American Pathway® Deferred Income Annuity (DIA) Qualified Longevity Annuity Contract FAQs

Since July 2, 2014, the Internal Revenue Service has allowed deferred income annuities to be made available as qualified longevity annuity contracts (QLACs), which are excluded from Required Minimum Distribution (RMD) calculations when certain conditions are met.

American General Life Insurance Company (AGL) and The United States Life Insurance Company in the City of New York (US Life) currently offers the American Pathway Deferred Income Annuity (DIA) as a QLAC.

Q: How do the premium limits of 25% per account and $130,000 work in practice?

A: Premiums are limited to the lesser of 25% of aggregated IRA account values or dollar limit of $130,000 in 2018, subject to IRS cost-of-living adjustments in future years. The dollar limit applies across all plans and IRAs collectively, while the percentage limit applies to the client's aggregated traditional IRA account values. If the client exceeds premium limits, IRS penalties may apply.

Q: What account value is the 25% IRA limit based on?

A: The 25% limit is based on the client's aggregated traditional IRA account values as of the prior December 31, less premiums previously paid for other IRA QLACs.

Q: What is the maximum QLAC purchase age for annuitant and joint annuitant?

A: With the contract, annuitants cannot be older than 83, and joint annuitants cannot be older than 90.

Q: Is there a minimum purchase age restriction?

A: No.

Q: What types of contracts are eligible to be classified as QLAC?

A: Eligibility is restricted to a DIA issued as a plan or traditional IRA.

Q: Are Roth IRAs or inherited IRAs eligible to be classified as a QLAC?

A: No.

Q: What "pre-commencement death benefit options" are available with a QLAC?

A: Options are guaranteed return of premium (GROP) or no death benefit. GROP plus interest is **not** available.

Q: What payment types can be selected with a QLAC?

A: Payout options are limited to single or joint life only, and single or joint life with cash refund.

Q: Are annual payment increase options available?

A: Yes, 1% - 5% simple, compounded or flat dollar increases are available on each income start date anniversary.

Q: Are joint annuitants required to be spouses for the American Pathway Deferred Income Annuity?

A: Yes.

Q: If it is a joint payout, and the owner/annuitant dies prior to the annuity date, is the joint annuitant subject to the traditional RMD rules, or do they get the advantage of the later income start date?

A: They get the advantage of the later income start date.

Q: Is commutation permitted with QLAC contracts?

A: No.

Q: Can a non-QLAC be exchanged for a QLAC?

A: This option is not included in our current offering.

Q: Can monies in an IRA that has begun distributions due to existing RMD rules (client is over 70½) be exchanged into a QLAC?

A: Yes.

Please contact your assigned wholesaling team for more information.

Annuities are long-term retirement saving vehicles.

This information is general in nature, may be subject to change and does not constitute legal, tax or accounting advice from any company, its employees, financial professionals or other representatives. Applicable laws and regulations are complex and subject to change. Any tax statements in this material are not intended to suggest the avoidance of U.S. federal, state or local tax penalties. For advice concerning your situation, consult your professional attorney, tax advisor or accountant.

Annuities issued by American General Life Insurance Company (AGL) except in New York, where issued by The United States Life Insurance Company in the City of New York (US Life). Issuing companies AGL and US Life are responsible for financial obligations of insurance products and are members of American International Group, Inc. (AIG).

American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products and other financial services to customers in more than 80 countries and jurisdictions.

May not be available in all states and product features may vary by state. Please refer to your contract.

AGLC 108007 (02/2018) J22305
Policy #s AGLC106230, AGLC106377, AGLC106378, AGLC106382; Rider #s DIA-ISDC413, WBR-DIA 2/16

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American Pathway®

Series of fixed annuities

Deferred Income Annuity

A single premium fixed deferred income annuity

Product Snapshot

Through our American Pathway series of annuities, we are committed to helping grow and protect the financial security of you and your family.

AGL and US Life Guarantees	
Single Premium Contract	Minimum single premium: $20,000 Maximum single premium: $1,000,000 without prior home-office approval Qualified Longevity Annuity Contract (QLAC): the lesser of 25% of aggregated IRA account values or dollar limit of $135,000 in 2020, subject to IRS cost-of-living adjustments in future years.[1] With some exceptions, an income annuity permanently converts principal to a guaranteed income stream.
Source of Funds[2]	Pretax: IRA, SEP, IRA After-tax: Nonqualified, Roth IRA **US Life does not accept sales of the American Pathway Deferred Income Annuity in New York funded by replacements of deferred annuity contracts or life insurance policies.**
Owner Issue Ages	18 – 90 for nonqualified and Roth IRA (85 is maximum issue age for all lifetime income only payment options.) 18 – 69 for qualified and IRA contracts 18 – 83 for QLAC IRA contracts **Minimum owner issue age is 18, or if earlier, the age of majority as defined by law in state of issue.**
Date of First Payment	Minimum deferral period: Must be greater than 12 months Maximum deferral period: 30 years • You must choose your date of first payment when you purchase the annuity • Distributions of nonqualified and Roth IRA funds must begin by age 91 • Distributions of qualified and IRA funds must begin by age 70½ • Distributions of QLAC funds must begin by the first day of the month following the annuitant's 85th birthday A professional tax advisor should be consulted.

[1] QLAC IRA premiums are limited to the lesser of $135,000 (lifetime) or 25% of the individual's aggregated traditional IRA account values as of the prior December 31, less premiums previously paid for other QLACs.

[2] Nonqualified purchases by non-natural entities require approval from the Home Office on a case-by-case exception basis and must have a minimum premium of $150,000 in order to be considered.

Annuities issued by

American General Life Insurance Company (AGL) and

The United States Life Insurance Company in the City of New York (US Life)

Guarantees are backed by the claims-paying ability of the issuing insurance company.

