



INDEXED UNIVERSAL LIFE INSURANCE

Balance your financial future

FOR USE WITH THE GENERAL PUBLIC



Life is all about finding **the right balance.**

Balancing your family and career.

Balancing responsibilities with pursuing your passions.

You also need to find balance when preparing for your financial future.

Your balancing act

Balancing the need to protect your loved ones from the unexpected with the need to accumulate cash for the future can be challenging. What could offer that unique blend of protection, along with the opportunity to efficiently accumulate money?

You may be surprised to know that the answer could be life insurance.

Why life insurance?

With life insurance, you pay premiums and, when you die, your beneficiaries receive a death benefit. Death benefit protection is the most fundamental purpose of life insurance.

Permanent life insurance can also give you much more than just a death benefit. It can also build cash value* that may help you:

- Supplement your retirement income
- Pay for your children's education
- Create a nest egg for emergencies and life needs

Life insurance can be one of the most useful financial tools available today. It offers you protection, accumulation and a lot more.

* The purchase of an Indexed Universal Life Insurance policy is a long-term commitment. Cash value builds over time, provided sufficient premiums over the cost of the policy are paid. During the first 15 years, a declining surrender charge applies to the policy, which operates to limit access to available cash value in the policy. You may request a product illustration, which will provide a projection of both guaranteed and non-guaranteed cash values based upon your particular premium payment schedule.

Balancing the need for protection ...

It's important to protect the things you value most.

How do you protect your family's financial well-being? If you were to die unexpectedly, would your family have the financial ability to:

- Cover daily expenses and maintain the standard of living you desire for them?
- Cover important obligations, like a mortgage, car loans, or credit card debt?
- Achieve goals that are important to you, like helping your children to go college?

Protecting the ones you love includes protecting them financially.

All it takes is a little planning and preparation.



... with the need for **accumulation**

Accumulating funds for future needs is as important as protection.

One of the main reasons we seek to accumulate money is to prepare for retirement. Despite our efforts to save, many Americans feel very uncomfortable about their ability to accumulate enough money to achieve their retirement dreams.

According to a recent consumer study, “having enough money for a comfortable retirement” is the most common concern among Americans.¹ The key is finding smart, efficient ways of saving for retirement – and permanent life insurance may be the key. It provides lifetime death benefit protection and the potential to accumulate significant cash that can be used to supplement retirement income.

A type of permanent life insurance called **indexed universal life (IUL)** is a different approach to life insurance. IUL offers something extra: a great balance of upside potential and downside protection.



A different approach to life insurance

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.

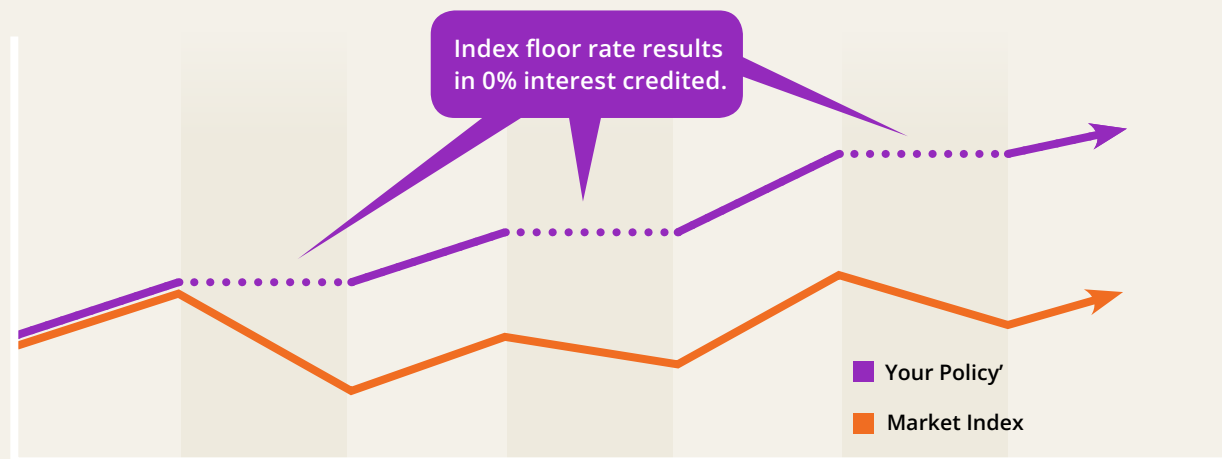
The interest credited to an index account is tied, in part, to the performance of a stock index over a specified period of time (a "segment"). This means that index accounts have the "upside potential" to receive a higher interest crediting rate than current fixed interest rate products can offer. They 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.

