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ANNUITY & LIFE INSURANCE SHOPPER

Jan.-Mar. 1993 (vol.8, no.1)

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ANNUITY & LIFE

INSURANCE SHOPPER

January - March 1993
Volume 8, Number 1

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RATES AND QUOTATIONS: The rates, premiums, and contract specifications in this issue were obtained from the insurance companies who responded to our quarterly written survey. We make no representations regarding the accuracy of these quotes nor do we evaluate the financial conditions of nor make any endorsement for the products of any company reported herein. Companies not listed did not respond to our written survey request.

SUBSCRIPTIONS & CIRCULATION: **ANNUITY & LIFE INSURANCE SHOPPER** is sold by subscription through the United States, Canada, and overseas. U.S. third-class delivery, prepaid only, $45 for 1 year (4 quarterly issues). Single issue price: $20.

FEATURES

NAIC Orders Life Insurance Companies to Reveal their Risks and Reserves

Beginning in 1994, according to a model law just adopted by the National Association of Insurance Commissioners ("NAIC"), life insurance companies will be required to publicly report their risks and the capital reserves they have to cover that exposure. The new rules are the first to create a national standard for measuring the health of life insurance companies with enforcement actions left to state regulators.

Every life and health insurer will be required to calculate its risk-based capital, which is a minimum level of capital. This figure is then compared to a company's actual total adjusted capital, which must be greater than or equal to its minimum level. Companies whose risk-based capital ratio falls below 100%, become subject to a range of increasing regulatory action, which could result in seizure by the applicable state's insurance department. The new regulations also put more emphasis on capital than previous legislation. Although market pressures compel insurance companies to hold significant amounts of capital, previous legal capital requirements were minuscule.

The new NAIC law will base specific enforcement actions on how well life insurance companies score according to a formula which measures the adequacy of a company's capital. The system considers financial strength to be based on the riskiness of a company's assets and operations. It penalizes companies with major investments in real estate and common stock while rewarding those with more conservative investments such as government bonds.

The issue of confidentiality had been raised before the Atlanta meeting; however, despite industry objections, regulators made no change in their plans to require disclosure of some risk-based capital information in annual statements. Thus, it will be clear from the annual statement if a company has fallen below the threshold capital level. The statement is required to show a company's total adjusted capital and its "authorized control level capital," which is 50% of the threshold level and the level at which a state insurance commissioner is authorized to seize a company.

In the past, the public has had to rely on independent rating firms such as A. M. Best or Standard & Poors to measure the credit worthiness of life insurance companies. These services lacked capital enforcement capabilities. The new NAIC regulations will represent the first rating system linked to curative actions. Industry analysts believe the public will put more faith in the new NAIC scores than they do in the ratings by independent agencies. Life insurance buyers would consider the NAIC scores in determining from which company to buy a policy.

The previous system of evaluation was based solely on a review process conducted by state examiners. The new rules, which seek to establish risk-based capital requirements, are designed after a similar one used in the commercial banking industry. It is seen by some as an effort by state insurance regulators to demonstrate their ability to provide effective oversight of the insurance industry without the intervention of the federal government. This comes in the wake of last year's failure of several life insurance company, including Los Angeles-based Executive Life Insurance Company and, more recently, Mutual Benefit Life Insurance Co. of Newark, New Jersey.

Over the objections of the insurance industry, the NAIC will begin making the risk-based capital information public for the first time in 1994 (for insurers' fiscal year 1993). This data will allow analysts and industry watchers to obtain a fairly complete rundown on companies' asset quality, interest rate risk and insurance and business risks. Some observers, however, have questioned the system as being too simplistic. They caution that a score of 100% should not be regarded as proof of financial health. It is expected that the vast majority of companies might score well above the 100% figure. A preliminary version of the NAIC formula produced an average score of 176%.

The first part of the regulation will require insurers to calculate their risks and adjusted capital and report them on the annual statements they file with their state insurers and the NAIC. This element of the proposed regulations is being written into the requirements for insurers' annual filings and therefore will not require approval from either state insurance commissions or state legislatures.

The second part of the regulation, which will require individual state approval, delineates the responsibilities and requirements that will apply both to insurance companies and state regulators. Under the standards of the new system, insurance companies with capital levels equal to 35% but below 50% might be put under control. Those scoring at least 50% but under 75% would be issued a regulatory order mandating specific action to improve their condition. Those scoring at least 75% but under 100% would be force to file a plan with state insurance regulators. According to this program, state insurance departments have until 1995 to meet a series of regulatory mandates.

NAIC Orders Reporting of Risks and Reserves

(continued from p. 4)
At its December, 1993 meeting in Atlanta, where the proposed rules were approved, NAIC members rejected changing the effective date for the interest maintenance reserve from January 1, 1993 to October 1, 1993. Under the new law, a company's interest maintenance reserve will not be included in its total adjusted capital. This makes the new capital requirements even more stringent. Changing the effective date for the new interest maintenance reserve would have boosted the industry's 1993 capital level by an estimated $1 billion, because companies could have included interest-related gains in their total adjusted capital for the first three quarters of 1993.

Many insurance company representatives were disappointed with the NAIC's action. They noted that every other new reserve requirement has had a transition period. Executives from small and medium-sized insurers especially voiced concern that the NAIC regulations on the interest maintenance reserve will have a bigger effect on them than on the very large carriers.
(Based on reports in *Financial Services Week*, *Wall Street Journal*, and *National Underwriter*)

Qualified Plans Now Exempt from Bankruptcy--Patterson v. Schuate No 91-913 (1993)

The U.S. Supreme Court has ruled that pension and profit sharing assets **are protected and may not be seized** by a bankruptcy court. This clears up an ambiguity which had existed in lower courts. The protection does not apply to IRAs, so exemption of those plans is still a state by state question.

Final Version of 404(c) Rules for Participant-directed Plans to be Released

The Department of Labor is set to release its final version of regulations covering participant-directed defined contribution retirement plans. Currently there are over 100,000 such plans covering 19 million participants. These plans hold nearly $400 billion in assets.

The final rules provide more choice and disclosure to employees who decide how their pension money is to be invested. In return for meeting these requirements, employers and other fiduciaries will be able to avoid liability for the investment decisions made by plan participants.

Maintaining elements from earlier versions, the final regulations direct that employers must offer participants at least three diversified investment options, each with materially different risk and return characteristics. Participants must also be given the opportunity to switch from one investment option to another.

One of the changes from the proposed rules concerns the offering of company stock as an investment option. While company stock may also be offered, it cannot represent one of the three minimum options. In addition, it must be stock that is publicly traded with sufficient frequency and volume to assure liquidity. Under the earlier version, an independent fiduciary, such as a bank, was required to handle participants' investments in company stock. The final rules allow stock elections to be handled through plan administrators, though not in situations that could lead to self-dealing or undue employer influence. Compliance now hinges on establishing procedures that guarantee the confidentiality of employees' investments and designating a fiduciary to ensure that the procedures are adequate.

Also eliminated from the earlier version is a requirement that in-house managed funds use an independent fiduciary in order to qualify as an investment alternative.

Increased disclosure requirements specify that, if requested, participants must receive a description of the investment alternatives available under the plan, including a general description of the investment objectives and the risk and return characteristics of each alternative. When participants choose an investment option that is subject to the Securities Act of 1933, the company must also give participants a copy of the fund's most recent prospectus. In addition, participants must be informed of any designated investment managers and a description of any transaction fees or expenses that are charged to their account.

An insurance agent dies and is told he has a choice between heaven and hell. He goes to heaven and hears harp music and sees people watching blue birds and fields of flowers. When he visits hell, he finds a loud party going on with trays of liquor and gourmet food, a great band and many people dancing, laughing and having a raucous time. He chooses hell, but when he returns the next day, all he sees is fire and brimstone. "What happened?", he asks nervously and is told "Oh yes, yesterday you were a prospect; today you're a client." (Credit Greg Myers, VP, Becjer & Carlson, Woodland Hills, Calif.)

1035 Exchange to Immediate Annuity Subject to Premature Withdrawal Penalty -- Revenue Ruling 92-95, 1993-45 IRB 5

According to IRS Revenue Ruling 92-95, a deferred annuity ("SPDA") policy holder under age 59 1/2 who makes a 1035 exchange from his SPDA (which he has held for more than a year) into another company's immediate annuity ("SPIA"), will be subject to the 10% premature distribution penalty in addition to the regular income tax that would be owed on the accumulated earnings in the SPDA. The ruling addresses the exchange of an SPDA for an SPIA for the purpose of providing access to the SPDA funds without incurring the 10% penalty. (Section 1035 exchanges from one SPDA into a second SPDA are not affected by this ruling. Nor did the IRS address Life-time annuities, only Period Certain annuities were affected.)

The ruling discourages a financial planning approach often recommended in college funding situations. The parent makes a deposit into a deferred annuity when his child is young and allows the money to accumulate. At the child's age 18, the SPDA is exchanged for a 5-Year SPIA to make tuition payments.

In September 1991, a 40-year old policyholder made a Section 1035 exchange of his SPDA contract which was purchased four years earlier (in 1987) for an immediate 7-Year Period Certain annuity. The policyholder received his first annuity check a month later (October 1991). The annuitant argued that the 10% penalty did not apply since his monthly income was coming from an *immediate* annuity. The Internal Revenue Code Sections 72 (q)(2) and 72(u)(4) provide for exemptions from the premature distributions penalty for income derived from an immediate annuity.

The IRS, however, ruled that the SPIA contract being purchased in this case was **not** to be considered an "immediate annuity." According to the IRS definition, to qualify as an immediate annuity a contract must begin payments no later than one year from the **date of purchase.** The IRS concluded that the purchase date here was 1987, ruling that for purposes of Section 72(q), a contract received in a 1035 exchange succeeds to the attributes of the earliest predecessor annuity contract. One of those attributes is the date of original purchase. Thus, the 1991 replacement contract received through a tax free exchange took on the status of the 1987 exchanged contract. Since payments from the 1991 SPIA were beginning more than one year from the 1987 original contract purchase date, the SPIA did not meet the code's definition of immediate annuity and did not qualify under this exception to avoid the penalty tax.

The IRS also relied on legislative history to TEFRA for support, noting that the reason for the SPIA exemption from the 10% premature distribution penalty tax was that in an immediate annuity there is not a significant amount of tax deferred interest which accumulates before payments begin ("no opportunity for tax benefit attributable to deferral of income.") Here, however, the SPIA was purchased with funds which benefited from four years of tax deferred income growth, from 1987 to 1991.

While the new ruling clamps down on certain exemptions from the 10% penalty tax, it should be remembered that there are other types of payments made **before** the policyholder reaches age 59 1/2 which continue to be excluded from the penalty tax. In general terms these include payments received on account of the policyholder's death or disability or which are part of a series of substantially equal periodic payments made over the life expectancy of the taxpayer or over the joint life expectancies of the taxpayer and his beneficiary (a "Life" or "Life and Period Certain" annuity).

A few questions were left unanswered by the new ruling. The IRS addressed the case of a 1035 exchange from an SPDA to an SPIA. What about the situation where the owner of an SPDA (who is under 59 1/2) makes a 1035 exchange from one SPDA into a second SPDA. On its own this would not trigger any premature distribution tax penalty. But what if, a month later, the policy holder exercises a settlement option effectively annuitizing his new SPDA contract? Must he select a life contingent form of annuity to avoid the penalty? What happens if he chooses a period certain payment? Is the "date of purchase" the first or second SPDA contract date? Is this an approach which avoids triggering the premature distribution penalty of the new ruling?

Lastly, what is the status of a period certain or life contingent SPIA that is issued with a commencement date which is deferred for several years? (Stay tuned.)

Life Insurance Rebating

Some life insurance agents have been willing to rebate part or all of their first-year commissions to clients to clinch a sale. This is illegal in most states (California and Florida are notable exceptions), and is contrary to most insurance agency contracts as well.

For more than ten years, it has been settled law that an agent must include a rebated commission in gross income, if the rebate violates state law and his agency agreement. Attempts to deduct the rebated commissions as business expenses or refunds were rebuffed. Now, rebating produces an unwelcome tax liability as well.

In a recent technical advice memorandum (TAM), the IRS held that the value of the coverage a policy holder received free because of the rebate **must be included in his income.** The IRS National Office left the valuation of this tax liability to the field offices, so it remains uncertain whether to be included in the buyer's income is the dollar amount of the rebate, or some other measure of the value of the coverage.

In another recent TAM, the IRS outlined the case of a life insurance agent who bought coverage on himself from another agent and received rebates of the entire first-year commission. As in the first TAM, the insured had to include the value of the insurance in his income.

Moreover, the IRS characterized the deal as a commission-splitting arrangement, which, while legal, contravened the agency agreement with the insurance company. As such, the commission rebate constituted self-employment income to the buying agent.

Beware, commission rebating is not only illegal in most states it now carries painful tax consequences, too. (Reprinted from *Financial Services Week*)

Single Premium Life: An Alternative to Deferred Annuities

Many policyholders are now looking at a very attractive alternative to deferred annuities, one with even better tax leverage - the single premium life (SPL) contract.

While a single-premium deferred annuity (SPDA) usually permits an annual cash withdrawal or full surrender, history shows that most account values in SPDAs are never touched. Often, the ultimate disposition of the account is on the death of the policy holder.

When the annuitant dies, the tax deferral ends and income tax is due on the gain. There are methods available for an additional deferral or spreading of that taxation, but sooner or later the tax must be paid.

Most SPDA salespeople and policyholders totally ignore this taxation. Perhaps that is because payment of income tax on death does not negate the positive effect of accumulating interest which is tax deferred. Deferring tax is certainly better than paying taxes as you go. And the SPDA does produce better cash surrender values in all years. But, the SPL excels over an SPDA with its income-tax-free disposition to beneficiaries on death. This certainly makes it an important contract to look at.

IRA Death Benefits -- Revenue Ruling 92-47

The Internal Revenue Service has provided some extremely practical guidance in the IRA arena. Until recently, when a beneficiary receives a death benefit from an IRA, the entire distribution is recognized as the beneficiary's income (except for any non-deductible contributions made by the decedent). Since the value of this IRA is also in the decedent's taxable estate for estate tax purposes, the ultimate after-tax benefit passed on to the beneficiary was greatly reduced. In Revenue Ruling 92-47, the IRS has ruled that the value of the IRA as of the date of death is "income in respect of a decedent" ("IRD"). This means that the beneficiary may claim an income tax deduction for the portion of the federal estate taxes paid with respect to the IRD. The following example illustrates the benefits of this ruling.

Estate tax calculation:	
Actual death benefit:	$230,000
IRA value at date of death:	220,000
Non-deductible contributions:	20,000
Post-death appreciation:	50%
Estate tax due:	$110,000
value at death*tax rate	
($220,000*50%)	
IRD estate tax due - less	$100,000
nondeductible contributions	
$200,000*50%)	
Beneficiary's income tax liability:	
Actual death benefit:	$230,000
Nondeductible contributions:	20,000
Gross taxable income:	210,000
Less: IRD estate tax	100,000
Net taxable income	$110,000

In this case, application of the IRD rules will save the beneficiary $28,000 in federal income taxes (assuming a 28% tax rate). (*Reprinted from Lincoln Benefit Life's* The Advanced Marketing Newsletter)

Why Current Rates on Immediate Annuities are Attractive

These days, it is not uncommon to hear the remark: "I am concerned that immediate annuity rates are too low now."

Interestingly, this worry is not new. It was raised by many investors during the last half of the 1980's. Their analysis overemphasized the events of the early 80's, when interest rates spiked into double-digits. These people waited -- and waited -- are *still* waiting -- for a return of such conditions. Yet during most of that period yields on immediate annuities fluctuated in the 8.0%-9.5% range. In hindsight, not bad at all.

Many individuals who passed up an immediate annuity can only look back with regret.

Of course, it would be folly to think that a double-digit climate could not reoccur. But two things must also be remembered. First, hyperinflation and high rates are not the only economic climates to worry about. Probably many separate events will have their turn over a long period. Second, putting some of your retirement assets into an immediate annuity is consistent with a balanced portfolio, the best overall hedge against the threat of inflation.

The question of whether rates are "too low" always deserves another question: "Compared to what?" To invest your retirement portfolio for reliable long-term income production, most good financial advisors favor diversification. One element in such a program is to place 20%-40% of your assets in conservative fixed-yield investments, such as high grade bonds. But credit instruments always carry the risk of loss of principal in a climate of rising interest rates. To lessen that risk, the investor should consider placing some portion of the portfolio in an income-producing immediate annuity. To further combat inflation, it is possible to structure payments with a cost of living escalator.

At present, CDs and money markets offer rates that are dismal. By comparison, immediate annuities are priced somewhere in the much more attractive 6.5% to 7.5% range. Many investors are holding onto cash, waiting for the time when yields climb back up to the double digit range. But what if that doesn't come for another five or ten years?

Those individuals at or near retirement age will have to look very hard for anything more safe and attractive than an immediate annuity as they wait for the fast train to long-term financial security. The amount by which immediate annuity yields exceed short-term interest rates is substantial, as much as 100%. This difference is almost without precedent in American history. Yes, rates may go up again, but when? Rates could also stay roughly level for years, or even trend further down. In all of these cases, it's still a good time to look at an immediate annuity. (*adapted from an article by William L. Winslow*)

Deadlines for Plan Terminations Extended

As published in the December 14th issue of the Federal Register, the Pension Benefit Guaranty Corporation issued final rules that allow employers terminating defined benefit pension plans more time to complete several stages of the termination process.

Beginning January 28, 1993, employers will have up to 15 months to complete a plan termination, as compared with the current 11-month maximum. More time has also been granted to distribute plan assets and to purchase annuities that replace participants' vested pension benefits. Distribution of plan assets represents the last major step in the termination process and is the one for which time constraints were relaxed the most. Previously, employers had only thirty days from the time the process ended to complete asset distribution. The new time period allows up to 180 days. This change is welcomed as greatly improving the ability to dispose of relatively illiquid assets, such as real estate, in a more favorable manner. The six-fold increase in this time period also gives employers more freedom to receive and evaluate annuity bids from insurance companies.

It is not surprising, then, that many benefit experts have welcomed the increased time being made available by the PBGC. The new rules are seen as a recognition that the termination process takes longer than regulators had previously estimated. An important factor is that many employers do not want to solicit bids from annuity providers until they are sure that the termination will not be rejected.

In another area where a time constraint was significantly relaxed, employers will have up to 120 days beyond the proposed termination date to inform participants what their benefits will be or to provide an estimate of the benefits. Under rules originally proposed in 1987, only sixty days were permitted. In 1989 this period had been extended to 90 days.

The extra time is important to employers who have come under greater scrutiny by the Labor Department following the collapse of First Executive Corporation, a Los Angeles based holding company which had been a major provider of annuities to employers termination pension plans. The Labor Department has actually sued a number of employers who bought Executive Life annuities, charging them violation of ERISA rules.

Seasonal Trends Can Help You Save and Invest

Seasonal trends can add a few percentage points to your variable annuity returns.

(1) Small stocks, for example, gain in January. According to Yale Hirsch, publisher of the 1993 Stock Traders Almanac (Hirsch Organization, Old Tappan, N.J.) January is an important month to invest. Small and low-priced stocks historically outperform the market this time of year. But look out for a big correction. Hirsch found that the greatest concentration of downturns in the market since 1949 occurred in the month's first six trading days.

(2) January barometer. Since 1950 the performance of the stock market in January predicted the performance for the entire year.

Hirsch found that based on whether the S&P 500 Stock Index was up or down in January, most years have followed suit 88% of the time.

(3) November through April are the best months to invest, according to Ray Linder (Linder Letter, Great Falls, Va.). A number of profitable seasonal patterns come together during that time.

If you invested every November through April over the past 42 years in the S&P 500, your money grew at an annual compound rate of 6.8%. Over the past 15 years, the six-month investment period registered a 7.9% annual return.

(4) Do your investing into fixed annuities (SPDAs) in the spring. A Technical Data Corp., (Boston, MA) study shows that bond rates tend to rise in the springtime. Banks also raise CD rates during the heat of the IRA season. Bankers try to avoid disintermediation. So if you're thinking of investing in annuities, keep some money in reserve to invest in the spring.

(5) Watch out for an increase in federal income taxes. The history of federal income tax rates since 1912 shows that we are paying the lowest income tax rates since the 1930s.

(6) Even though variable annuity investors can profit from seasonal factors in the financial markets, don't expect miracle returns this year.

Equity account returns in variable annuities grew at an annual rate of 17.5% in the decade of the 1980s, doubling every 4 1/2 years. An analysis of CDA Technologies data over the past few years reveals that its 12-month stock market total return forecasts have been shrinking. That means we can expect to earn less because it's getting riskier to invest.

The higher the market goes, the lower the expected rate of return.

CDA's recent forecast registers a paltry 7.7% expected return on the S&P 500 over the next twelve months. (adapted from *Financial Services Week*)

Voluntary Compliance Program Announced in IRS Revenue Procedure

The IRS has released Revenue Procedure 92-89, which encourages employers with qualified retirement plans to voluntarily correct certain violations, such as those that relate to vesting rules and minimum benefit requirements. It could not be used, for instance, to rectify misuse of plan assets or failure to make the appropriate amendments in order to comply with such legislation as TEFRA, DEFRA, and REA.

The program calls for employers to correct their plans on their own and pay a fee which varies according to the number of participants and the value of assets in the plan. Plans with fewer than 1,000 participants would be liable in the amount of $500 if assets are valued at less than $500,000, and $1,250 if assets are $500,000 or greater. The fee for plans with more than 1,000 but less than 10,000 participants is $5,000. Plans with more than 10,000 participants would pay $10,000. Employers that comply with the new procedure will lessen the risk of having their retirement plan lose its tax qualified status.

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Do you have a sales idea, editorial, or joke you would like to share with other readers? Mail it to *Annuity & Life Insurance Shopper,* 98 Hoffman Road, Englishtown, NJ 07726, or fax it to Hersh Stern, Publisher, at 908-521-5113 (fax).

A lot of people will urge you to put some money in the bank, and within reason, that's a very good idea. But don't go overboard. It's worth keeping in mind that the people who run banks are so worried about holding on to things, that they put little chains on all their pens and watches. -- "Miss Piggy"

The annuity income rates in Tables 1 and 2 illustrate the amount of monthly immediate annuity income purchased for every $1,000 of premium. These calculations assume the first check is paid one month after the date of deposit and include all fees and commissions except state premium taxes, if applicable.

