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Hersh L. Stern
Publisher

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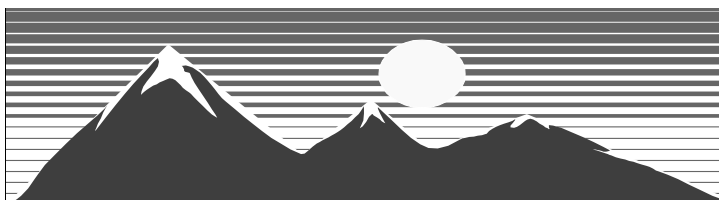
How to Buy a Top Income Annuity

SINGLE PREMIUM IMMEDIATE ANNUITIES (SPIAs) are purchased with a single deposit, and usually commence regular income payments one month after you make your deposit. An immediate annuity can be purchased with funds from a variety of sources, such as a maturing Certificate of Deposit (CD), monies which have accumulated in a Deferred Annuity account (see below), funds from a tax-qualified defined benefit or profit-sharing plan, or from an IRA account. The key element to understand with an immediate annuity is the nature of the exchange that takes place between the insurance company and the purchaser: In return for a one-time, lump-sum payment, the insurance company agrees to pay an income stream according to a specified schedule of payments. Typically, this might be for the lifetime of an annuitant or for a definite number of years. Because each periodic payment includes a portion of the original deposit along with earnings, the purchaser does not retain the option of requesting the return of his deposit, or portion thereof, in a lump sum amount. In other words, once the “free-look” period has expired, the purchaser has no right to cash in the policy.

Advantages of An Immediate Annuity

Some of the advantages of an immediate annuity are:

- (1) **Simplicity**—the annuitant does not have to manage his investments, watch markets, report interest or dividends, or compete against professional investors;
- (2) **Security**—the annuity provides stable lifetime income which can never be outlived or which may be guaranteed for a specified period;
- (3) **High Returns**—the interest rates used by insurance companies to calculate SPIA income are generally higher than CD rates, and since part of the principal is returned with each payment, greater amounts are received than would be provided by interest alone;
- (4) **Preferred Tax Treatment**—lets you postpone paying taxes on some of the earnings you’ve accrued in a “tax-deferred” annuity when rolled into an immediate annuity (i.e., the portion attributable to interest);
- (5) **Safety of Principal**—funds are guaranteed by assets of insurer and not subject to the fluctuations of financial markets; and
- (6) **No Sales or Administrative Charges.**



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How to Buy a Top income Annuity

Ideal Uses of an Immediate Annuity

SPIAs are a particularly suitable way of providing income in the following situations:

- (1) Retirement from Employment
- (2) Terminal Funding or Pension Terminations (including deferred commencements);
- (3) Retired Life Buyouts;
- (4) Structured Settlements for Personal Injury, Estate or Divorce cases;
- (5) Professional Sports Contracts; and
- (6) Credit Enhancement and Loan Guarantee Transactions.

Forms of Annuity

In its simplest form, an immediate annuity guarantees to make payments over the lifetime of one person. This type, called a "Straight Life," "Life Only," or "Non-refund" annuity, insures the recipient against outliving his financial resources and is an important instrument in planning for retirement. Given a fixed deposit amount, the monthly payments which derive from a "Straight Life" annuity are always greater than those derived from other forms of immediate annuity, such as the "Life with Period Certain" annuity, or the "Joint and Survivor" annuity. The insurer of a single life annuity calculates its obligation only until the last regular payment preceding the annuitant's death. With other more extended forms of annuity, the insurer calculates its risk over a longer period than the one life expectancy, and reduces proportionately the monthly payment amount. However, since the payments on a single life annuity expire when you do, selecting this form of annuity is tantamount to betting that you will live longer than the average person.

When you extend the range of a life annuity by continuing payments to a second person ("Joint and Survivor" annuity) or for a guaranteed minimum

period of time ("Period Certain" annuity), the extra coverage may reduce the monthly payment by about 5% to 15%. Several situations where these "extended" forms of immediate annuity would be most suitable are: (1) when the income needs to be guaranteed over the lifetimes of a husband and wife ("Joint and Survivor" annuity); (2) when payments must continue for a specified period (e.g. 5 or 10 years or more) to a designated beneficiary ("Certain and Continuous" annuity); or (3) when the annuitant wants to make sure that, if he should die before his full investment has been distributed in monthly payments, an amount equal to the balance of the deposit continues to a named beneficiary ("Installment Refund" annuity).

Source of Funds— *Qualified vs. Non-Qualified*

The term *qualified* (when applied to Immediate Annuities) refers to the tax status of the funds used for purchasing the annuity. These are premium dollars which until now have "qualified" for IRS exemption from income taxes. **The whole payment received each month from a qualified annuity is taxable as income (since income taxes have not yet been paid on these funds).** *Qualified* annuities may either come from corporate-sponsored retirement plans (such as Defined Benefit or Defined Contribution Plans), Lump Sum distributions from such retirement plans, or from such individual retirement arrangements as IRAs, SEPs, and Section 403(b) tax-sheltered annuities. Generally speaking, insurance companies use male/female (sex-distinct) rates to price qualified annuities in situations where the purchaser and/or owner is an *individual*. When the annuity is being purchased by a *corporation*, annuity rates are generally unisex. Some states, however, require that unisex rates be used for all qualified annuities.

Non-qualified immediate annuities are purchased with monies which have not enjoyed any tax-sheltered status and for which taxes have already been paid. **A part of each monthly payment is considered a return of previously**

taxed principal and therefore excluded from taxation. The amount excluded from taxes is calculated by an Exclusion Ratio, which appears on most annuity quotation sheets. Non-qualified annuities may be purchased by employers for situations such as deferred compensation or supplemental income programs, or by individuals investing their after-tax savings accounts or money market accounts, CD's, proceeds from the sale of a house, business, mutual funds, other investments, or from an inheritance or proceeds from a life insurance settlement. While most insurance companies apply their male/female (sex-distinct) tables to non-qualified annuities, some states require the use of unisex rates for both males and females.

How do you find the safest Insurer?

Most insurance companies are well-managed financial institutions. Many have been in existence for over a hundred years, and have prospered through good times and bad. Nevertheless, because annuities are generally held for relatively long periods, look for a company that enjoys strong financial ratings with at least two of the major ratings agencies. We recommend selecting a company that is rated at least A+ by A.M. Best, and AA or better by S&P and Moody's. You should also check the company's ratings periodically to remain confident that it continues on solid financial footing.

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The Baby Boomers' Mega Inheritance—Myth or Reality?

The economic outlook in the United States may be rosier, but the retirement prospects of baby boomers continue to rest on shaky foundations. Under current projections, Social Security and Medicare will experience revenue shortfalls after 2014—soon after the boomers begin retiring. And while stronger-than-expected economic performance has led to forecasts of substantial short-term budget surpluses, these projections rely on implausible assumptions about future federal government spending restraint. Although both Republicans and Democrats are emphasizing the need to reserve Social Security surpluses for that program alone, they are also advocating large tax cuts and spending increases that may reduce or eliminate non-Social Security (that is, “on-budget”) surpluses—perhaps even turn them into deficits. If the economy slows and tax revenues plummet, Social Security surpluses will have to be used for other government spending—as they were before on-budget surpluses emerged.

Growth in Social Security and Medicare benefits during the past several decades has caused a huge wealth transfer from younger toward older generations. This transfer and the recent surge in stock market prices have substantially increased the economic resources of today’s retirees. This rise in seniors’ wealth raises two interesting questions. First, are inheritances likely to increase substantially during the next few decades? Second, can today’s middle-aged workers depend upon future inheritances to fund their retirement years?



One previous estimate places the sum of inheritance receipts by 2050 at \$14 trillion (in 1999 dollars).¹ The size of this figure suggests that boomers can look forward to an inheritance bonanza and can, as a group, stop saving for retirement. The truth, we believe, is quite different. Today’s elderly generations are wealthier because of the factors just mentioned, but other factors, which will shrink future

bequests, have grown in significance. Moreover, although inheritances may grow larger, whether they will be sufficient to fulfill boomers’ retirement needs must be judged in relation to boomers’ current living standards, which are determined largely by their current labor earnings. Projections suggest that, relative to labor earnings, there will be no significant rise in total bequests to later generations until the boomers themselves begin to bequeath during the middle of the next century. Even though bequests are larger today in absolute terms than they were in the past, they have not grown substantially compared to inheritors’ labor income. As a group, boomers cannot rely on inheritances to fund their retirements any more than their parents could. Furthermore, inheritances have been and will remain very unevenly distributed among the population, making the receipt of a large inheritance a very improbable event.

Too Many Siblings Chasing Too Few Dollars

There are several reasons to doubt that the boomers are in for a huge inheritance windfall. First, the bequest pie must be split among more people because boomers are more numerous than their parents. That is, each boomer has a relatively large number of siblings. The magnitude of this effect can be gauged by assuming that parents are generally 25 years older than their children and taking the ratio of those

(Continued on page 8)

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Feature Articles

TABLE 1 COMPONENTS OF BEQUEATHABLE WEALTH: 1962 AND 1997

Year	Labor Compensation ^a	Net Worth ^a	Life Insurance ^a	Cross-generation bequests ^a	Bequests as a share of labor compensation ^b
1962	1,800.1	11,497.9	3,734.7	54.8	3.0
1997	4,828.0	35,085.7	13,862.9	179.4	3.7

a. Billions of 1999 dollars
b. Percent
SOURCES: Economic report of the President, 1999; estimates from the 1998 Survey of Consumer Finances; and American Council of Life Insurance *Life Insurance Fact Book*, various issues.

(Continued from page 6)

aged 35–45 today (the boomers) to those aged 60–70 (their parents). This ratio, which is 2.3 today, was only 1.8 in the 1960s.

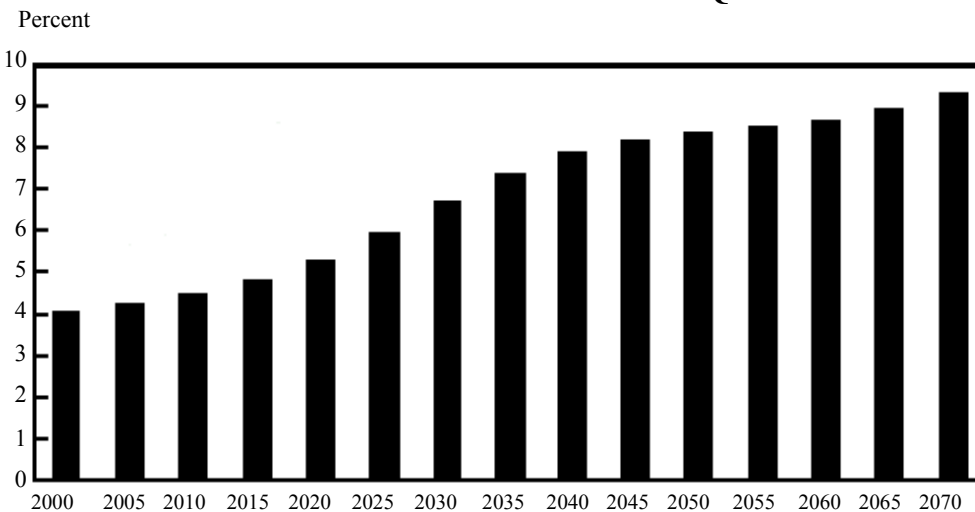
Another factor limiting the flow of bequests across generations is the remarkable postwar increase in the degree to which the resources of the elderly are annuitized.² Annuitized resources are income flows that cease when the recipient dies. So, for a given amount of total wealth, the larger the share of annuitized resources, the smaller the share of bequeathable assets. Much of the increase in the share of annuitized resources in the last four decades can be attributed to the expansion of Social Security and Medicare. If this trend in annuitization continues, inheritances will become an even smaller share of boomers’

**TABLE 2
PERCENT OF POPULATION RECEIVING INHERITANCES**

Wage	Inheritance				
	\$0	\$1 to \$25,000	\$25,000 to \$50,000	\$50,000 to \$100,000	More than \$100,000
\$0-10,000	54.9	2.0	0.4	0.5	0.7
\$ 10-25,000	6.4	0.5	0.1	0.0	0.2
\$25-50,000	14.1	0.7	0.2	0.2	0.2
\$50-75,000	9.0	0.5	0.1	0.2	0.2
\$75-100,000	3.9	0.3	0.2	0.1	0.1
Over \$100,000	3.6	0.3	0.1	0.1	0.2
Total	91.9	4.3	1.1	1.1	1.6

SOURCE: Calculated from the 1998 Survey of Consumer Finances

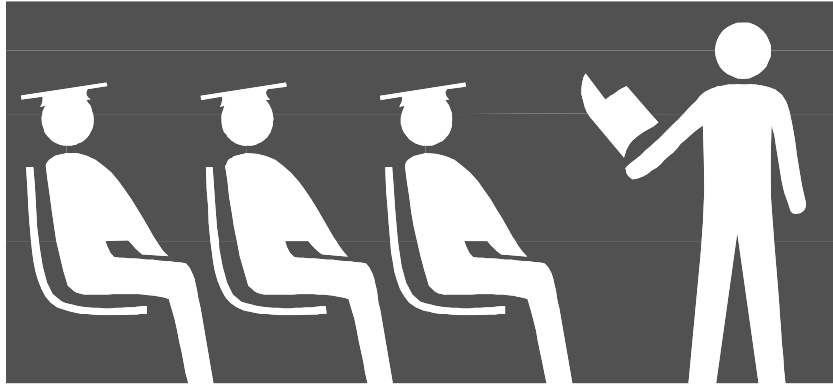
FIGURE 1 CROSS-GENERATION BEQUESTS



SOURCE: Authors’ calculations based on the 1998 Survey of Consumer Finances and the Social Security Administration’s projections of the U.S. population.

retirement resources. There is also evidence that today’s retirees are spending down their assets at a much faster rate than their predecessors did four decades ago. Recent research shows that elderly Americans’ propensity to consume out of their resources has risen dramatically since 1960.³ Moreover, mortality rates are lower now than at any time in the past, so the boomers’ parents will live longer than any previous generation. But the longer they live, the more they will deplete the assets they would otherwise have bequeathed to their children. Future bequests may also be reduced by one other factor: The desire to leave something for the next

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generation seems to be weakening over time.

The Declining Bequest Ethic

Bumper stickers proclaiming “Retired—Spending My Children’s Inheritance” provide soft evidence of a diminishing bequest ethic. It’s difficult to imagine such bumper stickers being displayed back in 1960. Surveys of household attitudes toward saving and bequests yield more concrete evidence. Among all households, the percentage of those who believe it is important to leave an estate for one’s heirs has declined from 52.5 percent to 48.4 percent during the 1990s alone.⁴ The decline is even greater among those older than 65—from 55.5 percent to 46.8 percent. According to the latest data, only 27 percent of all households and only 22 percent of households headed by someone over 65 expect to leave a sizable bequest.⁵

Additional indirect evidence suggests that the bequest ethic is declining in the United States. Specifically, the elderly have chosen not to reverse the increased annuitization of their wealth. To a large extent, increased annuitization is imposed on retirees because employer-provided defined-benefit retirement plans and government transfer programs pay out benefits in the form of annuities rather than as lump-sum amounts at retirement. If the elderly were concerned that the forced annuitization of their wealth would lower their bequests, they would fully or partially

offset it by purchasing additional life insurance. However, over the last several decades, insurance purchases by the elderly have actually declined as a fraction of their total resources.⁶

Identifying the precise causes of the declining bequest ethic is beyond the scope of this *Commentary*, but changes in family structure caused by divorce and geographical dispersion seem worth mentioning. The dispersion of American families seems to be occurring not only within generations, but also across them—in terms of parent-child living arrangements: Back in 1940, the majority of noninstitutionalized elderly lived with their children, but only 40 percent did so by the mid-1980s.⁷ Among those aged 85 or older, the fraction living with their children dropped from 87 percent to 43 percent over the same period.⁸ Some argue that the decline in joint living is due to the increasing economic independence of the elderly. However, recent research suggests that it is not the elderly but their children who prefer independent living arrangements.⁹ The decline in the willingness or desire to bequeath may be a consequence of the fact that independent living is costlier. Alternatively, it may reflect a strategic response of older parents to their children’s unwillingness to house them in their old age.

The Size of Cross-Generation Bequest Flows

Assuming that parents leave all of their bequeathable wealth to their

children, how much can baby boomers expect to inherit? Unfortunately, direct and reliable data on inheritances and bequests are not available and, indeed, may not be collectable. So we must estimate the data needed to address this question. To do this, we first estimate average levels of bequeathable wealth by age and sex. Bequeathable wealth is the sum of net worth (bank accounts, stocks, bonds, and houses, minus total liabilities such as mortgage balances and outstanding credit card debt) plus outstanding term life insurance.¹⁰ Next, we use the constructed profiles of average net worth and term life insurance by age and sex to calculate annual bequest flows as the sum of deaths per year by age and sex multiplied by average bequeathable wealth by age and sex.¹¹

Table 1 shows the results in constant 1999 dollars. Under our assumptions, the cross-generation bequest flow for 1997 is estimated at \$179.4 billion. This is just over three times the \$54.8 billion bequest flow estimated for 1962. These numbers show that inheritances have grown robustly over the past four decades and that boomers, as a group, will receive a larger inheritance than their parents did three decades earlier. The more interesting question, however, is not whether boomers will inherit more as a group, but whether this larger inheritance represents a greater share of their economic resources than was the case for their parents. To answer that question, we compare the growth of inheritances relative to that of recipients’ labor compensation—the main source of income for working-age individuals.¹² Table 1 shows that bequests equaled 3 percent of labor compensation in 1962. In 1997, they were 3.7 percent of labor compensation, suggesting that inheritance flows have been more or less stable in comparison to labor compensation; relative to their labor earnings, boomers are inheriting only slightly more than their parents.

The near-stability of inheritance flows relative to labor compensation through the mid-1990s may be significantly altered in future decades. The relative size of the elderly

(Continued on page 10)

population will balloon as boomers grow older and longevity increases at all ages. To see how such demographic changes might affect future bequest flows, we estimate them using projected population and mortality data, assuming that the age-sex patterns of wealth holding and term life insurance remain as in 1997, but that average bequests as well as average earnings by age and sex grow with labor productivity. Figure 1 shows that the flow of cross-generation bequests as a share of projected labor compensation per year is expected to rise from about 4 percent today to more than 8 percent by the middle of the next century. The rate of increase will be modest during the next 15 years but then will begin to accelerate. By 2015, the ratio will be only 0.8 percentage point higher than it is today. Between 2015 and 2030, bequests as a share of labor compensation will increase by almost 2 percentage points and, in the following 15 years, they will increase by another 1.5 percentage points. This suggests that it is the boomers' offspring—not the boomers themselves—who can expect to reap a bequest bonanza.

The Distribution of Bequests

Not only will inheritances represent very minor additions to boomers' resources, but their distribution across the recipient population is also likely to be highly unequal. This substantially negates the view that inheritances will redress the shortfall in boomers' retirement resources. Table 2 shows the size of inheritances received by those in various income ranges. The vast majority of households (92 percent) reported receiving no inheritances. Most of the households that reported positive inheritances said they received less than \$100,000. Table 2 shows that the frequency of inheritance is highest for those in the lowest earnings category. However, the receipt of substantial bequests—those exceeding \$100,000—is limited to a minuscule fraction of the population (less than 2 percent). Evidence shows that mean inheritances for the majority of recipients are fairly small; large inheri-

tances are limited to a very few lucky individuals. This suggests that although the flow of inheritances will eventually increase significantly relative to labor compensation, its distribution may remain highly unequal.

