

ANNUITY SHOPPERSM



*Annuities Make It Last*SM

Consumer Alert, p. 3

How to Buy a Top-Rated
Income Annuity

Consumer Alert, p. 6

How to Buy a Top-Rated
Deferred Annuity

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Where To Begin?

Annuities are an excellent choice for most investors. A sum of money is deposited with an insurance company. The company credits the account with tax-deferred growth ("fixed-interest" deferred annuity or "variable" annuity) or returns a lifetime income ("immediate" income annuity).

ANNUITY SHOPPER magazine helps you sort through the mysteries behind several different types of annuities. We report the current rates, account performance and features of many of the top contracts, plus their financial rankings.

Where should you begin?

If you are well-versed in annuities, you will probably want to start with our *Immediate Annuities Update* or *Deferred Annuities Update* sections. There you'll find our latest survey of annuity rates and policy performance. If you are new to annuities, may I suggest you read the articles entitled *How to Buy A Top Income Annuity* and *How to Buy A Top-Rated Deferred Annuity*. After reading the articles, proceed to the *Update* sections.

Research on the strength of annuity issuers can be found in the section titled *Insurance Company Ratings*. Also shown is each company's asset level.

If you'd like to reach us, please call 800-872-6684. We welcome your comments and suggestions. Our brokerage representatives are also available to help you find the right annuity. Please also visit us at our web site on the internet at www.webannuities.com.



Hersh L. Stern
Publisher

Send your questions and concerns, with your address and phone number, to Hersh Stern, Publisher, *Annuity Shopper*, 8 Talmadge Drive, Monroe Township, NJ 08831-2910.

How to Buy a Top Income Annuity

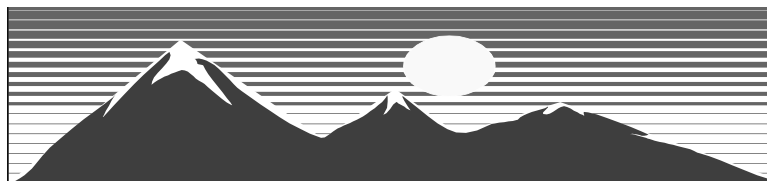
SINGLE PREMIUM IMMEDIATE ANNUITIES (SPIAs) are purchased with a single deposit, and usually commence regular income payments one month after you make your deposit. An immediate annuity can be purchased with funds from a variety of sources, such as a maturing Certificate of Deposit (CD), monies which 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

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Ideal Uses of an Immediate Annuity

SPIAs may be particularly suitable when providing a steady stream of income in the following situations:

- (1) Retirement (at the end of full- or part-time employment)
- (2) Annuitizing a deferred annuity policy (through a 1035 exchange to spread out deferred interest)
- (3) Planning for Medicaid eligibility
- (4) Settling an Estate or Divorce obligation
- (5) Guaranteeing pension plan or deferred compensation benefits
- (6) Settling a personal injury or wrongful death lawsuit.

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 business for over a hundred years, and have prospered through good times and bad. Nevertheless, because annuities are generally held for relatively long periods, you should consider the financial ratings of the company you intend to buy your annuity from. You can find ratings from three rating agencies, A.M. Best, Standard & Poors, and Moody's, in the Ratings section near the back of this magazine.

Shopping for the Best Rate

WebAnnuities.com (parent company of Annuity Shopper Brokerage Service) offers a unique comparison shopping service that closely monitors the purchase rates of all the most competitive companies, and provides this information at no charge with a single, toll-free phone call (800-872-6684). With more than twenty years' experience in consumer and corporate annuity purchases, WebAnnuities' combination of SPIA expertise and proprietary data base make them the nation's No. 1 shopping service for immediate annuities.



How to Buy a Top Deferred Annuity

A FIXED DEFERRED ANNUITY is a tax-favored wealth accumulation contract issued by an insurance company. Its chief advantage over a mutual fund or a bank Certificate of Deposit is that earnings grow in your account on a tax-deferred basis. This means you pay no income taxes until you withdraw money from the account. Because of this, the value of your account is able to increase more quickly since the entire amount of each year's earnings works to create new earnings. You can fund a deferred annuity with personal savings ("after-tax" or "non-qualified" monies) or with a "rollover" from a qualified account such as an IRA or a lump sum distribution from a qualified pension plan.

In addition to compounded tax-deferred earnings, annuities also offer a high degree of safety. Your principal and earnings are guaranteed by the full faith and credit of the issuing insurance company. Insurance companies are required by law to set aside assets (known as "reserves") in order to cover the claims of their policyholders. Companies are also regularly monitored by ratings agencies such as A.M. Best, Standard and Poor's, and Moody's. Consulting the ratings of an insurance company can help you determine if it is operating on a sound financial footing. Finally, in the unlikely event that a particular insurance company experiences financial difficulties, state-run guaranty funds provide specific levels of coverage for policyholders and their beneficiaries.

In the remainder of this article, we address the main features and benefits of "fixed" deferred annuities. The first thing to note is that fixed deferred annuities only offer a single interest-earning account (unlike "Variable" annuities, which typically offer a variety of accounts whose value can fluctuate up or down depending on the performance of such financial instruments as stocks and bonds). With a fixed annuity, the insurance company credits your account at a fixed rate of return (hence the name) no matter what, for periods that can range anywhere from a calendar quarter to ten years.

The most common form of fixed

annuity is called a Single Premium Deferred Annuity ("SPDA"). SPDAs accept a one-time-only deposit and accrue interest until the contract is surrendered or annuitized. A "Flexible Premium Deferred Annuity" (FPDA) has the same characteristics as an SPDA with the added feature that it accepts multiple deposits.

Virtually all traditional fixed deferred annuities offer the contractholder a high degree of control over his investment. At the outset, there is a free cancellation period (20 days in most states) that allows you to return the policy for a full refund for any reason. Afterwards, you can cancel the contract at any time, although doing so in the first few years will likely incur a surrender charge (See section below entitled "Penalty-free Withdrawals and Surrender Fees" for details).

8 Reasons to Own A Deferred Annuity

1. Gain Compounded Earnings While Deferring Income Taxes

All the earnings in an annuity contract are tax-deferred. This means that you don't have to pay any income taxes on the earnings until you make a withdrawal from your account. There are no IRS forms to file or earned-interest entries to make on your 1040. Tax deferral also means that annuity earnings do not offset Social Security benefits as do the earnings from bonds, CDs, and other investments. Even the income generated by tax-exempt municipal bonds (for which no federal income tax is due) must be counted to determine any offset to Social Security benefits. In short, people saving for retirement or investors with large money market or CD balances **must** consider annuities for the extra earnings benefits which only this kind of tax deferral can provide. Over time, tax-free compounding produces a substantially greater overall return than other investments whose earnings are taxed each year. Studies show that from 15% to 40% more money is available with annuities. By not taking annuity income until you reach retirement age you can

also remain in a lower tax bracket, adding further to the overall value of your original investment.

2. Earn Higher Interest Rates

Historically, fixed deferred annuities credit interest rates that are anywhere from 0.5% to 2.0% higher than the rates available with bank CDs. The return on annuities is closer to that of **long-term** bonds and significantly higher than **short-term** money market rates. Add to that the power of tax deferral and you see why annuities can offer higher returns than either bank CDs or bond investments, especially when interest rates are rising.

3. Make Unlimited Contributions to Your Tax-Deferred Account

Even if you've maximized your yearly IRA and pension contributions, you are still permitted to invest any amount you wish into a tax-deferred annuity. There are no annual contribution limits with an annuity; you can deposit as much as you want and watch it grow tax-deferred, even up to age 90 and older with many insurance companies.

4. Protect Your Principal From Downturns in the Credit Markets

When interest rates begin to trend up again (which they almost certainly will do during the next 10-20 years) annuity accounts will be protected from the losses incurred by such investments as bonds and bond mutual funds. Unlike bonds, which lose value when interest rates rise, the account value of fixed annuities is guaranteed. Not only will your principal escape such potential losses, if your annuity has an annually renewing interest rate, your contract may be credited with a higher declared rate to reflect the higher prevailing interest rates then in effect. In short, 100% of your accumulated principal is protected no matter what direction interest rates take.

5. Retire Early Without Penalty

Annuities can offer valuable tax-savings for employees under age 59½

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Premium	Interest Rate for 10 Policy Years	Interest Rate for 8 Policy Years	Interest Rate for 6 Policy Years	Interest Rate for 5 Policy Years
\$250,000+	4.75%	4.35%	3.60%	3.25%
\$50,000 to \$249,999	4.50%	4.10%	3.35%	3.00%

Interest rates effective 12/07/2003 — Call 800-872-6684 to confirm current rates.

Max Guarantee Annuity[®]

A single premium deferred annuity with market value adjustment.

- No Up Front Sales Charges or Fees:** 100% of your premium earns the stated interest rate from the date it is received by the insurance company.
- Free Look:** Contract may be returned for full refund within 20 days of receipt.
- Availability:** All states except AL, NY, OR and WA. Can be purchased in neighboring states (call 800-872-6684 for details).
- Issue Ages:** 0-85 (both owner and annuitant); Minimum Premium: \$ 50,000. Policy is “annuitant-driven” with spousal continuation provision.
- Penalty-Free Withdrawals:** Systematic monthly withdrawals of interest permitted after first 30 days as long as each payment is at least \$50. Also, penalty-free withdrawal of interest earned and not previously withdrawn in prior 12 months permitted. At the end of the guarantee period, there is a 30-day window during which you may make a partial or full withdrawal of the accumulated value without surrender charges (a market value adjustment may apply to the earnings credited during that 30-day period only). Withdrawals prior to age 59½ may be subject to 10% IRS tax penalty.
- Surrender Charges and MVA:** The surrender charge schedule resets at the end of every interest rate guarantee period. (Surrender charges apply to each new guarantee period.) A Market Value Adjustment (‘MVA’), either up or down, is also calculated. Surrender fee schedule per year (for remainder of guarantee period): 9%-8%-7%-6%-5%-4%-3%-2%-1%-0%.
- Annuitization:** Available after 1st year without surrender fees or MVA, if annuitized for a payout option of at least 60 months.
- Death Benefit:** Cash Surrender Value (Accumulated Value less Surrender Charges less Market Value Adjustments) is payable if taken as a lump sum. Surrender charges and MVA are waived if proceeds are paid out over at least 5 years.
- Nursing Home Waiver:** Available in most states. Surrender charges and Market Value Adjustment are waived if annuitant becomes confined to an eligible nursing home or hospital for 30 consecutive days.