You can also allocate money to fixed accounts, which earn a steadier, more predictable interest rate, and will never earn less than a certain stated percentage.

IUL offers the potential for attractive interest crediting (that's the upside potential), while providing great protection from negative index performance (that's the downside protection.)

Protection from negative performance

When the index rises, your index crediting is positive. When the index falls or is flat, no interest will be credited.



This hypothetical example does not represent actual movements of a market index. Your financial professional can help you understand how each account works, including how "caps" and "participation rates" impact the interest you can earn. Additionally, since IULs are life insurance policies, deductions from your cash value will take place to cover the policy's protection and administrative expenses.

Virtus IUL: The right balance

Virtus IUL gives you the power and security of an IUL policy, plus the additional value for which AuguStarSM Life is known. When you choose Virtus IUL, you have access to:

- Your choice among three Index Accounts and one Fixed Account
- A No-Lapse Guarantee that helps keep your protection in place as long as you pay the required premiums
- An interest rate step-up that increases what you can earn starting in the 11th policy year

Virtus IUL is a great option for accumulation, and it has attractive benefits when you're ready to access the money you have accumulated.

You can take **income tax-free loans**² from your Virtus IUL Account Value, giving you easy access to your money when you need it. The loans can serve as cash flow to supplement your retirement income, help with a loved one's college tuition, or pay for unexpected expenses. And Virtus IUL offers a choice of loan types with different features to meet your needs.

Virtus IUL gives you **protection, cash accumulation potential and flexibility** – a good balance that can help you meet your changing needs over a lifetime.



Virtus IUL provides protection

Death benefit protection

Virtus IUL's death benefit is paid to your beneficiaries on an income tax-free basis. It gives your loved ones comfort and peace of mind knowing they are financially protected. You can choose the type of death benefit that best meets your needs (level or increasing) and even change the death benefit type as your life changes.

No Lapse Guarantee
20
Years

To help make sure your death benefit is there when your loved ones need it, Virtus IUL comes with a **No Lapse Guarantee**. It's a promise that within limitations, as long as you've paid the required no lapse premium amount when due, the policy's protections will stay in effect, even if there is no cash value (cash surrender value) in your policy.³ The length of your guarantee is based on your age when the policy is issued.

Issue ages	Guarantee period
0-60	20 years
61-69	To age 80
70-75	10 years
76-80	To age 85

Account value protection

What if the unimaginable happens and your Index Account shows zero growth every year? While the chance of this happening seems unlikely, Virtus IUL offers you Account Value protection. The 2% cumulative **Account Value True-up** guarantees that upon policy cancellation ("full surrender") or death in policy year six or later, the cash value will never be less than it would have been if all premiums had been allocated to the Fixed Account and credited with 2% interest since issue.

2%
True-up Guarantee

Distribution protection

If you choose to take loans against your policy, you'll want to protect yourself against a potential policy lapse. The optional **Overloan Protection Rider** can prevent a lapse from happening. This powerful protection can mean the difference between peace of mind and a significant tax burden for you later.⁴

This rider is added at no additional premium cost, and has a one-time fee deducted from your policy's cash value if you decide to utilize the protection.

Virtus IUL helps with cash accumulation

Accumulate through interest-crediting

We know how important it is to accumulate money. Virtus IUL gives you four accounts to which you can allocate premiums. These include **three Index Accounts and one Fixed Account**. You pick the accounts that best meet your needs.

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

4
Account Options

Accumulate through full participation

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.

