ML Strategic Balanced Index®

Dynamically Blending Equity and Fixed Income Indices
to Help Stabilize Returns

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What Is the ML Strategic Balanced Index®?

The ML Strategic Balanced Index® uses a rules-based approach to blend equity and fixed income indices. By dynamically allocating exposures to equity, fixed income and cash, the ML Strategic Balanced Index® seeks to provide a stable return in changing market environments. It is available with The Power Series of Index Annuities® issued by American General Life Insurance Company and The Variable Annuity Life Insurance Company, member companies of American International Group, Inc. (AIG).

Understanding a Fixed Index Annuity

A Fixed Index Annuity (FIA) is a contract issued by an insurance company that is designed for asset accumulation and retirement income. It is not a direct investment in the stock market and works in two stages:

Accumulation: The FIA provides you with the opportunity to earn interest based in part on the performance of a particular index like the ML Strategic Balanced Index.® A fixed account is also available that can guarantee interest for a specific period of time.

Income: You may turn the FIA into a stream of income payments ranging from 5 years to life through annuitization at no cost. Some FIAs also offer lifetime income options for an annual fee.

Please see a Power Series Index Annuity product brochure for more information.

A Powerful Solution to Help Provide Stable Returns

The ML Strategic Balanced Index® (the "Index") offers the potential for stable growth by blending the S&P 500® Index (without dividends) and the Merrill Lynch 10-Year Treasury Futures Total Return Index.

3 Key Features of the ML Strategic Balanced Index®

1 Rules-Based Indexing

A non-discretionary process is used to adjust exposures between equity and fixed income indices. Weightings are derived from quantitative rules, allowing allocations to be made systematically without being impacted by biases or emotions.

2 Risk Control

The Index employs two layers of risk management. Equity and fixed income are rebalanced semiannually. Cash positions are adjusted on a daily basis.[1]

3 Dynamic Allocation

The Index has the flexibility to increase the combined equity and fixed income exposure to as high as 150% to help enhance growth potential.

[1]Volatility control measures seek to provide smoother results and mitigate sharp market fluctuations. This type of strategy can lessen the impact of market downturns; it can also lessen the impact of market upturns, therefore limiting upside potential.

