Accumulation Builder II™ IUL

Protecting your family, building your future.
When you need protection for your family and a foundation for your future.

Protection for Today
A permanent life insurance policy gives you peace of mind by helping to ensure your family will have the financial resources they’ll need in your absence.

It gives you the security of knowing they’ll be able to pay off an outstanding mortgage, cover college tuition or meet other financial challenges if you’re no longer there to provide for them.

Security for Tomorrow
You need strong asset growth that can help you reach important future goals, such as a comfortable retirement. And you want to know you can access your money when you need it.

Ultimately, you may need a cost effective life insurance solution that can provide solid death benefit protection, plus strong accumulation potential to fuel your financial dreams.

Introducing Accumulation Builder II Indexed Universal Life: For Permanent Protection and Asset Accumulation

Accumulation Builder II Indexed Universal Life (IUL) from The Penn Mutual Life Insurance Company and its wholly owned subsidiary, The Penn Insurance & Annuity Company (PIA), is life insurance that answers your need for protection and your desire for asset accumulation.

Because it is permanent insurance, your death benefit will remain intact as long as you maintain a positive cash value. And because it’s a “universal” life insurance policy, you have the advantage of adjusting your death benefit amount and premium payments (within limits).

But Accumulation Builder II IUL gives you something extra: the potential to accumulate assets for use during your life with very low risk.

A Protection Guarantee That Offers Peace of Mind
To ensure your policy’s death benefit is secure, regardless of the cash value in your account, Accumulation Builder II IUL provides a guarantee that your policy will not lapse.

The No-Lapse Guarantee, standard with your policy, protects your death benefit even if your cash surrender value falls to zero or below. As long as your policy is appropriately funded and you take no loans, the death benefit is guaranteed for 20 years, regardless of your policy’s performance. (MA Residents: Please see the important No-Lapse Guarantee information in the enclosed flyer.)

Several Ways to Accumulate Cash Value
With Accumulation Builder II IUL, you enjoy several ways to build cash value:

- The Fixed Account earns a competitive fixed rate that is set annually and locked in for 12 months – but guaranteed never to fall below 2 percent.

- The Indexed Account offers attractive growth potential based on the performance (excluding dividends) of the S&P 500, one of the financial world’s most widely recognized market indicators.

1All guarantees are based on the claims-paying ability of the issuer.

2The actual number of no-lapse years will vary based on that age of the insured.

3The S&P 500 Index is an unmanaged index of 500 stocks from a broad range of industries, considered to be representative of the stock market in general. Indexes do not have sales charges, and it is not possible to invest directly in an index.
Each premium payment you allocate to the Indexed Account creates a segment. You can have up to 12 segments each year. You are guaranteed 100 percent participation in the S&P 500’s performance, excluding dividends, credited to you annually on a point-to-point basis, up to a competitive cap that is guaranteed never to fall below 4 percent.

The Indexed Account provides you with upside potential for strong returns without participating directly in the stock market, plus the downside protection of 2 percent growth guaranteed annually—even if the S&P 500 posts a decline for the year. You also have the ability to lock in accumulated gains, making the Indexed Account a particularly attractive option.

- The **12-month Dollar Cost Averaging (DCA) Account** places funds in a fixed account that credits a highly competitive interest rate. A portion of the funds is then transferred monthly to the Indexed Account. This can be particularly useful in helping to smooth out market fluctuations.

### Flexibility to Meet Your Changing Needs

You have the freedom to allocate each new premium payment to any of the three accounts, and the flexibility to transfer existing account values between the Indexed and Fixed Accounts. But no matter which account you choose, you will always earn a positive interest credit—a measure of downside protection in which you can take comfort.

### Complete Access to Your Money

You can withdraw or borrow funds from the policy, whenever you need them and for whatever reason, while the policy remains in force. Please note, outstanding loans and withdrawals can reduce your cash value or death benefit at the death of the insured.

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*The values in the Fixed Account may only be transferred to the Indexed Account on the policy anniversary date, or within a 30 day window following the anniversary date. The values in the Indexed Account may only be transferred to the Fixed Account on the segment maturity date. Money may not be transferred from other accounts into the DCA Account. Only new premiums may be allocated to the DCA Account. The minimum amount of annual premium that may be allocated to the DCA account is $600.*
Choose the Loan Option That's Right for You

Accumulation Builder II IUL gives you two loan options.

- **Indexed Loan**: The Indexed Loan charges a fixed interest rate of 6 percent, while the outstanding loan amount continues to earn interest at the same credited rate as the Indexed Account. This feature will result in a positive cash flow when the interest being credited to the Indexed Account is greater than 6 percent.

  If the credited rate for the Indexed Account falls below 6 percent, your interest/loan cost will be the difference between the index performance and the fixed 6 percent annual loan interest rate. But you are guaranteed to receive a minimum interest credit of at least 2 percent. (Indexed loans are not available in NY.)

- **Traditional Loan**: The Traditional Loan charges a fixed rate of 4 percent, but also credits interest on the loaned funds. During the policy’s first 10 years, the loaned amount will be credited 3 percent interest. In year 11 and beyond, the loaned funds will be credited an interest rate guaranteed not to fall below 3.75 percent (4 percent in NY).

**Loan Availability and Flexibility**

Indexed Loans are available only from the Indexed and Holding Accounts. Traditional Loans are available from the Fixed and Indexed Accounts. You may switch between the two kinds of loans by transferring the entire loan balance.