AGL and US Life Guarantees	
Income Start Date Adjustment[3]	You can accelerate or defer the first payment date within five years of the original income start date as long as it complies with the minimum and maximum deferral periods. This feature may be elected once during the life of the annuity contract and only if the withdrawal benefit has not been exercised. Not available with any lifetime income only payment option. State variations may apply.
Death Benefit	At the time of annuity purchase, you will select what, if any, death benefit will be paid if all owners (or annuitants if owner is non-natural) die prior to the income start date. The options are: • Death benefit is equal to the premium amount • Death benefit is equal to the premium amount plus compounded interest (Not available with QLAC) • No death benefit will be payable nor will any annuity payments ever be made (Only available with lifetime income only payment options) If any annuitant dies after the income start date, any remaining annuity benefit will be paid in accordance with the payment option selected.
Annuitant	• Single Life: Provides payments for the life of one annuitant. • Joint and Survivor: Provides payments as long as either annuitant lives; payments to the joint annuitant can be designed to remain level or decrease upon the death of the primary annuitant. • Joint and Contingent: Provides payments as long as either annuitant lives; payments to the surviving annuitant can be designed to remain level or decrease upon the death of either annuitant. If owner is a natural person, owner must be annuitant. Joint owner must be joint annuitant, and joint annuitant must be spouse of the annuitant.
Income Payment Options	These options are available for single life, joint and survivor, and joint and contingent • Lifetime income only[4] • Lifetime income with certain period • Lifetime income with installment refund • Lifetime income with cash (lump sum) refund[4] • Certain period only Certain period varies depending upon: • Nonqualified and Roth IRA: Five – 30 years (cannot exceed age 110) • IRA and SEP IRA: Five – 30 years (cannot exceed IRS limits) In times of low interest rates, some certain periods may not be available.
Payment Increase Options	1% to 5% increase on each income start date anniversary (simple or compounded interest, flat dollar increase)
Income Payment Frequency	Monthly, quarterly, semiannually or annually

[3] You cannot exercise both the income start date adjustment and commutation withdrawal benefit riders. Your exercise of a right or receipt of a benefit under either rider will result in the immediate termination of the other rider.

[4] QLAC purchases are limited to payment options lifetime income only and lifetime income with cash (lump sum) refund.

AGL and US Life Guarantees	
Payee Choice	The entire income payment, or a partial amount, can be directed to an alternate party, such as a charity, institution, family member or other individual. The contract owner is still responsible for the income tax on distributions to an alternate payee.
Advance Payment Option[5,6]	If you are receiving annuity income payments on a monthly basis, you can request to receive a lump-sum payment equal to the value of the next six months' worth of payments. Your regularly scheduled payments will resume after six months. You may exercise this feature if you are age 59½ or older and the contract is nonqualified or a Roth IRA. This feature may be elected twice during the life of the annuity contract.
Commutation Withdrawal Benefit[3, 5, 6, 7]	Anytime after one year following the income start date, the owner can elect a one-time withdrawal up to 100% of the present value of the remaining guaranteed income payments as a lump sum. • Available for nonqualified and Roth IRA contracts that include a non-increasing single or joint lifetime income payment option with a certain period, cash refund or installment refund • Beneficiaries may request a lump-sum withdrawal if all annuitants die before the end of any remaining guaranteed period • Available if income start date adjustment rider has not been exercised • Withdrawal amount must be greater than or equal to $2,500 • Withdrawals will reduce any remaining guaranteed payments by the same percentage amount as the withdrawal • At the end of the guaranteed period, lifetime income payments will return to the amount guaranteed prior to the withdrawal • Rider terminates upon use or after guaranteed income payments cease, whichever occurs first • Withdrawals may be subject to certain restrictions and may incur withdrawal charges as shown below Withdrawal charges are applied as a percentage of the amount being withdrawn.

Contract year	1	2	3	4	5	6	7	8	9	10+
Withdrawal charge	N/A	N/A	7%	6%	5%	4%	3%	2%	1%	0%

The commutation withdrawal benefit may not be available in some states, including New York.

[3] You cannot exercise both the income start date adjustment and commutation withdrawal benefit riders. Your exercise of a right or receipt of a benefit under either rider will result in the immediate termination of the other rider.

[5] The company expects to report the full amount of the lump-sum payment as fully taxable for the year of the payment, and recalculate the exclusion ratio for the remaining payments. This may limit or alter the policyowner's ability to fully recapture the investment in the contract over the annuity payment period. The company makes no representations and provides no advice as to the ultimate tax treatment of any annuity distribution transaction, and you may wish to consult with a tax advisor prior to exercising a withdrawal feature under an income annuity.

[6] If the advance payment option has been exercised, there will be a six-month waiting period before a commutation withdrawal benefit can be requested.

[7] The commutation withdrawal benefit option is not available with lifetime income only, certain period only, or any income payment option that includes an annual payment adjustment. Additional restrictions may apply.

Annuities are long-term retirement saving vehicles.

Retirement accounts such as IRAs can be tax deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within an IRA does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits.

This information is general in nature, may be subject to change and does not constitute legal, tax or accounting advice from any company, its employees, financial professionals or other representatives. Applicable laws and regulations are complex and subject to change. For advice concerning your situation, consult your attorney, tax advisor or accountant.

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May not be available in all states and product features may vary by state. Please refer to your contract.

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800-424-4990

AGLC 108937.2 (01/2020) J404701
Contract #s: AGLC106230, AGLC106377, AGLC106378, AGLC106382
Rider #s: DIA-WBR 2/16

Qualified Longevity Annuity Contracts

Another option to help retirement income last

In July 2014, the U.S. Treasury Department removed a significant impediment to the ability of plan participants and IRA owners to balance their use of annuities and other investments in their retirement savings arrangements, issuing final regulations that generally allow those individuals to bypass Required Minimum Distribution (RMD) rules, which generally require that payments begin at age 70½, with respect to a portion of their total retirement savings. The regulations create a qualified longevity annuity contract, or QLAC, a deferred annuity under which the amount of annuity payments is locked in at purchase, and those payments begin at any age up to age 85. These annuities are also referred to as deferred income annuities, or DIAs. Of course, DIAs were available in the marketplace before these regulations; however, when they were purchased under a qualifying employer-sponsored plan or Individual Retirement Account (IRA), the annuity payments generally needed to commence by age 70½, or the individual's actual date when RMDs must commence. Thus, QLACs generally encompass such DIA contracts with income start dates after age 70½ and at or before age 85, while non-QLAC (or NQLAC) DIAs remain available for income start dates up to age 70½ in qualified employer plans or IRAs, and are not subject to the new QLAC limitations.