USG Annuity & Life Company[®]

A.M. Best: A+ (Superior)

S&P: AA+ (Excellent)

Moody's: Aa2 (Excellent)

Offered through WebAnnuities.com. Call 800-872-6684

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10 Year Rate	7 Year Rate	5 Year Rate
4.50%*	3.94*	3.70%*
*Average Annual Effective Yield for 10 years 5.40% in first year, including 1.00% first-year bonus and 4.40% guaranteed yrs 2-10	*Average Annual Effective Yield for 7 years 4.80% in first year, including 1.00% first-year bonus and 3.80% guaranteed yrs 2-7	*Average Annual Effective Yield for 5 years 4.50% in first year, including 1.00% first-year bonus and 3.50% guaranteed yrs 2-5

Interest rates effective 12/07/2003 — Call 800-872-6684 to confirm current rates.

Fidelity Platinum Plus

A single premium deferred annuity with Market Value Adjustment (MVA)

- ◆ **No Up Front Sales Charges or Fees:** 100% of your premium earns the stated interest rate from the date it is received by the insurance company.
- ◆ **Free Look:** Policy can be returned for a full refund of premium within 20 days of receipt.
- ◆ **Availability:** Available in all states except NY, ND, OR, UT, VT, and WA. Can be purchased in neighboring states (call for details).
- ◆ **Issue ages:** 0-90; Min. Premium: \$ 10,000; Min. Interest Rate: 3.00% after initial 5-year interest rate guarantee period ends. Policy is “owner-driven.”
- ◆ **Penalty-Free Withdrawal Privileges:** Penalty-free withdrawals of all prior years’ (multi-year) accumulated interest.
- ◆ **Surrender Charges and MVA:** The surrender charge schedule resets at the end of every interest rate guarantee period. A Market Value Adjustment (MVA) may also apply to full and partial surrenders during each interest rate guarantee period. During the 30-day period immediately preceding the end of each interest rate guarantee period, you can take partial withdrawals or surrender the policy without a surrender charge or MVA. Surrender schedule per year (for remainder of the guarantee period): 9%-8%-7%-6%-5%-4%-3%-2%-1%.
- ◆ **Annuitization:** Available after 1st year without surrender fees or MVA, if annuitized for a payout option of at least 60 months.
- ◆ **Death Benefit:** The Cash Surrender Value (Accumulated Value less Surrender Charges less Market Value Adjustments) is payable if taken as a lump sum. Surrender charges and MVA are waived if proceeds are paid out over at least 5 years.
- ◆ **Nursing Home Waiver:** Not available.

Fidelity & Guaranty Life Insurance Company		
A.M. Best: A (Secure/Excellent)	S&P: A (Secure/High)	Moody’s: A2 (Good)

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How to Buy a Top Deferred Annuity

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who receive large lump-sum distributions from their 401(k) profit-sharing plans as part of an early retirement or severance package. Such amounts can be “rolled over” into an annuity policy without having to recognize any taxable income. Penalty-free withdrawals can then be taken—for instance to cover monthly mortgage payments—by setting up a program known as “Substantial and Equal Periodic Payments” (SEPP). This little-known exemption to the IRS pre-59½ early-withdrawal penalty allows you to withdraw funds from a tax-deferred account you thought couldn’t be touched until retirement!

6. Avoid the 50% Penalty on Minimum Required Withdrawals

Retirees over age 70½ are required to begin taking withdrawals from their IRA or Pension plans. The IRS penalty for not doing so is a substantial 50% of any amount that falls short of the Minimum Required Distribution (MRD). Most insurance companies will notify you of the proper MRD amount free of charge. This will save you the annual fee that your accountant or attorney would otherwise charge for making these calculations.

7. Retire With Lifetime Income

Retirees concerned about making their profit sharing plan and money market savings last “forever” can protect themselves with a guaranteed income stream, no matter how long they live. Nowadays, the possibility of outliving one’s savings is high. A healthy male age 65 has a 25% chance of living beyond age 90, and women are likely to live even longer. By “annuitizing” your deferred annuity, you can convert its value to an “immediate annuity” income stream in any of several forms. This type of annuity payout can provide a monthly check that is guaranteed for life, regardless of swings in the economy.

8. Create Probate-Free Inheritance

The legal process of going through probate was established to protect a decedent’s estate and insure that it is

distributed according to his wishes. Nowadays, though, it can become a time-consuming and expensive experience for heirs. Purchasing an annuity is one way that investors can protect their beneficiaries from having to undergo this costly delay. The stated beneficiary or beneficiaries of a deferred annuity policy are paid directly and promptly, as soon as the insurance company has been notified of the policyholder’s death.

Interest Rates

The Initial Interest Rate and the length of time this rate is guaranteed (“Guarantee Period”) are two of the most important features of a deferred annuity. Most insurance companies credit interest daily, allowing earnings to compound on a basis known as “day of deposit to day of withdrawal.”

Almost all annuities have a minimum floor rate below which the annual interest rate is guaranteed never to drop. These floor rates are contractually guaranteed by insurance companies and are usually around 3% to 4%. Floor rates should not be confused with “Bailout” or “Escape” rates, which few companies offer.

Some insurers offer “bonus” interest rates, which can tack on as much as 6% to the current interest rate, boosting the first-year yield to 10% or higher. As alluring as these bonus rates may seem, they can also be confusing. Some companies only pay the bonus if you eventually annuitize with that company and take your money in monthly installments over a period of at least 10 years. If you want to withdraw your money in a lump sum, the insurer may retroactively subtract the bonus as well as the interest attributable to that bonus.

Another marketing tactic that some companies use is to offer a relatively lofty interest rate for the initial guarantee period, but then lower it substantially at renewal time. Because of surrender fees, the policyholder has little recourse but to grin and bear it. Looking only at a policy’s initial crediting rate runs the risk of investing in an annuity that performs poorly over the long term.

A good way to avoid these pitfalls is by purchasing a so-called ‘Multi-Year

Guarantee Annuity,’ in which interest is credited at a declared rate for the full Rate Guarantee Period (RGP). Some policies credit the same interest rate for the duration of the RGP. Other policies credit a bonus rate in the first year of the RGP and a lower rate for the following years. In either case, however, there is no uncertainty about the interest rate that you will receive.

Expenses

Fixed annuities have no upfront sales charges. It would also be unusual for fixed annuities to charge maintenance fees. Because of this, 100% of your deposit—without any deductions—goes directly to work for you in your account.

Penalty-free Withdrawals and Surrender Fees

Almost all insurance companies let you withdraw interest as it is earned without having to pay a surrender penalty. The majority also allow free withdrawals of up to 10% of your account value (principal plus accumulated earnings) each year. If you want to withdraw more than 10% of your contract value, you are likely to be charged an Early Surrender Penalty. This is assessed as a percentage of the amount that exceeds the Penalty-Free Withdrawal amount. In financial services jargon, this is called a “back-end load.” These charges are not the same as the 10% early withdrawal penalty that the IRS imposes when you take funds out of an SPDA before you reach age 59½.

Surrender penalties vary from company to company, but may be as high as 15% in the first contract year. More typically, surrender charges start at about 7% and reduce by 1% per year. They often disappear completely by the 7th through 10th policy year. Such fees are routinely waived when the contract is “annuitized” under a payment option or in the event of the policyholder’s death. Many policies also waive surrender fees if the annuitant is confined to a nursing home.

Multi-year Guarantee Annuities, also known as Certificates of Annuity, offer a 30-day window at the end of the

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How to Buy a Top Deferred Annuity

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guarantee period during which the full account value (principal plus interest) may be withdrawn without penalty. However, if the policy owner does not close his account during this 30-day period, the rate guarantee period is automatically renewed and surrender charges are reset to same schedule as before.

Market Value Adjustment ('MVA')

In addition to surrender charges, many newer policies also calculate a "Market Value Adjustment" (MVA), which may increase or decrease the total penalties incurred on "excess" withdrawals or early surrender of the policy. A typical MVA is determined by a formula which compares the base interest rate of the contract at the time it was issued and the base interest rate (of a similar contract) at the time of the withdrawal or surrender of the policy. Generally, if the base interest rate has declined, then the MVA will have a *positive* impact on the value of the policy. This means that it will offset some or even all of the early surrender charges. Conversely, if interest rates are higher at the time of withdrawal, the MVA will have a *negative* impact on the early surrender value of the policy.

Other Withdrawal Options and Annuitization

It's essential to know what withdrawal options are available when your deferred annuity is no longer subject to surrender penalties. You can reinvest your money with the same company at the rate then being offered or switch your account to another insurer (called a "Section 1035 Exchange"). Or, you can simply pull your money out of the annuity in a lump sum, in which case you'll owe federal income tax on ALL the earnings in that single year. And, if you're younger than 59½ at the time of the withdrawal, you'll owe an additional penalty of 10% of the amount that is taxable income.

There are, however, two ways to postpone that tax bite, while still turning your annuity account into a reliable income stream. One is to "annuitize" your policy—which means to convert

the accumulated value of your deferred annuity into an "immediate annuity." While your present company will certainly want you to annuitize your account with them, it's a good idea to "shop the market," since there may very well be other companies that offer more generous settlement rates. Settlement rates are the current, guaranteed purchase rates per \$1,000 of account value used to convert deferred annuity cash values into monthly income. These rates move up and down in tandem with fluctuations in the credit markets. If you do find better rates with another company, you can transfer your account balance using a procedure called a "Section 1035" exchange. Section 1035 is the portion of the IRS code that contains the rules governing such a tax-free exchange.

Annuitizing your deferred annuity may also have a distinct tax advantage, such as letting you postpone paying taxes on some of the earnings you've accrued. However, this is true only for annuities which were originally purchased with so-called "non-qualified" or after-tax dollars (that is, monies which were not previously exempt from taxes). Non-qualified monies include personal savings held in bank CDs or money market accounts, as well as securities and other investments held in your own name. If your immediate or deferred annuity represents a "qualified" or pre-tax investment—such as an IRA or IRA "rollover" of pension plan funds—then the whole monthly income check will be taxable. Be forewarned, however, that annuitizing a deferred annuity is an irrevocable transaction, meaning that once established it cannot be reversed or cashed in.

An alternative to annuitizing your deferred annuity would be to set up a systematic withdrawal plan. With this method, *you* tell the insurance company how much cash to send you from your account each month. The main advantage of systematic withdrawals is flexibility; you can raise, lower, or stop the payments at any time. And if you choose to do so at a later date, you can always annuitize the balance of your account value. However, unlike the annuitization option, your account

could eventually run out of money if you withdraw more than the annual interest earnings each year. What's more, cash paid out in a systematic withdrawal program is usually fully taxable until all the earnings have been withdrawn from the account. Because the tax law governing annuities can be quite complex, you should consult a financial planner or tax adviser before going ahead with either annuitization or the systematic withdrawal option.