The protection you need, the accumulation potential you want – with flexibility to meet your personal and business needs.
A Better Way of Life

Founded in 1847, The Penn Mutual Life Insurance Company has honored every financial commitment throughout its long history. And PIA, its wholly owned subsidiary, has carried an equally respected reputation for more than 25 years. You can count on the Penn Mutual family of companies to always strive to bring you a better way of life.

Optional Riders to Customize Your Policy

Tailor your policy to your needs by choosing from a wide array of optional benefits and riders, such as:

- **Overloan Protection Rider:** Keeps your policy in force despite outstanding loans
- **Disability Completion Rider:** Waives your policy charges and credits a stipulated premium to your cash values if you become disabled
- **Supplemental Term Rider:** Provides an extra death benefit while the rider is in force and improves long-term cash values
- **Guaranteed Increase Option:** Allows you to increase coverage without evidence of insurability.

Accumulation Builder II IUL also offers optional riders that can help business owners who want to reward key employees through a corporate sponsored, non-qualified plan. These riders also allow businesses to reflect higher cash values on their balance sheets.

- **Cash Value Enhancement Rider:** Reflects higher cash values during the first five policy years
- **Business Accounting Rider:** Waives surrender charges to provide higher early-year cash surrender values.

Your advisor can provide you with additional information about these and other options and riders available with Accumulation Builder II IUL.

Choose From Two Death Benefit Options

To help you keep up with life changes, Accumulation Builder II IUL offers two death benefit options.

- **Level Death Benefit Option:** Maintains a fixed death benefit for the duration of the policy
- **Increasing Death Benefit Option:** Increases the death benefit with the policy cash value appreciation.

While you choose a type of death benefit at policy issue, you are free to change options as your situation changes (subject to underwriting requirements).

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5Optional benefits and riders may be subject to eligibility and underwriting requirements, additional premium requirements and/or minimum and maximum coverage amounts.
Accumulation Builder II™ Indexed Universal Life

Frequently Asked Questions

What is indexed universal life insurance?
Indexed universal life insurance combines the features of a traditional fixed universal life insurance product with the potential to earn interest based on the upward movement of an index, but without directly participating in the equity market. In the case of Accumulation Builder II IUL, the Indexed Account’s interest rate is determined relative to the S&P 500 Index, excluding dividends.

What are the different options for allocating premium payments?
You can allocate premiums (net of the premium load) between the Fixed, Indexed and 12 Month Dollar Cost Averaging accounts. Premiums allocated to the Indexed Account are held in a holding account until the next segment transfer date, which is the next policy monthly anniversary date.

How and when is the interest rate on the indexed account calculated?
Each segment of the Indexed Account has its own interest rate that is calculated on a one-year point-to-point basis. Point one is the date that money allocated to the Indexed Account transfers from the Holding Account to the Indexed Account. Interest is calculated and credited on the segment maturity date — a year later — based on the results of the S&P 500 Index for the same period. The Indexed Account has a 100 percent participation rate with respect to the S&P 500’s performance, up to a cap.

What can I do with the funds that are accumulating in my Indexed Account?
At each segment anniversary, funds roll over into a new segment to continue to receive indexed interest, or you can transfer them into your fixed account.

What loan options are available?
This policy offers partial withdrawals and two types of loans — Traditional and Indexed. A Traditional Loan offers a zero net cost if the loan is taken at least 10 years after the policy issue date, (4% loan rate and 4% credited rate). If taken within the first 10 years, the credited interest rate is decreased by 1 percent. The Indexed Loan option charges a 6% loan rate, but allows you to continue earning interest on the loan amount based on the performance of the S&P 500 Index. (Indexed Loans not available in NY.)

How does the no-lapse provision work?
As long as you continue to pay the no-lapse premium requirement, the policy is guaranteed not to lapse for 20 years, or up to age 80, whichever is earlier, for a minimum of five years.

What Optional Benefits or Riders are available?
There are a wide array of optional benefits and riders available to accommodate a broad spectrum of needs, such as options that let you extend or increase death benefits and options that can support the needs of business owners. Your financial professional can provide additional information about the options available to you and help you customize your policy to meet your unique needs and objectives.

What if I need to cancel or my policy lapses?
Should you choose to surrender your policy, charges will be imposed only if the surrender takes place during the policy’s first nine years. If your policy lapses or is canceled, you would not receive any indexed interest credits for Indexed Account segments that have not reached their maturity dates. However, you would earn the portion of the guaranteed 2% minimum interest rate that had accrued as of the end date of the policy.

Does my annual crediting always reflect a gain?
Yes. Regardless of the S&P 500’s actual annual performance, your Indexed Account will always be credited with a minimum interest credit of 2 percent for that year.

Contract Charges and Fees

<table>
<thead>
<tr>
<th>Charge Type</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Percent of Premium Load</td>
<td>All policy years: 5% of premium (5% maximum)</td>
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<tr>
<td>Monthly Fee</td>
<td>Policy Year 1: $9/month (5% monthly maximum) / Policy Year 2+: $5/month ($9/month maximum)</td>
</tr>
<tr>
<td>Per $1,000 Expense Charge</td>
<td>There is a monthly expense charge per $1,000 of coverage each month for the first 10 policy years (and for the first 10 years following an increase in the specified amount). This charge varies by issue age, gender and rate classification.</td>
</tr>
<tr>
<td>Cost of Insurance</td>
<td>Rates may vary by issue age, gender, rate classification and policy duration. Maximum rates are based on the 2001 CSO mortality table.</td>
</tr>
<tr>
<td>Surrender Charge</td>
<td>Surrender charges vary by issue age and amount. Charges apply during the first nine years of coverage and during nine years following an increase in specified amount.</td>
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As your financial professional today for more information on Accumulation Builder II IUL, including a detailed policy illustration.

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