Conclusion

Although baby boomers will inherit more as a group than their parents did, inheritances will be roughly the same as those of their parents when considered relative to labor earnings. Our estimates show that the size of the aggregate flow of U.S. bequests, measured relative to labor compensation, has not changed much in the last 35 years and is likely to remain near its current level for the next decade and a half.

While boomer parents have more wealth than previous generations of retirees, much of that wealth is annuitized, so that a smaller share is bequeathable. And whatever resources remain to bequeath will be split among more recipients because the boomers have, on average, more siblings than their parents had. The amount boomer parents have to leave their children may be reduced further because parents will live longer than any previous set of retirees, spending down their wealth. Evidence shows that many boomer parents neither expect to leave significant bequests to their children nor believe it is important to do so.

Our calculations also suggest that bequest flows will increase markedly as a fraction of recipients' labor earnings *only after* the boomers retire and begin to bequeath their own wealth to their children. Since it is uncertain whether Social Security and Medicare will deliver all their promised benefits and boomers are unlikely to inherit much from their parents, they would be wise to fund their retirement the old-fashioned way—they'll have to save for it.

Footnotes

1. Robert B. Avery and Michael S. Rendall, "Estimating the Size and Distribution of Baby Boomers' Prospective Inheritances," in the American Statistical Association's *1993 Proceedings of the Social Statistics Section*, 1993, pp. 11-19.

2. Alan J. Auerbach, Jagadeesh Gokhale, Laurence J. Kotlikoff, and David N. Weil, "The Annuitization of Americans' Resources: A Cohort Analysis," in Laurence J. Kotlikoff, ed., *Essays On Savings, Bequests, Inequality, Altruism, and Life-Cycle Planning*, Cambridge, Mass.: MIT Press, forthcoming, 2000.

3. Jagadeesh Gokhale, Laurence J. Kotlikoff, and John Sabelhaus, "Understanding the Postwar Decline in National Saving: A Cohort Analysis," in *Brookings Papers on Economic Activity*, vol. 1. Washington, D.C.: The Brookings Institution, 1996.

4. The response rates reported here are weighted averages calculated from the Federal Reserve Board's 1992 and 1998 Surveys of Consumer Finances.

5. Of all households responding to this question, 22.8 percent said "possibly." An unambiguously negative response was received from 50.5 percent of all households.

6. Gokhale, Kotlikoff, and Sabelhaus (footnote 3).
7. The noninstitutionalized population excludes inmates of penal and mental institutions, sanitariums, and homes for the aged, infirm, and needy.

8. Laurence J. Kotlikoff and John Morris, "Why Don't the Elderly Live with Their Children? A New Look," in David A. Wise, ed., *Issues in the Economics of Aging*, National Bureau of Economic Research. Chicago and London: University of Chicago Press, 1990, pp. 149-69.

9. Axel H. Börsch-Supan, "Why Don't the Elderly Live with Their Children? A New Look—Comment," in David A. Wise, ed., *Issues in the Economics of Aging*, National Bureau of Economic Research. Chicago and London: University of Chicago Press, 1990, pp. 169-72.

10. These data are based on the 1998 Survey of Consumer Finances; they pertain to 1997.

11. Annual deaths for males and females older than 50 are estimated using population and mortality data. All of nonmarried individuals' wealth and 15 percent of married individuals' is included when calculating cross-generation bequests.

12. The relevant issue is whether inheritances will enable boomers to maintain or increase their lifetime living standard by a greater proportion than was the case for their parents. The ideal comparison would be between growth in bequests and growth in living standards between the early 1960s and late 1990s. Because data on living-standard improvement are not available, we use growth in labor compensation instead.

Jagadeesh Gokhale is an economic advisor at the Federal Reserve Bank of Cleveland, and Laurence J. Kotlikoff is a professor of economics at Boston University. This article appeared in Economic Commentary, a publication of the Research Department of the Federal Reserve Bank of Cleveland. To receive copies or to be placed on the mailing list, e-mail your request to: 4d.subscriptions@clev.frb.org or fax it to 216-579-3050. Economic Commentary is available at <http://www.clev.frb.org/research> where glossaries of terms are provided.

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Plan's Failure to Include COLAs in Lump-Sum Distributions While Including COLAs in Annuities, Violated ERISA

A plan's failure to include COLA payments in the calculation of lump-sum distributions, while including them in its benefits paid in the form of annuities, violated ERISA, according to a federal district court. The court stated that there can be only one definition of "accrued benefit" in a plan, and because this plan included COLAs for annuities, then the plan's accrued benefit had to account for COLAs for both benefits payable as annuities and as lump sums. (*Laurenzano v. Blue Cross and Blue Shield of Massachusetts, Inc. Retirement Income Trust (2001, D Mass.) 2001 WL 327132*)

James Laurenzano, M.D., worked for Blue Cross and Blue Shield of Massachusetts from May 1992 through December 1997, and participated in Blue Cross's defined benefit plan (the "plan"). The plan's normal retirement benefit was a life annuity that would be increased every year by a cost-of-living-adjustment (COLA). The plan also provided for payment in a lump-sum distribution; however, at the time of Dr. Laurenzano's retirement, the lump-sum payment did not include the present value of the projected COLA payments. (The plan was amended in 1998, after Dr. Laurenzano's retirement, to allow for COLAs in the lump-sum distribution calculation.)

After retiring and receiving a lump-sum distribution from the plan, Dr. Laurenzano sent a letter to the plan requesting additional benefits (that is, a payment representing the present value of the future COLAs). The plan denied his claim, and also denied his appeal. Dr. Laurenzano then filed a class action suit against the plan in 1999 on behalf of himself and all former plan participants who received lump-sum distributions that did not account for

COLAs. The suit sought additional benefits due under the terms of the plan (ERISA § 502(a)(1)(B)) and equitable relief under ERISA § 502(a)(3).

The plan first argued that Dr. Laurenzano lacked standing to sue, since—once he had received his lump-sum distribution—he was no longer a participant or beneficiary as required for actions brought under ERISA § 502(a)(3). The district court termed this argument as being "too clever by half," stating that under *Firestone Tire & Rubber v. Bruch (1989 S.Ct.) 489 U.S. 101*, Dr. Laurenzano had standing to sue so long as he had a "colorable claim to vested benefits." The court thus concluded that Dr. Laurenzano had standing to contest an alleged underpayment of benefits.

Although Dr. Laurenzano's ERISA § 502(a)(3) claim sought restitution, in the form of money, the district court had no trouble allowing this as an equitable remedy. According to the court, the plan had been unjustly enriched by retaining the COLA payments (see below), and so only money could redress this harm. The court did, however, dismiss the ERISA § 502(a)(1)(B) claim, finding that under the terms of the plan at issue, recipients of lump-sum distributions were not entitled to COLAs.

The district court next determined that the COLA payments at issues were an "accrued benefit" under ERISA § 3 (23). According to the court, an individual's accrued benefit under ERISA § 3 (23) is the benefit "expressed in the form of an annual benefit commencing at normal retirement age." And, under the plan, the accrued benefit was an annuity with annual COLAs. Because the plan's annuity benefit included annual COLAs, said the court, the COLAs were an accrued benefit.

As support for this determination, the district court cited the Seventh Circuit's decision in *Hickey v. Chicago Truck Drivers, Helpers & Warehouse Workers Union (1992 CA7) 980 E2d 465*, the Ninth Circuit's decision in *Shaw v. Int'l Ass'n of Machinists & Aerospace Workers Pension Plan (1985 CA9) 750 F.2d 1458*, and a recent district court decision (*Kohl v. Ass'n of Trial*

Lawyers of America, (1998 D MD) 183 F.R.D. 475) The plan argued that these cases were distinguishable, in that they involved plans that promised COLA payments, while it (the Blue Cross plan) never promised COLAs to lump-sum recipients. The district court, however, stated that there could be only one definition of accrued benefit, and not a separate definition for benefits payable as an annuity or a lump sum. And, since the plan's accrued benefit included COLAs for annuities, it could not exclude COLAs from lump-sum payments.

After finding that Dr. Laurenzano and the other class members should have had COLAs included in their lump-sum payments, the district court determined that the plan must determine, based on reasonable actuarial projections, the amount of COLA payments the participants would have received had they elected payment in the form of an annuity, and then adjust that amount to present value.

The court also found that a six-year statute of limitations should apply to the class members' claims, because an action for recalculation of benefits under ERISA § 502(a)(3) most closely resembled a contract claim under Massachusetts' law (the law of the state in which the action was brought). The court added that the cause of action accrued for each class member at the time he received his lump-sum distribution. Thus, class members who did not seek additional benefits through the plans' administrative appeals procedures would have six years from the date of distribution to pursue a claim.

Finally, the court noted that it did not have to reach the issue of whether each class member would have to exhaust the plan's administrative procedures for requesting additional benefits, since Dr. Laurenzano, the lead plaintiff, had exhausted the plan's internal remedies before filing suit.

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Terminal Funding Annuities

Single Premium Group Annuities (SPGAs), also known as Terminal Funding, Single-Shot or Buyout contracts, guarantee the benefits of a pension plan's retired, active or deferred vested participants. SPGAs are usually employed in situations which require that accrued benefits be "settled" with commercial annuities. These include pensions plans which are terminating, ongoing plans locking in high rates as an investment, FASB 87-88 settlements, and plant closings due to mergers or acquisitions. An SPGA may reduce a pension plan's annual administration costs, reduce its unfunded liability, or increase the reversion available from an overfunded plan.

SPGAs frequently credit a higher rate than the actuarial interest rate a plan may be using for valuing benefits. To maximize this rate differential a plan sponsor must either himself monitor each insurance company's SPGA rates or delegate that function to an experienced SPGA consultant. Constant surveillance is necessary to catch the changes in pricing among competing carriers, which often occurs overnight as general market conditions change and as each company moves closer to achieving its short term profit and/or premium-sales objectives. It is not uncommon that at different times during the year

SPGA quotes from the same company may vary by as much as 30%!

United States Annuities can help a plan sponsor or consultant obtain the best SPGAs for his terminating or ongoing plan. We represent more than 25 carriers in this market—companies with the highest "AAA" and "A+" ratings. Our knowledge of the special underwriting considerations that are of particular importance to the insurance companies allows us to make sure that your plan is not rejected simply because no one was available to answer questions of a routine or, sometimes, technical nature. Our ability to effectively manage the flow of critical information helps you obtain the best contract available to fit the needs of your plan.

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also provide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced

after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain that no additional costs are imposed. When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement.

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

In consultation with the Plan sponsor and/or enrolled actuary, objectives are set for the cost of the annuities, contract provisions, liquidity of the funds, and proposed purchase and takeover dates. Market values of assets available for transfer to the insurance company are determined to insure that they are sufficient to cover the estimated cost of annuities. A bond portfolio hedging strategy may be employed to protect the assets until the final distribution is made. (During periods of declining interest rates, the present value or cost of annuities generally increases. In the absence of a defensive investment strategy, significant erosion of assets may occur.)

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

We market your plan by submitting specifications and data to those carriers best suited to underwrite your liability. The

Allied Medical Group \$836,000 • Amalgamated Steel Company \$728,000 • American Capital Corp \$3,533,000 • American Int'l Container \$112,000 • American Paper Products \$2,253,000 • American Technical Industries \$668,000 • American Trust & Savings \$227,000 • Argo Delta Marine \$520,000 • Armstrong Industries, Inc. \$3,000,000 • Astronet \$324,000 • Ayres Corporation \$314,000 • Auburn Memorial Hospital \$5,049,000 • Barco Banking Corporation \$1,846,000 • Bayer Clothing \$543,000 • Berks Products Corp \$163,000 • Boca Raton Comm. Church \$351,000 • Brent Chemicals \$300,000 • Brostrom \$101,000 • Bruce-Rogers Company \$1,003,000 • Bulova Watch Company \$ 56,153,000 • C. M. Smillie \$350,000 • California Microwave \$433,000 • Canaan National Bank \$644,000 • Carl Svenson \$846,000 • Carter Ledyard \$600,000 • Charles Jourdan Boutique \$310,900 • Children's Hospital \$132,000 • City of Ada Retirement Plan \$419,000 • City of Tarpon Springs \$1,225,000 • City of Canyon City \$377,000 • City of Treasure Island \$148,000 • Claxton Manufacturing \$241,000 • Coastal Iron Works \$ 370,000 • Cohn-Daniel \$218,000 • Consolidated Lumber \$511,000 • Conway Memorial Hospital \$329,000 • Cornell Young \$434,000 • Coulter Corporation \$16,035,000 • Courier \$108,000 • Cummins \$1,474,000 • D & B Steel Corporation \$245,000 • Delaware Mutual Insurance Co. \$382,000 • Dispatch Printing \$122,000 • Ear Nose & Throat Clinic \$872,000 • Dyco Petroleum \$3,391,000 • Easter Seals of Washington \$529,000 • El Dia, Inc. \$156,200 • Electrographic \$1,204,000 • Electronic Associates, Inc. \$10,000,000 • Facile Holdings, Inc. \$246,000 • Family Services of Philadelphia \$425,000 • Farmers National Bank \$243,000 • Faxton Children's Hospital \$3,187,000 • Fenestra Corporation \$1,561,000 • First City Bank Corporation \$2,669,000 • First Federal of Charleston \$2,162,000 • First Natl Bank of Dubuque \$341,000 • First Natl Bank of New Boston \$1,055,000 • First Natl Bank of Okmulgee \$836,000 • First Philson \$227,000 • Fishburn Dry Cleaners \$1,361,000 • Foodhaven \$1,301,000 • Freeman Manufacturing \$235,000 • Fuller Group \$642,000 • Gates Albert, Inc. \$336,000 • Geo. Spengler \$315,000 • Gerlach \$976,000 • Gratiot Hospital \$1,150,000 • Gray & Sons \$1,312,000 • Ground Pat'i \$199,000 • Gumps \$1,038,000 • Hamm Sanitation \$184,000 • Harris O. Machus \$237,000 • Harte Hanks Radio, Inc. \$940,000 • Hawkeye Chemical Corp \$3,292,000 • Henry Vale \$1,275,000 • Hills & Dales

Hospital
Hoche, Inc.
Holstein
\$5,535,000 •
Clinic
Huntington
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G e n ' l
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Association
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\$8,161,000 •
\$201,000 •
7 8 0 7 0
\$2,200,000 •
7 8 0 7 1
\$700,000 •

ITT Grinnell, Inc. \$684,000 • Independent Bankshares \$2,300,000 • Isabella Nursing Home \$128,000 • J. Gus Lallande \$677,000 • Jersey Mortgage Company \$2,800,000 • John Hassall \$2,800,000 • Joyce Dayton \$303,000 • KAL Equipment \$219,000 • Kaye International \$842,000 • Kiefaber \$394,000 • Klaus Radio \$763,000 • LA County Retirement Plan \$657,000 • Largent Roofing \$611,000 • Lark Luggage, Inc. \$399,000 • Laurentian Capital \$2,152,000 • Liberty Glass \$273,000 • Lindell Trust Co. \$263,000 • Lion Ribbon Company \$2,279,000 • Lorden Distributing \$241,000 • Louis G. Freeman Co. \$303,000 • Madison Community Hospital \$118,000 • Mahoning Valley \$431,000 • Malabar-Art Mall \$1,008,000 • Mansfield Screw, Inc. \$222,000 • Marine Bank Wisconsin West \$450,000 • McCabe Powers \$2,358,000 • McCall Pattern, Inc. \$5,906,000 • Michigan Hospital \$384,000 • Microdot \$20,682,000 • Mid-Dakota Clinic \$120,000 • Midwest Body \$961,000 • Milwaukee Jewish Home \$230,000 • Mosley Manufacturing \$319,000 • NH Distributors \$1,191,000 • National Mutual Benefit \$705,000 • Nationwide Advertising Co. \$1,318,000 • Nelson Pontiac \$407,000 • No. Amer. Brass & Aluminum \$684,000 • No. Chicago Hebrew Congreg. \$567,000 • Northern Pump Company \$1,698,000 • O.K. Feed Co. \$836,000 • Pandora, Inc. \$2,829,000 • Panola General Hospital \$260,000 • Pasadena Refinishing \$206,000 • Penn Ventilator \$438,000 • Pennock Hospital \$1,170,000 • Peoples Bank \$559,000 • Pennsylvania Shipbuilding \$1,213,000 • Phillip Brothers \$3,220,000 • Pittsburgh Tube \$4,711,000 • Platt Saco Lowell, Inc. \$7,700,000 • Plyfiber \$273,000 • Printing Industries of America \$457,000 • Prior Chemical \$812,000 • Queens Steinway \$776,000 • RTC Transport \$1,270,000 • Ranken-Jordan Home \$422,000 • Richardson Vicks \$491,000 • Riverside \$136,000 • Rock Island Bank \$461,000 • SIA America \$3,768,000 • SMACNA \$312,000 • Sager Spuck \$206,000 • Saint Therese Hospital \$6,075,000 • Samuel Bingham Company \$3,762,000 • Schneller \$533,000 • Schumacher & Co. \$1,806,000 • Servend \$544,000 • Sharpsville \$418,000 • South Jersey Hospitals \$583,000 • Star Manufacturing \$1,285,000 • Stephan Company \$5,302,000 • Stonewall Jackson Hospital \$270,000 • Struthers Dunn, Inc. \$3,843,000 • Suit-Kote \$304,000 • Supermercados Co-op \$335,000 • Tokio Marine \$942,000 • Union National Bank \$2,933,000 • United Hospitals of Newark \$6,497,000 • Velcro Corporation \$737,000 • \$2,476,000 • Virgin Islands Rum Co. \$191,000 • Waber-Odell \$832,000 • Walker Art Center \$102,000 • Warren Hospital \$550,000 • Wickes Furniture Company \$18,000,000 • Woonsocket Fogarty Hosp. \$7,315,000 • Work-O-Lite \$675,000 • YMCA of Metropolitan Dallas \$393,900 • Youngstown Welding Corp. \$7,953,000

Terminal Funding Annuities

presentation of complete specifications and clean data (especially on diskette or mag tape) reassures the carriers that everything is "in order" and serves as an extra inducement, not only for them to accept the case for pricing, but also to calculate the annuity premiums using their most competitive cost factors. With respect to preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

MANAGING THE COMPETITIVE BIDDING PROCESS

Through close and ongoing communication with the insurers who agreed to bid on your plan, we are assured that it is being priced correctly and that premium calculations are returned to us on a timely basis. Once the interested carriers begin their underwriting process, we reduce your burden of having to answer redundant questions from numerous carriers by acting as your go-between. We provide the insurers with the additional information they request to keep premium costs at the lowest possible level. By properly communicating plan needs, we can encourage the insurers to reduce risk premiums and not

price plan provisions on an overly conservative basis. We also keep you informed of the insurers' responses throughout the initial bidding period.

In the weeks before the winning bid is selected, we provide written proposals from the insurers describing the plan provisions and benefits they have agreed to cover. These proposals are carefully reviewed by the plan actuary and any revisions to the specs or other considerations that could influence the decision-making process are addressed.