Shopping for the Best Deferred Annuity

WebAnnuities.com (parent company of Annuity Shopper Brokerage Service) provides a unique comparison shopping service that closely monitors all the most competitive companies offering fixed deferred annuities. This information is available at no charge with a single, toll-free phone call (800-872-6684). With more than twenty years' experience in consumer and corporate annuity purchases, WebAnnuities is the nation's No. 1 shopping service for fixed deferred annuities.



Premium	10 Year Rate	9 Year Rate	8 Year Rate	7 Year Rate	6 Year Rate	5 Year Rate
\$100,000 + Actual rate:	3.80%* *Annual Effective Yield 5.60% in year 1 3.60% yrs 2-10	4.01%* *Annual Effective Yield 8.45% in year 1 3.45% yrs 2-9	3.61%* *Annual Effective Yield 5.80% in year 1 3.30% yrs 2-8	3.59%* *Annual Effective Yield 5.30% in year 1 3.30% yrs 2-7	3.82%* *Annual Effective Yield 4.65% in year 1 3.65% yrs 2-6	3.50%* *Annual Effective Yield 5.10% in year 1 3.10% yrs 2-5
\$5,000 to \$99,999 Actual rate:	3.70%* *Annual Effective Yield 4.60% in year 1 3.60% yrs 2-10	3.89%* *Annual Effective Yield 7.45% in year 1 3.45% yrs 2-9	3.49%* *Annual Effective Yield 4.80% in year 1 3.30% yrs 2-8	3.44%* *Annual Effective Yield 4.30% in year 1 3.30% yrs 2-7	3.65%* *Annual Effective Yield 3.65% in year 1 3.65% yrs 2-6	3.30%* *Annual Effective Yield 4.10% in year 1 3.10% yrs 2-5

Deposits can be distributed among guaranteed periods of 5, 6, 7, 8, 9, or 10 years. Interest rates are different for each guarantee period. Call 800-872-6684 for details. New deposits of at least \$1,000 can also be made at any time.

Interest rates effective 12/07/03 — Call 800-872-6684 to confirm current rates.

Tactician Plus

A flexible premium deferred annuity with market value adjustment.

- ☞ **No Up-Front Sales Fees or Annual Maintenance Charges:** 100% of your premium earns the stated interest rate from the date it is received by the insurance company.
- ☞ **Free Look:** Contract may be returned for full refund within 20 days of receipt.
- ☞ **Availability:** Tactician Plus is available in all states except MA, NY and OR. Can be purchased in neighboring states (call for details).
- ☞ **Issue Ages:** 0-90; Minimum Premium: \$5,000 non-qualified, \$2,000 qualified
- ☞ **Penalty-Free Withdrawals:** Up to 10% of account value per year. Full or partial surrender during 30 day window at end of guarantee period. No surrender fees or MVA after contract has been in force 10 years. Withdrawals prior to age 59½ may be subject to 10% IRS tax penalty.
- ☞ **Surrender Charges and MVA:** Surrender fees are based upon a fixed percent charge plus a Market Value Adjustment ('MVA' - which depends upon the relationship between the base interest rate at time of issue and effective rate for new policies on the date of withdrawal or surrender). No surrender fees or MVA after contract has been in force 10 years. Surrender fee schedule per year (for remainder of rate guarantee period): 8%-8%-8%-7%-6%-5%-4%-3%-2%-1%-0%.
- ☞ **Annuitization:** Available after 1st year without surrender fees or MVA, if annuitized for a payout option of at least 60 months.
- ☞ **Death Benefit:** The total of the policy account values is payable as a lump sum.
- ☞ **Nursing Home Waiver:** Available in all states except KS, MA, TX, WA.

Lincoln Benefit Life Company a subsidiary of Allstate Life insurance Company and Allstate Corporation		
A.M. Best: A+ (Superior)	S&P: AA+ (Excellent)	Moody's: Aa2 (Excellent)

Offered through WebAnnuities.com. Call 800-872-6684

For agent use only. Not intended to create public interest in the sale of annuities. Rates are subject to change. Product/features not available in all states. Please read company brochures for policy details.

7 Year Rate	6 Year Rate
<p>4.13%*</p> <p>*Annual Effective Yield 5.85% in first year, including 2.00% first-year bonus and 3.85% guaranteed in years 2-7. Optional Death Benefit rate is 5.00%/3.00%</p>	<p>3.91%*</p> <p>*Annual Effective Yield 4.75% in first year, including 1.00% first-year bonus and 3.75% guaranteed in years 2-6. Optional Death Benefit rate is 4.00%/3.00%</p>

Interest rates effective 12/07/03 — Call 800-872-6684 to confirm current rates.

Pilot Gold 7 - Gold 6

A single premium deferred annuity with Market Value Adjustment (MVA) (Policy Form 94-521)

- ◆ **No Up-Front Sales Fees nor Annual Maintenance Charges:** 100% of your premium earns the stated interest rate from the date it is received by the insurance company.
- ◆ **Free Look:** Contract may be returned for full refund within 20 days of receipt.
- ◆ **Availability:** Pilot Gold is available in all states except OR, SC, UT, and WA. Can be purchased in neighboring states (call for details).
- ◆ **Issue ages:** 0-85; Min. Premium: \$ 10,000; Min. Interest Rate: 3.00% after initial 6-year, or 7-year interest rate guarantee period ends. Policy is “owner-driven” with spousal co-owner continuation.
- ◆ **Penalty-Penalty-Free Withdrawals:** 10% Penalty-free withdrawals beginning 2nd yr. Systematic monthly withdrawals of interest after only 30 days. At the end of the guarantee period, there is a 30-day window during which you may make a partial or full withdrawal of the accumulated value without surrender or MVA charges. Withdrawals prior to age 59½ may be subject to 10% IRS tax penalty.
- ◆ **Surrender Charges and MVA:** The surrender charge schedule resets at the end of the interest rate guarantee period. A Market Value Adjustment (MVA) may also apply to full and partial surrenders during each interest rate guarantee period. During the 30-day period immediately preceding the end of each interest rate guarantee period, you can take partial withdrawals or surrender the policy without a surrender charge or MVA. Surrender fee schedule per year (for remainder of guarantee period) as follows: (a) 6-year annuity= 8%-8%-7%-6%-5%-4%. (b) 7-year annuity= 8%-8%-7%-6%-5%-4%-3%.
- ◆ **Death Benefit:** The Standard Death Benefit is a lump sum equal to the greater of (a) the accumulation value (without the MVA, less surrender charge); or (b) the premium paid less any partial surrenders. An Optional Death Benefit rider may be elected at purchase which reduces the interest rate by 0.15% in all policy years and which returns accumulation value without the MVA and without any surrender charge.
- ◆ **Nursing Home Waiver:** Not available in any state.



Jefferson-Pilot Life Insurance Company		
A.M. Best: A++ (Superior)	S&P: AAA (Superior)	Moody's: Aa2 (Excellent)

Offered through WebAnnuities.com. Call 800-872-6684

For agent use only. Not intended to create public interest in the sale of annuities. Rates are subject to change.
Product/features not available in all states. Please read company brochures for policy details.

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 presentation of complete

(Continued on page 15)

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 Día, 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 •
 Gump s \$1,038,000 •
 Ham m 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 &

Who did these top 500 corporations rely on for help with finding the safest, most competitive group annuities? They all contacted Annuity Shopper Brokerage Services (WebAnnuities.com). To learn more about our group annuity services call Hersh Stern at 800-872-6684.

\$1,150,000 •
 \$1,312,000 •
 \$199,000 •
 \$1,038,000 •
 Sanitation
 Harris O.
 \$237,000 •
 Radio, Inc.
 Hawkeye
 Corp
 Henry Vale
 Hills &

Dales Gen'l Hospital \$445,000 • Hoche, Inc. \$569,000 • Holstein Association \$5,535,000 • Holt Krock Clinic \$8,161,000 • Huntington \$201,000 • IBEW #78070 Retire. Plan \$2,200,000 • IBEW #78071 Retire. Plan \$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

(Continued from page 13)

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 twenty years from now someone who turns age eighty and who is not a smoker and does maintain a healthy weight, does exercise, and does follow a good diet might live well into his or her nineties or even older.

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.

Date Income Commences _____ () 1 month () backpay from _____

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

2002 Final MRD Regulations: Unisex Life Expectancy ("LE") Table					
Age	LE	Age	LE	Age	LE
0	82.4	38	45.6	76	12.7
1	81.6	39	44.6	77	12.1
2	80.6	40	43.6	78	11.4
3	79.7	41	42.7	79	10.8
4	78.7	42	41.7	80	10.2
5	77.7	43	40.7	81	9.7
6	76.7	44	39.8	82	9.1
7	75.8	45	38.8	83	8.6
8	74.8	46	37.9	84	8.1
9	73.8	47	37	85	7.6
10	72.8	48	36	86	7.1
11	71.8	49	35.1	87	6.7
12	70.8	50	34.2	88	6.3
13	69.9	51	33.3	89	5.9
14	68.9	52	32.3	90	5.5
15	67.9	53	31.4	91	5.2
16	66.9	54	30.5	92	4.9
17	66	55	29.6	93	4.6
18	65	56	28.7	94	4.3
19	64	57	27.9	95	4.1
20	63	58	27	96	3.8
21	62.1	59	26.1	97	3.6
22	61.1	60	25.2	98	3.4
23	60.1	61	24.4	99	3.1
24	59.1	62	23.5	100	2.9
25	58.2	63	22.7	101	2.7
26	57.2	64	21.8	102	2.5
27	56.2	65	21	103	2.3
28	55.3	66	20.2	104	2.1
29	54.3	67	19.4	105	1.9
30	53.3	68	18.6	106	1.7
31	52.4	69	17.8	107	1.5
32	51.4	70	17	108	1.4
33	50.4	71	16.3	109	1.2
34	49.4	72	15.5	110	1.1
35	48.5	73	14.8	111+	1
36	47.5	74	14.1		
37	46.5	75	13.4		

HCFA Medicaid Unisex Life Expectancy Tables State Manual, § 3258.9 (HCFA Transmittal No. 64)					
Age	LE	Age	LE	Age	LE
0	71.8	38	36.83	76	8.76
1	71.53	39	35.94	77	8.29
2	70.58	40	35.05	78	7.83
3	69.62	41	34.15	79	7.4
4	68.65	42	33.26	80	6.98
5	67.67	43	32.37	81	6.59
6	66.69	44	31.49	82	6.21
7	65.71	45	30.61	83	5.85
8	64.73	46	29.74	84	5.51
9	63.74	47	28.88	85	5.19
10	62.75	48	28.02	86	4.89
11	61.76	49	27.17	87	4.61
12	60.78	50	26.32	88	4.34
13	59.79	51	25.48	89	4.09
14	58.82	52	24.65	90	3.86
15	57.85	53	23.82	91	3.64
16	56.91	54	23.01	92	3.43
17	55.97	55	22.21	93	3.24
18	55.05	56	21.43	94	3.06
19	54.13	57	20.66	95	2.9
20	53.21	58	19.9	96	2.74
21	52.29	59	19.15	97	2.6
22	51.38	60	18.42	98	2.47
23	50.46	61	17.7	99	2.34
24	49.55	62	16.99	100	2.22
25	48.63	63	16.3	101	2.11
26	47.72	64	15.62	102	1.99
27	46.8	65	14.96	103	1.89
28	45.88	66	14.32	104	1.78
29	44.97	67	13.7	105	1.68
30	44.06	68	13.09	106	1.59
31	43.15	69	12.5	107	1.5
32	42.24	70	11.92	108	1.41
33	41.33	71	11.35	109	1.33
34	40.23	72	10.8	110	1.25
35	39.52	73	10.27	111	1.17
36	38.62	74	9.27	112	1.1
37	37.73	75	9.24	113	1.02

Immediate Annuities Update

The immediate annuity factors (also called “purchase rates”) shown in **Tables 1 through 13** 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 sex of the annuitant.