Tables 1a, 1b, and 1c give the rates for **QUALIFIED** immediate annuities, ie., for annuity policies which are purchased with funds that until now HAVE enjoyed tax-qualified status as defined by the Internal Revenue Code. These typically include company pension annuities and annuities purchased with pension distributions, IRA rollover accounts, and the like. Because no taxes have yet been paid on these qualified funds, each monthly check derived from such deposits are **fully** taxable as income when received. **Tables 2a, 2b, and 2c** below, give the rates for **NON-QUALIFIED** annuities, ie., for annuities which are purchased with after-tax proceeds, such as money from a CD or savings account. These funds **HAVE NOT** not enjoyed any tax-qualified status. 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., excluded from income). Since most insurance companies will pay a different income for the same dollar deposit depending on the tax status of the funds, it is important to consult the correct table (Qualified vs. Nonqualified) when estimating annuity income.

In addition to properly identifying the tax status of an annuity deposit to determine the income level, the annuitant's age and gender and the type of coverage selected, also known as the "form" of annuity, directly affects the payout. Age and sex predict life expectancy and ultimately the insurance company's cost to provide its guarantees. Younger female annuitants with longer life expectancies should expect to receive less annuity from their premium dollars than will older male annuitants, especially when insurance companies employ sex-distinct rates. (For a more complete discussion of sex-distinct and unisex rates read the separate booklet "All About Immediate Annuities.") 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 the most common age intervals: 60, 65, 70, and 75, for males and females, for certain "forms" of annuity described below. You may also call us toll-free, at 1-800-872-6684, to receive a calculation for an annuity not shown.

Each of the columns in Tables 1 and 2 identifies a particular age and sex and annuity "form." For example, the leftmost column in Table 1a is titled **Male 60 Life** and provides monthly income figures for a $1,000 premium for an annuity purchased by a 60 year old man on the Life Only form of annuity. A "Life" annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases. The columns headed **Female 60 Life** and **Unisex 60 Life** report similar data for a female age 60 and unisex rates for an individual age 60. The same information is also reported in the for persons ages 65, 70 and 75.

The column **10 Yr. ('CL') Certain and Life Unisex 60** reports unisex purchase rates for a 60 year old person in the form of a 10 Years Certain & Life annuity. A 10 Yr CL annuity is a life annuity with payments guaranteed 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 is made to a beneficiary. If the annuitant does survive beyond the 10-year guarantee period, payments will continue for the duration of his/her lifetime and then cease. The column titled **10 Yr. CL Unisex 70** reports the same kind of unisex purchase rates, but for an individual 70 years old.

Columns **5 Yr. ('Pd. Cert.') Period Certain No Life** and **10 Yr. ('Pd. Cert.') Period Certain No Life** illustrate income levels for annuities which have no life contingency. These are simply installment payments which continue for a fixed period of 5 and 10 years, respectively, and then cease, without regard to the age or life of the annuitant.

The **M65 F60 J&S 50%** column reports on a Joint and 50% Survivor annuity priced against two lives--the primary annuitant a male age 65 and a female co-annuitant age 60. In a typical Joint and 50% survivor annuity, the initial (or higher) payment level is made during the life of the primary annuitant. Upon his death, payments of one half the original amount continue for the life of the co-annuitant (in this case a female age 60) if she is still living. The column headed **M65 F60 J&S 100%** is also a joint and survivor annuity with payments which do not reduce upon the first death; instead, they continue to the co-annuitant at 100% of the original amount.

* * * * *

Rank: We spotlight the top-quartile income payouts in each column with a number in parenthesis next to the monthly income figure. The highest payout in each column is ranked (1), the next highest (2), and so on until the top quarter of all payouts has been ranked.

Table 1a. Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisx60 Life	Male65 Life	Femal65 Life	Unisx65 Life
Aetna	0-80	-	-	$ 7.53 (4)	-	-	$ 8.32 (3)
American Investors	0-85	$ 7.09	$ 6.54	$ 6.82	$ 7.86	$ 7.12	$ 7.49
Canada Life	**18-80**	**$ 7.52**	**$ 6.95**	**$ 6.95**	**$ 8.29**	**$ 7.53**	**$ 7.53**
Commercial Union	1-80	$ 7.51	$ 6.98 (8)	$ 7.23 (7)	$ 8.25	$ 7.53	$ 7.86 (8)
Financial Benefit	20-90	$ 6.51	$ 5.92	-	$ 7.82	$ 6.55	-
Great American	18-70	$ 7.89 (3)	$ 7.23 (3)	$ 7.23 (7)	$ 8.73 (4)	$ 7.90 (3)	$ 7.90 (7)
Jackson National	0-99	$ 6.61	$ 6.06	$ 6.29	$ 7.40	$ 6.65	$ 6.95
Kansas City Life	0-85	$ 7.55 (8)	$ 7.55 (1)	$ 7.55 (3)	$ 8.09	$ 8.09 (1)	$ 8.09 (5)
Keyport Life	no max	$ 6.74	$ 6.74	$ 6.74	$ 7.39	$ 7.39	$ 7.39
Life/Southwest	**0-85**	**$ 7.08**	**$ 7.08 (6)**	**$ 7.08**	**$ 7.73**	**$ 7.73 (6)**	**$ 7.73**

continued . . .

Table 1a Cont'd. Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisx60 Life	Male65 Life	Femal65 Life	Unisx65 Life
continued . . .							
Manulife Financial	0-80	$ 7.20	$ 6.44	$ 6.82	$ 8.05	$ 7.03	$ 7.54
Metropolitan	**0-90**	**$ 7.64 (6)**	**$ 6.98 (8)**	**$ 7.13**	**$ 8.59 (5)**	**$ 7.65 (7)**	**$ 7.86 (8)**
Ministers Life	**40-80**	**$ 8.01 (1)**	**$ 7.09 (5)**	**$ 7.84 (1)**	**$ 9.10 (1)**	**$ 7.76 (5)**	**$ 8.83 (1)**
Nat'l Guardian	**20-90**	**$ 7.63 (7)**	**$ 6.94 (1)**	**$ 7.29 (6)**	**$ 8.56 (6)**	**$ 7.62 (8)**	**$ 8.09 (5)**
Nat'l Heritage	0-85	$ 7.35	$ 6.76	-	$ 8.16	$ 7.38	-
New England Mutual	15-92	$ 6.39	$ 5.86	$ 6.13	$ 7.09	$ 6.38	$ 6.74
Penn Mutual	**0-85**	**$ 7.64 (6)**	**$ 7.03 (7)**	**$ 7.49 (5)**	**$ 8.44 (8)**	**$ 7.62 (8)**	**$ 8.30 (4)**
Presidential	0-85	$ 7.54 (9)	$ 6.98 (8)	$ 6.98	$ 8.32	$ 7.57	$ 7.57
Principal Finan. Grp.	0-85	$ 7.38	$ 6.78	$ 7.02	$ 7.98	$ 7.17	$ 7.50
Prudential	**0-85**	**$ 7.11**	**$ 6.56**	**$ 6.82**	**$ 7.87**	**$ 7.11**	**$ 7.46**
Reliance Standard	**0-80**	**$ 7.45**	**$ 6.90**	-	**$ 8.22**	**$ 7.47**	-
SAFECO	55-80	-	-	$ 6.93	-	-	$ 7.47
Security Benefit	0-100	$ 6.85	$ 6.85	$ 6.85	$ 7.44	$ 7.44	$ 7.44
Security Conn.	0-90	$ 7.32	$ 6.76	$ 6.90	$ 8.10	$ 7.34	$ 7.53
Security Mutual/NY	**20-80**	**$ 7.74 (5)**	**$ 6.80**	-	**$ 8.79 (2)**	**$ 7.54**	-
Southwestern Life	5-90	$ 7.36	$ 6.79	$ 7.08	$ 8.14	$ 7.35	$ 7.74
Standard Insurance	0-80	$ 7.35	$ 6.80	$ 6.93	$ 8.08	$ 7.33	$ 7.50
State Life	0-90	$ 7.34	$ 6.81	-	$ 8.08	$ 7.36	-
Sun Life of Amer.	**0-85**	**$ 8.01 (1)**	**$ 7.46 (2)**	**$ 7.74 (2)**	**$ 8.77 (3)**	**$ 8.02 (2)**	**$ 8.39 (2)**
Sunlife of Canada	0-85	-	-	$ 6.86	-	-	$ 7.55
USG Annuity/Life	35-75	$ 7.07	$ 6.42	$ 6.42	$ 7.97	$ 7.05	$ 7.05
United Pacific Life	0-85	$ 7.50	$ 6.89	-	$ 8.29	$ 7.47	-
WM/Empire Life	0-114	$ 7.37	$ 6.75	$ 7.06	$ 8.25	$ 7.40	$ 7.82
Western National	**0-100**	**$ 7.77 (4)**	**$ 7.23 (3)**	-	**$ 8.52 (7)**	**$ 7.78 (4)**	-

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 1b. Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
Aetna	0-80	-	-	$ 9.47 (2)	-	-	$11.07 (3)
American Investors	0-85	$ 8.96	$ 7.96	$ 8.46	$10.51	$ 9.23	$ 9.86
Canada Life	**18-80**	**$ 9.37**	**$ 8.35**	**$ 8.35**	**$10.86**	**$ 9.59**	**$ 9.59**
Commercial Union	1-80	$ 9.29	$ 8.32	$ 8.76	$10.77	$ 9.53	$10.06
Financial Benefit	20-90	$ 8.41	$ 7.37	-	-	-	-
Great American	18-70	$ 9.95 (4)	$ 8.94 (1)	$ 8.94 (6)	$11.74 (4)	$10.56 (1)	$10.56 (5)
Jackson National	0-99	$ 8.51	$ 7.50	$ 7.91	$10.08	$ 8.80	$ 9.31
Kansas City Life	0-85	$ 8.88	$ 8.88 (2)	$ 8.88 (8)	$10.12	$10.12 (5)	$10.12 (9)
Keyport Life	no max	$ 8.31	$ 8.31	$ 8.31	$ 9.62	$ 9.62	$ 9.62
Life/Southwest	**0-85**	**$ 8.67**	**$ 8.67 (3)**	**$ 8.67**	**$10.05**	**$10.05 (7)**	**$10.05**
Manulife Financial	0-80	$ 9.28	$ 7.86	$ 8.56	$10.98	$ 9.13	$10.04
Metropolitan	**0-90**	**$ 9.96 (3)**	**$ 8.66 (5)**	**$ 8.93 (7)**	**$11.83 (3)**	**$10.15 (4)**	**$10.47 (6)**
Ministers Life	**40-80**	**$10.54 (1)**	**$ 8.65 (6)**	**$10.15 (1)**	**$12.71 (1)**	**$10.31 (2)**	**$12.25 (1)**
Nat'l Guardian	**20-90**	**$ 9.88 (5)**	**$ 8.58 (9)**	**$ 9.23 (4)**	**$11.72 (5)**	**$10.07 (6)**	**$10.90 (4)**
Nat'l Heritage	0-85	$ 9.32	$ 8.27	-	$10.97	$ 9.61	-
New England Mutual	15-92	$ 8.07	$ 7.13	$ 7.60	$ 9.43	$ 8.25	$ 8.84
Penn Mutual	**0-85**	**$ 9.57 (8)**	**$ 8.42**	**$ 9.47 (2)**	**$11.12**	**$ 9.54**	**$11.12 (2)**
Presidential	0-85	$ 9.42	$ 8.41	$ 8.41	$10.99	$ 9.68	$ 9.68
Principal Finan. Grp.	0-85	$ 8.92	$ 7.85	$ 8.28	$10.30	$ 8.94	$ 9.49
Prudential	**0-85**	**$ 8.97**	**$ 7.91**	**$ 8.39**	**$10.55**	**$ 9.18**	**$ 9.77**
Reliance Standard	**0-80**	**$ 9.32**	**$ 8.31**	-	**$10.88**	**$ 9.59**	-
continued . . .							

Table 1b Cont'd. Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
continued . . .							
SAFECO	55-80	-	-	$ 8.27	-	-	$ 9.49
Security Benefit	0-100	$ 8.30	$ 8.30	$ 8.30	$ 9.59	$ 9.59	$ 9.59
Security Conn.	0-90	$ 9.21	$ 8.19	$ 8.45	$10.79	$ 9.48	$ 9.80
Security Mutual/NY	**20-80**	**$10.26 (2)**	**$ 8.64 (7)**	-	**$12.24 (2)**	**$10.26 (3)**	-
Southwestern Life	5-90	$ 9.27	$ 8.18	$ 8.71	$10.87	$ 9.47	$10.16 (8)
Standard Insurance	0-80	$ 9.14	$ 8.10	$ 8.33	$10.64	$ 9.29	$ 9.60
State Life	0-90	$ 9.15	$ 8.16	-	$10.67	$ 9.40	-
Sun Life of America	**0-85**	**$ 9.69 (6)**	**$ 8.67 (3)**	**$ 9.18 (5)**	**$11.08**	**$ 9.77**	**$10.42 (7)**
Sunlife of Canada	0-85	-	-	$ 8.52			$ 9.81
USG Annuity/Life	35-75	$ 9.22	$ 7.98	$ 7.98	$10.93	$ 9.34	$ 9.34
United Pacific Life	0-85	$ 9.43	$ 8.29	-	$11.04	$ 9.56	-
WM/Empire Life	0-114	$ 9.50	$ 8.35	$ 8.92 (8)	$11.29 (6)	$ 9.81 (9)	$10.53 (4)
Western National	**0-100**	**$ 9.60 (7)**	**$ 8.60 (8)**	-	**$11.13 (8)**	**$ 9.85 (8)**	-

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 1c. Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	10YrCL Unisx60	10YrCL Unisx70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
Aetna	0-80	$ 7.32 (4)	$ 8.64 (2)	$19.54 (2)	$11.42 (1)	$ 6.82	-
American Investors	0-85	$ 6.67	$ 7.87	$18.25	$10.57	$ 7.07	$ 6.23
Canada Life	**18-80**	**$ 6.85**	**$ 7.97**	**$18.93 (5)**	**$11.03 (7)**	**$ 7.34**	**$ 6.58**
Commercial Union	1-80	$ 7.07 (6)	$ 8.16 (7)	$18.01	$10.69	$ 7.34	$ 6.61 (8)
Financial Benefit	20-90	-	-	$18.38	$10.09	$ 6.55	$ 6.18
Great American	18-70	-	-	$18.32	$10.41	$ 7.92 (2)	$ 6.76 (5)
Jackson National	0-99	$ 6.16	$ 7.40	$18.30	$10.40	$ 6.44	$ 5.68
Kansas City Life	0-85	$ 7.43 (3)	$ 8.48 (5)	$18.82 (9)	$11.02 (9)	$ 7.82 (3)	$ 7.72 (1)
Keyport Life	no max	$ 6.60	$ 7.80	$18.31	$10.62	-	-
Life/Southwest	**0-85**	**$ 6.90 (9)**	**$ 8.03**	**$18.28**	**$10.68**	**$ 6.10**	**$ 5.66**
Manulife Financial	0-80	$ 6.65	$ 7.89	$17.31	$10.68	$ 6.94	$ 6.09
Metropolitan	**0-90**	**$ 6.93 (7)**	**$ 8.11 (8)**	**$17.64**	**$10.34**	**$ 7.21**	**$ 6.67 (6)**
Ministers Life	**40-80**	**$ 7.50 (2)**	**$ 8.67 (1)**	-	-	**$ 8.18 (1)**	**$ 7.11 (2)**
Nat'l Guardian	**20-90**	-	-	-	-	-	**$ 6.52**
Nat'l Heritage	0-85	-	-	$ 19.41	$11.19 (3)	$ 7.40 (9)	$ 6.37
New England Mutual	15-92	$ 6.08	$ 7.27	-	-	$ 6.20	$ 5.61
Penn Mutual	**0-85**	**$ 7.29 (5)**	**$ 8.64 (2)**	**$18.53**	**$10.86**	**$ 7.44 (6)**	**$ 6.64 (7)**
Presidential	0-85	$ 6.87	$ 7.99	$18.85 (8)	$11.03 (7)	$ 7.36	$ 6.59 (9)
Principal Finan. Grp.	0-85	$ 6.86	$ 7.77	$18.37	$10.60	$ 7.21	$ 6.48
Prudential	**0-85**	**$ 6.65**	**$ 7.76**	**$17.70**	**$10.36**	**$ 6.93**	**$ 6.20**
Reliance Standard	0-80	-	-	$18.95 (4)	$11.06 (6)	$ 7.50 (5)	$ 6.51
SAFECO	55-80	$ 6.81	$ 7.86	-	-	-	-
Security Benefit	0-100	$ 6.75	$ 7.91	$18.91 (6)	$11.09 (5)	$ 6.86	$ 6.36
Security Conn.	0-90	$ 6.77	$ 7.95	$18.74	$ 10.87	$ 7.13	$ 6.38
Security Mutual/NY	**20-80**	-	-	-	-	**$ 7.42 (7)**	**$ 6.41**
Southwestern Life	5-90	$ 6.91 (8)	$ 8.09 (9)	$18.18	$10.87	-	$ 6.39
Standard Insurance	0-80	$ 6.81	$ 7.89	$18.45	$10.96	$ 6.69	$ 6.45
State Life	0-90	-	-	$18.28	$10.73	$ 7.39	$ 6.43
Sun Life of America	**0-85**	**$ 7.55 (1)**	**$ 8.54 (4)**	**$18.66**	**$11.13 (4)**	**$ 7.42 (7)**	**$ 7.06 (3)**
Sunlife of Canada	0-85	$ 6.71	$ 7.95	$17.97	$10.71	-	-
USG Annuity/Life	35-75	$ 6.29	$ 7.51	$18.90 (7)	$10.98	$ 7.07	$ 6.03
United Pacific Life	0-85	-	-	$18.20	$10.84	$ 7.34	$ 6.57
WM/Empire Life	0-114	$ 6.87 (8)	$ 8.18 (6)	$18.70	$10.81	$ 7.17	$ 6.33
Western National	**0-100**	-	-	**$19.70 (1)**	**$11.20 (2)**	**$ 7.59 (4)**	**$ 6.84 (4)**

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 2a. Non-Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisx60 Life	Male65 Life	Femal65 Life	Unisx65 Life
American Investors	0-80	$ 7.09	$ 6.54	$ 6.82	$ 7.86	$ 7.12	$ 7.49
Canada Life	**0-90**	**$ 7.52**	**$ 6.95**	**$ 6.95**	**$ 8.29**	**$ 7.53**	**$ 7.53**
Commercial Union	0-80	$ 7.51	$ 6.98 (7)	$ 7.23 (6)	$ 8.25	$ 7.53	$ 7.86 (7)
Financial Benefit	20-90	$ 6.51	$ 5.92	-	$ 7.32	$ 6.55	-
Great American	18-85	$ 7.89 (4)	$ 7.23 (3)	$ 7.23 (6)	$ 8.73 (4)	$ 7.90 (3)	$ 7.90 (6)
Jackson National	0-99	$ 6.61	$ 6.06	$ 6.29	$ 7.40	$ 6.65	$ 6.95
Kansas City Life	0-85	$ 8.10 (1)	$ 7.55 (1)	$ 7.55 (3)	$ 8.85 (2)	$ 8.09 (1)	$ 8.09 (3)
Keyport Life	no max	$ 7.00	$ 6.46	$ 6.74	$ 7.74	$ 7.03	$ 7.39
Life/Southwest	**0-85**	**$ 7.28**	**$ 6.76**	**$ 7.08 (9)**	**$ 8.01**	**$ 7.30**	**$ 7.73**
Manulife Financial	0-80	$ 7.20	$ 6.44	$ 6.82	$ 8.05	$ 7.03	$ 7.54
Metropolitan	**0-90**	**$ 7.64 (6)**	**$ 6.98**	**$ 7.13 (8)**	**$ 8.59 (5)**	**$ 7.65 (6)**	**$ 7.86 (7)**
Ministers Life	**40-80**	**$ 8.01 (2)**	**$ 7.09 (5)**	**$ 7.84 (1)**	**$ 9.10 (1)**	**$ 7.76 (5)**	**$ 8.83 (1)**
Nat'l Guardian	**20-90**	**$ 7.63 (8)**	**$ 6.94**	**$ 7.29 (5)**	**$ 8.56 (6)**	**$ 7.62 (7)**	**$ 8.09 (2)**
Nat'l Heritage	0-85	$ 7.35	$ 6.76	-	$ 8.16	$ 7.38	-
New England Mutual	15-92	$ 6.44	$ 5.90	$ 6.17	$ 7.14	$ 6.42	$ 6.79
Penn Mutual	**0-85**	**$ 7.64 (6)**	**$ 7.03 (6)**	**$ 7.55 (3)**	**$ 8.44 (8)**	**$ 7.62 (7)**	**$ 8.01 (5)**
Presidential	0-85	$ 7.54 (9)	$ 6.98 (7)	$ 6.98	$ 8.32	$ 7.57 (9)	$ 7.57
Principal Finan. Grp.	0-85	$ 7.36	$ 6.75	-	$ 7.96	$ 7.15	-
Prudential	0-85	$ 7.11	$ 6.56	$ 6.82	$ 7.87	$ 7.11	$ 7.46
Reliance Standard	**0-80**	**$ 7.45**	**$ 6.90**	-	**$ 8.22**	**$ 7.47**	-
Security Benefit	0-100	$ 7.42	$ 6.85	$ 6.85	$ 8.20	$ 7.44	$ 7.44
Security Conn.	0-90	$ 7.29	$ 6.73	$ 6.87	$ 8.07	$ 7.31	$ 7.50
Security Mutual/NY	**20-80**	**$ 7.33**	**$ 6.70**	-	**$ 8.11**	**$ 7.33**	-
Southwestern Life	5-90	$ 7.36	$ 6.79	$ 7.08 (9)	$ 8.14	$ 7.35	$ 7.74
Standard Insurance	0-80	$ 7.35	$ 6.80	$ 6.93	$ 8.08	$ 7.33	$ 7.50
State Life	0-90	$ 7.34	$ 6.81	-	$ 8.08	$ 7.36	-
Sun Life of America	**0-85**	**$ 8.01 (2)**	**$ 7.46 (2)**	**$ 7.74 (2)**	**$ 8.77 (3)**	**$ 8.02 (2)**	**$ 8.39 (2)**
Sunlife of Canada	0-85	$ 7.07	$ 6.57	-	$ 7.82	$ 7.18	-
USG Annuity/Life	35-85	$ 7.07	$ 6.42	$ 6.42	$ 7.97	$ 7.05	$ 7.05
United Pacific Life	0-85	$ 7.50	$ 6.89	-	$ 8.29	$ 7.47	-
WM/Empire Life	0-114	$ 7.37	$ 6.75	$ 7.06	$ 8.25	$ 7.40	$ 7.82 (9)
Western National	**0-100**	**$ 7.77 (5)**	**$ 7.23 (3)**	-	**$ 8.52 (7)**	**$ 7.78 (4)**	-

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 2b. Non-Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
American Investors	0-80	$ 8.96	$ 7.96	$ 8.46	$10.51	$ 9.23	$ 9.86
Canada Life	**0-90**	**$ 9.37**	**$ 8.35**	**$ 8.35**	**$10.86**	**$ 9.59**	**$ 9.59**
Commercial Union	0-80	$ 9.29	$ 8.32	$ 8.76 (9)	$10.77	$ 9.53	$10.06
Financial Benefit	20-90	$ 8.41	$ 7.37	-	-	-	-
Great American	18-85	$ 9.95 (3)	$ 8.94 (1)	$ 8.94 (5)	$11.74 (3)	$10.56 (1)	$10.56 (3)
Jackson National	0-99	$ 8.51	$ 7.50	$ 7.91	$10.08	$ 8.80	$ 9.31
Kansas City Life	0-85	$ 9.94 (4)	$ 8.88 (2)	$ 8.88 (8)	$11.49 (5)	$10.12 (4)	$10.12 (9)
Keyport Life	no max	$ 8.78	$ 7.84	$ 8.31	$10.20	$ 9.04	$ 9.62
Life/Southwest	**0-85**	**$ 9.06**	**$ 8.09**	**$ 8.67**	**$10.55**	**$ 9.30**	**$10.05**
Manulife Financial	0-80	$ 9.28	$ 7.86	$ 8.56	$10.98	$ 9.13	$10.04
Metropolitan	**0-90**	**$ 9.96 (2)**	**$ 8.66 (4)**	**$ 8.93 (6)**	**$11.83 (2)**	**$10.15 (3)**	**$10.47 (5)**
Ministers Life	**40-80**	**$10.54 (1)**	**$ 8.65 (5)**	**$10.15 (1)**	**$12.71 (1)**	**$10.31 (2)**	**$12.25 (1)**
Nat'l Guardian	**20-90**	**$ 9.88 (5)**	**$ 8.58 (7)**	**$ 9.23 (2)**	**$11.72 (4)**	**$10.07 (5)**	**$10.90 (2)**
Nat'l Heritage	0-85	$ 9.32	$ 8.27	-	$10.97	$ 9.61	-

continued . . .