100%
Minimum Participation Rate

Accumulate through additional interest

You deserve a reward for using your Virtus IUL for long-term needs. So, beginning in the 11th policy year, AuguStarSM Life will credit a **step-up of at least 30 basis points** (or 0.3%), in addition to any interest already credited, to all index segments for your policy. For example, if your account is credited 5% index-based interest, the step-up in policy year 11 will result in a 5.3% total interest credit.

For account values in the Fixed and Interim Accounts, the step-up will also be credited if the current interest crediting rate is greater than 2%.⁵

30
Basis Point Step-Up

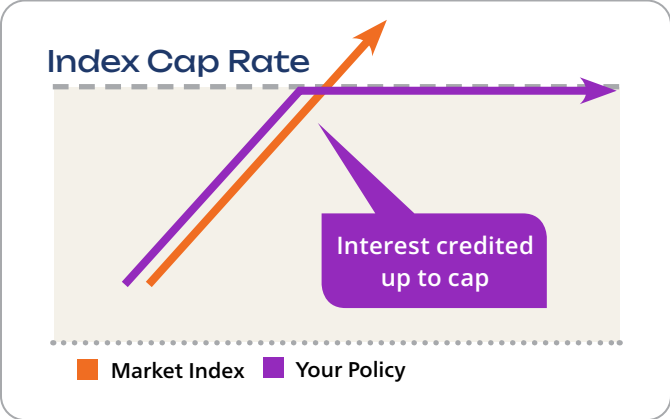
Index account segments

Each time money is transferred into an Index Account, whether through a new premium payment, or a transfer from another account, a new **segment** is created to track the amount allocated.

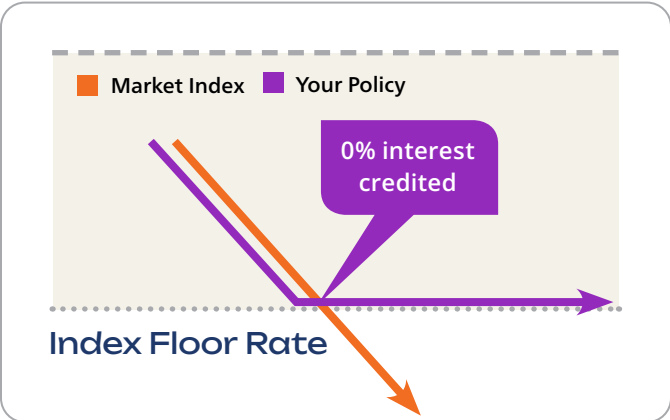
Segments last for one year. Any applicable interest will be credited at the end of the segment's term. The interest rate credited is based predominantly on the performance of the chosen index, excluding dividends. The interest credited will fall within the range of each account's specified floor and cap rates. Continue reading to learn more about how Index Accounts work.

Understanding floors and caps

Virtus IUL has index-linked interest crediting. This allows you to potentially earn significant interest when the index increases, yet prevents your account from decreasing due to an index decline. This useful feature operates through two mechanisms called caps and floors.



The **Index Cap Rate**, commonly called the “cap,” is the maximum percentage of interest that will be credited to a policy during a given period. The cap rate can change, but cannot be changed once a segment begins. The Index Cap Rate for Virtus IUL will never be less than 3%.



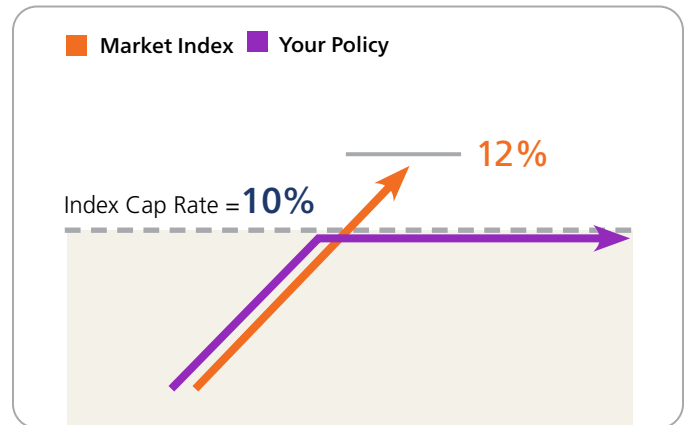
The **Index Floor Rate**, commonly called the “floor,” is the minimum percentage of interest that will be credited to a policy during a given period. The minimum floor for Virtus IUL is 0%, so a policyowner will not lose account value because the index declines during a period.

