

Concerning Elders

Repealing the Asset Transfer Law

Pension Issues

IRA Bankruptcy Exception; Post-Death IRA Distributions

Markets & Trends

Against the Odds; A Time to Play the Game

Plus Our Latest Updates on

- Immediate Annuity Factors
- Deferred Annuity Interest Rates
- Variable Annuity Performance
- Ratings of the Insurance Companies

**ANNUITY & LIFE
INSURANCE SHOPPER**

**July – September 1997
Volume 12, Number 3**

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**ANNUITY & LIFE INSURANCE
SHOPPER** (ISSN 1071-4510) is published quarterly by United States Annuities. COPYRIGHT 1997 United States Annuities.

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**ANNUITY & LIFE INSURANCE
SHOPPER** is sold by subscription throughout the United States. U.S. third-class delivery, prepaid only, \$65 for 1 year (4 quarterly issues), \$95 for 2 years, \$120 for 3 years. Single issue: \$20.

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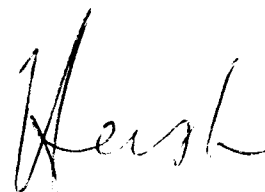
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Clinton Official Urges Repeal of Asset Transfer Law

Bruce Vladeck, Administrator of the Health Care Financing Administration (HCFA) recently told a Senate committee that the Clinton Administration wanted the "Granny Goes To Jail" law repealed and assured Senators that the Federal government would not push for enforcement of the provision.

The moniker has been attached to Section 217 of the Health Insurance Portability and Accountability Act of 1996, which makes transfers of assets in order to qualify for Medicaid long-term care benefits a crime. HCFA is the federal agency that administers both the Medicare and Medicaid programs. The measure was added quietly to the major health insurance bill enacted last summer. Once word of the existence of the criminalization of asset-divestiture provision seeped out, no Congressman has come forward to claim authorship of it.

The new law became effective on January 1, 1997, and has caused anxiety and confusion among the nation's elderly and their families, particularly those who face the imminent possibility of nursing home care and making application for Medicaid benefits.

Enforcement Unlikely

Experts have called Section 217 unenforceable due to the ambiguities in the provision. For instance, a fair reading of the law supports an interpretation that a transfer is either a misdemeanor or a felony.

Rep. Steven C. LaTourette, R-Ohio, has introduced a bill to repeal the law. A former county prosecutor, Rep. La-

Tourette has said that the new law is difficult to interpret and impossible to enforce. With several major seniors organizations behind it, his bill is gathering strong bipartisan support.

At a recent hearing of the Senate Labor and Human Resources Commit-

tee not take any steps to enforce the provision. "We will certainly not be pressing the states to enforce this," Mr. Vladeck told the committee.

Two leading United States Senators, Senate Finance Committee Chairman William Roth, R-Del., and Democratic Sen. Daniel Patrick Moynihan, D-N.Y., the committee's senior Democrat, introduced legislation last Thursday that would create a new bipartisan commission on Medicare's long-term future.

The proposal was introduced as the Administration's Medicare budget was coming under mounting criticism that it cuts benefits to health care providers too deeply and requires no sacrifice from beneficiaries.