QLAC rules

As one would expect, QLACs are subject to important limitations, including limitations on premiums /purchase payments, cashability, and the payment of death benefits, particularly to non-spouse beneficiaries. (These requirements are not applicable to NQLACs. Instead NQLACs remain subject to the regular RMD requirements.) This paper will touch on each of the three QLAC limitations in turn.

Limits on premiums / purchase payments

- As of 2020, over their lifetime, individuals cannot allocate more than $135,000 of their qualifying retirement plan [401(a)/(k), 403(b), governmental 457(b)] and IRA (traditional; not Roth nor inherited IRAs) savings to QLACs, subject to IRS cost-of-living adjustments in future years.
- Additionally, no more than 25% of the participant's account in any one qualifying retirement plan may be allocated to purchase one or more QLACs. This limit also applies to traditional IRAs; however, rather than applying to each separate IRA, the limit applies to the aggregate of the individual IRAs. Unlike Roth IRAs, Roth accounts within retirement plans are eligible for QLACs because they are also subject to RMD requirements.
- The 25% limit applies differently to plans and to IRAs. Under a plan the 25% limit applies to the most recent valuation of the plan, and under an IRA it applies to the prior 12/31 aggregated IRA balance. In both cases the value includes the present value of any previously purchased QLAC or NQLAC under the plan or the IRAs. The plan account value is also adjusted for any subsequent contributions or distributions. It is unclear whether this same adjustment applies to the 12/31 IRA value.

Limits on cashability

QLACs generally cannot include surrender, withdrawal, or commutation features. However, contract provisions permitting a partial or total surrender to correct an excess premium or purchase payment are not considered to violate this restriction. The stated reason for this general prohibition on cashability is to maximize the amount of future benefit actually purchased, especially since these contracts are excluded from annual RMD calculations and distributions. If individuals want to purchase a similar contract with more cashability, they can still purchase an NQLAC. However, unless they are certain they will have sufficient remaining assets within the plan to cover RMDs for the plan or IRAs, taking into account the value of the NQLAC in the RMD calculations, income payments under the NQLAC should commence no later than when an individual attains age 70½.

Death benefits are permitted both before and after income payments commence, and such benefits are not considered to violate the limitations on cashability, provided that the death benefits fit within specific QLAC requirements. See Death Benefits, below.

Death benefits and benefits to individuals other than the participant/IRA owner

Death benefits prior to when income payments begin generally are limited to a return of the original premium (ROP), with no interest credited. Comments on the Treasury Department's earlier proposed regulations had noted the importance of this ROP feature to encouraging individuals to consider the QLAC options. A QLAC also may include a ROP death benefit that applies after income payments commence, upon the death of the annuitant (and, if applicable, spousal joint annuitant).

QLACs also can include payments to joint annuitants, whether or not the joint annuitant is the individual's spouse. Such payments, however, also should be life contingent, and thus the annuity cannot include the minimum guaranteed annuity period component (period certain annuity nor installment refund). Additionally, if the joint annuitant is not the individual's spouse, and if the QLAC includes a ROP death benefit prior to the commencement of income payments, then the regulations apply new limits to the non-spousal survivor annuity benefit. Additionally, a QLAC payable to a non-spouse beneficiary upon the death of the owner can include either a joint life income, or a ROP death benefit for income payments, but not both.

Additional considerations

Plan availability

Plan sponsors are generally responsible for the selection or authorization of any investments under the plan, and that includes QLACs and NQLACs. In the case of a plan subject to fiduciary rules under Title I of ERISA, that selection or authorization is a fiduciary decision. Even for non-ERISA plans, plan sponsors or fiduciaries generally must authorize the offering of either QLACs or NQLACs to plan participants. If a plan does not permit the offering of these contracts, then the plan account balance is disregarded in determining a participant's eligibility for QLAC or NQLAC purchases under other plans or traditional IRAs.

Portability

A QLAC or an NQLAC can either stand alone as an Individual Retirement Annuity, or be held under an Individual Retirement Account. Similarly, in the case of employer plans, the contract can be held under the plan as a stand-alone annuity under Code Section 403(a), 403(b), or 457(b), as applicable, or it can be held under a trust or custodial agreement under a 401(a)/(k) or 457(b) plan. A QLAC generally cannot be held under a 403(b)(7) custodial agreement.

If the QLAC or NQLAC is obtained from the plan service provider, and the employer later replaces that service provider with another service provider, the QLAC or NQLAC contract will remain with the issuing provider. However, the plan may have the option of:

- Retaining the contract as a stand-alone qualifying plan investment,
- Distributing the contract out of the plan to the participant (if the participant satisfies applicable distribution requirements), or
- If it is issued under a group annuity contract, and if the new plan is a 401(a) or 457(b) plan that would accept it, transferring the ownership of the group contract to the new plan.

If the plan is an ERISA plan, unless the contract is distributed to the participant, the plan will need to continue to maintain plan records of the contract(s) and, where applicable, incorporate relevant information into the documents and reports.