How does **interest crediting** work?

Let's look at two hypothetical examples of how Virtus IUL index interest crediting might work.

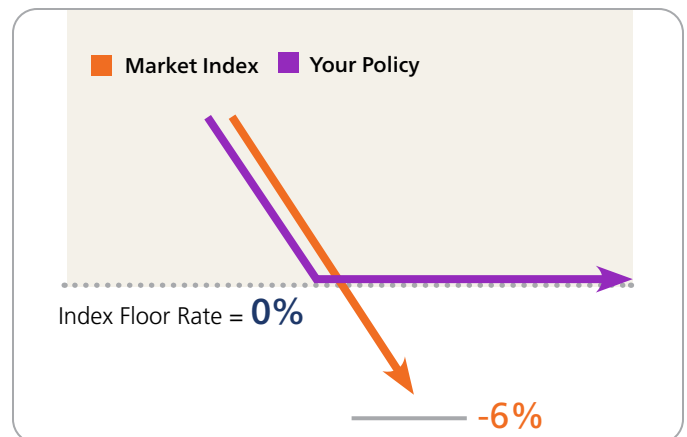
Positive performance above the cap

In this example, the percentage change in the index value is **above the Index Cap Rate**. Interest is credited up to the Index Cap Rate, which is 10%. The index change is multiplied by the Participation Rate (Virtus IUL's Participation Rate is always 100%) and the resulting 10% interest rate is credited to the policy.



Negative performance protected by floor

In the example below, the percentage change in the index value is negative. The index change is multiplied by the Participation Rate and the account is credited at the policy's **Index Floor Rate** of 0%, protecting you from market index loss.



Virtus IUL offers flexibility

Loan flexibility

When it comes time to use your cash value, Virtus IUL makes it easy to access your money. You can choose between a Standard Loan and an Index Loan, and switch between the two as your needs change up to once every rolling 12 months. A portion of your policy's cash value serves as collateral for the policy loans taken from AuguStarSM Life, including any interest that accrues. Both loan types are charged the same variable interest rate, but differ in how interest can be earned on whatever cash value is serving as collateral.

With the **Standard Loan**, any cash value serving as collateral is moved into a separate account that has a special earned interest rate guarantee. For the first 10 years of your policy, no matter how the variable loan interest rate fluctuates, the separate account will earn a guaranteed

interest rate that makes net cost of your loan only 100 basis points (1%). Starting year 11 and beyond, the guarantee increases to insure the net cost of the loan is 0% (often called a "wash loan").

An **Index Loan** is quite different. With an Index Loan, the loan amount remains in its current account(s) and receives its applicable interest crediting. However, a variable interest rate is charged on the loan amount.

Financial help when illness occurs

Life changes and so does our health. Our **Accelerated Benefit Rider (ABR)** gives you access to a portion of your death benefit if you become chronically or terminally ill. The proceeds can be used however you choose to best meet the needs of your loved ones or your business.

Keep your financial life **in balance**

There are many ways Virtus IUL can help you balance your need for protection and accumulation, and enhance your financial well-being. Here are just a few:



Secure life-long protection

The tax-free death benefit is paid when it's most needed – when you're no longer there to provide for those who rely on you. That's when we fulfill our promise to you and your family or business has the financial ability to use the death benefit to continue their lives in the manner and style that you want.



Protect and prepare for retirement

Your policy can help you navigate all stages of planning for, and living in, retirement. Its cash value growth helps you save for the future, and the death benefit provides an income for your survivors if you die before reaching your retirement savings goals. When you reach retirement, your cash value will be available for tax-free withdrawals and loans to supplement your income.²

When purchased in conjunction with your other retirement investments, Virtus IUL may provide an ideal way to tax-diversify your retirement savings. When you pass away, the death benefit can help replace income sources that might have stopped at your death, like an annuity or pension without survivor benefits.



