

Quality of Life...Insurance®

Your Money. Your Insurance. Your Choice.



QoL *Flex Term*



Ask yourself these three very important questions...

1. How much life insurance do I need to protect my family?

2. How much life insurance can I afford?

More than likely, your answer to the first question was a much larger amount than your answer to the second question. Many people need much more life insurance than they can really afford, so they compromise by under-insuring themselves to save money.

While being under-insured can ease the pocketbook in the short run, not having the safety net that life insurance provides can leave families financially vulnerable and at risk of losing their savings, their home and their standard of living.

3. Why should I choose QoL Flex Term?

QoL *Flex Term* offers customers the ability to affordably cover multiple needs using a modern, competitively priced term life insurance product. QoL *Flex Term* premiums are guaranteed for the entire Level Premium Period!

What makes QoL *Flex Term* really special is that it's life insurance you don't have to die to use. Traditional life insurance is designed to provide security for your loved ones in the event of your premature death...but what if you have a serious heart attack, invasive cancer or a stroke and don't die? What about financial help during a critical or long-term chronic illness?

QoL *Flex Term* is one of the Quality of Life...Insurance® products offered by American General Life Insurance Company. Accelerated Benefit Riders (ABRs) are offered with every Quality of Life...Insurance® product at no additional cost to the policyowner.

These valuable riders offer you the flexibility to receive benefits during your lifetime if you suffer a qualifying illness or condition. Besides providing valuable life insurance protection, QoL *Flex Term* helps cover a broad range of specific life events and offers a powerful new way to customize your life insurance plans to anticipate unknown future events.

How QoL Flex Term Can Help

Tony and his wife Sarah¹ just purchased a home. They just had a baby girl, so they know they need to protect their family should something happen to either of them, so that their daughter will be taken care of.

Tony is a small business owner, so he also wants to make sure his business will continue to be successful even if something happens, such as his or his business partner's premature death, serious illness or injury. Tony meets with his agent, who recommends that Tony purchase a combination of Permanent Universal Life coverage and affordable QoL Flex Term coverage.

Tony buys a \$100,000 Universal Life policy from American General Life so that he will have permanent coverage. This allows him the opportunity to purchase² \$500,000 of QoL Flex Term – which Tony does in order to help cover the mortgage on his house and his small business loans. Tony has a total of \$600,000 in living benefit protection under his accelerated benefit rider.

A few years later, Tony has a major heart attack, which is a covered illness under the Critical Illness Accelerated Benefit Rider.

Tony's doctor recommends that he take a significant amount of time off work. His business partner can keep things running, but Tony won't be earning any money while he recovers – and, he and Sarah need help to pay medical expenses and other bills. Tony files a claim to accelerate \$250,000 of his \$500,000 QoL Flex Term life insurance coverage. This means that he will receive a portion of his life insurance benefit now, before his death, which will reduce his original life insurance coverage and policy values.

Based on Tony's personal situation, the company offers him \$120,000 in cash as an accelerated benefit, which he accepts.³

Tony can receive this lump sum payment today because his life expectancy has been significantly impacted and because he's receiving his benefit many years before he is likely to die.

The remainder of Tony's QoL Flex Term life insurance policy, \$250,000, remains in force. His \$100,000 Universal Life policy remains in force as well.

¹ Hypothetical example

² See pg. 6 for details on how QoL Flex Term policies can be allocated for additional savings

³ Guarantees are backed by the claims-paying ability of the Company.



Chronic Illness

Accelerated Benefit Rider*

This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the Insured is diagnosed with a chronic illness or condition.

To qualify for benefits under the Chronic Illness Accelerated Benefit Rider, the Insured must be diagnosed with a chronic illness.

A chronic illness is an illness or physical condition that was initially certified by a licensed health care practitioner within the past 12 months and affects the Insured Person so that he or she:

- Is unable to perform at least two Activities of Daily Living (ADLs); or
- Requires substantial supervision by another person to protect the Insured Person from threats to health and safety due to severe cognitive impairment.

ADLs: Bathing, Dressing, Toileting, Transferring, Continence, Eating

Critical Illness

Accelerated Benefit Rider*

This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the Insured is diagnosed with a critical illness or condition.