Table 2b cont'd. Non-Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
continued . . .							
New England Mutual	15-92	$ 8.14	$ 7.18	$ 7.66	$ 9.53	$ 8.32	$ 8.92
Penn Mutual	**0-85**	**$ 9.57 (8)**	**$ 8.42**	**$ 8.96 (4)**	**$11.12 (9)**	**$ 9.54**	**$10.27 (7)**
Presidential	0-85	$ 9.42	$ 8.41	$ 8.41	$10.99	$ 9.68	$ 9.68
Principal Finan. Grp.	0-85	$ 8.89	$ 7.83	-	$10.27	$ 8.91	-
Prudential	0-85	$ 8.97	$ 7.91	$ 8.39	$10.55	$ 9.18	$ 9.77
Reliance Standard	0-80	$ 9.32	$ 8.31	-	$10.88	$ 9.59	-
Security Benefit	0-100	$ 9.32	$ 8.30	$ 8.30	$10.89	$ 9.59	$ 9.59
Security Conn.	0-90	$ 9.18	$ 8.16	$ 8.42	$10.77	$ 9.45	$ 9.77
Security Mutual/NY	**20-80**	**$ 9.26**	**$ 8.30**	-	**$10.94**	**$ 9.83 (7)**	-
Southwestern Life	5-90	$ 9.27	$ 8.18	$ 8.71	$10.87	$ 9.47	$10.16 (8)
Standard Insurance	0-80	$ 9.14	$ 8.10	$ 8.33	$10.64	$ 9.29	$ 9.60
State Life	0-90	$ 9.15	$ 8.16	-	$10.67	$ 9.40	-
Sun Life of America	**0-85**	**$ 9.69 (6)**	**$ 8.67 (3)**	**$ 9.18 (3)**	**$11.08**	**$ 9.77 (9)**	**$10.42 (6)**
Sunlife of Canada	0-85	$ 8.89	$ 8.02	-	$10.32	$ 9.12	-
USG Annuity/Life	35-85	$ 9.22	$ 7.98	$ 7.98	$10.93	$ 9.34	$ 9.34
United Pacific Life	0-85	$ 9.43	$ 8.29	-	$11.04	$ 9.56	-
WM/Empire Life	0-114	$ 9.50	$ 8.35	$ 8.92 (7)	$11.29 (6)	$ 9.81 (8)	$ 10.53 (4)
Western National	**0-100**	**$ 9.60 (7)**	**$ 8.60 (6)**	-	**$11.13 (8)**	**$ 9.85 (6)**	-

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Median Annuity Rates

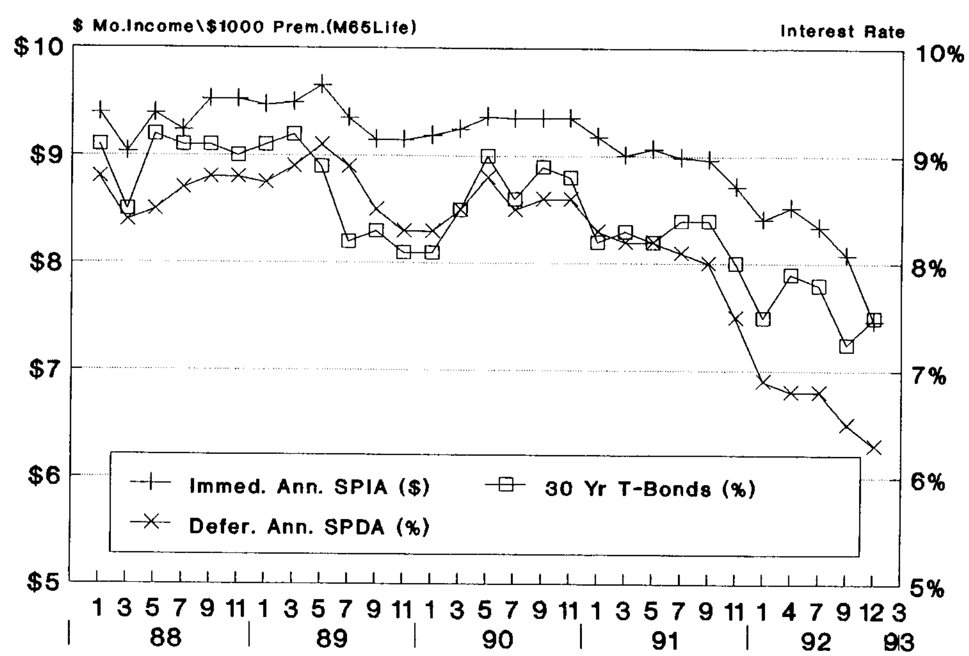

Table 2c. Non-Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	10YrCL Unisx60	10YrCL Unisx70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
American Investors	0-80	$ 6.67	$ 7.87	$18.25	$10.57	$ 7.07	$ 6.23
Canada Life	**0-90**	**$ 6.85**	**$ 7.97**	**$18.93 (4)**	**$11.03**	**$ 7.34**	**$ 6.58 (9)**
Commercial Union	0-80	$ 7.07 (5)	$ 8.16 (6)	$18.01	$10.69	$ 7.34	$ 6.61 (8)
Financial Benefit	20-90	-	-	$18.38	$10.09	$ 6.55	$ 6.18
Great American	18-85	-	-	$18.32	$10.41	$ 7.92 (2)	$ 6.76 (5)
Jackson National	0-99	$ 6.16	$ 7.40	$18.30	$10.40	$ 6.44	$ 5.68
Kansas City Life	0-85	$ 7.43 (3)	$ 8.48 (3)	$18.82 (8)	$11.02 (8)	$ 7.82 (3)	$ 7.72 (1)
Keyport Life	no max	$ 6.60	$ 7.80	$18.31	$10.62	-	-
Life/Southwest	**0-85**	**$ 6.90 (8)**	**$ 8.03**	**$18.28**	**$10.68**	**$ 6.78**	**$ 6.00**
Manulife Financial	0-80	$ 6.65	$ 7.89	$17.31	$10.68	$ 6.94	$ 6.09
Metropolitan	**0-90**	**$ 6.93 (6)**	**$ 8.11 (7)**	**$17.64**	**$10.34**	**$ 7.21**	**$ 6.67 (6)**
Ministers Life	**40-80**	**$ 7.50 (2)**	**$ 8.67 (2)**	-	-	**$ 8.18 (1)**	**$ 7.11 (2)**
New England Mutual	15-92	$ 6.12	$ 7.32	-	-	$ 6.24	$ 5.64
Nat'l Guardian	**20-90**	-	-	-	-	-	**$ 6.52**
Nat'l Heritage	0-85	-	-	$19.41 (2)	$11.19	$ 7.40	$ 6.37
Penn Mutual	**0-85**	**$ 7.15 (4)**	**$ 8.96 (1)**	**$18.53**	**$10.86**	**$ 7.44 (6)**	**$ 6.64 (7)**
Presidential	0-85	$ 6.87	$ 7.99	$18.85 (7)	$11.03 (7)	$ 7.36 (9)	$ 6.59
Principal Finan. Grp.	0-85	-	-	$18.31	$10.57	$ 7.19	$ 6.45
Prudential	**0-85**	**$ 6.65**	**$ 7.76**	**$17.70**	**$10.36**	**$ 6.93**	**$ 6.20**
Reliance Standard	**0-80**	-	-	**$18.95 (3)**	**$11.06 (5)**	**$ 7.50 (5)**	**$ 6.51**
Security Benefit	0-100	$ 6.75	$ 7.91	$18.91 (5)	$11.09 (4)	$ 7.23	$ 6.46
Security Conn.	0-90	$ 6.74	$ 7.92	$18.72 (9)	$10.84	$ 7.10	$ 6.35
Security Mutual/NY	**20-80**	-	-	-	-	**$ 7.07**	**$ 6.27**
Southwestern Life	5-90	$ 6.91 (7)	$ 8.09 (8)	$18.18	$10.87	-	-
Standard Insurance	0-80	$ 6.81	$ 7.89	$18.45	$10.96	$ 6.69	$ 6.45
State Life	0-90	-	-	$18.28	$10.73	$ 7.39 (8)	$ 6.43
Sun Life of America	**0-85**	**$ 7.55 (1)**	**$ 8.54 (3)**	**$18.66**	**$11.13 (3)**	**$ 7.42 (7)**	**$ 7.06 (3)**
Sunlife of Canada	0-85	-	-	$17.97	$10.71	$ 7.14	$ 6.16
USG Annuity/Life	35-75	$ 6.29	$ 7.51	$18.90 (6)	$10.98 (9)	$ 7.07	$ 6.03
United Pacific Life	0-85	-	-	$18.20	$10.84	$ 7.34	$ 6.57
WM/Empire Life	0-114	$ 6.87 (9)	$ 8.18 (5)	$18.70	$10.81	$ 7.17	$ 6.33
Western National	**0-100**	-	-	**$19.70 (1)**	**$11.20 (1)**	**$ 7.59 (4)**	**$ 6.84 (4)**

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Money isn't everything as long as you have enough.

-- Malcolm Forbes

And while money won't buy happiness, it will pay the salaries of a large enough research staff to study the problem.

-- Bill Vaughan

DEFERRED ANNUITIES UPDATE

In a deferred annuity your premium is credited with a fixed interest rate (see "**Initial Credit %**" column which is the current rate). The length of time for which this rate is guaranteed is shown in the "**Yield Guarantee Period**" column. Almost all annuities set a minimum or **Floor Rate** below which the annual interest rate is guaranteed never to drop (see "**Floor %**" letters a thru h where a=2.50%; b=3.00%; c=3.50%; d=4.00%; de=4.25%; e=4.50%; f=5.00%; g=5.50%; h=6.00%). Some insurers offer protection against low renewal rates with a feature known as a "**Bail-out" or "Escape**" rate (see Table 3 column heading "**Bailout Escape Rates**"). The column headed "**Surrender Fees / Year**" reports the penalties in effect for the sample years indicated. "**Proj. 20 Yr. Cash Accum. Curr. Rate**" indicates what the value of the contract would be after twenty years, assuming that the initial credit rate remained constant over the entire period and no withdrawals were made. The "**Proj. 20 Yr.**" cash accumulation figures in Table 3 through Table 6 are based on a single deposit of $100,000 (for SPDAs and Certificates of Annuity) or 20 annual deposits of $10,000 each (for FPDAs) in qualified funds for by a 45 year-old male who annuitizes his contract on a Life Only monthly income after 20 years (age 65). Quotes include all fees and commissions but not premium taxes, if applicable. The column "**Mo. Income/$1,000 Male 65 Life Only**" shows two rates: (1) the current conversion rate per $1,000 to a life annuity for a male age 65 and (2) the minimum guaranteed rates that would be in effect for the life of the contract. Using the figures reported by American Investors, the contract value of $386,968 would currently purchase a monthly life income of $3,169.26 for a male age 65.

Rank: We spotlight the top-quartile Initial Yields with a number in parenthesis next to the yield figure. The highest yield is ranked (1), the next highest (2), and so on until the top quarter of all yields has been ranked.

Table 3. Single Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit% /Floor%	RNK	Yield Guarantee Period	Bail-out Escape Rate	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj.20 Yr Cash Accum Curr Rate	Mo.Income/$1,000 Male 65Life Only Curr.	Guar.
Amer. Investors	SPDA I-B	0-85	8.00%/d	(1)	1/14/94	5.50%	10%	4%	$466,096	$ 7.86	$6.69
Amer. Investors	SPDA X	0-85	6.50%/d	(3)	1/14/94	5.75%	10%	4%	$352,365	$ 7.86	$6.69
Commer. Union	Maximizer I	0-85	6.25%/d		1 Year	5.25%	6%	0%	$307,366	$ 8.68	$6.68
Finan. Benefit Life	Accumulator	0-75	6.50%/d	(3)	1 Year	4.00%	15%	7%	$352,364	$6.69	$6.69
Kansas City Life	SDDA	0-80	6.25%/e		2 Cal Yrs	4.50%	7%	2%	$336,185	$8.85	$6.77
Life/Southwest	**SPA 1**	**0-80**	**5.75%/d**		**1/15/94**	**4.75%**	**7%**	**0%**	**$305,920**	**$8.38**	**$6.38**
Life/Southwest	**SPA 1**	**0-80**	**5.50%/d**		**3 yrs**	**4.50%**	**7%**	**0%**	-	**$8.38**	**$6.38**
Mass. General	General	0-80	6.50%/d	(3)	1 Year	5.50%	14%	8%	$352,364	$6.69	$5.99
New England Mutual	AssetBldr	0-75	5.25%/d		1 Year	4.00%	7%	1%	$278,254	$7.09	$5.61
Presidential	SPDA II	0-85	6.20%/g		2 Yrs	5.50%	7%	1%	$333,035	$8.32	$7.81
Presidential	SPDA III	0-85	6.10%/g		3 Yrs	5.50%	7%	1%	$326,819	$8.32	$7.81
Prudential	**Discovery**	**0-75**	**4.20%/d**		**3 Yrs**	**4.00%**	**7%**	**0%**	-	-	-
Reliance Std	**SPDA**	**0-78**	**6.50%/e**	**(3)**	**12/31/92**	**5.00%**	**7%**	**3%**	**$352,365**	**$8.97**	**$8.97**
Secur. Conn. q	**SPDA-1**	**0-85**	**6.70%/d**	**(2)**	**1 Year**	**5.70%**	**7%**	**0%**	**$365,838**	**$8.25**	**$ 6.68**
Secur. Mutual/NY	**SPDA**	**0-80**	**6.05%/e**		**1 Year**	**4.50%**	**4%**	**0%**	**$323,753**	**$8.79**	-
Southwestern	SPDA-IB	0-80	5.90%/d		1 Year	5.15%	8%	2%	$314,716	$8.22	$7.47
Standard	SPDA	0-80	6.13%/d		1 Year	4.13%	7%	1%	$328,672	$8.44	$6.10
United Pacific Life	Benchmark	0-75	5.50%/d		1 Year	4.50%	7%	1%	$291,776	$8.29	$6.68

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 4. Single Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit% /Floor%	RNK	Yield Guar. Period	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj. 20 Yr. Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Guar.
American Investors	SPDA XI	0-85	6.60%/d		1 Year	12%	6%	$359,041	$7.86	$6.69
American Investors	SPDA XIV	0-85	8.75%/d	(1)	1 Year	12%	6%	-	$7.86	$6.69
Canada Life	**Security One**	**0-80**	**5.85%/d**		**1 Year**	**7%**	**2%**	**$311,758**	**$9.01**	**$ 6.44**
Financial Benefit	Champion	0-75	6.50%/d		1 Year	15%	7%	$352,364	$6.69	$6.69
Financial Benefit	Sr. Advantage	0-100	6.25%/b		1 Year	8%	0%	$336,185	$6.69	$5.70
First SunAmerica	Century 200+	0-80	6.25%/d		1 Year	2.9%	2.0%	-	-	-
Golden Rule	Wlth Bldr II	0-70	6.25%/d		1 Year	8%	2%	$336,185	$8.03	$7.36
Golden Rule	Wlth Bldr I	0-70	6.15%/d		1 Year	6.5%	0%	$329,913	$8.03	$7.36

continued . . .

Table 4 Cont'd. Single Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit% /Floor%	R N K	Yield Guar. Period	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj. 20 Yr. Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Mo. Income/$1,000 Male 65 Life Only Guar.
continued . . .										
Golden Rule	SPDA-Q1	20-70	6.00%/d		1 Year	8%	2%	$320,714	$8.03	$7.36
Great American	SP 10-2	18-65	7.50%/d	(2)	2 Yrs	10%	4%	$424,785	$9.20	$7.07
Jackson National	Super Max	0-70	7.00%/f	(7)	1 Cal Yr.	9%	3%	$387,102	$7.99	$6.44
Jackson National	Max Plan	0-80	7.00%/e	(7)	1 Cal Yr.	6%	0%	$387,102	$7.99	$6.44
Keyport	Keyannuity 1Yr	0-85	5.50%/c		1 Year	7%	0%	$291,776	$8.05	$5.65
Keyport	Keyannuity 3Yr	0-85	5.40%/c		3 Years	7%	0%	$286,294	$8.05	$5.65
Life/Southwest	**SPA 1**	**0-80**	**6.00%/d**		**2 Cal Yrs.**	**7%**	**0%**	**$320,713**	**$8.38**	**$6.38**
Life/Southwest	**SPA 1**	**0-80**	**5.75%/d**		**3 Years**	**7%**	**0%**	-	**$8.68**	**$6.38**
Life/Southwest	**SPA 3**	**0-80**	**6.40%/d**		**2 Cal Yrs.**	**9%**	**5%**	-	**$8.68**	**$6.38**
Life/Southwest	**SPA 3**	**0-80**	**6.15%/d**		**3 Years**	**9%**	**0%**	-	**$8.68**	**$6.38**
Life/Southwest	**Income Choice**	**0-80**	**6.00%/d**		**1 Year**	**7%**	**0%**	-	**$8.68**	**$6.38**
Lincoln Benefit	**Opport.IV**	**0-99**	**5.05%/d**		**7 Years**	**7%**	**4%**	-	-	-
Lincoln Benefit	**Opport.IV**	**0-99**	**5.25%/d**		**5 Years**	**7%**	**4%**	-	-	-
Lincoln Benefit	**Opport.IV**	**0-99**	**5.40%/d**		**3 Years**	**7%**	**4%**	-	-	-
Lincoln Benefit	**Opport.IV**	**0-99**	**5.55%/d**		**1 Year**	**7%**	**4%**	-	-	-
ManuLife Financial	**SPDA II**	**0-69**	**5.25%/d**		**5 Years**	**na**	**na**	**$278,258**	**$8.07**	**$5.58**
Metropolitan	**Max 1**	**0-85**	**5.50%**		**1 Year**	**7%**	**1%**	-	**$0.00**	**$0.00**
Metropolitan	**Max 3**	**0-85**	**5.25%**		**3 Years**	**7%**	**1%**	-	**$0.00**	**$0.00**
National Guardian	SPDA	0-80	6.50%/d		1 Year	7%	1%	$352,365	$8.99	$6.38
National Heritage	Capital Bldr	0-85	6.35%/b		1 Cal Yr.	16%	0%	$313,356	$8.16	$6.72
National Heritage	Capital Choice	0-85	6.35%/b		1 Cal Yr.	16%	0%	$313,356	$8.16	$6.72
Penn Mutual	**Diversif. II**	**0-85**	**5.60%/d**		**7 Yrs**	**7%**	**1%**	**$297,357**	**$8.44**	-
Presidential	SPDA	0-85	6.60%/g		1 Year	7%	1%	$359,041	$8.32	$7.81
Principal Finan. Grp.	SPDA	0-85	6.00%/d		1 Year	8%	2%	$320,713	$7.69	$5.66
SAFECO (q)	QPA III Plus	0-75	7.40%/de	(4)	1 Year	9%	4%	$333,748	$7.47	$6.09
SAFECO (q)	QPA V Plus	0-75	7.40%/de	(4)	1 Year	10%	4%	$333,798	$7.47	$6.09
Security Benefit	VariFlex Mark	0-80	6.00%/d		-	8%	2%	$340,297	$8.20	$ 6.38
Security Conn.	SPDA-1	0-85	6.90%/d		1 Year	7%	0%	$379,799	$8.25	$ 6.68
Southwestern Life	SPDA-I	0-80	6.35%/d		1 Year	8%	2%	$342,570	$8.22	$7.47
Sun Life of America	**Century 500+**	**0-80**	**6.75%/e**		**1 Year**	**7%**	**3%**	**$369,282**	**$8.77**	**$6.68**
Sun Life of America	**Century 200+**	**0-80**	**6.25%/d**		**1 Year**	**2.9%**	**2.0%**	**$336,185**	**$8.77**	**$6.68**
United Pacific Life	Bonus Prosper.	0-75	7.50%/d	(2)	1 Year	7%	0%	$354,727	$8.29	$6.68
USG Annuity & Life	USG 5 Year	0-85	7.00%/e	(6)	1 Year	5%	0%	$295,924	$8.91	$5.08
Western National	**SPDA +II**	**0-85**	**6.00%/d**		**1 Year**	**7%**	**0%**	**$320,714**	**$8.65**	**$7.07**

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 5. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date*

