

Indexed universal life insurance

Index selections

Protection Builder, Builder Plus IUL[®] 2, Smart Builder

In addition to death benefit protection, indexed universal life products provide the opportunity for cash value growth through a fixed account and an index account. The index account credits interest based on the upward movement of one or more stock market indexes without investing directly in the market. North American offers five indexes and four crediting methods combined for a total of 10 index selections. Depending on the index selection, the amount of interest credited may be adjusted compared to the actual index growth by an index cap or participation rate.

Five indexes

Standard & Poor's 500 Composite Stock Price Index (S&P 500[®])

Measures the 500 most widely held companies across a number of industries.

Standard & Poor's 400 Index (S&P MidCap 400[®])

Measures 400 medium-sized U.S. firms based on their market capitalization, liquidity, and industry representation.

NASDAQ-100[®]

The NASDAQ-100 is a stock market index made up of 104 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ.

Russell 2000[®]

Measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in market capitalization.

EURO STOXX 50[®]

Measures the top 50 blue-chip stocks from the countries participating in the European Monetary Union.

Four crediting methods

1) Annual Point-to-Point

The Annual Point-to-Point crediting method measures the movement of the index from the beginning to the end of a 12-month index period. This value is then multiplied by the participation rate. The resulting interest crediting rate can never be less than zero and can never be more than the annual cap rate. Annual Point-to-Point is available on all five indexes. The S&P 500[®] also includes an uncapped index selection which has a lower participation rate.

1b) High Par Annual Point-to-Point

2) Annual Point-to-Point with Spread

The Annual Point-to-Point with Spread crediting method first measures the movement of the index from the beginning to the end of a 12-month index period. This value is then multiplied by the participation rate. The spread rate is then subtracted. The resulting interest crediting rate can never be less than zero. Annual Point-to-Point with spread is available on the S&P 500[®] only.

Hypothetical example	Capped	Uncapped
Beginning index value	1,000.00	1,000.00
Ending index value	1,200.00	1,200.00
Index growth	20.00%	20.00%
Cap rate	10.00%	N/A
Participation rate	100.00%	50.00%
Interest crediting rate	10.00%	10.00%

Hypothetical example	Capped
Beginning index value	1,000.00
Ending index value	1,200.00
Index growth	20.00%
Cap rate	8.00%
Participation rate	140.00%
Interest crediting rate	8.00%

Hypothetical example	
Beginning index value	1,000.00
Ending index value	1,200.00
Index growth	20.00%
Spread rate	4.00%
Cap rate	NA
Participation rate	100.00%
Interest crediting rate	16.00%

3) Monthly Point-to-Point

With the Monthly Point-to-Point strategy, we measure the change in the index each month over the 12-month index period. This percentage change can be positive or negative and is subject to a monthly cap rate. At the end of the index period, those values are added together to find the interest crediting rate. The interest crediting rate can never be less than zero. Monthly Point-to-Point is available with the S&P 500[®] only.

Hypothetical example

Monthly cap rate	4.00%
Participation rate	100.00%
Interest crediting rate	10.00%

Monthly date	Index value	Index growth	Growth used in crediting rate
January 1	100.00		
February 1	102.00	2.00%	2.00%
March 1	103.00	0.98%	0.98%
April 1	104.29	1.25%	1.25%
May 1	110.00	5.48%	4.00%
June 1	115.00	4.55%	4.00%
July 1	108.57	-5.59%	-5.59%
August 1	115.00	5.92%	4.00%
September 1	105.00	-8.70%	-8.70%
October 1	106.00	0.95%	0.95%
November 1	112.00	5.66%	4.00%
December 1	111.00	-0.89%	-0.89%
January 1	116.00	4.50%	4.00%
Interest crediting rate (Sum of monthly rates)			10.00%

For actual historical index performance, please visit NorthAmericanCompany.com.

This information presented is hypothetical and not intended to project or predict investment results. Historical performance of the indices is not intended to predict or project performance.

10 Index selections

The five indexes and four crediting methods combine for a total of 10 possible index selections.

Index	Crediting method
1 S&P 500 [®]	Annual Point-to-Point
2 S&P 500 [®]	Monthly Point-to-Point
3 S&P 500 [®]	Annual Point-to-Point with Spread
4 High Participation S&P 500 [®]	Annual Point-to-Point
5 NASDAQ-100 [®]	Annual Point-to-Point
6 S&P Mid-cap 400 [®]	Annual Point-to-Point
7 Russell 2000 [®]	Annual Point-to-Point
8 EURO STOXX 50 [®]	Annual Point-to-Point
9 Optimal Strategy (Multi-Index)	Optimal (Multi-Index) Annual Point-to-Point
10 Uncapped S&P 500 [®]	Annual Point-to-Point

4) Optimal (Multi-Index) Annual Point-to-Point

With the Optimal (Multi-Index) Annual Point-to-Point strategy, we measure the movement of three different indexes from the beginning to the end of the 12-month index period. The three indexes are S&P 500[®], Russell 2000[®] and the EURO STOXX 50[®]. We take 50% of the best performing index, plus 30% of the second best performing index, plus 20% of the third best performing index. This value is then multiplied by the participation rate. The resulting interest crediting rate can never be less than zero and can never be more than the annual cap rate. This strategy is only available with the three indexes noted above.