Retirement planning flexibility and other food for thought

One important consideration for many retirees, in managing their plan and retirement savings accounts, is whether those accounts might run out and leave them without sufficient retirement income in their later years. This is often referred to as "longevity risk" but also includes concerns about spending too much of that retirement savings in earlier years. Even rules of thumb for how much to withdraw each year, such as a common 4% rule, do not guarantee that individuals will not run out of money during their lifetime. The addition of QLACs and NQLACs to the tool kit can open the door to different options, including:

- Participants who have changed jobs recently, and rolled their plan account from their prior employer's plan to an IRA, may have additional options for planning their QLAC purchases. For example, if they have already purchased the maximum QLAC from their IRAs, and if the new employer's plan offers a QLAC option, they might decide to roll some or all of their remaining IRA balances into the new employer's plan, rather than waiting for contributions to accumulate in the plan, to permit the desired additional QLAC purchase.
- Individuals with QLACs and/or NQLACs available can use these tools to help determine how to manage their defined contribution retirement savings, in plans and IRAs, to meet their income needs in retirement. Both QLACs and NQLACs offer the opportunity to lock in streams of income and eliminate the risk associated with potentially depleting their retirement savings by the income start date. An individual can purchase unlimited NQLACs, and/or limited QLACs, and can elect to have payments commence at different times. As just one example, a participant at age 45 might purchase an NQLAC with a lifetime income stream to commence at age 65 (or the earliest age permitted under the plan, if later), and then at age 65 purchase a QLAC to provide an additional income stream commencing as late as age 85.
- As a general matter, the amount required to provide that future stream of income can be increased or decreased depending upon:
  - How early the QLAC or NQLAC is purchased, and
  - How many additional benefits are included in the contract.

  ROP death benefits and survivor annuity benefits can provide peace of mind but can also increase the cost of the income stream.
- When deciding whether to purchase the QLAC from pretax or Roth account values in the plan, participants may want to take into account any plans they have made for taking RMDs from the remaining account value from either the pretax account or the Roth account under the plan. For example, if they were planning on taking RMDs (and other earlier distributions) from nontaxable Roth account values, they may wish to purchase the QLAC from the pretax portion of the account.
- A plan that offers QLACs and/or NQLACs may be viewed more favorably by participants generally, and especially by participants who, upon leaving their employer, are deciding whether to leave their account balance in the plan or roll it to an IRA or to their new employer's plan, if applicable. A QLAC can provide for additional retirement income planning options at later years, while an NQLAC provides many of the same benefits, though with an earlier age limit, without the RMD compliance concern of failing the QLAC purchase payment limitations.

Conclusion

QLACs, and even NQLACs, are relatively new and provide a number of interesting and exciting opportunities for individuals to explore concerning how these contracts could fit into their retirement income strategies. Because they are relatively new, the number of adopting plans may be fewer than the number of adopting IRAs, at least for the foreseeable future. The new QLAC rules bring participants yet one step closer to the kind of flexibility they may need or wish to have, to take control of the income component of their future retirement. This discussion is not a comprehensive analysis of the topic.

Annuities are long-term retirement saving vehicles.

Retirement accounts such as IRAs can be tax deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within an IRA does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits.

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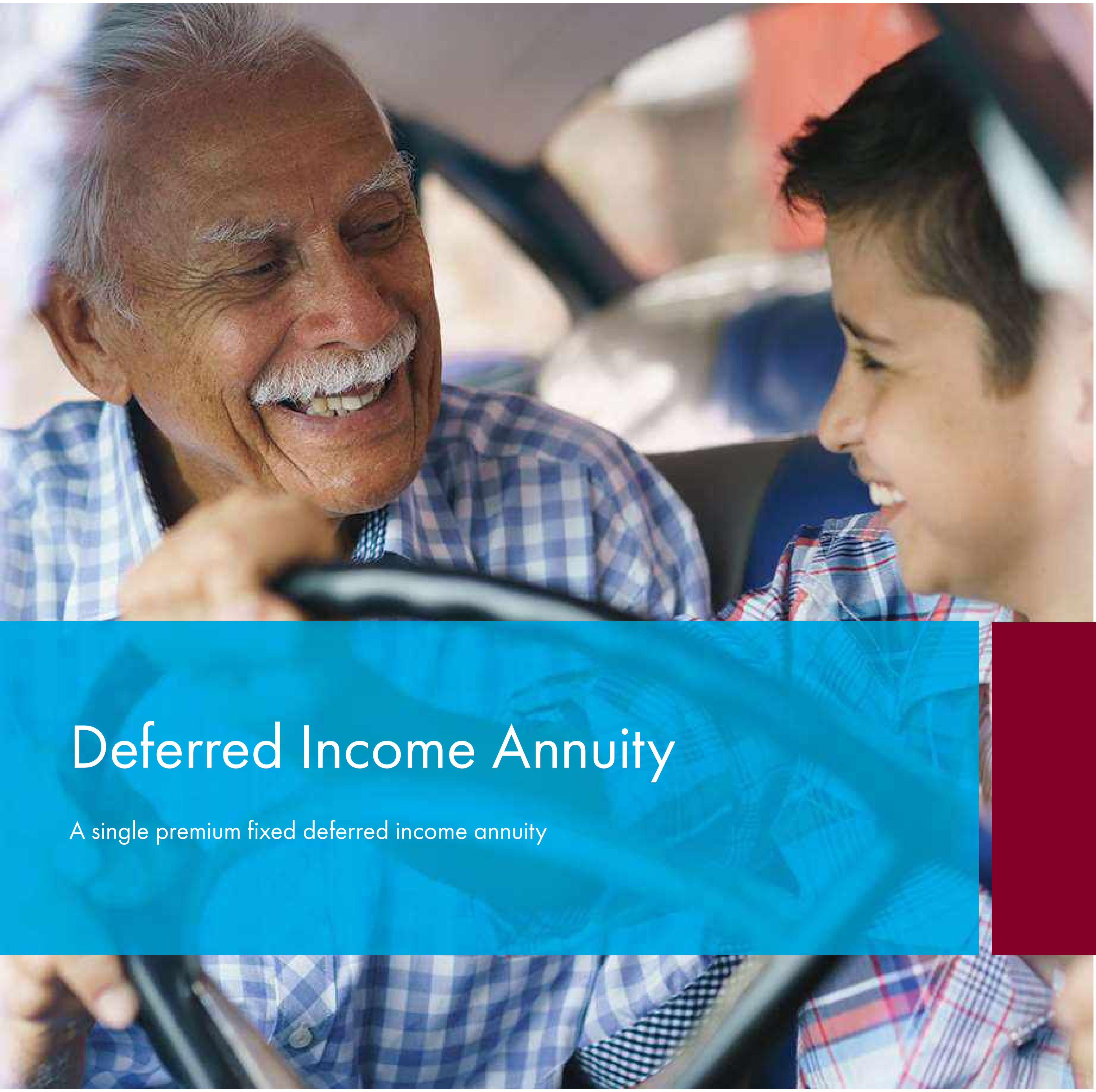
Contract #s: AGLC106230, AGLC106377, AGLC106378, AGLC106382; Rider #s: DIA-WBR 2/16

