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# ANNUITY & LIFE INSURANCE SHOPPER

July - Sept. 1993 (vol.8, no.3)

## PLANNING FOR YOUR RETIREMENT

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*Complete Ratings of 250 Insurance Companies*

Also

## Qualified Plan Rollovers and Transfers

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# FEATURES

# Planning for Retirement

Planning for retirement is a complex endeavor. A broad range of issues are involved. You must identify clear and attainable retirement objectives, specify a timetable for their implementation, accumulate sufficient wealth and schedule its use, and arrange for the efficient transfer of your estate. Within each of these categories are numerous issues and concepts. Each is pivotal to achieving a successful retirement.

Some of the most common retirement objectives are these: to facilitate "early" retirement, to maintain (or improve upon) a pre-retirement standard of living, and to maintain self-sufficiency and minimize estate taxes.

Regardless of the amount of wealth you accumulate in a pension or profit sharing program or IRAs, when it comes to withdrawing benefits from a tax-qualified retirement plan you face a host of different issues, such as evaluating distribution options and minimizing current taxes while protecting yourself against outliving your retirement income. To complicate matters, the provisions of your pension and profit sharing plans may change, often impacting your withdrawal options. In addition, income tax rules affecting retirement are constantly in a state of constant flux.

With so many conflicting issues how can one ever hope to correctly plan for retirement? Much of it comes down to selecting the right advisers to help you sort out the complexities. Planning for retirement is a multi-disciplinary undertaking which requires expertise in four main areas: tax planning, estate planning, ERISA compliance, and personal financial planning. It would be dangerous to focus on only one or two of the disciplines, without carefully reviewing the others. For example, you wouldn't develop an income tax strategy with respect to withdrawing your plan benefits if it had a negative impact on your estate tax objectives. Therefore, all four disciplines must be borne in mind as you go about developing individual strategies for each individual area. Here is a general overview of the different issues that ought to be considered:

*Availability for IRA Rollover.*
For many retirees, the ability to roll over their benefits into an IRA and preserve tax-deferred growth is very inportant. You are only taxed on amounts held in a qualified plan or IRA when distributions are actually taken. Timing these options is critical to your overall planning process.

*Five- or Ten-year Averaging.*
You may find that taking advantage of this special tax method for lump-sum distributions from pension and profit sharing plans is beneficial due to reduced tax rates. Consequently, eligibility for these special tax rules is often an important issue.

Recipients of qualifying distributions who, prior to the 1986 Tax Reform Act (TRA86), would have been eligible to use ten-year averaging to compute the tax on the distribution are now only able to use five-year averaging --(unless the "grandfather provision" applies).

Also, prior to TRA86, a pro rata portion was eligible for treatment as long-term capital gains. Individuals deciding to pay tax on a lump-sum distribution (instead of deferring the tax by using an IRA rollover) could often obtain a lower effective tax rate on the distribution by treating a portion of the distribution as long-term capital gain and by using ten-year averaging on the balance of the distribution. These plan participants would have turned 50 before Jan 1, 1986 are allowed to make one election of five-year averaging at the new rates or ten-year averaging at 1986 rates.

There are also rules which treat the entire pre-1974 participation amount as long-term capital gain subject to a flat 20% tax rate. Under this grandfather provision, you need not be 59-1/2 to use the five-year averaging provision. (Beware of the 10% premature distribution penalty.)

Additionally, if you are age 56 or older you have more options with respect to paying taxes on your distributions than existed before TRA86.

*Age 70-1/2 Required Distribution Rules.*
The required withdrawals for qualified plan funds starting at age 70-1/2 play an important

*(cont'd)*

**Retirement** *(cont'd)*

role in retirement planning because they force you to receive a certain amount of taxable income at that time whether you need this money or not.

The law says you must begin to withdraw your benefits no later than April 1 of the year following the year you attain age 70 1/2. This rule impacts on the period of tax deferral available to you. It also plays an important role with respect to:

-- New 15% excise taxes;
-- New 15% estate tax penalty at death; and
-- Tax deferral opportunities for your beneficiaries.

The general rules call for distributions to be made under one of two possible payment schedules: The first option is to receive the full distribution in a lump-sum by April 1 following the calendar year that you reach age 70 1/2. The second is to receive the distribution in regular periodic installments over a specified number of years, which may not exceed your life expectancy or the joint life expectancy of you and a designated individual beneficiary. The annual payments should at least equal the amount determined by dividing your account balance at the beginning of each calendar or plan year, by your life expectancy, or the joint life expectancy of you and your beneficiary.

The timing of distributions of the remaining assets, if you die before your entire interest in the plan or IRA has been distributed,will depend on whether required distributions had commenced prior to your death. Generally speaking, with proper planning and structuring of the beneficiary designation, you can achieve significant tax deferral for your surviving spouse, children, or even designated grandchildren.

From an income tax standpoint, beneficiary designation for pension/profit sharing and IRA assets can be the most important aspect of planning because the beneficiary designation often impacts the length of tax deferral.

*15% Excise Tax on Excess Distributions.*
The Tax Reform Act of 1986 introduced two new excise taxes relative to retirement plan benefits: A 15% excise tax is to be accessed on lifetime distributions from Qualified plans, Section 403(b) annuities, and IRAs. There is also a new 15% estate tax penalty on excess accumulations in these plans.

With respect to lifetime distributions, the annual withdrawal limit is currently $150,000 unless you made a grandfather election on your previous accrued benefits. (The excess accumulation limit at death changes on an annual basis.)

The mere existence of a future penalty does not mean that it is imprudent to maximize the growth of your pension assets through tax-deferred compounding. Historically, the value of tax deferral over an extended period can more than make up for rising tax rates. The lifetime excise taxes could be considered nothing more than a higher marginal tax rate in the future.

Given the frequency of changes in the tax laws, it is critical that retirement benefit withdrawal strategy remain flexible enough to respond to such inevitable changes.

*Designing Pre-59-1/2 Withdrawal Programs.*
If you retire prior to age 59-1/2 or wish to access plan benefits prior to age 59-1/2, you must carefully consider the 10% pre-59-1/2 withdrawal penalty and evaluate ways in which that penalty may be avoided.

*Planning Withdrawals from Non qualified Retirement Plans.*
The increasing restrictions associated with pension and profit sharing plans, have motivated many employers to implement supplemental retirement benefits, also called "non-qualified" programs. If you are covered by such a plan, speak to an experienced planner to determine when you should start to withdraw your benefits.

*Marital Deduction Planning.*
In light of the unlimited marital deduction for federal estate tax purposes, it is important to assure that the beneficiary designation for your retirement benefits will give rise to a marital deduction.

*Using Plan Benefits to Fund Personal Trusts.*
For a variety of reasons, you may want to direct plan benefits to trusts as opposed to sending those assets directly to beneficiaries. These reasons can include the desire to take advantage of the unified credit for federal estate tax purposes, as well as to limit access to those assets.

*Using Tax-deferred Retirement Benefits for Charitable Bequests.*
With the combined income and estate taxes on retirement plan benefits, you may seek to use

*(cont'd)*

**Retirement** (*cont'd*)

these benefits for charitable bequests, as they will be "cheaper" dollars to give away.

*Reviewing Your Plan's Benefit Withdrawal Options.*
It's important to evaluate your plan documents to ensure that the permitted withdrawal options include the option you desire.

*Reviewing the Impact of ERISA Spousal Requirements.*
In many cases, you are required to obtain spousal consent for withdrawal of plan benefits. Therefore, you may need to address this issue prior to the completion of a withdrawal strategy.

*Evaluating Creditor Protection Issues.*
Under a recent Supreme Court decision, assets in a retirement fund are offered additional protection in the event of personal bankruptcy.

*Planning Cash Needs.*
Taxes aside, your primary question may be what amount of net after-tax cash will be available at your retirement and what changes may occur with respect to future cash needs.

*Inflation Considerations.*
Beware! Inflation complicates the retirement planning process because sustained inflation will reduce your standard of living.

*Providing Future Flexibility.*
The development of any strategy for retirement should provide flexibility for the future, since changes in personal circumstances, tax laws, inflation and investment returns are inevitable.

*Adapting to a Nonworking Retirement Schedule.*
Uncertainties as to cash flow needs, life-style expectations, and dealing with potential free time often creates anxieties which must be addressed during the planning process.

Some retirees find themselves with a relatively fixed income during retirement, which also can create anxiety. This anxiety can be reduced with careful and sound planning.

*Evaluating Issues of Relocation or Changing Personal Residence.*
The legalities and procedures that require attention under such circumstances is rather broad, check with your qualified planner for advice.

**Conclusion**

Retirement planning is a challenging process that cannot be reduced to a science. Prudence requires your active participation to make sure the strategy reflects your personal objectives, philosophies, and circumstances.

While it's impossible to detail all of the income tax and estate tax planning rules the preceding discussion should help to familiarize you with the broad range of issues that come into play. It may not always be possible to combine the optimal goals of estate planning with the best results that can be achieved through astute tax planning. However, one sure way to maximize your retirement objectives is to carefully review the various options available to you.

(The material for this article was adapted from an article by David G. Johnson that appeared in the September 1992 issue of *Benefits* magazine.)

# *Qualified Plan Rollovers and Transfers*

Normally, a distribution from a qualified pension plan (IRA or employer plan) is taxable as ordinary income -- unless it is rolled over or transferred in the prescribed manner.

**IRA Rollovers**

An IRA rollover is a tax-free distribution of cash or other property from a qualified retirement plan to an individual and then from the individual to another qualified retirement plan. Rollovers provide unique advantages that should not be overlooked. Since no current income taxes are due on any monies properly rolled over, all investment gains continue to accumulate on a tax-deferred basis. You will avoid the 10% tax penalty that may apply on distributions received prior to age 59-1/2, as well as the 15% excise tax that may be levied on very large distributions. Since a rollover is a "distribution" of assets, an IRS Form 1099-R will be issued. However, if a rollover is handled correctly, no taxable event will occur.

**Trustee Transfers**

A trustee or custodial transfer is the direct movement of assets from a qualified plan to another qualified plan, or from an IRA to another IRA. Transfers are usually accomplished by having the trustee, custodian or annuity administrator (in the case of IRAs) transfer money directly to another trustee, custodian or annuity administrator. You never receive the money. As such, no distribution occurs. Transfers differ from rollovers in that a 1099-R would not be generated, unless of course an insurance contract was surrendered in the process.

There are four basic types of IRA rollovers and transfers. Each type is reviewed in detail below.

**1. IRA-to-IRA Rollover**
A rollover from one IRA to another IRA.

If you receive cash or other assets from an IRA, you may be able to roll over all or part of those assets to another IRA. Assets other than cash, such as stocks and bonds, can be rolled over to an IRA; however, all contributions to annuities must be made in cash. Distributions from IRAs are subject to 10% withholding unless you elect out of withholding with the IRA trustee or annuity administrator.

The general rules listed below must be followed in order for a "IRA-to-IRA rollover" to become valid. Failure to follow these rules may result in the taxation of all monies involved. Excess contribution penalties, penalty taxes and interest on back taxes could also be imposed.

All or part of the money in one IRA may be withdrawn and rolled over to another IRA. Under federal tax law, there is no dollar limit on the amount that may be moved to a new IRA rollover account or annuity. However, an individual IRA contract may limit the dollar amount it will accept at one time.

The amount distributed from the old IRA must be rolled over to the new IRA within 60 days after receipt of the distribution.

If property other than cash is received, that same property must be transferred to the new IRA. However, you may sell the property and roll over the proceeds from the sale.

If the rollover of any amount in a particular IRA has been made during the preceding 12-month period, a second rollover from that IRA is prohibited. If you have more than one IRA, a separate 12-month waiting period applies to each. This one-year rule does not apply to direct transfers (discussed later) between IRA trustees, custodians or annuity administrators.

You may not receive a distribution from an IRA and roll that distribution into another person's IRA.

A non-spouse beneficiary of a decedent's IRA (inherited IRA) is prohibited from rolling any of it into another IRA. However, this rule does not apply in the case of a surviving spouse.

Only the surviving spouse of an IRA owner who is the named beneficiary may roll over the IRA proceeds upon the owner's death. In addition, the IRS has ruled that a surviving spouse may roll over monies received from the deceased spouse's IRA if the monies were paid to the surviving spouse under the laws of intestacy (i.e., the decedent dies without a will) or as a

*(cont'd)*

**Qualified** *(cont'd)*

beneficiary of the decedent's estate, rather than as the designated beneficiary of the IRA. The IRS has also ruled that, if the deceased spouse's IRA is paid to a trust and the trust distributes the IRA monies to the surviving spouse, the surviving spouse may roll over the distribution.

You must sign a "statement of intent" to roll over IRA money.

The assets of a rollover IRA may only be rolled into an annuity and not into a life insurance policy.

**2. Qualified Plan Rollover**

A qualified plan rollover is one that moves assets from a qualified employer plan into an IRA.

If you receive all or a portion of your interest in an employer's qualified retirement plan, you can postpone taxes by making a rollover. In a Qualified Plan Rollover the plan administrator or trustee would cut a check directly to the individual and the individual would deposit it into another qualified plan or IRA.

Prior to January 1, 1993, only a "qualified total or partial lump-sum distribution" from a qualified plan was eligible for rollover treatment. However, as of January 1, 1993, a rollover of any portion of a distribution from a qualified employer plan is permitted, with some exceptions. These exceptions apply for instance to distributions which are in substantially equal periodic payments or which represent a required minimum distribution.

Starting on January 1, 1993, an automatic flat 20% withholding on a qualified plan distribution (not IRA) that is eligible for rollover but is not directly rolled over to another qualified plan that accepts rollovers or an IRA. (See Section 3 below, entitled "Direct Rollovers.") This means you can no longer elect to forego withholding from a qualified plan distribution that is not directly rolled over. You should also note that most states have income tax withholding rules. In short, there are likely to be additional withholding requirements on eligible rollover distributions that are not directly rolled over, on top of the 20% imposed by the federal law.

If you elect a lump-sum distribution from your qualified plan and intend to roll over the funds (into an IRA or qualified plan) within the 60-day rollover period, 20% of the distribution must be withheld under the normal withholding procedures. In this situation, you must now access personal funds to roll over the entire lump-sum distribution that was not originally transferred. If the personal funds are not accessed to complete the total rollover, then the 20% of the original lump-sum distribution required to be withheld would be taxable. If you are under age 59-1/2, you might also be hit with the 10% premature distribution penalty tax on the 20% withheld from the distribution and not rolled over.

The general rules outlined above with respect to an "IRA-to-IRA Rollover" also apply for a valid "Qualified Plan Rollover" of qualified plan assets to an IRA rollover. Plus an individual may establish several IRAs to receive varying amounts of the qualified plan distribution eligible for rollover.

**3. Direct Rollover**

A direct rollover is a transaction in which assets move from a qualified employer plan to another qualified employer plan or IRA.

Starting in 1993, a qualified retirement or annuity plan must allow you to elect to have any distribution eligible for rollover moved directly to an eligible plan you specify. Only IRAs and qualified defined contribution plans which permit the acceptance of rollovers will be eligible to receive a "Direct Rollover."

In general, if you do not want to incur the automatic 20% withholding tax, you should elect a Direct Rollover of your pension or profit-sharing distribution. The following procedures will help you effect a Direct Rollover of your qualified retirement distributions to an IRA.

A direct rollover may be accomplished by any reasonable means of direct payment to an eligible retirement plan. Reasonable means of direct payment include a wire transfer or mailing of a check to the recipient plan. For example, the plan trustee can give the check to the employee as a means of accomplishing the direct rollover so long as it is made payable to the receiving institution and not to the indi-

*(cont'd)*

**Qualified** *(cont'd)*

vidual. In the memo section of the check, the trustee should write "Direct Rollover." The payee section on the check could also be completed as follows: "XYZ Life, as annuity administrator for the Individual Retirement Annuity of name."

An employer cannot preclude you from dividing an eligible roll-over distribution between a direct rollover and distribution of the remainder.

An employer is not required to complete a direct rollover by making payments to more than one recipient IRA. If you wish to diversify an IRA rollover investment, you can roll over distributions from the original IRA rollover to another IRA or utilize an IRA Trustee transfer. If asset diversification is the objective, you should make sure that the original direct rollover is to an IRA that does not penalize later distribution or transfers to other IRAs.

A "statement of intent" to roll over IRA money is used to effect a Direct Rollover. The form distinguishes a Direct Rollover from an IRA rollover (see section 1 above) or a Qualified Plan Rollover (see section 2 above).

When the trustee or plan administrator makes the direct rollover, the plan will report the amount paid on IRS Form 1099-R. The 1099-R will identify the distribution as a direct rollover to an IRA. The IRA company will then generate an annual Form 5498, as with all IRAs.

**4. Conduit IRA**

A Conduit IRA is an intermediary vehicle for rolling over assets from one qualified plan to another qualified plan.

You can use an IRA Rollover as a bridge between qualified retirement plans. If you have an IRA rollover which only contains assets previously rolled into it from a prior qualified plan "total lump-sum distribution" and you become a participant again in a qualified pension or profit-sharing plan of another employer, the assets of the IRA rollover may be moved tax-deferred into the new employer's qualified plan.

The IRA should remain segregated so that all funds in the IRA are attributable to the original rollover.

Two reasons for which conduit IRAs have been extensively used are these: (1) to preserve the possibility of using of 5- or 10-year forward averaging on future lump-sum distributions and (2) to postpone a distribution to a time when the monies have the potential of being taxed at a lower rate.

A special note of caution for conduit IRA's: Under the new law, a distribution no longer needs to qualify as a lump-sum distribution to be eligible for rollover treatment. The new rules provide that both employees and self-employed individuals can receive a lump-sum distribution on account of either separation from service or disability. However, it is still important to know whether a distribution is a "qualified total lump-sum distribution."

The distribution or direct rollover of any amount eligible for rollover eliminates income-averaging potential on any future distribution from either the distributing plan or any other plan with which the distributing plan would be grouped under the aggregation rules. For example, if you make a taxable withdrawal from an employer's 401(k) plan and also participate in a separate discretionary profit-sharing plan maintained by the same employer, the withdrawal (as an eligible rollover distribution and not a qualified total lump-sum distribution) would eliminate your ability to income average any future distribution from either plan, as well as preclude the use of a conduit IRA.

If you plan to use income averaging, it is important to make sure that you don't destroy your potential eligibility for such treatment by making in-service withdrawals that qualify as eligible rollover distributions. Preserving the use of the special 5- or 10 year forward averaging tax treatment for lump-sum distributions requires great care in the planning and scheduling of all distributions from the plan.

**Proper Legal Advice**

The preceding represents an interpretation of current tax law. The views expressed are not legal opinions and should not be relied upon as such. You are urged to seek independent legal advice in applying this information.

## Proposed Tax Increase Good for SPIAs

If the new deficit reduction proposal -- which calls for higher taxes on incomes over $30,000 -- becomes law, then the income taxes paid by Social Security ("SS") recipients on their SS benefits could easily rise by more than 50%!

One component of the tax plan is to increase the taxable portion of SS benefits from 50% to 85% for those whose "modified adjusted gross income" (MAGI) is over $25,000 per year for single individuals, or $32,000 per year for those who file jointly (as a couple). These new taxes would make deferred annuities ("SPDAs") and immediate annuities ("SPIAs") an even more attractive alternative to CDs than they already are. Annuities may help older Americans in at least three important ways: they would increase spendable income, reduce federal income taxes, and help preserve assets for an older couple's heirs.

To better understand how annuities would do this, let's review how the new law works and two possible courses of action which may be taken by a hypothetical couple, John and Mary Smith, ages 67 and 65, respectively, following passage of the new law.

The MAGI is the sum of ordinary adjusted gross income, including wages, interest, pensions, and dividends, tax-exempt bond income, and 50% of SS benefits under the current law. Seniors may be able to reduce the effects of the new law by repositioning funds from current savings and investments such as CDs and mutual funds which earn *taxable* income into an annuity. For example, since deferred annuities accumulate interest without current income taxes, the MAGI "taxable income" is reduced. If the MAGI can be reduced to the SS levels of $25,000 or $32,000, taxable income may be reduced. Taxation of SS benefits is bound to be a "hot button" with senior citizens.

