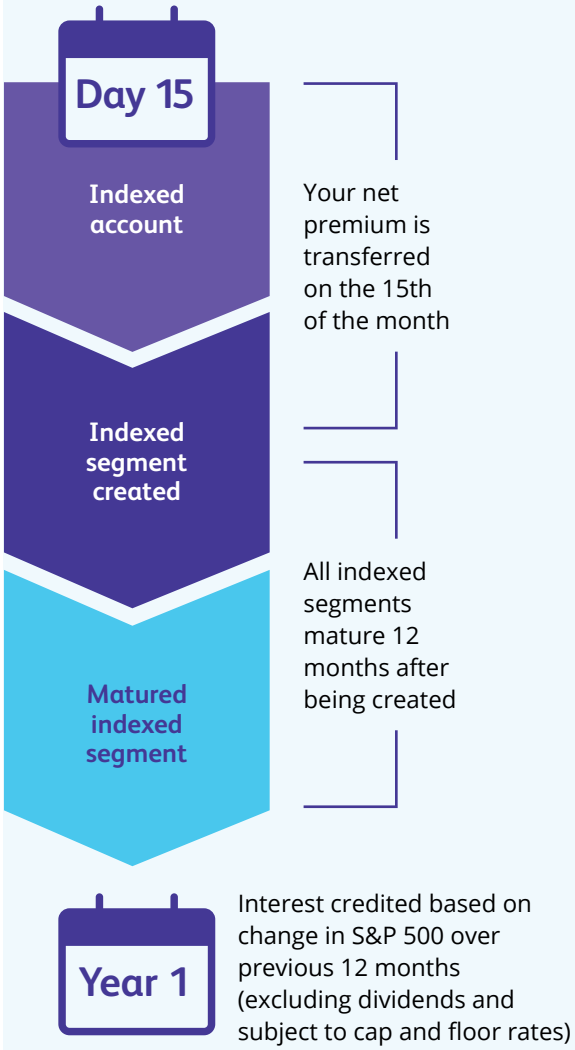
The indexed account credits interest to your policy based on the positive performance of the S&P 500® Index (excluding dividends), which gives you greater cash value potential. When a premium payment is allocated to the indexed account, an indexed segment is created.

[1] The lapse protection guarantees the policy death benefit only, not the cash or surrender value. Policy transactions and premium changes will affect the cost and length of the protection. Late or skipped premiums are not recommended because this may cause the policy to lose lapse protection and the premiums required to restore lapse protection could be significantly higher. Complete terms and conditions can be found in the policy and endorsements, and your insurance professional can advise you regarding the effect of premium adjustments.

[2] The lapse age in NY is 85.

Indexed segments

An indexed segment is created when you allocate a premium payment to the indexed account. See how a segment works below.



Indexed segments begin on the 15th of the month. You can have up to 12 segments at any given time and each segment has its own 12-month term. The interest credited to your policy during each segment is directly related to the performance of the S&P 500 Index (excluding dividends). At the end of each segment year, interest is calculated and credited based on the growth in the S&P 500 Index during that period, subject to the policy's participation, cap and floor rates.

Although the indexed account can earn interest based on the positive performance of the S&P 500, Protective Indexed Choice UL is not a security or investment so you are not investing directly in the stock market.

What is the S&P 500?

Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes 500 leading companies in key industries of the U.S. economy. With approximately 75% coverage of U.S. equities, the S&P 500 focuses on the large-cap segment of the market.

However, it is also an ideal proxy for the total market. The S&P 500 belongs to a group of S&P U.S. indices that can be used as portfolio building blocks.[2]

[2] Source: www.spdji.com

Transferring funds between accounts

Annual transfer

You can transfer funds between the fixed account and indexed account after your first policy year.

You can request that up to 100% of your fixed account value be transferred to the current indexed segment in the indexed account. That transfer will occur on the monthly anniversary following the request.

You can also request that up to 100% of an indexed segment's value be transferred to the fixed account. That transfer will occur on the monthly anniversary on or after the indexed segment's crediting date.

With this option, only one transfer from an indexed segment to the fixed account can be made each year. Transfers between indexed segments are not permitted.

Monthly level transfer

You can set up automatic monthly transfers of a fixed dollar amount from the fixed account to the indexed account for no more than 12 months (this is the default period). Transfers will occur on the 15th of the designated months.