Tables 2 through 9 illustrate purchase rates for Single Life Annuities. In separate tables we report the factors for males and females ranging from age 50 through age 85 in 5 year intervals. Each table distinguishes between purchase rates for males and females, 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).

In some cases, the tax status of the funds used to buy an annuity directly can influence the purchase rates insurance companies will apply to a deposit. Our rate tables are based on the assumption that “**Non-Qualified**” are being used. Since a number of insurance companies will pay a somewhat different income for the same dollar deposit if the funds are “**Qualified**,” it is important to know which type of funds are being used to purchase an immediate annuity.

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 85. 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 10 through 13 provide the purchase rates for Joint and Survivor Annuities (“J&S”) for a male/female couple ages 60/57 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)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
Allianz LIC/No. America 90611	na	\$ 9.30	\$ 7.01	\$ 5.88	\$ 5.09	\$ 4.58
American Gen LIC (AIG) 60488	\$ 16.94	\$ 9.61	\$ 7.57	\$ 6.32	\$ 5.59	\$ 5.13
Fidelity & Guaranty LI 63274	\$ 16.82	\$ 9.43	\$ 7.17	\$ 6.12	\$ 5.54	\$ 5.18
First Colony LIC 63401	\$ 16.95	\$ 9.64	\$ 7.38	\$ 6.33	\$ 5.75	\$ 5.39
GE Capital Assurance 70025	\$ 16.95	\$ 9.64	\$ 7.38	\$ 6.33	\$ 5.75	\$ 5.39
Jefferson Pilot 67865	\$ 19.92	\$ 9.46	\$ 7.13	\$ 6.04	na	na
John Hancock LIC 06601	\$ 16.63	\$ 9.36	\$ 7.10	\$ 6.05	\$ 5.46	\$ 5.09
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 17.06	\$ 9.65	\$ 7.27	\$ 6.09	\$ 5.41	\$ 4.98
Metropolitan LIC 65978	na	\$ 9.18	\$ 6.88	\$ 5.81	\$ 5.23	\$ 4.86
Penn Mutual LIC 06903	\$ 17.20	\$ 9.74	\$ 7.44	\$ 6.29	\$ 5.63	\$ 5.26
Presidential LIC 68039	\$17.18	\$ 9.68	\$ 7.37	\$ 6.33	\$ 5.76	\$ 5.40
United of Omaha 69868	\$ 16.82	\$ 9.57	\$ 7.28	\$ 6.17	na	na
USG Annuity & Life 61247	\$ 17.10	\$ 9.64	\$ 7.26	\$ 6.09	na	na

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

**Who
do you
call
when
you're
ready
to buy
your
next
annuity?**



The experts say to call WebAnnuities.com (formerly Annuity Shopper Brokerage Services). 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. If this level of service sounds too good to be true, just read what some of America's leading financial advisors have to say about our company:

It's possible to deal with a reputable broker who maintains a broad database of annuity rates paid by different companies...

WebAnnuities.com is an insurance brokerage and research firm that specializes in annuities. It works on a commission basis. The firm publishes *Annuity Shopper*, a newsletter that compares different insurers' ratings, rates and charges

☞ *Bottom Line*

Our top annuity source...we recommend Hersh Stern, editor of WebAnnuities.com...he offers a rating service which can help you compare different companies' rates and charges.

☞ *DOLAN'S STRAIGHT TALK ON YOUR MONEY*

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

☞ *MONEY MAGAZINE'S Safe Investing*

WebAnnuities.com, an annuity broker recently uncovered an 18% difference in prices charged by 41 highly-rated insurers for the identical immediate annuity.

☞ *Executive Wealth Advisory*

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 WebAnnuities.com.

☞ *THE RETIREMENT LETTER*

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)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 5.25	\$ 5.19	\$ 5.06	\$ 5.06	\$ 5.03	\$ 4.97
American Gen LIC (AIG) 60488	\$ 5.16	\$ 5.11	\$ 4.99	\$ 4.95	\$ 4.93	\$ 4.86
Fidelity & Guaranty LI 63274	\$ 5.27	\$ 5.22	\$ 5.09	\$ 4.91	\$ 4.92	\$ 4.90
First Colony LIC 63401	\$ 5.48	\$ 5.43	\$ 5.30	\$ 5.28	\$ 5.26	\$ 5.18
GE Capital Assurance 70025	\$ 5.48	\$ 5.43	\$ 5.30	\$ 5.28	\$ 5.26	\$ 5.18
Jefferson Pilot 67865	\$ 5.16	\$ 5.11	\$ 4.98	\$ 4.92	\$ 4.90	\$ 4.82



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

John Hancock LIC 06601	\$ 5.16	\$ 5.11	\$ 5.00	\$ 4.99	\$ 4.97	\$ 4.90
Lincoln Benefit Life Co. 65595	\$ 4.90	\$ 4.86	\$ 4.75	\$ 4.73	\$ 4.71	\$ 4.65
Metropolitan LIC 65978	\$ 4.80	\$ 4.76	\$ 4.66	\$ 4.53	\$ 4.51	\$ 4.47
Penn Mutual LIC 06903	\$ 5.40	\$ 5.35	\$ 5.21	\$ 5.07	\$ 5.05	\$ 4.99
Presidential LIC 68039	\$ 5.50	\$ 5.44	\$ 5.31	\$ 5.25	\$ 5.22	\$ 5.15
United of Omaha 69868	\$ 5.31	\$ 5.28	\$ 5.17	\$ 5.07	\$ 5.06	\$ 5.02
USG Annuity & Life 61247	\$ 5.04	\$ 4.99	\$ 4.86	\$ 4.78	\$ 4.76	\$ 4.69

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

Immediate Annuities Update

Table 3. Single Life Annuities — Age 55 (Non-Qualified Funds)
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 5.52	\$ 5.43	\$ 5.23	\$ 5.26	\$ 5.21	\$ 5.11
American Gen LIC (AIG) 60488	\$ 5.51	\$ 5.43	\$ 5.23	\$ 5.25	\$ 5.21	\$ 5.09
Fidelity & Guaranty LI 63274	\$ 5.63	\$ 5.53	\$ 5.31	\$ 5.18	\$ 5.17	\$ 5.09
First Colony LIC 63401	\$ 5.80	\$ 5.71	\$ 5.51	\$ 5.55	\$ 5.50	\$ 5.37
GE Capital Assurance 70025	\$ 5.80	\$ 5.71	\$ 5.51	\$ 5.55	\$ 5.50	\$ 5.37
Jefferson Pilot 67865	\$ 5.50	\$ 5.41	\$ 5.19	\$ 5.20	\$ 5.15	\$ 5.02
John Hancock LIC 06601	\$ 5.46	\$ 5.39	\$ 5.20	\$ 5.23	\$ 5.19	\$ 5.08



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

Lincoln Benefit Life Co. 65595	\$ 5.24	\$ 5.17	\$ 5.00	\$ 5.03	\$ 4.98	\$ 4.86
Metropolitan LIC 65878	\$ 5.10	\$ 5.03	\$ 4.85	\$ 4.75	\$ 4.72	\$ 4.64
Penn Mutual LIC 06903	\$ 5.70	\$ 5.64	\$ 5.44	\$ 5.34	\$ 5.30	\$ 5.19
Presidential LIC 68039	\$ 5.84	\$ 5.74	\$ 5.52	\$ 5.54	\$ 5.48	\$ 5.36
United of Omaha 69868	\$ 5.65	\$ 5.58	\$ 5.38	\$ 5.34	\$ 5.31	\$ 5.21
USG Annuity & Life 61247	\$ 5.42	\$ 5.33	\$ 5.12	\$ 5.10	\$ 5.05	\$ 4.93

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

Immediate Annuities Update

Table 4. Single Life Annuities — Age 60 (Non-Qualified Funds)
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 5.91	\$ 5.75	\$ 5.40	\$ 5.58	\$ 5.49	\$ 5.29
American Gen LIC (AIG) 60488	\$ 6.00	\$ 5.86	\$ 5.51	\$ 5.66	\$ 5.58	\$ 5.36
Fidelity & Guaranty LI 63274	\$ 6.10	\$ 5.93	\$ 5.53	\$ 5.54	\$ 5.50	\$ 5.33
First Colony LIC 63401	\$ 6.24	\$ 6.09	\$ 5.74	\$ 5.90	\$ 5.82	\$ 5.59
GE Capital Assurance 70025	\$ 6.24	\$ 6.09	\$ 5.74	\$ 5.90	\$ 5.82	\$ 5.59
Jefferson Pilot 67865	\$ 5.95	\$ 5.80	\$ 5.42	\$ 5.57	\$ 5.49	\$ 5.26
John Hancock LIC 06601	\$ 5.90	\$ 5.77	\$ 5.45	\$ 5.56	\$ 5.48	\$ 5.30