A critical illness or condition is defined as one of the following:

- Heart Attack
- Stroke
- Blindness
- Paralysis
- Major Organ Transplant
- Invasive Cancer
- End Stage Renal Failure
- Amyotrophic Lateral Sclerosis (ALS-or Lou Gehrig's disease)

Terminal Illness

Accelerated Benefit Rider*

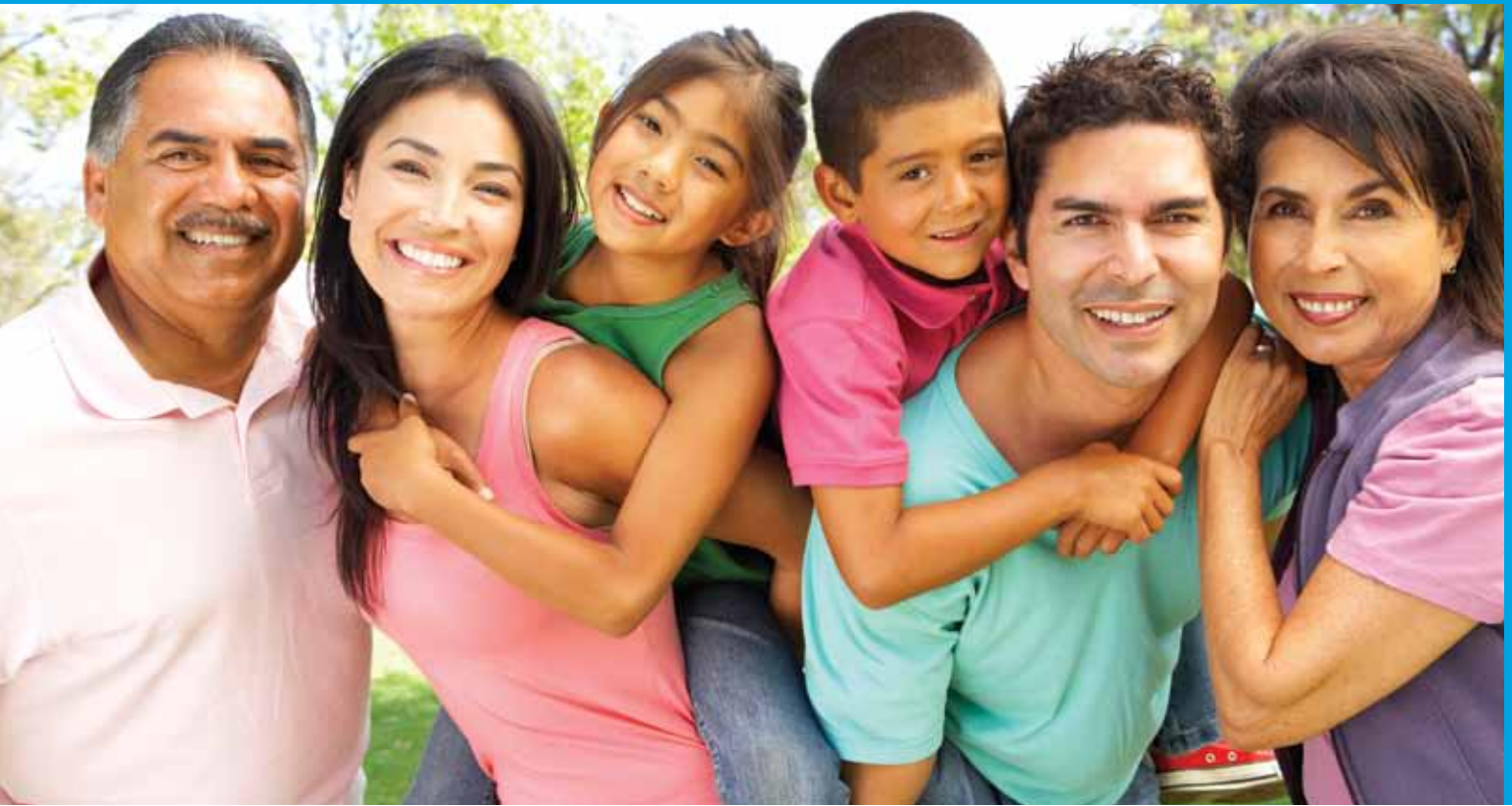
This rider allows the owner to accelerate some or all of the Insured Person's base life insurance benefit in the event the Insured is diagnosed with a terminal illness. A terminal illness is defined as an illness or physical condition that is certified by a physician to be reasonably expected to result in the Insured's death within 24 months from the date of certification.

* See appropriate rider for details.

Please note: The life insurance offered with accelerated benefit riders is not stand-alone long term care insurance, disability income insurance or other insurance designed to cover specific costs associated with an illness or condition. Receiving benefits under any rider will reduce the base life insurance benefit and the amounts available for future acceleration under it and any other accelerated benefit rider attached to the policy. It will also reduce the base life insurance benefit. In some cases, such reduction can result in policy termination. The benefits paid under the rider may be less than what is needed to cover all of the costs associated with an illness or condition. Your American General Life agent can provide you with details.