Reporting Companies	Policy Name	Issue Age	Initial Creditd Rate%	R N K	Yield Guarantee Period	Surrender penalties by Year 1	2	3	4	5	6	7	8	9
Hartford	**Saver**	**0-80**	**3.20%**		**1 Year**	**2%**	-	-	-	-	-	-	-	-
Lincoln Benefit	**Tactician**	**0-99**	**4.00%**	**(1)**	**1 Year**	**non-anniversary surrender forfeits that year's interest**								
Metropolitan	**AAA**	**0-85**	**3.25%**		**1 Year**	**7%**	-	-	-	-	-	-	-	-
Southwestern	SPDA-CDI	0-80	4.00%	(1)	1 Year	5%	4%	3%	2%	1%	0%	0%	0%	0%
Sun Life/America	**Century 1**	**0-80**	**4.00%**	**(1)**	**1 Year**	**3%**	**3%**	**3%**	**3%**	**3%**	**3%**	**3%**	**3%**	**3%**

*Entire value of contract may be surrendered without penalty on each anniversary date
Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 6. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

(Not Ranked by Top Quartile)

Reporting Companies	Policy Name	Issue Age	Initial Credited Rate	Yield Guarantee Period	Surrender penalties by Year 1	2	3	4	5	6	7	8	9	10
Crown Life #	**SPDA**	-	7.32%	**10 Years**	**9.0%**	**8.1%**	**7.2%**	**6.3%**	**5.4%**	**4.5%**	**3.6%**	**2.7%**	**1.8%**	**0.9%**
Crown Life #	**SPDA**	**0-75**	7.13%	**9 Years**	**9.0%**	**8.0%**	**7.0%**	**6.0%**	**5.0%**	**4.0%**	**3.0%**	**2.0%**	**1.0%**	-
Crown Life #	**SPDA**	**0-75**	**6.83%**	**8 Years**	**8.4%**	**7.4%**	**6.3%**	**5.3%**	**4.2%**	**3.2%**	**2.1%**	**1.1%**	-	-
Crown Life #	**SPDA**	**0-75**	**6.50%**	**7 Years**	**8.4%**	**7.2%**	**6.0%**	**4.8%**	**3.6%**	**2.4%**	**1.2%**	-	-	-
Crown Life #	**SPDA**	**0-75**	**6.16%**	**6 Years**	**8.4%**	**7.0%**	**5.6%**	**4.2%**	**2.8%**	**1.4%**	-	-	-	-
Crown Life #	**SPDA**	**0-75**	**5.73%**	**5 Years**	**8.0%**	**6.4%**	**4.8%**	**3.2%**	**1.6%**	-	-	-	-	-
Hartford #	**Saver**	**0-80**	**6.00%**	**7 Years**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	-	-	-
Hartford #	**Saver**	**0-80**	**5.60%**	**5 Years**	**5%**	**5%**	**5%**	**5%**	**5%**	-	-	-	-	-
Hartford #	**Saver**	**0-80**	**4.55%**	**3 Years**	**3%**	**3%**	**3%**	-	-	-	-	-	-	-
Manulife Financial	**SPDA-II**	**0-80**	**5.90%**	**7 Years**	**no surrender except at 7th ann.**									
Manulife Financial	**SPDA-II**	**0-80**	**5.15%**	**5 Years**	**no surrender except at 5th ann.**									
Metropolitan	**AAA**	**0-85**	**4.75%**	**7 Years**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	-	-
Metropolitan	**AAA**	**0-85**	**4.75%**	**5 Years**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	-	-	-	-
Metropolitan	**AAA**	**0-85**	**3.50%**	**3 Years**	**7%**	**7%**	**7%**	-	-	-	-	-	-	-
Sun Life of America	**Cert./Ann.**	**0-75**	**7.00%**	**10 Years**	**no surrender except at 10th ann.**									
Sun Life of America	**Cert./Ann.**	**0-78**	**6.50%**	**7 Years**	**no surrender except at 7th ann.**									
Sun Life of America	**Cert./Ann.**	**0-80**	**6.00%**	**5 Years**	**no surrender except at 5th ann.**									
Sun Life of America	**Cert./Ann.**	**0-81**	**5.00%**	**4 Years**	**no surrender except at 4th ann.**									
Sun Life of America	**Cert./Ann.**	**0-82**	**4.75%**	**3 Years**	**no surrender except at 3rd ann.**									
Sun Life of America	**Century 5**	**0-80**	**5.75%**	**5 Years**	**6%**	**6%**	**6%**	**6%**	**6%**	-	-	-	-	-

\# Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 7. Flexible Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit% /Floor%	RNK	Yield Guar. Period	Surrender Fees/Year 1	7	Proj. 20 Yr. Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Guar.
American Investors	FPDA-I	0-65	6.00%/f		none	13%	6%	$389,927	$7.86	$6.69
Golden Rule	Wltbdr Plan A	0-60	6.25%/d		1 Year	11%	5%	$377,896	$8.06	$7.36
Great American	TSA IV (A104)	18-65	7.75%/d	(1)	-	20%	0%	$479,641	$9.20	$6.68
Jackson National	Flex I	0-70	7.00%/b	(3)	1 Cal Yr.	12%	3%	$438,803	$7.99	$6.44
Jackson National	Flex II	0-70	7.00%/b	(3)	1 Cal Yr.	35%	5%	$438,803	$7.99	$6.44
Kansas City Life	RCP-Q	0-70	6.25%/d		1 Cal Yr.	15%	9%	$419,756	$8.09	$6.77
Life/Southwest	**Flex 3000**	**0-80**	**7.00%/e**	**(3)**	**1 Year**	**7%**	**1%**	**$393,607**	**$8.38**	**$6.38**
Lincoln Benefit	**Fut Sterling**	**0-99**	**6.00%/f**		**1 Year**	**7%**	**7%**			
Manulife Financial	Ledger Acct.	0-70	5.50%/d		5 Years	8%	1%	$367,697	$8.08	$5.63
Metropolitan	**GPA**	**0-85**	**5.25%**		**1 Year**	**7%**	**0%**	-	-	-
National Guardian	FPA	0-80	6.00%/d		6 mos	10%	4%	-	-	-
National Heritage	CapRetAccum	0-79	6.35%/d		1 Cal Yr.	16%	10%	$383,326	$8.16	$6.72
New England Mutual	FRA+	0-75	5.00%/e		1 Year	7%	4%	$347,193	$7.09	$5.61
Penn Mutual	**Diversif. II**	**0-85**	**5.60%/d**		**7 Years**	**7%**	**2.5%**	**$372,159**	**$8.44**	-
Penn Mutual	**Diversif. II**	**0-85**	**5.50%/d**		**5 Years**	**7%**	**2.5%**	-	**$8.44**	-
Penn Mutual	**Diversif. II**	**0-85**	**5.40%/d**		**3 Years**	**7%**	**2.5%**	-	**$8.44**	-
Penn Mutual	**Diversif. II**	**0-85**	**5.30%/d**		**1 Year**	**7%**	**2.5%**	-	**$8.44**	-
Presidential	TSA-loan	0-85	6.60%/g	(8)	1 Cal Yr.	7%	4%	$418,390	$8.32	$7.81
Presidential	FPDA	0-85	6.25%/g		1 Cal Yr.	7%	4%	$401,515	$8.32	$7.81
Prudential	**FIP**	**0-85**	**4.45%/b**		**1 Year**	**8%**	**2%**	**$325,498**	**$7.80**	**$5.73**
Reliance Standard	**FPDA**	-	**7.25%/e**	**(2)**	**1 Cal.Yr.**	**7%**	**7%**	**$424,062**	**$8.97**	**$8.97**
SAFECO (q)	QPA III	0-75	6.15%/de		6-12 mos	9%	4%	$394,517	$7.47	$6.09
SAFECO (q)	QPA V	0-75	6.10%/de		6-12 mos	10%	4%	$394,517	$7.47	$6.09
Security Benefit	Variflex	0-80	6.00%/d		-	8%	2%	$403,775	$8.20	$6.38
Southwestern	Flex-Rite	0-75	6.63%/d	(7)	-	7%	2%	$419,930	$8.22	$5.91
State Life	Flex.Ann II	0-80	6.45%/e	(10)	1 Year	7%	1%	$411,160	$8.60	$6.81

continued . . .

Table 7 cont'd. Flexible Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit% /Floor%	RNK	Yield Guar. Period	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj. 20 Yr. Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Mo. Income/$1,000 Male 65 Life Only Guar.
continued . . .										
Sunlife Canada	Regatta Gold	0-80	6.00%/d		7 Years	6%	3%	$320,714	$7.88	$6.52
USG Annuity/Life	Flex III	0-85	5.00%/e		1 Year	9%	2%	$327,947	$8.49	$6.09
Western National (q)	**FPDA PlusII**	**0-85**	**6.75%/d**	**(6)**	**none**	**8%**	**2%**	**$425,864**	**$8.65**	**$7.07**
Western National (q)	**FPDA Plus**	**0-85**	**6.50%/d**	**(9)**	**none**	**6%**	**0%**	**$413,490**	**$8.65**	**$7.07**
WM/Empire	Flex.Premium	0-85	5.75%/b		1 Year	8.1%	2.7%	$378,713	$8.52	$6.77

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

8. Flexible Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Initial Credit/ Floor%	Yield Guarantee Period	Bail-out Escape Rate	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj.20 Yr Cash Accum Curr Rate	Mo.Income/$1,000 Male 65Life Only Curr.	Mo.Income/$1,000 Male 65Life Only Guar.
Commercial Union	MaximizerII	0-85	5.25%/e	1 Cal.Yr.	4.50%	9%	0%	$357,358	$8.68	$6.68
Prudential	Discovery	0-80	4.20%/d	3 Years	4.00%	7%	0%	$317,372	$7.80	$5.73
Prudential	**Discovery**	**0-85**	**4.00%/d**	**6 Yrs**	**7%**	**1%**				
Secur.Mutual/NY	**Flex Plus**	**0-80**	**5.75%/e (2)**	**1 Year**	**4.50%**	**7%**	**4%**	**$378,713**	**$8.79**	-
Standard	FPDA	0-80	5.87%/d (1)	1 Year	3.87%	7%	3%	$384,050	$8.44	$6.10

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

SPLIT ANNUITIES UPDATE

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9 are based on an investment of $100,000. Column headed "**Annual Interest Rate**" indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). "**Deferred Annuity Premium**" column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred annuity to grow back to the full amount of the original investment. Column headed "**Monthly Income Amount**" lists the monthly income which is generated by the immediate annuity portion of the contract and payable each month until the contract matures (either 5 or 7 years). "**Income Annuity Premium**" column reports the amount of the original investment which is allocated to the immediate annuity portion of the contract.

Table 9. Split ("Combination") Immediate and Deferred Annuities

(Not Ranked by Top Quartile)

Reporting Companies	Policy Name	Issue Ages	5 Year Maturity Rates: Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium	7 Year Maturity Rates: Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium
Finan. Benefit	Sr.Advantage	20-100	6.25%	$73,850	$480.62	$26,150	6.25%	$65,418	$471.70	$34,582
Kansas City	Split Ann.	0-80	na	na	na	na	4.50%	$73,482	$385.00	$26,518
Sun Life/Can.	Regatta	0-80	na	na	na	na	4.00%	$76,172	$323.82	$23,828
Penn Mutual	**Div.II/SPIA**	**0-80**	**na**	**na**	**na**	**na**	**5.60%**	**$68,289**	**$446.61**	**$31,711**
Presidential	Combi-nuity	0-85	6.00%	$74,726	$476.38	$25,274	na	na	na	na
Sun Life/Amer.	**Income Altern.**	**0-80**	**6.00%**	**$74,726**	**$471.62**	**$25,274**	**6.50%**	**$64,351**	**$508.72**	**$35,649**
United Pacific	SPDA/SPIA 7	0-75	na	na	na	na	5.00%	$71,068	$411.00	$28,932

na: No penalty-free surrender at end of 5-years.

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Most of the features described in the earlier "Fixed" Deferred Annuities section apply to Variable Annuities (VAs). Like Fixed Deferred annuities, a VA can increase the value of your deposit on a tax-deferred basis. However, VAs offer investment options not available in single-account fixed annuities (see column headed "**Types of Accounts**"). With a VA you may either diversify your investment risk by allocating your premium to several mutual-fund type separate accounts, or use the VA's General Interest Account (GIA), which affords the same advantages currently available in a fixed deferred annuity. Transfers can usually be directed from this GIA account to the various "mutual-fund" type accounts. The "**Yield Guar. Period**" column lists the period for which the initial GIA rate remains unchanged. The "**Surrender Fees/Year**" column reports the early withdrawal penalties in effect for the sample years indicated. "**Total Assets $ Mil**" gives in millions of dollars the total amount of assets under management (excluding funds in the GIA). "**# of Accts**" indicates the number of separate that represent different investment options from which to choose.

In the performance tables (10b, 10c, 10d) "**Accum. Unit Value**" reports the dollar value per share of fixed-income type account as of June 30, 1992. "**YTD**" reports the year-to-date rate of return for the account listed. "**1 Yr**" reports the 1 year rate of return for the account listed. "**3 Yr**" reports the cumulative 3-year rate of return for the account listed. "**5 Yr**" reports the cumulative 5-year rate of return for the account listed.

Table 10a. Variable Annuities - Contract Features

Reporting Companies	Policy Name	Total Assets $ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Yield Guar. Period	Surrender Fees/Year 1	7
Canada Life (U.S.)	Varifund	$ 22	4	B, EI, FI, MM	5.75%	1 Year	6%	0%
Connecticut Mutual	Panorama	$ 564	4	B, FI, G, MM	na			
Charter Nat'l Life	Scudder Horizon	$ 100	5	B, CA, FI, G, I	4.75%	3 Yrs	0%	0%
Keyport Life	Keyflex	$ 354	13	AA(2),AG,CA,FI(4),G,GS,I,MM,SI	4.70%	3 Yrs	7%	1%
Manulife Financial	Var. Annuity	$ 22	6	AG, B, FI, G, MM, RP	4.00%	na	8%	2%
New England Mutual	Zenith Accumul.	$ 417	5	B, FI, G, MM, SI	5.00%	1 Year	6.5%	3.5%
Penn Mutual	Diversifier II	$ 218	7	B,EI, FI(2), G, MM, I	6.50%	5 Yrs	7%	1%
Phoenix Home Life	Big Edge Plus	$ 533	7	AA,B,EI,FI,G,I,MM	5.25%	1 Yr	6%	0%
Prudential	Discovery Plus	$1,234	12	AG,EI(2),FI(3),G(2),I,MM,RP,SI	4.40%	3 Yrs	7%	0%
Security Benefit	Variflex	$ 877	7	A,B,FI,G,MM,I	6.00%	na	8%	2%
SunLife/Canada	Regatta Gold	$1,579	8	B, CA, EI, FI, GS, MM, I	5.35%	5 Yrs	6%	3%

AG	Aggressive Growth	EI	Equity/Income	GS	Govt Securities	RP	Real Property
B	Balanced	FI	Fixed Income	I	International	SI	Stock Index
CA	Capital Appreciation	G	Growth	MM	Money Market		

Table 10b. Variable Annuities - Bond (Fixed Income) Performance

Reporting Companies	Fund Name	Accum. Unit Value	Net Assets $ Mil	Total Return Performance thru 9/30/92 YTD	1 Yr	3 Yr	5 Yr
Canada Life	Bond	$12.58	$ .2	5.5%	10.8%	na	na
Connecticut Mutual	Income	$ 3.08	$ 64	6.7% (3)	13.3% (3)	36.6% (2)	66.8% (1)
Charter National	Managed Bond	$18.11	$ 11	5.8%	12.2%	na	61.4%
Keyport Life	Mtg. Securities	$13.87	$ 35	na	na	na	na
Manulife Financial	Cap. Gwth. Bond	$15.58	$ 2	5.5%	10.9%	na	na
New England Mutual	Bond Income	$ 2.42	$ 67	7.7% (2)	13.9% (1)	37.2% (1)	64.8% (2)
Penn Mutual	Quality Bond	$15.05	$ 19	5.0%	10.4%	31.4%	58.8%
Phoenix Home Life	High Yield	$ 2.54	$ 38	8.8% (1)	13.5% (2)	na	na
Prudential	Bond Portfolio	na	$ 93	na	12.8%	na	na
Security Benefit	Hi Grade Income	$18.37	$ 80	5.7%	11.0%	31.6%	58.5%
Sun Life Canada	Gov't Securities	$11.01	$109	6.1%	11.9%	34.2% (3)	61.3% (3)

na - data not available

Table 10c. Variable Annuities - Growth (Equity) Performance

Reporting Companies	Fund Name	Accum. Unit Value	Net Assets $ Mil	Total Return Performance thru 9/30/92 YTD	1 Yr	3 Yr	5 Yr
Canada Life	Equity	$12.49	$ 1.5	-1.3%	7.6%	na	na
Connecticut Mutual	Growth	$ 4.85	$ 76	1.0% (2)	10.06	27.1% (3)	46.3% (1)
Charter National	Cap. Growth	$18.93	$ 26	-2.9%	6.3%	na	33.2% (3)
Keyport Life	Cap. Apprec.	$13.45	$ 14	na	na	na	na
Manulife Financial	Emerg. Growth	$24.42	$ 5	-3.6%	11.2% (3)	na	na
New England Mutual	Capital Growth	$ 7.33	$230	-14.9%	-2.1%	9.2%	10.8%
Penn Mutual	Growth Equity	$23.85	$ 62	-2.8%	7.1%	13.2%	29.9%
Phoenix Home LIfe	Growth	$ 4.92	$159	1.3% (1)	12.4% (2)	na	na
Prudential	Common Stock	na	$159	na	12.6% (1)	na	na
Security Benefit	Growth	$23.12	$262	-0.8% (3)	8.0%	13.8%	26.7%
Sun Life Canada	Cons. Growth	$10.84	$ 21	-1.1%	8.5%	29.6% (2)	43.3% (2)

na - data not available

Table 10d. Variable Annuities - Total Return (Equity/Income) Performance

Reporting Companies	Fund Name	Accum. Unit Value	Net Assets $ Mil	Total Return Performance thru 9/30/92 YTD	1 Yr	3 Yr	5 Yr
Canada Life	Managed	$12.44	$ 5	1.6%	8.2%	na	na
Connecticut Mutual	Total Return	$ 3.52	$360	3.9%	11.6% (3)	34.1% (1)	50.3% (3)
Keyport Life	Strat. Mgd.Assets	$15.25	$ 15	na	na	na	na
Manulife Financial	Balan. Assets	$16.29	$ 7	1.6%	8.9%	na	na
New England	Managed	$ 1.55	$ 58	3.0%	9.4%	27.1%	46.3%
Penn Mutual	Value Equity	$16.59	$ 45	10.2% (1)	14.3% (1)	20.6%	56.2% (1)
Phoenix Home Life	Total Return	$ 2.65	$134	4.8% (2)	13.4% (2)	na	na
Prudential	Cnsrv.Mgd. Flex.	na	$274	na	9.3%	na	na
Security Benefit	Income/Growth	$28.23	$419	-0.8%	6.3%	29.9% (3)	52.5% (2)
Sun Life/Canada	Total Return	$10.76	$314	4.4% (3)	8.9%	27.9%	na

na - data not available

STRUCTURED SETTLEMENT ANNUITIES UPDATE

The following quotations represent the total premium amount required to guarantee $1,000 of monthly life income, assuming a 0% or 3% per annum cost of living admustment (COLA). The COLA adjustment is made at the beginning of each year with monthly payments during the year remaining at a constant level (ie., in the first year at $1000; in year 2 at $1030; in year 3 at $1060.90; etc.) Quotes assume (1) normal life expectancy (i.e. plaintiff's injury is not life impairing), (2) that the cost of any third-part assignment is extra, and (3) that the first payment date is one month after the date of issue. All fees and commissions but not state premium taxes, if applicable, are included. Note that all monthly payments within a single year are for the same amount. The COLA increase takes place only at the beginning of each year. The **"Male 15 0% COLA"** column reports the cost of $1,000 of monthly income for life purchased for a 15 year old male, assuming a 0% cost of living adjustment. **"Male 15 3% COLA"** reports the cost of $1,000 of monthly income for life purchased for a 15 year old male, assuming a 3% cost of living adjustment. Remaining columns show similar figures for male age 50, and females age 15 and 50. **"Add'l Cost Assignment"** indicates the availability and cost of a third-party assignment.

Table 11. Structured Settlement Annuities

ISSUE AGES AND FORMS OF ANNUITY

Reporting Companies	Male 15 0% COLA	Male 15 3% COLA	Male 50 0% COLA	Male 50 3% COLA	Fem. 15 0% COLA	Fem. 15 3% COLA	Fem. 50 0% COLA	Fem. 50 3% COLA	Add'l Cost Assignment
Comm.Union	$172,546	$280,784	$140,459	$188,443	$175,277	$292,711	$150,550	$209,734	$500
Presidential	$173,338	$274,707	$136,866	$182,339	$177,388	$288,762	$149,585	$207,082	$100
Standard	$178,192	$295,210	$150,113	$207,506	$180,344	$305,467	$158,351	$225,047	$500
Sun Life/Canada	$204,082	-	$164,204	-	$206,186	-	$172,414	-	-
WM/Empire	$190,258	$313,718	$157,014	$219,078	$192,420	$322,894	$167,047	$239,837	-

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

GICS UPDATE

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are fixed-income assets offering high rates of return combined with low market volatility. GICs are almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors. GICs are usually backed by the general account assets of the insurer which issues it. The "Bullet" GICs below do not permit withdrawals before maturity (and are quoted without commissions).

Table 12. Bullet GICs
(Not Ranked by Top Quartile)

Reporting Companies	Date of Quote	$500,000 Deposit Compound 3 Yr	$500,000 Deposit Compound 7 Yr	$500,000 Deposit Simple 3 Yr	$500,000 Deposit Simple 7 Yr	$2,000,000 Deposit Compound 3 Yr	$2,000,000 Deposit Compound 7 Yr	$2,000,000 Deposit Simple 3 Yr	$2,000,000 Deposit Simple 7 Yr
Aetna (q)	12/09	5.34%	7.10%	5.21%	6.61%	5.64%	7.40%	5.51%	6.91%
Canada Life (qnq)	12/09	-	-	5.03%	6.69%	-	-	5.28%	6.84%
Hartford (qnq)	12/11	5.75%	7.23%	5.57%	6.80%	5.75%	7.23%	5.57%	6.80%
John Hancock (qnq)	12/14	-	-	-	-	5.68%	7.29%	5.59%	7.00%
Penn Mutual(qnq)	12/04	5.70%	7.28%	5.55%	6.97%	5.77%	7.32%	5.61%	7.01%
Principal Financial	12/09	5.45%	6.90%	5.40%	6.70%	5.53%	7.00%	5.48%	6.80%
Provident National	12/14	5.76%	6.93%	5.66%	6.86%	5.91%	7.08%	5.81%	7.01%
Reliance Std (qnq)	**12/08**	**6.13%**	**7.45%**	**5.84%**	**7.29%**	**6.20%**	**7.50%**	**5.93%**	**7.37%**
SAFECO (qnq)	12/03	5.80%	-	-	-	5.80%	-	-	-
State Mutual (qnq)	12/14	5.61%	7.49%	5.55%	7.21%	5.78%	7.60%	5.73%	7.35%

qnq= available for qualified and non-qualified funds; q = qualified funds only

LIFE INSURANCE UPDATE

The premiums illustrated below are for a male or female, both nonsmokers, who purchase a yearly renewable term policy with a face amount of $250,000 --at various ages; 35, 40, 45, 50, 55, and 60--and who continue to renew the policy every year for a total of 5 years. Premiums are paid annually and include all costs and commissions. The **"Age 35," "Age 40," and "Age 45"** columns show the initial premium for entry at that age. The columns headed **"Ages 35-39 inclusive," etc.,** show the aggregate cost for the five years indicated.