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


Lincoln Benefit Life Co. 65595	\$ 5.72	\$ 5.59	\$ 5.28	\$ 5.41	\$ 5.33	\$ 5.12
Metropolitan LIC 65878	\$ 5.51	\$ 5.39	\$ 5.09	\$ 5.06	\$ 4.99	\$ 4.85
Penn Mutual LIC 06903	\$ 6.15	\$ 6.00	\$ 5.64	\$ 5.65	\$ 5.61	\$ 5.41
Presidential LIC 68039	\$ 6.30	\$ 6.13	\$ 5.76	\$ 5.91	\$ 5.82	\$ 5.59
United of Omaha 69868	\$ 6.13	\$ 5.99	\$ 5.60	\$ 5.72	\$ 5.66	\$ 5.45
USG Annuity & Life 61247	\$ 5.92	\$ 5.77	\$ 5.39	\$ 5.51	\$ 5.43	\$ 5.21

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 6.50	\$ 6.20	\$ 5.59	\$ 6.03	\$ 5.88	\$ 5.49
American Gen LIC (AIG) 60488	\$ 6.69	\$ 6.42	\$ 5.79	\$ 6.23	\$ 6.08	\$ 5.67
Fidelity & Guaranty LI 63274	\$ 6.77	\$ 6.44	\$ 5.76	\$ 6.06	\$ 5.95	\$ 5.60
First Colony LIC 63401	\$ 6.89	\$ 6.59	\$ 5.97	\$ 6.39	\$ 6.24	\$ 5.84
GE Capital Assurance 70025	\$ 6.89	\$ 6.59	\$ 5.97	\$ 6.39	\$ 6.24	\$ 5.84
Jefferson Pilot 67865	\$ 6.61	\$ 6.31	\$ 5.65	\$ 6.10	\$ 5.93	\$ 5.52
John Hancock LIC 06601	\$ 6.54	\$ 6.28	\$ 5.70	\$ 6.03	\$ 5.89	\$ 5.54
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 6.39	\$ 6.14	\$ 5.57	\$ 5.95	\$ 5.80	\$ 5.41
Metropolitan LIC 65878	\$ 6.09	\$ 5.85	\$ 5.32	\$ 5.48	\$ 5.37	\$ 5.10
Penn Mutual LIC 06903	\$ 6.78	\$ 6.54	\$ 5.85	\$ 6.11	\$ 5.98	\$ 5.64
Presidential LIC 68039	\$ 6.95	\$ 6.63	\$ 5.98	\$ 6.42	\$ 6.24	\$ 5.84
United of Omaha LIC 69868	\$ 6.83	\$ 6.54	\$ 5.83	\$ 6.28	\$ 6.13	\$ 5.70
USG Annuity & Life 61247	\$ 6.62	\$ 6.33	\$ 5.65	\$ 6.08	\$ 5.93	\$ 5.51

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

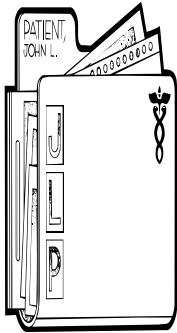
Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 7.35	\$ 6.76	\$ 5.75	\$ 6.74	\$ 6.41	\$ 5.70
American Gen LIC (AIG) 60488	\$ 7.66	\$ 7.09	\$ 6.01	\$ 7.03	\$ 6.72	\$ 5.94
Fidelity & Guaranty LI 63274	\$ 7.74	\$ 7.08	\$ 5.95	\$ 6.84	\$ 6.58	\$ 5.85
First Colony LIC 63401	\$ 7.82	\$ 7.23	\$ 6.16	\$ 7.09	\$ 6.80	\$ 6.07
GE Capital Assurance 70025	\$ 7.82	\$ 7.23	\$ 6.16	\$ 7.09	\$ 6.80	\$ 6.07
Jefferson Pilot 67865	\$ 7.55	\$ 6.93	\$ 5.83	\$ 6.85	\$ 6.52	\$ 5.76
John Hancock LIC 06601	\$ 7.40	\$ 6.87	\$ 5.88	\$ 6.71	\$ 6.43	\$ 5.78



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

Lincoln Benefit Life Co. 65595	\$ 7.36	\$ 6.85	\$ 5.81	\$ 6.72	\$ 6.42	\$ 5.70
Metropolitan LIC 65878	\$ 6.92	\$ 6.44	\$ 5.53	\$ 6.09	\$ 5.88	\$ 5.36
Penn Mutual LIC 06903	\$ 7.76	\$ 7.17	\$ 6.05	\$ 6.78	\$ 6.55	\$ 5.90
Presidential LIC 68039	\$ 7.87	\$ 7.25	\$ 6.15	\$ 7.14	\$ 6.81	\$ 6.07
United of Omaha 69868	\$ 7.75	\$ 7.13	\$ 5.99	\$ 7.03	\$ 6.71	\$ 5.92
USG Annuity & Life 61247	\$ 7.60	\$ 7.00	\$ 5.86	\$ 6.89	\$ 6.57	\$ 5.78

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003



Medically Underwritten ("Rated Age") Immediate Annuities

A person with a serious medical condition may qualify for an annuity which pays them a greater than normal income. This occurs when an insurance company determines that the person's actuarial age is older than their chronological age. The level of income calculated based on a so-called "rated age" is usually greater because the insurance company expects the duration of the income stream to be shorter, i.e., the company expects to make fewer payments.

What constitutes a "Serious Medical Condition"?

The following are examples of "ratable" conditions. This is not intended to be an exhaustive list. There are other conditions which may qualify for "rated age" underwriting. To discuss your specific situation with us call 800-872-6684. We would be glad to review this with you.

Alzheimer's	Emphysema/COPD	Mental Illness
Alcoholism	Heart Attack or Angina	Multiple Sclerosis (MS)
ALS (Lou Gehrig's Disease)	Heart Valve Disease	Muscular Dystrophy
Angioplasty or Heart Surgery	Hodgkin's Disease	Organic Brain Syndrome
Cancer (except for basal cell)	Injury Due to Falls or Imbalance	Paraplegia or Quadriplegia
Congestive Heart Failure (CHF)	Leukemia	Stroke
Cirrhosis of the Liver	Lymphoma	Transient Ischemic Attack

How do I apply for a "Rated Age" determination?

It is a lot simpler to apply for a rated age determination than to apply for a life insurance policy. You do not have to meet with a para-med or undergo any special physical examinations. Just send us a copy of your doctors' recent reports written at the time of significant examinations, hospitalizations, surgeries, or rehabilitation. You may also send us copies of reports obtained from hospital admissions and discharge departments. Keep in mind that your chances for obtaining a more favorable rating will increase with the number of detailed reports you submit! If you do not have access to any of these reports you may send us a summary of your significant medical information on the attached form. Note, however, that the insurance companies prefer reading copies of your doctors' reports. They will often decline to underwrite an annuity when they only receive information from the person who is purchasing the policy.


When sending the requested information please also include a signed Authorization to Release Information form (see attached).

To obtain a rated age determination for yourself or for
a client call Hersh Stern of WebAnnuities.com
at 800-872-6684

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 8.54	\$ 7.37	\$ 5.85	\$ 7.80	\$ 7.08	\$ 5.84
American Gen LIC (AIG) 60488	\$ 9.06	\$ 7.89	\$ 6.18	\$ 8.29	\$ 7.57	\$ 6.16
Fidelity & Guaranty LI 63274	\$ 9.16	\$ 7.82	\$ 6.07	\$ 8.04	\$ 7.37	\$ 6.02
First Colony LIC 63401	\$ 9.22	\$ 7.97	\$ 6.27	\$ 8.16	\$ 7.52	\$ 6.23
GE Capital Assurance 70025	\$ 9.22	\$ 7.97	\$ 6.27	\$ 8.16	\$ 7.52	\$ 6.23
Jefferson Pilot 67865	\$ 8.87	\$ 7.63	\$ 5.95	\$ 8.01	\$ 7.27	\$ 5.92
John Hancock LIC 06601	\$ 8.57	\$ 7.51	\$ 5.99	\$ 7.71	\$ 7.10	\$ 5.94
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 8.79	\$ 7.66	\$ 5.97	\$ 7.86	\$ 7.20	\$ 5.91
Metropolitan LIC 65878	\$ 8.11	\$ 7.11	na	\$ 7.02	\$ 6.55	na
Penn Mutual LIC 06903	\$ 8.96	\$ 7.86	\$ 6.17	\$ 7.82	\$ 7.29	\$ 6.10
Presidential LIC 68039	\$ 9.24	\$ 7.96	\$ 6.27	\$ 8.26	\$ 7.52	\$ 6.22
United of Omaha LIC 69868	\$ 8.96	\$ 7.75	\$ 6.08	\$ 8.10	\$ 7.39	\$ 6.06
USG Annuity & Life 61247	\$ 8.97	\$ 7.73	\$ 6.00	\$ 8.10	\$ 7.36	\$ 5.96

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

Immediate Annuities Update

Table 8. Single Life Annuities — Age 80 (Non-Qualified Funds)
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 10.23	\$ 7.99	\$ 5.91	\$ 9.43	\$ 7.81	\$ 5.91
American Gen LIC (AIG) 60488	\$ 11.05	\$ 8.69	\$ 6.28	\$ 10.16	\$ 8.48	\$ 6.27
Fidelity & Guaranty LI 63274	\$ 11.27	\$ 8.56	\$ 6.12	\$ 9.87	\$ 8.20	\$ 6.10
First Colony LIC 63401	\$ 11.33	\$ 8.66	\$ 6.32	\$ 9.79	\$ 8.32	\$ 6.30
GE Capital Assurance 70025	\$ 11.33	\$ 8.66	\$ 6.32	\$ 9.79	\$ 8.32	\$ 6.30
Jefferson Pilot 67865	\$ 10.75	\$ 8.31	\$ 6.01	\$ 9.77	\$ 8.07	\$ 6.00
John Hancock LIC 06601	\$ 10.21	\$ 8.15	\$ 6.04	\$ 9.23	\$ 7.85	\$ 6.02
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 10.89	\$ 8.43	\$ 6.05	\$ 9.60	\$ 8.05	\$ 6.03
Metropolitan LIC 65878	\$ 9.82	\$ 7.82	na	\$ 8.45	\$ 7.33	na
Penn Mutual LIC 06903	\$ 10.79	\$ 8.57	na	\$ 9.27	\$ 8.06	na
Presidential LIC 68039	\$11.30	\$ 8.64	\$ 6.31	\$10.00	\$ 8.32	\$ 6.30
United of Omaha LIC 69869	\$ 10.66	\$ 8.34	\$ 6.13	\$ 9.71	\$ 8.11	\$ 6.12
USG Annuity & Life 61247	\$ 10.91	\$ 8.45	\$ 6.07	\$ 9.91	\$ 8.21	\$ 6.06
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003						