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

On the day the final quotes are due, we may move to the offices of the decision maker to coordinate the final bidding process. The insurance companies are instructed to submit their bids before noon of that day. The quotations are matched to the previously agreed control numbers. When all the initial bids have been received, the runner-up insurers are invited to revise their quotes downward to the lowest possible figure. Soon after, the plan sponsor is in a position to accept the most favorable bid. We assist in preparing the letter of commitment which indicates the agreement to purchase the annuities at the quoted price. The premium or deposit amount is wired to the winning company to "lock in" the quote. We can assist with the wire transfer transaction to assure the proper

delivery of funds to the carrier, with timely confirmation back to respective parties.

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

In virtually all groups that involve a substantial number of participants, minor corrections to the census and/or benefit amounts may occur after an agreement to purchase the annuities has been reached. These changes are audited to assure that all attendant premium adjustments are priced on the same rate basis as the original quote. We review the Master Group Contract, checking it against the bidding and proposal letter specifications, citing any application changes and forwarding them to the plan sponsor or actuary for review. We may also assist the plan sponsor in verifying the correctness of the individual annuity certificates once issued.

HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity products. Simply mail or fax (732-521-5113) the plan specifications and census data and we'll prepare documents for quoting by the carriers. We can provide this service on either a commission or fee basis. Simply call our toll-free number 1-800-872-6684 and we'll discuss details with you. We invite your inquiries.

Life Expectancy

Understanding Life Expectancy

One of the biggest worries for Americans at or near retirement age is whether their financial resources will support them for the rest of their lives. No doubt the main reason for this concern is that when we reach our retirement years, most of us are not able to continue adding significantly to our existing assets, and, therefore, we must rely on whatever savings we have already accumulated along with other sources of income that may be available, such as a retirement pension or Social Security benefits. Two additional factors are: (1) What effect will inflation have on the future value of our assets? and (2) How long can we expect to live? If only we knew the answers to these questions, we could manage our money much more effectively over our remaining years. Even though we can't answer either of them with any certainty, having a better understanding of life expectancy does help in planning for retirement needs.

Life expectancy is a concept that many people use but few correctly understand. At the risk of sounding overly technical, life expectancy is a statistical projection of the length of an individual's life span based upon probabilities and assumptions of living conditions, medical discoveries and advances, natural disasters and other affecting factors.

There are two basic kinds of life expectancy tables—one projects average years of life remaining for an individual of a given age, the other projects the average number of years of life for all persons born in a given year. An example of the latter is that, in 1996, the average life



expectancy at birth in the United States was 76 years.

But what does the 1996 U.S. life expectancy of 76 years really mean? Should we expect that most children born in the United States in 1996 will actually live to age 76, on average? Not really. As an infant born that year proceeds through life, mortality conditions change significantly. The death rate is relatively high during an infant's vulnerable first year of life. After that, it declines throughout childhood and early adolescence before starting an inexorable climb to a towering peak after age 85. As far as the Grim Reaper is concerned, Americans are most elusive at ages 10 and 11 (when

only one out of every 5,000 people dies), and they are most vulnerable at age 122 when virtually everyone has been "harvested."

Age-specific death rates refer to the number of deaths of persons within a specific age group divided by the total number of people in that age group. This can also be expressed as the probability of dying at a given age. These probabilities are used to construct a life table, or actuarial table, which can then be used to calculate life expectancy at birth or at any other age.

Strange as it may sound, in actuarial terms the older you get the more likely you are to live beyond what your life expectancy was at an earlier age. For example, the tables currently used by the Department of Treasury for annuities project that a male age 50 will live another twenty-five years. Does this mean he won't live past age 75? Not really. Using the same actuarial table, if he lives to age 65, his life expectancy now becomes fifteen years. In other words, while the number of years a person is expected to live does decrease with age, it does not decrease in direct proportion to the number of years he continues to live. Not only that, as medical research continues to advance, it is not unreasonable to think that someone who turns eighty twenty years from now who doesn't smoke but does maintain a healthy weight, does exercise,

IMMEDIATE ANNUITY REQUESTS



Fax to 732-521-5113



Call 800-872-6684

From: Name _____ Firm _____
 Phone _____ Fax _____

Please complete below with as much detail as possible.

Annuitant's Name (optional) _____ State of Residence _____

Primary's Date of Birth _____ Sex _____ *Smoker? Circle if YES
*Smoker is someone who smokes at least 10 cigarettes a day for last 10 years
 Secondary's Date of Birth _____ Sex _____ *Smoker? Circle if YES

Re: Medical Underwriting— Is there a life impairing condition? Details: _____

Date annuity will be purchased _____ () Not for actual purchase. Send sample (illustrative) quotes only. Do not send full spreadsheet of quotes from all companies.

Source of Funds: (Check one) *() Employer-Qual. (eq) () Individual-Qual. IRA (iq) () Individ. - Qual. TSA (iq)
 *() Employer - Non-Qual. (en) () Individual - Non-Qualified (in)

*If employer funds, indicate state where employer is located:

*If employer funds, indicate who will OWN the policy/certificate after it is issued: () employer-owns () employee-owns

Payment Mode: () Monthly () Quarterly () Semi-annually () Annually
 (Complete one)

Premium to deposit \$ _____ OR Income to receive \$ _____

TOTAL # QUOTES REQUESTED:

Pd. Certain () _____ yrs PC no life () _____ yrs PC no life () _____ yrs PC no life
Single Life on Primary Annuitant () Straight Life () Cash refund () Installment refund
 () _____ Yrs Certain & Life () _____ Yrs Certain & Life () _____ Yrs Certain & Life

Joint Lives () J& _____ %S with _____ () J& _____ %S with _____
 () J& _____ %S with _____ () J& _____ %S with _____

(Check a or b) : (a) _____ J&S reduces on EITHER death (ie., whenever either annuitant dies)

(b) _____ J&S reduces only on death of primary annuitant

Additional Notes:

Life Expectancy Tables

The following two actuarial tables are used for calculating the taxes on annuity payments from qualified plans and tax sheltered annuities. The gender-based Table I is used if the contract does not include a post-June 30, 1986 investment. The unisex Table V is used

if the contract includes a post-June 30, 1986 investment. Table V is also currently used to compute life expectancy for purposes of the minimum distribution requirements applicable to individual retirement plans, tax-sheltered annuities, and

qualified retirement plans, and for determining the life expectancy of a beneficiary receiving a life income of death proceeds of life insurance. For these purposes, Table V is used without regard to the effective date of the contract. (Tables Source: Treasury

**Table I — Ordinary Life Annuities
One Life — Life Expectancy in Years**

		Ages				Ages	
Male	Female			Male	Female		
11	16	.....	60.4	56	61	.....	21.0
12	17	.....	59.5	57	62	.....	20.3
13	18	.....	58.6	58	63	.....	19.6
14	19	.....	57.7	59	64	.....	18.9
15	20	.....	56.7	60	65	.....	18.2
16	21	.....	55.8	61	66	.....	17.5
17	22	.....	54.9	62	67	.....	16.9
18	23	.....	53.9	63	68	.....	16.2
19	24	.....	53.0	64	69	.....	15.6
20	25	.....	52.1	65	70	.....	15.0
21	26	.....	51.1	66	71	.....	14.4
22	27	.....	50.2	67	72	.....	13.8
23	28	.....	49.3	68	73	.....	13.2
24	29	.....	48.3	69	74	.....	12.6
25	30	.....	47.4	70	75	.....	12.1
26	31	.....	46.5	71	76	.....	11.6
27	32	.....	45.6	72	77	.....	11.0
28	33	.....	44.6	73	78	.....	10.5
29	34	.....	43.7	74	79	.....	10.1
30	35	.....	42.8	75	80	.....	9.6
31	36	.....	41.9	76	81	.....	9.1
32	37	.....	41.0	77	82	.....	8.7
33	38	.....	40.0	78	83	.....	8.3
34	39	.....	39.1	79	84	.....	7.8
35	40	.....	38.2	80	85	.....	7.5
36	41	.....	37.3	81	86	.....	7.1
37	42	.....	36.5	82	87	.....	6.7
38	43	.....	35.6	83	88	.....	6.3
39	44	.....	34.7	84	89	.....	6.0
40	45	.....	33.8	85	90	.....	5.7
41	46	.....	33.0	86	91	.....	5.4
42	47	.....	32.1	87	92	.....	5.1
43	48	.....	31.2	88	93	.....	5.1
44	49	.....	30.4	89	94	.....	4.8
45	50	.....	29.6	90	95	.....	4.5
46	51	.....	28.7	91	96	.....	4.2
47	52	.....	27.9	92	97	.....	4.0
48	53	.....	27.1	93	98	.....	3.7
49	54	.....	26.3	94	99	.....	3.5
50	55	.....	25.5	95	100	.....	3.3
51	56	.....	24.7	96	101	.....	2.9
52	57	.....	24.0	97	102	.....	2.7
53	58	.....	23.2	98	103	.....	2.5
54	59	.....	22.4	99	104	.....	2.3
55	60	.....	21.7	100	105	.....	2.1

**Table V — Ordinary Life Annuities
One Life — Life Expectancy in Years**

		Ages			Ages
		Unisex			Unisex
11	.....	70.7	56	.....	27.7
12	.....	69.7	57	.....	26.8
13	.....	68.8	58	.....	25.9
14	.....	67.8	59	.....	25.0
15	.....	66.8	60	.....	24.2
16	.....	65.8	61	.....	23.3
17	.....	64.8	62	.....	22.5
18	.....	63.9	63	.....	21.6
19	.....	62.9	64	.....	20.8
20	.....	61.9	65	.....	20.0
21	.....	60.9	66	.....	19.2
22	.....	59.9	67	.....	18.4
23	.....	59.0	68	.....	17.6
24	.....	58.0	69	.....	16.8
25	.....	57.0	70	.....	16.0
26	.....	56.0	71	.....	15.3
27	.....	55.1	72	.....	14.6
28	.....	54.1	73	.....	13.9
29	.....	53.1	74	.....	13.2
30	.....	52.2	75	.....	12.5
31	.....	51.2	76	.....	11.9
32	.....	50.2	77	.....	11.2
33	.....	49.3	78	.....	10.6
34	.....	48.3	79	.....	10.0
35	.....	47.3	80	.....	9.5
36	.....	46.4	81	.....	8.9
37	.....	45.4	82	.....	8.4
38	.....	44.4	83	.....	7.9
39	.....	43.5	84	.....	7.4
40	.....	42.5	85	.....	6.9
41	.....	41.5	86	.....	6.5
42	.....	40.6	87	.....	6.1
43	.....	39.6	88	.....	5.7
44	.....	38.7	89	.....	5.3
45	.....	37.7	90	.....	5.0
46	.....	36.8	91	.....	4.7
47	.....	35.9	92	.....	4.4
48	.....	34.9	93	.....	4.1
49	.....	34.0	94	.....	3.9
50	.....	33.1	95	.....	3.7
51	.....	32.2	96	.....	3.4
52	.....	31.3	97	.....	3.2
53	.....	30.4	98	.....	3.0
54	.....	29.5	99	.....	2.8
55	.....	28.6	100	.....	2.7

Immediate Annuities Update

The immediate annuity factors (also called “purchase rates”) shown in **Tables 1 through 19** illustrate the amounts of monthly income \$1,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date of deposit. The factors shown are net of all fees and commissions except state premium taxes, if applicable.

In **Table 1** we report the purchase rates for Period Certain Annuities, which have no life contingency. These are simply installment payments which continue for a fixed period (5, 10, 15, 20, 25, and 30 years respectively) and then cease without regard to the age or life of the annuitant.

Tables 2 through 23 illustrate purchase rates for Single Life Annuities. In separate tables we report the factors for males and females ranging from age 40 through age 90 in 5 year intervals. Each table distinguishes between purchase rates for Non-Qualified Funds and Qualified Funds, and reports figures for three annuity forms: Life Only (Straight Life), Life with 10 Years Certain (10 yrs C&C) and Life with 20 Years Certain (20 yrs C&C).

Generally, the tax status of the funds used to buy an annuity directly influences the purchase rates most insurance companies will apply to a deposit. For this reason, our tables distinguish between purchases made with funds which are “**Non-Qualified**” or “**Qualified.**” Since most insurance companies will pay a different income for the same dollar deposit depending on the tax status of the funds, it is important to consult the correct column (Qualified vs.

Nonqualified) when estimating annuity income.

The term non-qualified funds, also known as “after-tax monies”—such as money from a CD or savings account—refers to funds which **HAVE NOT** enjoyed the tax-qualified status of IRAs or pension monies. Because these funds have already been taxed once before, that portion of each monthly check which is considered a return of the purchaser’s investment (or principal) is not taxed again (ie., it is excluded from income).

Qualified funds, on the other hand, are monies which until now **HAVE** enjoyed special tax treatment. Because no taxes have yet been paid on such funds, each monthly payment received from an annuity which was purchased with such deposits is **fully** taxable as income when received.

In addition to the tax status of the funds being used to purchase an annuity, the annuitant’s age and gender as well as the type of coverage selected (also known as the “form” of annuity) directly affect the payout amount. Age and sex relate to life expectancy and thus ultimately to the insurance company’s cost to provide its guarantees. Therefore, when insurance companies employ sex-distinct rates, female annuitants—who have longer life expectancies than males of the same age—should expect to receive less annuity income from their premium dollars. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we’ve illustrated immediate annuity income at five-year intervals, beginning at age 50 and continuing through age 80. You may also call us toll-free, at 1-800-872-6684, to receive a free calculation for an

annuity not shown.

A “Straight Life” or **Life Only** annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases.


A **Life with 10 Years Certain (10 Yr C&C)** annuity guarantees that payments will be made for at least ten years, regardless of whether the annuitant survives over that period. If he/she does not survive, the remainder of the 10-year payments will be made to a beneficiary. If the annuitant survives beyond the 10-year guarantee period, payments will continue for the duration of his/her lifetime and then cease. A **Life with 20 Years Certain Annuity (20 yr C&C)** is administered in the same way as the 10 yr C&C annuity, except that the guarantee period covers twenty years instead of ten.

Tables 24 through 27 provide the purchase rates for Joint and Survivor Annuities (“J&S”) for a male/female couple ages 65/62 to ages 75/72.

In these four Joint and Survivor tables we illustrate two different forms of the J&50%S annuity. For the first J&50%S form, income reduces by half upon the death of *either* the primary or secondary annuitant (and continues to the survivor for the remainder of his/her lifetime). With the second type of J&50%S annuity, the level monthly payment is reduced *only* on the death of the primary annuity (it does not reduce on the death of the secondary annuitant). This latter form of J&50%S annuity is also known as the ERISA or “QJSA” annuity. Lastly, the rates for the Joint & 100% Survivor Annuity do not reduce at any death and continue in full as long as either annuitant is living.

Immediate Annuities Update

Table 1. Period Certain Annuities (Non-Qualified)

Reporting Companies (NAIC ID Number)	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
AIG Life Ins. Co. 66842	\$18.30	\$10.53	\$ 8.03	\$ 6.85	\$ 6.18	\$ 5.77
American Heritage 60534	\$19.14	\$10.90	\$ 8.22	\$ 6.93	\$ 6.20	\$ 5.74
Canada Life Assurance 80659	\$18.10	\$10.26	\$ 8.17	\$ 7.00	\$ 6.32	-
Conseco Annuity Assurance 60682	\$17.75	\$10.10	\$ 7.58	\$ 6.38	-	-
Jefferson Pilot 67865	\$18.21	\$10.54	\$ 8.12	\$ 6.97	\$ 6.40	\$ 6.04
Keyport Life 65234	\$18.12	\$10.43	\$ 8.01	\$ 6.93	\$ 6.36	\$ 6.08
Life IC of the Southwest 65528	\$18.47	\$10.79	\$ 8.23	\$ 6.94	\$ 6.20	-
Lincoln Benefit Life Co. 65595	\$18.21	\$10.93	\$ 8.44	\$ 7.27	\$ 6.61	\$ 6.22
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Midland National Life 66044	\$17.72	\$10.16	\$ 7.73	\$ 6.46	-	-
Peoples Benefit LIC 66605	\$17.93	\$10.26	\$ 7.98	\$ 6.95	\$ 6.30	\$ 5.92
Presidential LIC 68039	\$18.61	\$10.83	\$ 8.41	\$ 7.30	\$ 6.66	\$ 6.23
Principal LIC 61271	\$18.52	\$10.46	\$ 8.03	\$ 6.95	\$ 6.41	\$ 6.12
Security Benefit LIC 68675	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
United Heritage Mutual LIC 63983	\$18.82	\$10.97	\$ 8.60	\$ 7.45	\$ 6.75	\$ 6.50
United of Omaha 69868	\$17.96	\$10.31	\$ 7.88	\$ 6.74	\$ 6.10	\$ 5.71
USG Annuity & Life 61247	\$18.32	\$10.45	\$ 7.90	\$ 6.67	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

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to buy
your
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The experts say to call Annuity Shopper Brokerage Services, of course. No matter what type of annuity you have in mind, their agents will help you find the best policies to choose from. And no matter how often you call, they will gladly answer your questions, and then some.

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☞ *Bottom Line*
(August 30, 1991)

Annuity Shopper Brokerage Services, an annuity broker recently uncovered an 18% difference in prices charged by 41 highly-rated insurers for the identical immediate annuity.

☞ *Executive Wealth Advisory*
(March, 1990)

Our top annuity sources...we recommend Hersh Stern, editor of *Annuity & Life Insurance Shopper*...he offers a rating service which can help you compare different companies' rates and charges.

☞ *DOLAN'S STRAIGHT TALK ON YOUR MONEY*
(July, 1994)

To avoid being sucked in by a lossleader rate, compare the annuity's initial rate to that of its competitors. The quarterly *Annuity Shopper* publishes current rates of approximately 150 different annuities.

☞ *MONEY MAGAZINE'S Safe Investing*
(1993 Edition)

If your pension is in annuities, you will need to research those companies too, and even if they are sound, you may be able to get a better return with a different plan... For further information call *Annuity Shopper Brokerage Services*.

☞ *THE RETIREMENT LETTER*
(June 1990)

So, if you are trying to locate a top annuity, just call the agents at Annuity Shopper Brokerage Services. They'll help you find the contracts that are right for you.

Find Out For Yourself.