Another approach would be to reposition from CDs to immediate annuities (SPIAs). Let's see how this would work for John and Mary Smith. The Smiths currently receive $52,000 a year in income from three sources: $18,000 from an employer's pension plan, $16,000 in SS benefits, and $18,000 in interest payments (calculated at 3.6%) from $500,000 they have in bank CDs. Under current tax rules, only $6,000 of the Smith's $16,000 SS benefit is taxable, ie., $10,000 in SS benefits are exempt from federal income taxes. Deducting these non-taxable benefits reduces taxable income to an Adjusted Gross of $42,000. Further reductions for standard deductions ($7,600) and exemptions ($4,700) brings the Smith's Taxable Income level to $29,700. 1993 federal income taxes on this amount would come to $4,459. So of their $52,000 in gross income, the Smiths presently have about $47,541 to spend this year.

If the proposed law is enacted the Smith's can substantially increase their spendable income by purchasing an SPIA, as follows.

**<u>PLAN 1</u> - Do nothing.**
If the new tax proposal becomes law, then instead of the current $6,000 in SS benefits being taxable, $13,600 would be included in taxable income, ie., only $2,400 of their SS benefits would be exempt from taxes instead of the $10,000 which is currently not taxed. They have an additional $7,600 in taxable income, so their federal taxes increase by $1,195 to $5,654 (and maybe more if tax rates rise). Spendable income has now dropped from $47,541 to $46,346.

**<u>PLAN 2</u> - Cash in the C.D.**
After cashing in the C.D., $250,000 is used to buy a joint and 100% survivor SPIA, which at their ages produces $20,250 in annual income. (Of course, this amount will vary based on buyer ages and changes in purchase rates.)

The remaining $250,000 is used to buy a Single Premium Deferred Annuity ("SPDA"). Even at 5% interest (which is on the low end) the value of this SPDA will grow back to $500,000 in about 14 years. At 7% it will become $500,000 in about 10 years.

Since a large portion of each SPIA check is considered return of principal, more than 50% may be excluded from taxable income (the exact percentage is indicated by what is called the "exclusion ratio"). In addition, the interest earned in the SPDA is tax-deferred. So the Smiths have managed to convert an $18,000 a year CD income tax liability into a $20,250 a year income stream of which only $10,125 is taxable. (The exact amount of the exclusion ratio will vary according to the age of annuitants and the form of annuity they selected.) Under the proposed law, by removing the income from CD interest, the taxable portion of the

*(cont'd)*

**Proposed** *(cont'd)*

Smiths' SS benefit drops from $13,600 to $8,266, with a corresponding reduction in Federal income tax to $3,611 (from $5,654). The bottom line is that under Plan #2 the Smiths' will see their SPDA grow back to its original $500,000 amount, plus they will increase each year's spendable income by $3,098, even with the prospective tax increase!

Naturally, no real life situation will exactly follow that of the Smiths. However, the concept should work for most higher income SS recipients. This should encourage you to look at immediate annuities again in light of the proposed tax increases.

## Simple Strategy for Trading the Dow

Over the past three years, *Money* magazine has reported on one of the smartest--and simplest--strategies for someone with at least $10,000 to invest: Buy roughly equal dollar amounts of the 10 highest-yielding stocks among the 30 issues that make up the Dow Jones industrial average. Then a year later, sell any that have fallen out of the top 10 and buy the new 10 high yielders.

The odds of beating the market averages with such a system are mind-blowing. The Dow's 10 top-yielding stocks outpaced the overall Dow Jones industrial average more than two years out of three. And that kind of performance adds up. Since 1973, for example, the top 10 have earned an average total return (including dividends) of 16.8% a year vs. 10.9% for all 30 Dow issues.

The stategy isn't always a big winner, though. In 1992, when the Dow returned 7.4%, the index's 10 highest-yielding stocks earned only 7.9%, not counting brokerage commissions and taxes.

Nonetheless, this high-yield strategy is worth sticking with. There are three solid reasons why it usually pays off:

1. Stocks with high yields are often out of favor with investors and therefore cheap. Any good news about the companies can make their share prices zoom.

2. The 30 Dow companies are large and generally have solid balance sheets. By acquiring only such issues you tend to bypass truly rickety operations.

3. The stocks' high yields automatically deliver nearly half the usual market return. Since the Dow earns 10.9% a year, locking in an average yield of 4% to 5% gives you a real edge.

If the strategy appeals to you, don't be afraid to use it. The stategy calls for buying all 10 top yielders -- no exceptions -- based on the previous year's payouts.

## Financial Strength Secures High Grades with General Public

According to a recent survey, consumers base their insurance decisions primarily on their understanding of a company's financial strength.

Eighty-six percent of respondents said financial strength was "very important," and 39 percent called it the "most important" attribute of a company. Information on companies' current and past financial performance were considered significant, as were details about their capital reserves, dividends and earnings.

Only 19 percent pointed to the service offered by a local agent as being the key factor. Thirteen percent rated price as most important, while only 4 percent said the company's product offerings were the primary influence.

## A.M. Best Reports 1992 Results

The life and health industry was able to boost capital and surplus by 7.1% in 1992 to $113.3 billion, according to a recent report by A. M. Best Company.

In its report titled "Review of 1992 - Preview of 1993," Best said the life and health industry's ability to maintain a "favorable level of earnings" was largely reflective of actions taken by many insurers to control expenses and improve business fundamentals.

However, Best said much of the industry's operational gains were offset by "lingering real estate problems, lower interest rates on new investments, increased taxes and weak economic conditions."

Although the industry's surplus growth during 1992 was lower than the prior year's level of 13.6%, Best viewed the increase of 1992 as favorable due to the continued efforts that companies made to reduce their balance sheet and product risks.

Best also reported that insolvencies fell to 32 in 1992, from an all-time high of 62 in 1991.

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. 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.

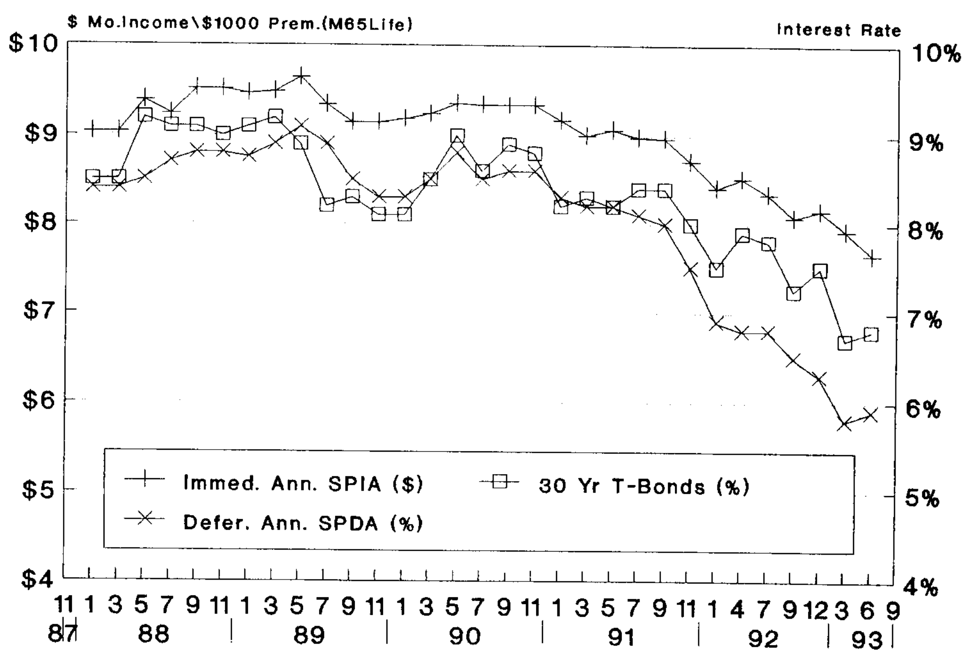
Each of the columns in Tables 1 and 2 identifies a particular age and sex and annuity "form." For example, the leftmost column in Table 1a is titled **Male 60 Life** and provides monthly income figures for a $1,000 premium for an annuity purchased by a 60 year old man on the Life Only form of annuity. 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.

# Median Annuity Rates



### 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 | - | - | $ 6.65 | - | - | $ 7.44 |
| American Investors | 0-85 | $ 6.79 | $ 6.24 | $ 6.52 | $ 7.56 | $ 6.83 | $ 7.20 |
| Canada Life | 18-80 | $ 7.18 | $ 6.62 | $ 6.62 | $ 7.95 | $ 7.19 | $ 7.19 |
| Central Life Assur. | 5-100 | $ 6.53 | $ 6.53 | - | $ 7.17 | $ 7.17 | - |
| Columbia Universal | 0-85 | $ 6.78 | $ 6.20 | - | $ 7.60 | $ 6.82 | - |
| Commercial Union | 0-80 | $ 7.15 | $ 6.62 | $ 6.87 | $ 7.89 | $ 7.18 | $ 7.50 |
| Confederation LIC | 0-85 | $ 6.84 | $ 6.28 | $ 6.56 | $ 7.58 | $ 6.83 | $ 7.21 |
| Empire Life | 0-114 | $ 6.77 | $ 6.14 | $ 6.46 | $ 7.65 | $ 6.81 | $ 7.23 |
| Financial Benefit | 0-90 | $ 6.51 | $ 5.92 | - | $ 7.82 | $ 6.55 | - |
| General American | | - | - | $ 6.17 | - | - | $ 6.77 |
| Great American | 18-70 | $ 7.42 | $ 6.76 | $ 6.76 | $ 8.27 | $ 7.44 | $ 7.44 |
| Jackson National | 0-99 | $ 6.46 | $ 5.91 | $ 6.14 | $ 7.25 | $ 6.50 | $ 6.81 |
| Jefferson-Pilot | 5-85 | $ 6.66 | $ 6.07 | $ 6.12 | $ 7.68 | $ 6.87 | $ 6.94 |
| Kansas City Life | 0-85 | $ 6.83 | $ 6.83 | $ 6.83 | $ 7.53 | $ 7.53 | $ 7.53 |
| Keyport Life | no max | $ 6.89 | $ 6.89 | $ 6.89 | $ 7.53 | $ 7.53 | $ 7.53 |
| Life/Southwest | 0-85 | $ 6.50 | $ 6.50 | $ 6.50 | $ 7.16 | $ 7.16 | $ 7.16 |
| Manulife Financial | 0-80 | $ 6.63 | $ 5.87 | $ 6.24 | $ 7.48 | $ 6.47 | $ 6.97 |
| Nat'l Guardian | 20-90 | $ 7.05 | $ 6.36 | $ 6.71 | $ 7.99 | $ 7.05 | $ 7.52 |
| Nat'l Heritage | 0-85 | $ 6.97 | $ 6.39 | - | $ 7.79 | $ 7.01 | - |
| New England Mutual | 15-92 | $ 6.39 | $ 5.86 | $ 6.13 | $ 7.09 | $ 6.38 | $ 6.74 |
| Penn Mutual | 0-85 | $ 7.24 | $ 6.64 | $ 7.09 | $ 8.03 | $ 7.22 | $ 7.89 |
| Presidential | 0-85 | $ 7.54 | $ 6.98 | $ 6.98 | $ 8.31 | $ 7.56 | $ 7.56 |
| Principal Finan. | 0-85 | $ 7.05 | $ 6.45 | $ 6.69 | $ 7.66 | $ 6.86 | $ 7.18 |
| Prudential | 0-85 | $ 6.81 | $ 6.24 | $ 6.51 | $ 7.57 | $ 6.81 | $ 7.16 |
| Reliance Standard | 0-80 | $ 6.85 | $ 6.29 | - | $ 7.62 | $ 6.88 | - |
| SAFECO | 55-80 | - | - | $ 6.37 | - | - | $ 6.92 |
| Security Benefit | 0-100 | $ 6.85 | $ 6.85 | $ 6.85 | $ 7.44 | $ 7.44 | $ 7.44 |
| Security Conn. | 0-90 | $ 6.98 | $ 6.33 | $ 6.42 | $ 7.76 | $ 7.01 | $ 7.20 |
| Security Mutual/NY | 20-80 | $ 7.74 | $ 6.80 | - | $ 8.79 | $ 7.54 | - |
| Southwestern Life | 5-90 | $ 6.68 | $ 6.15 | $ 6.41 | $ 7.39 | $ 6.66 | $ 7.02 |
| Standard Insurance | 0-80 | $ 7.55 | $ 6.98 | $ 7.11 | $ 8.30 | $ 7.52 | $ 7.70 |
| State Life | 0-90 | $ 6.84 | $ 6.31 | - | $ 7.57 | $ 6.86 | - |
| Sun Life of Amer. | 0-85 | $ 6.95 | $ 6.95 | $ 6.95 | $ 7.63 | $ 7.63 | $ 7.63 |
| Sunlife of Canada | 0-85 | - | - | $ 6.50 | - | - | $ 7.20 |
| Travelers | 5-85 | $ 6.67 | $ 6.67 | $ 6.67 | $ 7.22 | $ 7.22 | $ 7.22 |
| Union Central LIC | 0-85 | $ 7.03 | $ 6.45 | $ 6.45 | $ 7.84 | $ 7.08 | $ 7.08 |
| USG Annuity/Life | 35-85 | $ 7.08 | $ 6.46 | - | $ 7.95 | $ 7.12 | - |
| United Companies | 0-85(91) | $ 6.77 | $ 6.11 | - | $ 7.57 | $ 6.64 | - |
| WM/Empire Life | 0-114 | $ 6.77 | $ 6.14 | $ 6.46 | $ 7.65 | $ 6.81 | $ 7.23 |
| Western National | 0-100 | $ 7.02 | $ 6.47 | - | $ 7.78 | $ 7.05 | - |
| Xerox Financial Life | 0-85 | - | - | $ 6.68 | - | - | $ 7.40 |

Survey period: June 1, 1993 thru June 4, 1993.

## 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 | - | - | $ 8.58 | - | - | $10.17 |
| American Investors | 0-85 | $ 8.66 | $ 7.67 | $ 8.16 | $10.21 | $ 8.94 | $ 9.57 |
| Canada Life | 18-80 | $ 9.03 | $ 8.02 | $ 8.02 | $10.53 | $ 9.26 | $ 9.26 |
| Central Life Assur. | 5-100 | $ 8.09 | $ 8.09 | - | $ 9.48 | $ 9.48 | - |
| Columbia Universal | 0-85 | $ 8.76 | $ 7.72 | - | $10.40 | $ 9.07 | - |
| Confederation LIC | 0-85 | $ 8.65 | $ 7.63 | $ 8.14 | $10.17 | $ 8.84 | $ 9.50 |
| Commercial Union | 0-80 | $ 8.95 | $ 7.98 | $ 8.41 | - | - | - |
| Empire Life | 0-144 | $ 8.90 | $ 7.76 | $ 8.33 | $10.68 | $ 9.22 | $ 9.94 |
| Financial Benefit | 0-90 | $ 8.41 | $ 7.37 | - | - | - | - |
| General American | - | - | - | $ 7.62 | - | - | $ 8.87 |
| Great American | 18-70 | $ 9.50 | $ 8.49 | $ 8.49 | $11.28 | $10.12 | $10.12 |
| Jackson National | 0-99 | $ 8.37 | $ 7.37 | $ 7.76 | $ 9.93 | $ 8.65 | $ 9.16 |
| Jefferson-Pilot | 5-85 | $ 8.90 | $ 7.78 | $ 7.88 | $10.61 | $ 9.18 | $ 9.29 |
| Kansas City Life | 0-85 | $ 8.52 | $ 8.52 | $ 8.52 | $ 9.96 | $ 9.96 | $ 9.96 |
| Keyport Life | no max | $ 8.46 | $ 8.46 | $ 8.46 | $ 9.77 | $ 9.77 | $ 9.77 |
| Life/Southwest | 0-85 | $ 8.11 | $ 8.11 | $ 8.11 | $ 9.48 | $ 9.48 | $ 9.48 |
| Manulife Financial | 0-80 | $ 8.70 | $ 7.30 | $ 7.99 | $10.38 | $ 8.56 | $ 9.45 |
| Nat'l Guardian | 20-90 | $ 9.31 | $ 8.02 | $ 8.67 | $11.15 | $ 9.51 | $10.33 |
| Nat'l Heritage | 0-85 | $ 8.95 | $ 7.90 | - | $10.59 | $ 9.25 | - |
| New England Mutual | 15-92 | $ 8.07 | $ 7.13 | $ 7.60 | $ 9.43 | $ 8.25 | $ 8.84 |
| Penn Mutual Life | 0-85 | $ 9.14 | $ 8.01 | $ 9.05 | $10.68 | $ 9.12 | $10.68 |
| Presidential | 0-85 | $ 9.42 | $ 8.40 | $ 8.40 | $10.98 | $ 9.68 | $ 9.68 |
| Principal Finan. Grp. | 0-85 | $ 8.58 | $ 7.51 | $ 7.94 | $ 9.93 | $ 8.58 | $ 9.12 |
| Prudential | 0-85 | $ 8.69 | $ 7.63 | $ 8.10 | $10.28 | $ 8.91 | $ 9.50 |
| Reliance Standard | 0-80 | $ 8.73 | $ 7.73 | - | $10.29 | $ 9.01 | - |
| SAFECO | 55-80 | - | - | $ 7.72 | - | - | $ 8.72 |
| Security Benefit | 0-100 | $ 8.30 | $ 8.30 | $ 8.30 | $ 9.59 | $ 9.59 | $ 9.59 |
| Security Conn. | 0-90 | $ 8.88 | $ 7.86 | $ 8.12 | $10.45 | $ 9.15 | $ 9.47 |
| Security Mutual/NY | 20-80 | $10.27 | $ 8.64 | - | $12.24 | $10.26 | - |
| Southwestern Life | 5-90 | $ 8.43 | $ 7.43 | $ 7.92 | $ 9.91 | $ 8.61 | $ 9.25 |
| Standard Insurance | 0-80 | $ 9.38 | $ 8.32 | $ 8.56 | $10.69 | $ 9.33 | $ 9.64 |
| State Life | 0-90 | $ 8.63 | $ 7.66 | - | $10.14 | $ 8.89 | - |
| Sun Life of Amer. | 0-85 | $ 8.39 | $ 8.39 | $ 8.39 | $ 9.61 | $ 9.61 | $ 9.61 |
| Sunlife of Canada | 0-85 | - | - | $ 8.17 | - | - | $ 9.46 |
| Travelers | 5-85 | $ 7.99 | $ 7.99 | $ 7.99 | $ 9.12 | $ 9.12 | $ 9.12 |
| Union Central LIC | 0-85 | $ 8.97 | $ 7.96 | $ 7.96 | $10.54 | $ 9.25 | $ 9.25 |
| USG Annuity/Life | 35-85 | $ 9.21 | $ 8.04 | - | $11.07 | $ 9.52 | - |
| United Companies | 0-85(91) | $ 8.72 | $ 7.39 | - | $10.32 | $ 8.46 | - |
| WM/Empire Life | 0-114 | $ 8.90 | $ 7.76 | $ 8.33 | $10.68 | $ 9.22 | $ 9.94 |
| Western National | 0-100 | $ 8.86 | $ 7.87 | - | $10.39 | $ 9.13 | - |
| Xerox Financial Life | 0-85 | - | - | $ 8.42 | - | - | $ 9.91 |

Survey period: June 1, 1993 thru June 4, 1993.