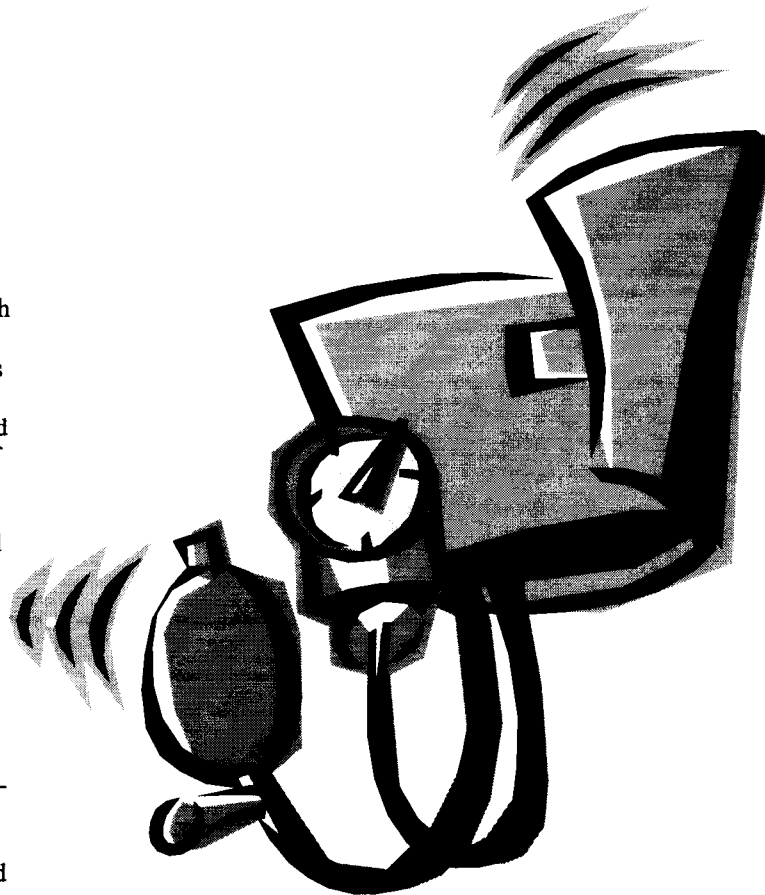
HHS Secretary Donna Shalala told the House Ways and Means Committee that the Administration had not ruled out means-testing premiums for Medicare Part B physicians' benefits. Although not opposed to such a measure, neither has the President proposed it in the budget.

The Roth/Moynihan proposal is already being criticized as merely providing political cover to Congressmen who took a beating over Medicare last year. Sen. Bill Frist, R-Tenn., said Congress should fix Medicare now and not pass the work on to a commission.

tee about implementing the health insurance law, several Senators "unexpectedly raised" the Section 217 issue with Mr. Vladeck, according to the Los Angeles Times.

Senators informed Mr. Vladeck of concerns raised by their constituents about the "Granny Goes to Jail" law. Mr. Vladeck agreed with their concerns and invited Congress to repeal it as soon as possible.

The Administration, he said, will



Reprinted with permission of Elder Law Fax, February 17, 1997. Published weekly by Timothy L. Takacs, Attorney at Law, 201 Walton Ferry Road, Hendersonville, Tennessee 37077-0364. Tel: 615-824-2571; Fax: 615-824-8772; e-mail: ttakacs@nashville.net.

Early Pension Distribution Qualified for Disability Exception to the 10% Penalty

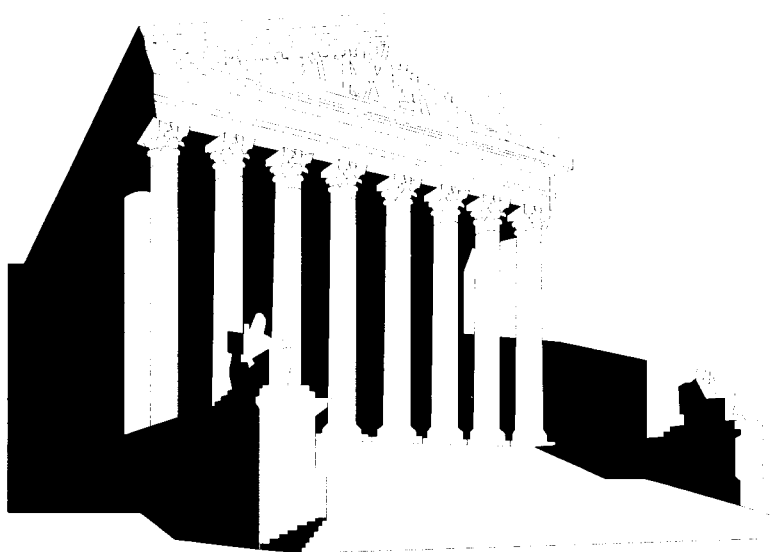
The Tax Court has decided that a retirement plan participant who received a distribution before age 59½ did not owe the 10% premature distribution tax under Code Sec. 72(t) because he was disabled before he received the distribution. It came to this conclusion despite the fact that he continued to work over one year after receiving the distribution. (*Brown*, TC Memo 1996-421)

Facts. Joe Brown was a project engineer for the Maryland State Highway Administration, responsible for supervising bridge construction. Project engineers spend 50% to 75% of their time working on site, and must walk up and down ladders and hill-sides, into and out of operating machinery and motor vehicles, on top of building supplies, over obstructions, and be able to lift heavy objects and “walk beams.”