Call (800) 872-6684



Immediate Annuities Update

Table 2. Single Life Annuities — Age 50 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.17	\$ 6.09	\$ 5.91	\$ 5.82	\$ 5.79	\$ 5.70
American Heritage 60534	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.63	\$ 5.59	\$ 5.51
Canada Life Assurance 80659	\$ 5.99	\$ 5.92	\$ 5.77	\$ 5.64	\$ 5.61	\$ 5.54
Conseco Annuity Assurance 60682	\$ 5.31	\$ 5.25	\$ 5.08	\$ 4.95	\$ 4.92	\$ 4.84
Jefferson Pilot 67865	\$ 6.22	\$ 6.16	\$ 6.00	\$ 5.97	\$ 5.93	\$ 5.85
Keyport Life 65234	\$ 6.35	\$ 6.28	\$ 6.10	\$ 6.02	\$ 5.98	\$ 5.90
Life IC of the Southwest 65528	\$ 6.48	\$ 6.41	\$ 6.22	\$ 6.17	\$ 6.14	\$ 6.04
Lincoln Benefit Life Co. 65595	\$ 6.25	-	-	\$ 6.08	-	-
Midland National Life 66044	\$ 5.30	\$ 5.25	\$ 5.11	\$ 5.03	\$ 5.00	\$ 4.92
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 5.77	\$ 5.71	\$ 5.57	\$ 5.52	\$ 5.49	\$ 5.41
Peoples Benefit LIC 66605	\$ 6.04	\$ 5.98	\$ 5.83	\$ 5.78	\$ 5.76	\$ 5.70
Presidential LIC 68039	\$ 6.34	\$ 6.27	\$ 6.13	\$ 6.06	\$ 6.03	\$ 5.95
Principal LIC 61271	\$ 6.19	\$ 6.13	\$ 6.01	\$ 6.02	\$ 5.99	\$ 5.91
Reliance Standard LIC 68381	\$ 5.74	\$ 5.68	\$ 5.52	\$ 5.43	\$ 5.40	\$ 5.31
Security Benefit LIC 68675	\$ 5.54	\$ 5.49	\$ 5.39	\$ 5.26	\$ 5.24	\$ 5.19
Security Mutual/NY 68772	\$ 6.09	\$ 5.98	\$ 5.73	\$ 5.68	\$ 5.64	\$ 5.52
United Heritage Mutual LIC 63983	\$ 6.58	\$ 6.54	\$ 6.44	\$ 6.31	\$ 6.32	\$ 6.27
United of Omaha 69868	\$ 5.87	\$ 5.81	\$ 5.66	\$ 5.62	\$ 5.59	\$ 5.15
USG Annuity & Life 61247	\$ 5.63	\$ 5.57	\$ 5.43	\$ 5.35	\$ 5.32	\$ 5.25

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life

Immediate Annuities Update

Table 3. Single Life Annuities — Age 55 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.55	\$ 6.42	\$ 6.13	\$ 6.12	\$ 6.06	\$ 5.91
American Heritage 60534	\$ 6.40	\$ 6.28	\$ 5.98	\$ 5.95	\$ 5.89	\$ 5.74
Canada Life Assurance 80659	\$ 6.39	\$ 6.29	\$ 6.01	\$ 5.95	\$ 5.90	\$ 5.77
Conseco Annuity Assurance 60682	\$ 5.74	\$ 5.63	\$ 5.36	\$ 5.28	\$ 5.23	\$ 5.10
Jefferson Pilot 67865	\$ 6.53	\$ 6.42	\$ 6.17	\$ 6.25	\$ 6.19	\$ 6.05
Keypoint Life 65234	\$ 6.72	\$ 6.60	\$ 6.31	\$ 6.30	\$ 6.25	\$ 6.10
Life IC of the Southwest 65528	\$ 6.82	\$ 6.71	\$ 6.43	\$ 6.43	\$ 6.38	\$ 6.22
Lincoln Benefit Life Co. 65595	\$ 6.59	-	-	\$ 6.36	-	-
Midland National Life 66044	\$ 5.70	\$ 5.61	\$ 5.38	\$ 5.35	\$ 5.31	\$ 5.17



Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.

National Guardian LIC ¹ 66583	\$ 6.12	\$ 6.03	\$ 5.79	\$ 5.80	\$ 5.75	\$ 5.62
Peoples Benefit LIC 66605	\$ 6.36	\$ 6.27	\$ 6.03	\$ 6.03	\$ 5.99	\$ 5.88
Presidential LIC 68039	\$ 6.73	\$ 6.62	\$ 6.38	\$ 6.38	\$ 6.32	\$ 6.18
Principal LIC 61271	\$ 6.47	\$ 6.37	\$ 6.16	\$ 6.24	\$ 6.19	\$ 6.06
Reliance Standard LIC 68381	\$ 6.12	\$ 6.02	\$ 5.75	\$ 5.73	\$ 5.67	\$ 5.53
Security Benefit LIC 68675	\$ 5.86	\$ 5.78	\$ 5.60	\$ 5.49	\$ 5.46	\$ 5.38
Security Mutual/NY 68772	\$ 6.52	\$ 6.34	\$ 5.95	\$ 6.02	\$ 5.94	\$ 5.74
United Heritage Mutual LIC 63983	\$ 6.93	\$ 6.85	\$ 6.65	\$ 6.59	\$ 6.56	\$ 6.46
United of Omaha 69868	\$ 6.21	\$ 6.11	\$ 5.87	\$ 5.90	\$ 5.85	\$ 5.71
USG Annuity & Life 61247	\$ 6.02	\$ 5.92	\$ 5.69	\$ 5.68	\$ 5.63	\$ 5.49

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life

Immediate Annuities Update

Table 4. Single Life Annuities — Age 60 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 7.09	\$ 6.87	\$ 6.38	\$ 6.53	\$ 6.43	\$ 6.17
American Heritage 60534	\$ 6.97	\$ 6.76	\$ 6.26	\$ 6.39	\$ 6.29	\$ 6.02
Canada Life Assurance 80659	\$ 6.94	\$ 6.75	\$ 6.31	\$ 6.38	\$ 6.29	\$ 6.06
Conseco Annuity Assurance 60682	\$ 6.32	\$ 6.14	\$ 5.65	\$ 5.73	\$ 5.65	\$ 5.40
Jefferson Pilot 67865	\$ 6.98	\$ 6.78	\$ 6.41	\$ 6.60	\$ 6.50	\$ 6.24
Keyport Life 65234	\$ 7.22	\$ 7.02	\$ 6.55	\$ 6.70	\$ 6.60	\$ 6.34
Life IC of the Southwest 65528	\$ 7.30	\$ 7.11	\$ 6.66	\$ 6.79	\$ 6.70	\$ 6.45
Lincoln Benefit Life Co. 65595	\$ 7.08	-	-	\$ 6.75	-	-
Midland National Life 66044	\$ 6.24	\$ 5.91	\$ 5.67	\$ 5.80	\$ 5.72	\$ 5.47
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 6.61	\$ 6.45	\$ 6.04	\$ 6.20	\$ 6.11	\$ 5.87
Peoples Benefit LIC 66605	\$ 6.81	\$ 6.65	\$ 6.25	\$ 6.40	\$ 6.32	\$ 6.11
Presidential LIC 68039	\$ 7.24	\$ 7.05	\$ 6.64	\$ 6.80	\$ 6.70	\$ 6.45
Principal LIC 61271	\$ 6.80	\$ 6.65	\$ 6.29	\$ 6.50	\$ 6.41	\$ 6.18
Reliance Standard LIC 68381	\$ 6.68	\$ 6.50	\$ 6.04	\$ 6.18	\$ 6.09	\$ 5.83
Security Benefit LIC 68675	\$ 6.29	\$ 6.17	\$ 5.86	\$ 5.82	\$ 5.76	\$ 5.61
Security Mutual/NY 68772	\$ 7.09	\$ 6.79	\$ 6.18	\$ 6.47	\$ 6.33	\$ 6.00
United Heritage Mutual LIC 63983	\$ 7.28	\$ 7.16	\$ 6.82	\$ 6.83	\$ 6.79	\$ 6.62
United of Omaha 69868	\$ 6.69	\$ 6.52	\$ 6.10	\$ 6.28	\$ 6.19	\$ 5.94
USG Annuity & Life 61247	\$ 6.54	\$ 6.38	\$ 5.96	\$ 6.11	\$ 6.02	\$ 5.78
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life</small>						

Immediate Annuities Update

Table 5. Single Life Annuities — Age 65 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 7.86	\$ 7.45	\$ 6.62	\$ 7.12	\$ 6.92	\$ 6.44
American Heritage 60534	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.01	\$ 6.82	\$ 6.32
Canada Life Assurance 80659	\$ 7.71	\$ 7.35	\$ 6.58	\$ 6.97	\$ 6.80	\$ 6.37
Conseco Annuity Assurance 60682	\$ 7.03	\$ 6.70	\$ 5.90	\$ 6.30	\$ 6.14	\$ 5.69
Jefferson Pilot 67865	\$ 7.68	\$ 7.34	\$ 6.60	\$ 7.11	\$ 6.92	\$ 6.51
Keyport Life 65234	\$ 7.95	\$ 7.59	\$ 6.77	\$ 7.24	\$ 7.07	\$ 6.60
Life IC of the Southwest 65528	\$ 7.99	\$ 7.64	\$ 6.88	\$ 7.30	\$ 7.14	\$ 6.70
Lincoln Benefit Life Co. 65595	\$ 7.78	-	-	\$ 7.30	-	-
Midland National Life 66044	\$ 7.01	\$ 6.71	\$ 5.96	\$ 6.42	\$ 6.26	\$ 5.80
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 7.31	\$ 7.00	\$ 6.29	\$ 6.76	\$ 6.59	\$ 6.15
Peoples Benefit LIC 66605	\$ 7.49	\$ 7.18	\$ 6.49	\$ 6.93	\$ 6.77	\$ 6.37
Presidential LIC 68039	\$ 7.96	\$ 7.60	\$ 6.90	\$ 7.38	\$ 7.18	\$ 6.74
Principal LIC 61271	\$ 7.44	\$ 7.14	\$ 6.51	\$ 7.01	\$ 6.83	\$ 6.41
Reliance Standard LIC 68381	\$ 7.47	\$ 7.13	\$ 6.33	\$ 6.81	\$ 6.62	\$ 6.15
Security Benefit LIC 68675	\$ 6.93	\$ 6.68	\$ 6.13	\$ 6.29	\$ 6.18	\$ 5.90
Security Mutual/NY 68772	\$ 7.88	\$ 7.36	\$ 6.40	\$ 7.10	\$ 6.85	\$ 6.27
United Heritage Mutual LIC 63983	\$ 8.02	\$ 7.73	\$ 7.09	\$ 7.40	\$ 7.27	\$ 6.91
United of Omaha 69868	\$ 7.38	\$ 7.05	\$ 6.34	\$ 6.83	\$ 6.65	\$ 6.21
USG Annuity & Life 61247	\$ 7.28	\$ 6.95	\$ 6.22	\$ 6.71	\$ 6.53	\$ 6.08
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life</small>						

Immediate Annuities Update

Table 6. Single Life Annuities — Age 70 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 8.96	\$ 8.15	\$ 6.81	\$ 7.96	\$ 7.57	\$ 6.70
American Heritage 60534	\$ 8.95	\$ 8.15	\$ 6.73	\$ 7.90	\$ 7.52	\$ 6.61
Canada Life Assurance 80659	\$ 8.79	\$ 8.07	\$ 6.79	\$ 7.80	\$ 7.46	\$ 6.65
Conseco Annuity Assurance 60682	\$ 7.85	\$ 7.27	\$ 6.08	\$ 6.96	\$ 6.68	\$ 5.93
Jefferson Pilot 67865	\$ 8.66	\$ 7.96	\$ 6.80	\$ 7.89	\$ 7.52	\$ 6.72
Keyport Life 65234	\$ 8.99	\$ 8.27	\$ 6.95	\$ 8.05	\$ 7.69	\$ 6.85
Life IC of the Southwest 65528	\$ 8.99	\$ 8.30	\$ 7.08	\$ 8.05	\$ 7.73	\$ 6.95
Lincoln Benefit Life Co. 65595	\$ 8.80	-	-	\$ 8.09	-	-
Midland National Life 66044	\$ 8.10	\$ 7.46	\$ 6.20	\$ 7.32	\$ 6.98	\$ 6.10

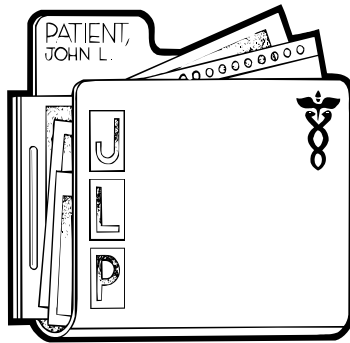


Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.

National Guardian LIC ¹ 66583	\$ 8.32	\$ 7.67	\$ 6.49	\$ 7.58	\$ 7.23	\$ 6.41
Peoples Benefit LIC 66605	\$ 8.38	\$ 7.76	\$ 6.70	\$ 7.60	\$ 7.30	\$ 6.62
Presidential LIC 68039	\$ 8.98	\$ 8.28	\$ 7.11	\$ 8.18	\$ 7.80	\$ 7.00
Principal LIC 61271	\$ 8.27	\$ 7.66	\$ 6.60	\$ 7.67	\$ 7.32	\$ 6.55
Reliance Standard LIC 68381	\$ 8.40	\$ 7.70	\$ 6.40	\$ 7.52	\$ 7.16	\$ 6.29
Security Benefit LIC 68675	\$ 7.84	\$ 7.34	\$ 6.39	\$ 6.97	\$ 6.75	\$ 6.21
Security Mutual/NY 68772	\$ 9.03	\$ 8.05	\$ 6.57	\$ 8.08	\$ 7.58	\$ 6.50
United Heritage Mutual LIC 63983	\$ 8.94	\$ 8.32	\$ 7.20	\$ 8.09	\$ 7.81	\$ 7.07
United of Omaha 69868	\$ 8.37	\$ 7.70	\$ 6.53	\$ 7.63	\$ 7.27	\$ 6.45
USG Annuity & Life 61247	\$ 8.32	\$ 7.65	\$ 6.44	\$ 7.56	\$ 7.20	\$ 6.35

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life



Medically Underwritten Immediate Annuities

Medical underwriting allows an annuitant to be rated OLDER than his or her chronological age. An immediate annuity based on a rated aged will provide higher income than one based on the person's actual age. This is because the insurance company does not expect the annuitant to live as long as the average person of the same chronological age. In brief, the shorter the life expectancy, the higher the income.

The following information is needed to obtain an Impaired Life annuity calculation:

- Date of Birth
- Name (include all names under which records may be cross referenced)
- Sex
- History of the illness/injury, including date of accident or injury
- Change in condition up to the current date
- Other significant health conditions (related or not)
- All other pertinent histories

The above information can usually be obtained from sources such as: a discharge summary from original hospitalization, a medical examination at the time of diagnosis or injury, the most recent medical examination by a physician, reports reflecting significant conditions precedent to Primary condition, and reports of significant hospitalizations, surgeries, or rehabilitative treatment within that time.


Most recent examination should be as up-to-date as possible—i.e., within the last 12 months and preferably the last 6 months. Records should show current overall status and are best provided by Treating Physicians Statements, Specialist reports, medical consultations, rehab assessments, and interim discharge summaries. Reports reflecting significant conditions precedent to Primary condition are also needed to provide a complete history and exact rating. However, voluminous reports from every consultation with a doctor that only repeat medical history already provided are counterproductive.

If you have an impaired life annuity that you'd like to discuss, call Hersh Stern at the Annuity Shopper:

1-800-872-6684

Immediate Annuities Update

Table 7. Single Life Annuities — Age 75 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$10.53	\$ 8.91	\$ 6.92	\$ 9.24	\$ 8.37	\$ 6.87
American Heritage 60534	\$10.60	\$ 8.97	\$ 6.86	\$ 9.25	\$ 8.39	\$ 6.80
Canada Life Assurance 80659	\$10.27	\$ 8.84	\$ 6.92	\$ 9.04	\$ 8.28	\$ 6.86
Conseco Annuity Assurance 60682	\$ 9.05	\$ 7.97	\$ 6.23	\$ 7.99	\$ 7.42	\$ 6.15
Jefferson Pilot 67865	\$10.05	\$ 8.7	\$ 6.93	\$ 9.11	\$ 8.28	\$ 6.90
Keyport Life 65234	\$10.41	\$ 9.02	\$ 7.06	\$ 9.25	\$ 8.49	\$ 7.01
Life IC of the Southwest 65528	\$10.38	\$ 9.03	\$ 7.20	\$ 9.18	\$ 8.48	\$ 7.14
Lincoln Benefit Life Co. 65595	\$10.33	-	-	\$ 9.30	-	-
Midland National Life 66044	\$ 9.61	\$ 8.30	\$ 6.35	\$ 8.66	\$ 7.87	\$ 6.31
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 9.72	\$ 8.42	\$ 6.62	\$ 8.81	\$ 8.03	\$ 6.59
Peoples Benefit LIC 66605	\$ 9.68	\$ 8.44	\$ 6.84	\$ 8.69	\$ 8.01	\$ 6.82
Presidential LIC 68039	\$10.47	\$ 9.03	\$ 7.23	\$ 9.40	\$ 8.57	\$ 7.18
Principal LIC 61271	\$ 9.56	\$ 8.34	\$ 6.69	\$ 8.81	\$ 8.04	\$ 6.67
Reliance Standard LIC 68381	\$ 9.73	\$ 8.33	\$ 6.40	\$ 8.65	\$ 7.85	\$ 6.36
Security Benefit LIC 68675	\$ 9.11	\$ 8.10	\$ 6.59	\$ 8.00	\$ 7.50	\$ 6.48
Security Mutual/NY 68772	\$10.71	\$ 8.82	\$ 6.66	\$ 9.61	\$ 8.45	\$ 6.63
United Heritage Mutual LIC 63983	\$10.44	\$ 9.12	\$ 7.37	\$ 9.42	\$ 8.67	\$ 7.31
United of Omaha LIC 69868	\$ 9.76	\$ 8.42	\$ 6.65	\$ 8.85	\$ 8.04	\$ 6.62
USG Annuity & Life 61247	\$ 9.77	\$ 8.43	\$ 6.58	\$ 8.83	\$ 8.03	\$ 6.54
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life</small>						

Immediate Annuities Update

Table 8. Single Life Annuities — Age 80 (Non-Qualified Funds)

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$12.76	\$ 9.61	\$ 6.98	\$11.18	\$ 9.24	\$ 6.96
American Heritage 60534	\$12.95	\$ 9.74	\$ 6.91	\$11.30	\$ 9.33	\$ 6.90
Canada Life Assurance 80659	\$12.32	\$ 9.55	\$ 6.98	\$10.86	\$ 9.15	\$ 6.96
Conseco Annuity Assurance 60682	\$10.62	\$ 8.65	\$ 6.31	\$ 9.43	\$ 8.23	\$ 6.28
Jefferson Pilot 67865	\$12.03	\$ 9.36	\$ 6.94	\$10.97	\$ 9.10	\$ 6.94
Keyport Life 65234	\$12.34	\$ 9.72	\$ 7.11	\$11.01	\$ 9.35	\$ 7.10
Life IC of the Southwest 65528	\$12.36	\$ 9.74	\$ 7.27	\$10.89	\$ 9.32	\$ 7.24
Midland National Life 66044	\$11.76	\$ 9.12	\$ 6.43	\$10.67	\$ 8.84	\$ 6.41
National Guardian LIC ¹ 66583	\$11.69	\$ 9.16	\$ 6.69	\$10.67	\$ 8.91	\$ 6.68
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Peoples Benefit LIC 66605	\$11.33	\$ 9.03	\$ 6.92	\$10.09	\$ 8.67	\$ 6.92
Presidential LIC 68039	\$12.68	\$ 9.75	\$ 7.29	\$11.28	\$ 9.41	\$ 7.27
Principal LIC 61271	\$11.42	\$ 9.04	\$ 6.70	\$10.57	\$ 8.85	\$ 6.69
Reliance Standard LIC 68381	\$11.90	\$ 8.97	\$ 6.38	\$10.46	\$ 8.64	\$ 6.36
Security Benefit LIC 68675	\$10.92	\$ 8.91	\$ 6.71	\$ 9.55	\$ 8.41	\$ 6.67
Security Mutual/NY 68772	\$13.22	\$ 9.54	\$ 6.69	\$11.99	\$ 9.30	\$ 6.67
United Heritage Mutual LIC 63983	\$12.33	\$ 9.69	\$ 7.42	\$11.16	\$ 9.37	\$ 7.39
United of Omaha LIC 69869	\$11.75	\$ 9.13	\$ 6.71	\$10.71	\$ 8.88	\$ 6.70
USG Annuity & Life 61247	\$11.83	\$ 9.19	\$ 6.64	\$10.76	\$ 8.93	\$ 6.63
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life</small>						

Immediate Annuities Update

Table 9. Single Life Annuities — Age 85 (Non-Qualified Funds)

Reporting Companies	Male			Female		
	Life	10yr	20yr	Life	10yr	20yr
AIG Life Ins. Co. 66842	\$15.16	\$10.06	\$ 6.99	\$13.43	\$ 9.83	\$ 6.99
American Heritage 60534	\$16.20	\$10.32	\$ 6.93	\$14.39	\$10.11	\$ 6.93
Canada Life Assurance 80659	\$15.04	\$10.09	\$ 7.00	\$13.52	\$ 9.89	\$ 6.99
Conseco Annuity Assurance 60682	\$12.56	\$ 9.24	-	\$11.38	\$ 8.97	-
Jefferson Pilot 67865	\$14.85	\$ 9.95	\$ 6.97	\$13.83	\$ 9.84	\$ 6.96
Life IC of the Southwest 65528	\$15.08	\$10.32	\$ 7.29	\$13.45	\$10.07	\$ 7.29
Lincoln Benefit Life Co. 65595	-	\$10.93	\$ 7.27	-	\$10.93	\$ 7.27
Midland National Life 66044	\$14.79	\$ 9.78	\$ 6.45	\$13.74	\$ 9.66	\$ 6.45
National Guardian LIC ¹ 66583	\$14.46	\$ 9.75	\$ 6.71	\$13.49	\$ 9.64	\$ 6.71



Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.