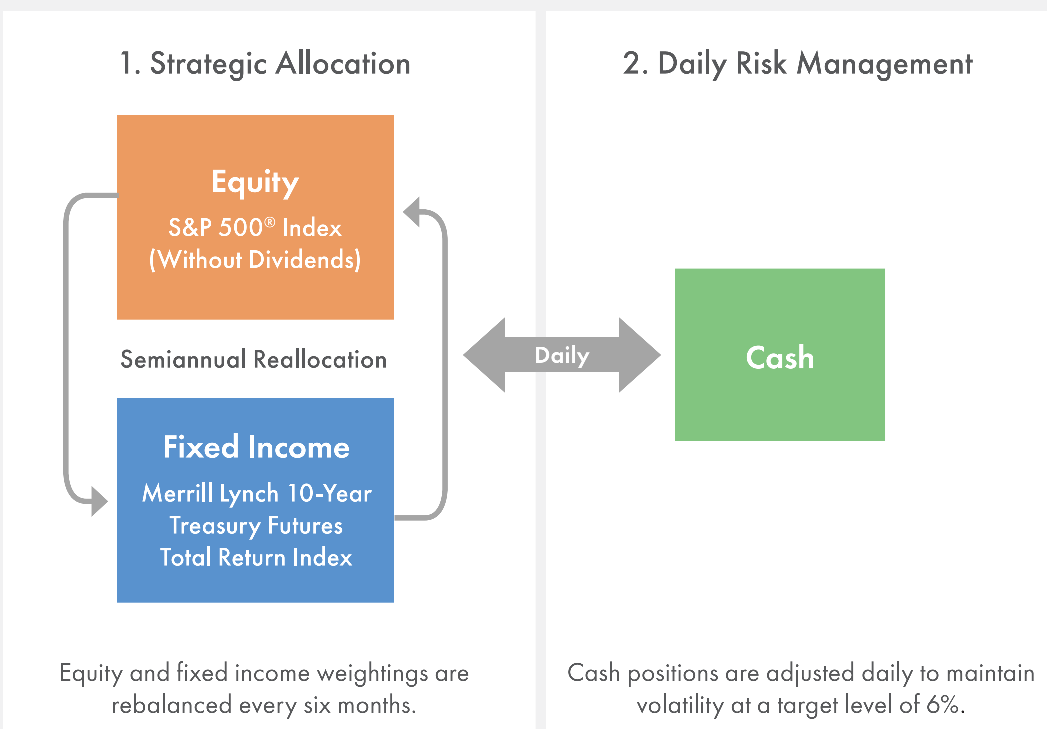
1 Rules-Based Indexing

Systematic Non-Discretionary Approach

The ML Strategic Balanced Index® employs quantitative rules based on market volatility to adjust exposures between the S&P 500® Index (without dividends) and the Merrill Lynch 10-Year Treasury Futures Total Return Index. **This rules-based process eliminates the impact that emotions may have on allocation decisions, making the process objective and transparent.**

Equity and fixed income allocations are rebalanced semiannually based on the historical volatility of the underlying indices. Volatility is also monitored on a daily basis. Allocations may be shifted to cash when short-term volatility rises above 6% and from cash when volatility falls. The Index seeks to maintain volatility at this level to help balance risk and return.

A Dynamic, Two-Step Allocation Process



Why Use a Rules-Based Approach

The ML Strategic Balanced Index® allocation rules are preset and do not change in response to market or economic conditions. The rules-based approach allows the Index to be:

- **Consistent in how it pursues its objectives**
- **Unbiased in determining when and how much to adjust the weightings of the underlying indices**
- **Transparent in how the allocation process works**

About the Underlying Equity and Fixed Income Indices

The **S&P 500®** Index includes 500 of the largest companies in the U.S. market. It is widely regarded as the standard for measuring U.S. stock market performance. The S&P 500® Index is a price return index that does not include the impact of dividends.

The **Merrill Lynch 10-Year Treasury Futures Total Return Index** tracks the performance of a portfolio of near maturity 10-year U.S. Treasury futures contracts. It is used to represent the fixed income market in the ML Strategic Balanced Index.®

2 Risk Control

Strategic Allocation

To help manage volatility risk, weightings between the S&P 500® Index (without dividends) and the Merrill Lynch 10-Year Treasury Futures Total Return Index are adjusted using a three-step, rules-based process:

Three Simple Steps to Rebalancing the Equity and Fixed Income Indices

1 **Analyze** the recent historical volatility of the underlying indices.

2 **Determine** the index weightings based on this volatility data. Generally, the greater the volatility of an underlying index, the lower the exposure to that index.

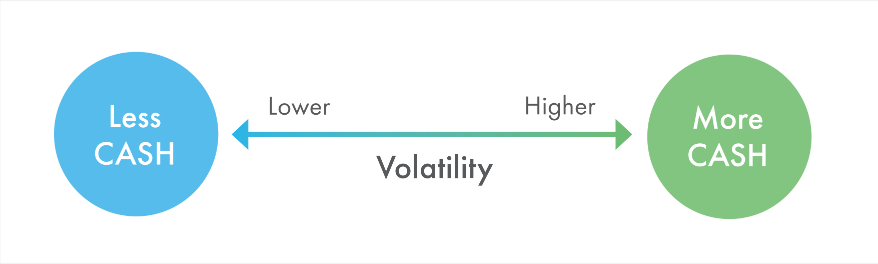
3 **Review** the weightings of the underlying indices after six months and reallocate, if necessary.

Asset allocation strategies do not guarantee positive performance or prevent negative performance.