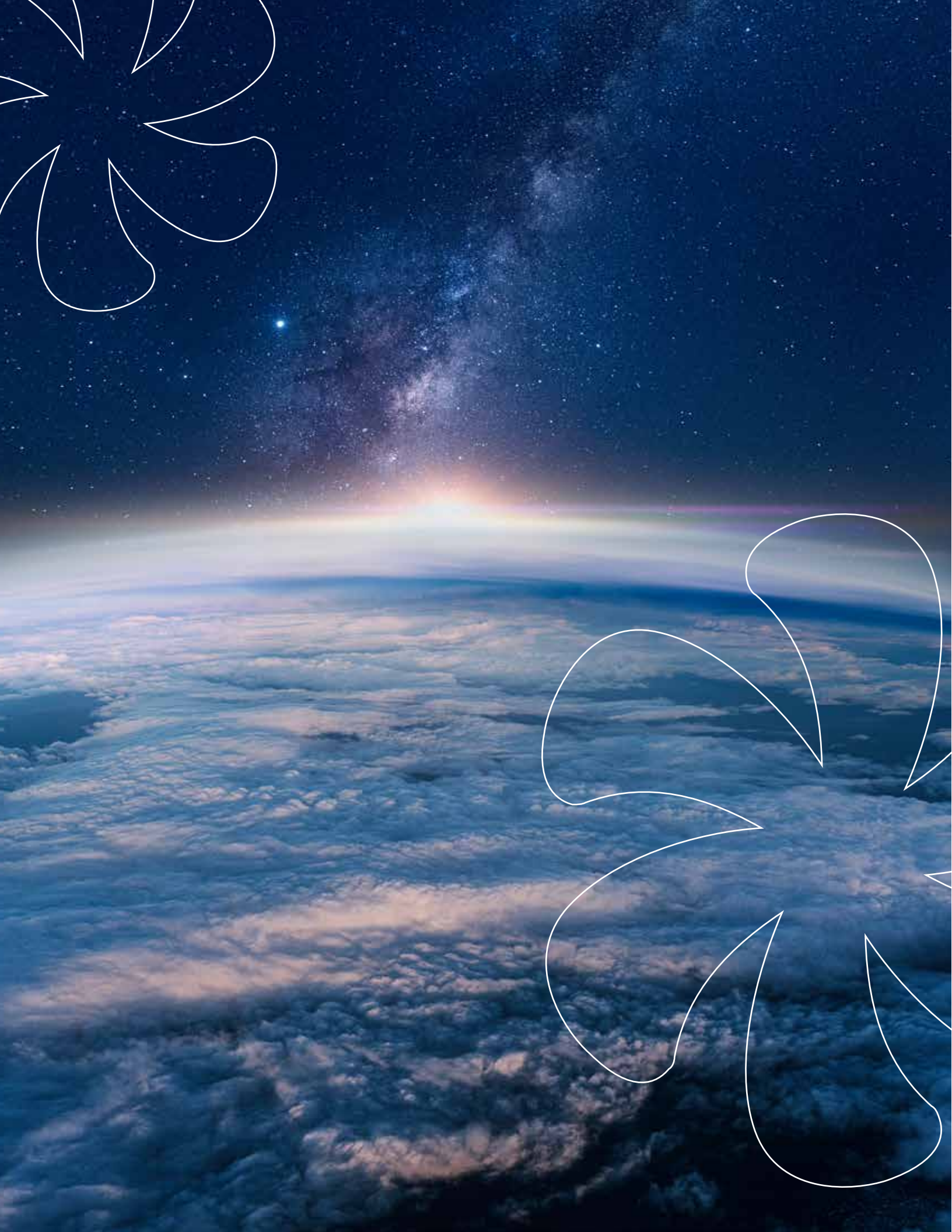
Give kids a foundation for their future

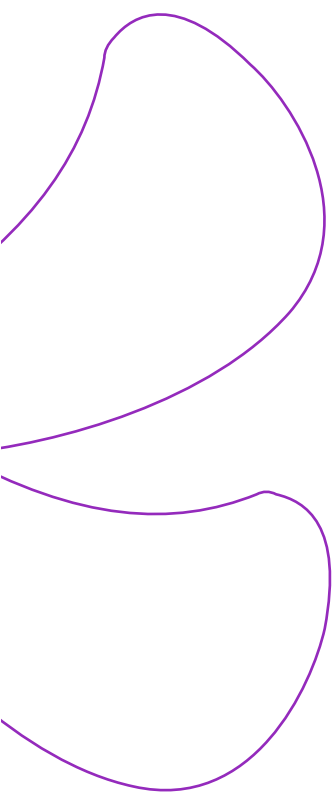
When planning for a child or grandchild's financial future, starting early has significant advantages. In addition to locking in their insurability, the cash value of an IUL policy has incredible opportunities to grow over time through indexed interest crediting. The tax-deferred savings accumulating within the policy can someday be accessed for helping to fund college, starting a business or helping to purchase a first home. It can also supplement the grandchild's retirement income later in life.



Leave a powerful legacy

Part of your financial plan may include building assets you want to pass on to others. The challenge is that those assets can be eaten away by taxes, inflation, and the rising costs of retirement. With a bit of planning, preserving and enhancing your legacy may be simpler than you might think. Life insurance is a tax-advantaged financial tool that uses a portion of your assets to pay premiums today to help ensure your legacy goals are accomplished in the future.





¹ Source: LIMRA Secure Retirement Institute: "The Retirement Income Reference Book: Fourth Edition" (2018)

² Loans from life insurance policies that are not classified as modified endowment contracts are generally not subject to tax but may be taxable if the policy lapses, is surrendered, exchanged or otherwise terminated. In the case of modified endowment contracts, loans are taxable to the extent of policy gain and a 10% penalty may apply if taken prior to age 59 1/2. Consult your tax advisor on whether policy loans may be taxable in your particular situation. Income tax-free death benefits and loans apply to Federal taxes only. Loans and withdrawals, if taken, reduce the death benefit.

³ Choosing to pay the lower, no-lapse, premium amount will guarantee that the policy continues for the no-lapse period, but does not provide guaranteed cash value. If you fail to pay the minimum no-lapse premium and the guarantee does lapse, the premium required to continue your policy may be larger than you anticipated.

⁴ The potential tax consequences of the Overloan Protection Rider have not specifically been determined by the IRS or the courts. You should consult a tax advisor.