If the fixed account balance is less than the monthly level transfer amount, then the remaining amount in the fixed account will be transferred to the indexed account and the monthly transfer will end.

Requested manual transfers from the fixed account to the indexed account are not permitted while a monthly level transfer is active.

The monthly level transfer can be stopped at any time, but only one can be in place for the policy at any given time.

Please see your policy for more detailed information about transfers between accounts.

How the indexed account works

Protective Indexed Choice UL uses a simple calculation to determine how much interest your policy will earn in the indexed account.

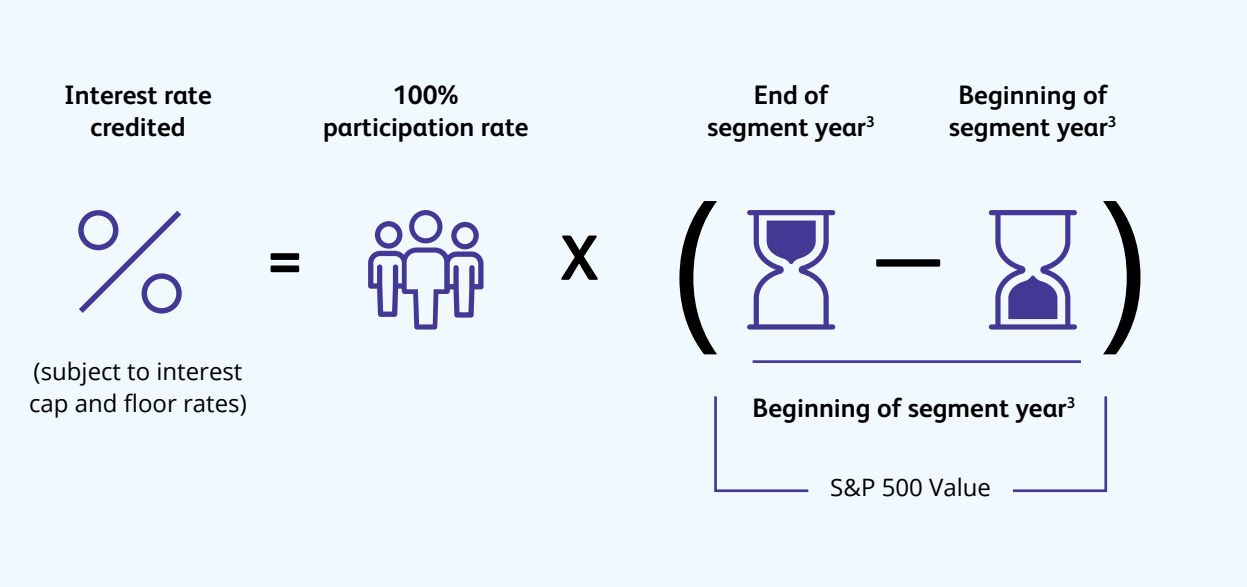
Participation rate

The participation rate determines what percentage of the S&P 500's increase will apply to your policy as interest. Protective Life guarantees a 100% participation rate for the life of your Protective Indexed Choice UL policy. A higher participation rate does not necessarily mean a higher crediting rate, which depends on the S&P 500 performance and the cap rate.

Interest cap and floor rates

The cap rate is the maximum interest rate that can be credited to your policy. Your indexed account value will be credited with an interest rate equal to any percentage increase in the S&P 500 (excluding dividends) during the indexed segment year, up to the specified current cap rate. The interest cap rate is guaranteed to never drop below 3% and is subject to change at the discretion of Protective.

The floor rate is the minimum interest rate credited to your policy based on changes to the S&P 500. The floor rate is 0%, meaning your policy will never lose value due to negative S&P 500 performance during that year. However, keep in mind that policy charges and fees are still withdrawn from your policy value during this time.