Daily Risk Management

As an additional measure of risk control, the Index's combined equity and fixed income weighting may be shifted to and from cash on a daily basis. Generally, cash positions are increased when volatility rises above the 6% threshold for the Index and decreased when volatility declines. **During highly volatile markets, up to 100% of the underlying indices may be allocated to cash to help protect against market downturns.**

Cash Positions May Be Adjusted Daily to Help Reduce Risk



About the Cash Component of the Index

The cash component of the Index is represented by the **3-Month LIBOR.** LIBOR stands for the London Interbank Offered Rate. It is the rate of interest that banks in London charge when they lend money to each other. It is also a standard measure of cash returns in the U.S. and international financial markets.

3 Dynamic Allocation

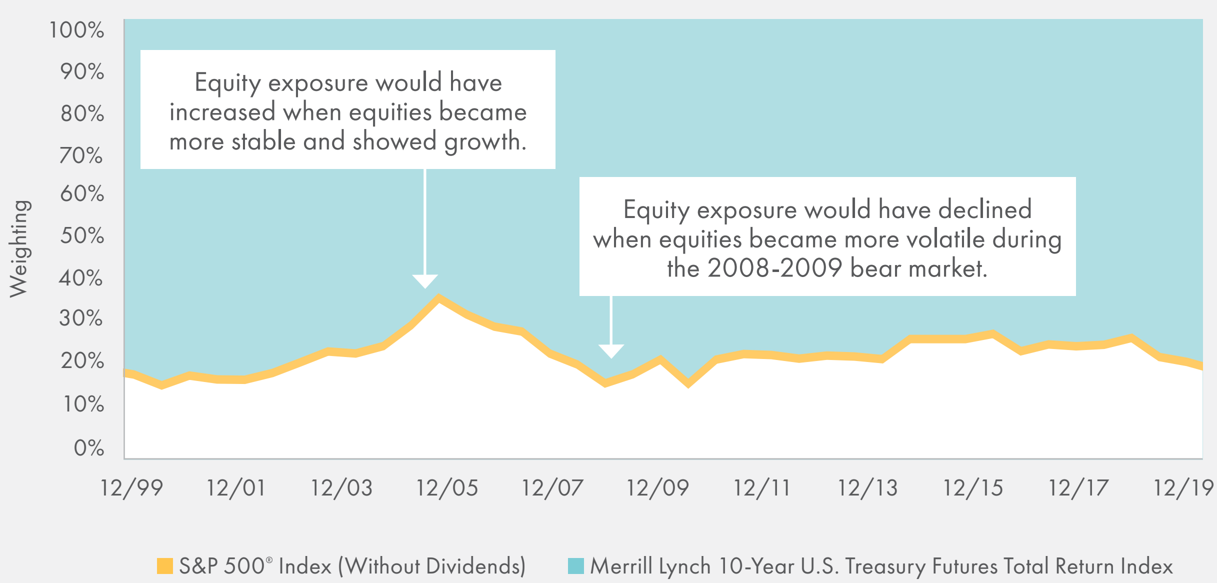
Blending Equity and Fixed Income Indices

The ML Strategic Balanced Index® adjusts exposure between the equity and fixed income indices to help stabilize returns. Historically, equities and fixed income have low correlation, which means they can produce differing returns under similar market conditions. When blended together, the mix of equities and fixed income may enhance stability, since positive returns from one constituent of the Index may help offset negative returns from the other.

The following chart shows the allocation mix between the S&P 500® Index (without dividends) and the Merrill Lynch 10-Year U.S. Treasury Futures Total Return Index, if the ML Strategic Balanced Index® had been available over the last 20 years.

Strategically Allocated to Meet Changing Market Conditions

Index Allocation Mix from 12/31/99–12/31/19



Past performance is not indicative of future results. The example above is hypothetical and shows how the ML Strategic Balanced Index® would have responded to market conditions over the specified time period had it existed. This chart does not represent the current allocations of the ML Strategic Balanced Index®. It is only provided as an example of how the allocations would have worked in certain market environments. Asset allocation strategies do not guarantee positive performance or prevent negative performance.