Accelerate means to receive a portion of the base life insurance benefit early, while the Insured is still alive, in the event of a covered illness or condition. There are several factors to consider before deciding whether acceleration is right for you:

- Acceleration will reduce or eliminate the Insured Person's base life insurance benefit and policy values, if any. This means there will be less or no benefit paid when the Insured dies.
- The actual payment received will be less than the portion of the base life insurance benefit accelerated. This means you will not get the full amount you accelerate because 1) it is paid prior to death 2) it is subject to an actuarial discount, administrative charge and payment of any unpaid but due policy premiums.
- The amount of an accelerated benefit rider benefit that may be offered is determined by the company when a claim is submitted and, when accepted, is payable to the owner in a lump sum. The amount of an offered benefit will, in significant part, be dependent upon any change in mortality of the Insured Person in question between the time the applicable life insurance policy with accelerated benefit riders was underwritten and the time any particular Accelerated Benefit Rider claim is filed and considered. Changes in health and other factors will have varying effects on the mortality of different Insured Persons. Circumstances will vary among individual Insured Persons.
- If you are eligible, you will be offered the opportunity, when you receive your benefit election form, to purchase coverage to replace the amount accelerated. However, the costs of that coverage may be significantly higher.
- Your policy contract will have more information regarding how payment of benefits under the rider can impact your policy values. Please read it carefully.



Other Benefits and Riders

Our no-cost Chronic, Critical and Terminal Illness Accelerated Benefit Riders are included with most Quality of Life...Insurance policies. You can choose to apply for any of the following additional riders to build on the financial support provided by QoL *Flex Term*:

Premium Waiver

- Issue ages: 20-55
- Termination age: 65

This rider provides coverage for the waiver of premiums after the Insured becomes totally disabled for 6 months.

Children's Term Life Insurance Rider

Issue ages for base Insured:

- 20-50; children: 7 days-17 years
- Expires at child's age 25, Insured's age 65

Issue amounts:

- \$5,000-\$25,000

This rider provides a level amount of term insurance on each Insured Child with level premiums payable for the same period in which the coverage is provided. It may be converted to a permanent plan at any time and may be converted for up to 2 times the amount of coverage if conversion is made effective at child's age 25.

Disability Income Rider

The Disability Income Rider is designed to pay you a portion of your income if you become disabled and are unable to work. It is available in either a 2-year or a 5-year plan.

Plan benefits would begin after:

- 2-Year Benefit period: 90 days
- 5-Year Benefit period: 180 days

Plan Details:

- Issue ages: 20-55
- Minimum monthly benefit: \$500
- Maximum monthly benefit is the lesser of the following amounts:
 - \$5,000 for the 2 year benefit period
 - \$3,500 for the 5 year benefit period
 - \$20 per \$1,000 of life insurance purchased, rounded to the nearest \$10, or
 - Percentage of Gross Monthly Income (ask agent for details)

Please note: the maximum amount of disability income available may be reduced by existing personal, employer-provided and/or state disability income coverages.

What else do you need to know?

When bought in combination with a qualifying UL policy, as Tony did, *QoL Flex Term* can be even more affordable because the policy fees are significantly reduced. Since Tony bought a \$100,000 qualifying Universal Life policy, this allowed him the opportunity to purchase five times that amount of *QoL Flex Term* (\$500,000) at the same time, with discounted policy fees.

Tony purchased permanent insurance and affordable *QoL Flex Term* insurance at a reduced rate, for several identified needs – effectively helping to protect his mortgage, provide for his child’s education and cover the business loan for the durations of each need. With *QoL Flex Term*, Tony did not have to purchase all of the \$500,000 for himself. He could have chosen to allocate some of the term insurance to his wife, his daughter and even his business partner to cover the business loan.

Each person could then apply for and purchase the amount of *QoL Flex Term* that is right for his or her individual situation, up to a combined total of \$500,000 – and the owner of each of those policies would also receive a policy fee discount. All because Tony purchased the qualifying Universal Life policy.

QoL Flex Term is a tremendous value whether purchased as a stand alone policy or as an associated coverage to a qualifying Universal Life policy.

Product Details:

Life Insurance benefits are generally received free of federal income tax.* The amount of the term life insurance allocation is always five times the qualifying Universal Life coverage. You may choose to allocate your *QoL Flex Term* insurance at issue, or at a later date. The choice to allocate (or not) is yours. Allocation privileges expire five years after policy issue.

A policy owner may choose to allocate the eligible *QoL Flex Term* to a spouse, child or business associate.

