

INDEXED UNIVERSAL LIFE INSURANCE

# How is interest credited in your IUL?

# Two ways Virtus IUL helps you build cash value

Indexed universal life insurance offers you the balanced approach of enjoying death benefit protection while building cash value for future needs.

To help your cash value grow, you can allocate it among **index accounts** and a **fixed account**. Each earns interest in a different way.

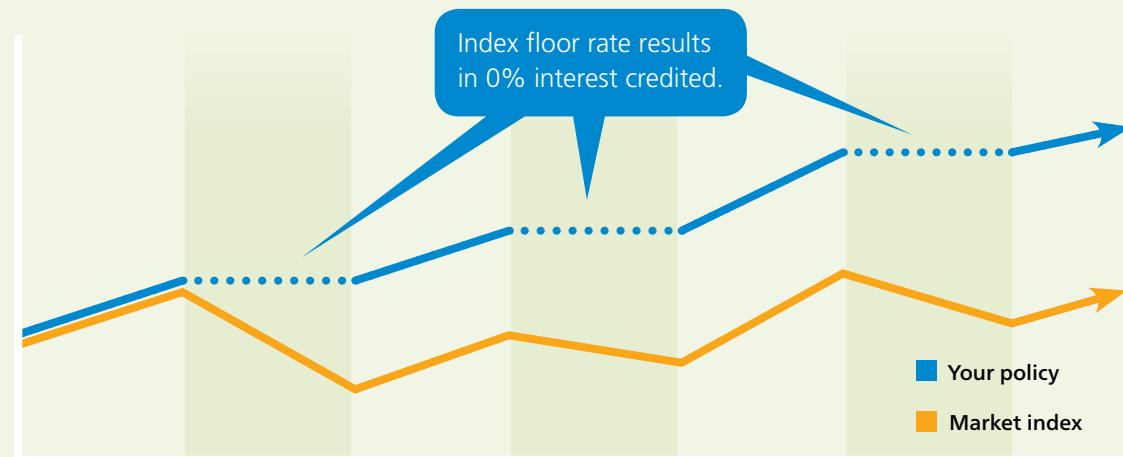
## The difference between index and fixed accounts

The interest credited to money you allocate to an index account is tied to the performance of a stock market index over a specified period of time (a “segment”). This means that index accounts have the “upside potential” to receive a higher interest crediting rate than many current fixed interest rate products can offer. They also offer the “downside protection” of a 0% minimum interest crediting rate. This means that if the index decreases in value during the segment, though no interest will be credited for that time period, you will also not experience negative returns.

Money that you allocate to the fixed account will earn steady, predictable interest that is guaranteed to never be less than a certain, stated percentage.

### Protection from negative performance

When the index rises, **your index crediting is positive**. When the index falls or is flat, no interest is credited, but **your contract value won't be reduced due to index performance**.



This hypothetical example does not represent actual movements of a market index or a particular segment. Cap rates and participation rates apply and may vary. Assumes premium payments are sufficient to cover policy expenses.

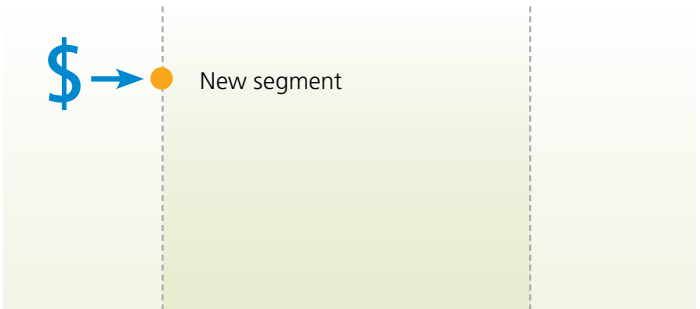
Take a look at the next page for a step-by-step guide on how index is credited when you choose from our four available index account options. They include:

- 1-Year Point-to-Point S&P 500® Capped
- 1-Year Point-to-Point S&P 500® Uncapped
- 1-Year Point-to-Point Russell 2000® Capped
- 1-Year Point-to-Point Dow Jones Euro Stoxx 50® Capped

# Four steps to calculating indexed interest crediting

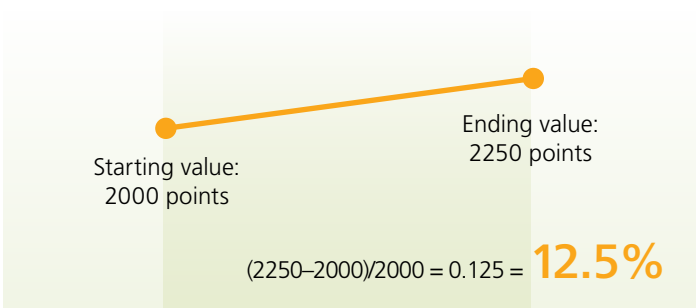
## STEP 1 A part of your cash value gets swept into a segment

For our four index accounts, interest is credited at the end of a one-year period known as a segment. Segments begin on the 15th of each month. Before a segment begins, we check to see what instructions you've provided as to where to allocate your cash values, and we'll sweep those values out of their current location into the new segment.