American Pathway®

Series of fixed annuities



Deferred Income Annuity

A single premium fixed deferred income annuity

Not FDIC or NCUA/NCUSIF Insured
May Lose Value • No Bank or Credit Union Guarantee Not a Deposit • Not Insured by any Federal Government Agency

Annuities issued by
American General Life Insurance Company (AGL) and
The United States Life Insurance Company in the City of New York (US Life)
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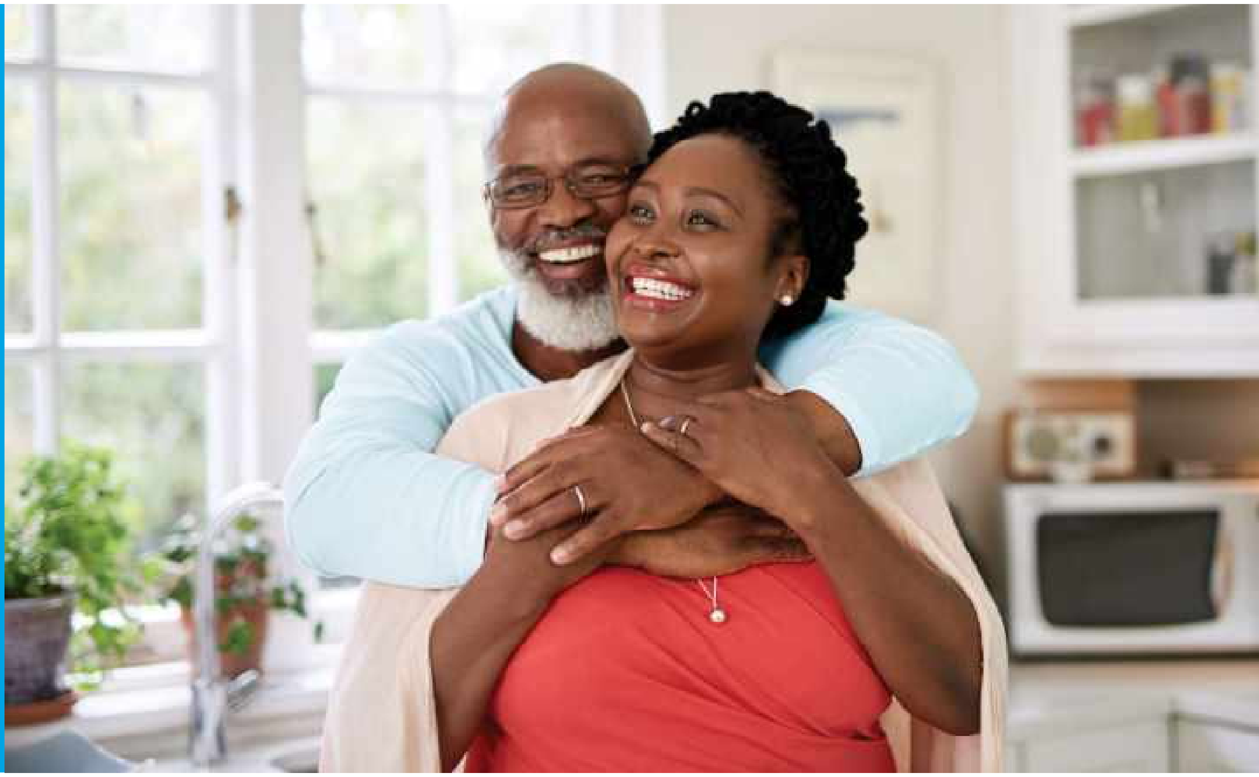
Retire the UNCERTAINTY with



guaranteed income for TOMORROW

With the American Pathway Deferred Income Annuity you can:

- receive a GUARANTEED income stream you can't outlive
- consider a TAX-ADVANTAGED approach
- create a CUSTOMIZED income plan
- maintain emergency ACCESS to your money beyond scheduled income payments[1]

We are committed to helping grow and protect the financial security of you and your family.

[1] The commutation withdrawal benefit may not be available in some states, including New York.

Tailor the future to fit your needs

DESIGN your retirement solution with the American Pathway Deferred Income Annuity

Begin income payments anytime after 12 months or defer income up to 30 years. The longer you defer taking payments, the greater the payments your single premium will produce.

You have protection from market volatility and the flexibility to choose:

- Guaranteed lifetime income[2]
- Single life, joint life or certain period payment options
- The payment start date
- The payment type and frequency
- To include a death benefit
- An automatic payment increase option
- To designate your contract as a qualified longevity annuity contract (QLAC)[3]

Tax-advantaged approach

The American Pathway Deferred Income Annuity enjoys tax-favored treatment under current federal income tax laws. For nonqualified annuities (purchased with after-tax dollars), only a portion of each payment you receive — the interest earned — is considered taxable. The remainder of the payment is considered return of principal until your entire original principal has been received.

An income annuity may generate more income than other products or methods because with some exceptions, in exchange for higher payments, an income annuity permanently converts principal to a guaranteed income stream.