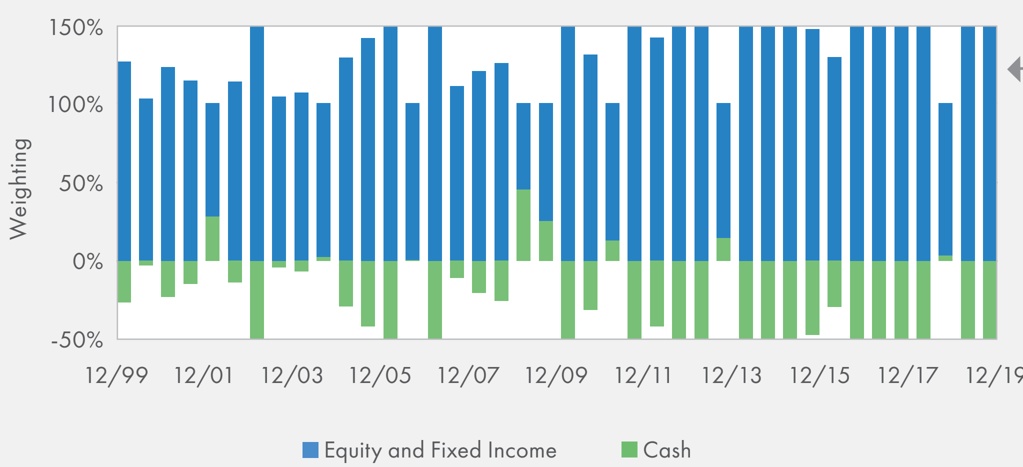
Flexibility to Overweight Equity and Fixed Income Indices to Access Market Trends

As part of the daily volatility control mechanism, the ML Strategic Balanced Index® has the flexibility to increase the combined weighting of the equity and fixed income indices to as high as 150%. While this overweighting process may increase risk, it may also allow the Index to participate in market opportunities and potentially enhance returns. Here's how it works:

Index values for the ML Strategic Balanced Index® are calculated using a formulaic process based on the weightings of the equity, fixed income and cash components. Total weightings in the Index must add up to 100%. For example, at the end of 2013, the Index would have shifted its equity and fixed income exposure to a maximum of 150% to help take advantage of rising market opportunities. In order to maintain this overweighted position in equities and fixed income, cash would have had a negative weighting of -50% (150% minus 50% equals 100%).

Overweighting May Help Boost Performance

Hypothetical Allocations between Cash and the Equity and Fixed Income Indices from 12/31/99–12/31/19



Performance Potential

The Index's combined equity and fixed income weighting can be as high as 150%, like it was during the 2013/2014 post-recession market rally, as well as in recent years.

Past performance is not indicative of future results. The example above is hypothetical and does not represent the current allocations of the ML Strategic Balanced Index.® It is only provided as an example of how the allocations would have worked in certain market environments if the Index had existed from 12/31/99 to 12/31/19. Please note that the overweighting process may reduce the impact of cash on the return of the Index. Volatility control strategies can lessen the impact of market downturns; they can also lessen the impact of market upturns, therefore limiting upside potential.