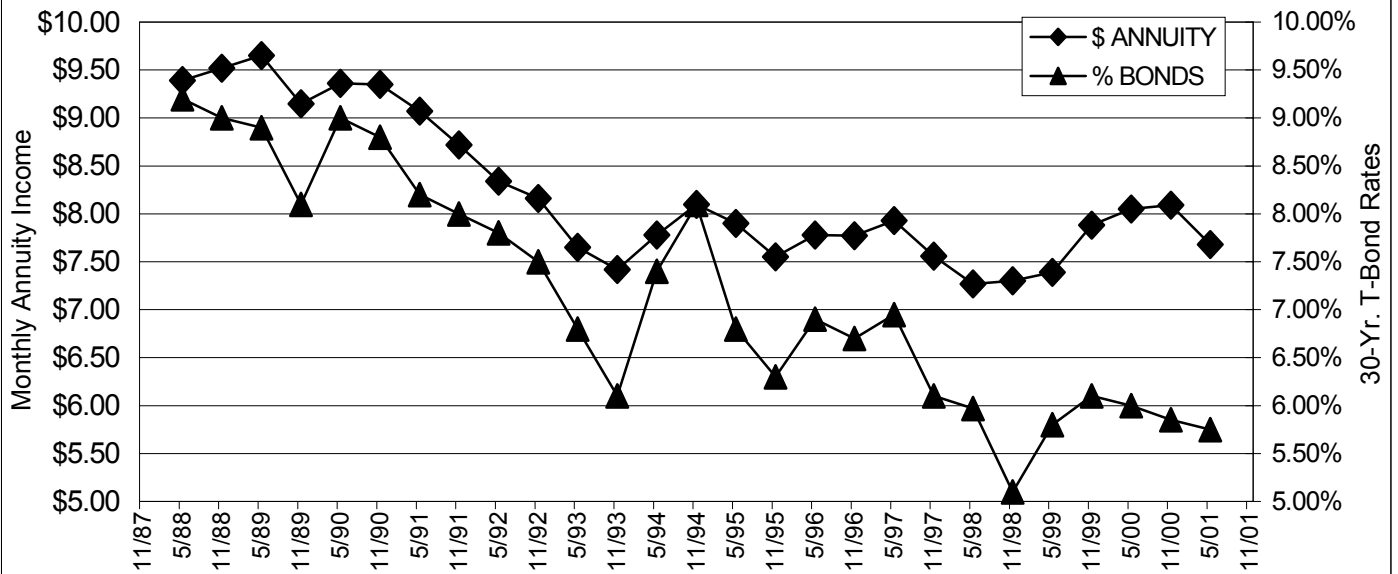
Peoples Benefit LIC 66605	\$13.87	\$ 9.50	\$ 6.94	\$12.42	\$ 9.28	\$ 6.94
Presidential LIC 68039	\$15.78	\$10.30	\$ 7.30	\$14.22	\$10.12	\$ 7.30
Principal LIC 61271	\$14.22	\$ 9.69	\$ 6.74	\$13.43	\$ 9.62	\$ 6.74
Reliance Standard LIC 68381	\$12.75	\$ 9.21	\$ 6.39	\$11.47	\$ 8.96	\$ 6.38
Security Benefit LIC 68675	\$13.48	\$ 9.63	\$ 6.75	\$11.91	\$ 9.31	\$ 6.74
Security Mutual/NY 68772	\$17.12	\$10.05	\$ 6.69	\$15.73	\$ 9.88	\$ 6.69
United Heritage Mutual LIC 63983	\$15.39	\$10.37	\$ 7.45	\$14.26	\$10.21	\$ 7.44
United of Omaha LIC 69868	\$14.56	\$ 9.69	\$ 6.73	\$13.56	\$ 9.59	\$ 6.73
USG Annuity & Life 61247	\$14.73	\$ 9.79	\$ 6.67	\$13.70	\$ 9.68	\$ 6.66

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life

Annuity Trends

Monthly Income per \$1,000 deposit for a Straight Life Annuity on a Male Age 65 shown with the Yield on a 30-Year Treasury Bond




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Immediate Annuities Update

Table 10. Joint & Survivor Annuities — Male Age 60, Female Age 57 (Non-Qualified)

Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
AIG Life Ins. Co. 66842	\$ 6.65	\$ 6.44	\$ 5.90
American Heritage Life 60534	\$ 6.51	\$ 6.29	\$ 5.72
Canada Life Assurance 80659	\$ 6.49	\$ 6.29	\$ 5.76
Conseco Annuity Assurance 60682	\$ 5.85	-	\$ 5.08
Jefferson Pilot 67865	\$ 7.18	\$ 6.66	\$ 6.34
Keyport Life 65234	\$ 6.74	-	\$ 6.02
Life IC of the Southwest 65528	\$ 6.16	-	\$ 5.45
Lincoln Benefit Life Co. 65595	\$ 7.32	\$ 6.75	\$ 6.45
National Guardian LIC ¹ 66583	-	-	\$ 5.58
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Peoples Benefit LIC 66605	\$ 6.48	\$ 6.30	\$ 5.85
Presidential LIC 68039	\$ 6.87	\$ 6.65	\$ 6.16
Providentmutual L&A 70750	\$ 6.70	\$ 6.48	\$ 6.04
Reliance Standard LIC 68381	\$ 6.19	-	\$ 5.49
Security Benefit LIC 68675	\$ 5.93	\$ 5.77	\$ 5.33
Security Mutual/NY 68772	-	\$ 6.36	\$ 5.76
United Heritage Mutual LIC 63983	\$ 6.91	-	\$ 6.20
United of Omaha LIC 69868	\$ 6.35	\$ 5.85	\$ 5.67
USG Annuity & Life 61247	\$ 6.17	-	\$ 5.46
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.			


Immediate Annuities Update

Table 11. Joint & Survivor Annuities — Male Age 65, Female Age 62 (Non-Qualified)

Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
AIG Life Ins. Co. 66842	\$ 7.26	\$ 6.97	\$ 6.26
American Heritage 60534	\$ 7.15	\$ 6.85	\$ 6.12
Canada Life Assurance 80659	\$ 7.11	\$ 6.84	\$ 6.14
Conseco Annuity Assurance 60682	\$ 6.44	-	\$ 5.46
Jefferson Pilot 67865	\$ 7.18	\$ 6.92	\$ 6.30
Keyport Life 65234	\$ 7.30	-	\$ 6.36
Life IC of the Southwest 65528	\$ 6.74	-	\$ 5.81
Lincoln Benefit Life Co. 65595	\$ 7.34	\$ 7.04	\$ 6.43
National Guardian LIC ¹ 66583	-	-	\$ 5.92
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Peoples Benefit LIC 66605	\$ 7.01	\$ 6.75	\$ 6.13
Presidential LIC 68039	\$ 7.46	\$ 7.17	\$ 6.53
Principal LIC 61271	\$ 7.20	\$ 6.91	\$ 6.32
Reliance Standard LIC 68381	\$ 6.89	-	\$ 5.84
Security Benefit LIC 68675	\$ 6.42	\$ 6.20	\$ 5.62
Security Mutual/NY 68772	-	\$ 6.92	\$ 6.17
United Heritage Mutual LIC 63983	\$ 7.49	-	\$ 6.53
United of Omaha 69868	\$ 6.90	\$ 6.23	\$ 6.01
USG Annuity & Life 61247	\$ 6.77	-	\$ 5.84
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.</small>			

Immediate Annuities Update

Table 12. Joint & Survivor Annuities — Male Age 70, Female Age 67 (Non-Qualified)


Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
AIG Life Ins. Co. 66842	\$ 8.12	\$ 7.73	\$ 6.79
American Heritage 60534	\$ 8.06	\$ 7.66	\$ 6.69
Canada Life Assurance 80659	\$ 7.95	\$ 7.59	\$ 6.68
Conseco Annuity Assurance 60682	\$ 7.13	-	\$ 5.91
Jefferson Pilot 67865	\$ 7.96	\$ 7.61	\$ 6.75
Keyport Life 65234	\$ 8.11	-	\$ 6.86
Life IC of the Southwest 65528	\$ 7.56	-	\$ 6.32
Lincoln Benefit Life Co. 65595	\$ 7.76	\$ 7.52	\$ 6.57
National Guardian LIC ¹ 66583	-	-	\$ 6.42
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Peoples Benefit LIC 66605	\$ 7.73	\$ 7.36	\$ 6.56
Presidential LIC 68039	\$ 8.27	\$ 7.89	\$ 7.04
Principal LIC 61271	\$ 7.87	\$ 7.47	\$ 6.67
Reliance Standard LIC 68381	\$ 7.78	-	\$ 6.42
Security Benefit LIC 68675	\$ 7.12	\$ 6.82	\$ 6.04
Security Mutual/NY 68772	-	\$ 7.73	\$ 6.76
United Heritage Mutual LIC 63983	\$ 8.17	-	\$ 6.87
United of Omaha 69868	\$ 7.69	\$ 6.79	\$ 6.49
USG Annuity & Life 61247	\$ 7.61	-	\$ 6.37

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

Immediate Annuities Update

Table 13. Joint & Survivor Annuities — Male Age 75, Female Age 72 (Non-Qualified)

Reporting Companies (NAIC IDNumber)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
AIG Life Ins. Co. 66842	\$ 9.35	\$ 8.80	\$ 7.56
American Heritage 60534	\$ 9.36	\$ 8.79	\$ 7.51
Canada Life Assurance 80659	\$ 9.14	\$ 8.64	\$ 7.45
Conseco Annuity Assurance 60682	\$ 8.10	-	\$ 6.53
Jefferson Pilot 67865	\$ 9.08	\$ 8.57	\$ 7.44
Keyport Life 65234	\$ 9.25	-	\$ 7.59
Life IC of the Southwest 65528	\$ 8.72	-	\$ 7.06
National Guardian LIC ¹ 66583	-	-	\$ 7.15
Peoples Benefit LIC 66605	\$ 8.74	\$ 8.28	\$ 7.22
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Presidential LIC 68039	\$ 9.45	\$ 8.92	\$ 7.77
Principal LIC 61271	\$ 8.97	\$ 8.41	\$ 7.34
Reliance Standard LIC 68381	\$ 8.90	-	\$ 7.07
Security Benefit LIC 68675	\$ 8.12	\$ 7.69	\$ 6.66
Security Mutual/NY 68772	-	\$ 8.93	\$ 7.66
United Heritage Mutual LIC 63983	\$ 9.40	-	\$ 7.63
United of Omaha 69868	\$ 8.83	\$ 7.60	\$ 7.20
USG Annuity & Life 61247	\$ 8.80	-	\$ 7.13
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 5, 2001 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.			

In a deferred annuity your premium is credited with a fixed interest rate (see column with heading for rate on current issue's date). The length of time for which this rate is guaranteed is shown in the **Rate Guar. Period** column. The column with the heading of last issue's date indicates the crediting rate that was in effect at the time of our prior issue. Some insurers offer protection against low renewal rates with a feature known as a "Bailout"

or "Escape" rate (see Table 20 column with **Bailout Escape Rate** heading). Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **Rnw1 Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being

credited on new monies. **I** stands for "Investment Year" method (aka "Banded" or "Bucket" method). This means that renewal rates are set at different rates for monies received at different times. Old monies (i.e. existing annuities) may earn higher or lower rates than new annuities. The column headed **Surrender Fees Yr 1** and **Yr 7** reports the penalties in effect for the two sample years indicated. Quotes include all fees and commissions but not premium taxes, if

Table 14. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw1 Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	SPDA	0-75	nr	nr	nr	6.50%	nr	1 Year	na	3.00%	I	6%	0%
American Heritage 60534	SPDA-2	0-75	5.12%	na	5.75%	5.87%	5.62%	1 Year	5.12%	5.00%	P	7%	1%
Jackson National 65056	Action II	0-85	nr	nr	nr	5.80%	nr	1 Year	nr	3.00%	I	9%	3%
Jackson National 65056	Bonus Max	0-85	nr	nr	nr	6.50%	nr	1 Year	nr	3.00%	I	9%	3%
Jackson National 65056	Bonux Max 1	0-85	nr	nr	nr	6.50%	nr	1 Year	nr	3.00%	I	9%	3%
Presidential Life 68039	SPDA II	0-85	6.10%	na	6.70%	6.80%	6.65%	2 Yrs.	nr	5.00% Yrs 1-4 4.00% thereafter	I	6%	2%
Providentmutual 70750	SPDA I	0-75	nr	nr	6.20%	6.70%	5.95%	1 Year	1.00%	3.00%	P	7%	1%
Providentmutual 70750	SPDA II	0-75	nr	nr	nr	nr	5.95%	2 Yrs	1.00%	3.00%	I	7%	1%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	nr	5.75%	4.75%	1 Year	4.75%	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	nr	6.00%	5.00%	3 Yrs	5.00%	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA 2000	0-85	5.50%	na	6.50%	nr	nr	1 Year	4.50%	3.50%	P	7%	3%
Security Mutual/NY 68772	SPDA 2000	0-85	5.75%	na	6.25%	nr	nr	3 Yrs.	4.75%	3.50%	P	7%	3%

Survey period: May 5, 2001; nr = product not reported for this issue.

Table 15. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
											Yr 1	Yr 7
AIG 66842	SPDA	0-75	5.15%	1.50%	nr	nr	6.00%	1 Year	3.00%	nr	6%	0%
American Heritage 60534	Easy Choice	0-90	nr	nr	7.35%	nr	nr	6 Years	3.50%	nr	8%	0%
American Heritage 60534	PFPA	0-69	4.62%	na	5.25%	5.37%	5.12%	na	4.00%	P	10%	2%
Canada Life Assurance 80659	Security 1	0-80	nr	nr	nr	nr	6.00%	1 Year	3.00%	N	7%	2%
Columbia Universal 77720	President's	0-85	nr	nr	nr	nr	6.40%	1 Year	4.50%	I	8%	0%
Columbia Universal 77720	Select Choice	0-85	nr	nr	7.25%	7.35%	nr	5 Years	3.50%	I	8%	0%
Conseco Annuity Assur 60682	SPDA 8	0-85	4.75%	1.00%	5.60%	5.85%	5.85%	1 Year	4.00%	I	10%	3%
Delta Life & Annuity 65145	SPDA PS	0-75	nr	nr	nr	nr	6.75%	1 Year	4.00%	I	6%	3%
Jackson National 65056	Action II	0-85	nr	nr	nr	nr	5.55%	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max	0-85	nr	nr	nr	nr	6.25%	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max One	0-85	nr	nr	6.75%	nr	6.25%	1 Year	3.00%	I	9%	3%
Jefferson Pilot 67865	PFV Single 5	0-85	5.65%	na	6.85%	nr	nr	5 Years	3.25%	I	7%	7%
Jefferson Pilot 67865	Pilot Gold, Gold 5	0-85	6.00%	na	nr	nr	nr	5 Years	3.00%	I	8%	8%
Keyport Life 64602	Key Annuity	0-85	nr	nr	6.05%	nr	6.10%	1 Year	3.50%	I	7%	-
Keyport Life 64602	Key Bonus	0-85	nr	nr	6.05%	nr	nr	1 Year	3.50%	I	7%	3%
Keyport Life 64602	Premier 5	0-85	nr	nr	6.10%	nr	5.80%	5 Years	3.50%	I	8%	-
Keyport Life 64602	Ultra Max	0-85	nr	nr	7.05%	nr	nr	1 Year	3.50%	I	7%	3%
Life Insur. Co./Southwest 65528	Millenium	0-70	5.25%	2.00%	6.25%	nr	6.00%	2 Years	3.00%	I	10%	4%
Life Insur. Co./Southwest 65528	Premier +1	0-70	nr	nr	6.50%	nr	nr	1 Year	3.00%	I	20%	12%
Life Insur. Co./Southwest 65528	SPDA 3	0-70	nr	nr	6.25%	6.25%	6.00%	2 Years	3.00%	I	10%	0%
Life Insur. Co./Southwest 65528	SPDA 4	0-70	nr	nr	6.25%	6.25%	6.00%	2 Years	3.00%	I	10%	4%
Life Insur. Co./Southwest 65528	SPDA 5	0-70	nr	nr	6.25%	6.25%	6.00%	2 Years	3.00%	I	10%	4%
Life Insur. Co./Southwest 65528	SURERATE 5	0-85	6.00%	na	nr	nr	na	5 Years	3.00%	I	7%	0%

continued...
Survey period: May 5, 2001; nr = product not reported for this issue.

