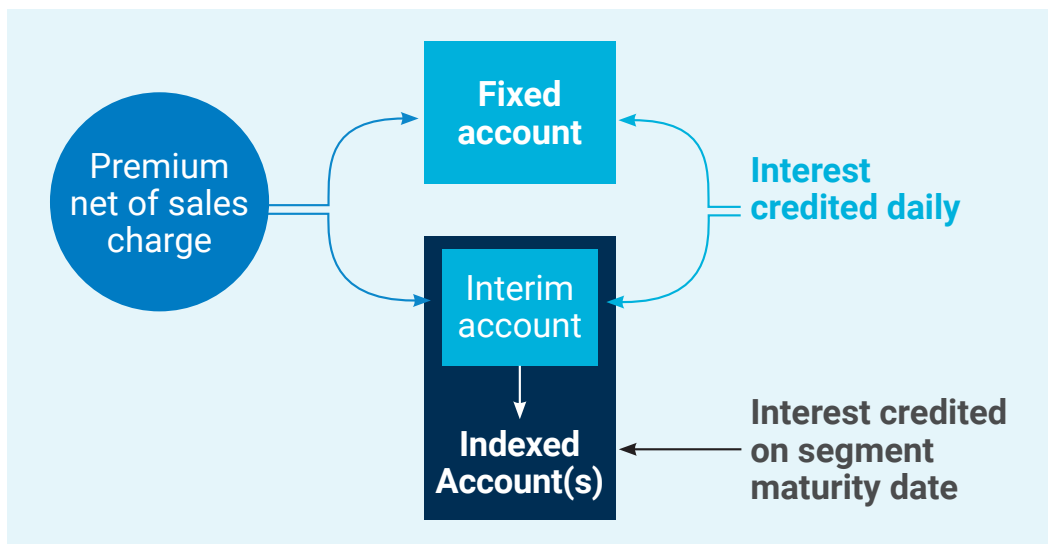


# Understanding indexed interest crediting

**PLEASE NOTE:** The uncapped fixed indexed account is not available in New-York issued *RiverSource*<sup>®</sup> Variable Universal Life 6 insurance; and New York-issued *RiverSource*<sup>®</sup> Survivorship Universal Life insurance does not offer fixed indexed accounts.

## How interest is credited when allocating to the fixed indexed accounts

In addition to allocating your variable universal life policy's cash value to subaccount options and/or the fixed account, you can direct a portion of your net premium or current policy value to one or more of your policy's fixed indexed accounts.



At the end of a specified period of time, the insurance company uses the corresponding index to determine the interest rate it will apply to these dollars.

## Here's how it works:

### The fixed account:

- Credited with interest daily based on the current interest rate for the policy.
- Has a guaranteed minimum rate of 1%. All guarantees are based on the continued claims paying ability of the issuing company.

### The indexed account(s):

- Contain an **interim account** – an account where your money goes before it is transferred into an indexed account “segment” every month:
  - Money is credited with a daily fixed interest rate until the sweep date.
  - Premium, fixed account and subaccount transfers and any interest earned in the interim account are transferred into a 12- or 24-month indexed account segment on the sweep date as long as the total cash value in the interim account is \$25 or more.
- Dollar amounts in the segments are credited with an indexed interest rate at the end of each segment term.

#### VARIABLE LIFE INSURANCE

NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT BANK, CREDIT UNION OR SAVINGS & LOAN GUARANTEED • MAY LOSE VALUE

## Determining the indexed interest rate

RiverSource Life uses a “point-to-point” crediting method. This means:

- First, we compare the segment’s beginning index value to the segment’s ending value.
- Next, we apply the applicable cap or spread and the respective floor based on the value of the change in the index to determine the interest rate for that segment.
- Finally, we multiply the indexed interest rate by your average balance for the corresponding 12- or 24-month segment and credit that amount to the segment.

## Applying the growth cap and guaranteed floor

As an example, the table below shows three changes in the S&P 500® index in a 12-month segment period based on the index’s historical performance and how the cap or floor would have been applied, if at all. The crediting rate applied assumes a hypothetical growth cap of 10% and floor of 0%. Floors and caps vary depending on the indexed account option selected.

| Segment maturity date | Index value at segment start date | Index value at segment maturity | Index growth rate | Change in value | Cap or floor applied | Participation rate applied | Crediting rate applied for this segment |
|-----------------------|-----------------------------------|---------------------------------|-------------------|-----------------|----------------------|----------------------------|---|
| 12/20/2006            | 1259.62                           | 1423.53                         | 13.01%            | ↑               | Cap                  | 100%                       | 10.00%                                  |
| 12/20/2007            | 1423.53                           | 1460.12                         | 2.57%             | ↑               | N/A                  | 100%                       | 2.57%                                   |
| 12/20/2008            | 1460.12                           | 887.88                          | -39.19%           | ↓               | Floor                | 100%                       | 0.00%                                   |

Though based on the actual performance of the S&P 500 index excluding dividends, values are intended to be for illustrative purposes only. Past performance is not indicative of future results.

## What happens next

The indexed interest credited plus the segment value at the end of the segment result in the segment maturity value. The segment maturity value is reallocated to the fixed account, subaccounts or indexed accounts according to the segment maturity allocation you selected. The amount reallocated to the indexed account(s) along with any money in the interim account is then combined to start a new segment, the growth cap is set and the process of crediting interest for that new segment starts over again.

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Although money in the indexed accounts is affected by changes in the index, it is not invested directly in any stock or equity investments and does not earn dividends.

If a policy is fully surrendered or the insured dies before the end of a segment, that segment does not receive any interest. Upon the death of the insured, an income tax-free death benefit passes to the named beneficiaries on the policy.

Before you purchase life insurance, be sure to consider the policy’s features, benefits, risks and fees, and whether it is appropriate for you, based upon your financial situation and objectives. Variable life insurance is a complex investment vehicle that is subject to market risk, including the potential loss of principal invested.



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