ML Strategic Balanced Index® Offers the Potential for Stable Returns

The Value of a Dynamic Rules-Based Approach

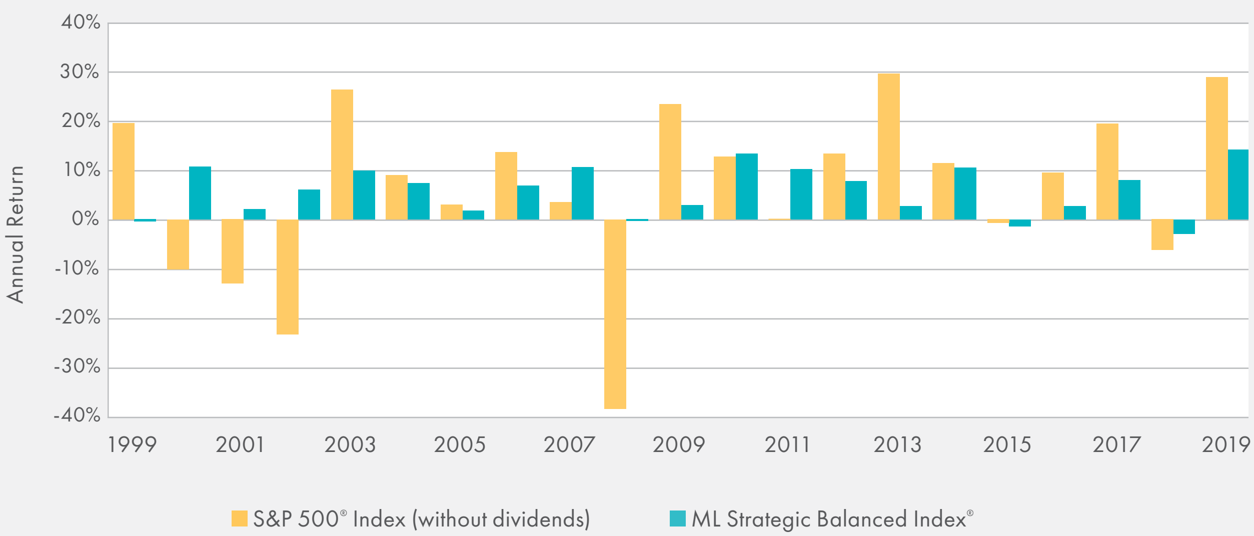
By diversifying across equity, fixed income and cash and systematically managing these exposures, the ML Strategic Balanced Index® may generate consistent returns over time.

The following hypothetical bar chart shows the hypothetical returns of the ML Strategic Balanced Index® versus the performance of the S&P 500® Index (without dividends) over the last 20 years ending December 31, 2019. During this period, **the Index would have generated solid returns with less volatility than the S&P 500.®**

Diversification does not guarantee positive performance or prevent negative performance.

Stable Performance Over the Past 20 Years!

Annual Returns for the **ML Strategic Balanced Index®** and the **S&P 500® Index** (without dividends) from 1999–2019



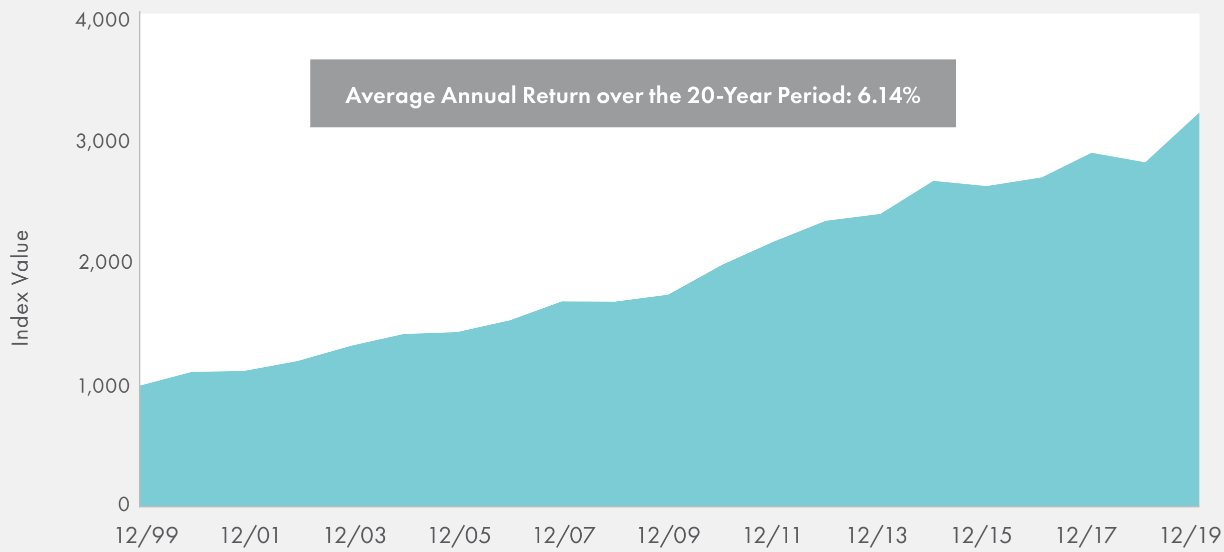
Note: Index annuities are not a direct investment in the stock market. Past performance is not a guarantee of future results. The ML Strategic Balanced Index® was created on August 12, 2014. Levels for the Index before August 12, 2014 represent hypothetical data determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight. The above hypothetical chart only reflects the performance of the S&P 500® Index (without dividends) and the ML Strategic Balanced Index.® If dividends were included for the S&P 500® Index, the returns would have been less volatile. The chart does not reflect the amount of interest credited to an index annuity during this time. Actual results for a specific insurance contract would depend on the crediting strategy chosen and the index rate cap, spread and/or participation rate for the time period(s) shown. These rates may limit or reduce the upside potential. See back cover for more information.