## 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 | $ 6.47 | $ 7.86 | $18.96 | $10.78 | $ 6.63 | $ 5.97 |
| American Investors | 0-85 | $ 6.38 | $ 7.60 | $18.05 | $10.35 | $ 6.82 | $ 5.98 |
| Canada Life | 18-80 | $ 6.52 | $ 7.65 | $18.70 | $10.78 | $ 7.00 | $ 6.25 |
| Central Life Assur. | 5-100 | - | - | $18.54 | $10.66 | $ 6.50 | $ 5.95 |
| Columbia Universal | 0-85 | - | - | $19.02 | $10.76 | $ 6.59 | $ 5.82 |
| Commercial Union | 0-80 | $ 6.71 | $ 7.84 | $17.85 | $10.45 | $ 6.97 | $ 6.25 |
| Confederation LIC | 0-85 | $ 6.43 | $ 7.64 | $17.94 | $10.63 | $ 6.66 | $ 5.94 |
| Empire | 0-144 | $ 6.29 | $ 7.64 | $18.28 | $10.35 | $ 6.56 | $ 5.75 |
| Financial Benefit | 0-90 | - | - | $18.38 | $10.09 | $ 6.55 | $ 6.18 |
| General American | | $ 6.09 | $ 7.29 | $18.42 | $10.65 | - | - |
| Great American | 18-70 | - | - | $18.32 | $10.06 | $ 7.45 | $ 6.31 |
| Jackson National | 0-99 | $ 6.01 | $ 7.27 | $18.20 | $10.29 | $ 6.51 | $ 5.54 |
| Jefferson-Pilot | 5-85 | $ 6.01 | $ 7.42 | $18.07 | $10.12 | $ 6.54 | $ 5.70 |
| Kansas City Life | 0-85 | $ 6.69 | $ 7.96 | $18.71 | $10.78 | $ 7.51 | $ 6.89 |
| Keyport Life | no max | $ 6.75 | $ 7.93 | $18.31 | $10.62 | - | - |
| Life/Southwest | 0-85 | $ 6.34 | $ 6.34 | $17.85 | $10.22 | $ 5.48 | $ 5.04 |
| Manulife Financial | 0-80 | $ 6.09 | $ 7.38 | $17.15 | $10.28 | $ 6.38 | $ 5.54 |
| Nat'l Guardian | 20-90 | - | - | - | - | - | $ 5.95 |
| Nat'l Heritage | 0-85 | - | - | $19.15 | $10.90 | $ 7.02 | $ 6.00 |
| New England Mutual | 15-92 | $ 6.08 | $ 7.27 | - | - | $ 6.20 | $ 5.61 |
| Penn Mutual Life | 0-85 | $ 6.91 | $ 8.25 | $18.31 | $10.85 | $ 7.04 | $ 6.26 |
| Presidential | 0-85 | $ 6.86 | $ 7.98 | $18.84 | $11.03 | $ 7.35 | $ 6.59 |
| Principal Finan. Grp. | 0-85 | $ 6.54 | $ 7.46 | $18.17 | $10.35 | $ 6.88 | $ 6.15 |
| Prudential | 0-85 | $ 6.35 | $ 7.51 | $17.54 | $10.18 | $ 6.63 | $ 5.89 |
| Reliance Standard | 0-80 | - | - | $18.55 | $10.61 | $ 6.89 | $ 5.92 |
| SAFECO | 55-80 | $ 6.27 | $ 7.34 | - | - | - | - |
| Security Benefit | 0-100 | $ 6.75 | $ 7.91 | $18.91 | $11.09 | $ 6.86 | $ 6.36 |
| Security Conn. | 0-90 | $ 6.44 | $ 7.64 | $18.50 | $ 10.61 | $ 6.80 | $ 6.04 |
| Security Mutual/NY | 20-80 | - | - | - | - | $ 7.42 | $ 6.41 |
| Southwestern Life | 5-90 | $ 6.28 | $ 7.42 | $17.63 | $10.43 | $ 6.46 | $ 5.82 |
| Standard Insurance | 0-80 | $ 6.99 | $ 8.10 | $18.38 | $10.96 | - | $ 6.62 |
| State Life | 0-90 | - | - | $17.92 | $10.33 | $ 6.88 | $ 5.94 |
| Sun Life of America | 0-85 | $ 6.80 | $ 7.81 | $18.40 | $10.51 | $ 6.64 | $ 6.36 |
| Sunlife of Canada | 0-85 | $ 6.35 | $ 7.63 | $17.84 | $10.56 | - | $ 5.89 |
| Travelers | 5-85 | $ 6.56 | $ 9.55 | $17.45 | $10.14 | $ 6.63 | $ 6.17 |
| Union Central LIC | 0-85 | $ 6.34 | $ 7.57 | $17.90 | $10.47 | $ 6.84 | $ 6.06 |
| USG Annuity/Life | 35-85 | $ 6.82 | $ 7.58 | $18.51 | $10.68 | - | $ 5.91 |
| United Companies | 0-85(91) | - | - | $17.06 | $10.74 | $ 6.76 | $ 5.74 |
| WM/Empire Life | 0-114 | $ 6.29 | $ 7.64 | $18.28 | $10.35 | $ 6.56 | $ 5.75 |
| Western National | 0-100 | - | - | $19.18 | $10.64 | $ 6.84 | $ 6.09 |
| Xerox Financial Life | 0-85 | $ 6.53 | $ 7.84 | $17.95 | $10.60 | - | - |

Survey period: June 1, 1993 thru June 4, 1993.

**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 Heritage | 20-80 | $ 7.73 | $ 7.08 | - | $ 8.56 | $ 7.65 | - |
| American Investors | 0-85 | $ 6.79 | $ 6.24 | $ 6.52 | $ 7.56 | $ 6.83 | $ 7.20 |
| Canada Life | 18-80 | $ 7.18 | $ 6.62 | $ 6.62 | $ 7.95 | $ 7.19 | $ 7.19 |
| Central Life Assur. | 5-100 | $ 6.79 | $ 6.25 | - | $ 7.53 | $ 6.79 | - |
| Columbia Universal | 0-85 | $ 6.78 | $ 6.20 | - | $ 7.60 | $ 6.82 | - |
| Commercial Union | 0-80 | $ 7.15 | $ 6.62 | $ 6.87 | $ 7.89 | $ 7.18 | $ 7.50 |
| Confederation LIC | 0-85 | $ 6.77 | $ 6.24 | $ 6.51 | $ 7.49 | $ 6.77 | $ 7.13 |
| Empire Life | 0-144 | $ 6.77 | $ 6.14 | $ 6.46 | $ 7.65 | $ 6.81 | $ 7.23 |
| Federal Home LIC | 0-85 | $ 7.43 | $ 6.79 | $ 6.79 | $ 8.26 | $ 7.45 | $ 7.45 |
| Financial Benefit | 0-90 | $ 6.51 | $ 5.92 | - | $ 7.82 | $ 6.55 | - |
| General American | 18-65 | $ 6.74 | $ 6.21 | - | $ 7.52 | $ 6.81 | - |
| Great American | 18-65 | $ 7.42 | $ 6.76 | $ 6.76 | $ 8.27 | $ 7.44 | $ 7.44 |
| Jackson National | 0-99 | $ 6.46 | $ 5.91 | $ 6.14 | $ 7.25 | $ 6.50 | $ 6.81 |
| Jefferson-Pilot | 5-85 | $ 6.66 | $ 6.07 | $ 6.12 | $ 7.68 | $ 6.87 | $ 6.94 |
| Kansas City Life | 0-85 | $ 7.12 | $ 6.53 | $ 6.83 | $ 7.93 | $ 7.13 | $ 7.53 |
| Keyport Life | no max | $ 7.14 | $ 6.61 | $ 6.89 | $ 7.89 | $ 7.17 | $ 7.53 |
| Life/Southwest | 0-85 | $ 6.70 | $ 6.18 | $ 6.50 | $ 7.44 | $ 6.73 | $ 7.16 |
| Manulife Financial | 0-80 | $ 6.63 | $ 5.87 | $ 6.29 | $ 7.48 | $ 6.47 | $ 6.97 |
| Nat'l Guardian | 20-90 | $ 7.63 | $ 6.94 | $ 7.29 | $ 8.56 | $ 7.62 | $ 8.90 |
| New England Mutual | 15-92 | $ 6.44 | $ 5.90 | $ 6.17 | $ 7.14 | $ 6.42 | $ 6.79 |
| Penn Mutual Life | 0-85 | $ 7.24 | $6.64 | $ 6.93 | $ 8.03 | $ 7.22 | $ 7.60 |
| Presidential | 0-85 | $ 7.54 | $ 6.98 | $ 6.98 | $ 8.31 | $ 7.56 | $ 7.56 |
| Principal Finan. Grp. | 0-85 | $ 7.03 | $ 6.42 | - | $ 7.64 | $ 6.83 | - |
| Prudential | 0-85 | $ 6.81 | $ 6.24 | $ 6.51 | $ 7.57 | $ 6.81 | $ 7.16 |
| Reliance Standard | 0-80 | $ 6.85 | $ 6.29 | - | $ 7.62 | $ 6.88 | - |
| Security Benefit | 0-100 | $ 7.42 | $ 6.85 | $ 6.85 | $ 8.20 | $ 7.44 | $ 7.44 |
| Security Conn. | 0-90 | $ 6.95 | $ 6.39 | $ 6.53 | $ 7.73 | $ 6.98 | $ 7.17 |
| Security Mutual/NY | 20-80 | $ 7.33 | $ 6.70 | - | $ 8.11 | $ 7.33 | - |
| Southwestern Life | 5-90 | $ 6.68 | $ 6.15 | $ 6.41 | $ 7.39 | $ 6.66 | $ 7.02 |
| Standard Insurance | 0-80 | $ 7.55 | $ 6.98 | $ 7.11 | $ 8.30 | $ 7.52 | $ 7.70 |
| State Life | 0-90 | $ 6.84 | $ 6.31 | - | $ 7.57 | $ 6.86 | - |
| Sun Life of America | 0-85 | $ 7.23 | $ 6.67 | $ 6.95 | $ 8.00 | $ 7.25 | $ 7.63 |
| Sunlife of Canada | 0-85 | $ 6.71 | $ 6.21 | - | $ 7.47 | $ 6.83 | - |
| Travelers | 5-85 | $ 6.84 | $ 6.45 | - | $ 7.46 | $ 6.92 | - |
| Union Central LIC | 0-85 | $ 7.03 | $ 6.45 | $ 6.45 | $ 7.84 | $ 7.08 | $ 7.08 |
| USG Annuity/Life | 35-85 | $ 7.08 | $ 6.46 | - | $ 7.95 | $ 7.12 | - |
| United Companies | 0-85(91) | $ 6.77 | $ 6.11 | - | $ 7.57 | $ 6.64 | - |
| WM/Empire Life | 0-114 | $ 6.77 | $ 6.14 | $ 6.46 | $ 7.65 | $ 6.81 | $ 7.23 |
| Western National | 0-100 | $ 7.02 | $ 6.47 | - | $ 7.78 | $ 7.05 | - |
| Xerox Financial Life | 0-85 | $ 6.97 | $ 6.38 | $ 6.68 | $ 7.79 | $ 7.01 | $ 7.40 |

Survey period: June 1, 1993 thru June 4, 1993.

**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 Heritage | 20-80 | $ 9.73 | $ 8.46 | - | $11.38 | $ 9.69 | - |
| American Investors | 0-85 | $ 8.66 | $ 7.67 | $ 8.16 | $10.21 | $ 8.94 | $ 9.57 |
| Canada Life | 18-80 | $ 9.03 | $ 8.02 | $ 8.02 | $10.53 | $ 9.26 | $ 9.26 |
| Central Life Assur. | 5-100 | $ 8.60 | $ 7.60 | - | $10.12 | $ 8.82 | - |
| Columbia Universal | 0-85 | $ 8.76 | $ 7.72 | - | $10.40 | $ 9.07 | - |
| Commercial Union | 0-80 | $ 8.95 | $ 7.98 | $ 8.41 | - | - | - |
| Confederation LIC | 0-85 | $ 8.51 | $ 7.54 | $ 8.02 | $ 9.96 | $ 8.71 | $ 9.33 |
| Empire Life | 0-114 | $ 8.90 | $ 7.76 | $ 8.33 | $10.68 | $ 9.22 | $ 9.94 |
| Federal Home LIC | 0-85 | $ 9.46 | $ 8.47 | $ 8.47 | $11.22 | $10.06 | $10.06 |
| Financial Benefit | 0-90 | $ 8.41 | $ 7.37 | - | - | - | - |
| General American | 18-65 | $ 8.62 | $ 7.68 | - | $10.13 | $ 8.94 | - |
| Great American | 18-65 | $ 9.50 | $ 8.49 | $ 8.49 | $11.28 | $10.12 | $10.12 |
| Jackson National | 0-99 | $ 8.37 | $ 7.37 | $ 7.76 | $ 9.93 | $ 8.65 | $ 9.16 |
| Jefferson-Pilot | 5-85 | $ 8.90 | $ 7.78 | $ 7.88 | $10.61 | $ 9.18 | $ 9.29 |
| Kansas City Life | 0-85 | $ 9.07 | $ 7.99 | $ 8.52 | $10.66 | $ 9.29 | $ 9.96 |
| Keyport Life | no max | $ 8.92 | $ 7.98 | $ 8.46 | $10.35 | $ 9.19 | $ 9.77 |
| Life/Southwest | 0-85 | $ 8.49 | $ 7.53 | $ 8.11 | $ 9.98 | $ 8.75 | $ 9.48 |
| Manulife Financial | 0-80 | $ 8.70 | $ 7.30 | $ 7.99 | $10.38 | $ 8.56 | $ 9.45 |
| Nat'l Guardian | 20-90 | $ 9.88 | $ 8.58 | $ 9.23 | $11.72 | $10.07 | $10.90 |
| New England Mutual | 15-92 | $ 8.14 | $ 7.18 | $ 7.66 | $ 9.53 | $ 8.32 | $ 8.92 |
| Penn Mutual Life | 0-85 | $ 9.14 | $ 8.01 | $ 8.54 | $10.68 | $ 9.12 | $ 9.84 |
| Presidential | 0-85 | $ 9.42 | $ 8.40 | $ 8.40 | $10.98 | $ 9.68 | $ 9.68 |
| Principal Finan. Grp. | 0-85 | $ 8.55 | $ 7.49 | - | $ 9.90 | $ 8.55 | - |
| Prudential | 0-85 | $ 8.69 | $ 7.63 | $ 8.10 | $10.28 | $ 8.91 | $ 9.50 |
| Reliance Standard | 0-80 | $ 8.73 | $ 7.73 | - | $10.29 | $ 9.01 | - |
| Security Benefit | 0-100 | $ 9.32 | $ 8.30 | $ 8.30 | $10.89 | $ 9.59 | $ 9.59 |
| Security Conn. | 0-90 | $ 8.85 | $ 7.84 | $ 8.09 | $10.42 | $ 9.12 | $ 9.44 |
| Security Mutual/NY | 20-80 | $ 9.26 | $ 8.30 | - | $10.94 | $ 9.83 | - |
| Southwestern Life | 5-90 | $ 8.43 | $ 7.43 | $ 7.92 | $ 9.91 | $ 8.61 | $ 9.25 |
| Standard Insurance | 0-80 | $ 9.38 | $ 8.32 | $ 8.56 | $10.69 | $ 9.33 | $ 9.64 |
| State Life | 0-90 | $ 8.63 | $ 7.66 | - | $10.14 | $ 8.89 | - |
| Sun Life of America | 0-85 | $ 8.90 | $ 7.89 | $ 8.39 | $10.26 | $ 8.97 | $ 9.61 |
| Sunlife of Canada | 0-85 | $ 8.54 | $ 7.67 | - | $ 9.97 | $ 8.79 | - |
| Travelers | 5-85 | $ 8.33 | $ 7.59 | - | $ 9.61 | $ 8.55 | - |
| Union Central LIC | 0-85 | $ 8.97 | $ 7.96 | $ 7.96 | $10.54 | $ 9.25 | $ 9.25 |
| USG Annuity/Life | 35-85 | $ 9.21 | $ 8.04 | - | $11.07 | $ 9.52 | - |
| United Companies | 0-85(91) | $ 8.72 | $ 7.39 | - | $10.32 | $ 8.46 | - |
| WM/Empire Life | 0-114 | $ 8.90 | $ 7.76 | $ 8.33 | $10.68 | $ 9.22 | $ 9.94 |
| Western National | 0-100 | $ 8.86 | $ 7.87 | - | $10.39 | $ 9.13 | - |
| Xerox Financial Life | 0-85 | $ 8.95 | $ 7.90 | $ 8.42 | $10.59 | $ 9.25 | $ 9.91 |

Survey period: June 1, 1993 thru June 4, 1993.

**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 Heritage | 20-80 | - | - | $19.48 | $11.26 | - | $ 6.73 |
| American Investors | 0-85 | $ 6.38 | $ 7.60 | $18.05 | $10.35 | $ 6.82 | $ 5.98 |
| Canada Life | 18-80 | $ 6.52 | $ 7.65 | $18.70 | $10.78 | $ 7.00 | $ 6.25 |
| Central Life Assur. | 5-100 | - | - | $18.54 | $10.66 | $ 6.82 | $ 5.89 |
| Columbia Universal | 0-85 | - | - | $19.02 | $10.76 | $ 6.59 | $ 5.82 |
| Commercial Union | 0-80 | $ 6.71 | $ 7.84 | $17.85 | $10.45 | $ 6.97 | $ 6.25 |
| Confederation LIC | 0-85 | $ 6.39 | $ 7.56 | $17.94 | $10.63 | $ 6.60 | $ 5.91 |
| Empire Life | 0-144 | $ 6.29 | $ 7.64 | $18.28 | $10.35 | $ 6.56 | $ 5.75 |
| Federal Home LIC | 0-85 | $ 6.64 | $ 7.94 | $18.08 | $10.59 | $ 7.17 | $ 6.34 |
| Financial Benefit | 0-90 | - | - | $18.38 | $10.09 | $ 6.55 | $ 6.18 |
| General American | 18-65 | $ 6.09 | $ 7.29 | $18.42 | $10.65 | - | - |
| Great American | 18-65 | - | - | $18.32 | $10.06 | $ 7.45 | $ 6.31 |
| Jackson National | 0-99 | $ 6.01 | $ 7.27 | $18.20 | $10.29 | $ 6.51 | $ 5.54 |
| Jefferson-Pilot | 5-85 | $ 6.01 | $ 7.42 | $18.07 | $10.12 | $ 6.54 | $ 5.70 |
| Kansas City Life | 0-85 | $ 6.69 | $ 7.96 | $18.71 | $10.78 | $ 7.88 | $ 6.82 |
| Keyport Life | no max | $ 6.75 | $ 7.93 | $18.31 | $10.62 | - | - |
| Life/Southwest | 0-85 | $ 6.34 | $ 7.51 | $17.85 | $10.22 | $ 6.16 | $ 5.40 |
| Manulife Financial | 0-80 | $ 6.09 | $ 7.38 | $17.15 | $10.28 | $ 6.38 | $ 5.59 |
| New England Mutual | 15-92 | $ 6.12 | $ 7.32 | - | - | $ 6.24 | $ 5.64 |
| Nat'l Guardian | 20-90 | - | - | - | - | - | $ 6.52 |
| Penn Mutual LIC | 0-85 | $ 6.76 | $ 7.98 | $18.31 | $10.85 | $ 7.04 | $ 6.26 |
| Presidential | 0-85 | $ 6.86 | $ 7.98 | $18.84 | $11.03 | $ 7.35 | $ 6.59 |
| Principal Finan. Grp. | 0-85 | - | - | $18.11 | $10.31 | $ 6.85 | $ 6.13 |
| Prudential | 0-85 | $ 6.35 | $ 7.51 | $17.54 | $10.18 | $ 6.63 | $ 5.89 |
| Reliance Standard | 0-80 | - | - | $18.55 | $10.61 | $ 6.89 | $ 5.92 |
| Security Benefit | 0-100 | $ 6.75 | $ 7.91 | $18.91 | $11.09 | $ 7.23 | $ 6.46 |
| Security Conn. | 0-90 | $ 6.41 | $ 7.61 | $18.48 | $10.59 | $ 6.77 | $ 6.02 |
| Security Mutual/NY | 20-80 | - | - | - | - | $ 7.07 | $ 6.27 |
| Southwestern Life | 5-90 | $ 6.28 | $ 7.42 | $17.63 | $10.43 | $ 6.46 | $ 5.82 |
| Standard Insurance | 0-80 | $ 6.99 | $ 8.10 | $18.38 | $10.96 | - | $ 6.62 |
| State Life | 0-90 | - | - | $17.92 | $10.33 | $ 6.88 | $ 5.94 |
| Sun Life of America | 0-85 | $ 6.80 | $ 7.81 | $18.40 | $10.51 | $ 6.60 | $ 7.28 |
| Sunlife of Canada | 0-85 | - | - | $17.84 | $10.56 | $ 6.78 | $ 5.81 |
| Travelers | 5-85 | - | - | $17.45 | $10.14 | $ 6.72 | $ 6.13 |
| Union Central LIC | 0-85 | $ 6.34 | $ 7.57 | $17.90 | $10.47 | $ 6.84 | $ 6.06 |
| USG Annuity/Life | 35-85 | $ 6.82 | $ 7.58 | $18.51 | $10.68 | - | $ 5.91 |
| United Companies | 0-85(91) | - | - | $17.06 | $10.74 | $ 6.76 | $ 5.74 |
| WM/Empire Life | 0-114 | $ 6.29 | $ 7.64 | $18.28 | $10.35 | $ 6.56 | $ 5.75 |
| Western National | 0-100 | - | - | $19.18 | $10.64 | $ 6.84 | $ 6.09 |
| Xerox Financial Life | 0-85 | $ 6.53 | $ 7.84 | $17.95 | $10.60 | - | $ 6.00 |

Survey period: June 1, 1993 thru June 4, 1993.