Customize your income plan with:

- **Timely benefits —** Receive payments monthly, quarterly, semiannually or annually
- **Convenient delivery —** Have payments mailed to you or enjoy the convenience of direct deposit into your checking or savings account
- **Payee choice —** The entire income payment, or a partial amount, can be directed to an alternate party, such as a charity, institution, family member or other individual. The contract owner is still responsible for the income tax on distributions to an alternate payee

[2] Annuitization required (the process of permanently converting the fixed annuity into a series of fixed payments). You can choose an option that provides guaranteed lifetime payments.

[3] QLAC premiums are limited to the lesser of 25% of aggregated IRA account values or dollar limit of $135,000 in 2020, subject to IRS cost-of-living adjustments in future years.

You decide how, when and who receives income

During the annuity's payout period, you'll begin to receive a series of payments. Once payments begin, the payout option cannot be changed.

Who receives income

- **Single life option —** Covers the life of one person, the annuitant. Depending on the option you select, payments may be received for the life of the annuitant only, for the longer of the annuitant's life or a certain period, or you may specify that if the amount of payments received is less than the premium you paid, the difference may be paid to a beneficiary following the annuitant's death.
- **Joint life options —** These options cover the lives of two annuitants. Under one option, the surviving annuitant continues to receive an annuity payment for his/her life, of the same dollar amount or a decreased percentage. Another option lets you designate primary and secondary annuitants, with the secondary annuitant receiving decreased payments for life following the primary annuitant's death.

Income payment options

Lifetime income only[4]	Receive regular income payments for your lifetime, ending at your death.
Lifetime income with certain period	Receive regular income payments for your lifetime. Should all annuitant(s) die before the certain period ends, your beneficiary would receive the remaining benefit payments.
Lifetime income with cash (lump sum) refund or installment refund	Receive regular income payments for your lifetime. Should annuitant(s) die before an amount equal to the premium is paid out, your beneficiary would receive either a cash refund or periodic payments until the premium amount is paid out.
Certain period only	Provides payments for a specific length of time between five and 30 years. The length of the certain period for a qualified contract (funded with pretax dollars) cannot be extended beyond the annuitant's life expectancy (determined according to IRS minimum distribution rules). The length of the certain period for any nonqualified contract cannot extend beyond age 110. In times of low interest rates, some certain periods may not be available.

Income start date adjustment

You can accelerate or defer the first payment date within five years of the original income start date as long as it complies with the minimum and maximum deferral periods of the contract. This feature may be elected once during the life of the annuity contract only if the withdrawal benefit has not been exercised. Not available with any lifetime income only payment option. State variations may apply.[5]

Automatically increase your income payments

This option allows you to automatically increase income payments by 1% to 5% on each income start date anniversary.

You can choose to increase income payments by either a

- Simple or compounded percentage increase
- Flat dollar increase

The initial income payment will be lower than for contracts without an increasing income payment.

[4] QLAC purchases are limited to payment options lifetime income only and lifetime income with cash (lump sum) refund.

[5] You cannot exercise both the income start date adjustment and commutation withdrawal benefit riders. Your exercise of a right or receipt of a benefit under either rider will result in the immediate termination of the other rider.

ACCESS to your money

Protection for your family

At purchase, you may select an optional guaranteed death benefit that will be paid to your designated beneficiary should all owners die before receiving the first payment. You may choose:

- Death benefit equal to the premium amount
- Death benefit equal to the premium amount plus compounded interest (not available with QLAC)
- No death benefit — no annuity payments will ever be made after you die (only available with lifetime income only payment options)

Advance payment option

After payments begin, if you receive annuity income payments on a monthly basis, you can request a lump-sum payment equal to the value of the next six months' worth of payments. Your regularly scheduled payments will resume after six months. You may exercise this feature if you are age 59½ or older and the contract is nonqualified or a Roth IRA. This feature may be elected twice during the life of the annuity.[6, 7]

Commutation withdrawal benefit

Sometimes life happens. It's difficult to predict the future. You may have an emergency and need your money. That's why we offer a commutation withdrawal benefit – for your "just in case" moments.

Anytime after one year following the income start date, the owner can elect a one-time withdrawal up to 100% of the present value of the remaining guaranteed income payments as a lump sum.[6]

- Available for nonqualified and Roth IRA contracts that include non-increasing single or joint lifetime income payment option with a certain period, cash refund or installment refund[8]
- Beneficiaries may request a lump-sum withdrawal if all annuitants die before the end of any remaining guaranteed period
- Withdrawal amount must be greater than or equal to $2,500
- Withdrawals will reduce any remaining guaranteed payments by the same percentage amount as the withdrawal
- At the end of the guaranteed period, lifetime income payments will return to the amount guaranteed prior to the withdrawal
- Rider terminates upon use or after guaranteed income payments cease, whichever occurs first
- Withdrawals may be subject to restrictions and may incur withdrawal charges as shown below

Withdrawal charges are applied as a percentage of the amount withdrawn.

Contract year	1	2	3	4	5	6	7	8	9	10+
Withdrawal charge	N/A	N/A	7%	6%	5%	4%	3%	2%	1%	0%

The commutation withdrawal benefit may not be available in some states, including New York.

[6] The company expects to report the full amount of the lump-sum payment as fully taxable for the year of the payment, and recalculate the exclusion ratio for the remaining payments. This may limit or alter the policyowner's ability to fully recapture the investment in the contract over the annuity payment period. The company makes no representations and provides no advice as to the ultimate tax treatment of any annuity distribution transaction, and you may wish to consult with a tax advisor prior to exercising a withdrawal feature under an income annuity.

[7] If the advance payment option has been exercised, there will be a six-month waiting period before a commutation withdrawal benefit can be requested.

[8] The commutation withdrawal benefit option is not available with lifetime income only, certain period only, or any income payment option that includes an annual payment adjustment. Additional restrictions may apply.