Table 13a. Yearly Renewable Term Life Ins. - Male Rates $250,000 Face

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Comm. Union	ART	$ 305	$ 1,690	$ 403	$ 2,335	$ 578	$ 3,433
Golden Rule	ValueTerm 1	$ 238	$ 1,435 (2)	$ 258	$ 1,828 (2)	$ 300	$ 2,750
Jackson National	YRT 100	$ 255	$ 1,548 (4)	$ 298	$ 2,038 (3)	$ 348	$ 2,693 (2)
Life/Southwest	**ART 100**	**$ 350**	**$ 1,905**	**$ 450**	**$ 2,693**	**$ 708**	**$ 4,365**
Principal Finan.	ART	$ 288	$ 1,560	$ 355	$ 2,095	$ 440	$ 2,853 (4)
Reliance Std.	**ART**	**$ 340**	**$ 1,860**	**$ 428**	**$ 2,388**	**$ 570**	**$ 3,275**
Security Benefit	YRT-100	$ 283	$ 1,405 (1)	$ 428	$ 2,228	$ 658	$ 3,403
Security Conn.	Lifeline - 1	$ 228	$ 1,517 (3)	$ 233	$ 1,810 (1)	$ 270	$ 2,498 (1)
Secur.Mutual/NY	**Prime Life**	**$ 268**	**$ 1,565**	**$ 323**	**$ 2,068**	**$ 328**	**$ 2,725 (3)**
Southwestern LIC	ART 100	$ 350	$ 1,843	$ 403	$ 2,235	$ 545	$ 3,298
Standard	Term to 95	$ 288	$ 1,878	$ 388	$ 2,728	$ 565	$ 4,078
State LIC	Execu. Term II	$ 325	$ 1,790	$ 423	$ 2,423	$ 590	$ 3,430
Sunlife/Canada	Ultraterm YRT	$ 290	$ 1,629	$ 345	$ 2,081 (4)	$ 455	$ 3,013

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 13b. Yearly Renewable Term Life Ins. - Male Rates $250,000 Face

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Comm. Union	ART	$ 865	$ 4,753	$1,130	$ 6,423	$1,540	$ 9,508
Golden Rule	ValueTerm 1	$ 403	$ 3,825 (4)	$ 613	$ 5,325 (4)	$ 963	$ 8,085 (3)
Jackson National	YRT 100	$ 430	$ 3,678 (3)	$ 600	$ 5,300 (3)	$ 875	$ 7,638 (1)
Life/Southwest	**ART 100**	**$1,165**	**$ 7,043**	**$1,865**	**$11,788**	**$3,248**	**$20,348**
Principal Finan.	ART	$ 555	$ 4,103	$ 763	$ 6,010	$1,370	$10,225
Reliance Std.	**ART**	**$ 810**	**$ 4,800**	**$1,223**	**$ 7,285**	**$1,855**	**$10,948**
Security Benefit	YRT-100	$ 993	$ 5,185	$1,445	$ 7,520	$2,248	$11,875
Security Conn.	Lifeline - 1	$ 385	$ 3,450 (1)	$ 570	$ 5,228 (2)	$ 863	$ 8,523 (4)
Secur.Mutual/NY	**Prime Life**	**$ 408**	**$ 3,613 (2)**	**$ 580**	**$ 5,160 (1)**	**$ 825**	**$ 7,843 (2)**
Southwestern LIC	ART 100	$ 863	$ 5,095	$1,273	$ 7,423	$1,875	$11,395
Standard	Term to 95	$ 808	$ 6,110	$1,115	$ 9,045	$1,598	$13,793
State LIC	Execu. Term II	$ 850	$ 5,075	$1,323	$ 8,035	$2,108	$12,965
Sunlife/Canada	Ultraterm YRT	$ 720	$ 4,399	$ 918	$ 6,016	$1,625	$11,325

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 13c. Yearly Renewable Term Life Ins. - Female Rates $250,000 Face

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Comm. Union	ART	$ 270	$ 1,480	$ 348	$ 2,008	$ 488	$ 2,833
Golden Rule	ValueTerm 1	$ 190	$ 1,140 (2)	$ 225	$ 1,445 (1)	$ 275	$ 2,000 (3)
Jackson National	YRT 100	$ 248	$ 1,380	$ 253	$ 1,500 (2)	$ 288	$ 1,925 (2)
Life/Southwest	**ART 100**	**$ 308**	**$ 1,605**	**$ 350**	**$ 1,905**	**$ 450**	**$ 2,693**
Principal Finan.	ART	$ 283	$ 1,173	$ 293	$ 1,643	$ 370	$ 2,223
Reliance Std.	**ART**	**$ 298**	**$ 1,595**	**$ 355**	**$ 1,915**	**$ 428**	**$ 2,122**
Security Benefit	YRT-100	$ 225	$ 1,115 (1)	$ 338	$ 1,765	$ 520	$ 2,693
Security Conn.	Lifeline - 1	$ 185	$ 1,202 (3)	$ 210	$ 1,517 (3)	$ 253	$ 1,825 (1)
Secur.Mutual/NY	**Prime Life**	**$ 208**	**$ 1,208 (4)**	**$ 248**	**$ 1,588 (4)**	**$ 253**	**$ 2,073 (4)**
Southwestern LIC	ART 100	$ 323	$ 1,713	$ 378	$ 2,110	$ 510	$ 2,978
Standard	Term to 95	$ 250	$ 1,650	$ 325	$ 2,358	$ 453	$ 3,450
State LIC	Execu. Term II	$ 290	$ 1,625	$ 388	$ 2,235	$ 538	$ 3,043
Sunlife/Canada	Ultraterm YRT	$ 253	$ 1,506	$ 325	$ 1,921	$ 403	$ 2,254

Table 13d. Yearly Renewable Term Life Ins. - Female Rates $250,000 Face

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Comm. Union	ART	$ 700	$ 3,888	$ 883	$ 4,713	$1,035	$ 6,228
Golden Rule	ValueTerm 1	$ 325	$ 2,685 (3)	$ 388	$ 3,563 (3)	$ 525	$ 4,625 (1)
Jackson National	YRT 100	$ 338	$ 2,545 (2)	$ 410	$ 3,423 (2)	$ 558	$ 4,908 (2)
Life/Southwest	**ART 100**	**$ 708**	**$ 4,365**	**$1,165**	**$ 7,043**	**$1,865**	**$11,788**
Principal Finan.	ART	$ 465	$ 3,065	$ 585	$ 4,418	$ 865	$ 6,685
Reliance Std.	**ART**	**$ 520**	**$ 3,038**	**$ 788**	**$ 4,915**	**$1,310**	**$ 7,750**
Security Benefit	YRT-100	$ 785	$ 4,100	$1,143	$ 5,948	$1,778	$ 9,388
Security Conn.	Lifeline - 1	$ 308	$ 2,545 (1)	$ 363	$ 3,393 (1)	$ 605	$ 5,202 (3)
Secur.Mutual/NY	**Prime Life**	**$ 313**	**$ 2,748 (4)**	**$ 443**	**$ 3,908 (4)**	**$ 623**	**$ 5,820 (4)**
Southwestern LIC	ART 100	$ 735	$ 4,180	$ 985	$ 5,400	$1,238	$ 6,953
Standard	Term to 95	$ 638	$ 5,033	$ 818	$ 7,233	$1,128	$10,928
State LIC	Execu. Term II	$ 733	$ 4,235	$1,048	$ 5,983	$1,435	$ 8,533
Sunlife/Canada	Ultraterm YRT	$ 500	$ 3,301	$ 793	$ 5,044	$1,148	$ 7,336

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

The premiums illustrated below assume a male and a female, both nonsmokers, purchase a 10-year level term policy with a face amount of $250,000 beginning at various ages: 35, 40, 45, 50, 55, and 60.

Table 14a. Ten-Year Level Term Life Ins. - Male Rates $250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
Canada Life	**Total Protection**	**$ 388**	**$ 488**	**$ 775**	**$1,208**	**$1,763**	**$2,563**
Golden Rule	Valu Term 2	$ 325 (3)	$ 438	$ 613 (4)	$ 850 (4)	$1,238 (4)	$1,888 (4)
Jackson National	10-Year R&C	$ 278 (2)	$ 373 (1)	$ 513 (1)	$ 750 (1)	$1,123 (1)	$1,675 (1)
Kansas City	10 Yr. R&C	$ 365	$ 523	$ 735	$1,035	$1,465	$2,190
Ministers Life	**10-Year Term**	**$ 330 (4)**	**$ 430 (4)**	**$ 615**	**$ 893**	**$1,343**	**$2,208**
Presidential	10-Year Term	$ 340	$ 420 (3)	$ 575 (3)	$ 823 (3)	$1,183 (2)	$1,823 (3)
Principal Finan.	10-Yr Level Term	$ 315	$ 433	$ 618	$ 920	$1,390	$2,193
Reliance Std. LIC	**Renew./Conv.**	**$ 393**	**$ 508**	**$ 713**	**$1,050**	**$1,575**	**$2,308**
Security Benefit	Ten LT	$ 400	$ 540	$ 763	$1,063	$1,525	$2,323
Security Conn.	Lifeline - 10	$ 260 (1)	$ 373 (1)	$ 523 (2)	$ 783 (2)	$1,183 (2)	$1,783 (2)
Southwestern LIC	10-Year Term	$ 410	$ 540	$ 718	$1,030	$1,485	$2,415

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

Table 14b. Ten-Year Level Term Life Ins. - Female Rates $250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
Canada Life	**Total Protection**	**$ 350**	**$ 470**	**$ 675**	**$ 950**	**$1,325**	**$1,838**
Golden Rule	Valu Term 2	$ 263 (1)	$ 350	$ 450	$ 575 (4)	$ 763 (4)	$1,063 (3)
Jackson National	10-Year R&C	$ 223 (2)	$ 295 (1)	$ 395 (2)	$ 530 (2)	$ 690 (2)	$ 948 (1)
Kansas City	10 Yr. R&C	$ 318	$ 425	$ 565	$ 730	$ 978	$1,358
Ministers Life	**10-Year Term**	**$ 310**	**$ 330 (2)**	**$ 430 (3)**	**$ 615**	**$ 893**	**$1,343**
Presidential	10-Year Term	$ 290 (3)	$ 333 (3)	$ 405 (1)	$ 490 (1)	$ 683 (1)	$1,065 (4)
Principal Finan.	10-Yr Level Term	$ 303	$ 330 (2)	$ 465 (2)	$ 665	$ 995	$1,515
Reliance Std. LIC	**Renew./Conv.**	**$ 330**	**$ 370**	**$ 425**	**$ 720**	**$1,083**	**$1,558**
Security Benefit	Ten LT	$ 350	$ 463	$ 613	$ 845	$1,175	$1,688
Security Conn.	Lifeline - 10	$ 223	$ 295	$ 393	$ 548 (3)	$ 735 (4)	$1,010 (2)
Southwestern LIC	10-Year Term	$ 398	$ 500	$ 638	$ 880	$1,220	$1,655

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

The illustrations below are based on a single premium deposit of $100,000 and reflect the rates for a male age 45 who is a non-smoker. The "**Initial Credit %**" column shows the current rate offered for initial deposits. "**Yield Guarantee Period**" is the period for which the initial credit rate will remain unchanged. "**Surrender Fees/Year**" reports the penalties in effect for the sample years indicated.

Table 15. Single Premium Life Insurance

Reporting Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees/Year 1	5	10	Net Cash Value Age 65	Net Death Benefit at Age 65
American Investors	SPWL-VI (WL)	0-77	6.00%	1 Year	10%	7%	0%	$272,185	$457,271
Golden Rule	Retire. Fund (WL)	30-65	6.25%	1 Year	10%	7%	2%	$265,972	$467,676
Golden Rule	Asset-Care I (WL)	40-72	6.25%	1 Year	11%	7%	2%	$260,799	$459,007
Jackson National	SPWL-I (WL)	0-76	6.50% (3)	1 Year	9%	5%	0%	$352,365	$429,885
Ministers Life	**SPWL (WL)**	**0-80**	**6.65% (2)**	-	**7%**	**3%**	**0%**	**$300,488**	**$511,538**
Presidential	Taxbreaker II (UL)	0-75	6.40%	1 Year	7%	4%	0%	$345,806	$514,356
Principal Financial	SPWL	0-75	4.50%	1 Year	7%	5%	0%	$241,171	$434,744
Security Mutual/NY	**SPWL (WL)**	**0-80**	**6.75% (1)**	**1 Year**	**7%**	**3%**	**0%**	**$394,208**	**$473,050**

Survey period: Dec. 1, 1992 thru Dec. 4, 1992. **Boldface** companies marketed by U.S. Annuities Brokerage 1-800-872-6684.

LIFE & HEALTH GUARANTY ASSOCIATIONS

Most states have guaranty funds to help pay claims of financially impaired or insolvent insurance carriers. Coverage is for individual policyholders and their beneficiaries; and often extends to persons insured under group policies. Most associations limit their protection to policyholders who are **residents** ("**R**" under Coverage) of their own state. It does not matter where the policyowner's beneficiaries live. Other states protect all the policyholders of an **insurance company** ("**I**" under Coverage) domiciled in their state; extending coverage without regard to the state in which policyholders reside. Association laws also differ as to amount of coverage. Typically, states protect life insurance death benefits to $300,000, cash values to $100,000, and $100,000 in present value of annuity benefits. Often there is an additional limit of $300,000 for all benefits combined, per policyholder.

There are many other issues, too numerous to describe here, which determine the type and extent of coverage available. Consult your state insurance department for details. Another source is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided the information summarized below:

State	Coverage	LIABILITY LIMITS Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commissioners' Phone Numbers
Alabama	**I**	**$300K**	-	**$100K**	-	**(205) 269-3554**
Alaska	R	$300K	$300K	$100K	$100K	(907) 465-2515
Arizona	**R**	**$300K**	-	**$100K**	**$100K**	**(602) 255-5400**
Arkansas	R	$300K	$100K	$100K	$100K	(501) 371-1325
California	**R**	**$250K**	**$250K**	**$100K**	**$100K**	**(213) 736-2551**
Colorado	R	$300K	$300K	$100K	$100K	(303) 866-6400
Connecticut	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(203) 566-5275**
Delaware	R	$300K	$300K	$100K	$100K	(302) 739-4251
Dist. of Col.	**R**	**$300K**	**$300K**	**$100K**	**$300K**	**(202) 727-8000**
Florida	R	$300K	-	$100K	-	(800) 342-2762
Georgia	**R**	**$300K**	-	**$100K**	-	**(404) 656-2056**
Hawaii	R	$300K	$300K	$100K	$100K	(808) 586-2790
Idaho	**R**	**$300K**	-	**$100K**	-	**(208) 334-2250**
Illinois	R	$300K	$300K	$100K	$100K	(217) 782-4515
Indiana	**R**	**$300K**	-	**$100K**	-	**(317) 232-2385**
Iowa	R	$300K	-	$100K	-	(515) 281-5705
Kansas	**R**	**$200K**	**$100K**	**$100K**	**$100K**	**(913) 296-3071**
Kentucky	R	-	$300K	$100K	$100K	(502) 564-3630
Louisiana	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(504) 342-5900**
Maine	R	$300K	-	$100K	-	(207) 582-8707
Maryland	**R**		**all contractual obligations**			**(301) 333-6300**
Massachusetts	R	$300K	$300K	$100K	$100K	(617) 727-3333
Michigan	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(517) 373-9273**
Minnesota	R	$300K	-	$100K	-	(612) 296-6907
Mississippi	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(601) 359-3569**
Missouri	R	$300K	$300K	$100K	$100K	(314) 751-4126
Montana	**R**	-	**$300K**	-	-	**(406) 444-2040**
Nebraska	R	$300K	$300K	$100K	$100K	(402) 471-2201
Nevada	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(702) 687-4270**
New Hampshire	I	$300K	-	$100K	-	(603) 271-2261
New Jersey	**R**	**$500K**	**$500K**	**$100K**	**$500K**	**(609) 292-5363**
New Mexico	I	$300K	-	$100K	-	(505) 827-4535
New York	**R**	**$500K**	-	-	-	**(212) 602-0492**
North Carolina	R	$300K	-	-	-	(919) 733-7343
North Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(701) 224-2440**
Ohio	R	$300K	$300K	$100K	$100K	(614) 644-2658
Oklahoma	**R**	**$300K**	**$300K**	**$100K**	**$300K**	**(405) 521-2828**
Oregon	R	$300K	$300K	$100K	$100K	(503) 378-4271
Pennsylvania	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(215) 687-6222**
Puerto Rico	R	-	$300K	-	-	(809) 722-8686
Rhode Island	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(401) 277-2246**
South Carolina	I	$300K	-	-	-	(803) 737-6117
South Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(605) 773-3563**
Tennessee	R	$300K	$300K	$100K	$100K	(615) 741-2241
Texas	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(512) 463-6464**
Utah	R	$300K	$300K	$100K	$100K	(801) 530-6400
Vermont	**I**	-	**$300K**	-	-	**(802) 828-3301**
Virginia	R	$300K	-	$100K	-	(804) 786-3741
Washington	**R**	**$500K**	**$500K**	-	**$500K**	**(206) 753-7301**
West Virginia	R	-	$300K	-	-	(304) 558-3386
Wisconsin	**R**	**$300K**	-	-	-	**(608) 266-0102**
Wyoming	R	$300K	$300K	$100K	$100K	(307) 777-7401

LEGEND: Column titled "Coverage"

R (Residents Only) means that the state's guaranty fund covers only its own residents, regardless of where the failed insurer is domiciled. Some of these states (the ones that adopted relevant language in the 1987 version of the NAIC Model Act) also provide coverage to nonresidents under special conditions. Many states have not adopted this language.

I (Domiciled Insurers Only) means that the state's guaranty associations covers a failed company only if it is domiciled in that state. If the insurer is domiciled there, then the guaranty fund will meet the claims of policy holders in all 50 states.

LEGEND: Columns under "Liability Limits"

Aggregate Benefits This coverage applies to the aggregate benefits for all lines of insurance.

Death Benefits Maximum liability with respect to any one life.

Cash Values Maximum liability for cash or withdrawal value of life insurance.

PV of Annuities Maximum liability for the present value of an annuity contract.

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The five rating services presented here are A.M. Best's, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to junk bonds, bad mortgages or foreclosed real estate. Keep in mind, too, that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than $1 Billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

Rankings and Ratings

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. This can cause a lot of confusion when making comparisons. For example, an insurer rated "C" by Weiss Research has merely received an "average" grade. While the same "C" company may be close to liquidation. In the case of Weiss Research, an "A+" is their highest rating and they only assign this rating to 10 of the more than 1500 companies they review. For A.M. Best, an "A+" represents their second highest grade, which they have assigned to 221 of the 797 life and health companies that they review. For Standard and Poor's and Duff & Phelps, an "A+" is the 5th highest grade and therefore denotes a weaker rating that it does for either A.M. Best or Weiss Research. To level the ratings' playing field we provided a Distribution of Ratings table covering each agency. Now you can easily judge the numerical value or ranking of a particular rating. We include these numerical rankings for each letter grade in the Insurance Company Ratings section which follows. <u>This numerical ranking will help the reader to recognize that the same letter grades from different rating agencies usually carry very different relative value!</u>

DISTRIBUTION OF RATINGS

A.M.Best Rank/	Grade	797 Cos.	S & P Rank/	Grade	254 Cos.	Moody's Rank/	Grade	83 Cos.	Duff & Phelps Rank/	Grade	141 Cos.	Weiss Research Rank/	Grade	3,544 Cos.
1	(A++)	63	1	(AAA)	71	1	(AAA)	8	1	(AAA)	33	1	(A+)	10
2	(A+)	221	2	(AA+)	52	2	(Aa1)	13	2	(AA+)	20	2	(A)	21
3	(A)	197	3	(AA)	43	3	(Aa2)	18	3	(AA)	33	3	(A-)	52
4	(A-)	55	4	(AA-)	47	4	(Aa3)	5	4	(AA-)	30	4	(B+)	86
5	(B++)	10	5	(A+)	20	5	(A1)	20	5	(A+)	16	5	(B)	133
6	(B+)	104	6	(A)	7	6	(A2)	2	6	(A)	6	6	(B-)	124
7	(B)	65	7	(A-)	2	7	(A3)	5	7	(A-)	2	7	(C+)	99
8	(B-)	15	8	(BBB+)	2	8	(Baa1)	4	8	(BBB+)	0	8	(C)	288
9	(C++)	1	9	(BBB)	3	9	(Baa2)	2	9	(BBB)	0	9	(C-)	285
10	(C+)	8	10	(BBB-)	3	10	(Baa3)	1	10	(BBB-)	0	10	(D+)	158
11	(C)	9	11	(BB+)	1	11	(Ba1)	2	11	(BB+)	0	11	(D)	162
12	(C-)	3	12	(BB)	3	12	(Ba2)	0	12	(BB)	0	12	(D-)	39
13	(D)	29	13	(BB-)	0	13	(Ba3)	0	13	(BB-)	0	13	(E+)	54
14	(E/F)	17	14	(B+)	0	14	(B1)	0	14	(B+)	0	14	(E)	45
(as of 5/92)			15	(B)	0	15	(B2)	0	15	(B)	0	15	(E-)	4
			16	(B-)	0	16	(B3)	0	16	(B-)	0	16	(F)	56
			17	(CCC+)	0	17	(Caa)	2	17	(CCC+)	0	17	(U)	368
			18	(CCC)	0	18	(Ca)	0	18	(CCC)	1	(as of 12/92)		
			19	(CCC-)	0	19	(C)	0	19	(CCC-)	0			
			20	(CC)	2	(as of 12/92)			(as of 12/92)					
			21	(C)	1									
			22	(D)	0									
			(as of 12/92)											