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Table 15. Single Premium Fixed Interest Deferred Annuities - Without Bailout, cont'd

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01	Additional	Nov. '00	May '00	Nov. '99	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
			Base Rate	1st Yr. Bonus	Base Rate	Base Rate	Base Rate				Yr 1	Yr 7
Life Insur. Co./Southwest 65528	SURERATE 6	0-85	5.50%	1.00%	nr	nr	nr	6 Years	3.00%	I	7%	0%
Life Insur. Co./Southwest 65528	SURERATE 7	0-85	6.15%	na	nr	nr	nr	7 Years	3.00%	I	7%	3%
Life Insur. Co./Southwest 65528	SURERATE 8	0-85	5.65%	1.00%	nr	nr	nr	8 Years	3.00%	I	7%	3%
Lincoln Benefit 65595	Saver's Choice	0-99	5.20%	1.00%	5.35%	5.50%	5.05%	1 Year	3.50%	I	7%	0%
Lincoln Benefit 65595	Saver's Choice	0-99	4.70%	1.00%	5.00%	nr	nr	5 Years	3.50%	I	7%	0%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.50%	2.00%	5.90%	6.00%	5.75%	1 Year	3.50%	I	7%	3%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.00%	2.00%	5.65%	nr	nr	5 Years	3.50%	I	nr	nr
Lincoln Benefit 65595	Saver's Ch Prem	0-99	5.30%	1.00%	6.25%	6.50%	6.25%	2 Years	3.00%	nr	8%	4%
Lincoln Benefit 65595	Saver's Ch Prem	0-99	5.10%	1.00%	6.05%	6.30%	6.05%	4 Years	3.00%	I	8%	4%
Midland National 66044	Direct Guar 5	0-90	nr	nr	5.80%	nr	nr	5 Years	3.00%	nr	8%	8%
Midland National 66044	Direct Guar 6	0-90	5.75%	na	6.40%	nr	nr	6 Years	3.00%	P	8%	8%
Midland National 66044	Direct Guar 7	0-90	nr	nr	6.35%	nr	nr	7 Years	3.00%	nr	8%	6%
Midland National 66044	Direct Guar 8	0-90	nr	nr	6.00%	nr	nr	8 Years	3.00%	nr	8%	6%
National Guardian LIC ¹ 66583	Asset Guard	0-90	nr	nr	5.50%	5.75%	nr	2 Years	3.00%	I	7%	3%
National Guardian LIC ¹ 66583	Access Plus	0-90	6.25%	na	6.25%	nr	nr	4 years	4.00%	P	7%	1%
National Guardian LIC ¹ 66583	SPDA	0-85	5.35%	2.00%	6.10%	6.35%	nr	2 Years	4.00%	I	7%	1%
Presidential 68039	Secure 6	0-85	6.20%	na	6.80%	7.00%	6.70%	5.00% Yrs 1-4 4% thereafter	5.00%	I	7%	0%
Presidential 68039	SPDA	0-85	6.50%	na	7.10%	7.20%	7.05%	5.00% Yrs 1-4 4% thereafter	5.00%	I	6%	2%
continued...												

Survey period: May 5, 2001; nr = product not reported for this issue.

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Table 15. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
											Yr 1	Yr 7
Principal Mutual 61271	SPDA+	0-95	5.40%	1.00%	6.00%	6.40%	6.00%	1 Year	3.00%	I	6%	2%
Providentmutual L&A 70750	SPDA III	0-75	nr	nr	6.45%	6.95%	6.45%	2 Years	3.00%	P	3%	3%
Providentmutual L&A 70750	SPDA IV	0-75	nr	nr	5.75%	6.25%	5.75%	2 Years	3.00%	P	5%	5%
Providentmutual L&A 70750	SPDA V	0-75	nr	nr	6.45%	6.25%	5.75%	5 Years	3.00%	P	7%	0%
Reliance Standard 68381	Apollo-MVA	0-85	5.00%	1.00%	nr	nr	nr	1 Year	3.00%	I	9%	2%
Security Benefit 68675	Sec. Premier I	0-90	5.00%	1.00%	6.00%	6.00%	6.00%	1 Year	3.00%	I	8%	0%
Security Benefit 68675	Sec. Premier III	0-90	4.50%	1.00%	5.60%	5.50%	5.00%	3 Years	3.00%	I	8%	0%
Security Benefit 68675	Secur. Prov. I	0-90	5.00%	2.00%	6.00%	6.00%	6.00%	1 Year	3.00%	I	9%	0%
Security Benefit 68675	Secur. Prov. III	0-90	4.65%	.85%	5.90%	5.75%	5.60%	3 Years	3.00%	I	7%	0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	nr	6.00%	5.00%	1 Year	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	nr	6.25%	5.25%	3 Years	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA 2000	0-85	6.00%	na	6.50%	nr	nr	3 Years	3.50%	P	7%	3%
Security Mutual/NY 68772	SPDA 2000	0-85	6.00%	na	6.75%	nr	nr	1 Year	3.50%	P	7%	3%
Southwestern LIC 91391	Advantage 7	0-80	nr	nr	5.05%	5.05%	4.45%	1 Year	3.50%	I	8%	2%
Southwestern LIC 91391	Golden Bonus	0-85	nr	nr	4.75%	4.75%	4.50%	1 Year	3.00%	I	12%	9%
Southwestern LIC 91391	Income Prov. Adv.	0-80	nr	nr	4.95%	4.95%	4.70%	2 Years	4.00%	I	10%	7%
United Heritage Mut LIC 63983	Eagle 3	0-90	5.40%	1.60%	5.40%	5.50%	nr	1 Year	3.50%	P	8%	2%
United Heritage Mut LIC 63983	Eagle 8	0-90	5.15%	3.10%	5.15%	5.25%	nr	1 Year	3.50%	P	8%	4%
continued...												

Survey period: May 5, 2001; nr = product not reported for this issue.

Deferred Annuities Update

Table 15. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
											Yr 1	Yr 7
United of Omaha LIC 69868	Ultrannuity	0-89	6.25%	1.00%	6.35%	6.70%	6.05%	1 Years	3.00%	nr	7%	0%
United of Omaha LIC 69868	Ultrannuity	0-89	5.35%	0.35%	6.20%	6.55%	5.90%	3 Years	3.00%	nr	7%	0%
United Teacher Assoc. 63479	SPDA-8	0-90	nr	nr	nr	5.00%	nr	1 Years	3.50%	P	9%	3%
USG Annuity & Life 61247	Interest Builder	0-85	5.00%	3.00%	5.80%	5.75%	nr	1 Year	3.00%	I	10%	3%
USG Annuity & Life 61247	MVAComestone	0-90	nr	nr	5.50%	6.00%	5.60%	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	MVA 9	0-85	nr	nr	nr	6.70%	6.50%	1 Year	3.00%	I	9%	3%

Survey period: May 5, 2001; nr = product not reported for this issue.

Table 16. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Full Rate	Nov. '00 Full Rate	May '00 Full Rate	Nov. '99 Full Rate	Rate Guar. Period	Penalty for Excess Withdrawals Taken Mid-Year (Non-Anniversary Date)										
								1	2	3	4	5	6	7	8	9	10	
Columbia Universal 77720	Your Choice	unlimited	nr	nr	5.50%	nr	On going	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Jefferson Pilot 67865	Pilot Gold-Gold5	0-85	6.00%	nr	nr	nr	5 Yrs	8%	8%	7%	6%	5%	8%	8%	7%	6%	5%	
Jefferson Pilot 67865	PFV Single 5	0-85	5.65%	6.85%	nr	nr	5 Yrs	7%	7%	6%	5%	4%	7%	7%	6%	5%	4%	
Providentmutual L&A 70750	Asset. Accumul.	0-75	nr	5.57%	5.85%	4.92%	1 Yr	3%	3%	3%	3%	3%	3%	3%	2%	1%	nr	
United Heritage Mut LIC 63983	Orig. FPDA	0-80	5.00%	nr	nr	nr	1 Yr	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	

Survey period: May 5, 2001; nr = product not reported for this issue.

Table 17. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01	Nov. '00	May '00	Nov. '99	Yield	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
			Full Rate	Full Rate	Full Rate	Full Rate	Guar. Period	1	2	3	4	5	6	7	8	9	10
Columbia Universal 77720	Your Choice	unlimited	nr	nr	nr	5.25%	all	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Jackson National 65056	Target Select	0-85	nr	7.10%	nr	nr	10 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	9.70%	nr	nr	9 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	7.20%	nr	nr	8 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	7.10%	nr	nr	7 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	8.85%	nr	nr	6 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	7.05%	nr	nr	5 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	7.00%	nr	nr	4 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	6.75%	nr	nr	3 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	6.30%	nr	nr	2 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	nr	6.30%	nr	nr	1 Yr	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jefferson Pilot 67865	Single 3	0-85	nr	7.00%	nr	nr	3 Yrs	7%	7%	6%	5%	4%	3%	2%	0%	0%	0%
Jefferson Pilot 67865	Single 5	0-85	5.65%	6.75%	nr	nr	5 Yrs	7%	7%	6%	5%	4%	7%	7%	6%	5%	4%
Jefferson Pilot 67865	Gold 5	0-85	6.00%	nr	nr	nr	5 Yrs	8%	8%	7%	6%	5%	8%	8%	7%	6%	5%
Keyport Life 65234	Key Annuity	0-85	5.30%	6.25%	nr	nr	1 Yr	7%	7%	7%	6%	5%	0%	0%	0%	0%	0%
Keyport Life 65234	Key Bonus	0-85	6.20%	7.05%	nr	nr	1 Yr	7%	7%	7%	6%	5%	4%	3%	0%	0%	0%
Keyport Life 65234	Premier 5	0-85	6.25%	6.30%	nr	nr	5 Yrs	8%	8%	7%	6%	5%	4%	3%	2%	1%	0%
Keyport Life 65234	Ultra Max	0-85	6.20%	7.05%	nr	nr	1 Yr	7%	7%	7%	6%	5%	4%	3%	0%	0%	0%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.40%	6.60%	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.35%	6.40%	9 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.30%	6.30%	8 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.25%	6.20%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.20%	6.10%	6 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	nr	6.15%	6.00%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician Plus	0-90	7.00% 1st yr 6.00% 2-10	7.40% 1st yr 6.40% 2-10	6.70%	6.90%	10 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	10.00% 1st yr 6.00% 2-9	10.25% 1st yr 6.25% 2-9	6.60%	6.50%	9 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	nr	7.65% 1st yr 6.15% 2-8	6.50%	6.50%	8 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity. Survey period: May 05, 2001; nr = product not reported for this issue.

Deferred Annuities Update

Table 17. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Full Rate	Nov. '00 Full Rate	May '00 Full Rate	Nov. '99 Full Rate	Yield Guar. Period	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
								1	2	3	4	5	6	7	8	9	10
Lincoln Benefit 65595	Tactician Plus	0-90	nr	7.05% 1st yr	6.50%	6.50%	7 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	6.05%	6.70%	7.00%	7.00%	6 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	6.40% 1st yr	7.00% 1st yr	6.40%	6.25%	5 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	nr	5.10%	5.00%	4.70%	1 Yr	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Midland National 66044	Direct Guar	0-90	nr	nr	6.75%	nr	8 Yrs	8%	8%	8%	8%	8%	6%	4%	8%	0%	0%
Midland National 66044	Direct Guar	0-90	nr	nr	6.74%	nr	7 Yrs	8%	8%	8%	8%	8%	8%	6%	0%	0%	0%
Midland National 66044	Direct Guar	0-90	nr	nr	6.70%	nr	6 Yrs	8%	8%	8%	8%	8%	8%	0%	0%	0%	0%
Midland National 66044	Direct Guar	0-95	nr	nr	6.45%	nr	5 Yrs	8%	8%	8%	8%	8%	0%	0%	0%	0%	0%
United Heritage 63983	Sec Value 5	0-85	6.50%	6.75%	6.75%	nr	5 Yrs	7%	7%	6%	5%	4%	0%	0%	0%	0%	0%
USG Annuity & Life 61247	Adv Plat 8	0-85	nr	nr	7.15%	nr	8 Yrs	5%	5%	5%	5%	5%	4%	3%	2%	0%	0%
USG Annuity & Life 61247	Adv Plat 5	0-85	nr	nr	6.80%	nr	5 Yrs	5%	5%	5%	5%	5%	0%	0%	0%	0%	0%
USG Annuity & Life 61247	Multi Guar 10	0-85	nr	7.50% 1st yr	7.65% 1st yr	nr	10 Yrs	7%	7%	7%	6%	5%	4%	3%	2%	1%	0%
USG Annuity & Life 61247	Multi Guar 7	0-85	nr	6.50%	nr	nr	7 Yrs	7%	7%	7%	6%	5%	4%	3%	0%	0%	0%
USG Annuity & Life 61247	Multi Guar 5	0-85	nr	nr	6.35%	nr	5 Yrs	7%	7%	7%	6%	5%	0%	0%	0%	0%	0%
USG Annuity & Life 61247	Select Guar 8	0-85	6.00%	8.00% 1st yr	7.60% 1st yr	nr	8 Yrs	9%	8%	7%	6%	5%	4%	3%	2%	0%	0%
USG Annuity & Life 61247	Select Guar 7	0-85	nr	nr	6.75%	nr	7 Yrs	7%	7%	7%	6%	5%	4%	3%	0%	0%	0%
USG Annuity & Life 61247	Select Guar 6	0-85	nr	6.90%	7.25%	7.00%	6 Yrs	9%	8%	7%	6%	5%	4%	0%	0%	0%	0%
USG Annuity & Life 61247	Select Guar 5	0-85	nr	6.85%	7.00%	nr	5 Yrs	9%	8%	7%	6%	5%	0%	0%	0%	0%	0%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
 Survey period: May 05, 2001; nr = product not reported for this issue.

Table 18. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '01 Full Rate	Additional 1st Year Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthod	Surrender Fees Yr 1
AIG 66842	Future Freedom	0-80	nr	nr	nr	nr	nr	1 Year	4.05%	3.00%	I	7% 0%
Keyport LIC 65234	Focust Five	0-90	6.10%	1.00%	nr	nr	nr	1 Year	5.10%	3.00%	I	7% 0%
Keyport LIC 65234	Key Accumulator	0-85	4.25%	1.00%	nr	nr	nr	1 Year	5.25%	3.00%	I	7% 0%
Providentmutual L&A 70750	LTD	0-85	nr	1.00%	nr	6.85%	nr	1 Year	-	3.00%	P	10% 3%
Security Mutual/NY 68772	FPA	0-80	4.75%	na	5.25%	5.00%	4.75%	1 Year	inoperable	4.50%	P	7% 4%

Survey period: May 5, 2001; nr = not reported for this issue.

Table 19. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov '00 Base Rate	May '00 Base Rate	Nov '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
											Yr 1	Yr 7
AIG Life 66842	FPDA	0-80	5.15%	1.00%	6.50%	6.50%	6.00%	1 Year	3.00%	I	10%	4%
AIG Life 66842	Future Freedom	0-80	nr	nr	6.50%	nr	nr	1 Year	3.00%	I	7%	0%
Canada Life 81060	Security 1 Plus	0-90	4.50%	1.25%	5.50%	6.15%	6.00%	1 Year	3.00%	N	7%	3%
Columbia Universal 77720	American	0-85	nr	nr	nr	nr	nr	contract	4.50%	P	8%	0%
Columbia Universal 77720	Flex Choice	0-85	nr	nr	6.75%	6.70%	6.40%	1 Year	4.50%	I P	8%	0%
Conseco Annuity Assurance 60682	FPDA - 81	0-85	4.80%	3.00%	5.50%	5.80%	5.80%	1 Year	3.00%	I	12%	7%
Delta Life & Annuity	FP Front Load	0-99	nr	nr	nr	nr	7.00%	1 Year	4.00%	nr	5%	0%
Jackson National LIC 65056	Flex I	0-85	nr	nr	6.75%	6.50%	6.25%	na	3.00%	I	12%	3%
Jefferson Pilot LIC 67865	FPDA	0-75	nr	nr	6.25%	nr	nr	1 Year	3.50%	P	9%	5%
Jefferson Pilot LIC 68765	Flex 5	0-85	5.40%	.50%	6.40%	nr	nr	1 Year	3.25%	I	7%	0%
Jefferson Pilot LIC 68765	Flex 6	0-85	5.35%	1.00%	6.35%	nr	nr	1 Year	3.25%	I	7%	0%
Jefferson Pilot LIC 67865	Flex 7	0-85	5.30%	1.50%	6.30%	nr	nr	1 Year	3.25%	I	7%	2%
Jefferson Pilot LIC 68765	Flex 8	0-85	5.50%	2.50%	6.50%	nr	nr	1 Year	3.25%	I	7%	2%
Jefferson Pilot LIC 68765	Pilot Plus-MVA	0-85	nr	nr	6.35%	nr	nr	1 Year	3.00%	P	9%	5%
Keyport Life 64602	Focus Five	0-90	nr	nr	6.10%	nr	nr	1 Year	3.00%	I	7%	0%
Keyport Life 64602	Galaxy 5	0-90	5.05%	1.00%	5.70%	nr	nr	5 Years	3.00%	nr	7%	4%
Keyport Life 64602	Galaxy 7	0-90	5.10%	1.00%	5.60%	nr	nr	3 Years	3.00%	nr	7%	3%
Keyport Life 64602	Key Accum	0-80	nr	nr	5.80%	nr	5.95%	1 Year	3.00%	I	7%	0%
Keyport Life 64602	Key Choice	0-85	5.30%	1.00%	5.75%	nr	nr	1 Year	3.00%	nr	7%	2%
Keyport Life 64602	Key Reward	0-80	5.35%	1.00%	5.80%	nr	nr	1 Year	3.00%	nr	7%	2%
Keyport Life 64602	Key Vantage	0-80		1.00%	5.95%	nr	nr	1 Year	3.50%	I	7%	1%
Life/Southwest 65528	Flex I	0-70	5.75%	na	6.50%	nr	nr	na	4.00%	I	10%	0%
Continued...												

Survey period: May 5, 2001; nr = product not reported for this issue.

Table 19. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	Additional 1st Yr. Bonus	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Life/Southwest 65528	Flex II	0-70	5.75%	na	6.50%	nr	nr	na	4.00%	I	20%	10%
Life/Southwest 65528	Flex 3000	0-80	nr	nf	6.25%	6.25%	6.00%	1 Year	3.00%	I	7%	1%
Life/Southwest 65528	Millennium	0-70	nr	nr	nr	6.25%	nr	2 Years	3.00%	I	10%	4%
Life/Southwest 65528	Premier + I	0-70	5.75%	1.00%	nr	6.25%	nr	na	3.00%	I	20%	12%
Life/Southwest 65528	Valusave I	0-70	5.75%	na	nr	nr	nr	na	3.00%	I	10%	4%
Life/Southwest 65528	Valusave II	0-70	5.75%	na	nr	nr	nr	na	3.00%	I	16%	10%
Lincoln Benefit 65595	Futurist Gold I	0-99	nr	1.00%	5.15%	5.10%	5.10%	na	3.00%	P	7%	3%
Lincoln Benefit 65595	Tactician Plus	0-90	3.70%	na	nr	nr	nr	1 Year	3.00%	I	8%	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.40%	1.00%	nr	nr	nr	5 Years	3.00%	I	8	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.90%	na	nr	nr	nr	6 Years	3.00%	I	8%	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.40%	1.00%	nr	nr	nr	7 Years	3.00%	I	8%	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.50%	1.50%	nr	nr	nr	8 Years	3.00%	I	8%	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.60%	4.00%	nr	nr	nr	9 Years	3.00%	I	8%	4%
Lincoln Benefit 65595	Tactician Plus	0-90	5.75%	1.00%	nr	nr	nr	10 Years	3.00%	I	8%	4%
London Pacific 68934	Future Guard II	no limit	nr	nr	nr	nr	6.25%	1 Year	3.00%	P	12%	8%
London Pacific 68934	Fut Guard 200	no limit	nr	nr	6.20%	7.30%	nr	1 Year	3.00%	P	12%	8%
London Pacific 68934	Roy Guard 200	0-80	nr	nr	7.00%	7.00%	nr	1 Year	3.00%	I	12%	8%
Midland National 66044	Direct Flex	0-85	nr	nr	nr	5.40%	nr	1 Year	3.00%	I	10%	6%
Midland National 66044	MNL 5	0-85	4.70%	12.70%	nr	5.45%	nr	1 Year	3.00%	I	10%	6%
Midland National 66044	MNL 6	0-85	nr	nr	nr	5.60%	nr	1 Year	3.00%	I	6%	0%
Midland National 66044	MNL 10	0-85	nr	nr	nr	5.20%	nr	1 Year	3.00%	I	9%	4%
National Guardian ¹ 66584	Super Flex	0-85	5.50%	2.00%	6.25%	6.50%	nr	2 Years	4.00%	I	10%	6%
Presidential 68039	No Load Flex	0-85	6.35%	na	6.95%	7.05%	6.90%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential 68039	TSA-Loan	0-85	6.35%	na	6.95%	7.05%	6.90%	1 Cal. Yr.	5.00%	I	7%	4%

Survey period: May 5, 2001; nr = product not reported for this issue.