Potential for Steady Growth

As the graph below highlights, if the ML Strategic Balanced Index® had existed, it would have provided **positive returns through 20 years of up and down markets.**

Hypothetical 20-Year Growth of the ML Strategic Balanced Index®

12/31/99-12/31/19



Note: Past performance is not a guarantee of future results. The ML Strategic Balanced Index® was created on August 12, 2014. Levels for the Index before August 12, 2014 represent hypothetical back-tested data determined by retroactive application of the strategy, itself designed with the benefit of hindsight. The above hypothetical chart only reflects the performance of the Index. It does not reflect the amount of interest credited to an index annuity during this time. Actual results for a specific insurance contract would depend on the crediting strategy chosen and the index rate cap, spread and/or participation rate for the time period(s) shown. These rates may limit or reduce the upside potential. See back cover for more information.

Index annuities are not a direct investment in the stock market. They are long-term insurance products with guarantees backed by the claims-paying ability of the issuing insurance company. They provide the potential for interest to be credited based in part on the performance of the specified index, without the risk of loss of premium due to market downturns or fluctuations. Index annuities may not be appropriate for all individuals.

Interest earned in an index annuity is calculated using index performance over a specific term, subject to contract provisions, such as an index rate cap, spread or participation rate, which may limit or reduce the upside potential. The index rate cap is the maximum percentage of index performance that can be credited as interest for an index term. The spread is the minimum threshold or percentage that index performance must exceed to be credited interest. The participation rate is the percentage of index performance that is used to calculate interest in certain accounts.

Additional Disclosures on the ML Strategic Balanced Index®

Stocks and bonds are subject to risks, including the possible loss of principal. Government bonds and Treasury bills are subject to interest rate risk, but they are backed by the full faith and credit of the U.S. government if held to maturity. The repayment of principal and interest of a corporate bond are guaranteed by the issuing company, and subject to default and credit risks.

The ML Strategic Balanced Index® (the "Index") embeds an annual index cost in the calculations of the change in index value. This "embedded index cost" will reduce any change in index value, and it funds certain operational and licensing costs for the Index. Since it will affect the return of the Index, it may also impact the amount of interest credited to an index annuity or life product; however, it is not a fee paid by you or received by American General Life Insurance Company ("AGL") or The Variable Annuity Life Insurance Company ("VALIC"). AGL or VALIC's licensing relationship with Merrill Lynch, Pierce, Fenner & Smith Incorporated for use of the ML Strategic Balanced Index® and for use of certain service marks includes AGL or VALIC's purchase of financial instruments for purposes of meeting its interest crediting obligations. Some portion of those instruments will, or may be, purchased from Merrill Lynch, Pierce, Fenner & Smith Incorporated or its affiliates.

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The Power Series of Index Annuities are issued by **American General Life Insurance Company** (AGL), 2727-A Allen Parkway, Houston, Texas 77019. Contract Numbers: AG-800 (12/12) and AG-801 (12/12).

The Power Index Elite Index Annuity is issued by **The Variable Annuity Life Insurance Company** (VALIC), 2727-A Allen Parkway, Houston, Texas 77019. Contract Number: V-800 (12/14).

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