In a deferred annuity your premium is credited with a fixed interest rate (see **Current Rate** column). The length of time for which this rate is guaranteed is shown in the **Yield Guar. Period** column. Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **Rnwl Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being credited on new monies. **I** stands for "Investment Year" method (aka "Banded" or "Bucket" method). This means that renewal rates are set at different rates for monies received at different times. Old monies (i.e. existing annuities) may earn higher or lower rates than new annuities. Some insurers offer protection against low renewal rates with a feature known as a "Bailout" or "Escape" rate (see Table 3 column with **Bailout Escape Rates** heading). The column headed **Surrender Fees / Year** reports the penalties in effect for the sample years indicated. **20 Yr Proj. Cash Accum. Based on 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 20-Year Projected Cash Accumulation figures are based 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 on behalf of a 45 year-old male who annuitizes his account value on a Single Life income after 20 years (age 65). Quotes include all fees and commissions but not premium taxes, if applicable. The column **Mo. Income per $1,000 M 65 Life Only** shows each company's current conversion rates per $1,000 of account value for a male age 65. Divide accumulated account value by 1000 and multiply by the monthly factor to arrive at projected monthly income after 20 years deferral.

## Table 3. Single Premium Deferred Annuities - With Bailout

| Reporting Companies | Policy Name | Issue Ages | Current Rate | (Guar.) (Rate) | Rnwl Mthd | Yield Guar. Period | Bail-out Escape Rate | Surrender Fees/Year 1 | Surrender Fees/Year 7 | 20 Yr Proj. Cash Accum. Based On Curr. Rate | Mo.Income per $1,000 M 65 Life Only |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Amer. Heritage | SPDA-2 | 0-75 | 6.25% | (5.0%) | P | 1 Year | 4.00% | 7% | 1% | $360,733 | $8.56 |
| Amer. Investors | SPDA I-B | 0-85 | 7.30% | (4.0%) | I | 1/14/95 | 5.00% | 10% | 4% | $409,255 | $7.88 |
| Central Life Assur. | SPA 5 | 0-85 | 5.25% | (4.5%) | I | 1 Year | 4.50% | 7% | 1% | $278,254 | $7.47 |
| Chubb Sovereign | SPDA | 0-80 | 5.90% | (4.5%) | I | 1 Year | 4.50% | 7% | 1% | $314,716 | $7.73 |
| Commer. Union | Maximizer I | 0-85 | 5.50% | (4.0%) | I | 1 Year | 4.00% | 6% | 0% | $266,593 | $7.89 |
| Confederation LIC | SUPRA | 0-76 | 4.50% | (4.5%) | I | 1 Year | 4.50% | 7% | 1% | $241,171 | $7.49 |
| Confederation LIC | SUPRA | 0-76 | 4.50% | (4.5%) | I | 3 Years | 4.50% | 7% | 1% | $241,171 | $7.49 |
| Finan. Benefit Life | Accumulator | 0-75 | 6.50% | (3.0%) | P | 1 Year | 3.50% | 15% | 7% | $352,365 | $7.22 |
| Jefferson-Pilot | SPDA | 0-85 | 5.50% | (4.5%) | I | 1 Year | 4.50% | 5% | 1% | $297,776 | $7.86 |
| Kansas City Life | SDDA | 0-80 | 5.75% | (4.5%) | I | 12/31/94 | 4.50% | 7% | 2% | $305,920 | $7.93 |
| Life/Southwest | SPA 1 | 0-80 | 5.00% | (4.0%) | I | 1/15/95 | 4.00% | 7% | 0% | $265,330 | $7.78 |
| Mass. General | General | 0-85 | 6.00% | (3.0%) | P | 1 Year | 5.00% | 14% | 8% | $320,714 | $7.22 |
| New England Mutual | AssetBldr | 0-75 | 4.50% | (4.0%) | I | 1 Year | 4.00% | 7% | 1% | $241,171 | $7.09 |
| Presidential | SPDA II | 0-85 | 5.90% | (5.5%) | I | 2 Yrs | 5.50% | 7% | 1% | $314,716 | $8.32 |
| Presidential | SPDA III | 0-85 | 5.80% | (5.5%) | I | 3 Yrs | 5.50% | 7% | 1% | $308,826 | $8.32 |
| Reliance Standard | SPDA | 0-78 | 6.00% | (4.5%) | I | 1 Year | 4.50% | 7% | 3% | $320,713 | $8.97 |
| Secur. Conn. | SPDA I | 0-85 | 5.30% | (4.0%) | - | 1 Year | 4.00% | 7% | 0% | $280,910 | $8.25 |
| Secur. Mutual/NY | SPDA | 0-80 | 5.50% | (4.5%) | P | 1 Year | 4.50% | 4% | 0% | $291,775 | $8.79 |
| Standard Insurance | SPDA | 0-80 | 5.28% | (4.0%) | I | 1 Year | 4.00% | 7% | 1% | $279,845 | $8.50 |
| Union Central LIC | SPDA 2000 | 0-85 | 5.85% | (4.0%) | I | 1 Year | 4.00% | 7% | 0% | $310,546 | $7.84 |
| United Companies | Max I/7 | 0-80 | 6.25% | (4.0%) | I | 1 Year | 4.00% | 6% | 4% | $336,185 | $7.57 |

Survey period: June 1, 1993 thru June 4, 1993.

**Table 4. Single Premium Deferred Annuities - Without Bailout**

| Reporting Companies | Policy Name | Issue Ages | Current Rate | (Guar.) (Rate) | Rnwl Mthd | Yield Guar. Period | Surrender Fees/Year 1 | Surrender Fees/Year 7 | 20 Yr Proj. Cash Accum. Based On Curr. Rate | Mo.Income per $1,000 M 65 Life Only |
|---|---|---|---|---|---|---|---|---|---|---|
| American Investors | SPDA VII | 0-85 | 9.30% | (4.0%) | I | 1 Year | 10% | 4% | $592,111 | $7.11 |
| Canada Life | Security One | 0-80 | 5.40% | (4.0%) | - | 1 Year | 7% | 2% | $286,294 | $7.95 |
| Central Life Assurance | Guarantee 5 | 0-80 | 5.25% | (4.0%) | P | 5 Years | 6% | 0% | $278,254 | $7.47 |
| Central Life Assurance | SPA Bonus | 0-85 | 6.00% | (4.5%) | I | 1 Year | 9% | 3% | $267,856 | $7.47 |
| Columbia Universal | Pres. Choice | 0-85 | 6.65% | (4.5%) | I | 1 Year | 8% | 0% | $291,763 | $3.20 |
| Columbia Universal | Quality Ann. | 0-85 | 6.65% | (4.0%) | I | 1 Year | 15% | 7% | $276,909 | $2.33 |
| Confederation LIC | SUPRA | 0-76 | 5.00% | (4.5%) | I | 1 Year | 7% | 1% | $265,330 | $7.49 |
| Confederation LIC | SUPRA | 0-76 | 4.75% | (4.5%) | I | 3 Years | 7% | 1% | $252,977 | $7.49 |
| Federal Home Life | Pre. Ann. Plus | 0-80 | 6.25% | (4.0%) | I | 1 Year | 9% | 2% | $256,599 | $8.61 |
| Federal Home Life | SPDA-II | 0-80 | 5.95% | (4.0%) | I | 1 Year | 7% | 1% | $317,701 | $8.61 |
| Financial Benefit | Champion | 0-75 | 6.75% | (4.0%) | P | 1 Year | 15% | 7% | $369,281 | $7.22 |
| Financial Benefit | Sr. Advantage | 0-100 | 6.15% | (3.0%) | P | 1 Year | 8% | 2% | $329,913 | $7.22 |
| Financial Benefit | Bonus Champion | 0-75 | 8.10% | (3.0%) | P | 1 Year | 15% | 7% | $474,803 | $7.22 |
| Fort Dearborn | Asset Fort/5 | 0- | 7.00% | (4.0%) | P | 1 Year | 8% | 0% | $386,968 | $7.58 |
| Golden Rule (q) | SPDA-Q1 | 20-70 | 5.50% | (4.0%) | I | 1 Year | 8% | 2% | $291,776 | $7.73 |
| Golden Rule (q) | SPDA-Q2 | 20-80 | 5.50% | (4.0%) | I | 1 Year | 8% | 3.5% | $291,776 | $7.73 |
| Golden Rule | SPDA-I | 0-70 | 5.65% | (4.0%) | I | 1 Year | 6.5% | 0% | $300,186 | $7.73 |
| Golden Rule | SPDA-II | 0-80 | 5.75% | (4.0%) | I | 1 Year | 8% | 2% | $305,920 | $7.73 |
| Great American | SP 10-2 | 18-65 | 7.00% | (4.0%) | I | 2 Yrs | 10% | 4% | $386,968 | $8.73 |
| Jackson National | Super Max | 0-70 | 6.00% | (3.0%) | I | 1 Cal Yr. | 9% | 3% | $320,978 | $7.99 |
| Jackson National | Max | 0-80 | 6.00% | (3.0%) | I | 1 Cal Yr. | 6% | 0% | $320,978 | $7.99 |
| Keyport | Keyannuity 1Yr | 0-85 | 5.00% | (3.5%) | I | 1 Year | 7% | 0% | $265,380 | $8.21 |
| Keyport | Keyannuity 3Yr | 0-85 | 4.85% | (3.5%) | I | 3 Years | 7% | 0% | $257,851 | $8.21 |
| Life/Southwest | SPA 1 | 0-80 | 5.25% | (4.0%) | I | 2 Cal Yrs. | 7% | 0% | $278,254 | $7.78 |
| Lincoln National (q) | Multi Fund 3 | 0-84 | 6.25% | (4.5%) | I | 1 Year | 7% | 0% | $336,017 | $7.17 |
| Lincoln National (nq) | Multi Fund 3 | 0-84 | 6.00% | (4.5%) | I | 1 Year | 7% | 0% | $320,552 | $7.17 |
| ManuLife Financial | SPDA II | 0-70 | 4.75% | (4.0%) | - | 5 Years | na | na | $234,343 | $7.50 |
| Mass. General | Silver Star | 0-90 | 6.00% | (3.0%) | P | 1 Year | 9% | 2% | $320,713 | $7.22 |
| National Guardian | SPDA | 0-80 | 6.25% | (4.0%) | P | 1 Year | 7% | 1% | $336,185 | $8.99 |
| National Heritage | Capital Bldr | 0-85 | 5.75% | (3.0%) | P | 1 Cal Yr. | 16% | 0% | $305,920 | $7.79 |
| National Heritage | Capital Choice | 0-85 | 5.75% | (3.0%) | P | 1 Cal Yr. | 16% | 0% | $305,920 | $7.79 |
| Penn Mutual | Diversifier II | 0-85 | 6.00% | (4.0%) | I | 7 Years | 7% | 1% | $320,714 | $8.03 |
| Penn Mutual | Diversifier II | 0-85 | 5.50% | (4.0%) | I | 5 Years | 7% | 1% | $291,776 | $8.03 |
| Presidential | SPDA | 0-85 | 6.30% | (5.5%) | I | 1 Year | 7% | 1% | $339,364 | $8.32 |
| Principal Finan. Grp. | SPDA | 0-85 | 5.40% | (4.0%) | I | 1 Year | 8% | 2% | $286,294 | $7.10 |
| SAFECO (q) | QPA III Plus | 0-75 | 6.43% | (4.25%) | I | 6-12 mos. | 9% | 4% | $277,798 | $6.92 |
| SAFECO (q) | QPA V Plus | 0-75 | 6.43% | (4.25%) | I | 6-12 mos. | 10% | 4% | $277,840 | $6.92 |
| Security Benefit | Security Prem. | 0-80 | 6.50% | (4.0%) | I | 1 Year | 8% | 0% | $294,541 | $8.20 |
| Security Benefit | Security Prov. | 0-80 | 5.50% | (3.5%) | I | 1 Year | 9% | 0% | $291,776 | $8.20 |
| Security Conn. (q) | SPDA-1 | 0-85 | 5.80% | (4.0%) | I | 1 Year | 7% | 0% | $308,826 | $8.25 |
| Security Conn. (q) | SPDA-3 | 0-85 | 5.20% | (4.0%) | I | 3 Years | 7% | 0% | $275,623 | $8.25 |
| Southwestern Life | Inc.Provider+ | 0-89 | 6.35% | (4.0%) | I | 2 Years | 10% | 7% | $288,999 | $7.29 |
| State Life | Flex Ann. II | 0-80 | 6.00% | (4.5%) | I | 1 Year | 7% | 1% | $320,714 | $8.05 |
| Travelers | T-Flex | 0-85 | 5.50% | (3.5%) | I | 1 Year | 7% | 0% | $291,776 | $7.27 |
| Union Central LIC | SPDA 2000 | 0-85 | 6.10% | (4.0%) | I | 1 Year | 7% | 0% | $325,497 | $7.84 |
| United Companies | Maxsaver I15 | 0-80 | 6.00% | (4.0%) | P | 1 Year | 8% | 0% | $320,714 | $7.57 |
| United Presidential | Power Advant. | 0-80 | 6.00% | (4.0%) | - | 1 Year | - | - | $320,713 | $8.72 |
| USG Annuity & Life | USG 5 Year | 0-85 | 6.70% | (3.0%) | I | 1 Year | 5% | 0% | $255,339 | $7.75 |
| Western National | SPDA +II | 0-85 | 5.25% | (4.0%) | I | 1 Year | 7% | 0% | $278,254 | $7.78 |

Survey period: June 1, 1993 thru June 4, 1993.

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

| Reporting Companies | Policy Name | Issue Age | Initial Creditd Rate% | Yield Guarantee Period | Surrender penalties by Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Federal Home LIC | SPDA Pref. | 0-80 | 4.75% | 1 Year | 7% | 6% | 5% | 4% | 3% | 2% | 1% | 0% | 0% |
| Jackson National | Ann.Renew. | nomax | 3.50% | 1 Year | 5% | 4% | 3% | 2% | 1% | - | - | - | - |
| Xerox Finan. Svcs | Acct4KeepsI | 0-84 | 4.00% | 1 Year | 2% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |

*Entire value of contract may be surrendered without penalty on each anniversary date
Survey period: June 1, 1993 thru June 4, 1993

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

| Reporting Companies | Policy Name | Issue Age | Initial Credited Rate | Yield Guar. Period | Surrender penalties by Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Crown Life # | SPDA | - | 6.18% | 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 | 6.02% | 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 | 5.77% | 8 Years | 8.4% | 7.4% | 6.3% | 5.3% | 4.2% | 3.2% | 2.1% | 1.1% | - | - |
| Crown Life # | SPDA | 0-75 | 5.55% | 7 Years | 8.4% | 7.2% | 6.0% | 4.8% | 3.6% | 2.4% | 1.2% | - | - | - |
| Crown Life # | SPDA | 0-75 | 5.19% | 6 Years | 8.4% | 7.0% | 5.6% | 4.2% | 2.8% | 1.4% | - | - | - | - |
| Crown Life # | SPDA | 0-75 | 4.77% | 5 Years | 8.0% | 6.4% | 4.8% | 3.2% | 1.6% | - | - | - | - | - |
| Manulife Financial | SPDA-II | 0-80 | 4.75% | 5 Years | no surrender except at 5th ann. | | | | | | | | | |
| Xerox Finan. Svcs | Acct4KeepsIII | 0-82 | 4.50% | 3 Years | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Xerox Finan. Svcs | Acct4KeepsV | 0-80 | 5.50% | 5 Years | 6% | 6% | 6% | 6% | 6% | 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: June 1, 1993 thru June 4, 1993

### Table 7. Flexible Premium Deferred Annuities - With Bailout

| Reporting Companies | Policy Name | Issue Ages | Current Rate | (Guar.) (Rate) | Rnwl Mthd | Yield Guar. Period | Bail-out Escape Rate | Surrender Fees/Year 1 | 7 | 20 Yr Proj. Cash Accum. Based On Curr. Rate | Mo.Income per $1,000 M 65 Life Only |
|---|---|---|---|---|---|---|---|---|---|---|---|
| American Heritage | FPRA | 0-69 | 6.25% | (4.0%) | P | 1 Year | 4.00% | 10% | 2% | $395,675 | $8.56 |
| Commercial Union | MaximizerII | 0-85 | 4.50% | (3.5%) | I | 1 Year | 3.50% | 9% | 0% | $327,831 | $7.89 |
| Prudential | Discovery | 0-80 | 4.00% | (4.0%) | I | 3 Years | 4.00% | 7% | 0% | $310,136 | $7.51 |
| Secur.Mutual/NY | Flex Plus | 0-80 | 5.25% | (4.5%) | P | 1 Year | 4.50% | 7% | 4% | $357,358 | $8.79 |
| Standard | FPDA | 0-80 | 5.50% | (4.0%) | I | 1 Year | 4.00% | 7% | 3% | $347,994 | $8.50 |