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Deferred Annuities Update

Table 19. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '01 Base Rate	1st Yr. Bonus Amount	Nov. '00 Base Rate	May '00 Base Rate	Nov. '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
											Yr 1	Yr 7
Principal Mutual LIC 61271	FPDA	0-85	5.10%	na	5.70%	6.10%	5.70%	1 Year	4.00%	nr	nr	nr
Providentmutual 70750	LTD	0-85	nr	nr	6.35%	nr	6.35%	1 Year	3.00%	P	10%	3%
Reliance Standard 68381	Agus2000MVA	0-85	5.00%	na	5.60%	5.75%	5.25%	na	3.50%	I	8%	2%
Security Benefit 68675	Secur. Mark	0-75	4.75%	na	5.60%	5.75%	5.25%	na	3.50%	I	8%	2%
Southwestern LIC 91391	Flex-Rite	0-75	nr	nr	5.65%	5.65%	5.65%	na	4.00%	P	7%	2%
United Heritage 63983	Heritage	0-80	6.00%	.75%	5.25%	5.35%	nr	1 Year	3.50%	P	8%	2%
United Heritage 63983	Originator	0-80	nr	nr	5.00%	5.00%	nr	1 Year	3.50%	P	0%	0%
United of Omaha 69868	Bonus Flex.	0-85	6.00%	1.00%	6.00%	6.00%	5.65%	1 Year	4.00%	nr	10%	0%
United Teachers 63479	Flex-Bonus	0-75	nr	nr	nr	7.25%	6.25%	1 Year	4.00%	P	30%	8%
USG Annuity & Life 61247	Flex Builder	0-85	nr	nr	nr	6.00%	5.75%	1 Year	3.00%	I	12%	7%
USG Annuity & Life 61247	Flex 9	0-85	nr	nr	nr	6.15%	nr	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	Flex 15	0-70	nr	nr	5.55%	5.90	nr	1 Year	3.00%	I	nr	nr
USG Annuity & Life 61247	Flex Guar	0-85	5.75%	na	6.85%	nr	nr	5 Years	3.00%	I	12%	7%

Survey period: May 5, 2001; nr = product not reported for this issue.



split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 23) and a Period Certain immediate annuity (Table 1). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 25 below, at the end of 5 years and 7 years).

The figures in Table 25 are based on an investment of \$100,000. Column headed “**Annual Interest Rate**” indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). “**Deferred Annuity Premium**” column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred

annuity to grow back to the full amount of the original investment. Column headed “**Monthly Income Amount**” lists the monthly income which is generated by the immediate annuity portion of the contract and payable each month until the contract matures (either 5 or 7 years). “**Income Annuity Premium**” column reports the amount of the original investment which is allocated to the immediate annuity portion of the contract.

Table 20. Split (“Combination”) Immediate and Deferred Annuities

Reporting Companies (NAIC #)	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount	Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount
Lincoln Benefit 65595	Futurist Gold	0-99	nr	nr	nr	nr	\$68,475	nr	\$31,524	\$431.98
Lincoln Benefit 65595	Saver’s Choice	0-99	\$79,810	4.70%	\$20,189	\$367.72	na	na	na	na
Midland National 66044	Split Annuity	0-90	\$76,524	7.10% Year 1 5.10% Yrs. 2-5	\$23,476	\$416.12	\$66,981	6.75% Year 1 5.75% Yrs. 2-5	\$33,019	\$441.99
Presidential (nq) 68039	Combi-nnuity	0-85	\$75,079	5.90%	\$24,920	\$463.79	na	na	na	na
Reliance Standard 68381	Elektra-579	0-85	\$77,613	6.00% Year 1 5.00% Yrs. 2-5	\$22,386	\$406.99	\$70,397	6.00% Year 1 5.00% Yrs. 2-5	\$29,602	\$405.26
United Heritage 63983	Secure Value 5	0-85	\$72,989	6.50%	\$27,011	\$502.46	na	na	na	na
USG Annuity & Life 61247	Select Guarantee	0-85	\$76,332	5.55%	\$23,667	\$433.46	na	na	na	na

Survey period: May 5, 2001

Life & Health Guaranty Associations

Most states have guaranty funds to help pay the claims of financially impaired insurance companies. State laws specify the lines of insurance covered by these funds and the dollar limits payable. Coverage is usually for individual policyholders and their beneficiaries and not for values held in

unallocated group contracts. Most states also restrict insurance agents and companies from advertising the funds' availability.

There are many issues, too numerous to describe here, which determine the type and extent of coverage available. You are advised

to consult your state insurance department for details about any policy you consider purchasing. Another source of information is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided this information:

State	Max. aggregate benefits for all lines of insurance	Max. death benefit with respect to any one life	Max. liability for cash or withdrawal value of life insurance policy	Max. liability for present value of an annuity contract	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(334) 269-3550
Alaska	\$300,000	\$300,000	\$100,000	\$100,000	(907) 465-2515
Arizona	\$300,000	-	\$100,000	\$100,000	(602) 912-8400
Arkansas	\$300,000	\$100,000	\$100,000	\$100,000	(501) 371-2600
California	\$250,000	\$250,000	\$100,000	\$100,000	(916) 492-3500
Colorado	\$300,000	\$300,000	\$100,000	\$100,000	(303) 894-7499
Connecticut	\$300,000	\$300,000	\$100,000	\$100,000	(860) 297-3802
Delaware	\$300,000	\$300,000	\$100,000	\$100,000	(302) 739-4251
Dist. of Col.	\$300,000	\$300,000	\$100,000	\$100,000	(202) 727-8000
Florida	\$300,000	-	\$100,000	\$100,000	(850) 922-3101
Georgia	\$300,000	-	\$100,000	\$100,000	(404) 656-2056
Hawaii	\$300,000	\$300,000	\$100,000	\$100,000	(808) 586-2790
Idaho	\$300,000	-	\$100,000	\$100,000	(208) 334-4250
Illinois	\$300,000	\$300,000	\$100,000	\$100,000	(217) 785-0116
Indiana	\$300,000	-	\$100,000	\$100,000	(317) 232-2385
Iowa	\$300,000	-	\$100,000	\$100,000	(515) 281-5705
Kansas	\$300,000	\$300,000	\$100,000	\$100,000	(785) 296-7081
Kentucky	-	\$300,000	\$100,000	\$100,000	(502) 564-6027
Louisiana	\$300,000	\$300,000	\$100,000	\$100,000	(225) 342-5423
Maine	\$300,000	-	\$100,000	\$100,000	(207) 624-8475
Maryland	all contractual obligations				(410) 468-2090
Massachusetts	\$300,000	\$300,000	\$100,000	\$100,000	(617) 521-7794
Michigan	\$300,000	\$300,000	\$100,000	\$100,000	(517) 373-9273
Minnesota	\$300,000	\$300,000	\$100,000	\$100,000	(651) 296-6848
Mississippi	\$300,000	\$300,000	\$100,000	\$100,000	(601) 359-3569
Missouri	\$300,000	\$300,000	\$100,000	\$100,000	(573) 751-4126
Montana	-	\$300,000	-	-	(406) 444-2040
Nebraska	\$300,000	\$300,000	\$100,000	\$100,000	(402) 471-2201
Nevada	\$300,000	\$300,000	\$100,000	\$100,000	(775) 687-4270
New Hampshire	\$300,000	-	\$100,000	\$100,000	(603) 271-2261
New Jersey	\$500,000	\$500,000	\$100,000	\$500,000	(609) 292-5360
New Mexico	\$300,000	-	\$100,000	\$100,000	(505) 827-4601
New York	\$500,000	-	-	-	(212) 480-2289
No. Carolina	\$300,000	-	-	-	(919) 733-7349
North Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(701) 328-2440
Ohio	\$300,000	\$300,000	\$100,000	\$100,000	(614) 644-2658
Oklahoma	\$300,000	\$300,000	\$100,000	\$300,000	(405) 521-2828
Oregon	\$300,000	\$300,000	\$100,000	\$100,000	(503) 947-7980
Pennsylvania	\$300,000	\$300,000	\$100,000	\$100,000	(717) 783-0442
Puerto Rico	-	\$300,000	-	-	(787) 722-8686
Rhode Island	\$300,000	\$300,000	\$100,000	\$100,000	(401) 222-2223
So. Carolina	\$300,000	-	-	-	(803) 737-6160
South Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(605) 773-3563
Tennessee	\$300,000	\$300,000	\$100,000	\$100,000	(615) 741-2241
Texas	-	\$300,000	\$100,000	\$100,000	(512) 463-6464
Utah	\$300,000	\$300,000	\$100,000	\$100,000	(801) 538-3800
Vermont	\$300,000	\$300,000	\$100,000	\$100,000	(802) 828-3301
Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(804) 371-9741
Washington	\$500,000	\$500,000	-	\$500,000	(360) 753-7301
West Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(304) 558-3394
Wisconsin	\$300,000	-	-	-	(608) 267-1233
Wyoming	\$300,000	\$300,000	\$100,000	\$100,000	(307) 777-7401

Insurance Company Ratings

Annuities which are invested in an insurance company's General Account are as secure as the stability of that carrier's investment portfolio. Annuities are not federally insured (eg., FDIC). They will probably be covered by the State Guaranty Funds, but that may fall short of the total amount in an account if it holds more than the fund's limits of coverage.

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The rating services presented here are A.M. Best's, Standard & Poor's, and Moody's. These agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to

junk bonds, bad mortgages or foreclosed real estate.

Keep in mind, too, that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than \$1 billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

ALPHABETICAL RATINGS

The rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These

alphabetical ratings may be confusing when making comparisons. For instance, a company rated A+ by A.M. Best, represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for A.M. Best.

NUMERICAL RANKINGS

To level the alphabetical rating field we include a NUMERICAL RANK in brackets next to each letter grade. Now you can easily judge the value of an alphabetical grade by its position in that agency's DISTRIBUTION OF RATINGS. This numerical ranking will help you to recognize that the same letter grade may carry very different relative value with the different rating agencies.

Distribution of Insurance Company Ratings

A.M. Best			S & P			Moody's		
Grade	Rank	# Cos. 910	Grade	Rank	#Cos. 363	Grade	Rank	# Cos. 201
A++	[1]	47	AAA	[1]	47	Aaa	[1]	7
A+	[2]	160	AA+	[2]	59	Aa1	[2]	10
A	[3]	227	AA	[3]	68	Aa2	[3]	49
A-	[4]	177	AA-	[4]	65	Aa3	[4]	49
B++	[5]	87	A+	[5]	52	A1	[5]	34
B+	[6]	122	A	[6]	31	A2	[6]	14
B	[7]	44	A-	[7]	16	A3	[7]	14
B-	[8]	19	BBB+	[8]	20	Baa1	[8]	19
C++	[9]	8	BBB	[9]	1	Baa2	[9]	3
C+	[10]	11	BBB-	[10]	na	Baa3	[10]	1
C	[11]	6	BB+	[11]	2	Ba1	[11]	na
C-	[12]	2	BB	[12]	na	Ba2	[12]	1
D	[13]	na	BB-	[13]	1	Ba3	[13]	na
E	[14]	na	B+	[14]	1	B1	[14]	na
F	[15]	na	B	[15]	na	B2	[15]	na
as of 8/98			B-	[16]	na	B3	[16]	na
			CCC	[17]	na	Caa	[17]	na
			R	[18]	na	Ca	[18]	na
			as of 8/98			C	[19]	na	as of 8/98

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Standard & Poors		Moody's Invest.	
				Rating	Trend	Rating	Trend	Rating	Trend
Aetna LI & Annuity Co.	86509	CT	\$ 50.8B	A+ [2]	▼6/95	AA- [4]	▼7/96	Aa3 [4]	▼7/97
Aetna LIC	60054	CT	\$ 32.6B	A [3]		A+ [5]	▲7/97	A1 [5]	▼7/97
AID Assoc. Lutherans	56014	WI	\$ 17.9B	A++ [1]		AA+ [2]	▲12/97	Aa2 [3]	
AIG LIC	66842	DE	\$ 9.6B	A++ [1]	▲3/99	AAA [1]		Aaa [1]	
Allianz Life of N. America	90611	MN	\$ 12.2B	A++ [1]		AAA [1]			
Allstate LIC	60186	IL	\$ 32.9B	A+ [2]	▲3/96	AA+ [2]		Aa2 [3]	▲8/97
American Equity Investment LIC	92738	IA	\$ 1.5B	A- [4]		A [6]			
American General Annuity Ins. Co.	70432	TX	\$ 16.9B	A [3]		AA+ [2]		Aa3 [4]	▲4/98
American General LIC	60488	TX	\$ 9.6B	A+ [2]		AA+ [2]		Aa3 [4]	
American Heritage LIC	60534	FL	\$ 1.3B	A+ [2]	▲7/98	AA+ [2]	▲11/99	Aa3 [4]	▲11/99
American Int'l Life Assur.Co.NY	60607	NY	\$ 6.4B	A++ [1]	▲3/99	AAA [1]		Aaa [1]	
American Investors LIC	60631	KS	\$ 3.1B	A- [4]	▼9/97	A [6]		Baa1 [8]	▲5/98
American Mayflower LIC/NY	60712	NY	\$ 0.9B	A+ [2]		AA [3]	▲12/96	Aa2 [3]	▲4/97
American National Ins.Co.	60739	TX	\$ 7.3B	A++ [1]		AA+ [2]		Aa2 [3]	
American Partners LIC	93653	AZ	\$ 0.3B	A+ [2]		-		-	
Americo Financial Life & Annuity	61999	TX							
AmerUS LIC	61689	IA	\$ 4.3B	A [3]		BBB [9]		Baa1 [8]	▼12/99
Anchor National LIC	60941	AZ	\$ 25.8B	A++ [1]	▲3/99	AAA [1]	▲8/99	Aaa [1]	▲8/99
Bankers United Life Assurance	61387	IA	\$ 2.9B	A [3]		AAA [1]	▲9/96	Aa3 [4]	
Business Mens Assurance	61492	MO	\$ 2.9B	A [3]	▼10/95	AA [3]		A1 [5]	
Canada Life Assurance	80659	CN	\$ 28.4B	A+ [2]	▼6/99	AA [3]	▼10/00	Aa3 [4]	▼12/98
Canada Life Ins.Co.(NY)	79359	NY	\$ 0.3B	A+ [2]	▼6/99	AA [3]	▼10/00	Aa2 [3]	
Columbia Universal Life Insurance	77720	TX	\$ 0.5B	A- [4]		-		-	
Clarica Life Insur. Co.	70491	ND	\$ 28.5B	A+ [2]		AA [3]		-	
Commercial Union LIC/America	62898	DE	\$ 1.8B	A+ [2]		-		-	

Continued . .

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

- ("dash" in rating columns) — Company may not be rated by that agency. Insurance companies must pay up to \$60,000 a year to be rated by some of the rating agencies. Many insurers, therefore, decline to be graded.

Company Legal Name NAIC# — Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation, which may include subsidiaries with similar-sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a

different credit quality rating. The 5-digit number following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary. Canadian carriers are not assigned NAIC numbers.

State Dom. — State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters.

Admitted Assets — is the dollar value of all assets reported in a company's statutory annual statement and admitted or accepted by state regulators. Includes invested assets plus amounts receivable and separate account assets.

Disclaimer: While we attempt to list the ratings currently in effect, we are not to be held liable for the reliability of this information. You are strongly advised to directly contact the rating agencies and insurance companies for verification of ratings and additional details.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.	
				Rating	Trend	Rating	Trend	Rating	Trend
Companion LIC	62243	NY	\$ 0.5B	A [3]		AA- [4]		-	
Conseco Annuity Assurance	60682	IL	\$ 8.2B	B++ [5]		BBB [9]		Baa1 [8]	▼8/00
Continental General Insurance Co.	71404	NE	\$ 0.3B	A- [4]		-		-	
Cova Financial Services LIC	93513	MO	\$ 4.3B	A [3]		B [15]	▼8/99	B1 [14]	▼8/99
Crown LIC	n/a	CN	\$ 6.7B	A- [4]		A- [7]	▲9/96	Baa3 [10]	▼7/96
CUNA Mutual Insurance Society	62626	WI	\$ 2.2B	A [3]		-		-	
Delta Life & Annuity	65145	TN	\$ 1.7B	A [3]	▼6/96	BBB [9]		Baa1 [8]	▼12/99
Equitable Life Assurance Society	62944	NY	\$ 94.9B	A [3]	▲5/95	AA [3]	▲12/99	Aa3 [4]	▲6/96
Equitable Life/IOWA	62979	IA	\$ 5.7B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98
Farmers New World LIC	63177	WA	\$ 4.7B	A+ [2]		-		Aa3 [4]	
Federal Kemper Life Assurance	63207	IL	\$ 2.3B	A [3]	▲1/96	AA+ [2]	▲8/99	Aa3 [4]	▲1/96
Fidelity & Guar. LIC	63274	MD	\$ 4.5B	A- [4]		AA [3]	▲8/99	A3 [7]	▲6/98
Financial Benefit LIC	98213	KS	\$ 0.4B	B+ [6]	▲6/96	-		-	
Fort Dearborn LIC	71129	IL	\$ 0.7B	A [3]		A+ [5]	▲1/97	-	
Fortis Benefits LIC	70408	MN	\$ 9.2B	A [3]	▼4/96	AA- [4]	▼8/99	A1 [5]	
GE Capital	70025	DE	\$ 17.6B	A+ [2]	▲6/95	AA [3]		Aa2 [3]	▲4/97
GE Capital LAC/NY	72990	NY	\$ 1.7B	A+ [2]		AA [3]		Aa2 [3]	
Golden Rule Insurance Co.	62286	IL	\$ 1.6B	A [3]	▼5/95	AA- [4]		-	
Great American LIC	63312	OH	\$ 6.0B	A [3]		A+ [5]		A3 [7]	▼8/99
Hartford LIC	88072	CT	\$ 80.4B	A+ [2]	▼10/95	AA [3]	▼9/96	Aa3 [4]	▼1/97
Horace Mann LIC	64513	IL	\$ 3.4B	A [3]	▼11/95	AA- [4]		A3 [7]	
IDS LIC	65005	MN	\$ 54.2B	A+ [2]		-		Aa2 [3]	
Integrity LIC	74780	OH	\$ 3.5B	A [3]	▲10/95	B [15]	▼11/99	B3 [16]	▼11/99
Jackson National LIC	65056	MI	\$ 39.4B	A+ [2]		AAA [2]	▲3/01	Aa3 [4]	▲1/98
Jefferson-Pilot LIC	67865	NC	\$ 9.2B	A++ [1]		AAA [1]		Aa2 [3]	
John Hancock	65099	MA	\$ 60.7B	A++ [1]		AA+ [2]	▼4/95	Aa2 [3]	
Kansas City LIC	65129	MO	\$ 2.6B	A [3]		A+ [5]	▼3/94	A3 [7]	▼9/00
Kemper Investors LIC	90557	IL	\$ 13.9B	A [3]	▲1/96	AA+ [2]	▲8/99	Aa3 [4]	▲2/96
Keyport LIC	65234	RI	\$ 16.6B	A+ [2]	▲11/94	AA- [4]	▼12/99	A2 [6]	▼4/98
Knights of Columbus	58033	CT	\$ 6.9B	A++ [1]		AAA [1]		Aa3 [4]	
Lafayette LIC	65242	IN	\$ 1.0B	A [3]	▼5/95	A [6]		-	
Liberty Life Assurance/Boston	06627	NH	\$ 5.3B	A [3]		A [6]		-	
Liberty National LIC	65331	AL	\$ 3.4B	A+ [2]	▼4/95	withdrawn		A2 [6]	
Life Insurance Co./Southwest	65528	TX	\$ 2.4B	A [3]	▼6/94	-		Baa1 [8]	
Lincoln Benefit Life	65595	NE	\$ 1.6B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97
Lincoln National LIC	65676	IN	\$ 79.1B	A+ [2]		AA- [4]		Aa3 [4]	▲7/94
London Pacific Life & Annuity	68934	NC	\$ 1.7B	B+ [6]	▲5/96	-		-	
Jackson National LIC	65056	MI	\$ 39.4B	A+ [2]		AAA [2]	▲3/01	Aa3 [4]	▲1/98
Jefferson-Pilot LIC	67865	NC	\$ 9.2B	A++		AAA [1]		Aa2 [3]	

Continued . . .