Brown had a long history of health problems. He had polio as a child, resulting in severe atrophy of his right leg. As a result, he suffered severe degenerative joint disease of the spine and left knee. He also was overweight and developed severe lower back problems, necessitating a spinal fusion operation in '77. In '78 he was granted a disability retirement allowance but did not accept it, rehabilitated himself, and eventually returned to work. In '88 and '90 he had knee replacement surgery, and had to use crutches for six months following the second operation. On top of these problems, Brown had a “clinically significant” history of hypertension.

In October 1989, Brown took a partial distribution of about \$225,000 from his retirement plan, and rolled \$150,000 of it over into an IRA. Despite his physical impairment, Brown retained his position

as project engineer until December '90 at which time he went on leave and never returned to work. Before that time, he struggled to perform his job. Although he could no longer climb or “walk beams,” he attempted to control his job by telephone from home and attempted to work on site by driving or by being driven in a ve-



hicle.

During 1989 and 1990 Brown did not use any sick leave. He used annual leave for his knee replacement surgery and for the following two-week convalescence period. After leaving work on December 26, 1990, Brown exhausted his accumulated annual and sick leave before his retirement. In March 1991, the Maryland Medical Board recommended Brown for disability retirement due to osteoarthritis of the spine, hypertensive cardiovascular disease, old polio with atrophy of the right leg and obesity. Because of his years of service, however, Brown applied for and received a normal service retirement, effective May 1, 1991. In November 1991, Brown was notified that he was entitled to social security disability benefits retroactive to December 22, 1990.

The IRS determined that Brown's

1989 retirement plan distribution was not eligible for rollover treatment, so that it was fully subject to tax in 1989. In addition, since Brown was only 52 years old in 1989, IRS charged Brown with the 10% premature distribution excise tax. In determining that Brown was not disabled at the time of the distribution in 1989, the IRS relied on the fact that he continued to work for most of 1990, did not use any sick leave in either 1989 or 1990, and received superior job evaluations for 1989 and 1990.

Observation: Before 1993, partial distributions from qualified plans could be rolled over to an IRA only if made on account of death, disability, or separation from service. To qualify for this disability exception, the plan participant had to be disabled within the meaning of Code Sec. 72(m)(7), which is the same standard that applies for purposes of the disability exception to the 10% prema-

ture distribution tax.

Currently, most qualified plan distributions other than required minimum distributions and annuitized payouts are rollover-eligible, and thus not subject to tax or penalty if transferred by direct (trustee-to-trustee) or regular rollover to an eligible retirement plan within 60 days of the distribution.

A Close Call. The Tax Court disagreed with the IRS, finding that Brown was disabled before he received the distribution in 1989. As a result, the distribution was eligible to be rolled over tax-free into an IRA, and the portion of the distribution that was not rolled over was not subject to the 10% premature distribution tax.

The court admitted that the issue of Brown's disability was a very close one. Under Code Sec. 72(m)(7), an individual is disabled if he is “unable to engage in any substantial gainful activity by reason

of any medically determinable physical or mental impairment which can be expected to result in death or to be of a long-continued and indefinite duration." The regs emphasize that "substantial gainful activity" refers to the activity that was the individual's customary activity before the impairment, or a comparable activity. The court found that at the time of the distribution Brown was neither mobile nor fit, and was unable to climb, lift heavy objects, or walk beams. In short, he could no longer perform his job, but was mentally not ready to give up, and his subordinates and superiors accommodated him however they could. It found that a superior job evaluation report for 1989 was not incompatible with a disability occurring late in 1989 (when the distribution was received), and it simply dismissed the superior job evaluation for 1990 as contrary to the weight of the evidence.