Issue ages are: Juveniles 0 - 19

Non-Tobacco users 20 - 80

Tobacco users 20 – 75

Minimum qualifying UL face amounts:

- *QoL Index Plus*
\$50,000 and greater
- *QoL Guarantee Plus*
\$50,000 and greater
- *QoL Accumulator*
\$50,000 and greater
- *QoL Performer*
\$100,000 and greater
- *QoL Protector*
\$100,000 and greater

* Talk to your legal or tax advisor for more information

A conversion to a permanent plan of insurance is allowed without evidence of insurability during the policy’s conversion period. The conversion period for *QoL Flex Term* is 80% of the level premium period not beyond the Insured’s age 75. Ask your agent for details.

QoL Flex Term provides a conversion credit of up to the term policy’s first year annual premium on a full conversion to a permanent plan within the first five policy years.

Important Notice to Policy Owner Regarding One or More Accelerated Benefit Riders

When filing a claim under a Critical Illness Accelerated Benefit Rider, the claimant must provide the Company a completed claim form within 365 days of the required Diagnosis by a Physician of an Insured Person's Critical Illness.

When filing a claim under a Chronic Illness Accelerated Benefit Rider, the claimant must provide the Company a completed claim form within 365 days of the required Certification by a Licensed Health Care Practitioner of an Insured Person's Chronic Illness.

If a benefit under an accelerated benefit rider is payable, the Company will provide the Owner with one (1) opportunity to elect an Accelerated Benefit under a Policy. The Owner must complete an election form and return it to American General Life within 60 days of receipt of the election form. The Company will not provide a later opportunity to elect an Accelerated Benefit under a Policy as to the same Critical Illness or Chronic Illness.

Benefits payable under an accelerated benefit rider may be taxable. If so, you may incur a tax obligation.

Neither American General Life Insurance Company nor any agent representing it is authorized to give legal or tax advice. Please consult a qualified legal or tax advisor regarding questions concerning the information and concepts contained in this material.

We will send you an IRS Form 1099-LTC if you choose to receive an accelerated death benefit on account of a Chronic Illness or Terminal Illness or an IRS Form 1099-R if you choose to receive an accelerated death benefit on account of a Critical Illness.

The sum that will be included in Box 2 (Accelerated death benefits paid) of IRS Form 1099-LTC or in Box 1 (Gross distribution) of IRS Form 1099-R will be the actual sum you received by check or otherwise minus any refund of premium and/or loan interest included with our benefit payment plus any unpaid but due policy premium, if applicable, and/or pro rata amount of any loan balance.

The insurance company may contest the policy from the date of policy issue, a reinstatement or an increase in coverage, during a period provided by applicable law and described in the policy, for the misstatement or misrepresentation of material fact on the application for such policy, reinstatement, or increase.

If an Insured Person dies by suicide within the suicide period provided by applicable law and description in the policy, the death benefit will be limited as provided by the policy.

Rider names, benefits and definitions may vary in some states and/or not be available in all states.

Important Notice Regarding the Chronic Illness Accelerated Benefit Rider

There are no restrictions or limitations on the use of the accelerated death benefit proceeds under the Chronic Illness Accelerated Benefit Rider.

However, it is important to note the following:

- This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement policy.
- An accelerated death benefit such as the Chronic Illness Accelerated Benefit Rider and long-term care insurance provide very different kinds of benefits:
Generally, an accelerated death benefit is a rider to or other provision in a life insurance policy that permits the policy owner to accelerate some or potentially all of the death benefit of a life insurance policy if the insured meets the definition of having a chronic illness as defined in the rider or policy provision. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

A Long Term Care insurance policy is any insurance policy, certificate, or rider providing coverage for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services that are provided in a setting other than

an acute care unit of a hospital. Long-term care insurance includes all products containing any of the following benefit types: coverage for institutional care including care in a nursing home, convalescent facility, extended care facility, custodial care facility, skilled nursing facility, or personal care home; home care coverage including home health care, personal care, homemaker services, hospice, or respite care; or community-based coverage including adult day care, hospice, or respite care. Long-term care insurance includes disability based long-term care policies but does not include insurance designed primarily to provide Medicare supplement or major medical expense coverage.

- If you are interested in long-term care, nursing home or home care insurance, you should consult with an insurance agent licensed to sell that insurance, inquire with the insurance company offering the accelerated death benefits, or visit the California Department of Insurance Internet Web site (www.insurance.ca.gov) section regarding long-term care insurance.
- If you choose to accelerate a portion of your death benefit, doing so will reduce the amount that your beneficiary will receive upon your death.
- Receipt of accelerated death benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to receive the accelerated death benefit, you should consult with the appropriate social services agency concerning how receipt of accelerated death benefits may affect that eligibility.

Quality of Life...Insurance®

Life Insurance You Don't Have to Die to Use.



www.qualityoflifeinsurance.com

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