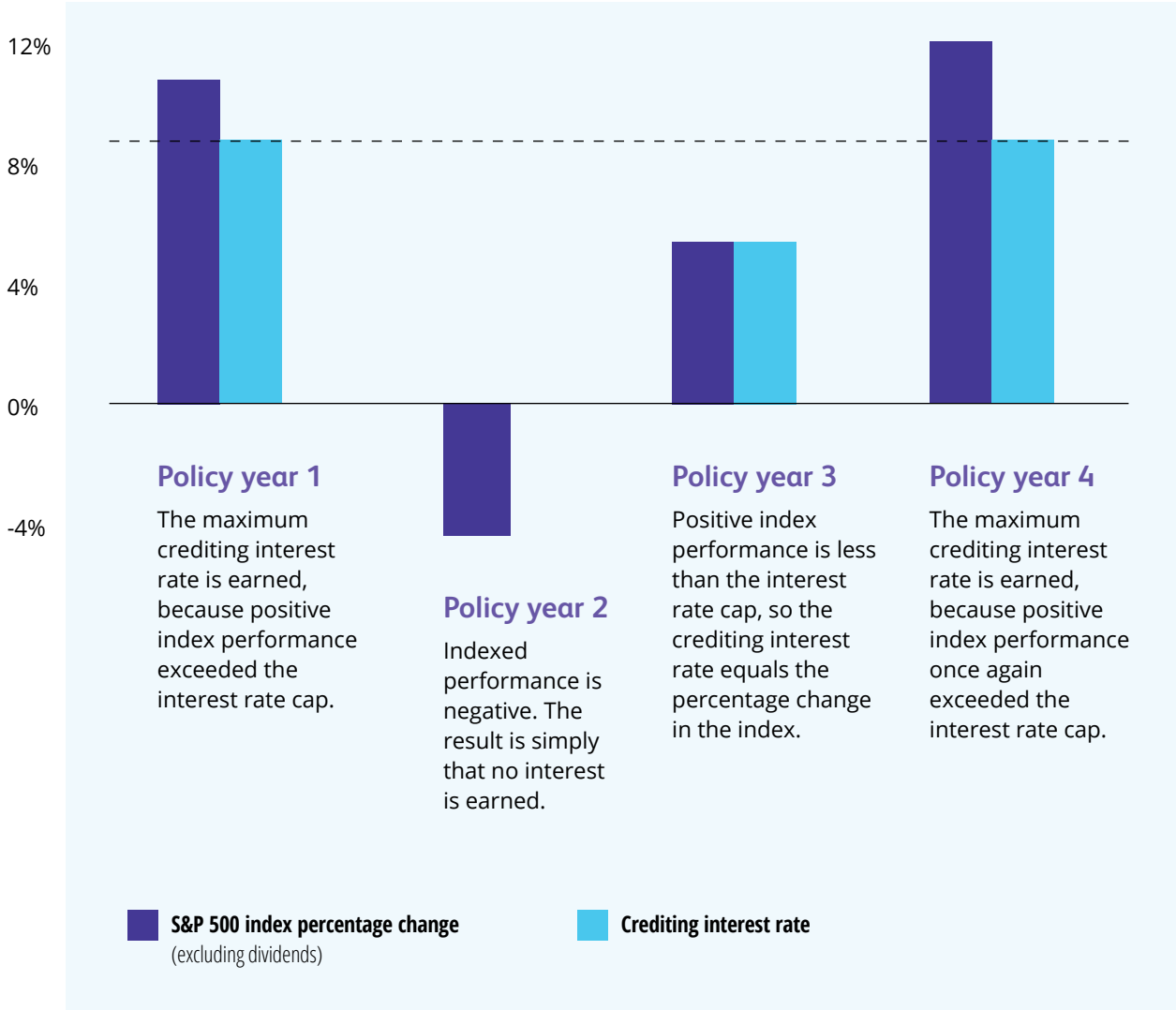
[3] Excluding dividends

Determining indexed interest rates — A hypothetical example

This example demonstrates how your Protective Indexed Choice UL policy value can be protected from a negative index performance.

When the percentage change in the S&P 500 is negative during your indexed segment year, you benefit from the protection of the 0% floor rate. You may not earn any interest that year, but your policy won't lose value due to the negative S&P 500 performance. Remember, policy charges and fees will continue to be withdrawn from your policy value.

How it works



This example is hypothetical and intended solely to represent how the credited interest rate for an indexed segment is determined. Actual net earnings will be less because policy fees and charges will be deducted from the policy value. Please note that rates are subject to change at the discretion of Protective.

Making your policy work for you

Death benefit protection is one thing. But the cash value you earn with a Protective Indexed Choice UL policy can be there for future expenses or unexpected costs that arise.