Start your journey

If you're age 18 - 90 you can purchase the American Pathway Deferred Income Annuity with a minimum single premium of $20,000.

Single premium for a QLAC designated contract is the lesser of 25% of aggregated IRA account values or dollar limit of $135,000 in 2020, subject to IRS cost-of-living adjustments in future years.

(Minimum owner issue age is 18, or if earlier, the age of majority as defined by law in your state of issue; 85 is the maximum issue age for all lifetime income only payment options.)

You have choices for your financial strategy.

Income annuities offer a retirement income solution that could be a good fit to your strategy, but as with all financial products, there are certain risks to consider. Have an open discussion with your licensed financial professional about your long-term goals to determine if an income annuity is right for you.

Annuities are long-term retirement saving vehicles.

Retirement accounts such as IRAs can be tax deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within an IRA does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits.

This information is general in nature, may be subject to change and does not constitute legal, tax or accounting advice from any company, its employees, financial professionals or other representatives. Applicable laws and regulations are complex and subject to change. For advice concerning your situation, consult your attorney, tax advisor or accountant.

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AGLC 108943.1(01/2020) J404602
Contract #s: AGLC106230, AGLC106377, AGLC106378, AGLC106382
Rider #s: DIA-WBR 2/16

AIG®

FAQ: Understanding QLACs

: What is a QLAC?

A: A QLAC is a qualified longevity annuity contract purchased under an IRA or a qualifying employer-sponsored retirement plan. The funds allocated to QLACs may be excluded from Required Minimum Distributions (RMD) calculations after age 70½.

: How does a QLAC work?

A: A QLAC purchased today can provide income beginning on any future date consistent with the contract, but not later than age 85. A QLAC must be a deferred income annuity (DIA), meaning that payments begin more than a year after purchase. The time between your QLAC purchase and the date your income payments begin is referred to as the deferral period. Payments under many QLACs may be deferred for five, 10, 20 or more years.

: Why might I want to purchase a QLAC under my IRA?

A: One important challenge is determining how to make your savings last throughout retirement especially given that people are living longer. A QLAC allows you to schedule income to begin at an advanced age, thereby reducing RMDs. Knowing that you will have this deferred income can reduce your reliance on the remainder of your portfolio, allowing you to invest or spend with more confidence during your earlier active years of retirement.

As an example, if you retire at age 65 and purchase a QLAC to provide income beginning at age 85, you may be more comfortable withdrawing from your retirement savings over the next 20 years until your 85th birthday when your QLAC could automatically begin to pay income for the rest of your life.

: How does the length of the deferral period affect the cost of the QLAC?

A: The longer you wait to begin income payments, the higher your income payments can be for the same amount of money. The difference in cost is based on life expectancy and the length of time between the date of purchase and the date payments begin. Remember that with a QLAC, as with any deferred income annuity, your premium is permanently converted to a guaranteed income stream that can last for your lifetime.

: Is there a minimum purchase age restriction?

A: No.

: What is the maximum QLAC purchase age for annuitant and joint annuitant?

A: With the AIG contract, annuitants cannot be older than 83, and joint annuitants cannot be older than 90.

: Is there a limit to how much money I can use to purchase an IRA QLAC?

A: The amount of funds that you can allocate to a QLAC is limited by federal tax rules.[1] Premiums are limited to the lesser of 25% of aggregated IRA account values or dollar limit of $135,000 in 2020, subject to IRS cost-of-living adjustments in future years. The dollar limit applies across all plans and IRAs collectively, while the percentage limit applies to plans on a per plan basis and to IRAs on an aggregate basis. If your QLAC purchases exceed premium limits, corrections must be made to avoid the loss of QLAC status as of the date excess premiums are paid and resulting tax consequences.

: What account value is the 25% IRA limit based on?

A: The 25% limit is based on your aggregated traditional IRA account values as of the prior December 31st, less premiums previously paid to purchase other IRA QLACs.

: Can funds in an IRA that has begun distributions due to existing RMD rules (e.g., owner is over age 70½) be used to purchase a QLAC?

A: Yes. However, you should consult with your tax advisor to determine the amount of distribution that must be made to satisfy RMD requirements for the calendar year in which the QLAC is being purchased.

: Are Roth IRAs or inherited IRAs eligible to be classified as a QLAC?

A: No.

: If I die before my selected payment start date, will my heirs lose the premium I paid for the QLAC?

A: Not necessarily. You can select from two pre-commencement death benefit options. The return-of-premium (ROP) option allows the premium to be paid to your beneficiary(ies) in the event you die prior to the income start date. Selecting this option increases the cost of the QLAC and decreases the amount of the deferred income payment. The second option – no death benefit – provides higher income payments. However, if you die prior to the income start date, no death benefit or income payments will ever be paid and your QLAC will terminate.

: What payment types can be selected with a QLAC?

A: Payout options are limited to single or joint life only, and single or joint life with cash refund.

: Are annual payment increase options available?

A: Yes, three increase options are available: 1% to 5% simple, compounded or flat dollar.

: Can my QLAC provide for annuity payments to my spouse if I die first, after income payments begin?

A: Yes. The American Pathway® Deferred Income Annuity offers joint and survivor, and joint and contingent payment options with the requirement that the joint annuitant is a spouse.

: If the owner dies prior to the income start date on a joint life QLAC, when must the joint annuitant start income payments?

A: The spousal joint annuitant must start income no later than the original income start date.

: Can a QLAC become a non-QLAC contract by changing the income start date to a date before the owner is 70½?

A: No. A QLAC that provides the option to change the income start date does not disqualify the contract from being a QLAC even if the owner exercises the option and begins receiving income prior to 70½.

: If the owner dies before income payments begin under the QLAC and a death benefit is payable to a beneficiary, is that death benefit eligible to be rolled over to another plan or to an IRA?