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 12.52	\$ 8.44	\$ 5.93	\$ 11.79	\$ 8.37	\$ 5.93
American Gen LIC (AIG) 60488	\$ 13.91	\$ 9.35	\$ 6.31	\$ 13.06	\$ 9.27	\$ 6.31
Fidelity & Guaranty LI 63274	\$ 14.55	\$ 9.12	na	\$ 12.63	\$ 8.84	na
First Colony LIC 63401	\$ 14.29	\$ 9.18	na	\$ 12.26	\$ 9.00	na
GE Capital Assurance 70025	\$ 14.29	\$ 9.18	na	\$ 12.26	\$ 9.00	na
Jefferson Pilot 67865	\$ 13.44	\$ 8.86	\$ 6.03	\$ 12.48	\$ 8.76	\$ 6.03
John Hancock LIC 06601	\$ 12.54	\$ 8.68	\$ 6.05	\$ 11.57	\$ 8.53	\$ 6.05



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

Lincoln Benefit Life Co. 65595	\$ 13.70	\$ 9.00	\$ 6.08	\$ 12.20	\$ 8.80	\$ 6.07
Metropolitan LIC 65878	\$ 12.27	na	na	\$ 10.62	na	na
Penn Mutual LIC 06903	\$ 13.38	\$ 9.11	na	\$ 11.50	\$ 8.78	na
Presidential LIC 68039	\$14.22	\$ 9.17	\$ 6.33	\$12.76	\$ 9.00	\$ 6.33
United of Omaha LIC 69868	\$13.23	\$ 8.88	\$ 6.15	\$ 12.31	\$ 8.78	\$ 6.15
USG Annuity & Life 61247	\$ 13.64	\$ 9.02	\$ 6.09	\$ 12.68	\$ 8.92	\$ 6.09

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003

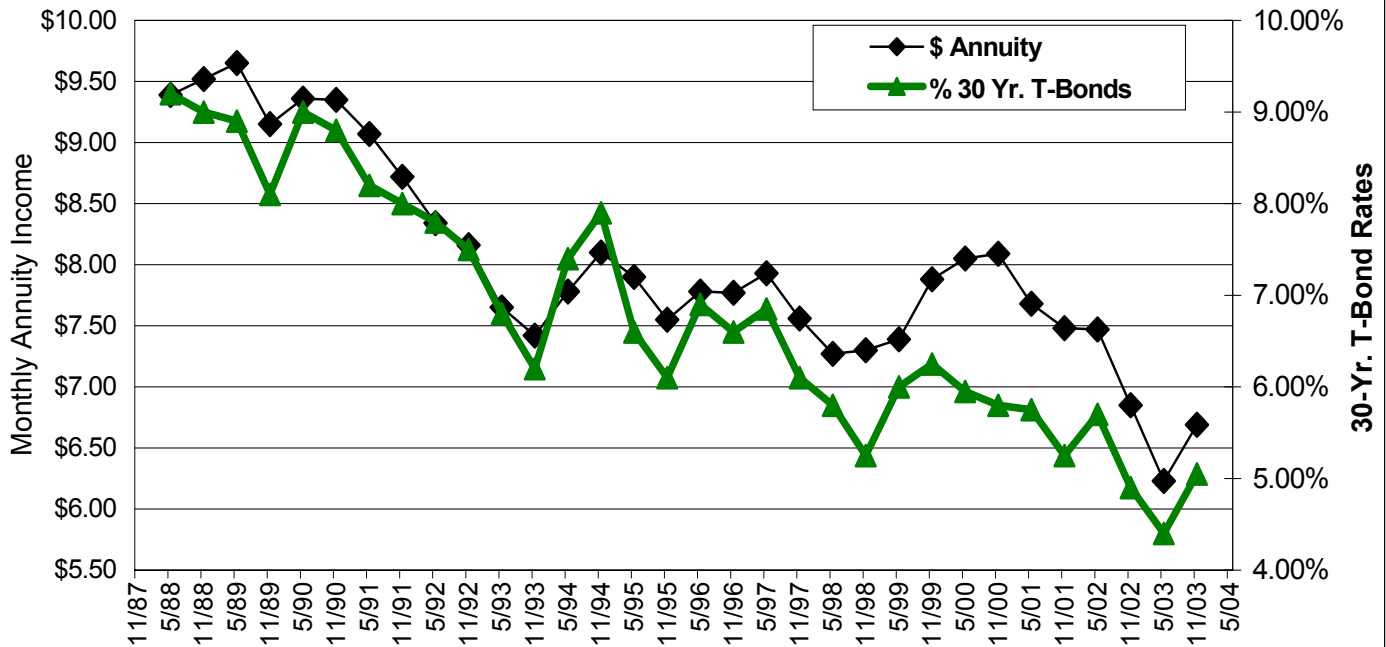
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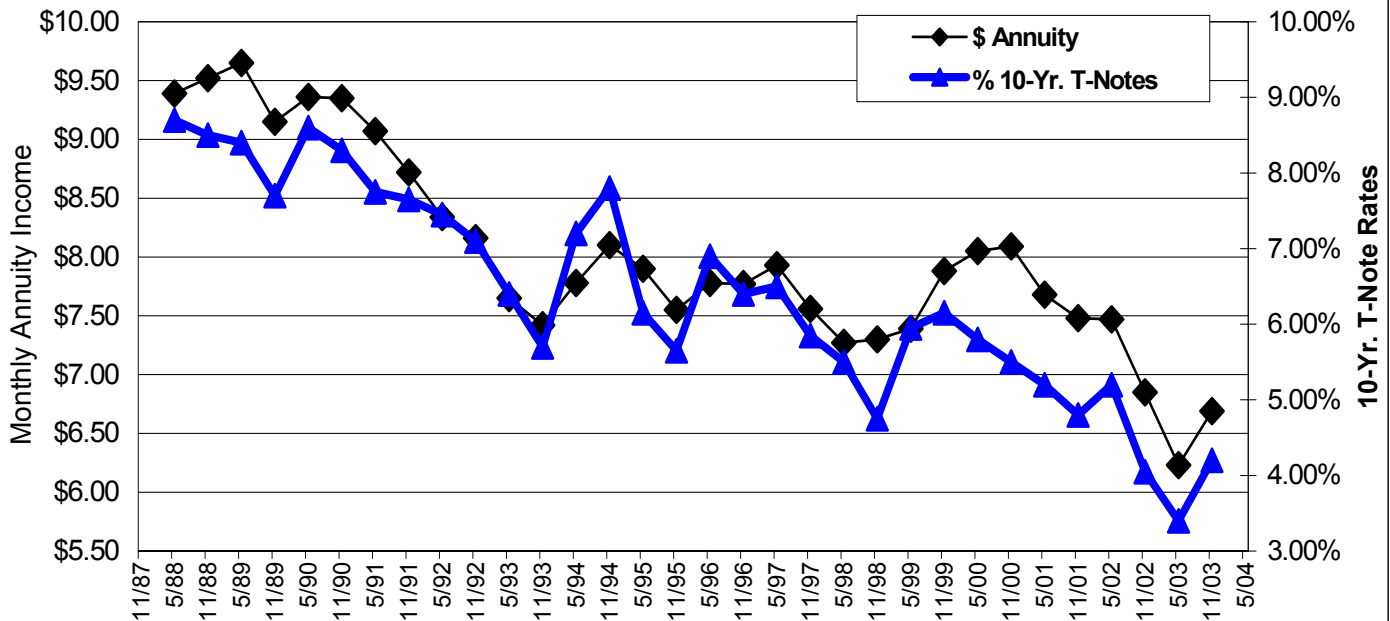
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Annuity Trends

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




Monthly Income per \$1,000 deposit for a Straight Life Annuity on a Male Age 65 shown with the Yield on a 10-Year Treasury Note



Immediate Annuities Update

Table 10. Joint & Survivor Annuities — Male Age 60, Female Age 57 (Non-Qualified)
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

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
Allianz LIC/No. America 90611	\$ 5.81	na	\$ 5.11
American Gen LIC (AIG) 60488	\$ 5.68	\$ 5.47	\$ 5.02
Fidelity & Guaranty LI 63274	\$ 5.68	\$ 5.49	\$ 4.99
First Colony LIC 63401	\$ 5.95	\$ 5.76	\$ 5.34
GE Capital Assurance 70025	\$ 5.95	\$ 5.76	\$ 5.34
Jefferson Pilot 67865	\$ 5.63	\$ 5.43	\$ 4.99
John Hancock LIC 06601	\$ 5.61	\$ 5.44	\$ 5.04
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Lincoln Benefit Life Co. 65595	\$ 5.43	\$ 5.22	\$ 4.80
Metropolitan LIC 65978	\$ 5.13	\$ 4.98	\$ 4.78
Penn Mutual LIC 06903	\$ 5.79	\$ 5.56	\$ 5.08
Presidential LIC 68039	\$ 5.97	\$ 5.78	\$ 5.34
United of Omaha LIC 69868	\$ 5.78	\$ 5.58	\$ 5.13
USG Annuity & Life 61247	\$ 5.56	\$ 5.36	\$ 4.89
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003</small>			

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

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
Allianz LIC/No. America 90611	\$ 6.29	na	\$ 5.38
American Gen LIC (AIG) 60488	\$ 6.25	\$5.96	\$ 5.38
Fidelity & Guaranty LI 63274	\$ 6.20	\$ 5.96	\$ 5.32
First Colony LIC 63401	\$ 6.46	\$ 6.21	\$ 5.65
GE Capital Assurance 70025	\$ 6.46	\$ 6.21	\$ 5.65
Jefferson Pilot 67865	\$ 6.16	\$ 5.89	\$ 5.32
John Hancock LIC 06601	\$ 6.10	\$ 5.88	\$ 5.35
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Lincoln Benefit Life Co. 65595	\$ 5.97	\$ 5.70	\$ 5.14
Metropolitan LIC 65978	\$ 5.42	\$ 5.27	\$ 4.87
Penn Mutual LIC 06903	\$ 6.26	\$ 5.96	\$ 5.31
Presidential LIC 68039	\$ 6.49	\$ 6.24	\$ 5.66
United of Omaha 69868	\$ 6.34	\$ 6.07	\$ 5.47
USG Annuity & Life 61247	\$ 6.14	\$ 5.86	\$ 5.27
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003			