⁵ Premium payments are placed into a holding account called the Interim Account until the next sweep date, which is when values in the Interim Account transfer into the Fixed or Index Accounts within the policy.

For purposes of this brochure, "you" means owner of the policy who is also the insured. Consult your financial professional for other situations.

The purchase of an indexed universal life insurance policy is a long-term commitment and is subject to underwriting approval. Life insurance policies contain exclusions, limitations, reduction of benefits and terms under which the policy may be continued in force or discontinued. For complete details of coverage, contact the company for additional information. Before purchasing any indexed universal life insurance policy, you should request a policy illustration and carefully compare both the guaranteed and non-guaranteed elements.

The optional Accelerated Benefit Rider provides for a partial acceleration of the policy death benefit in the event that the base policy insured is certified by a licensed physician as being chronically ill or terminally ill. By taking an accelerated death benefit payment, a lien is created against the policy death benefit. The lien accrues carrying charges at an adjustable rate we declare. The lien, including the lien carrying charges, will be deducted from the total death benefit otherwise payable to the policy beneficiary(ies) and will reduce the cash value available for policy loans, surrenders, or the exercise of any non-forfeiture option. The required premium for the policy must still be paid even if an accelerated death benefit is taken. If an accelerated benefit is taken and the policy lapses or otherwise terminates, a taxable event may occur.

Any accelerated benefit you elect to take under this rider may be taxable. Consult your tax advisor on all tax matters. Adding the rider to a life insurance policy or the taking of rider benefits may affect eligibility for certain public assistance programs and government benefits.

The Accelerated Benefit Rider is not designed to be a substitute for longterm care insurance, health insurance, or nursing home insurance. Rider benefits and features may vary by state.

Virtus Indexed Universal Life II is issued as Policy Forms ICC19-IUL-1/1U and any state variations.

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