Observation: It is difficult to reconcile *Brown* with the Tax Court's holding earlier this year in *Dwyer* ((1996) 106 TC No. 18) that a stock trader suffering from clinical depression wasn't disabled when he received an IRA distribution. There the court said that *Dwyer* wasn't considered disabled under Code Sec. 72(m)(7) because his illness didn't prevent him from continuing to work as a stock trader. However, *Brown* also was able to continue to work despite his impairment. Further, *Brown* did not address Reg. § 1.72-17A(f), which specifies that a person is not deemed disabled if "with reasonable effort and safety to himself, the impairment can be diminished to the extent that the individual will not be prevented by the impairment from engaging in his customary or any comparable substantial gainful activity." It may be that *Brown*'s physical disability was so severe that the court felt he actually wasn't capable of gainful employment even though he formally stayed on the job after receiving the distribution.

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IRA Bankruptcy Exemption

In Re Yuhas (In 1997, CA3) 1997 US App LEXIS 931

The IRA of a debtor in a Chapter 7 bankruptcy proceeding was excluded from this bankruptcy estate under Bankruptcy Code 541 (c)(2) because applicable state (New Jersey) law provided that IRAs are exempt from all creditors' claim and excluded from the bankruptcy estate. The Third Circuit, relying on the Supreme Court's analysis in *Patterson v. Shumate*, 504 US 753 (1992), held that the applicable state law restriction entitled the debtor to entirely exclude the IRA from the bankruptcy estate; the bankruptcy statute didn't put the trustee in the debtor's shoes with the right to liquidate the IRA for the benefit of creditors.

The state statute was a restriction on the debtor's ability to transfer the IRA funds for purposes of Bankruptcy Code § 541(c)(2). And § 541(c)(2) didn't apply only to trusts such as pension plans and spendthrift trusts that are created by a third party for the long-term benefit of the debtor, that the debtor can't immediately liquidate. The Third Circuit also held that the exclusion of the IRA under § 541 (c)(2) applies even if the debtor chooses federal, not state, exemptions under Bankruptcy Code § 522 because the § 522 exemptions are separate from, and irrelevant to, the § 541(c)(2) exclusion.

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DOL Recovers \$22 Million For 401(k) Plans; Begins Hot Line for Workers

A nationwide crackdown on 401(k) abuse has resulted in the recovery of nearly \$22 million for 40,800 workers, President Clinton announced on March 31. (*DOL News Release 97-113, 3/31/97*)

The \$22 million recovery is part of the DOL's national enforcement project to reduce misuse of 401(k) contributions and ensure pension security. Under the project, department investigators discovered that some employers were misusing or borrowing their employees' 401(k) contributions for personal or corporate enrichment.

President Clinton also introduced a toll-free publication hot line for workers to access vital information to help them understand their pension rights and monitor their pension plans. The toll-free "800" number is part of the department's Retirement Savings Education Campaign to raise public awareness about retirement savings and pension protection. Persons looking for employee benefit literature can call the hot line at (800) 998-7542.

Since starting its enforcement project in 1995, the Pension and Welfare Benefits Administration (PWBA) has opened 1,672 cases; 746 have been closed—262 cases with violations and monetary recoveries. The \$22 million includes monetary recoveries from these closed cases, cases that are still open, and the voluntary compliance pension payback program. In addition, the agency has received thousands of calls from workers asking about their 401(k) plans. Often complaints from workers give the department the first warning sign of a problem with a plan.

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Survivor's Advanced Age Didn't Prevent Her From Treating Deceased Spouse's IRA as Her Own

A surviving spouse who is a beneficiary of his or her deceased spouse's IRA has a choice that is not open to other beneficiaries—the survivor can elect to treat the deceased spouse's IRA as his or her own. A recent private ruling makes it clear that this choice is available even if the surviving spouse is over age 70-1/2 at the time of the spouse's death. (IRS Letter Ruling 9704019)

Facts. Bob Jones possessed three IRAs at different banks when he died on February 16, 1995, survived by his wife, Ann. Bob had attained age 70-1/2 in 1990 and was properly receiving required minimum distributions at the time of his death. Ann, who had reached age 70-1/2 in 1989, was sole beneficiary of all three IRAs.