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

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
Allianz LIC/No. America 90611	\$ 6.98	na	\$ 5.78
American Gen LIC (AIG) 60488	\$ 7.06	\$ 6.67	\$ 5.89
Fidelity & Guaranty LI 63274	\$ 6.96	\$ 6.63	\$ 5.80
First Colony LIC 63401	\$ 7.18	\$ 6.85	\$ 6.10
GE Capital Assurance 70025	\$ 7.18	\$ 6.85	\$ 6.10
Jefferson Pilot 67865	\$ 6.91	\$ 6.55	\$ 5.78
John Hancock LIC 06601	\$ 6.79	\$ 6.49	\$ 5.78
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Lincoln Benefit Life Co. 65595	\$ 6.74	\$ 6.38	\$ 5.63
Metropolitan LIC 65978	\$ 5.98	\$ 5.79	\$ 5.25
Penn Mutual LIC 06903	\$ 6.99	\$ 6.61	\$ 5.76
Presidential LIC 68039	\$ 7.22	\$ 6.88	\$ 6.11
United of Omaha 69868	\$ 7.10	\$ 6.73	\$ 5.94
USG Annuity & Life 61247	\$ 6.93	\$ 6.57	\$ 5.78
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003</small>			

Immediate Annuities Update

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

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC IDNumber)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
Allianz LIC/No. America 90611	\$ 8.01	na	\$ 6.40
American Gen LIC (AIG) 60488	\$ 8.19	\$ 7.64	\$ 6.60
Fidelity & Guaranty LI 63274	\$ 8.10	\$ 7.63	\$ 6.54
First Colony LIC 63401	\$ 8.25	\$ 7.81	\$ 6.77
GE Capital Assurance 70025	\$ 8.25	\$ 7.81	\$ 6.77
Jefferson Pilot 67865	\$ 7.98	\$ 7.48	\$ 6.46
John Hancock LIC 06601	\$ 7.74	\$ 7.31	\$ 6.38
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.			
Lincoln Benefit Life Co. 65595	\$ 7.86	\$ 7.37	\$ 6.34
Metropolitan LIC 65978	\$ 6.77	\$ 6.55	\$ 5.81
Penn Mutual LIC 06903	\$ 7.96	\$7.41	\$ 6.31
Presidential LIC 68039	\$ 8.30	\$ 7.82	\$ 6.77
United of Omaha 69868	\$ 8.11	\$ 7.59	\$ 6.58
USG Annuity & Life 61247	\$ 8.06	\$ 7.54	\$ 6.50
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 2003			

Deferred Annuities Update

In a Multi-Year Guarantee deferred annuity ('MYGA'), your premium is credited with a fixed interest rate for length of time in years known as the **Rate Guarantee Period** (see column with that title). Some contracts offer a constant rate for the duration and others offer a bonus in the first year of the rate guarantee period (see columns titled **Interest Rate in 1st Yr.** and **Interest Rate in Following Years**).

The column headed **Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year** reports the schedule of surrender penalties in effect for each contract year. Note, however, that many contracts feature a so-called **Market Value Adjustment** ('MVA') which may increase or decrease the total penalties incurred on early surrender of the policy. A typical MVA is determined by a formula which compares the base interest rate of the

contract at the time it was issued and the base interest rate (of a similar contract) at the time the policy is surrendered. Generally, if the base interest rate has gone down, then the MVA will have a **positive** impact on the value of your policy (and the MVA will offset some or, even, all of the early surrender charges). Conversely, if interest rates are higher at the time of withdrawal, the MVA will have a **negative** impact on the early surrender value of the contract.

Table 14. Multi-Year Guarantee Deferred Annuities

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 st Yr	Interest Rate in Following Years	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 st 2 nd 3 rd 4 th 5 th 6 th 7 th 8 th 9 th 10 th	Any Market Value Adjustment ('MVA')?
Jefferson Pilot 67865	Pilot Gold - Gold 6	0-85	10,000	1,000,000	6 Years	4.65%	3.65%	8% 8% 7% 6% 5% 4%	YES
Jefferson Pilot 67865	Pilot Gold - Gold 7	0-85	10,000	1,000,000	7 Years	5.85%	3.85%	8% 8% 7% 6% 5% 4% 3%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	5 Years	4.10%	3.10%	8% 8% 8% 7% 6%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	5 Years	5.10%	3.10%	8% 8% 8% 7% 6%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	6 Years	3.65%	3.65%	8% 8% 8% 7% 6% 5% 3% 2% 1%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	6 Years	4.65%	3.65%	8% 8% 8% 7% 6% 5% 3% 2% 1%	YES

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: November 28, 2003

Deferred Annuities Update

Table 14. Multi-Year Guarantee Deferred Annuities, cont'd.

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 st Yr	Interest Rate in Following Yrs	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 st 2 nd 3 rd 4 th 5 th 6 th 7 th 8 th 9 th 10 th	Any Market Value Adjustment ("MVA")?
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	7 Years	4.30%	3.30%	8% 8% 8% 7% 6% 5% 4%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	7 Years	5.30%	3.30%	8% 8% 8% 7% 6% 5% 4%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	8 Years	4.80%	3.30%	8% 8% 8% 7% 6% 5% 4% 3%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	8 Years	5.80%	3.30%	8% 8% 8% 7% 6% 5% 4% 3%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	9 Years	7.45%	3.45%	8% 8% 8% 7% 6% 5% 4% 3% 2%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	9 Years	8.45%	3.45%	8% 8% 8% 7% 6% 5% 4% 3% 2%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	10 Years	4.60%	3.60%	8% 8% 8% 7% 6% 5% 4% 3% 2% 1%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	10 Years	5.60%	3.60%	8% 8% 8% 7% 6% 5% 4% 3% 2% 1%	YES
Presidential LIC 68039	Secure 4	0-90	5,000	500,000	4 Years	3.85%	3.85%	7% 6% 6% 5%	NO
Presidential LIC 68039	Secure 5	0-90	5,000	500,000	5 Years	4.00%	4.00%	7% 7% 6% 6% 4%	NO
Presidential LIC 68039	Secure 6	0-90	5,000	500,000	6 Years	4.15%	4.15%	7% 7% 7% 6% 5% 4%	NO

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: November 28, 2003

Deferred Annuities Update

Table 14. Multi-Year Guarantee Deferred Annuities, cont'd.

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 st Yr	Interest Rate Following Yrs	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 st 2 nd 3 rd 4 th 5 th 6 th 7 th 8 th 9 th 10 th	Any Market Value Adjustment ('MVA')?
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	5 Years	3.00%	3.00%	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	5 Years	3.25%	3.25%	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	6 Years	3.35%	3.35%	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	6 Years	3.60%	3.60%	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	8 Years	4.10%	4.10%	9% 8% 7% 6% 5% 4% 3% 2%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	8 Years	4.35%	4.35%	9% 8% 7% 6% 5% 4% 3% 2%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	10 Years	4.50%	4.50%	9% 8% 7% 6% 5% 4% 3% 2% 1% 0%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	10 Years	4.75%	4.75%	9% 8% 7% 6% 5% 4% 3% 2% 1% 0%	YES
USG Annuity & Life Co.	Select Guarantee	0-90	15,000	500,000	5 Years	currently unavailable	currently unavailable	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Select Guarantee	0-90	15,000	500,000	6 Years	currently unavailable	currently unavailable	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Select Guarantee	0-90	15,000	500,000	8 Years	6.00%	3.70%	9% 8% 7% 6% 5% 4% 3% 2%	YES

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: November 28, 2003

State Guaranty Associations

What happens if my insurance company becomes insolvent? Your insurance company is regulated by your state. When a state determines that an insurance company is insolvent, the mechanism used to protect policyholders is the "Guaranty Association" system which helps pay the claims of financially impaired companies. State laws specify what type of insurance is covered and the dollar amount of the coverage (see summary table below). Guaranty associations in states where the policyholders live are responsible for providing protection for an insolvent insurer, even if the insurer is headquartered in another state. Policyholders who reside in states where the insolvent insurer was not licensed may be covered by the guaranty association of the domiciliary state of that insurer. You are strongly advised to contact the consumer affairs office of your state insurance department (see phone numbers below) for further details about the coverage which may or may not be available to you in the event your annuity provider becomes insolvent.

State	Annuity Coverages (Excerpted from state statutes. You are strongly advised to read the complete statute for details)	State Numbers
Alabama	\$100,000 in cash values	(205) 879-2202
Alaska	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(907) 243-2311
Arizona	\$100,000 with respect to cash value or annuity claims	(602) 346-3863
Arkansas	\$300,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(501) 387-2961
California	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(323) 782-0182
Colorado	\$100,000 in the present value of annuity benefits, including net cash values	(303) 292-5022
Connecticut	\$100,000 in the present value of annuity benefits, including but not limited to net cash values	(860) 529-3495
Delaware	\$100,000 in the aggregate in present value annuity benefits, including net cash surrender and net cash withdrawal values	(302) 456-3656
Dist. of Col.	\$300,000 in the present value of annuity benefits, including net cash values	(202) 434-8771
Florida	\$100,000 in cash values	(850) 413-3100
Georgia	\$100,000 cash values	(770) 621-9835
Idaho	\$300,000 of annuity benefit payments for annuities for ... annuitant's lifetime or for a period certain not less than 10	(208) 378-9501
Illinois	\$100,000 in present value of annuity benefits including net cash values	(773) 714-8050
Indiana	\$100,000 in cash values	(317) 636-8204
Iowa	\$100,000 cash values	(515) 283-3163
Kansas	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(785) 271-1199
Kentucky	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(502) 895-5915
Louisiana	\$100,000 in present value of annuity benefits including net cash values	(225) 381-0656
Maine	\$100,000 cash values	(207) 633-1090
Maryland	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(410) 998-3907
Massachusetts	\$100,000 in the present value of annuity benefits, including net cash values	(413) 744-8483
Michigan	\$100,000 in present value annuity benefits including net cash values	(517) 372-3863
Minnesota	\$100,000 [\$110,000 adjusted for inflation] in annuity net cash surrender and net cash withdrawal values	(651) 407-3149
Mississippi	\$100,000 in the present value of annuity benefits including net cash values	(601) 981-0755
Missouri	\$100,000 in the present value of annuity benefits, including net cash values	(573) 634-8455
Montana	\$100,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(800) 872-6684
Nebraska	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(402) 474-6900
Nevada	\$100,000 in the present value of benefits from annuities, including net cash for surrender and withdrawal	(775) 329-8387
New Hamp-	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(603) 226-9114
New Jersey	\$500,000 in present value of annuity benefits... \$100,000 in net cash surrender and withdrawal values...	(973) 623-3989
New Mexico	\$100,000 in cash values	(505) 237-9397
New York	\$500,000 for all benefits, including cash values	(212) 909-6813
No. Carolina	\$300,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(919) 833-6838
North Dakota	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(701) 235-4108
Ohio	\$100,000 in the present value of annuity benefits including net cash values	(614) 442-0004
Oklahoma	\$300,000 in the present value of annuity benefits, including net cash values	(405) 272-9221
Oregon	\$100,000 in the present value of annuity benefits including net cash values	(503) 588-1974
Pennsylvania	\$300,000 in annuity benefits, including \$100,000 in net cash values	(610) 975-0572
Rhode Island	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(401) 273-2921
So. Carolina	Aggregate of \$300,000	(803) 536-9874
South Dakota	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(605) 336-0177
Tennessee	\$100,000 in the present value of annuity benefits, including net cash values	(615) 242-8758
Texas	\$100,000 in the aggregate under one or more annuity contracts	(512) 476-5101
Utah	\$200,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values	(801) 572-1218
Vermont	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(802) 244-8540
Virginia	\$100,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values	(804) 282-2240
Washington	\$500,000 in the present value of annuity benefits, including cash surrender values	(425) 562-3128
West Virginia	\$100,000 in present value of annuity benefits including net cash surrender and withdrawal values	(304) 733-6904
Wisconsin	Aggregate obligation of the fund on a single risk, loss, or life may not exceed \$300,000	(608) 242-9473
Wyoming	\$100,000 in the present value of annuity benefits including net cash surrender and net cash withdrawal values	(307) 292-5022

Insurance Company Ratings

Annuities which are invested in an insurance company's General Account are as secure as the stability of that company's investment portfolio. Annuities are not federally insured (eg., FDIC). They are probably covered by the State Guaranty Fund, 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.