Survey period: June 1, 1993 thru June 4, 1993

## Table 8. Flexible Premium Deferred Annuities - Without Bailout

| Reporting Companies | Policy Name | Issue Ages | Current Rate | (Guar.) (Rate) | Rnwl Mthd | Yield Guar. Period | Surrender Fees/Year 1 | Surrender Fees/Year 7 | 20 Yr Proj. Cash Accum. Based On Curr. Rate | Mo.Income per $1,000 M 65 Life Only |
|---|---|---|---|---|---|---|---|---|---|---|
| American Investors | FPDA-I | 0-65 | 5.50% | (5.0%) | I | none | 13% | 6% | $367,861 | $ 7.42 |
| Central Life Assur. | FPA | 10-up | 5.25% | (4.0%) | P | None | 12% | 4% | $356,848 | $ 7.40 |
| Columbia Universal | FPDA II | 0-75 | 6.95% | (4.5%) | P | 1 Year | 10% | 4% | $436,060 | $10.05 |
| Empire | Flex Premium | 0-85 | 5.10% | (3.0%) | I | 1 Year | 8.1% | 2.7% | $351,219 | $ 6.77 |
| Federal Home LIC | Premier Ann + | 0-80 | 6.25% | (4.0%) | I | 1 Year | 9% | 2% | $337,716 | $ 8.61 |
| Federal Home LIC | Flex III | 15-75 | 5.50% | (4.0%) | I | 5 Years | 10% | 0% | $367,861 | $ 8.61 |
| Golden Rule | FPDA | 0-60 | 5.75% | (4.0%) | I | 1 Year | 11% | 5% | $377,818 | $7.73 |
| Great American | TSA IV (A104) | 18-65 | 7.00% | (4.0%) | I | - | 20% | 0% | $438,652 | $8.73 |
| Investors Ins. Corp | Guar. Annuity | 0-85 | 7.00% | (3.0%) | I | 1 Year | 15% | 7% | - | $7.27 |
| Jackson National | Flex I | 0-70 | 6.00% | (3.0%) | I | 1 Cal Yr. | 12% | 3% | $390,249 | $7.99 |
| Jackson National | Flex II | 0-65 | 6.00% | (3.0%) | I | 1 Cal Yr. | 35% | 5% | $390,249 | $7.99 |
| Jefferson-Pilot | Flex Pre. | 0-72 | 5.50% | (4.0%) | I | 1 Year | 4% | 5% | $367,861 | $7.86 |
| Kansas City Life (q) | RCP-Q | 0-70 | 5.75% | (4.0%) | I | 12/31/93 | 15% | 9% | $396,040 | $7.93 |
| Life/Southwest | Flex 3000 | 0-80 | 6.25% | (4.5%) | I | 1 Year | 7% | 1% | $363,634 | $7.78 |
| Lincoln National (q) | Multi Fund 3 | 0-84 | 6.25% | (4.5%) | I | 1 Year | 7% | 0% | $400,570 | $ 7.17 |
| Lincoln National (nq) | Multi Fund 3 | 0-84 | 6.00% | (4.5%) | I | 1 Year | 7% | 0% | $389,007 | $ 7.17 |
| National Guardian | FPDA | 0-80 | 6.00% | (4.0%) | P | 6 mos. | 10% | 4% | - | $8.99 |
| National Heritage | CapRetAccum | 0-79 | 5.75% | (3.0%) | P | 1 Cal Yr. | 16% | 10% | $378,713 | $7.79 |
| New England Mutual | FRA+ | 0-75 | 4.50% | (4.5%) | I | 1 Year | 7% | 4% | $327,831 | $7.09 |
| Penn Mutual | Diversif. II | 0-85 | 6.00% | (4.0%) | I | 7 Years | 7% | 2.5% | $389,927 | $8.03 |
| Penn Mutual | Diversif. II | 0-85 | 5.50% | (4.0%) | I | 5 Years | 7% | 2.5% | $367,861 | $8.03 |
| Presidential | FPDA | 0-85 | 6.15% | (5.5%) | I | 12/31/93 | 7% | 4% | $396,834 | $8.32 |
| Presidential | TSA-LOAN | 0-85 | 6.30% | (5.5%) | I | 12/31/93 | 7% | 4% | $403,879 | $8.32 |
| Prudential | FIP | 0-85 | 4.00% | (3.0%) | I | 1 Year | 8% | 2% | $308,998 | $7.51 |
| Reliance Standard | FPA II | 0-78 | 6.50% | (4.5%) | P | 1 Cal.Yr. | 7% | 7% | $413,489 | $8.97 |
| SAFECO (q) | QPA III | 0-75 | 5.18% | (4.25%) | I | 6-12 mos | 9% | 4% | $354,398 | $6.92 |
| SAFECO (q) | QPA V | 0-75 | 5.18% | (4.25%) | I | 6-12 mos | 10% | 4% | $354,478 | $6.92 |
| Security Benefit | Security Mark | 0-75 | 5.25% | (3.5%) | I | - | 8% | 2% | $381,945 | $8.20 |
| Southwestern | Flex-Rite | 0-75 | 6.23% | (4.0%) | P | - | 7% | 2% | $400,642 | $7.29 |
| State Life | Flex.Ann II | 0-80 | 5.95% | (4.5%) | I | 1 Year | 7% | 1% | $387,617 | $8.05 |
| Sunlife of Canada | Horizon Plus | 0-80 | 4.90% | (4.0%) | - | 5 Years | 5% | 0% | $347,193 | $7.88 |
| Travelers | T-Flex | 0-85 | 5.50% | (3.5%) | - | 1 Year | 7% | 0% | $367,861 | $7.27 |
| USG Annuity/Life | Flex 9 | 0-85 | 7.00% | (3.0%) | I | 1 Year | 9% | 3% | $347,698 | $7.75 |
| Union Central LIC | GRA | 0-85 | 5.60% | (4.0%) | I | 1 Year | 5% | 0% | $372,204 | $7.84 |
| United Cos. Life | Taxsaver III | 0-80 | 6.10% | (4.0%) | P | 1 Year | 10% | 4% | $326,819 | $7.57 |
| United Presidential | Pacer Advan. | 0-80 | 6.00% | (4.0%) | - | 1 Year | - | - | $389,927 | $8.72 |
| Western National (q) | FPDA PlusII | 0-85 | 6.00% | (4.0%) | I | none | 8% | 2% | $389,927 | $7.78 |
| Western National (q) | FPDA Plus | 0-85 | 5.75% | (4.0%) | I | none | 6% | 0% | $378,713 | $7.78 |
| WM/Empire | FPDA | 0-85 | 5.10% | (3.0%) | I | 1 Year | 8.1% | 2.7% | $351,219 | $7.91 |

Survey period: June 1, 1993 thru June 4, 1993

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)

| | | | 5 Year Maturity Rates | | | | 7 Year Maturity Rates | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Reporting Companies | Policy Name | Issue Ages | Annual Interest Rate | Deferred Annuity Premium | Monthly Income Amount | Income Annuity Premium | Annual Interest Rate | Deferred Annuity Premium | Monthly Income Amount | Income Annuity Premium |
| Col. Universal | Split Annuity | 0-85 | 4.50% | $78,775 | $401.80 | $72,137 | 4.50% | $72,137 | $396.46 | $27,863 |
| Empire Life | FPA | 0-114 | 3.42% | $84,537 | $272.90 | $15,462 | 3.30% | $79,684 | $265.94 | $20,315 |
| Fed. Home LIC | SPDA II | 0-80 | 5.50% | $69,438 | $416.92 | $30,562 | | | | |
| Finan. Benefit | Sr.Advantage | 20-100 | 6.15% | $77,062 | $421.59 | $22,937 | 6.15% | $69,698 | $413.31 | $30,321 |
| Jefferson-Pilot | | 5-85 | 5.50% | $73,799 | $415.01 | $23,201 | 5.50% | $67,110 | $440.82 | $32,890 |
| Kansas City | Split Annuity | 0-80 | 4.50% | $80,245 | $370.00 | $19,255 | 4.50% | $73,482 | $379.00 | $26,518 |
| Manulife | SPDA II 5 yr | 0-69 | 4.35% | $80,824 | $325.76 | $19,176 | 5.25% | $69,895 | $406.01 | $30,105 |
| Penn Mutual | Diversifier II | 0-80 | na | na | na | na | 6.00% | $66,505 | $464,67 | $33,494 |
| Presidential | Combi-nuity | 0-85 | 5.70% | $75,792 | $456.28 | $24,207 | na | na | na | na |
| State Life | Split Annuity | 0-80 | 3.93% | $82,472 | $296.00 | $17,528 | 4.37% | $74,150 | $326.00 | $25,850 |
| Sun Life/Can. | Regatta | 0-80 | na | na | na | na | 5.25% | $70,066 | $406.79 | $29,933 |
| Travelers | T-Mark | 0-85 | 5.00% | $78,353 | $374.41 | $21,647 | 5.45% | $68,972 | $407.50 | $31,028 |
| Wm/Empire | FPA | 0-114 | 3.42% | $84,537 | $272.90 | $15,462 | 3.30% | $79,684 | $265.94 | $20,315 |

Survey period: June 1, 1993 thru June 4, 1993.

Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. Like a fixed annuity, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, VAs offer many more investment options (see column headed "**Types of Accounts**") 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 are currently available in the fixed general account. Transfers can usually be directed from this fixed account to the various "mutual-fund" type accounts. The "**Yield Guar. Period**" column lists the period for which the initial GIA rate remains unchanged. "**Surrender Fees/Year**" column reports the withdrawal penalties in effect in the sample years indicated. "**Total Assets $ Mil**" gives in millions of dollars the total amount of assets under management (excluding funds in fixed general accounts). "**# of Accts**" indicates the number of separate accounts that represent different investment options from which to choose.

In the PERFORMANCE TABLES "**Accum. Unit Value**" reports the dollar value per share of fixed - income type account. "**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.

Note: Many companies offer more than one variable annuity contract. Often, different contracts will offer many of the same optional accounts; yet the investment returns may show slight variations. This difference reflects the fact that separate variable annuity contracts may have different fee structures.

## 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 | Surrender Fees/Year 7 |
|---|---|---|---|---|---|---|---|---|
| Aetna Life & Ann. | Retire.Planning | na | 4 | B,EI,FI,MM | na | Cal.yr | 5% | 3% |
| Ameritas | Overture II | $ 240 | 13 | AA,AG,B,CA,EI,FI,G,I,MM,SI | 4.50% | 1 Year | 6% | 0% |
| Anchor National | ICAP II | $1,214 | 15 | AA,AG,B,CA,EI,FI(2),G,GS,I | 4.50% | 1 Year | 5% | 0% |
| Canada Life (U.S.) | Varifund | $ 13 | 5 | B,EI,FI,G,MM | 5.30% | 1 Year | 6% | 0% |
| Confederation Life | MultiVest Plan | $ 85 | 8 | AG,B,CA,E,FI,G,I,MM | 4.50% | 2 Yrs | 6% | 0% |
| Connecticut Mutual | Panorama | $ 563 | 4 | AA,FI,G,MM | na | na | 5% | 4% |
| Fortis Benefits | Masters Annuity | $ 701 | 5 | B,FI,G,GS,MM | 4.00% | 1 Year | 7% | 1% |
| General American | Variable Annuity | $ 74 | 6 | AA,EI,FI,G,MM,SI | 5.80% | na | 9% | 3% |
| Guardian Life | Investor | na | 7 | B,FI,G(2),I,MM,RP | 5.00% | 1 Year | 6% | 1% |
| Jefferson Pilot | Variable Annuity | $ 76 | 3 | FI,G,MM | no fixed account | | | |
| John Hancock | Accomodator | na | 7 | AG,FI(2),G,I,MM,RP | 4.65% | 1 Year | 8% | 6% |
| Kemper Investors | Advantage III | na | 6 | B,FI,G,GS,MM,I | 5.00% | 1 Year | 6% | 0% |
| Keyport Life | Keyflex 4 | $ 282 | 11 | AG,B,EI,FI,G,GS,MM, | 4.00% | 3 Yrs | 7% | 1% |
| Lincoln National | Multi-Fund | $5,339 | 9 | AA,AG,B,FI,G,I,MM | 5.75% | 1 Year | 8% | 4% |
| Manulife Financial | Variable Annuity | $ 29 | 6 | AG, B, FI, G, MM, RP | 4.00% | 1 Year | 8% | 2% |
| Metropolitan | Preference + | na | 7 | AG,B(3),G,I,SI | 4.75% | 1 Year | 7% | 1% |
| Nationwide | Best of America IV | $2,930 | 19 | AG,B,CA,G,GS,FI,GS,I,EI | 5.25% | 1 Year | 7% | 1% |
| New England Mutual | Zenith Accumulator | $ 499 | 5 | B,FI,G,MM,SI | 4.51% | 1 Year | 6.5% | 3.5% |
| Pacific Mutual | Select | $ 69 | 9 | B,EI,FI(2),G,GS,I,MM,SI | 4.75% | 1 Year | 6% | 0% |
| Penn Mutual | Diversifier II | $ 261 | 10 | B(2),EI,FI(2),G(2),MM,I | 5.50% | 5 Years | 7% | 1% |
| Phoenix Home Life | Big Edge Plus | $ 421 | 6 | AA,B,FI,G,I,MM | 4.50% | 1 Year | 6% | 0% |
| Prudential | Discovery Plus | $1,893 | 12 | AG,EI(2),FI(3),G(2),I,MM,RP,SI | 4.00% | 3 Yrs | 7% | 0% |
| SAFECO | Variable Account B | $ 28 | 3 | EI,FI,MM | na | na | 9% | 4% |
| Security Benefit | Variflex | $1,063 | 7 | AG,B,FI,G,MM,I | 5.25% | na | 8% | 2% |
| State Mutual | Exec.Annuity+ | na | 12 | AG,EI(3),FI(3),G(3),I,MM | 5.25% | 1 Year | na | na |
| SunLife/Canada | Regatta Gold | $1,033 | 8 | B,CA,FI,G,GS,I,MM,S | 4.80% | 5 Yrs | 6% | 3% |
| Travelers | Universal Annuity | $1,697 | 21 | AA,AG,CA,FI,GS,I | 5.00% | 1 Year | 5% | 0% |
| Union Central | Variable Annuity | $ 175 | 7 | AA,CA,FI,G,I,MM | 5.60% | 1 Year | 7% | 2% |
| Xerox Finan. Svcs. | Performance | $ 150 | 6 | AA,EI(2),FI(2),MM,SI | 5.50% | 1 Year | 5% | 0% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 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 | | |

na= data not available

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

| Reporting Companies | Fund Name | Accum. Unit Value | Net Assets $ Mil | Performance Returns thru 3/31/93 YTD | 1 Yr | 3 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|
| Aetna | Income Shares | $41.26 | $ 18.08 | 2.8% | 10.1% | 11.8% | 10.0% |
| Ameritas | High Income | na | na | 6.8% | 16.8% | na | 12.0% |
| Anchor National | Govt.& Quality | $22.92 | $205.80 | 3.6% | 11.5% | 11.1% | 9.7% |
| Canada Life | Bond | $13.07 | $ 2.40 | 4.0% | 12.2% | 10.4% | na |
| Confederation Life | Bond | $12.21 | $ 9.04 | 4.9% | 11.3% | na | na |
| Connecticut Mutual | Income | $ 3.21 | $ 66.60 | 4.8% | 13.5% | 11.9% | 9.8% |
| Fortis Benefits | Divers. Income | $ 1.53 | $ 40.24 | 4.8% | 12.9% | 10.4% | na |
| General American | Bond Index | na | $ 5.80 | 4.3% | 11.4% | 10.4% | 9.0% |
| Guardian Life | Bond | $13.57 | na | 4.1% | 12.6% | 10.9% | na |
| Jefferson Pilot | Income Fund | $32.80 | $ 25.00 | 4.0% | 11.0% | 10.1% | 8.7% |
| John Hancock | Bond | $16.25 | $ 51.40 | 4.2% | 12.2% | 11.1% | 9.2% |
| Kemper Investors (NQ) | High Yield | $ 3.79 | $ 69.50 | 5.5% | 10.5% | 17.2% | 9.6% |
| Keyport Life | Mtg. Securities | $14.26 | $ 47.50 | 2.9% | 9.2% | 9.6% | 8.1% |
| Lincoln National | Bond | $ 3.56 | $196.37 | 4.7% | 14.4% | 11.9% | 9.7% |
| Manulife Financial | Cap. Gwth. Bond | $16.13 | $ 3.70 | 4.3% | 11.7% | 10.5% | 9.1% |
| Metropolitan | Income | $13.53 | $ 73.30 | 4.2% | 12.6% | na | na |
| Nationwide | Govt. Bond | $25.52 | $138.00 | 4.1% | 13.4% | 11.9% | 9.8% |
| New England Mutual | Bond Income | $ 2.52 | $ 78.50 | 5.0% | 14.0% | 12.0% | 9.7% |
| Pacific Mutual | Managed Bond | $13.74 | $ 8.17 | 4.5% | 13.6% | na | na |
| Penn Mutual | Quality Bond | $15.76 | $ 23.30 | 4.5% | 12.6% | 10.7% | 9.0% |
| Phoenix Home Life | Bond | $ 2.67 | $ 26.91 | 5.4% | 13.4% | 12.2% | 9.8% |
| Prudential | Bond Portfolio | na | $132.30 | na | 13.3% | na | 10.8% |
| SAFECO | Resource Bond | $15.58 | $ 5.00 | 4.7% | 12.2% | 9.5% | 8.2% |
| Security Benefit | Hi Grade Income | $19.47 | $ 91.00 | 5.6% | 13.5% | 11.4% | 10.4% |
| State Mutual | Hi Grade Income | $18.44 | $ 82.00 | 6.2% | 6.2% | 8.9% | 8.9% |
| Sun Life Canada | Gov't Securities | $11.31 | $ 59.50 | 3.6% | 12.2% | na | na |
| Travelers | Quality Bond | $ 4.25 | $150.20 | 3.9% | 11.2% | 10.4% | 8.5% |
| Union Central | Carillon Bond | $19.88 | $ 7.60 | 4.6% | 12.2% | 11.3% | 9.0% |
| Xerox Finan. Svcs. | VKM Qual. Income | $13.34 | $ 28.94 | 4.9% | 13.1% | 11.8% | na |

na - data not available

### Table 10c. Variable Annuities - Bond (Fixed Income) Fees

| Reporting Companies | Fund Name | Contract Fee | Admin. Fee | Mortality & Expense | Mgt. Fee | Other | Total |
|---|---|---|---|---|---|---|---|
| Aetna | Income Shares | $ 30 | .15% | 1.25% | .50% | .75% | 2.65% |
| Ameritas | High Income | $ 30 | .20% | 1.25% | .67% | na | na |
| Anchor National | Govt. & Quality | $ 30 | .15% | 1.25% | .60% | .20% | 2.20% |
| Canada Life | Bond | $ 30 | na | 1.25% | .50% | .75% | 2.50% |
| Confederation Life | Bond | $ 30 | .10% | 1.25% | .47% | .09% | 1.91% |
| Connecticut Mutual | Income | $ 40 | na | .73% | .72% | na | 1.45% |
| Fortis Benefits | Divers. Income | $ 0 | .10% | 1.25% | .50% | .12% | 1.97% |
| General American | Bond Index | $ 0 | .05% | 1.00% | .25% | na | 1.30% |
| Guardian Life | Bond | na | na | na | na | na | na |
| Jeffeson Pilot | Income Fund | $ 30 | na | 0.99% | .50% | .17% | 1.66% |
| John Hancock | Bond | na | na | na | na | na | na |
| Kemper Investors (NQ) | High Yield | na | na | na | na | na | na |
| Keyport Life | Mtg. Securities | $ 30 | .15% | 1.25% | .55% | .15% | 2.10% |
| Lincoln National | Bond | $ 25 | .00% | 1.00% | .48% | .04% | 1.52% |
| Manulife Financial | Cap. Gwth. Bond | $ 30 | na | 1.00% | .50% | na | 1.50% |
| Metropolitan | Income | na | na | na | na | na | na |
| Nationwide | Govt. Bond | $ 30 | .05% | 1.25% | .50% | .03% | 1.83% |
| New England Mutual | Bond Income | $ 30 | .40% | .95% | .40% | .04% | 1.79% |
| Pacific Mutual | Managed Bond | $ 30 | .15% | 1.25% | .50% | .75% | 2.65% |
| Penn Mutual | Quality Bond | $ 30 | 0.0% | 1.25% | na | na | na |
| Phoenix Home Life | High Yield | $ 35 | na | 1.25% | .50% | .15% | 1.90% |
| Prudential | Bond Portfolio | $ 0 | .20% | 1.00% | .40% | .09% | 1.69% |
| SAFECO | Resource Bond | $ 30 | na | 1.25% | .74% | na | 1.99% |
| Security Benefit | Hi Grade Income | $ 30 | na | 1.20% | .75% | .11% | 2.06% |
| State Mutual | High Income | na | na | na | na | na | na |
| Sun Life Canada | Gov't Secur. | $ 30 | .15% | 1.25% | .55% | .06% | 2.01% |
| Travelers | Quality Bond | $ 30 | na | 1.25% | .32% | na | 1.57% |
| Union Central | Carillon Bond | $ 30 | .25% | 1.20% | .50% | .16% | 2.11% |
| Xerox Finan. Svcs. | VKM Quality Inc. | $ 30 | .15% | 1.25% | .50% | .10% | 2.00% |

