Stream

A new way to protect the present. A new way to secure the future.

How Interest Crediting Works

If the index goes up, you may earn interest, but if the index goes down, the values of your interest crediting strategies are protected from loss due to the market decline[1]. Indexed interest accounts are tied to an underlying index, such as the S&P 500® Index, and credit interest based on a participation rate or a cap.

How Your Cash Value Grows: Capture potential market gains while being protected from market downturns through a built-in floor. Some options even provide a minimum guaranteed crediting rate, ensuring your policy earns interest regardless of market performance.

STEP 1

Pay your premium

Your premium funds your policy and is the starting point for building your cash value.

STEP 2

Direct Your Premium Allocation

Premium is allocated to the crediting strategies of your choice.

STEP 3

Understand How Interest is Calculated Each Year

(see index segment details for more information)

Each year, we calculate the change in your chosen interest crediting strategies.

- **If the change is positive,** your policy is credited interest after applying any caps and participation rates.
- **If the change is negative,** your policy is credited 0%, unless you elected the 1% Floor Strategy, in which case your policy would receive a 1% credit.

STEP 4

Watch Your Cash Value Compound

Any credited interest is added to your policy's accumulated value at the end of the policy year.

- This means you have the potential to earn compound interest, further growing your cash value.
- Monthly policy expenses will be deducted throughout the policy year from the accumulated value prior to the calculation of interest credits.

Understanding Index Segments

Knowing the order of events helps set clear expectations for when performance is measured and when results are reported. The policy issue date, index segment creation date, and crediting statement all happen at different times. For example, if your policy is issued on February 1, 2025, your first index segment is created 14 days later.

Once the segment is created, it follows your policy's annual cycle. Your annual statement will show that the segment exists, but it will not yet show the index segments performance. The segment's performance is reported on a separate crediting statement, which is generated on the segment anniversary which can be weeks after your policy anniversary.

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Calculating Indexed Interest

Once the index change for the year is determined, the participation rate and cap are applied to calculate the interest credited to your account. Interest credited through an index strategy is locked in annually, once it's added, it cannot be lost due to future index declines.

Note: Indexed strategy earnings are only credited to funds actually allocated to the index strategy.

What are Caps and Participation Rates?

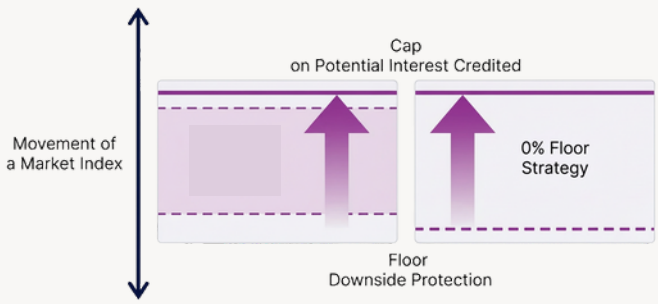
Guarantees to protect from market loss (i.e, 0% Floors) are not without some cost. Adjustments to caps and participation rates are part of that cost.

INDEXED INTEREST FACT #1

The Cap

Caps are the upper limit of how much can be credited to the policy.

- Sets the maximum interest rate that can be credited.
- For example: If the index rises 10%, but the cap is 6%, then 6% is credited.



INDEXED INTEREST FACT #2

Participation Rate

Participation Rates are how much you participate in the strategies' results and how much interest you gain.

- Determines how much of the index's gain counts toward your interest.
- For example: If the index rises 10% and the participation rate is 100%, the full 10% is used. If the participation rate is 80%, then 8% is used (10% × 80% = 8%).

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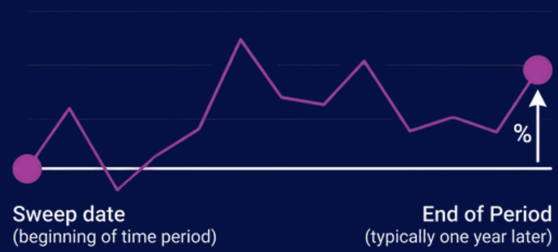
Understanding Indexing

A Point-to-Point Index Strategy measures performance by comparing the index value at the start and end of a set period, typically one year. If the index value decreases, the strategy can protect your cash value: with a 0% Floor Strategy, you won't lose any principal.



(beginning of time period)
(typically one year later)

Strategy Performance 2014–2024 [2]

Interest credited represents a 100% participation rate and the cap that was in effect at the time.

Beginning Date	End Date	S&P 500® Index Growth Rate	Index Cap	Interest Credited
5/21/14	5/21/15	12.859%	13.00% (cap)	12.859%
5/21/15	5/21/16	-3.684%	13.00% (floor)	0.000%
5/21/16	5/21/17	16.051%	12.00% (cap)	12.000%
5/21/17	5/21/18	14.749%	12.50% (cap)	12.500%
5/21/18	5/21/19	4.806%	11.75% (cap)	4.806%
5/21/19	5/21/20	2.938%	9.75% (cap)	2.938%
5/21/20	5/21/21	40.948%	9.75% (cap)	9.750%
5/21/21	5/21/22	-6.124%	9.00% (floor)	0.000%
5/21/22	5/21/23	7.449%	8.75% (cap)	7.449%
5/21/23	5/21/24	26.942%	9.25% (cap)	9.250%

Based on historical data, actual future performance may vary.

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1 Monthly deductions continue to be taken from the accumulated value, including a monthly policy fee, monthly expense charge, monthly accumulated value charge, cost of insurance charge, and applicable rider charges, regardless of interest crediting. Indexed universal life insurance policies do not directly participate in any stock or equity investments.

2 Numbers shown represent the performance of certain indexed strategies based on the growth of the S&P 500® index, excluding dividends, without direct market participation and with protection against negative returns. Policy values may decline if premiums paid out-of-pocket are insufficient to cover insurance costs and other charges. Interest credited reflects the participation rate and cap in effect at the time. Interest credited to an indexing strategy is limited by a "cap," which is the maximum amount of index increase that may be credited as interest. Past performance is not indicative of future index performance, and historical interest rates should not be construed as interest rates to be paid in the future on any product. Indexed universal life policies include administrative, cost of insurance, and other charges, which are not reflected in the rates shown. Historical interest rates referenced are based on Life Insurance Company of the Southwest (LSW) SecurePlus Paragon indexed universal life insurance, form series 8387/83871D (04/07), underwritten by Life Insurance Company of the Southwest. Paragon's interest crediting history is provided as a proxy due to its longer history using similar interest crediting methods. LSW SecurePlus Paragon is no longer available for sale.