Hypothetical example:

S&P 500 [®] start value	1000
S&P 500 [®] end value	925
Index growth	-7.50%
Russell 2000 [®] start value	1000
Russell 2000 [®] end value	1200
Index growth	20.00%
EURO STOXX 50 [®] start value	2000
EURO STOXX 50 [®] end value	2100
Index growth	5.00%
Best performing index	50% of 20.00%
2nd best performing index	30% of 5.00%
3rd best performing index	20% of -7.50%
Index growth for optimal	10.00%
Cap rate	11.00%
Participation rate	100.00%
Interest crediting rate	10.00%

Which index selection may be right for you?

You can allocate premium into a single index selection or any combination of the available selections based on your personal preferences. You may change your premium allocations at any time, and you can transfer money between the different index selections at the end of the index period.

The periodic table of indexes (shown on the next page) shows that, historically, different indexes have performed better in different years. Therefore, there is not one index that always produces the highest return. If you allocate your premium to more than one index selection, you may benefit if one index performs well while others perform poorly.

Hypothetical example using multiple index selections

	Index A	Index B	Index C	Index D
Index growth rate	10%	6%	2%	6%
Index credit*	+ 10%	+ 6%	0%	0%
Average index credit = 4% (Assuming 25% is allocated to each index.)				

*Index credit assumes a 100% participation rate and that the cap is greater than the index growth.

Periodic table of indexes

A yearly ranking of index performance

The chart below displays a performance history of the five indexes from 2003 to 2019 by ranking them in order from highest to lowest return. The ranking of each index has varied greatly from year to year, proving that no particular index consistently provides the highest or lowest return. By selecting multiple index selections, you can take advantage of some indexes performing better in different years.

Highest	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Nasdaq-100	Russell 2000	Euro 50	Russell 2000	Nasdaq-100	Russell 2000	Nasdaq-100	Russell 2000	Nasdaq-100	Nasdaq-100	Russell 2000	Nasdaq-100	Nasdaq-100	Russell 2000	Nasdaq-100	Nasdaq-100	Nasdaq-100
	Russell 2000	S&P 400 Mid	S&P 400 Mid	Euro 50	Euro 50	S&P 400 Mid	S&P 400 Mid	S&P 400 Mid	S&P 500	S&P 400 Mid	Nasdaq-100	S&P 500	Euro 50	S&P 400 Mid	S&P 500	S&P 500	S&P 500
	S&P 400 Mid	Nasdaq-100	Russell 2000	S&P 500	S&P 400 Mid	S&P 500	Russell 2000	Nasdaq-100	S&P 400 Mid	Russell 2000	S&P 400 Mid	S&P 400 Mid	S&P 500	S&P 500	S&P 400 Mid	Russell 2000	Euro 50
	S&P 500	S&P 500	S&P 500	S&P 400 Mid	S&P 500	Nasdaq-100	S&P 500	S&P 500	Russell 2000	Euro 50	S&P 500	Russell 2000	S&P 400 Mid	Nasdaq-100	Russell 2000	S&P 400 Mid	S&P 400 Mid
Lowest	Euro 50	Euro 50	Nasdaq-100	Nasdaq-100	Russell 2000	Euro 50	Euro 50	Euro 50	Euro 50	S&P 500	Euro 50	Euro 50	Russell 2000	Euro 50	Euro 50	Euro 50	Russell 2000

- S&P 500[®] Index
- S&P Midcap 400[®] Index
- NASDAQ-100[®] Index
- Russell 2000[®] Index
- EURO STOXX 50[®] Index

Information compiled by North American, March, 2020. Chart is based on historical performance of the indexes listed and is not intended to predict or project performance.

Annual reset

Our indexed universal life Insurance products also have an annual reset feature that allows the index credit to be “locked in” to the index account at the end of each index period. That amount can never be taken away due to negative index performance and participates in future growth, giving you the advantage of compounding interest in subsequent years. This provision also resets your starting index point at the end of each index period, protecting you from market risk as well as allowing you to take advantage of positive index performance from that point forward.

Caps & Participation Rates

The indexes and crediting methods are only two of the factors that determine the interest to be credited at the end of an index period. Index participation rates and index cap rates are based on current rates and subject to change.

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

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

THE S&P 500® COMPOSITE STOCK PRICE INDEX

THE S&P 400® COMPOSITE STOCK PRICE INDEX

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The Uncapped S&P 500® option allows an unlimited return with no index cap rate, but applies an index participation rate less than 100% to the growth rate of the S&P 500®.

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