na= data not available

## Table 10d. Variable Annuities - Growth (Equity) Performance

| Reporting Companies | Fund Name | Accum. Unit Value | Net Assets $ Mil | Performance Returns thru 3/31/93 YTD | 1 Yr | 3 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|
| Aetna | Invest.Advisers | $13.67 | $ 31.17 | 2.3% | na | na | na |
| Ameritas | Growth | na | na | 3.9% | 11.7% | na | 15.2% |
| Anchor National | Capital Apprec. | $20.45 | $100.80 | 7.1% | 26.6% | 20.9% | 16.8% |
| Canada Life | Equity | $13.95 | $ 2.00 | 2.9% | 13.2% | 12.6% | na |
| Confederation Life | Growth | $14.37 | $ 12.07 | 1.4% | 15.5% | na | na |
| Connecticut Mutual | Growth | $ 5.76 | $ 66.89 | 7.7% | 17.2% | 15.0% | 17.0% |
| General American | Equity Index | na | $ 28.90 | 4.1% | 13.8% | 12.0% | 13.9% |
| Guardian Life | Stock | $15.43 | na | 9.1% | 26.7% | 15.7% | na |
| Fortis Benefits | Growth | $ 1.97 | $185.50 | -1.4% | 6.4% | 13.9% | na |
| Jefferson Pilot | Growth Fund | $73.50 | $ 49.00 | 1.4% | 10.4% | 11.5% | 12.6% |
| John Hancock | Aggressive Stock | $22.36 | $ 10.81 | 5.6% | 17.6% | 15.4% | 15.9% |
| Kemper Investors (NQ) | Equity | $ 3.01 | $ 54.07 | -0.2% | 5.9% | 17.7% | 13.9% |
| Keyport Life | Managed Growth | $17.19 | $ 50.20 | -2.0% | 8.3% | 14.4% | 13.3% |
| Lincoln National | Growth Fund | $ 4.27 | $865.11 | 4.5% | 11.3% | 11.8% | 10.7% |
| Manulife Financial | Emerg. Growth | $29.66 | $ 11.60 | -2.9% | 8.1% | 20.3% | 19.9% |
| Metropolitan | Growth | $13.17 | $110.09 | 5.5% | 17.5% | na | na |
| Nationwide | Fidelity Growth | $22.66 | $241.20 | 3.5% | 10.4% | 13.4% | 13.7% |
| New England Mutual | Capital Growth | $ 8.17 | $292.10 | 2.4% | 3.1% | 9.8% | 12.3% |
| Pacific Mutual | Growth | $16.02 | $ 11.27 | 6.1% | 21.2% | na | na |
| Penn Mutual | Growth Equity | $25.53 | $ 70.60 | -0.6% | 6.7% | 8.0% | 10.4% |
| Phoenix Home Life | Growth | $ 5.43 | $156.06 | 2.7% | 11.6% | 18.3% | 17.4% |
| Prudential | Common Stock | na | $270.50 | na | 17.8% | na | 15.5% |
| SAFECO | Resource Equity | $18.70 | $ 17.21 | 6.8% | 6.8% | 7.8% | 14.4% |
| Security Benefit | Growth | $26.81 | $306.00 | 4.8% | 13.8% | 12.9% | 13.6% |
| State Mutual | Growth | $ 1.19 | $ 40.10 | 1.4% | 11.3% | na | na |
| Sun Life Canada | Cons. Growth | $12.04 | $ 29.20 | 5.5% | 12.9% | na | na |
| Travelers | Agg. Stock Trust | $ 1.76 | $ 40.30 | 5.9% | 19.3% | 15.5% | 11.8% |
| Union Central | Carillon Equity | $24.97 | $ 35.70 | 2.5% | 10.0% | 12.6% | 11.3% |
| Xerox Finan. Svcs. | VKM Stock Index | $11.41 | $ 52.87 | 3.2% | 11.6% | na | na |

na - data not available

### Table 10e. Variable Annuities - Growth (Equity) Fees

| Reporting Companies | Fund Name | Contract Fee | Admin. Fee | Mortality & Expense | Mgt. Fee | Other | Total |
|---|---|---|---|---|---|---|---|
| Aetna | Invest.Advisers | $ 30 | .15% | 1.25% | .50% | .75% | 2.65% |
| Ameritas | Growth | $ 30 | .20% | 1.25% | .75% | na | na |
| Anchor National | Capital Apprec. | $ 30 | .15% | 1.25% | .70% | .20% | 2.30% |
| Canada Life | Equity | $ 30 | na | 1.25% | .50% | .75% | 2.50% |
| Confederation Life | Growth | $ 30 | .10% | 1.25% | .47% | .14% | 1.96% |
| Connecticut Mutual | Growth | $ 40 | na | 0.73% | .72% | na | 1.45% |
| Fortis Benefits | Growth | $ 0 | .10% | 1.25% | .65% | .11% | 2.11% |
| General American | Equity Index | $ 0 | .05% | 1.00% | .25% | na | 1.30% |
| Guardian Life | Stock | na | na | na | na | na | na |
| Jeffeson Pilot | Growth Fund | $ 30 | na | 0.99% | .50% | .13% | 1.62% |
| John Hancock | Aggressive Stock | na | na | na | na | na | na |
| Kemper Investors (NQ) | Equity | na | na | na | na | na | na |
| Keyport Life | Managed Growth | $ 30 | .15% | 1.25% | .65% | .15% | 2.20% |
| Lincoln National | Growth Fund | $ 25 | .00% | 1.00% | .38% | .03% | 1.41% |
| Manulife Financial | Emerg. Growth | $ 30 | na | 1.00% | .50% | na | 1.50% |
| Metropolitan | Growth | na | na | na | na | na | na |
| Nationwide | Fidelity Growth | $ 30 | .05% | 1.25% | .63% | .12% | 2.05% |
| New England Mutual | Capital Growth | $ 30 | .40% | .95% | .68% | .02% | 2.05% |
| Pacific Mutual | Growth | $ 30 | .15% | 1.25% | .50% | .75% | 2.65% |
| Penn Mutual | Growth Equity | $ 30 | 0.0% | 1.25% | na | na | na |
| Phoenix Home Life | Growth | $ 35 | na | 1.25% | .70% | .15% | 2.10% |
| Prudential | Common Stock | $ 0 | .20% | 1.00% | .45% | .06% | 1.71% |
| SAFECO | Resource Equity | $ 30 | na | 1.25% | .74% | na | 1.99% |
| Security Benefit | Growth | $ 30 | na | 1.20% | .75% | .11% | 2.06% |
| State Mutual | Growth | na | na | na | na | na | na |
| Sun Life Canada | Cons. Growth | $ 30 | .15% | 1.25% | .75% | .10% | 2.25% |
| Travelers | Aggr. Stock Trust | $ 30 | na | 1.25% | .75% | .27% | 2.27% |
| Union Central | Carillon Equity | $ 30 | .25% | 1.20% | .63% | .09% | 2.17% |
| Xerox Finan. Svcs. | VKM Stock Index | $ 30 | .15% | 1.25% | .50% | .10% | 2.00% |

na= data not available

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

| Reporting Companies | Fund Name | Accum. Unit Value | Net Assets $ Mil | Performance Returns thru 3/31/93 YTD | 1 Yr | 3 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|
| Aetna | Variable Fund | $95.30 | $ 83.40 | 1.8% | 9.8% | 11.8% | 13.2% |
| Ameritas | Equity Income | na | na | 8.4% | 22.6% | na | 13.0% |
| Canada Life | Managed | $13.53 | $ 7.50 | 3.5% | 13.2% | 11.7% | na |
| Confederation Life | Mult. Strategies | $13.17 | $ 15.76 | 4.5% | 11.3% | na | na |
| Connecticut Mutual | Total Return | $ 3.74 | $389.43 | 5.6% | 14.3% | 14.4% | 13.9% |
| Fortis Benefits | Asset Allocation | $ 1.71 | $112.60 | 2.4% | 10.8% | 11.6% | na |
| General American | Managed Equity | na | $ 14.80 | 1.7% | 7.7% | 9.5% | 12.3% |
| Guardian Life | Strat.Asset Mgt. | $16.73 | na | 1.8% | 17.4% | 19.4% | na |
| John Hancock | Total Return | $17.55 | $229.54 | 6.4% | 6.4% | 9.6% | 11.4% |
| Kemper Investors (NQ) | Total Return | $ 3.51 | $120.97 | 2.0% | 6.3% | 13.5% | 13.5% |
| Keyport Life | Capital Apprec. | $16.72 | $ 23.90 | 5.4% | 16.6% | 12.7% | 13.2% |
| Lincoln National | Managed | $ 2.66 | $357.41 | 4.0% | 11.0% | 10.4% | 9.5% |
| Manulife Financial | Balanced Assets | $17.64 | $ 11.40 | 4.6% | 13.3% | 11.5% | 11.2% |
| Metropolitan | Diversified | $14.51 | $ 35.60 | 5.1% | 15.9% | na | na |
| New England | Zenith Managed | $ 1.67 | $ 74.70 | 4.9% | 14.0% | 11.1% | 10.5% |
| Nationwide | Fid. Equity Income | $16.33 | $188.40 | 8.0% | 21.0% | 13.0% | 11.6% |
| Pacific Mutual | Equity Income | $13.69 | $ 10.03 | 2.4% | 7.2% | na | na |
| Penn Mutual | Value Equity | $17.42 | $ 55.40 | 2.0% | 11.3% | 10.8% | 10.9% |
| Phoenix Home Life | Total Return | $ 2.89 | $ 84.07 | 4.6% | 14.4% | 15.7% | 12.9% |
| Prudential | Cnsrv.Managed | na | $420.20 | na | 13.0% | na | 11.6% |
| SAFECO | Resource Equity | $19.90 | $ 19.91 | 6.4% | 11.9% | 11.7% | 12.6% |
| Security Benefit | Income/Growth | $31.05 | $508.00 | 3.9% | 10.4% | 12.7% | 14.1% |
| State Mutual | Equity Index | $ 1.18 | $ 10.87 | 4.1% | 13.5% | na | na |
| Sun Life/Canada | Total Return | $11.01 | $359.10 | 6.0% | 14.1% | na | na |
| Travelers | Fidel.Asset Alloc. | $ 1.16 | $ 89.40 | 5.2% | 13.2% | 14.2% | na |
| Union Central | Carillon Capital | $13.53 | $ 17.40 | 3.9% | 8.8% | na | na |
| Xerox Finan. Svcs. | LA Gwth & Income | $15.37 | $ 46.16 | 6.0% | 17.9% | 17.3% | na |

na - data not available

### Table 10g. Variable Annuities - Total Return (Equity/Income) Fees

| Reporting Companies | Fund Name | Contract Fee | Admin. Fee | Mortality & Expense | Mgt. Fee | Other | Total |
|---|---|---|---|---|---|---|---|
| Aetna | Variable Fund | $ 30 | .15% | 1.25% | .50% | .75% | 2.65% |
| Ameritas | Asset Manager | $ 30 | .20% | 1.25% | .65% | na | na |
| Canada Life | Managed | $ 30 | na | 1.25% | .50% | .75% | 2.50% |
| Confederation Life | Mult. Strategies | $ 30 | .10% | 1.25% | .47% | .08% | 1.90% |
| Connecticut Mutual | Total Return | $ 40 | na | 0.73% | .72% | na | 1.45% |
| Fortis Benefits | Asset Allocation | $ 0 | .10% | 1.25% | .50% | .10% | 1.95% |
| General American | Managed Equity | $ 0 | .10% | 1.00% | .50% | na | 1.60% |
| Guardian Life | Strat.Asset Mgt. | na | na | na | na | na | na |
| John Hancock | Total Return | na | na | na | na | na | na |
| Kemper Investors (NQ) | Total Return | na | na | na | na | na | na |
| Keyport Life | Capital Apprec. | $ 30 | .15% | 1.25% | .65% | .15% | 2.20% |
| Lincoln National | Managed | na | na | na | na | na | na |
| Manulife Financial | Balanced Assets | $ 30 | na | 1.00% | .50% | na | 1.50% |
| Metropolitan | Diversified | na | na | na | na | na | na |
| Nationwide | Fid. Equity Income | $ 30 | .05% | 1.25% | .53% | .12% | 1.95% |
| New England | Zenith Managed | $ 30 | .40% | 0.95% | .50% | .04% | 1.89% |
| Pacific Mutual | Equity Income | $ 30 | .15% | 1.25% | .50% | .80% | 2.70% |
| Penn Mutual | Value Equity | $ 30 | 0.0% | 1.25% | na | na | na |
| Phoenix Home Life | Total Return | $ 35 | na | 1.25% | .60% | .15% | 2.00% |
| Prudential | Cnsrv.Managed | $ 0 | .20% | 1.00% | .55% | .08% | 1.83% |
| SAFECO | Resource Equity | $ 30 | na | 1.25% | .74% | na | 1.99% |
| Security Benefit | Income/Growth | $ 30 | na | 1.20% | .75% | .11% | 2.06% |
| State Mutual | Equity Index | na | na | na | na | na | na |
| Sun Life Canada | Total Return | $ 30 | .15% | 1.25% | .75% | .25% | 2.40% |
| Travelers | Fidel. Asset Alloc. | $30 | na | 1.25% | .73% | .18% | 2.16% |
| Union Central | Carillon Capital | $ 30 | .25% | 1.20% | .74% | .14% | 2.36% |
| Xerox Finan. Svcs. | LA Gwth & Income | $ 30 | .15% | 1.25% | .50% | .15% | 2.05% |

na= data not available

# STRUCTURE SETTLEMENT 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 adjustment (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 an escalating lifetime annuity for a male age 15. The annuity starts at $1,000 a month and increases by 3% on each policy anniversary. Remaining columns show similar figures for male age 50, and for females ages 15 and 50. **"Add'l Cost Assignment"** indicates the availability and cost of a third-party assignment.

**Table 11. Structured Settlement Annuities**

| Reporting Companies | ISSUE AGES AND FORMS OF ANNUITY<br>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 | $185,234 | $308,833 | $148,314 | $201,556 | $188,372 | $322,739 | $159,793 | $226,010 | $500 |
| Confederation | $186,225 | $318,528 | $153,859 | $216,813 | $190,063 | $333,460 | $166,332 | $244,329 | $500 |
| Presidential | $173,338 | $136,866 | $274,707 | $182,339 | $177,388 | $149,585 | $288,762 | $207,082 | $100 |
| Standard | $171,064 | $290,049 | $146,104 | $202,090 | $176,219 | $300,384 | $154,212 | $219,472 | $500 |
| WM/Empire | $219,677 | $387,871 | $174,031 | $249,089 | $223,009 | $403,266 | $186,615 | $275,945 | na |

Survey period: June 1, 1992 thru June 4, 1992.

# 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 insurers. The "Bullet" GICs illustrated below do not permit withdrawals before maturity (and are quoted without commissions).

**Table 12. Bullet GICs**

| Reporting Companies | Date of Quote | $500,000 Deposit<br>Compound 3 Yr | Compound 7 Yr | Simple 3 Yr | Simple 7 Yr | $2,000,000 Deposit<br>Compound 3 Yr | Compound 7 Yr | Simple 3 Yr | Simple 7 Yr |
|---|---|---|---|---|---|---|---|---|---|
| Aetna (qnq) | 06/10 | - | - | - | - | 5.10% | 6.51% | 5.02% | 6.14% |
| Allmerica (qnq) | 06/10 | 4.75% | 6.50% | 4.71% | 6.27% | 4.92% | 6.61% | 4.89% | 6.40% |
| Penn Mutual(qnq) | 06/04 | 5.05% | 6.36% | 4.86% | 6.01% | 5.11% | 6.39% | 4.93% | 6.04% |
| Principal Financial | 06/07 | 4.69% | 6.11% | 4.64% | 5.93% | 4.89% | 6.23% | 4.84% | 6.08% |
| Reliance Std (qnq) | 06/04 | - | 6.54% | 4.98% | 6.08% | - | 6.56% | 5.03% | 6.12% |

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

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 Non-Smoker Rates $250,000 Face**

| Company | Policy Name | Age 35 | 35-39 inclusive | Age 40 | 40-44 inclusive | Age 45 | 45-49 inclusive |
|---|---|---|---|---|---|---|---|
| Chubb Sovereign | GPL-1 | $ 238 | $ 1,450 | $ 245 | $ 1,825 | $ 348 | $ 2,463 |
| Columbia Universal | T-90 ART | $ 273 | $ 1,435 | $ 328 | $ 1,897 | $ 463 | $ 2,639 |
| Commercial Union | ART | $ 305 | $ 1,690 | $ 403 | $ 2,335 | $ 578 | $ 3,433 |
| Federal Home LIC | Term Saver | $ 325 | $ 1,710 | $ 372 | $ 2,102 | $ 507 | $ 3,027 |
| Golden Rule | ValueTerm 1 | $ 238 | $ 1,435 | $ 258 | $ 1,828 | $ 300 | $ 2,750 |
| Jackson National | YRT 100 | $ 255 | $ 1,548 | $ 298 | $ 2,038 | $ 348 | $ 2,693 |
| Life/Southwest | ART 100 | $ 350 | $ 1,905 | $ 450 | $ 2,693 | $ 708 | $ 4,365 |
| National Guardian | ART | $ 388 | $ 2,220 | $ 543 | $ 3,118 | $ 748 | $ 4,210 |
| Principal Finan. | ART | $ 288 | $ 1,562 | $ 355 | $ 2,096 | $ 440 | $ 2,853 |
| Reliance Std. | ART | $ 340 | $ 1,860 | $ 428 | $ 2,392 | $ 570 | $ 3,275 |
| Security Benefit | YRT-100 | $ 283 | $ 1,405 | $ 428 | $ 2,228 | $ 658 | $ 3,403 |
| Security Conn. | Lifeline - 1 | $ 228 | $ 1,517 | $ 233 | $ 1,810 | $ 270 | $ 2,498 |
| Secur.Mutual/NY | Prime Life | $ 268 | $ 1,565 | $ 323 | $ 2,068 | $ 328 | $ 2,725 |
| Southwestern LIC | ART 100 | $ 350 | $ 1,843 | $ 403 | $ 2,235 | $ 545 | $ 3,298 |
| State LIC | Exec.Term II | $ 325 | $ 1,790 | $ 423 | $ 2,423 | $ 590 | $ 3,430 |
| Union Central LIC | ART 200 | $ 282 | $ 1,537 | $ 357 | $ 2,097 | $ 542 | $ 3,222 |

Survey period: June 1, 1993 thru June 4, 1993

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

| Company | Policy Name | Age 50 | 50-54 inclusive | Age 55 | 55-59 inclusive | Age 60 | 60-64 inclusive |
|---|---|---|---|---|---|---|---|
| Chubb Sovereign | GPL-1 | $ 385 | $ 3,595 | $ 560 | $ 5,045 | $ 893 | $ 8,225 |
| Columbia Universal | T-90 ART | $ 630 | $ 3,577 | $ 868 | $ 5,122 | $1,313 | $ 7,952 |
| Commercial Union | ART | $ 865 | $ 4,753 | $1,130 | $ 6,423 | $1,540 | $ 9,508 |
| Federal Home LIC | Term Saver | $ 745 | $ 4,182 | $1,077 | $ 6,800 | $1,865 | $ 1,199 |
| Golden Rule | ValueTerm 1 | $ 403 | $ 3,825 | $ 613 | $ 5,325 | $ 963 | $ 8,085 |
| Jackson National | YRT 100 | $ 430 | $ 3,678 | $ 600 | $ 5,300 | $ 875 | $ 7,638 |
| Life/Southwest | ART 100 | $1,165 | $ 7,043 | $1,865 | $11,868 | $3,248 | $20,348 |
| National Guardian | ART | $1,013 | $ 5,978 | $1,530 | $ 9,140 | $2,340 | $14,253 |
| Principal Finan. | ART | $ 555 | $ 4,103 | $ 763 | $ 6,009 | $1,370 | $10,226 |
| 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 | $ 570 | $ 5,228 | $ 863 | $ 8,523 |
| Secur.Mutual/NY | Prime Life | $ 408 | $ 3,613 | $ 580 | $ 5,160 | $ 825 | $ 7,843 |
| Southwestern LIC | ART 100 | $ 863 | $ 5,095 | $1,273 | $ 7,423 | $1,875 | $11,395 |
| State LIC | Exec.Term II | $ 850 | $ 5,075 | $1,323 | $ 8,035 | $2,108 | $12,965 |
| Union Central LIC | ART 200 | $ 807 | $ 3,080 | $1,180 | $ 7,165 | $1,930 | $12,277 |