INSURANCE COMPANIES RATINGS

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S / Assets	NIB% Bonds	Delnq Mrtge	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Acacia Nat'l Life 85685	VA	1974	$ 0.36B	5.6%	10.7%	0.0%	-	-	-	4 (AA-)	6 (B-)
Aetna LIC 60054	CT	1853	$ 52.34B	3.5%	2.8%	3.6%	2 (A+)	4 (AA-)	4 (Aa3)	2 (AA+)	9 (C-)
Aid Assoc. Lutherans 56014	WI	1902	$ 8.02B	7.4%	2.7%	0.4%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Alex. Ham. LIC Amer. 88358	MI	1963	$ 4.70B	4.8%	4.0%	0.6%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	8 (C)
Allstate LIC 60186	IL	1957	$ 17.90B	5.0%	7.0%	0.6%	2 (A+)	2 (AA+)	4 (Aa3)	-	5 (B)
Amer. Enterprise LIC 94234	IN	1981	$ 0.76B	4.83%	5.7%	0.0%	-	-	-	1 (AAA)	8 (C)
Amer. Family LIC 60399	WI	1957	$ 1.20B	11.9%	0.7%	0.1%	2 (A+)	-	-	-	1 (A+)
Amer. Fidel. Assur. 60410	OK	1956	$ 0.73B	14.0%	0.0%	0.0%	2 (A+)	-	-	-	2 (A-)
Amer. General LIC 60453	TX	1925	$ 4.14B	24.9%	3.8%	0.3%	1 (A++)	1 (AAA)	-	1 (AAA)	4 (B+)
Amer. Heritage LIC 60534	FL	1956	$ 0.77B	9.5%	4.9%	0.0%	3 (A)	-	-	-	5 (B)
Amer. Int'l Life/NY 60607	NY	1962	$ 2.75B	3.9%	5.5%	0.0%	3 (A)	1 (AAA)	-	-	9 (C-)
Amer. Investors LIC 60631	KS	1965	$ 1.70B	4.1%	7.8%	0.0%	4 (A-)	-	-	6 (A)	9 (C-)
Amer. Life/Cas.Ins. 60682	IA	1951	$ 2.63B	4.4%	4.5%	0.0%	3 (A)	6 (A)	-	-	8 (C)
Amer. LIC 60690	DE	1928	$ 7.26B	7.9%	3.0%	0.0%	(NA-4)	1 (AAA)	-	-	7 (C+)
Amer. LIC 60704	NY	1955	$ 0.92B	5.6%	0.0%	0.0%	-	-	-	2 (AA+)	5 (B)
Amer. Mayflwr LIC/NY 60712	NY	1957	$ 0.57B	5.9%	1.9%	0.0%	2 (A+)	2 (AA+)	-	2 (AA+)	6(B-)
Amer. Mutual LIC 60720	IA	1897	$ 1.01B	9.77%	6.8%	0.1%	2 (A+)	-	-	-	8 (C)
Amer. Nat'l Ins.Co. 60739	TX	1905	$ 4.07B	24.4%	2.6%	1.40	1 (A++)	-	3 (Aa2)	-	5 (B)
American United LIC 60895	IN	1877	$ 4.52B	4.3%	1.8%	0.3%	2 (A+)	4 (AA-)	-	2 (AA+)	5 (B)
Ameritas LI Corp. 61301	NE	1887	$ 1.43B	9.1%	1.2%	0.0%	2 (A+)	3 (AA)	-	-	2 (A)
Amex Life Assur. Co. 67962	CA	1958	$ 1.22B	19.3%	3.7%	0.0%	2 (A+)	-	-	-	5 (B)
Anchor Nat'l LIC 60941	CA	1965	$ 4.93B	2.8%	9.0%	0.0%	4 (A-)	3 (AA)	7 (A3)	4 (AA-)	9 (C-)
Bankers Life/Cas. Co. 61263	IL	1880	$ 1.58B	11.8%	7.1%	0.0%	3 (A)	-	-	-	9 (C-)
Bankers Sec. LI Soc. 61360	NY	1917	$ 0.65B	9.5%	2.7%	0.0%	4 (A-)	5 (A+)	-	-	6 (B-)
Bankers Uni. Life Ass. 61387	IA	1936	$ 1.46B	5.8%	4.9%	0.4%	3 (A)	2 (AA+)	-	5 (A+)	6 (B-)

Continued . . .

Data listed for Admitted Assets, C&S%, NIB%, and Delnq Mrtge% largely reflect conditions at the insurance company on December 31, 1991, unless data marked with an asterisk (*) which means more recent data was provided by the company on which we are reporting. Agency Ratings are current as of the date of this issue. Disclaimer: While **ANNUITY SHOPPER** attempts to list the ratings which are now 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.

-("dash") -- Not available. Insurance companies must pay up to $60,000 a year to be rated by S&P, Moody's, and some of the other rating agencies, many insurers therefore decline to be graded. While Weiss Research, Inc. does not charge insurers to be rated, it only grades U.S.-domiciled companies (not Canadian carriers).

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.

State Dom. -- State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters. Most companies are licensed to do business in all 50 states. Some state guaranty funds only protect policyholders of companies **domiciled** (not just licensed) in that state.

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

C&S /Assets - The ratio of capital & surplus to assets. This test measures the relationship of a company's net worth to its unpaid obligations after reinsurance. It reflects the extent the company has leveraged its capital and surplus base. A. M. Best's finds the usual industry range to be 4% to 12%. A ratio under 4% is considered below the norm. This ratio will vary due to differences in product mix, balance sheet quality, and spread of risk.

NIB% Bonds (Non-investment Grade Bonds Percent) measures exposure to "Junk Bonds" as a percent of assets and provides an indication of risk due to bond portfolio losses. The National Association of Insurance Commissioners ("NAIC") designates bonds as high-, medium-, or low-grade. These categories do not specify investment vs. non-investment grade. Generally, the medium- and low-grade bonds are viewed as non-investment grade, so for our purposes here those bonds rated BB or lower by either S&P or Moody's or those considered to be of equivalent quality by the NAIC are included in the NIG% figure. Best's finds the industry norm for NIB% is 6%.

Delnq Mrtge (Delinquent & Foreclosed Mortgages to Assets) measures mortgages more than 90 days past due, mortgages in process of foreclosure, or properties acquired by foreclosure (real estate) as a percentage of assets. According to Bests the usual range is 0% to 3%.

INSURANCE COMPANIES RATINGS

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S / Assets	NIB% Bonds	Delnq Mrtge	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Beneficial Std LIC 61417	CA	1940	$ 1.99B	5.1%	4.2%	0.1%	3 (A)	-	-	5 (A+)	7 (C+)
Berkshire LIC 61433	MA	1851	$ 0.88B	5.7%	1.4%	0.5%	2 (A+)	3 (AA)	-	-	7 (C+)
Bradford Nat'l LIC 86371	KY	1947	$ 1.32B	6.7%	12.9%	0.0%	(NA-5)	-	-	-	7 (SC+)
Calfarm LIC 61514	CA	1950	$ 0.59B	7.6%	5.3%	0.5%	2 (A+)	-	-	-	5 (B)
Canada Life Assur. Co. n/a	CD	1849	$ 14.50B	5.3%	0.1%	0.8%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Capitol Bankers LIC 62421	MN	1963	$ 0.40B	6.4%	0.0%	0.3%	(NA-4)	3 (AA)	-	-	9 (C-)
Central Life Assur. 61689	IA	1896	$ 2.24B	6.8%	5.8%	0.5%	2 (A+)	6 (A)	-	6 (A+)	8 (C)
Cent'l Nat'l LIC/Omaha 61700	NE	1953	$ 0.69B	25.3%	1.4%	0.0%	2 (A+)	3 (AA)	-	-	5 (B)
Century Life of Amer. 65749	IA	1879	$ 1.84B	4.9%	5.6%	0.2%	2 (A+)	-	-	4 (AA-)	6 (B-)
Champlain LIC 93637	VT	1981	$ 0.06B	na	na	na	2 (A+)	4 (AA-)	-	4 (AA-)	8 (SC)
Charter National LIC 61808	MO	1955	$ 1.33B	15.6%	1.7%	0.0%	3 (A)	-	-	-	7 (C+)
CNA (Cont'l. Assur.) 62413	IL	1911	$ 10.94B	8.8%	4.0%	0.0%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	2 (A)
Comm. Union LIC/Am 62898	DE	1958	$ 0.75B	7.8%	3.5%	0.0%	2 (A+)	-	-	4 (AA-)	4(B+)
Commonwealth LIC 62227	KY	1904	$ 4.37B	5.5%	3.3%	0.8%	2 (A+)	1 (AAA)	5 (A1)	2 (AA+)	5 (B)
Confederation LIC n/a	CD	1944	$ 15.67B	19.1%	0.6%	0.9%	2 (A+)	3 (AA)	-	2 (AA+)	8 (C)
CT General LIC 62308	CT	1865	$ 41.69B	3.5%	7.3%	1.3%	1 (A++)	1 (AAA)	3 (Aa2)	-	7 (C+)
CT Mutual LIC 62316	CT	1846	$ 11.11B	4.7%	1.7%	1.5%	2 (A+)	4 (AA-)	3 (Aa2)	3 (AA)	6 (B-)
Contin. Assur. Co. 62413	IL	1911	$ 10.90B	8.8%	4.2%	0.0%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	2 (A)
Contin. Western LIC 62510	IA	1966	$ 0.31B	7.4%	0.2%	0.2%	3 (A)	8 (BBB+)	-	3 (AA)	6 (SB-)
Country LIC 62553	IL	1928	$ 2.26B	16.4%	0.7%	0.0%	2 (A+)	-	-	-	1 (A+)
Covenant LIC 68012	PA	1759	$ 0.54B	8.9%	3.3%	0.0%	2 (A+)	-	-	-	5 (B)
Crown LIC n/a	CD	1900	$ 7.22B	0.0%	0.8%	0.0%	4 (A-)	4 (AA-)	9 (Baa2)	-	-
CUNA Mutual I. Soc. 62626	WI	1935	$ 1.37B	15.5%	0.2%	0.0%	3 (A)	-	-	3 (AA)	-
Delta Life & Ann. 65145	TN	1955	$ 0.70B	6.1%	0.0%	0.2%	2 (A+)	-	-	-	7 (C+)
Empire Gen. LIC			$ B	%	%	%	-	-	-	3 (AA)	-
Equit. L. Assur.Soc. 62944	NY	1859	$ 50.30B	2.2%	7.1%	1.2%	4 (A-)	5 (A+)	7 (A3)	6 (A+)	11 (D)
Equit. LIC/IA 62979	IA	1867	$ 1.84B	12.66%	8.2%	0.7%	-	3 (AA)	5 (A1)	-	5 (B)
Equit. Variable LIC 81361	NY	1972	$ 10.10B	4.8%	8.4%	0.8%	4 (A-)	5 (A+)	7 (A3)	6 (A+)	10 (D+)
FB Annuity Co. 92401	MI	1980	$ 0.31B	3.9%	1.5%	0.4%	3 (A)	-	-	-	8 (SC)
FBL Insur. Co. 90646	IA	1979	$ 0.40B	6.2%	6.6%	0.0%	3 (A)	-	-	-	7 (C+)
Federal Home LIC 67695	IN	1910	$ 1.43B	9.6%	4.5%	0.0%	2 (A+)	-	-	4 (AA-)	6 (B-)
Fed. Kemper L. Assur. 63207	IL	1905	$ 2.91B	7.6%	9.5%	0.0%	3 (A)	-	8 (Baa1)	4 (AA-)	7 (C+)
Fidelity & Guar. LIC 62374	MD	1959	$ 4.43B	6.3%	8.2%	0.5%	3 (A)	8 (BBB+)	10 (Baa3)	6 (A)	9 (C-)
Fidelity Union LIC 92509	TX	1927	$ 0.89B	17.0%	0.8%	0.3%	2 (A+)	-	-	-	4 (B+)
Financial Benefit LIC 98313	FL	1983	$ 0.69B	3.5%	18.8%	0.0%	7 (B)	-	-	-	9 (C-)
First Alex. Ham. LIC 71510	NY	1986	$ 0.18B	na	na	na	2 (A+)	-	-	3 (AAA)	8 (SC)
First Colony LIC 63401	VA	1955	$ 5.20B	5.2%	3.3%	0.0%	1 (A++)	2 (AA+)	-	2 (AA+)	4 (B+)
First GNA LIC/NY 72990	NY	1988	$ 0.47B	12.6%	0.2%	0.0%	3 (A)	-	-	4 (AA-)	8 (C)
First Rel. Std. LIC 70015	NY	1983	$ 0.05B	na	na	na	3 (A)	7 (A-)	-	4 (AA-)	8 (C)
First UNUM LIC 64297	NY	1959	$ 0.59B	14.5%	1.2%	0.5%	3 (A)	2 (AA)	3 (Aa2)	-	5 (B)
First Var. LIC 77984	AR	1968	$ 0.33B	7.6%	3.1%	0.0%	(NA-5)	-	-	-	12 (D-)
Fortis Bene. LIC 70408	MN	1910	$ 2.24B	9.3%	1.4%	0.1%	2 (A+)	3 (AA)	-	-	5 (B)
Franklin LIC 63622	IL	1884	$ 5.08B	11.9%	4.0%	0.2%	1 (A++)	2 (AA+)	3 (Aa2)	1 (AAA)	2 (A-)
General Amer. LIC 63665	MO	1933	$ 6.67B	4.1%	3.1%	0.6%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	7 (C+)
General Services LIC 63762	IA	1954	$ 0.71B	5.2%	9.0%	0.0%	(NA-3)	2 (AA+)	-	4 (AA-)	8 (C)
Golden Rule Ins. Co. 62286	IL	1940	$ 0.68B	17.3%	4.3%	0.0%	2 (A+)	4 (AA-)	-	-	6 (B-)
Great American LIC 63312	OH	1916	$ 4.54B	4.8%	6.6%	0.0%	2 (A+)	-	-	-	9 (SC-)
Great Amer. Res. Ins. 64017	TX	1937	$ 1.03B	4.6%	5.1%	0.1%	3 (A)	-	-	5 (A+)	6 (B-)
Gr. Nrthrn Insur. Ann. 94366	WA	1980	$ 4.54B	4.8%	0.5%	0.3%	3 (A)	4 (AA-)	-	3 (AA)	6 (B-)
Great Southern LIC 90212	TX	1909	$ 0.76B	20.0%	0.0%	0.4%	3 (A)	6 (A)	-	-	7 (C+)
Great-West Life Assur. n/a	CD	1907	$ 15.81B	0.0%	0.0%	0.0%	1 (A++)	1 (AAA)	2 (Aa1)	-	-
Guar. Mutual Life Co. 64181	NE	1901	$ 0.79B	9.3%	5.1%	0.1%	2 (A+)	-	-	-	4 (B+)
Guardian LIC of Amer. 64246	NY	1860	$ 6.79B	11.1%	3.1%	0.2%	1 (A++)	1 (AAA)	1 (Aaa)	-	2 (A)
Hartford LIC 88072	CT	1902	$ 16.26B	3.6%	0.0%	0.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	2 (A)
Harvest LIC 79421	OH	1972	$ 0.52B	7.4%	2.0%	0.0%	4 (A-)	-	-	4 (AA-)	8 (C)
Horace Mann LIC 64513	IL	1949	$ 1.91B	5.0%	6.5%	0.4%	2 (A+)	4 (AA-)	-	-	5 (B)
IDS LIC 65005	MN	1972	$ 19.51B	2.8%	9.1%	0.1%	2 (A+)	-	3 (Aa2)	1 (AAA)	6 (B-)
IL Mut. Life/Cas. 64580	IL	1912	$ 0.38B	11.8%	2.6%	0.6%	3 (A)	-	-	-	5 (B)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S / Assets	NIB% Bonds	Delnq Mrtge	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Indianapolis LIC 64645	IN	1905	$ 1.1B	8.4%	1.1%	0.3%	2 (A+)	-	-	3 (AA)	5 (B)
Integrity LIC 74780	AZ	na	$ 1.4B	4.5%	6.3%	0.9%	-	5 (A+)	-	5 (A+)	11 (D-)
Jackson Nat'l LIC 65056	MI	1961	$ 13.6B	5.0%	8.7%	0.0%	2 (A+)	3 (AA)	5 (A1)	-	7 (C+)
Jefferson Nat'l LIC 65064	IN	1937	$ 0.89B	6.7%	7.4%	0.0%	3 (A)	-	-	5 (A+)	6 (B-)
Jefferson-Pilot LIC 67865	NC	1890	$ 4.28B	20.0%	2.3%	0.1%	1 (A++)	1 (AAA)	-	-	1 (A+)
John Alden LIC 65080	MN	1961	$ 2.95B	5.1%	1.2%	1.3%	2 (A+)	-	-	-	10 (D+)
John Deere LIC 97128	IL	1937	$ 0.33B	13.9%	3.0%	0.0%	2 (A+)	-	-	-	2 (A-)
John Hancock Mut'l 65099	MA	1862	$ 36.22B	4.3%	6.3%	0.9%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	6 (B-)
Kansas City LIC 65129	MO	1895	$ 1.69B	8.1%	1.2%	0.5%	2 (A+)	-	-	-	5 (B)
Kemper Investors LIC 90557	IL	1947	$ 6.70B	4.0%	9.0%	0.0%	3 (A)	-	5 (Baa1)	6 (A+)	8 (C)
Kentucky Central LIC 65188	KY	1902	$ 1.32B	6.5%	2.6%	6.7%	6 (B+)	12 (BB)	-	-	12 (D-)
KY Home Mutual 65218	KY	1932	$ 0.05B	na	na	na	3 (A)	-	-	6 (A+)	8 (SC)
Keyport LIC 65234	RI	1957	$ 8.51B	3.8%	8.6%	0.0%	2 (A+)	5 (A+)	5 (A1)	4 (AA-)	6 (B-)
Lamar LIC 65250	MS	1906	$ 0.46B	14.4%	3.4%	0.0%	2 (A+)	-	-	-	2 (A)
Lafayette LIC 65242	IN	1905	$ 0.51B	7.4%	1.0%	0.1%	2 (A+)	-	-	3 (AA)	5 (B)
Liberty LIC 65323	SC	1905	$ 1.03B	12.6%	1.3%	0.6%	2 (A+)	-	-	3 (AA)	3 (A-)
Liberty Nat'l LIC 65331	AL	1929	$ 2.34B	13.4%	1.4%	0.0%	1 (A++)	1 (AAA)	-	-	4 (B+)
Life Ins.Co./Georgia 65471	GA	1891	$ 2.04B	9.3%	2.4%	1.0%	2 (A+)	1 (AAA)	-	1 (AAA)	5 (B)
Life Ins.Co./S'west 65528	TX	1955	$ 1.17B	4.9%	3.0%	0.5%	2 (A+)	-	-	4 (AA-)	5 (B)
Life Ins.Co./Virginia 65536	VA	1871	$ 5.45B	6.4%	2.8%	0.2%	2 (A+)	3 (AA)	5 (A1)	2 (AA+)	5 (B)
Life Investors Ins. Co.64130	IA	1930	$ 2.21B	11.3%	6.3%	1.3%	2 (A+)	2 (AA+)	-	2 (AA+)	6 (B-)
LifeUSA Ins. Co. 63339	CO	1961	$ 0.26B	6.8%	0.0%	0.0%	(NA-3)	-	-	-	8 (SC)
Lincoln Benefit Life 65595	NE	1938	$ 0.09B	43.4%	0.3%	0.0%	2 (A+)r*	2 (AA+)	-	-	4 (B+)
*Best's "r" = Lincoln Benefit's business is automatically reinsured by Allstate LIC (see above).											
Lincoln Income LIC 65617	KY	1928	$ 0.34B	4.6%	15.8%	0.0%	(NA-4)	-	-	-	9 (SC-)
Lincoln Nat'l LIC 65676	IN	1905	$ 23.53B	4.4%	3.8%	1.2%	2 (A+)	4 (AA-)	5 (A1)	1 (AAA)	6 (B-)
London Pac. Life/Ann. 68934	NC	1927	$ 0.42B	6.4%	28.4%	0.0%	(NA-3)	-	-	-	11 (D)
Lutheran Brotherhood 57126	MN	1917	$ 7.11B	na	na	na	1 (A++)	1 (AAA)	-	1 (AAA)	5 (SB)
ManuLife (Manufactr's) n/a	CD	1887	$ 32.90B	7.0%	2.6%	0.0%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Mass. General LIC 65900	MA	1962	$ 0.88B	7.3%	7.0%	0.5%	3 (A)	-	-	6 (A+)	6 (B-)
Mass. Mutual LIC 65935	MA	1851	$ 29.29B	4.6%	5.9%	1.0%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	6 (B-)
Merrill Lynch LIC 79022	WA	1986	$ 3.88B	5.3%	6.9%	0.0%	(NA-3)	-	5 (A1)	-	8 (C)
Metropolitan LIC 65978	NY	1868	$ 110.8B	4.3%	2.2%	1.7%	1 (A++)	1 (AAA)	2 (Aa1)	1 (AAA)	4 (B+)
Midland Mutual LIC 66035	OH	1905	$ 1.08B	4.8%	1.8%	1.2%	3 (A)	-	-	-	6 (B-)
Midland Nat'l LIC 66044	SD	1906	$ 1.26B	19.0%	2.5%	0.0%	2 (A+)	2 (AA+)	-	-	2 (A)
Ministers Life 66133	MN	1900	$ 0.25B	5.3%	6.1%	0.1%	3 (A)	-	-	-	8 (SC)
Minnesota Mutual LIC 66168	MN	1880	$ 6.18B	3.5%	5.2%	0.2%	1 (A++)	2 (AA+)	2 (Aa1)	-	7 (C+)
Mutual of Amer. LIC 88668	NY	1945	$ 5.40B	5.9%	0.0%	0.6%	2 (A+)	2 (AA+)	3 (Aa2)	2 (AA+)	4 (B+)
MONY(Mutual LIC/NY) 66370	NY	1842	$ 17.49B	3.7%	8.1%	2.9%	4 (A-)	6 (A)	8 (Baa1)	4(AA-)	10 (D+)
Mutual Trust LIC 66427	IL	1904	$ 0.57B	8.2%	4.5%	0.3%	2 (A+)	-	-	4 (AA-)	4 (B+)
Nat'l Guardian LIC 66583	WI	1909	$ 0.48B	7.7%	1.9%	0.0%	2 (A+)	-	-	-	1 (A+)
Nat'l Home Life Asr. 66605	MO	1920	$ 6.13B	6.8%	2.8%	0.5%	2 (A+)	3 (AA)	-	4 (AA-)	4 (B+)
Nat'l Integrity LIC 75264	NY	1968	$ 0.47B	6.0%	6.6%	0.0%	(NA-3)	5 (A+)	-	5 (A+)	10 (D+)
National LIC 66680	VT	1969	$ 4.22B	4.9%	3.1%	0.2%	2 (A+)	4 (AA-)	-	4 (AA-)	6 (B-)
Nat'l Travelers Life 66828	IA	1907	$ 0.35B	10.5%	2.1%	0.9%	2 (A+)	-	-	-	5 (B)
National Western LIC 66850	CO	1956	$ 2.10B	3.9%	1.6%	0.3%	4 (A-)	-	-	-	8 (C)
Nationwide LIC 66869	OH	1929	$ 15.97B	3.8%	2.4%	0.3%	2 (A+)	1 (AAA)	2 (Aa1)	-	6 (B-)
New England Mutual Life 66893	MA	1835	$ 16.95B	3.2%	5.0%	0.9%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	8 (C)
New York LIC 66915	NY	1841	$ 42.75B	6.1%	3.5%	0.3%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	2 (A)
N Amer./Life & Hlth 66974	IL	1886	$ 2.07B	5.7%	10.2%	0.0%	3 (A)	-	-	-	8 (C)
N Amer. Life & Cas. 90611	MN	1979	$ 2.17B	5.6%	0.1%	0.2%	2 (A+)	-	-	-	7 (C+)
N Amer. Secur. LIC 90425	DE	1979	$ 1.47B	2.3%	0.4%	1.7%	2 (A+)	3 (AA)	-	-	7 (C+)
N. Atlantic LIC/Am. 67024	NY	1961	$ 0.82B	3.8%	8.4%	0.7%	3 (A)	-	-	3 (AA)	10 (D+)
N W Life Assur./Can.	CD	1967	$ 0.40B	0.0%	0.0%	0.0%	3 (A)	-	-	-	-
Northbrook LIC 88528	IL	1960	$ 0.60B	6.4%	0.0%	0.0%	1 (A++)r	2 (AA+)	-	-	5 (B)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S / Assets	NIB% Bonds	Delnq Mrtge	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Northern LIC 87734	WA	1906	$ 2.53B	4.2%	6.3%	0.4%	2 (A+)	4 (AA-)	-	3 (AA)	7 (C+)
N'western Mutual LIC 67091	WI	1857	$ 35.74B	4.9%	3.7%	0.2%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	1 (A+)
N'western Nat'l LIC 67105	MN	1885	$ 4.57B	7.4%	10.6%	1.0%	3 (A)	6 (A)	7 (A3)	3 (AA)	8 (C)
Ohio Nat'l LIC 67172	OH	1909	$ 3.00B	4.6%	4.3%	0.6%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	6 (B-)
Ohio State LIC 67180	OH	1906	$ 0.60B	16.1%	1.8%	0.5%	2 (A+)	-	-	-	5 (B)
PFL Life Ins Co. 86231	IA	1961	$ 3.72B	8.4%	3.6%	0.5%	3 (A)	2 (AA+)	-	2 (AA+)	5 (B)
Pacific Mutual LIC 67466	CA	1868	$ 10.65B	3.2%	2.3%	0.6%	2 (A+)	2 (AA+)	5 (A1)	2 (AA+)	5 (B)
Pan-American LIC 67539	LA	1911	$ 2.06B	6.0%	6.1%	0.5%	2 (A+)	-	5 (A1)	-	7 (C+)
Penn Insur. & Annuity 93262	DE	1980	$ 0.62B	4.4%	5.6%	0.8%	(NA-4)	5 (A+)	-	4 (AA-)	8 (C)
Penn Mutual LIC 67644	PA	1847	$ 6.09B	3.3%	3.9%	0.3%	2 (A+)	5 (A+)	5 (A1)	4 (AA-)	8 (C)
Peoples Security LIC 64475	NC	1916	$ 3.24B	6.3%	2.0%	1.0%	2 (A+)	1 (AAA)	5 (A1)	2 (AA+)	7 (C+)
PHF LIC 84808	FL	1974	$ 0.34B	11.8%	4.0%	0.0%	6 (B+)	2 (AA+)	-	4 (AA-)	5 (B)
Philadelphia LIC 97047	PA	1906	$ 1.24B	10.7%	11.1%	0.2%	3 (A)	-	-	6 (A+)	8 (C)
Phoenix Home Life 67814	AZ	1951	$ 6.63B	4.9%	3.8%	2.0%	2 (A+)	4 (AA-)	5 (A1)	-	8 (C)
Pioneer LIC/IL 68330	IL	1946	$ 0.39B	15.2%	2.2%	0.0%	7 (B)-	-	-	-	8 (C)
Presidential LIC 68039	NY	1965	$ 2.07B	6.6%	40.7%	0.0%	6 (B+)	-	12 (Ba1)	-	14 (E)
Principal Mutual LIC 61271	IA	1879	$ 31.50B	4.2%	7.6%	0.5%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	5 (B)
Protective LIC 68136	AL	1907	$ 2.50B	7.1%	2.6%	0.1%	2 (A+)	3 (AA)	-	3 (AA)	4 (B+)
Provident Life/Accid. 68195	TN	1887	$ 5.83B	12.23%	3.4%	0.2%	2 (A+)	2 (AA+)	3 (Aa2)	2 (AA+)	4 (B+)
Provident Mutual LIC 68225	PA	1886	$ 3.12B	5.9%	3.5%	0.4%	2 (A+)	4 (AA-)	5 (A1)	-	7 (C+)
Provident Nat'l Assur. 70866	TN	1967	$ 8.22B	2.7%	3.4%	0.2%	3 (A)	2 (AA+)	3 (Aa2)	2 (AA+)	8 (C)
Prudential Ins.Co. 68241	NJ	1873	$148.42B	4.4%	8.1%	0.6%	1 (A++)	2 (AA+)	3 (Aa2)	1 (AAA)	5 (B)
Reliance Standard 68281	IL	1907	$ 1.76B	6.8%	11.8%	0.0%	3 (A)	6 (A-)	-	4 (AA-)	8 (C)
Royal Maccabees LIC 65765	MI	1885	$ 1.64B	6.3%	0.9%	0.3%	4 (A-)	-	-	-	7 (C+)
SAFECO LIC 68608	WA	1957	$ 6.43B	5.0%	4.4%	0.1%	2 (A+)	3 (AA)	3 (Aa2)	-	7 (C+)
Secur. Bene. LIC 68675	KS	1892	$ 2.84B	2.9%	3.1%	0.2%	2 (A+)	5 (A+)	-	-	7 (C+)
Secur.-Conn. LIC 91588	CT	1955	$ 1.03B	12.2%	3.7%	1.1%	2 (A+)	4 (AA-)	-	-	5 (B)
Secur. First LIC 61050	DE	1960	$ 1.23B	5.1%	8.2%	0.0%	3 (A)	4 (AA-)	-	-	6 (B-)
Secur. Mutual LIC/NY 68772	NY	1886	$ 0.96B	4.3%	3.9%	0.2%	3 (A)	5 (A+)	-	4 (AA-)	6 (B-)
Shenandoah LIC 68845	VA	1914	$ 0.51B	6.4%	5.4%	0.5%	2 (A+)	-	-	-	5 (B)
Southland LIC 68950	TX	1969	$ 0.97B	14.5%	4.4%	0.2%	2 (A+)	1 (AAA)	-	1 (AAA)	2 (A-)
Southwestern LIC 91391	TX	1903	$ 1.37B	17.5%	3.0%	1.7%	3 (A)	10 (BBB-)	12 (Ba1)	6 (A+)	8 (C)
Standard Insur. Co. 69019	OR	1906	$ 2.42B	7.6%	0.8%	0.3%	2 (A+)	4 (AA-)	6 (A2)	-	5 (B)
State Bond/Mortgage 69086	MN	1966	$ 0.58B	4.6%	0.0%	0.3%	4 (A-)	-	-	-	6 (B-)
State Farm LIC 69108	IL	1929	$ 13.65B	11.3%	0.8%	0.4%	1 (A++)	1 (AAA)	1 (Aaa)	-	1 (A+)
State Mutual L Assur. 69140	MA	1844	$ 6.58B	5.1%	3.6%	0.6%	2 (A+)	3 (AA)	4 (Aa3)	3 (AA)	8 (C)
SunLife/America 69256	MD	1897	$ 5.59B	6.4%	7.8%	0.0%	2 (A+)	3 (AA)	7 (A3)	4 (AA-)	7 (C+)
Sun Life Assur./Canada n/a	CD	1865	$ 20.60B	12.4%	0.4%	0.0%	1 (A++)	1 (AAA)	-	-	-
Sun Life /Canada (US) 79065	DE	1970	$ 6.40B	5.3%	2.2%	0.0%	1 (A++)	-	-	-	-
Sunset LIC/America 69272	WA	1937	$ 0.34B	13.1%	2.0%	0.5%	2 (A+)	-	-	-	2 (A)
TIAA of Amer. 69345	NY	1918	$ 55.57B	5.5%	7.7%	2.3%	1 (A++)	1 (AAA)	1 (Aaa)	-	6 (B-)
Time Insur. Co. 69477	WI	1910	$ 1.01B	35.1%	2.8%	0.0%	2 (A+)	3 (AA)	-	-	2 (A-)
TMG LIC (W'tn States) 70491	ND	1930	$ 0.68B	14.21%	1.9%	2.5%	2 (A+)	1 (AAA)	-	-	6 (B-)
Transam. Life & Ann. 69507	CA	1966	$ 9.08B	3.1%	4.6%	0.0%	2 (A+)	2 (AA+)	4 (Aa3)	3 (AA)	6 (B-)
Transam. Occidental 67121	CA	1906	$ 8.62B	6.8%	5.7%	0.1%	2 (A+)	2 (AA+)	4 (Aa3)	3 (AA)	6 (B-)
Travelers Insur. Co. 87726	CT	1863	$ 35.66B	5.7%	2.8%	5.8%	4 (A-)	5 (A+)	8 (Baa1)	4 (AA-)	10 (D+)
Travelers Life/Annu. 80950	CT	1973	$ 1.73B	16.7%	5.3%	4.0%	4 (A-)	5 (A+)	-	-	10 (D+)
Union Central LIC 80837	OH	1867	$ 3.21B	5.0%	3.3%	0.6%	3 (A)	6 (A)	-	6 (A)	8 (C)
Union Labor LIC 69744	MD	1925	$ 1.92B	4.0%	1.9%	2.3%	6 (B+)	8 (BBB+)	-	6 (A)	10 (D+)
United Cos. LIC 69876	LA	1955	$ 1.23B	4.8%	4.1%	1.3%	3 (A)	-	-	6 (A)	7 (C+)
United Fidelity LIC 87645	TX	1920	$ 0.37B	6.8%	1.9%	0.6%	(NA-4)	-	-	-	11 (D)
United Investors LIC 94099	MO	1961	$ 0.72B	22.1%	2.7%	0.0%	1 (A++)	1 (AAA)	-	-	2 (A)
United Olympic LIC 67350	WA	1940	$ 0.96B	3.4%	1.9%	0.1%	3 (A)	5 (A+)	-	-	8 (C)
United of Omaha 69868	NE	1926	$ 4.68B	6.8%	3.0%	1.0%	2 (A+)	3 (AA)	3 (Aa2)	3 (AA)	5 (B)
United Pacific LIC 70025	WA	1956	$ 5.43B	7.1%	16.2%	0.0%	4 (A-)	9 (BBB)	12 (Ba1)	6 (A+)	9 (C-)