Loans and withdrawals

You now know how your Protective Indexed Choice UL policy builds cash value by combining the total amounts in your fixed account and indexed account. Your policy's cash value grows on a tax-deferred basis,[4] and you are not taxed until you withdraw funds.

You can access your policy's cash value any time after the first policy year through withdrawals or loans. Maybe you want to tap for college tuition, home renovations or supplemental retirement income. Or maybe for unexpected costs when life happens. Regardless, Protective Indexed Choice UL can help.

Keep in mind loans and withdrawals can impact your policy. If you decide to fully surrender the policy during the first 19 years, there will be a charge that varies by age, gender and underwriting class. Interest will not be credited to partial indexed segment terms if you fully surrender your policy. Withdrawals from an indexed segment will also reduce the amount of interest earned in that segment.

Protective Indexed Choice UL offers an overloan protection benefit[5] as another layer of protection. It guarantees that your policy will not lapse and that the death benefit will be at least $10,000, as long as the policy has been in force at least 20 years, the insured is at least 65 years old and withdrawals have been taken in an amount equal to the total premiums paid. There are other conditions that must be met before activating this benefit and restrictions that apply once the benefit is invoked. Please see your policy and the endorsement for more detailed information.

[4] Though interest is charged on loans, loans are generally not taxable, but withdrawals are taxable to the extent they exceed basis in the policy. Loans outstanding at policy lapse or surrender before the insured's death will cause immediate taxation to the extent of gain in the policy. Unpaid loans and withdrawals reduce cash values and policy benefits. The tax treatment of life insurance is subject to change. Neither Protective nor its representatives offer legal or tax advice. Please consult with your legal or tax advisors regarding your individual situation before making any tax-related decisions.

[5] Not available in NY.

About Protective Indexed Choice UL

When you apply for a Protective Indexed Choice UL policy, you are placed in an underwriting category — a classification based on your current health and insurance risk factors that determines your policy rates. The policy also defines issue age as follows:

Juvenile	0–17
Select Preferred	18–75
Preferred	18–80
Non-Tobacco	18–80
Tobacco	18–80

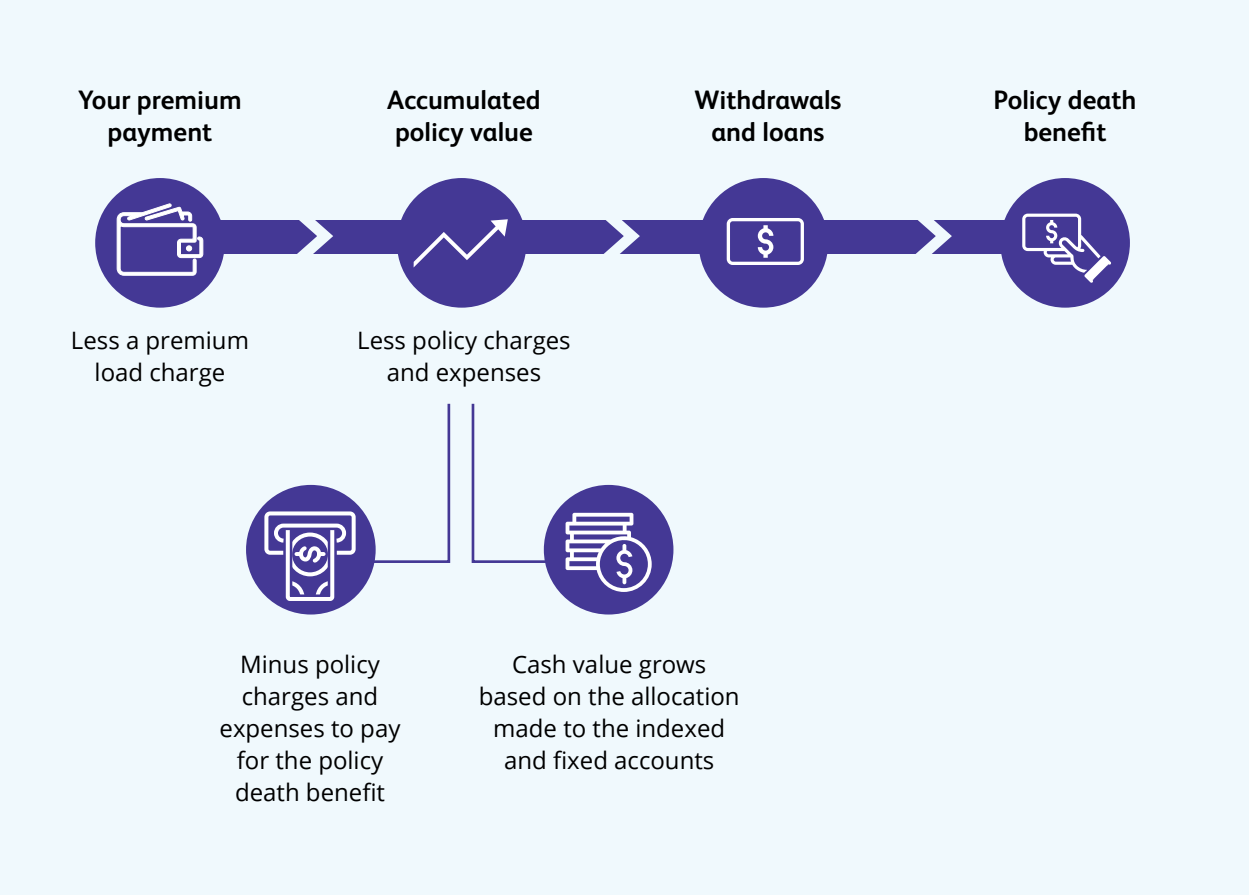
The minimum policy face amount (death benefit) is $100,000. There is no maximum face amount. In addition to the protection the death benefit offers, you have two interest accounts that work together to help build cash value.