Survey period: June 1, 1993 thru June 4, 1993

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

| Company | Policy Name | Age 35 | 35-39 inclusive | Age 40 | 40-44 inclusive | Age 45 | 45-49 inclusive |
|---|---|---|---|---|---|---|---|
| Chubb Sovereign | GPL-1 | $ 228 | $ 1,410 | $ 240 | $ 1,718 | $ 265 | $ 1,975 |
| Columbia Universal | T-90 ART | $ 305 | $ 1,690 | $ 403 | $ 2,335 | $ 578 | $ 3,433 |
| Commercial Union | ART | $ 207 | $ 1,480 | $ 348 | $ 2,008 | $ 488 | $ 2,833 |
| Federal Home LIC | Term Saver | $ 312 | $ 1,610 | $ 332 | $ 1,692 | $ 355 | $1,960 |
| Golden Rule | ValueTerm 1 | $ 190 | $ 1,140 | $ 225 | $ 1,445 | $ 275 | $ 2,000 |
| continued... | | | | | | | |

Survey period: June 1, 1993 thru June 4, 1993

### Table 13c. Cont'd. Yearly Renewable Term Life Ins. - Female Non-Smoker Rates $250,000 Face

| Company | Policy Name | Age 35 | 35-39 inclusive | Age 40 | 40-44 inclusive | Age 45 | 45-49 inclusive |
|---|---|---|---|---|---|---|---|
| Jackson National | YRT 100 | $ 248 | $ 1,380 | $ 253 | $ 1,500 | $ 288 | $ 1,925 |
| Life/Southwest | ART 100 | $ 308 | $ 1,605 | $ 350 | $ 1,905 | $ 450 | $ 2,693 |
| National Guardian | ART | $ 370 | $ 2,118 | $ 520 | $ 2,993 | $ 725 | $ 4,085 |
| Principal Finan. | ART | $ 283 | $ 1,496 | $ 293 | $ 1,644 | $ 370 | $ 2,224 |
| Reliance Std. | ART | $ 298 | $ 1,595 | $ 355 | $ 1,915 | $ 428 | $ 2,298 |
| Security Benefit | YRT-100 | $ 225 | $ 1,115 | $ 338 | $ 1,765 | $ 520 | $ 2,693 |
| Security Conn. | Lifeline - 1 | $ 185 | $ 1,202 | $ 210 | $ 1,517 | $ 253 | $ 1,825 |
| Secur.Mutual/NY | Prime Life | $ 208 | $ 1,208 | $ 248 | $ 1,588 | $ 253 | $ 2,073 |
| Southwestern LIC | ART 100 | $ 323 | $ 1,713 | $ 378 | $ 2,110 | $ 510 | $ 2,978 |
| State LIC | Exec.Term II | $ 290 | $ 1,625 | $ 388 | $ 2,235 | $ 538 | $ 3,043 |
| Union Central LIC | ART 200 | $ 635 | $ 3,690 | $ 905 | $ 5,190 | $1,267 | $ 7,390 |

Survey period: June 1, 1993 thru June 4, 1993

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

| Company | Policy Name | Age 50 | 50-54 inclusive | Age 55 | 55-59 inclusive | Age 60 | 60-64 inclusive |
|---|---|---|---|---|---|---|---|
| Chubb Sovereign | GPL-1 | $ 340 | $ 3,018 | $ 480 | $ 3,908 | $ 643 | $ 5,690 |
| Columbia Universal | T-90 ART | $ 865 | $ 4,753 | $1,130 | $ 6,423 | $1,540 | $ 9,508 |
| Commercial Union | ART | $ 700 | $ 3,888 | $ 883 | $ 4,713 | $1,035 | $ 6,228 |
| Federal Home LIC | Term Saver | $ 470 | $2,667 | $ 690 | $ 4,320 | $1,175 | $7,445 |
| Golden Rule | ValueTerm 1 | $ 325 | $ 2,685 | $ 388 | $ 3,563 | $ 525 | $ 4,625 |
| Jackson National | YRT 100 | $ 338 | $ 2,545 | $ 410 | $ 3,423 | $ 558 | $ 4,908 |
| Life/Southwest | ART 100 | $ 708 | $ 4,365 | $1,165 | $ 7,043 | $1,865 | $11,788 |
| National Guardian | ART | $ 965 | $ 5,418 | $1,285 | $ 7,265 | $1,723 | $ 9,750 |
| Principal Finan. | ART | $ 460 | $ 3,064 | $ 585 | $ 4,418 | $ 828 | $ 6,596 |
| 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 | $ 363 | $ 3,393 | $ 605 | $ 5,202 |
| Secur.Mutual/NY | Prime Life | $ 313 | $ 2,748 | $ 443 | $ 3,908 | $ 623 | $ 5,820 |
| Southwestern LIC | ART 100 | $ 735 | $ 4,180 | $ 985 | $ 5,400 | $1,238 | $ 6,952 |
| State LIC | Exec.Term II | $ 733 | $ 4,235 | $1,048 | $ 5,983 | $1,435 | $ 8,533 |
| Union Central | ART 200 | $ 635 | $ 3,690 | $ 905 | $ 5,190 | $1,268 | $ 7,390 |

Survey period: June 1, 1993 thru June 4, 1993

The premiums illustrated below assume that a non-smoker male or female purchases 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 Non-Smoker Rates $250,000 Face

| Company | Policy Name | Age 35 | Age 40 | Age 45 | Age 50 | Age 55 | Age 60 |
|---|---|---|---|---|---|---|---|
| American Heritage | 10 Year R&C | $ 343 | $ 538 | $ 845 | $1,333 | $1,970 | $3,058 |
| Canada Life | Total Protection | $ 388 | $ 488 | $ 775 | $1,208 | $1,763 | $2,563 |
| Central Life Ass. | 10 Year Term | $ 335 | $ 465 | $ 633 | $ 963 | $1,380 | $2,375 |
| Chubb Sovereign | GPL-10 | $ 275 | $ 385 | $ 530 | $ 790 | $1,180 | $1,863 |
| Columbia Universal | T-90 Level | $ 290 | $ 403 | $ 563 | $ 780 | $1,160 | $1,860 |
| Federal Home LIC | Diamond 10 | $ 485 | $ 630 | $ 865 | $1,237 | $1,820 | $2,820 |
| Golden Rule | Valu Term 2 | $ 325 | $ 438 | $ 613 | $ 850 | $1,238 | $1,888 |
| Jackson National | 10-Year R&C | $ 278 | $ 373 | $ 513 | $ 750 | $1,123 | $1,675 |
| Kansas City | 10 Yr. R&C | $ 365 | $ 523 | $ 735 | $1,035 | $1,465 | $2,190 |
| National Guardian | 10-Year Term | $ 393 | $ 480 | $ 653 | $ 940 | $1,600 | $2,383 |
| continued... | | | | | | | |

Survey period: June 1, 1993 thru June 4, 1993

**Table 14a. Cont'd. Ten-Year Level Term Life Ins. - Male Non-Smoker Rates $250,000 Face**

| Company | Policy Name | Age 35 | Age 40 | Age 45 | Age 50 | Age 55 | Age 60 |
|---|---|---|---|---|---|---|---|
| continued... | | | | | | | |
| Presidential | 10-Year Term | $ 340 | $ 420 | $ 575 | $ 823 | $1,183 | $1,823 |
| Principal Finan. | 10-Yr Level Term | $ 315 | $ 433 | $ 618 | $ 920 | $1,390 | $2,193 |
| Reliance Standrd | 10-Yr Term | $ 392 | $ 507 | $ 712 | $1,050 | $1,575 | $2,357 |
| Security Benefit | Ten LT | $ 400 | $ 540 | $ 763 | $1,063 | $1,525 | $2,323 |
| Security Conn. | Lifeline - 10 | $ 260 | $ 373 | $ 523 | $ 783 | $1,183 | $1,783 |
| Southwestern LIC | 10-Year Term | $ 410 | $ 540 | $ 718 | $1,030 | $1,485 | $2,415 |
| United Pres. LIC | UT-10 | $ 302 | $ 437 | $ 615 | $ 755 | $1,057 | $1,502 |

Survey period: June 1, 1993 thru June 4, 1993

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

| Company | Policy Name | Age 35 | Age 40 | Age 45 | Age 50 | Age 55 | Age 60 |
|---|---|---|---|---|---|---|---|
| American Heritage | 10 Year R&C | $ 285 | $ 408 | $ 643 | $1,020 | $1,555 | $2,338 |
| Canada Life | Total Protection | $ 350 | $ 470 | $ 675 | $ 950 | $1,325 | $1,838 |
| Central Life Ass. | 10 Year Term | $ 300 | $ 335 | $ 465 | $ 633 | $ 963 | $1,380 |
| Chubb Sovereign | GPL-10 | $ 265 | $ 338 | $ 405 | $ 635 | $ 820 | $1,248 |
| Columbia Universal | T-90 Level | $ 268 | $ 305 | $ 433 | $ 600 | $ 838 | $1,268 |
| Federal Home LIC | Diamond 10 | $ 400 | $ 490 | $ 587 | $ 825 | $1,175 | $1,607 |
| Golden Rule | Valu Term 2 | $ 263 | $ 350 | $ 450 | $ 575 | $ 763 | $1,063 |
| Jackson National | 10-Year R&C | $ 223 | $ 295 | $ 395 | $ 530 | $ 690 | $ 948 |
| Kansas City | 10 Yr. R&C | $ 318 | $ 425 | $ 565 | $ 730 | $ 978 | $1,358 |
| National Guardian | 10-Year Term | $ 390 | $ 503 | $ 630 | $ 878 | $1,308 | $1,833 |
| Presidential | 10-Year Term | $ 290 | $ 333 | $ 405 | $ 490 | $ 683 | $1,065 |
| Principal Finan. | 10-Yr Level Term | $ 303 | $ 330 | $ 465 | $ 665 | $ 995 | $1,515 |
| Reliance Standard | 10-Year Term | $ 330 | $ 370 | $ 475 | $ 720 | $1,082 | $1,557 |
| Security Benefit | Ten LT | $ 350 | $ 463 | $ 613 | $ 845 | $1,175 | $1,688 |
| Security Conn. | Lifeline - 10 | $ 223 | $ 295 | $ 393 | $ 548 | $ 735 | $1,010 |
| Southwestern LIC | 10-Year Term | $ 398 | $ 500 | $ 638 | $ 880 | $1,220 | $1,655 |
| United Pres. | UT-10 | $ 303 | $ 438 | $ 615 | $ 785 | $1,058 | $1,503 |

Survey period: June 1, 1993 thru June 4, 1993

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 |
|---|---|---|---|---|---|---|---|---|---|
| Golden Rule | Retire. Fund (WL) | 30-65 | 5.75% | 1 Year | 10% | 7% | 2% | $242,028 | $425,573 |
| Federal Home LIC | XL-1 (WL) | 0-75 | 5.50% | 1 Year | 7% | 4% | 0% | $291,775 | $466,000 |
| Golden Rule | Asset-Care I (WL) | 40-72 | 5.75% | 1 Year | 11% | 7% | 2% | $237,320 | $417,684 |
| Jackson National | SPWL-I (WL) | 0-76 | 6.00% | 1 Year | 9% | 5% | 0% | $320,714 | $391,271 |
| National Guardian | SPWL (WL) | 0-80 | na | na | na | na | na | $316,419 | $608,427 |
| Presidential | Taxbreaker II (UL) | 0-75 | 6.25% | 1 Year | 7% | 4% | 0% | $336,185 | $513,631 |
| Principal Financial | SPWL | 20-95 | 4.00% | 1 Year | 7% | 5% | 0% | $219,112 | $434,744 |
| Security Mutual/NY | SPWL (WL) | 0-80 | 6.00% | 1 Year | 7% | 3% | 0% | $339,956 | $455,444 |
| Southwestern LIC | SPWL | 0-70 | 7.00% | - | - | - | - | $ 20,695 | $ 49,747 |
| State LIC | Universal Life III | 0-85 | 6.50% | 1 Year | - | - | 0% | $310,152 | $444,093 |
| USG Annuity & Life | Life 3 | 30-85 | 6.00% | 1 Year | 9% | 5% | 0% | $210,019 | $367,533 |
| Xerox Finan. Svcs. | Acct for Living | 0-75 | 6.00% | 1 Year | 8% | 5% | 0% | $339,956 | $430,045 |

Survey period: June 1, 1993 thru June 4, 1993

# 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.

# INSURANCE COMPANIES RATINGS

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The 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.

## ALPHABETICAL RATINGS

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These alphabetical ratings may be confusing when making comparisons. For instance, a company rated "C" by Weiss has merely received an "average" grade. But a "C" from S&P indicates the company is very close to liquidation. In the case of Weiss, an "A+" is the highest rating and assigned to only a few companies. For A.M. Best, an "A+" represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P and Duff & Phelps, an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for either Weiss or Best.

## NUMERICAL RANKINGS

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

### DISTRIBUTION OF RATINGS

| A.M.Best Rank/Grade | 797 Cos. | S & P Rank/Grade | 244 Cos. | Moody's Rank/Grade | 86 Cos. | Duff & Phelps Rank/Grade | 149 Cos. | Weiss Research Rank/Grade | 1,919 Cos. |
|---|---|---|---|---|---|---|---|---|---|
| 1 (A++) | 63 | 1 (AAA) | 62 | 1 (AAA) | 7 | 1 (AAA) | 37 | 1 (A+) | 10 |
| 2 (A+) | 221 | 2 (AA+) | 47 | 2 (Aa1) | 8 | 2 (AA+) | 20 | 2 (A) | 22 |
| 3 (A) | 197 | 3 (AA) | 47 | 3 (Aa2) | 20 | 3 (AA) | 35 | 3 (A-) | 29 |
| 4 (A-) | 55 | 4 (AA-) | 43 | 4 (Aa3) | 10 | 4 (AA-) | 28 | 4 (B+) | 42 |
| 5 (B++) | 10 | 5 (A+) | 27 | 5 (A1) | 20 | 5 (A+) | 18 | 5 (B) | 131 |
| 6 (B+) | 104 | 6 (A) | 7 | 6 (A2) | 5 | 6 (A) | 9 | 6 (B-) | 130 |
| 7 (B) | 65 | 7 (A-) | 2 | 7 (A3) | 5 | 7 (A-) | 1 | 7 (C+) | 100 |
| 8 (B-) | 15 | 8 (BBB+) | 3 | 8 (Baa1) | 3 | 8 (BBB+) | 0 | 8 (C) | 288 |
| 9 (C++) | 1 | 9 (BBB) | 3 | 9 (Baa2) | 2 | 9 (BBB) | 0 | 9 (C-) | 284 |
| 10 (C+) | 8 | 10 (BBB-) | 3 | 10 (Baa3) | 1 | 10 (BBB-) | 0 | 10 (D+) | 148 |
| 11 (C) | 9 | 11 (BB+) | 0 | 11 (Ba1) | 3 | 11 (BB+) | 0 | 11 (D) | 165 |
| 12 (C-) | 3 | 12 (BB) | 2 | 12 (Ba2) | 0 | 12 (BB) | 0 | 12 (D-) | 38 |
| 13 (D) | 29 | 13 (BB-) | 0 | 13 (Ba3) | 0 | 13 (BB-) | 0 | 13 (E+) | 53 |
| 14 (E/F) | 17 | 14 (B+) | 0 | 14 (B1) | 0 | 14 (B+) | 0 | 14 (E) | 47 |
| (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) | 62 |
| | | 17 (CCC+) | 0 | 17 (Caa) | 2 | 17 (CCC+) | 0 | 17 (U) | 366 |
| | | 18 (CCC) | 0 | 18 (Ca) | 0 | 18 (CCC) | 1 | (as of 6/93) | |
| | | 19 (CCC-) | 0 | 19 (C) | 0 | 19 (CCC-) | 0 | | |
| | | 20 (CC) | 2 | (as of 6/93) | | (as of 6/93) | | | |
| | | 21 (C) | 1 | | | | | | |
| | | 22 (D) | 0 | | | | | | |
| | | (as of 6/93) | | | | | | | |

# INSURANCE COMPANIES RATINGS

| Company Legal Name NAIC# | State Dom. | Year Incorp | Admitted Assets | C&S / Assets | NIB% Assets | Del M Assets | 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-) | 7 (C+) |
| Aetna LI & Ann. Co. 86509 | CT | 1954 | $ 13.44B | 3.4% | 2.6% | 0.1% | 1 (A++) | 1 (AAA) | 3 (Aa2) | 1 (AAA) | 7 (C+) |
| Aetna LIC 60054 | CT | 1853 | $ 51.64B | 4.3% | 2.0% | 2.1% | 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) | - |
| AIG Life Insur. Co. 66842 | DE | 1962 | $ 1.57B | 4.3% | 7.1% | 0.1% | 3 (A) | 1 (AAA) | - | - | 9 (C-) |
| 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 | $ 1.03B | 9.5% | 4.9% | 0.0% | 3 (A) | 9 (BBB) | - | - | 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 | $ 1.83B | 4.2% | 4.8% | 0.0% | 4 (A-) | - | - | 6 (A) | 9 (C-) |
| Amer. Life/Cas.Ins. 60682 | IA | 1951 | $ 3.11B | 6.1% | 1.7% | 0.3% | 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. Mayflw 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+) | - | - | - | 7 (C+) |
| Amer. Nat'l Ins.Co. 60739 | TX | 1905 | $ 4.07B | 24.4% | 2.6% | 1.40 | 1 (A++) | - | 3 (Aa2) | - | 5 (B) |
| Amer. Skandia L Assur 86630 | CT | 1969 | $ 0.22B | 3.6% | 0.0% | 0.0% | NA-3 | 9 (BBB) | - | 4 (AA-) | 9 (SC-) |
| American United LIC 60895 | IN | 1877 | $ 4.52B | 4.3% | 1.8% | 0.3% | 2 (A+) | 4 (AA-) | 5 (A1) | 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) | 6 (A2) | 3 (AA) | 9 (C-) |

Continued . . .

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 insurance companies.

**Company Legal Name NAIC#** -- Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation which may include subsidiaries with similar sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating. The 5-digit number following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary.

**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** (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. Best's finds the usual industry range for C&S /Assets 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% Assets** (Ratio of Non-Investment Grade Bonds to Assets). This 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 NIB% figure. Best's finds the industry norm for NIB% is 5%.

**Del M Assets** (Ratio of Delinquent & Foreclosed Mortgages to Assets). This is the percent of a company's portfolio comprised of mortgages more than 90 days past due, mortgages in process of foreclosure, or properties acquired by foreclosure (real estate) as a percentage of company assets. According to Best the usual range is 0% to 3%.