Observation: Age 70-1/2 is critical when it comes to IRAs because an IRA owner must begin receiving distributions by April 1 of the year after he attains age 70-1/2. The required distribution for the year after the individual attains age 70-1/2 must be made by December 31 of that year and required distributions for succeeding years must be made by each December 31 based on the balance as of the prior December 31.

Observation: A surviving spouse of a deceased IRA owner can benefit by treating the IRA as her own. If she treats the IRA as her own, she can lower

the minimum required distributions by naming a younger beneficiary.

In 1995, Ann, as beneficiary received distributions from each of Bob's IRAs in amounts sufficient to meet the minimum distribution requirement of Code Sec. 408(a)(6) and Code Sec. 401(a)(9). On December 8, 1995 the trustee of Bob's IRA at one bank requested the trustees of the other two IRAs to make trustee-to-trustee transfers, which they did. A week later, this single remaining IRA was redesignated as Ann's IRA. Ann intended to designate her four children as equal beneficiaries of the IRA and to take distributions in accordance with Code Sec. 408(a)(6) and Code Sec. 401(a)(9)(A), commencing in 1996.

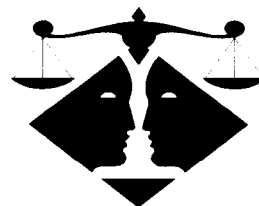
Rulings: Ann sought and received the following rulings from IRS:

- She lawfully claimed Bob's IRA as her own, even though at Bob's death both she and Bob had passed the requiring beginning date. The ruling said that there is no requirement that a surviving spouse not have reached the required beginning date to claim the IRA as the individual's own.
- Her four children could properly be treated as designated beneficiaries for purposes of determining Ann's required minimum distribution date of December 31, 1996. While designated beneficiaries normally must be determined as of the required beginning date, Ann's required beginning date had already passed when she established the IRA as her own in 1995. Thus, in the absence of final regs, the ruling said it's a reasonable interpretation of the minimum distribution rules to allow the children to be designated beneficiaries. Since Ann's IRA first came into being in 1995 and distributions in a calendar year are based on the IRA balance as of December 31 of the prior year, her first required distribution date was December 31 of 1996.
- No excise tax will be imposed under Code Sec. 4974 for post 1995 years for failing to take minimum distributions as long as Ann takes distri-

butions over a period not extending beyond the joint life expectancy of herself and her designated beneficiary.

- No Code Sec. 4974 tax applies for 1995. Although Ann set up the IRA in 1995 when she was over 70-1/2, she didn't have to take distributions until December 31, 1996. Any required distribution for 1995 would have been based on the IRA balance as of December 31, 1994. Since the balance was \$0 as of December 31, 1994 because the IRA didn't exist in Ann's name at that time, no distribution was required for 1995 and thus there could be no penalty tax for failing to take a distribution.

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Former Employee May Have Equitable Claim For Plan's Failure to Make Timely Distribution

A former employee who terminated employment in 1978 but didn't receive a distribution at that time (as required under the terms of the plan then in effect) might be entitled to equitable relief, but can't sue for a post-termination increase in his plan benefit. (*Jordan v Thrifty Corporation* 1996, CA9, unpub op) 1996 US App LEXIS 24483)

Jordan terminated his employment with Thrifty in 1978 with a fully vested profit-sharing plan account balance of \$44,822. Despite a plan provision re-

quiring a distribution to Jordan no later than 60 days after the end of the year of termination, no distribution has yet been made to Jordan. The form of distribution to Jordan under the 1978 plan was a joint and survivor annuity beginning at age 65, unless the trustees approved a written request for another form of annuity. The plan prohibited cash distributions of more than \$30,000, so Jordan wasn't eligible for a cash distribution.