INSURANCE COMPANIES RATINGS

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S / Assets	NIB% Bonds	Delnq Mrtge	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
United Presidential 70033	IN	1965	$ 0.72B	8.1%	6.6%	0.3%	3 (A)	-	-	-	5 (B)
US LIC/in NYC 70106	NY	1850	$ 1.70B	8.5%	7.1%	0.1%	2 (A+)	5 (A+)	-	-	7 (C+)
Unity Mutual LIC 70114	NY	1903	$ 0.60B	2.7%	2.5%	0.0%	7 (B)	-	-	-	9 (C-)
UNUM LIC 62235	ME	1848	$ 8.57B	6.4%	3.3%	0.8%	2 (A+)	2 (AA+)	2 (Aa1)	-	5 (B)
USAA Annuity & LIC 90603	TX	1979	$ 1.59B	6.0%	4.7%	0.0%	2 (A+)	1 (AAA)	2 (Aa1)	-	6 (B-)
USAA LIC 69663	TX	1963	$ 2.07B	10.5%	4.2%	0.0%	1 (A++)	1 (AAA)	2 (Aa1)	-	2 (A-)
USG Ann./Life Co. 61247	OK	1957	$ 1.99B	6.6%	8.8%	0.0%	2 (A+)	3 (AA)	5 (A1)	-	7 (C+)
Variable Ann. LIC 70238	TX	1968	$ 14.66B	3.6%	1.8%	0.6%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	4 (B+)
Vermont LIC 93645	VT	1981	$ 0.44B	4.4%	2.3%	0.6%	2 (A+)	4 (AA-)	-	4 (AA-)	8 (SC)
WM (Wash. Mut'l) LIC 85952	AZ	1975	$ 0.50B	6.0%	0.0%	0.0%	6 (B+)	-	-	-	9 (SC-)
Wash. Nat'l Ins. 70319	IL	1923	$ 1.58B	11.9%	6.4%	0.6%	3 (A)	-	-	-	7 (C+)
West Coast LIC 70335	CA	1915	$ 0.45B	17.4%	2.7%	0.0%	2 (A+)	-	5 (A1)	-	5 (B)
Western Life Ins. Co.	See Fortis Benefits LIC										
Western Nat'l LIC 70432	TX	1978	$ 4.88B	6.5%	5.6%	0.1%	3 (A)	5 (A+)	9 (Baa2)	4 (AA-)	8 (C)
W'tern Res. L Asr Co 91413	OH	1957	$ 1.04B	4.4%	0.0%	0.0%	2 (A+)	2 (AA+)	-	2 (AA+)	7 (C+)
W'tern United L. Asr. 77925	WA	1963	$ 0.64B	5.9%	1.8%	2.7%	6 (B+)	-	-	-	10 (D+)
Wm Penn LIC of NY 66230	NY	1962	$ 0.83B	7.4%	0.0%	0.0%	3 (A)	-	-	-	5 (B)
Wisconsin Nat'l LIC 70581	WI	1908	$ 0.31B	9.5%	0.7%	0.3%	2 (A+)	-	-	-	2 (A-)
Xerox Finan. Svcs. LIC 93513	MO	1981	$ 3.40B	3.3%	7.7%	0.7%	(NA-3)	5 (A+)	6 (A2)	-	9 (C-)
Zurich Amer. LIC 70661	IL	1960	$ 0.16B	na	na	na	4 (A-)	4 (AA-)	4 (Aa3)	-	8 (C)

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 warranty of an 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 adquacy, and (5) reinsurance. Qualitative evaluation is based on (1) spread of risk, (2) soundness and appropriates of reinsusrance, (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 quaretерly 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.

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 Scale uses a letter grade scale that ranges from AAA (highest) to D (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, CC, C, D). The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within those grades. "AAA" Claims-paying ability represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companys 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.

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) 208-1996.

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 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. Insurance companies rated Aaa offer exceptional financial security. While the financial strength of these companies is likely to change, such changes are most unlikely to impair their fundamentally strong position.

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.

Duff & Phelps

Duff & Phelps began rating insurance carriers in 1986. Its rating emphasizes analysis of the company's future ability to promptly pay its obligations by evaluating the insurer's long term solvency and its ability to maintain adequate liquidity. The evaluation involves both quantitative and qualitative factors.

The quantitative factors focus on profitability, operating leverage, surplus adequacy, asset quality and concentrations and the adequacy of policy reserves. An important emphasis is the sensitivity of the insurance company to volatile business cycles, major shifts in interest rates and the ability of management to deal within those circumstances.

Duff and Phelps uses a letter grade scale that ranges from AAA, the highest rating, to CCC, the lowest rating (i.e. AAA, AA, A, BBB, BB, B, CCC). The ratings below AAA may be modified by the addition of a plus or minus sign to show relative standing within those grades.

Full reports on individual companies are available for $25. Ratings are provided free of charge. Write to Duff & Phelps Credit Rating Company; 55 East Monroe St.; Chicago, IL 60603; or call (312) 368-3157.

WEISS' Ratings

Weiss Research, Inc. a recent entrant in the insurance rating business, began offering its Safety Index Rating in 1990. Weiss analyzes a company's future ability to pay its claims under difficult economic conditions when the potential for liquidity problems is increased. The most important indicators used are risk-adjusted capital ratios, which evaluate a company's exposure to investment, liquidity, and insurance risk in relation to the capital that the company has to cover those risks during periods of average and severe recession. Contact Weiss Research, Inc.; P.O. Box 2923; West Palm Beach, FL 33402; or telephone (407) 684-8100.

The Weiss Safety Index scale ranges from A to F (see details below). Weiss' rating standards are generally more conservative than those used by other agencies. For example, the distribution of 1991 Weiss' ranking found only 2.8% of all companies rated achieved an A grade, 13.6% were rated in the B class, 37.2% at C, 20.2% at D, 4.5% at E, and 3.1% at F. Whereas Weiss' ratings closely followed a bell-shaped distribution, the ratings by Best's, S&P, and Moody's fell predominantly in the A and B classifications alone.

To achieve a top Weiss rating, a company must be adequately prepared to withstand the worst-case scenario, without impairing its current operations. It must also achieve an acceptable level in all five components of the Safety Index rating: equity, investment safety, profitability, leverage, and size. A company that has a very weak investment component but does well in all other categories would still rate poorly. This means that companies rated less than B can remain viable provided the economic environment remains relatively stable. A detailed description of Weiss' rating scale follows:

A **Excellent.** This company offers excellent financial security. It has maintained a conservative stance in its investment strategies business operations and underwriting commitments. While the financial position of any company is subject to change, we that has the resources necessary to deal with severe economic conditions.

B **Good.** This company offers good financial security and has the resources to deal with a variety of adverse economic conditions. However, in the event of a severe recession or major financial crisis, we feel that this assessment should be reviewed to make sure that the firm is still maintaining adequate financial strength.

Important note: Carriers with a B+ rating are included in our Recommended List because they have met almost all of the requirements for an A rating.

C **Fair.** This company offers fair financial security and is currently stable. But during an economic downturn or other financial pressures, we feel it may encounter difficulties in maintaining its financial stability.

D **Weak.** This company currently demonstrates what we consider to be significant weaknesses which could negatively impact policyholders. In an unfavorable economic environment, these weaknesses could be magnified.

E **Very Weak.** This company currently demonstrates what we consider to be significant weaknesses and has also failed some of the basic tests that we use to identify fiscal stability. Therefore, even in a favorable economic environment, it is our opinion that policyholders could incur significant risks.

F **Failed.** Companies under the supervision of state insurance commissioners.

+/- **Plus** is an indication that, with new data, there is a modest possibility that this company could be upgraded. **Minus** is an indication that, with new data, there is a modest possibility that this company could be downgraded. The A+ rating is an exception since no higher grade exists.

S The **S** prefix indicates a smaller sized company with less that $25 million in capital and surplus, but does not reduce or diminish the letter grades A through E. The S is simply a reminder that consumers may want to limit the size of their policy with this company so that the policy's maximum benefits do not exceed 1% of the company's capital and surplus.

U **Unrated.** This symbol indicates that a company is unrated for one or more of the following reasons: (1) total assets of less than $1 million, (2) premium income for the current year less than $100 thousand, or (3) the company functions almost exclusively as a holding company rather than as an underwriter.

Annuities are simple investments. You deposit a sum of money, usually $5,000 or more, with an insurance company and instruct it to apply your funds either: (1) as an "Immediate Annuity" - where you immediately start receiving a monthly income for your lifetime - or (2) as a "Deferred Annuity" - where the company credits your investment with tax-deferred interest until you decide to withdraw funds from your account.

Annuities may accept either a one-time deposit ("Single Premium" annuity) or unlimited periodic investments ("Flexible Premium" annuity). Some annuities offer a choice of investment options ("Variable" annuity) where the value of your account fluctuates with changes in stock or bond prices. Other annuities credit a guaranteed interest rate ("Fixed" annuity).

ANNUITY & LIFE INSURANCE SHOPPER will help you sort out what type of annuity may be right for you. You'll learn about the investment and insurance features of each of these types of annuities so you can use these valuable retirement vehicles effectively. We'll help you take the mystery out of annuities. Our annuity brokerage service is available to you at no cost and can help you find companies which offer high quality and attractive rates. Questions? Call 1-800-872-6684 to speak with an annuity specialist.

Immediate Annuities

Single Premium Immediate Annuities (SPIAs) are purchased by a single deposit, and usually commence regular income payments a month after you make your investment. An immediate annuity can be purchased with funds from a variety of possible sources, such as: a maturing Certificate of Deposit (CD); monies which have accumulated in a Deferred Annuity account (see below); or funds from a tax-qualified defined benefit or profit-sharing plan, or from an IRA account. The key ingredient for an immediate annuity is the exchange which takes place between the insurance company and the investor. The company promises to pay a monthly income for the life of the annuitant and the buyer gives up his rights to ever receiving his deposit back in a lump sum. Once an immediate annuity makes its first payment, it can not be cashed in.

Advantages of An Immediate Annuity

Advantages of an immediate annuity are its: (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 or Treasury 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 -- it lets you postpone paying taxes on some of the earnings you've accrued in a "tax-deferred" annuity when rolled into an immediate annuity (only the portion attributable to interest is taxable income, the bulk of the payments are nontaxable return of principal); (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.

SPIAs are particularly suitable for providing income in the following situations: (1) Retirement from Employment; (2) Terminal Funding or Pension Terminations (including deferred commencements); (3) Retired Life Buyouts; (4) Structured Settlements for Personal Injury, Estate or Divorce cases; (5) Professional Sports Contracts; and (6) Credit Enhancement and Loan Guarantee Transactions.

Forms of Annuity

In its simplest form--the Straight Life or Non-refund immediate annuity--payments are guaranteed over the lifetime of one person. This form of 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 "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 accordingly the monthly payment amount. However, because the payments on a single life annuity expire when you do, selecting this form of annuity is, in a sense, a bet that you expect to 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 will continue to a named beneficiary ("Installment Refund" annuity).

Forms of Annuity Definitions

Life Only, No Refund: Level payments are received for the annuitant's lifetime and cease upon the annuitant's death.

Life with Period Certain: Level payments are received for the annuitant's lifetime. However, if the annuitant should die before the end of the specified certain period (usually from 5 to 25 years), payments will be paid to the designated beneficiary until the end of the certain period.

Life with Installment Refund: Level payments are received for the annuitant's lifetime. However, if the annuitant should die before receiving an amount equal to the original premium, payments will be paid to the designated beneficiary until the total payments made (annuitant and beneficiary) equal the original premium (without interest).