# INSURANCE COMPANIES RATINGS

| Company Legal Name NAIC# | State Dom. | Year Incorp | Admitted Assets | C&S / Assets | NIB% Assets | Del M Assets | A.M. Best's | Std & Poors | Moodys Invest. | Duff & Phelps | Weiss Research |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 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+) | - | 4 (AA+) | 6 (B-) |
| 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) | - | 3 (AA) | 7 (C+) |
| Bradford Nat'l LIC 86371 | LA | 1947 | $ 0.15B | 5.5% | 0.1% | 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 | $ 14.90B | 7.2% | 1.4% | 0.9% | 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 | $ 2.29B | 8.9% | 4.7% | 0.5% | 3 (A) | 5 (A+) | - | 6 (A+) | 8 (C) |
| Cent'l Nat'l LIC/Omaha 61700 | NE | 1953 | $ 0.69B | 19.0% | 0.3% | 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+) |
| Chubb Sovereign LIC 80438 | CA | 1962 | $ 0.33B | 14.7% | 5.0% | 0.0% | 3 (A) | 1 (AAA) | - | - | 5 (B) |
| 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) |
| Colonial LIC of Amer. 62057 | NJ | 1897 | $ 0.59B | 12.2% | 4.1% | 0.5% | 3 (A) | 1 (AAA) | - | - | 6 (B-) |
| Columbia Universal LIC 67954 | TX | 1983 | $ 0.24B | 11.0% | 6.0% | 0.0% | 7 (B) | - | - | 7 (A-) | 8 (SC) |
| Columbus LIC 99937 | OH | 1906 | $ 1.32B | 8.2% | 9.1% | 0.0% | 2 (A+) | 3 (AA) | - | - | 5 (B-) |
| Commercial Union /Am 62898 | DE | 1958 | $ 1.04B | 7.8% | 1.4% | 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 | $ 17.98B | 6.1% | 2.0% | 3.7% | 2 (A+) | 3 (AA) | - | 2 (AA+) | - |
| CT General LIC 62308 | CT | 1865 | $ 41.69B | 3.5% | 7.3% | 1.3% | 1 (A++) | 1 (AAA) | 4 (Aa3) | - | 7 (C+) |
| CT Mutual LIC 62316 | CT | 1846 | $ 11.16B | 5.4% | 1.5% | 2.9% | 2 (A+) | 4 (AA-) | 3 (Aa2) | 3 (AA) | 6 (B-) |
| Constitution LIC 62359 | KY | 1929 | $ 0.92B | 10.3% | 7.5% | 0.0% | 3 (A) | 8 (BBB+) | - | - | 6 (B-) |
| CU Life Ins C NY 92665 | NY | 1981 | $ 0.13B | 7.0% | 2.0% | 0.0% | 2 (A+)e* | - | - | 4 (AA-) | 7 (SC+) |
| Contin. Assur. Co. 62413 | IL | 1911 | $ 10.90B | 8.8% | 4.2% | 0.0% | 2 (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) | 5 (B) |
| 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) | 8 (C) |
| Delta Life & Ann. 65145 | TN | 1955 | $ 0.70B | 6.1% | 0.0% | 0.2% | 2 (A+) | - | - | - | 7 (C+) |
| Empire LIC 62820 | NE | 1962 | $ 0.02B | 11.1% | 0.0% | 0.0% | 5 (B++)e* | - | - | - | 9 (SC-) |
| Empire Gen. LIC | | | - | - | - | - | - | 3 (AA) | - | 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.L./IOWA 62979 | IA | 1867 | $ 1.84B | 12.66% | 8.2% | 0.7% | 4 (A+) | 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 | $ 1.62B | 9.4% | 2.4% | 0.0% | 2 (A+) | - | - | 4 (AA-) | 6 (B-) |
| Fed. Kemper L. Assur. 63207 | IL | 1905 | $ 2.91B | 7.6% | 9.5% | 0.0% | 4 (A-) | - | 8 (Baa1) | 4 (AA-) | 7 (C+) |
| Fidelity & Guar. LIC 62374 | MD | 1959 | $ 4.43B | 6.3% | 8.2% | 0.5% | 4 (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 | $ 0.70B | 5.2% | 8.5% | 0.0% | 7 (B) | - | - | - | 9 (C-) |
| First Alex. Ham. LIC 71510 | NY | 1986 | $ 0.18B | na | na | na | 2 (A+) | - | - | 3 (AA) | 8 (SC) |
| First Colony LIC 63401 | VA | 1955 | $ 5.20B | 5.2% | 3.3% | 0.0% | 1 (A++) | 2 (AA+) | 4 (Aa3) | 2 (AA+) | 4 (B+) |
| First GNA LIC/NY 72990 | NY | 1988 | $ 0.47B | 12.6% | 0.2% | 0.0% | 3 (A) | 4 (AA-) | - | 3 (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-) |
| Ford LIC 63576 | MI | 1966 | $ 0.30B | 34.4% | 0.0% | 0.0% | (NA-5) | 3 (AA) | - | 3 (AA) | 5 (B) |
| Fort Dearborn LIC 71129 | IL | 1966 | $ 0.25B | 21.4% | 0.0% | 0.0% | 3 (A) | - | - | - | 5 (B) |
| Fortis Benefits LIC | MN | 1910 | $ 2.70B | 8.8% | 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-) |

# INSURANCE COMPANIES RATINGS

| Company Legal Name NAIC# | State Dom. | Year Incorp | Admitted Assets | C&S / Assets | NIB% Assets | Del M Assets | A.M. Best's | Std & Poors | Moodys Invest. | Duff & Phelps | Weiss Research |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Amer. LIC 63665 | MO | 1933 | $ 7.40B | 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) |
| Globe Life/Accid. IC 91472 | DE | 1951 | $ 0.70B | 33.9% | 1.6% | 0.0% | 1 (A++) | 1 (AAA) | - | - | 2 (A-) |
| Golden Rule Ins. Co. 62286 | IL | 1940 | $ 0.68B | 16.0% | 6.3% | 0.0% | 2 (A+) | 4 (AA-) | - | - | 6 (B-) |
| Great American LIC 63312 | OH | 1916 | $ 4.37B | 5.0% | 7.8% | 0.0% | 2 (A+) | - | - | - | 8 (C) |
| 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) | 3 (Aa2) | 1 (AAA) | - |
| 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) |
| Gulf LIC 64270 | TN | 1911 | $ 3.11B | 12.7% | 4.7% | 0.3% | 2 (A+) | 1 (AAA) | - | - | 5 (B) |
| 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-) | - | - | 4 (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) |
| Indianapolis LIC 64645 | IN | 1905 | $ 1.10B | 8.4% | 1.1% | 0.3% | 2 (A+) | - | - | 3 (AA) | 5 (B) |
| Investors LIC of NE 86975 | SD | 1961 | $ 0.22B | 13.3% | 1.5% | 0.0% | 2 (A+) | 2 (AA+) | - | - | 6 (B-) |
| Integrity LIC 74780 | AZ | na | $ 1.40B | 4.5% | 6.3% | 0.9% | - | 5 (A+) | - | 5 (A+) | 10 (D) |
| Investors Ins. Corp. 74780 | DE | 1956 | $ 0.10B | 4.8% | 0.0% | 0.0% | (NA-3) | - | - | - | 11 (SD) |
| ITT Life Ins. Corp. 71153 | WI | 1956 | $ 0.09B | 45.0% | 0.0% | 0.0% | 1 (A++) | 1 (AAA) | - | 1 (AAA) | 5 (B) |
| Jackson Nat'l LIC 65056 | MI | 1961 | $ 17.32B | 6.1% | 10.8% | 2.6% | 2 (A+) | 3 (AA) | 5 (A1) | - | 8 (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 | $ 4.55B | 20.4% | 2.6% | 0.4% | 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 | $ 1.80B | 8.1% | 1.2% | 0.5% | 2 (A+) | 3 (AA) | - | - | 4 (B+) |
| Kemper Investors LIC 90557 | IL | 1947 | $ 6.70B | 4.0% | 9.0% | 0.0% | 4 (A-) | - | 8 (Baa1) | 6 (A+) | 8 (C) |
| KY Home Mutual 65218 | KY | 1932 | $ 0.05B | na | na | na | 5 (B++) | - | - | 6 (A+) | 8 (SC) |
| Keyport LIC 65234 | RI | 1957 | $ 9.49B | 5.8% | 6.7% | 0.0% | 2 (A+) | 5 (A+) | 5 (A1) | 4 (AA-) | 5 (B) |
| Knights of Columbus 58033 | CT | 1882 | $ 3.53B | na | na | na | 1 (A++) | 1 (AAA) | - | - | na |
| 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% | 3 (A) | - | - | 3 (AA) | 3 (A-) |
| Liberty Nat'l LIC 65331 | AL | 1929 | $ 2.34B | 13.4% | 1.4% | 0.0% | 1 (A++) | 1 (AAA) | - | - | 3 (A-) |
| 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 | $ 1.36B | 5.3% | 1.9% | 1.3% | 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+) |
| 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 | $ 28.80B | 4.2% | 4.1% | 2.8% | 2 (A+) | 4 (AA-) | 5 (A1) | 1 (AAA) | 6 (B-) |
| London LIC | | | - | - | - | - | - | 1 (AAA) | - | - | na |
| 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 | $ 34.26B | 6.5% | na | 8.0% | 1 (A++) | 1 (AAA) | - | 1 (AAA) | - |
| Mass. General LIC 65900 | MA | 1962 | $ 1.00B | 7.3% | 4.0% | 0.1% | 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) | 5 (B) |
| Merrill Lynch LIC 79022 | WA | 1986 | $ 3.88B | 5.3% | 6.9% | 0.0% | (NA-3) | 7 (AA-) | 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) |

# INSURANCE COMPANIES RATINGS

| Company Legal Name NAIC# | State Dom. | Year Incorp | Admitted Assets | C&S / Assets | NIB% Assets | Del M Assets | A.M. Best's | Std & Poors | Moodys Invest. | Duff & Phelps | Weiss Research |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ministers Life 66133 | MN | 1900 | $ 0.25B | 6.1% | 3.1% | 0.7% | 3 (A) | - | - | - | 8 (SC) |
| Minnesota Mutual LIC 66168 | MN | 1880 | $ 6.18B | 3.5% | 5.2% | 0.2% | 1 (A++) | 2 (AA+) | 2 (Aa1) | 1 (AAA) | 7 (C+) |
| Modern Wood./Amer. 57541 | IL | 1884 | $ 1.84B | na | na | na | 2 (A+) | - | - | 2 (AA+) | |
| Monumental LIC 66281 | MD | 1858 | $ 2.07B | 7.4% | 3.3% | 0.3% | 2 (A+) | 2 (AA+) | - | 2 (AA+) | 5 (B) |
| Mutual of Amer. LIC 88668 | NY | 1945 | $ 5.40B | 5.9% | 0.0% | 0.6% | 2 (A+) | 2 (AA+) | 4 (Aa3) | 2 (AA+) | 4 (B+) |
| MONY Mutual NY 66370 | NY | 1842 | $ 17.49B | 3.7% | 8.1% | 2.9% | 4 (A-) | 6 (A) | 8 (Baa1) | 4(AA-) | 12(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 | $ 0.55B | 7.0% | 1.8% | 0.0% | 3 (A) | - | - | - | 1 (A+) |
| Nat'l Heritage LIC 97284 | DE | 1981 | $ 0.32B | 6.7% | 1.7% | 0.9% | (NA-3) | 12 (BB) | - | - | 9 (SC-) |
| 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-) | - | - | - | 7 (C+) |
| Nationwide LIC 66869 | OH | 1929 | $ 19.26B | 3.8% | 2.4% | 0.3% | 2 (A+) | 1 (AAA) | 2 (Aa1) | - | 6 (B-) |
| New England Mutual Life 66893 | MA | 1835 | $ 16.35B | 4.2% | 3.0% | 1.4% | 2 (A+) | 4 (AA-) | 7 (A3) | 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) |
| 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 Life Assur. 89206 | OH | 1979 | $ 0.31B | 14.9% | 8.6% | 2.6% | 2 (A+) | 3 (AA) | - | 3 (AA) | 5 (B) |
| 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+)g* | 3 (Ag) | 5 (A1) | - | 7 (C+) |
| Paragon LIC 93564 | MO | 1981 | $ 0.02B | na | na | na | 2 (A+) | 4 (AA-) | - | 4 (AA-) | na |
| Paul Revere LIC 67598 | MA | 1930 | $ 2.11B | 10.6% | 7.8% | 0.2% | 2 (A+) | 4 (AA-) | - | - | 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-) | 8 (C) |
| Philadelphia LIC 97047 | PA | 1906 | $ 1.24B | 10.7% | 11.1% | 0.2% | 3 (A) | - | - | 6 (A+) | 8 (C) |
| Phoenix Home Life 67814 | NY | 1851 | $ 11.10B | 4.9% | 3.8% | 2.0% | 3 (A)g* | 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 | $ 1.99B | 10.5% | 18.0% | 0.0% | 6 (B+) | - | 12 (Ba1) | - | 14 (E) |
| Principal Mutual LIC 61271 | IA | 1879 | $ 36.28B | 4.1% | 5.6% | 1.0% | 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+) | 3 (AA) | 3 (Aa2) | 2 (AA+) | 5 (B) |
| Provident Mutual LIC 68225 | PA | 1886 | $ 3.12B | 5.9% | 3.5% | 0.4% | 2 (A+) | 4 (AA-) | 5 (A1) | 3 (AA) | 7 (C+) |
| Provident Nat'l Assur. 70866 | TN | 1967 | $ 8.22B | 2.7% | 2.1% | 0.8% | 3 (A) | 3 (AA) | 3 (Aa2) | 2 (AA+) | 8 (C) |
| Prudential Ins.Co. 68241 | NJ | 1873 | $189.00B | 4.4% | 8.1% | 0.6% | 1 (A++) | 2 (AA+) | 3 (Aa2) | 1 (AAA) | 5 (B) |
| Reliance Standard 68281 | IL | 1907 | $ 1.87B | 6.7% | 2.1% | 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 | $ 7.61B | 5.3% | 1.7% | 0.1% | 2 (A+) | 3 (AA) | 3 (Aa2) | - | 7 (C+) |
| Savings Bank LI/MA 00300 | MA | 1907 | $ 0.82B | na | na | na | 2 (A+) | 4 (AA-) | - | 4 (AA-) | |
| Secur. Bene. LIC 68675 | KS | 1892 | $ 3.41B | 3.9% | 2.2% | 0.2% | 2 (A+) | 4 (AA-) | - | - | 7 (C+) |
| Secur.-Conn. LIC 91588 | CT | 1955 | $ 1.14B | 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-) |

# INSURANCE COMPANIES RATINGS

| Company Legal Name NAIC# | State Dom. | Year Incorp | Admitted Assets | C&S / Assets | NIB% Assets | Del M Assets | A.M. Best's | Std & Poors | Moodys Invest. | Duff & Phelps | Weiss Research |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Secur. Mutual LIC/NY 68772 | NY | 1886 | $ 1.09B | 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% | 3 (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 | $ 1.56B | 18.9% | 3.5% | 2.5% | 5 (B++) | 10 (BBB-) | 12 (Ba1) | 7 (A) | 8 (C) |
| Standard Insur. Co. 69019 | OR | 1906 | $ 2.70B | 7.8% | 0.4% | 0.6% | 2 (A+) | 4 (AA-) | 6 (A2) | - | 5 (B) |
| State Bond/Mortgage 69086 | MN | 1966 | $ 0.58B | 5.3% | 0.0% | 0.2% | 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 LIC | IN | 1894 | $ .25B | 9.1% | 1.6% | 0.2% | 4 (A-) | - | - | - | 6 (SB-) |
| State Mutual L Assur. 69140 | MA | 1844 | $ 6.58B | 5.1% | 3.6% | 0.6% | 3 (A)g* | 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) | 6 (A2) | 3 (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 | $ 7.50B | 8.9% | 2.3% | 1.4% | 1 (A++) | 1 (AAA) | - | - | 7 (C+) |
| Sunset LIC/America 69272 | WA | 1937 | $ 0.34B | 13.1% | 2.0% | 0.5% | 2 (A+) | 3 (AA) | - | - | 2 (A) |
| TIAA of Amer. 69345 | NY | 1918 | $ 55.57B | 5.5% | 7.7% | 2.3% | 1 (A++) | 1 (AAA) | 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 | 14.2% | 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 | $ 58.10B | 5.7% | 2.3% | 6.0% | 4 (A-) | 5 (A+) | 8 (Baa1) | 6 (A+) | 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 | $ 3.33B | 6.6% | 3.5% | 0.4% | 3 (A) | 6 (A) | - | - | 8 (C) |
| Union Labor LIC 69744 | MD | 1925 | $ 1.92B | 4.0% | 1.9% | 2.3% | 6 (B+) | 8 (BBB+) | - | 5 (A+) | 10 (D+) |
| United Amer. Insur. Co. 92916 | DE | 1947 | $ 0.66B | 26.2% | 2.3% | 0.0% | 2 (A+) | 1 (AAA) | - | - | 1 (A) |
| United Cos. LIC 69876 | LA | 1955 | $ 1.23B | 5.3% | 2.2% | 2.4% | 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 | 7.5% | 14.0% | 0.0% | 4 (A-) | 9 (BBB) | 12 (Ba1) | 6 (A+) | 9 (C-) |
| United Presidential 70033 | IN | 1965 | $ 0.85B | 8.2% | 4.1% | 0.3% | 3 (A) | - | - | - | 5 (B) |
| United Services 70084 | VA | 1937 | $ 2.00B | 7.1% | 2.5% | 1.3% | 2 (A+) | 5 (A+) | - | - | 5 (B) |
| US LIC/in NYC 70106 | NY | 1850 | $ 1.70B | 8.5% | 7.1% | 0.1% | 2 (A+) | 2 (AA+) | - | - | 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 | $ 3.10B | 5.5% | 5.2% | 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 | $ 0.65B | 6.2% | 0.0% | 0.1% | 5(B++) | - | - | - | 9 (C-) |
| 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 Nat'l LIC 70432 | TX | 1944 | $ 5.80B | 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% | 7.0% | 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 | $ 4.04B | 3.0% | 7.0% | 0.6% | (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) |

* Best's "e" = rating of parent company with comparable leverage and liquidity performance.
* Best's "g" = rating based on consolidated performance of affiliated group of property/casualty companies.
* Best's "r" = rating of parent company which automatically reinsures its business.

# INSURANCE COMPANIES RATINGS

## 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 arranty of any insurer's current or future ability to meet its contractual obligations. Best's charges an insurer $500 for a letter rating. (Contact A.M. Best Company, Oldwick, New Jersey 08858.)

A. M. Best's rating is assigned after evaluating a company's financial condition and operating performance both in qualitative and quantitative terms. Quantitative evaluation examines (1) profitability, (2) leverage, (3) liquidity, (4) reserve adequacy, and (5) reinsurance. Qualitative evaluation is based on (1) spread of risk, (2) soundness and appropriates of reinsurance, (3) quality and diversification of assets, (4) adequacy of policy reserves, and (5) adequacy of surplus, (6) capital structure, and (7) management experience. Ratings are reviewed both on an annual and a quarterly basis.

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

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

**Rating Categories**

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

**Rating Modifiers**

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

**"Not Assigned" Categories**

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

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.

**Rating Categories**

| | |
|---|---|
| **AAA** | Superior financial security. Highest safety. |
| **AA** | Excellent financial security. Highly safe. |
| **A** | Good financial security. More susceptible to enconomic change than highly rated companies. |
| **BBB** | Adequate financial security. More vulnerable to economic changes than highly rated companies. |
| **BB** | Adequate Financial security. Ability to meet obligations may not be adequate for long-term policies. |
| **B** | Currently able to meet obligations. Highly vulnerable to adverse economic conditions. |
| **CCC** | Questionable ability to meet obligations due to high vulnerability to adverse economic conditions. |
| **CC, C** | May not be meeting obligations. Vulnerable to liquidation. |
| **D** | Placed under an order of liquidation. |

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

**Rating Categories**

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

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

## Duff & Phelps' Ratings

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.

**Rating Categories**

| | |
|---|---|
| **AAA** | Highest claims paying ability. Negligible risk. |
| **AA+**<br>**AA**<br>**AA-** | Very high claims paying ability. Modest risk. |
| **A+**<br>**A**<br>**A-** | High claims paying ability. Variable risk over time. |
| **BBB+**<br>**BBB**<br>**BBB-** | Below average claims paying ability. |
| **BB+**<br>**BB**<br>**BB-** | Uncertain claims paying ability. Protective factors are subject to change to change with adverse economy. |
| **CCC** | Substantial risk regarding claims paying ability. Likely to be placed under state insurance department supervision. |

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:

# INSURANCE COMPANIES RATINGS

**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**

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

<u>Life with Period Certain:</u> 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.

<u>Life with Installment Refund:</u> 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).

<u>Joint and Full Survivor (100%):</u> 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.

<u>Joint and Survivor (50%..75%)</u> reducing on FIRST or EITHER death:<u> Full level payments are</u> 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 <u>Period Certain</u> 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.

<u>Joint and Survivor (50%..75%) reducing ONLY ON DEATH OF PRIMARY ANNUITANT:</u> 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 <u>Period Certain</u> 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.

<u>Annuity Certain (Without Life</u> Contingency):<u> Level payments are</u> 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 <u>may</u> outlive this type of annuity.)

**Immediate Annuity Rate Tables**

<u>Source of Funds -</u>
Qualified vs. Non-Qualified

The term <u>**Qualified**</u> (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). <u>**Qualified**</u> 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 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 .pn45
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 infor
mation 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.

## 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.**

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