The rating agencies typically assign grades (such as AAA thru F) to the insurance companies they

rate. These 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 10% of the companies Best rates. For S&P an "A+" is the 7th rank from the top and therefore denotes a much weaker standing than it does for A.M. Best. You can judge the value of an alphabetical grade by its position in that agency's Distribution of Ratings (see table below). Rating categories containing no companies are omitted.

Distribution of Insurance Company Ratings

A.M. Best				S & P				Moody's			
Category	Description	No. of Cos.	Percent of Cos.	Category	Description	No. of Cos.	Percent of Cos.	Category	Description	No. of Cos.	Percent of Cos.
A++	Superior	65	4.8%	AAA	Extremely	38	4.5%	Aaa	Exceptional	12	6.0%
A+	Superior	173	12.8%	AA+	Very	77	9.0%	Aa1	Excellent	9	4.5%
A	Excellent	232	17.1%	AA	Very	69	8.1%	Aa2	Excellent	50	25.0%
A-	Excellent	308	22.8%	AApi	Very	7	0.8%	Aa3	Excellent	57	28.5%
FPR 8	Strong	4	0.3%	AA-	Very	62	7.3%	A1	Good	19	9.5%
FPR 7	Strong	5	0.4%	AA-pi	Very	1	0.1%	A2	Good	26	13.0%
B++	VeryGood	125	9.2%	A+	Strong	52	6.1%	A3	Good	14	7.0%
B+	VeryGood	130	9.6%	A+pi	Strong	1	0.1%	Baa1	Adequate	3	1.5%
FPR 6	Good	12	0.9%	A	Strong	35	4.1%	Baa2	Adequate	1	0.5%
FPR 5	Good	25	1.8%	Api	Strong	71	8.3%	Baa3	Adequate	2	1.0%
B	Fair	68	5.0%	A-	Strong	23	2.7%	Ba1	Questionable	7	3.5%
B-	Fair	48	3.5%	BBB+	Good	41	4.8%		Total	200	100.0%
FPR 4	Fair	37	2.7%	BBB	Good	29	3.4%				
C++	Marginal	45	3.3%	BBBpi	Good	125	14.7%				
C+	Marginal	47	3.5%	BBB-	Good	8	0.9%				
FPR3	Marginal	7	0.5%	BBB-pi	Good	1	0.1%				
C	Weak	16	1.2%	BB+pi	Marginal	1	0.1%				
C-	Weak	4	0.3%	BB	Marginal	1	0.1%				
FPR2	Weak	2	0.1%	BBpi	Marginal	122	14.3%				
Total		1,353	100.0%	B+pi	Weak	3	0.4%				
				B	Weak	1	0.1%				
				Bpi	Weak	58	6.8%				
				CCC	Very Weak	1	0.1%				
				CCCpi	Very Weak	25	2.9%				
				Total		852	100.0%				

Insurance Company Ratings

Company Legal Name	A.M. Best#	Admitted Assets \$ Billions	A.M. Best	S & P	Moodys
Allianz Life of N. America	06830	\$ 22.7	A+	AA	Aa3
American General LIC	06058	\$ 20.8	A++	AAA	Aa1
American Mayflower LIC/NY	06085	\$ 1.0	A+	AA	Aa2
Companion LIC	06258	\$ 0.6	A	AA-	B
Fidelity & Guar. LIC	06384	\$ 7.4	A	A	A2
Fidelity & Guaranty of NY	07122	\$ 0.4	A	AA	A3
First Colony LIC	06403	\$ 13.3	A++	AA	Aa2
GE Capital Assurance	07183	\$ 30.6	A+	AA	Aa2
GE Capital Assurance/NY	60026	\$ 4.1	A+	AA	Aa2
Hartford LIC	06518	\$ 87.1	A+	AA	Aa3
Jefferson-Pilot LIC	06928	\$ 13.0	A++	AAA	Aa2
Jefferson-Pilot LifeAmerica	06239	\$ 1.3	A++	AAA	-
John Hancock	06601	\$ 69.3	A++	AA	Aa3
Kansas City LIC	06605	\$ 2.6	A	A+	-
Liberty Life Assurance/Boston	06627	\$ 6.7	A-	AA-	A1
Lincoln Benefit Life	06657	\$ 1.7	A+	AA+	Aa2
Metropolitan LIC	06704	\$200.5	A+	AA	Aa2

Continued . .

- (“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 — 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.

A.M Best # — The 5-digit number following each company name is the number assigned by the A. M. Best Company to identify that insurance company or subsidiary.

Admitted Assets \$ Billions — 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	A.M. Best #	Admitted Assets \$ Billions	A.M. Best	S & P	Moodys
Penn Mutual LIC	06903	\$ 6.9	A	AA-	A1
Peoples Benefit LIC	06779	\$ 13.0	A+	AA+	Aa3
Presidential LIC	06948	\$ 4.1	B+	BB+	Ba1
Security Mutual LIC/NY	07034	\$ 1.6	A	A+	Baa1
Standard Life Insur. Co. of Indiana	07073	\$ 1.4	B+	-	-
Travelers Insurance Co.	07330	\$ 55.2	A++	AA	Aa1
United of Omaha	07164	\$ 11.8	A	AA-	Aa3
United States LIC/NY	07192	\$ 3.2	A++	AAA	Aa1
USG Annuity & Life Co.	06146	\$ 7.8	A+	AA+	Aa2

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A flexible premium deferred annuity

Free Look: Contract may be returned for full refund within 20 days of receipt.

Availability: All states except CA, MD, MN, NC, NJ, NY, SC, UT, VA, VT.

Issue Ages: Annuitant must be 0-80. Minimum Premium: \$5,000 initial deposit. (Maximum: \$250,000 without prior company approval.) Additional deposits permitted, \$50 minimum monthly premium. There is an annual \$30 administrative charge deducted from policies with less than \$10,000 accumulated value or if less than \$600 in new annual premium was deposited. "Annuitant-driven" policy.

Interest Rate: Crediting rate is renewed every January 1st. Rate is subject to a 1.50% or 3.00% minimum guarantee (see list below). A bonus of 0.25% is credited on the policy anniversary when the Full Accumulated Contract Value is greater than \$50,000.

Minimum Interest Rates: 3.0% in all states except the following, where the Minimum Interest Rate is 1.50% – AZ, AR, CO, DC, DE, GA, HI, ID, IL, IN, KS, KY, LA, MD, MI, MO, MT, NE, NH, NC, OH, OK, PA, SC, SD, TN, VA, WV, WY

Penalty-Free Withdrawals: 10% penalty-free withdrawal permitted in any policy year, including the first year. This option may be taken only once per policy year. Alternatively, penalty-free systematic withdrawals of at least \$100 may be taken annually, semi-annually, quarterly, or monthly.

Surrender Charges: 7-year surrender fee schedule as follows: 8%-8%-7%-6%-5%-4%-2%-0% thereafter, even on additions in 9th year and beyond. There is NO market Value Adjustment (MVA). There are no rolling surrender charges on additional deposits.

Annuitization: Not required. Annuitization is available after 1st year without surrender fees if annuitized for a payout option of at least 60 months.

Death Benefit: On death of Annuitant, benefit payable is the Full Contract Value. On death of Owner (if other than annuitant) benefit is the Cash Surrender Value.

Nursing Home Waiver: If the Annuitant is confined to a licensed nursing home for a period of at least 90 days, the full Accumulated Value may be transferred to a specified period payout with at least a three-year payment period with no surrender charges.

Kansas City Life Insurance Company

A. M. Best: A
(Secure/Excellent)

S&P: A+
(Strong)

Offered through WebAnnuities.com. Call 800-872-6684

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Product/features not available in all states. Please read company brochures for policy details.

6 Year Rate	4 Year Rate
4.15%	3.85%

Interest rates effective 12/07/03 — Call 800-872-6684 to confirm current rates.

Secure 4 - Secure 6

A single premium deferred annuity.

No Up Front Sales Fees nor Annual Maintenance Charges: 100% of your premium earns the stated interest rate from the date it is received by the insurance company.

Free Look: Contract may be returned for full refund within 20 days of receipt.

Availability: Secure 4 is available in all states except: MD, NH, NJ. Secure 6 is available in all states except: NH. Can be purchased in neighboring states (call for details).

Issue Ages: “Annuitant-driven” policy. Annuitant must be 0-90 (except in NY only up to age 85); Owner may be older. Minimum Premium: \$ 2,000, however, for premiums less than \$5,000, credited rate is 0.5% less than the rate shown above.

Penalty-Free Withdrawals: The owner of a Secure 4 or Secure 6 SPDA has the right to take a 10% surrender charge-free withdrawal in any policy year, including the first year. The amount of the withdrawal is also limited to 10% of your policy-year beginning value, or, in year 1, 10% of the premium paid. Monthly interest checks are also available immediately.

Surrender Charges: Surrender fee schedule per year- Secure 4: 7%-6%-6%-5%. Secure 6: 7%-7%-7%-6%-5%-4%.

Annuitization: Available after 1st year without surrender fees if annuitized for a payout option of at least 60 months.

Death Benefit: The full Certificate Value is payable as a lump sum.

Nursing Home Waiver: Not available in any state.

Presidential Life Insurance Company	
A.M. Best: B+ (Good)	Moody's: Ba1 (Adequate)

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Product/features not available in all states. Please read company brochures for policy details.

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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