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Standard & Poors		Moody's Invest.	
				Rating	Trend	Rating	Trend	Rating	Trend
John Hancock	65099	MA	\$ 60.7B	A++ [1]		AA+ [2]	▼4/95	Aa2 [3]	
Kansas City LIC	65129	MO	\$ 2.6B	A [3]		A+ [5]	▼3/94	A3 [7]	▼9/00
Kemper Investors LIC	90557	IL	\$ 13.9B	A [3]	▲1/96	AA+ [2]	▲8/99	Aa3 [4]	▲2/96
Keypoint LIC	65234	RI	\$ 16.6B	A+ [2]	▲11/94	AA- [4]	▼12/99	A2 [6]	▼4/98
Knights of Columbus	58033	CT	\$ 6.9B	A++ [1]		AAA [1]		Aa3 [4]	
Lafayette LIC	65242	IN	\$ 1.0B	A [3]	▼5/95	A [6]		-	
Liberty Life Assurance/Boston	06627	NH	\$ 5.3B	A [3]		A [6]		-	
Liberty National LIC	65331	AL	\$ 3.4B	A+ [2]	▼4/95	withdrawn		A2 [6]	
Life Insurance Co./Southwest	65528	TX	\$ 2.4B	A [3]	▼6/94	-		Baa1 [8]	
Lincoln Benefit Life	65595	NE	\$ 1.6B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97
Lincoln National LIC	65676	IN	\$ 79.1B	A+ [2]		AA- [4]		Aa3 [4]	▲7/94
London Pacific Life &	68934	NC	\$ 1.7B	B+ [6]	▲5/96	-		-	
Massachusetts Mutual LIC	65935	MA	\$ 65.1B	A++ [1]		AAA [1]	▲6/94	Aa1 [2]	
Metropolitan LIC	65978	NY	\$183.9B	A+ [2]	▼12/94	AA [3]	▼12/96	Aa2 [3]	▼3/96
Midland National LIC	66044	SD	\$ 3.5B	A+ [2]		AA [3]	▼6/96	A2 [6]	
Minnesota Mutual LIC	66168	MN	\$ 17.4B	A++ [1]		AA+ [2]		Aa2 [3]	▼8/95
Mutual LIC/NY (MONY)	66370	NY	\$ 12.4B	A [3]	▲8/99	AA [4]	▲12/99	A2 [6]	▲11/99
Mutual of America LIC	88668	NY	\$ 9.6B	A++ [1]		AA+ [2]		Aa3 [4]	
National Guardian LIC	66583	WI	\$ 0.8B	A- [4]		-		-	
National Western LIC	66850	CO	\$ 3.3B	A- [4]		A+ [5]		-	
Nationwide LIC	66869	OH	\$ 86.6B	A++ [2]		AA+ [2]	▼3/96	Aa2 [3]	▼5/96
New York LIC	66915	NY	\$ 68.8B	A++ [1]		AA+ [2]	▼1/97	Aa1 [2]	▼8/96
Northbrook LIC	88528	AZ	\$ 8.3B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97
Northern LIC	87734	WA	\$ 7.1B	A+ [2]		AA [3]	▲8/99	Aa2 [3]	▲9/00
Penn Insurance & Annuity	93262	DE	\$ 1.3B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97
Penn Mutual LIC	67644	PA	\$ 7.6B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97
Peoples Benefit LIC ¹	66605	IA	\$ 13.2B	A+ [2]		AAA [1]	▲8/97	Aa3 [4]	▲6/97
PFL Life Ins Co.	86231	IA	\$ 11.6B	A+ [2]	▲6/95	AAA [1]	▲10/96	Aa3 [4]	
Physicians Life Insur. Co.	72125	NE	\$ 0.9B	A [3]		AA [3]		-	
Presidential LIC	68039	NY	\$ 2.5B	A- [4]	▲11/94	-		Baa1 [8]	▲10/00
Principal Mutual LIC	61271	IA	\$ 76.0B	A+ [2]	▼3/96	AA [3]	▼10/98	Aa2 [3]	▼6/98
Providentmutual Life & Annuity	70750	DE	\$ 1.5B	A [3]		AA- [4]		A2 [6]	
Prudential Ins.Co./Amer	68241	NJ	\$191.5B	A [3]	▼4/95	A+ [5]	▼8/97	A2 [6]	▼8/00
Reliance Standard LIC	68381	IL	\$ 1.6B	A- [4]	▼12/95	A [6]	▲3/97	Baa2 [9]	
ReliaStar Life Ins. Co. of NY	61360	NY	\$ 2.7B	A+ [2]		AA [3]	▲10/98	Aa2 [3]	▲9/00
SAFECO LIC	68608	WA	\$ 16.4B	A+ [2]		AA- [4]	▼3/98	A1 [5]	▼7/97
Security Benefit LIC	68675	KS	\$ 8.1B	A+ [2]		AA- [4]	▲5/98	A2 [6]	

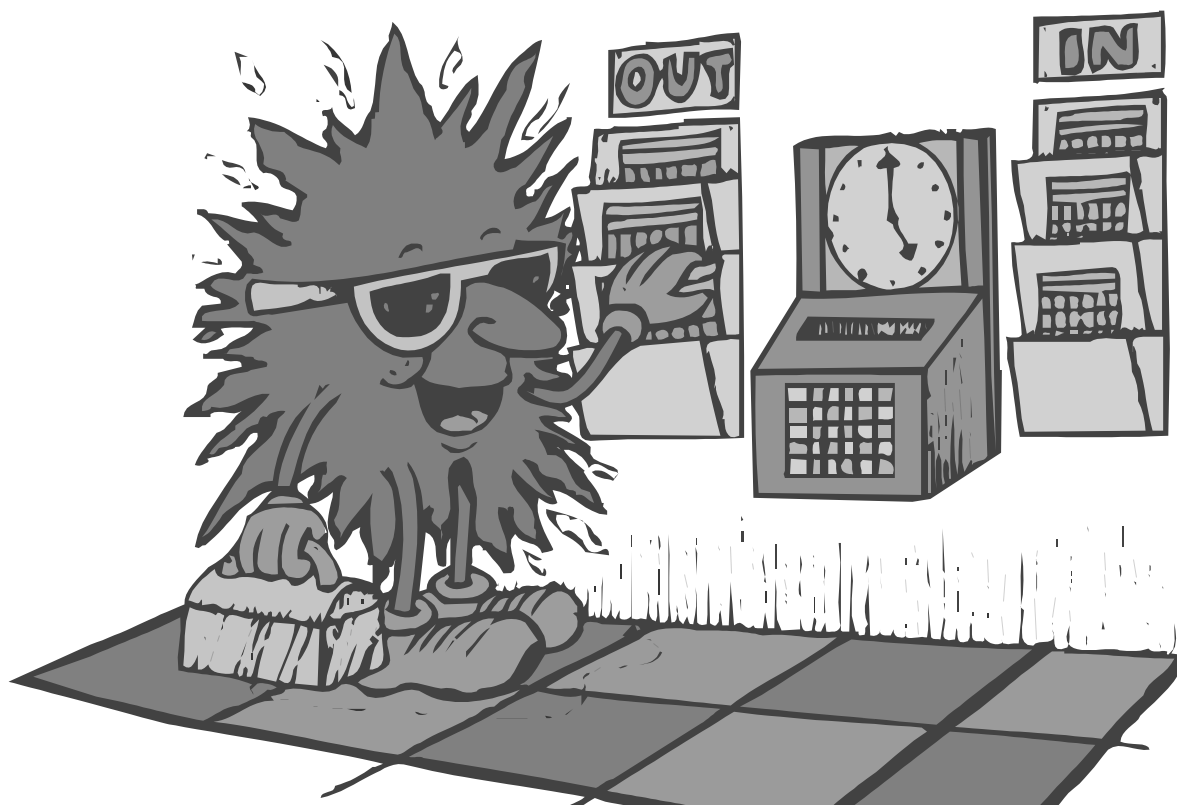
Continued . . .

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.	
				Rating	Trend	Rating	Trend	Rating	Trend
Security First LIC	61050	DE	\$ 4.4B	A [3]		AA [3]		Aa3 [4]	▲2/98
Security Mutual LIC/NY	68772	NY	\$ 1.4B	A [3]		A+ [5]		Baa1 [8]	▼9/99
Southwestern LIC	91391	TX	\$ 1.6B	B++ [5]	▼1/96	BB [12]	▼8/99	B2 [15]	
Standard Life Insur. Co. of Indiana	69051	IN	\$ 0.6B	B+ [6]		-			
Sun Life/Canada (US)	79065	DE	\$ 19.9B	A++ [1]		AA+ [2]	▼8/99	Aa2 [3]	▼12/98
SunAmerica LIC	69256	AZ	\$ 22.8B	A++ [1]	▲3/99	AAA [1]	▲8/99	Aaa [1]	▲8/99
Sunset LIC/America	69272	MO	\$.05B	A [3]	▼11/94	A+ [5]	▼4/95	-	
Teachers Insurance & Annuity (TIAA)	69345	NY	\$110.5B	A++ [1]		AAA [1]		Aaa [1]	
Transamerica Life & Annuity	69507	NC	\$ 20.4B	A+ [2]		AAA [1]	▲8/99	Aa3 [4]	
Travelers Insurance Co.	87726	CT	\$ 46.4B	A+ [2]	▲7/97	AA [3]	▲9/98	Aa3 [4]	▲4/97
Travelers Life/Annuity	80950	CT	\$ 7.1B	A [3]		AA [3]	▲9/98	Aa3 [4]	▲4/97
Union Central LIC	80837	OH	\$ 5.6B	A [3]		A+ [5]		A3 [7]	
United Heritage Mutual LIC	63983	ID	\$ 0.3B	A- [4]		-		-	
United Investors LIC	94099	MO	\$ 4.4B	A+ [2]	▼5/95	AA [3]	▼9/96	A3 [7]	
United Life & Annuity IC	69876	TX	\$ 1.2B	B++ [5]		-		-	
United of Omaha	69868	NE	\$ 10.7B	A [3]	▼6/96	AA- [4]	▼8/99	Aa3 [4]	▼7/95
USG Annuity & Life Co.	61247	OK	\$ 7.0B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98
Western United LAC	77925	WA	\$ 0.9B	B+[6]	▲8/99	-		-	
William Penn LIC/NY	66230	NY	\$ 1.0B	A [3]		-		A2 [6]	▼6/97
Woodmen of the World Life Society	57320	NE	\$ 4.5B	A+ [2]		AA [3]		-	

Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.



Rating Agencies

A.M. Best's Ratings

A. M. Best Co. is the oldest insurance rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. It has been assigning an alphabetic rating scale to insurance companies since 1976.

Best's evaluates a company's **Relative Financial Strength** and overall performance in comparison with others. Best's ratings should not be taken as a guaranty of any insurer's current or future ability to meet its contractual obligations. Best's charges an insurer \$500 for a letter rating. (Contact A.M. Best Company, Oldwick, New Jersey 08858.)

A. M. Best's rating is assigned after evaluating a company's financial condition and operating performance both in qualitative and quantitative terms.

Quantitative evaluation examines (1) profitability, (2) leverage, (3) liquidity, (4) reserve adequacy, and (5) reinsurance. Qualitative evaluation is based on (1) spread of risk, (2) soundness and appropriates of reinsurance, (3) quality and diversification of assets, (4) adequacy of policy reserves, and (5) adequacy of surplus, (6) capital structure, and (7) management experience. Ratings are reviewed both on an annual and a quarterly basis.

The rating scale uses letter grades ranging from A++ (Superior), the highest, to F (In Liquidation), the lowest. The letter grade can also have a modifier that qualifies it. The A++ highest rating is based on a company's favorable comparison of profitability, leverage, and liquidity with industry norms; favorable experience from mortality, lapses, and expenses; quality and diversification of investment portfolio; strong policy reserves and a surplus to risk ratio that is above that for the average life insurance company. Also examined are the amount and soundness of its reinsurance and the competence and experience of management.

The rating categories, including modifiers and "not assigned" designations, are as follows:

Rating Categories

A++, A+	Superior
A, A-	Excellent
B++, B+	Very Good
B, B-	Good
C++, C+	Fair
D	Below Minimum Standards
E	Under State Supervision
F	In Liquidation

Rating Modifiers

p	Pooled Rating
r	Reinsured Rating
e	Parent Rating
x	Revised Rating
w	Rating Watch List
g	Group Rating
s	Consolidated Rating
q	Qualified Rating

"Not Assigned" Categories

NA-1	Special Data Filing
NA-2	Less than Minimum Size
NA-3	Insufficient Operating Experience
NA-4	Rating Procedure Inapplicable
NA-5	Significant Change
NA-6	Reinsured by Unrated Insurer
NA-8	Incomplete Financial Information
NA-9	Company Request
NA-11	Rating Suspended

Financial Performance Rating (FPR)

The FPR measures the financial strength of small (NA-2) or new (NA-3) companies not eligible for a Best's Rating and is based on the following numerical scale.

Secure Ratings

9,8	Strong
7,6	Above Average
5	Average

Vulnerable Ratings

4	Average
3,2	Below Average

No Rating Opinion

1	Not Assigned
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Ratings and reports on individual companies are available from A.M. Best. The cost of the report, which includes the company's rating, is \$20. You can also receive just the letter rating by dialing a 900 number. (This is a toll call at \$2.50 per minute.) Call A.M. Best at (908) 439-2200 for instructions on how to place the call.

Standard & Poor's Ratings

Standard and Poor's, which began rating insurance companies in the mid 1980s, assesses a company's **Claims-Paying Ability**—that is, its financial capacity to meet its insurance obligations. S&P forms its opinion by examining industry-specific risk, management factors, operating performance and capitalization. Industry-specific risk addresses the inherent risk in and diversity of the insurance business being underwritten. Management factors include how management defines its corporate strategy and the effectiveness of its operations and financial controls. Operating performance focuses on a company's trend for current and future earnings. For capitalization, S&P looks at the company's capital structure, its ability to raise capital, liquidity, and cash flow.

S&P charges an insurer between \$15,000 and \$28,000 to receive a claims-paying ability rating. (Contact: Standard and Poor's, 25 Broadway, New York, NY 10004.)

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, represents a company's extremely strong capacity to

Rating Agencies

honor its obligations and to remain so over a long period of time. "AAA" companies offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.

As a group, the claims-paying ability ratings are divided into two broad classifications. Rating categories from 'AAA' to 'BBB' are classified as "secure" and indicate insurers whose financial capacity to meet policyholder obligations is viewed on balance as sound. Ratings categories from 'BB' to 'CCC' are classified as "vulnerable" and indicate insurers whose financial capacity to meet policyholders obligations is viewed as vulnerable to adverse economic and underwriting conditions. Plus (+) and minus (-) signs show relative standing within a category; they do not suggest likely upgrades or downgrades. For certain companies, the S&P rating includes a 'q' subscript, which indicates that the rating is based solely on quantitative analysis of publicly available financial data. In the case of claims-paying ability ratings, this is the statutory financial data filed with the National Association of Insurance Commissioners. **Annuity & Life Insurance Shopper** does not include the 'q' subscript rating.

RATING CATEGORIES

Secure Range:

AAA	Superior financial security. Highest safety.
AA	Excellent financial security. Highly safe.
A	Good financial security. More susceptible to economic change than highly rated companies.
BBB	Adequate financial security. More vulnerable to economic changes than highly rated companies.

Vulnerable Range:

BB	Financial security may be adequate, but capacity to meet long-term policies is vulnerable.
B	Vulnerable financial security.
CCC	Extremely vulnerable financial security. Questionable ability to meet obligations unless favorable conditions prevail.
R	Regulatory action. Placed under an order of rehabilitation and liquidation.

S & P ratings for individual companies are available at no charge. Financial reports are \$25 each. Write to Standard & Poor's Corporation; 25 Broadway; New York, NY 10004. Or call (212) 208-1527.

Moody's Ratings

Moody's Insurance **Financial Strength Ratings** are opinions of the relative strength or weakness of insurance companies. Specifically, they summarize the likelihood that a company will be able to meet its senior policyholder obligations. Moody's considers both quantitative and qualitative factors in the following areas: product lines, industry competitive positions, markets, distribution systems, organizational structure, earnings trends and profitability, performance and quality of investments, asset/liability management and liquidity, surplus position relative to risk profile and affiliated companies. A very important part of the evaluation is understanding management's philosophy and the company's strategic direction. The rating, therefore, involves judgments about the future and includes assessments on how management and companies will respond to worst case scenarios. Moody's annual fee for a rating is \$25,000. (Contact: Moody's Investors Service, 99 Church Street, New York, NY 10007.)

Moody's uses a letter grade scale that ranges from Aaa ("Exceptional") for the highest rating to C ("Lowest") for the least favorable rating (ie., Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C). For classes Aa to B, Moody's adds a numerical modifier, from 1 (at high end of category) to 3 (at the lower end) to indicate the approximate ranking of a company in the particular classification.

Rating Categories

Aaa	Exceptional security. Unlikely to be affected by change.
Aa	Excellent security. Lower than Aaa because long-term risks appear somewhat larger.
A	Good Security. Possibly susceptible to future impairment.
Baa	Adequate security. Certain protective to future impairment.
Ba	Questionable security. Ability to meet obligations may be moderate.
B	Poor security. Assurance of punctual payment of obligations is small over the long run.
Caa	Very poor security. There may be elements of danger regarding the payment of obligations.
Ca	Extremely poor security. Companies are often in default.
C	Lowest security. Extremely poor prospects of offering financial security.

Moody's provides a range of financial analysis reports and ratings. For further information, write to Moody's Investors Service; 99 Church Street; New York, NY 10007; or telephone (212) 553-1658.

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