A: If the owner's death occurs before the owner's required beginning date (RBD)[2], the proceeds should be eligible for rollover. If the owner's death occurs after the RBD, then the death benefit payment is treated as an RMD and is not eligible for rollover. Similarly, if the surviving spouse's death is after the RBD for the surviving spouse, then the death benefit payment is treated as an RMD and not eligible for rollover.

: Can I change the income start date of a QLAC?

A: If a cash refund payment type is selected, the American Pathway Deferred Income Annuity allows you to accelerate or defer the first payment date within five years of the original income start date as long as it complies with the minimum and maximum deferral periods of your contract, any plan requirements and QLAC regulations. This feature may be elected once during the life of the annuity contract.

: Is commutation permitted with QLAC contracts?

A: No.

Guarantees are backed by the claims-paying ability of the issuing insurance company.

[1] This discussion is not a comprehensive analysis of the topic. Neither the company nor any of its agents or employees provides legal or tax advice, or calculates maximum premium limits for QLAC purposes. The company recommends you consult with a competent tax advisor regarding your individual circumstances.

[2] The required beginning date under a plan or an IRA is the year in which the owner reaches 70½ years of age, or by April 1 of the following year if the owner elects to delay the first payment.

Annuities are long-term retirement saving vehicles.

Retirement accounts such as IRAs can be tax deferred regardless of whether or not they are funded with an annuity. The purchase of an annuity within an IRA does not provide additional tax-deferred treatment of earnings. However, annuities do provide other features and benefits.

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Contract #s: AGLC106230, AGLC106377, AGLC106378, AGLC106382;
Rider #s: DIA-ISDC413, WBR-DIA 2/16

Potentially reduce your Required Minimum Distributions (RMDs) using a qualified longevity annuity contract (QLAC)

What is a QLAC?

A QLAC is a deferred income annuity purchased under an IRA with income payments scheduled to begin after age 70½.

A new option to reduce RMDs and extend your retirement savings

The funds allocated to purchase a QLAC may be excluded from your RMD calculations beyond age 70½ and provide more guaranteed income for later years of retirement, beginning as late as age 85.

Key advantages of a QLAC:

- Allocate up to the lesser of 25% of aggregated IRA account values or dollar limit of $130,000 in 2018, subject to IRS cost-of-living adjustments in future years
- Delay paying taxes on money that isn't needed in early retirement
- Help ensure you have guaranteed lifetime income later in retirement
- Potential to leave more assets to a surviving spouse or heirs

The American Pathway Deferred Income Annuity as a QLAC:

- Allows you to set aside a single premium today for a stream of income payments beginning on a predetermined date in the future
- Can provide income payments which may be guaranteed for as long as you live
- Offers a high level of fixed guaranteed income with the option to adjust your income start date
- Protects your money from market participation
- Offers multiple automatic payment increase options

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The United States Life Insurance Company in the City of New York (US Life)
Guarantees are backed by the claims-paying ability of the issuing insurance company.

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American Pathway® Deferred Income Annuity (DIA) Qualified Longevity Annuity Contract FAQs

Since July 2, 2014, the Internal Revenue Service has allowed deferred income annuities to be made available as qualified longevity annuity contracts (QLACs), which are excluded from Required Minimum Distribution (RMD) calculations when certain conditions are met.

American General Life Insurance Company (AGL) and The United States Life Insurance Company in the City of New York (US Life) currently offers the American Pathway Deferred Income Annuity (DIA) as a QLAC.

Q: How do the premium limits of 25% per account and $130,000 work in practice?

A: Premiums are limited to the lesser of 25% of aggregated IRA account values or dollar limit of $130,000 in 2018, subject to IRS cost-of-living adjustments in future years. The dollar limit applies across all plans and IRAs collectively, while the percentage limit applies to the client's aggregated traditional IRA account values. If the client exceeds premium limits, IRS penalties may apply.

Q: What account value is the 25% IRA limit based on?

A: The 25% limit is based on the client's aggregated traditional IRA account values as of the prior December 31, less premiums previously paid for other IRA QLACs.

Q: What is the maximum QLAC purchase age for annuitant and joint annuitant?

A: With the contract, annuitants cannot be older than 83, and joint annuitants cannot be older than 90.

Q: Is there a minimum purchase age restriction?

A: No.

Q: What types of contracts are eligible to be classified as QLAC?

A: Eligibility is restricted to a DIA issued as a plan or traditional IRA.

Q: Are Roth IRAs or inherited IRAs eligible to be classified as a QLAC?

A: No.

Q: What "pre-commencement death benefit options" are available with a QLAC?

A: Options are guaranteed return of premium (GROP) or no death benefit. GROP plus interest is **not** available.

Q: What payment types can be selected with a QLAC?

A: Payout options are limited to single or joint life only, and single or joint life with cash refund.

Q: Are annual payment increase options available?

A: Yes, 1% - 5% simple, compounded or flat dollar increases are available on each income start date anniversary.

Q: Are joint annuitants required to be spouses for the American Pathway Deferred Income Annuity?

A: Yes.

Q: If it is a joint payout, and the owner/annuitant dies prior to the annuity date, is the joint annuitant subject to the traditional RMD rules, or do they get the advantage of the later income start date?

A: They get the advantage of the later income start date.

Q: Is commutation permitted with QLAC contracts?

A: No.

Q: Can a non-QLAC be exchanged for a QLAC?

A: This option is not included in our current offering.

Q: Can monies in an IRA that has begun distributions due to existing RMD rules (client is over 70½) be exchanged into a QLAC?

A: Yes.

Please contact your assigned wholesaling team for more information.

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American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products and other financial services to customers in more than 80 countries and jurisdictions.

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Potentially reduce your reliance on the remainder of your portfolio for income

Contact your financial professional for more information and how the American Pathway Deferred Income Annuity as a QLAC might be able to help you invest and spend with more confidence during your early, more active years of retirement.

Talk with your financial professional to see if an income annuity could be a good fit for your overall retirement plan.

Annuities are long-term retirement saving vehicles.

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