Joint and Full Survivor (100%): Level payments are made for as long as either the annuitant or joint annuitant is alive. Joint and Survivor (100%) with Certain Period: same as above except, if both the annuitant and joint annuitant should die before the end of the specified certain period (5-25 years), payments will be paid to the designated beneficiary until the end of the certain period.

Joint and Survivor (50%..75%) reducing on FIRST or EITHER death: Full level payments are made as long as both the annuitant and joint annuitant are alive. Upon the death of either the annuitant or joint annuitant, reduced (50%...75%) level payments will continue to the survivor for as long he/she is alive.

Adding a Period Certain provision to a Joint and Survivor (50%...75%) annuity accomplishes the following: even if the annuitant or joint annuitant dies before the end of the certain period, payments to the survivor will not reduce until after the end of the certain period (5-25 years). If both the annuitant and joint annuitant die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

Joint and Survivor (50%..75%) reducing ONLY ON DEATH OF PRIMARY ANNUITANT: Full level payments will be made for as long as both the annuitant and contingent annuitant lives. Payments are never reduced to the Primary Annuitant. Payments are reduced to the Contingent annuitant should the Primary Annuitant predecease the Contingent Annuitant. (Note: This form is sometimes called Joint and **Contingent** annuity. However, be careful, many companies interchange their definitions for Joint and Survivor and Joint and Contingent forms. Verify your company's interpretation of survivor annuity to be what you have in mind to purchase.)

Adding a Period Certain provision to a Joint and Contingent (50%..75) annuity does this: if the annuitant dies before the end of the certain period, payments to the contingent annuitant will not reduce until after the end of the certain period (5-25 years). If both annuitants die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

Annuity Certain (Without Life Contingency): Level payments are received for a specific period (5-25 years). If the annuitant should die before the end of the certain period, payments will be paid to the designated beneficiary. NO payments are made to the annuitant after the end of the specified period. (You may outlive this type of annuity.)

Immediate Annuity Rate Tables

Source of Funds - Qualified vs. Non-Qualified

The term **Qualified** (in the heading of Immediate Annuities Update Tables) refers to the tax status of the source of 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 has 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, or Section 1035 annuity or life insurance exchanges. Generally speaking, insurance companies use male/female (sex-distinct) rates when pricing qualified annuities where the purchaser and/or owner is a corporation. Where the annuity is purchased by an individual, 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 as income this year. 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. The income figures in the immediate annuity tables represent monthly payment for a $1,000 deposit with the first check received one month after the date of deposit. Columns identified as "Life" (for male, female, or unisex at ages 65 and 70) illustrate how much in monthly income a $1,000 deposit will purchase if payment are received over the lifetime of one person.

"Unisex 10C&C" rates show monthly income for 10 Years Certain and Continuous, which means that payments are guaranteed for at least ten years even if the annuitant should die before that period has elapsed. Of course, with the 10C&C annuity, monthly payments continue to be received at the stated rate even after the 10 year period for as long as the annuitant lives.

"Pd. Cert. 10 Yr. Only" rates cover payments for only a fixed 10 Year Period Certain. Such period certain annuities are not priced to reflect the age or life expectancy of the purchaser since payments cease after 120 monthly payments without regard to whether the annuitant is living.

"M65 F60 J&50%S" column illustrates rates payable on the Joint and 50% Survivor form of annuity. In our example the **primary** annuitant is a male age 65 and his coannuitant is a female age 60. This annuity guarantees payments over the lifetimes of two individuals, with the payments reducing by one half if the primary annuitant (male) should predecease the coannuitant (female). Variations on this type of annuity are also available.

Fixed Deferred Annuities

A Deferred Annuity is a tax-favored accumulation contract. Its chief advantage over a Certificate of Deposit or Mutual Fund is that the yearly earnings in an annuity contract are not taxed when earned (except in the case of a corporation). The cash value builds in the account each year on a tax-deferred basis. These contracts can also be used for Qualified "rollover" funds (lump sum distributions from a Qualified Pension Plan prior to retirement).

In this section, we explore issues related to "Fixed" deferred annuities (which are different than "Variable" deferred annuities reviewed in a separate section below). A fixed annuity is one where the insurance company credits your account with a fixed rate. Interest earned on fixed deferred annuities is usually credited at a declared rate, which can remain constant for periods ranging anywhere from a calendar quarter to as much as ten years. Fixed annuities only offer the interest-earning account, whereas "Variable" annuities may offer several accounts where returns fluctuate with stock and bond prices.

Advantages of A Deferred Annuity

1. Compound Earnings Without Paying Taxes

Annuity interest is tax-deferred. There are no IRS forms to file nor earned-interest entries on your 1040. People saving for retirement or investors with large money market or CD balances **must** consider annuities for the extra earnings which only this kind of tax deferral can provide. That's because tax-free compounding over a reasonable period of time produces a substantially greater retirement benefit after taxes are paid than taxable investing. Some studies find from 15% to 40% more money is available. So why would anyone want to warehouse their excess cash in a taxable CD when they could avoid the annual tax bite and even earn **additional** interest on each year's unpaid taxes year after year? What's more, if they wait to receive annuity income until retirement, when they're likely to be in a lower tax bracket, they'll further increase the value of their original investment.

2. Earning Higher Interest Rates
Annuities credit interest which is close to **long-term** bond rates and a lot higher than **short-term** money market rates. Add that to the power of tax deferral and you can see why each year annuities earn a substantially higher yield than CDs. Compare the **7.98%** equivalent yield from a typical 6% annuity (for an investor in the 33% tax bracket) to the **2.48%** net return from a 3.50% taxable CD or money market account. That's THREE times the earnings power of a CD. Plus, when long-term rates finally do turn up again, annuities will earn the higher interest rates then available.

3. Unlimited Tax-Deferral
Even persons who have maximized their yearly IRA and pension contributions may still invest any amount they wish into a tax-deferred annuity. There are no annual investment ceilings (no $30,000 limits) on this tax-advantaged plan. Investors may even continue to shelter their funds in annuities with many insurance companies to age 90 and older.

4. Principal Safety Without Market Fluctuations
When interest rates begin to trend up again (which they most certainly will do sometime during the next 10-20 years) annuity accounts will be protected from the kind of losses in principal which will hit bonds and bond funds. Annuities will credit future high interest rates without losses in principal. In an annuity 100% of your accumulated principal and interest is always in the account no matter what direction interest rates take.

5. Worry-Free Investing
The value of a fixed rate annuity is guaranteed and will not vary with "today's closing averages." The accumulated principal and interest is never subject to market losses. The interest or income continues regardless of what happens to bond rates or stock market performance. Investors are advised, though, to regularly monitor the financial condition of their issuing company.

6. Retire Early Without Penalty
Annuities can offer valuable tax-savings for under age 59-1/2 employees who accept large cash sums from their 401k profit-sharing plans as part of an early retirement or severance package. For example, a young couples' 401k rollover can be invested in an annuity with "Substantial and Equal Payments" (IRS requirement) to cover their monthly mortgage payments. And this from monies they thought couldn't be touched until retirement!

7. Avoid the 50% Penalty on Minimum Required Withdrawals
Wealthy investors or retirees over age 70-1/2 who are now required to take minimum withdrawals from their IRA or Pension plans can avoid the hefty 50%(!) IRS penalty on amounts they should have withdrawn which they didn't, by simply annuitizing their accounts and turning over responsibility for income calculations to the insurance companies. They will also save the annual fees their accountant or attorney normally charges for making these calculations (and it may even be difficult finding one who knows how to do it correctly).

8. 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 live longer still. With annuities, the monthly retirement check is guaranteed for life, regardless of swings in the economy.

9. Probate-Free Inheritance
Investors seeking to protect their beneficiaries from the onerous two- and three-year delays and associated costs of probate, can spare them the hassles with annuities. Annuity cash values are paid directly and quickly to named beneficiaries as soon as the insurance company is notified of the policyholder's death.

ANNUITY & LIFE INSURANCE SHOPPER reports both on "Single Premium" deferred annuities ("SPDA"), which accept only one deposit, and "Flexible Premium" deferred annuities ("FPA"), which have all the features of SPDAs with the added flexibility that they accept multiple deposits over the life of the contract. Flexible premium annuities, however, oven charge greater surrender penalties.

Deferred Annuity Rate Tables

The deferred annuity rate tables (in the earlier DEFERRED ANNUITIES UPDATE sections) begin with the name of the insurance company and the policy name of the contract described, since some companies issue more than one contract for each product category. The next category shows the minimum and maximum issue ages for non-qualified annuities. Age limits for qualified contracts are governed by IRS regulations and thus do not vary among different companies.

Interest Crediting

The Initial Credit% (Interest Rate) and the length of time for which this rate is guaranteed ("Yield Guarantee Period") are shown in the next two columns. Most insurance companies compound interest on a "day of deposit to day of withdrawal" basis. The cash accumulation figures in the tables below illustrate the growth of a single deposit of $100,000 (for SPDAs and CoAs) or 20 annual deposits of $10,000 (for FPAs), assuming the current interest rate remains in effect for 20 years.

Almost all annuities set a minimum or Floor Rate below which the annual interest rate is guaranteed never to drop. These floor rates are contractually guaranteed by the companies and are usually around 4%. To interpret a policy's floor rates check the letter code ("d" thru "g") against the legend for that table. Keep in mind that floor rates are not to be confused with "Bailout or Escape" rates, which only some companies offer (and which are discussed below).

Some insurers offer "bonus" interest rates which tack on as much as eight percentage points to the current interest rate, boosting the first-year yield to 15% or higher. As alluring as these bonus rates may seem, they can also be somewhat deceptive. Often, you'll only receive the bonus on your accrued earnings if you eventually annuitize with that company and take the 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 will retroactively subtract the 8% bonus, plus the interest that compounded on the bonus--<u>and</u> charge you a 15% penalty on your original investment. So be wary!

Tiered-rate annuities--so named because they have two levels of interest rates--are similar to bonus-rate annuities in that the "extra" accrued earnings in your account are available only if you annuitize with that company. Take a straight withdrawal of cash and your crediting rate will be knocked down to a "surrender value" rate as low as 6% for every year you've invested.

Some insurers offer lofty initial rates that are lowered at renewal time. Consequently, by gravitating toward annuities paying above-average rates, you may risk investing in an annuity which is a poor performer over the long haul.

Bailout Rates

Many insurers offer protection against low renewal rates with a contract feature that's known as a "Bailout" or "Escape" rate. A bailout rate lets you get out of an annuity without having to incur surrender charges if the renewal rate slips by, say, one percentage point or more below your initial rate (see column heading "Bailout Escape Rates" in deferred annuities tables). Annuities with bailouts typically pay initial rates of a half to a full percentage point below those without escape clauses. What's more, a bailout really protects you only against a company which arbitrarily lowers its rates. If interest rates drop in the overall economy, you probably won't be able to reinvest in another company's annuity product at a higher rate anyway.

Withdrawals, Fees, and Charges

Expense charges for deferred annuities fall into three categories: Front End Loading, Maintenance Fees, and Surrender Fees. Very few "Fixed" annuity contracts have any front end charges. (This is different than "Variable" annuities where front-end charges may exist.) This means that 100% of your deposit without any deductions goes directly to work for you in your account. Of course, your salesman is paid a commission (usually from 3% to 8%). But his fee is not deducted from your deposit. It's actually advanced to him by his insurance company, which figures to recoup this expense a little each year, through the **spread** between the interest rate it earns on your money and the rate it credits to your account.

It is not common for fixed annuities to charge maintenance fees. Most insurance companies also let you withdraw up to 10% of your account value (principal plus accumulated interest) each year, without paying a surrender penalty. However, EXCEPT for certain Certificate of Annuity policies, if you want to withdraw more than 10% of your contract value or surrender it for its full value before the insurance company has had time to recoup its sales expenses-- typically during the first 7 years or so--then you will be charged a penalty (in other words, a "back-end load"). These surrender charges usually approximate the unearned expenses a company has advanced. (These penalties are in addition to whatever IRS tax penalties may occur if you are making a withdrawal from an SPDA and you are not yet 59-1/2 years old.) Surrender penalties vary from company to company, but may be as high as 15% in the first contract year (see "Surrender Fees/Year" tables). As a rule, surrender charges are reduced by about 1% per year and usually disappear completely by the 5th through 10th policy year. Fees may also be waived when the contract is "annuitized" into an immediate life annuity or in the event of the policyholder's death. Recently, some companies have waived penalties when the policyholder was confined to a nursing home.

Contract Maturity and Annuitization

When a deferred annuity matures (ie., the year that the surrender penalties subside), it's essential to understand your withdrawal options. You may reinvest your money with the same company at the rate then offered or switch your account to another insurer (called a tax-free or "Section 1035 Exchange"). Or, you can simply pull your money out of the annuity in a lump sum, but then you'll immediately owe federal income tax on ALL the earnings (at one time)--plus, if you're younger than 59-1/2 at withdrawal, you'll owe an additional 10% tax penalty.

There are two ways, however, to postpone that tax bite while still turning your annuity account into a reliable income stream. One is by "annuitizing" your policy--where you irrevocably convert the accumulated value of your deferred annuity into an "immediate annuity" (see section above). You can either annuitize your account with your present company or transfer the account to a different insurer under a "Section 1035" exchange. It's a good idea to "shop the market" before annuitizing, since your present company may very well not be the one offering the most generous payments for the amount of money you can deposit. You can verify this discrepancy by comparing different companies' crediting rates to their settlement rates (see column titled "Mo. Income/$1000 for Male Age 65 for Life," which shows the current and guaranteed purchase rates per $1,000 of account value used by each company to convert cash values into monthly income). Also, consult tables entitled "Immediate Annuities."

Annuitizing may 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). If your immediate or deferred annuity represents a "qualified" or pre-tax investment, such as an IRA or IRA "rollover" or Pension Plan funds, then the whole monthly income check will be taxable.

In addition to annuitizing, the other option is 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 withdrawal is flexibility; you can raise, lower, or stop the payments at any time, as well as annuitize. Unlike the annuitization option, though, 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 plan is usually fully taxable until you have drained all your earnings from the account. However, because the tax law governing annuities can be quite complex, you should consult a financial planner or tax adviser before going ahead with either withdrawal option.

Combination Annuities - Split Annuities

Combination annuities (also called split annuities) are essentially a hybrid product combining the features of a certificate of annuity with those of a temporary or period-certain-only immediate annuity. They are designed to provide immediate cash-flow with a guarantee that the initial purchase amount will be returned in full at the end of a specified period of time. The illustrations in our table on Split annuities show maturity periods of five and seven years.

What makes combination annuities different from other cash accumulation programs is how they are taxed. Payments from an immediate annuity have unique taxation: a portion of each payment is recognized by the IRS as a return of principal, with the remainder representing taxable income in the year received. The amounts are determined by a percentage factor, known as the "exclusion ratio," and in a combination annuity the results are very favorable. This feature can be viewed as an important advantage over bank CDs, for instance, because it reduces the amount of tax paid by the investor. A simple example will help illustrate this point.

Suppose a semi-retired individual has a $50,000 investment coming up for renewal this month. The aim of this person is to use the monthly interest earnings to supplement his income. A local bank is offering a 6% fixed rate for an 84 month account where interest may be withdrawn without a charge each month. From the bank certificate of deposit, then, our investor would get $250.00 in interest income each month. After taxes, at 15%, he would receive $212.50 in net income. But he can do significantly better with a combination annuity.

By allocating his $50,000 into a combination annuity that uses both an SPIA and a deferred annuity, here's how our investor could increase his after-tax income. Based on current interest rates, he would deposit approximately $32,500 into the deferred annuity portion of a combination annuity. In 84 months, this deposit will have grown to a value of $50,000. He would then use the remaining $17,500 of his original $50,000 to purchase an SPIA, which at current rates would generate approximately $254.00 over the next 84 months. Of that amount, $208.02 is received tax free, because it represents a return of principal. This leaves $45.98 as taxable income. Assuming the same 15% tax bracket as before, $39.09 of this amount would constitute after-tax income. So, in this example, our investor would be receiving a total of $247.10 ($208.02 plus $39.08) in after-tax income. And, he would also have his full $50,000 investment returned in seven years.

The result is an increase in monthly income by more than 16% over what would have be provided through a bank certificate of deposit. The investor should also note that the income generated inside the deferred annuity portion of his combination annuity would be come taxable income if he takes a withdrawal. He can avoid this taxation, however, simply by rolling over the money into another tax deferred investment.
Some tax consultants advise investors to "custom build" their own combination annuity by simply purchasing an immediate annuity and a deferred annuity from separate insurance companies. This has the potential of providing more competitive returns and also avoids the unfavorable implications of certain IRS revenue rulings concerning combination annuities where the immediate annuity and deferred annuity portions are issued by the same company.

Variable Annuities

Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. If you own a favorite "taxable" mutual fund, you may wish to own a fund of similar structure overseen by the same fund manager in a tax-deferred manner. The advantages are straightforward.

Like fixed annuities, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, variables offer many more investment options not available in single-account fixed annuities. With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general interest account (GIA), which affords the same advantages as an SPDA account. Moreover, you can switch among these stock, bond, and money-market funds without tax consequences. (Mutual fund holders by contrast pay taxes on income, capital gains distributions, and profits from selling fund shares.) Later, you can surrender the annuity and take a lump sum payout over time ("annuitization") similar to an SPDA.
Almost all VAs offer a death benefit. Some guarantee the premium less withdrawals or the value of the account at death. Some step-up the death benefit every five or seven years. Still others guarantee 5% per year compounded on the original deposit.

A side benefit is that money held in a VA's mutual funds is kept apart from the insurer's General accounts. This safety feature is not available in SPDAs. (But money invested in the GIA of a VA is commingled with the insurer's assets and could be at risk if the company fails.) And, of course, with a variable annuity there are no guarantees that your account will increase in value if your stock or bond funds perform poorly.

Fees and Performance

Most VAs can be purchased on a no-load basis (that is, without a "front-end" load). Therefore, virtually all of your Variable Annuity deposit will be put to work for you (on a tax-advantaged basis to boot). VAs sometimes have annual contract fees - typically $30. In addition, there are fees for managing the assets in each fund. These are akin to mutual fund expense fees and range from 0.3% to 2.5% of your investment annually. There's also an assessment of about 1.25% annually to cover mortality and expense risk (called "M&E") and administration. Remember, most VAs return to your beneficiary an amount at least equal to your initial investment if you die and your account value is less than what you started with. The M&E fee offsets the cost of this coverage.

The Total Return Performance calculations in our tables are based on the Accumulation Unit Values (AUV). The AUV does not usually include the deduction of the annual records maintenance fee. This particular fee is most often deducted at calendar year's end from a contract owner's account. You may see contracts where fund performance with higher fees is better than some whose fees are less. The fee structure alone should never be the primary feature for selecting a VA. Remember also that if a VA is called a no-load, this does not mean that it is free of charges. "No-load" usually means that the annuity has no before or after (deferred) sales charges. As most no-load variable annuities are marketed directly with no outside sales force, internal costs may be lower. In addition, always keep in mind when reviewing the account performance tables that past performance is never a guarantee of future results. VAs are sold by agents licensed with the National Association of Securities Dealers (NASD) and with an accompanying prospectus or offering memorandum.

Structured Settlement Annuities

Periodic payment annuities, commonly known as structured settlements, are a popular means of providing compensation to personal injury and tort victims that offer significant advantages to all parties concerned. The greatest benefits accrue to the plaintiff, since the IRS code excludes from gross income any damages he receives through such a settlement annuity on account of personal injuries or sickness. For such a settlement to be valid, however, the method of funding cannot be part of the agreement, and the annuity cannot be obtained at the election of the plaintiff, since either of these conditions might constitute constructive receipt. Additionally, the inherent flexibility of annuities provides life-long security for the plaintiff, lower costs to the insurance company or defendant who pays the damages, and the tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

GICs & Insured Financial Guarantees

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are an integral part of many qualified and non-qualified plans' investment portfolios. They provide the highest rates of return and lowest market volatility of any fixed-income asset. GICs are backed by the general account assets of the insurance companies, who in turn employ immunization strategies to match the duration of their assets with their GIC/GFA obligations.

While each GIC/GFA contract is negotiated individually to meet the specific needs of the buyer, the following brief description covers nearly all the different types of GICs currently in use: (1) Bullet Deposit contracts effectively compete with CDs of similar durations. Bullets provide a current interest rate guarantee on a one-time deposit for a specified maturity period (1 to 10 years). (2) Window or Flexible or Recurring Deposit contracts are similar to bullets except that they provide a current interest rate guarantee which covers all deposits received over a 12-month period. These instruments are attractive for employee contributions in 401(k) plans. (3) Benefit Responsive contracts provide interest accumulation (as with "bullets") and scheduled or non-scheduled withdrawals to meet a plan's or contractholder's cash flow needs. The rates in the GICs table are for Bullet GICs in qualified plan situations; they are also quoted net of expenses and with no commission fees.

Annual Renewable Term Life Insurance

Annual renewable term life insurance is a very simple product. It is essentially a bet on your life. If you die while the policy is still in force, the insurance company will pay your beneficiary the face value. If you survive, the insurance company has no obligation to pay anything to anyone. Renewal of the policy from one year to the next is also guaranteed by the issuing insurance company, without any need for the policyholder to prove continued insurability. Moreover, the insurance company cannot increase premiums because the policyholder has developed an adverse physical condition. Premiums do increase each year; however, they do so only in relation to the higher risk carried by the insurance company as the policyholder's life expectancy decreases.

Term insurance rates are reported in tables for males and females who purchase a policy with a face value of $250,000 beginning at age 35 and then renew the policy for the next four years. The first column thus provides the rate for age 35, and the second column provides the aggregate premium for the five-year period from ages 35 to 39. The remaining columns provide the same information for ages 40, 45, 50, 55, and 60, followed by the aggregate premiums for each succeeding five-year interval.

Ten-Year Level Term Life Insurance

Ten-year level term has the same basic contractual obligations as annual renewable term. The main difference is one of pricing. For Ten-year level term, the premium is guaranteed to remain constant for a period of ten years, unlike annual renewable term where the premiums gradually increase each year.

Annuity Shopper reports annual premium amounts, including all fees and commissions, for a male and female, each of whom purchases a 10-Year level term policy with a face amount of $250,000 beginning at the ages indicated. Thus, each policy is guaranteed renewable for the next nine years at the same initial premium amount.

Single Premium Life Insurance

Annuity Shopper illustrates performance of SPL policies based on a single premium deposit of $100,000 and reflect the rates for a male age 45, who is a non-smoker.

Pension Plan Termination and 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 than 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 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 contracts. Simply mail or fax (908-521-5113) 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. Call today.