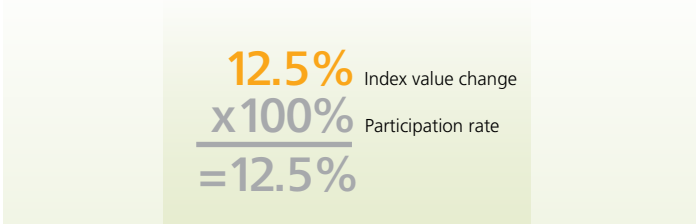
## STEP 2 Calculate the point-to-point difference

The performance of an index is measured and expressed on a weighted point system. While the index may go up and down over the course of the segment, only two points are used in the calculation: The closing values of the index on the first and last days of the segment. The difference between these two points is compared and expressed as a percentage.



## STEP 3 Multiply the result by a participation rate

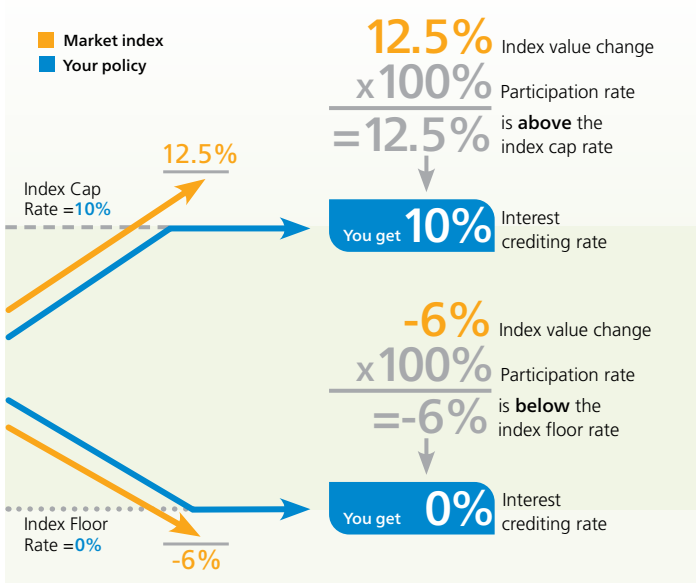
The Participation Rate tells you what percentage of the index change is used to calculate the credited interest for your policy. With Virtus IUL, you have a 100% Participation Rate for all of your Index Accounts. So, the entire index change is used in your interest rate calculation, not just a part of it.



## STEP 4a Capped index accounts: Apply caps and floors

For capped index accounts, the **Index Cap Rate**, commonly called the cap, is the maximum percentage of interest that will be credited to a policy during a given segment. The cap rate can change, but cannot be changed once a segment begins.

The **Index Floor Rate**, commonly called the floor, is the minimum percentage of interest that will be credited to a policy during a given segment. The minimum floor for Virtus IUL is 0%, so you will not lose account value due to an index decline during a segment.



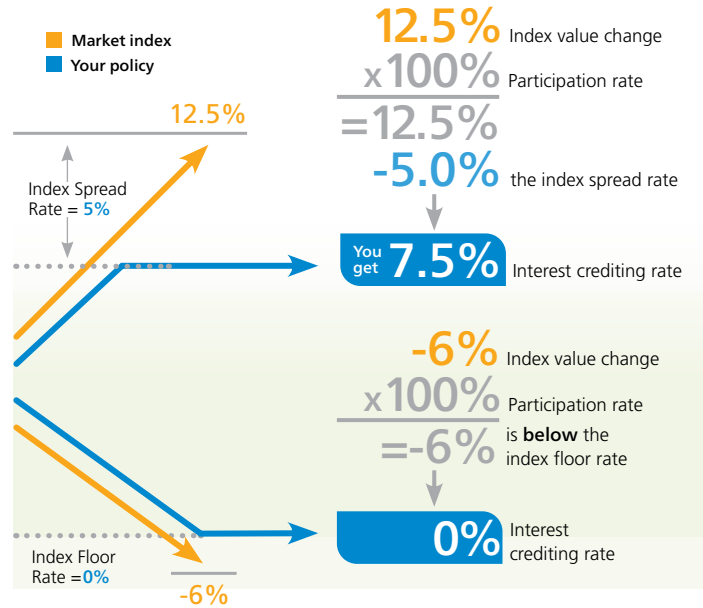
**These two policy features work together.** Though caps may put a limit on the total interest a segment can earn, they provide a balance that helps us provide the protection of floors to our policyholders.

**STEP 4b**

## Uncapped index account: Apply spread and floor

For the uncapped index account, there is no maximum return cap, but any positive index returns are reduced by an **Index Spread Rate** (commonly called the “spread”), or a declared percentage of growth the index must surpass before any interest is credited to the policy.

The 0% Index Floor Rate still applies to the uncapped index account, so you will not lose account value if the index return is below 0% after the spread is applied.



NOT A DEPOSIT	NOT FDIC INSURED	NOT GUARANTEED BY ANY BANK	NOT INSURED BY ANY GOVERNMENT AGENCY	MAY LOSE VALUE
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