Withdrawals from your policy's cash value are charged a $25 fee and will reduce your policy's death benefit amount, subject to minimums. Withdrawals will also impact lapse protection, and surrender charges may apply on a pro rata basis. Loans are available after the first policy year, and interest is charged in arrears for all policy years. The guaranteed interest rate for loans is 8%, but the current rate may be lower and is subject to change at the discretion of Protective Life.

Loans and withdrawals will impact the policy, and if you decide to fully surrender your policy during the first 19 years, there will be a charge that varies by age, gender and underwriting class.

There are certain fees and charges associated with a Protective Indexed Choice UL policy. The premium load is a charge deducted from your premium payments before they are applied to your policy. While your policy is in force, all payments will be subject to a guaranteed premium load of 12%. The current premium load may be lower and is subject to change at the discretion of Protective. An administrative charge of $9 will also be deducted monthly, in addition to a monthly expense charge and monthly cost of insurance charge, which vary based on your policy details.

Where your premium goes



Each time you make a premium payment, Protective deducts a premium load to cover administration and sales charges.

The remaining amount, or net premium, is then applied to your accumulated policy value, which is the sum of the fixed account and indexed account values. You can allocate your net premium to either the fixed account or indexed account, but any new premium amount allocated to the indexed account will be held in the fixed account until the 15th of the month on or following receipt of the payment.

Policy charges are deducted monthly from the policy value. These charges are assessed by deducting the fixed account and each indexed segment in the indexed account in the same proportion that each bears to the total policy value. These include cost of insurance, administrative charge, expense charge, rider charges (if applicable), withdrawal charge (if applicable), policy debt (if applicable) and surrender charges (if applicable).

Loans and withdrawals are available if you need to access your accumulated policy value after the first policy year. Keep in mind that withdrawals from an indexed segment will reduce the amount of interest earned in that segment.

Your Protective Indexed Choice UL policy's death benefit is paid to your beneficiaries upon your death.

What happens next?

If you decide that a Protective Indexed Choice UL policy is right for you, the application process begins.

With your financial professional, you'll start by signing some forms and answering a few medical questions. You'll also complete the application and select your face amount (death benefit) and any optional benefits or riders.

In most cases, a medical professional will then contact you to schedule a life insurance physical examination, usually in your own home. Your application is then sent to Protective for underwriting, where, over the next few weeks, your application physical exam results are reviewed. Medical records or additional underwriting criteria may be required to determine your health risk and qualification for the policy.

If approved, you will receive a copy of your policy. Be sure to file this with your other important documents, notify your beneficiaries and begin paying your premiums according to the schedule you established.

Reviewing your policy and annual report regularly will help keep your strategy aligned with your goals.

Protective

protective.com

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