In 1979, Jordan requested a joint and survivor annuity beginning at age 56. He didn't respond to the plan administrators when they asked him to explain his request or select another form of distribution. In 1992, Thrifty forfeited Jordan's account. Upon Jordan's protest, Thrifty reinstated the \$44,822 balance as of his termination of employment, but didn't credit Jordan with any post-employment increase.

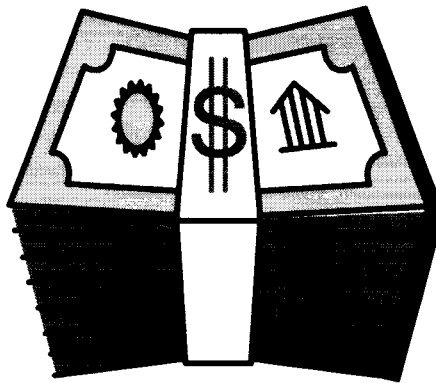
Jordan then brought an action ERISA § 502(a)(1) in federal district court, for a post-employment increase in plan benefits in accordance with the plan since he remained a participant. The Ninth Circuit upheld the district court's dismissal of the action under that subsection, saying "this theory was untenable because Section 3.3 of the Plan forbade Plan membership after separation from service." However, the Ninth Circuit, relying on the Supreme Court's recent decision in *Varity v Howe*, also held that Jordan should have been allowed to amend his complaint to sue for equitable relief under ERISA § 502(a)(3).

Observation: The Ninth Circuit didn't fully explain Jordan's ERISA § 502(a)(1) claim, and its reasons for upholding the district court's dismissal of the claim. The Ninth Circuit implicitly accepted that Jordan was a "participant" under ERISA § 3(7) since it didn't address the issue of Jordan's standing to sue under either ERISA § 502(a)(1) or ERISA § 502(a)(3). Thus, the Ninth Circuit apparently upheld the dismissal of Jordan's claim for benefits under ERISA § 502(a)(1) because his \$44,822 account balance at retirement wasn't in dispute, and the plan's removal of Jordan from "membership" after his retirement prevented his benefit under the terms of the plan from growing beyond that \$44,822 account balance.

The Ninth Circuit noted that in an

amended complaint, Jordan may be able to allege that the 1978 Thrifty plan included an implied default option requiring Thrifty to timely purchase an annuity for plan participants such as Jordan who didn't choose an annuity option acceptable to Thrifty. Thus, he may be able to show his entitlement, under ERISA § 502(a)(3) to a constructive trust on the interest that the plan earned while retaining and using his \$44,822 account balance, or to another "make-whole" equitable remedy in the discretion of the district court.

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Periodic IRA Payments Didn't Meet Substantially Equal" Test—10% Early Withdrawal Tax Applied

The IRS privately ruled that the 10% tax on early withdrawals applied to a series of annual distributions that were calculated to amortize a *portion*, but not all, of the IRA balance over the joint life expectancy of the IRA owner and his beneficiary. (*IRS Letter Ruling 9705033*)

An additional 10% tax is imposed on IRA distributions made before the owner reach age 59-1/2, with some

exceptions. Code Sec. 72(t)(2)(A)(iv) provides one exception: the additional tax doesn't apply to distributions that are part of a series of substantially equal periodic payments over the life (or life expectancy) of the IRA owner, or the joint lives (or joint life expectancies) of the IRA owner and his beneficiary.

In Notice 89-25, Q&A 12, the IRS set out three acceptable methods for determining substantially equal periodic payments. One method is the amortization of the IRA Owner and beneficiary at no more than a reasonable interest rate.

Observation: The higher the interest rate assumption, the larger the annual distributions would be.

The taxpayer (call him Harry) retired in 1994, apparently at age 56. He rolled over a distribution from his employer's profit-sharing plan into two separate IRAs maintained by one financial institution. The aggregate IRA account balance was \$461,991 on December 31, 1994. In accordance with his financial adviser's calculations, Harry withdrew \$30,000 from the IRAs in 1995 as the first of a series of annual payments that were intended to meet the substantially equal periodic payment exception to the 10% early distribution tax.

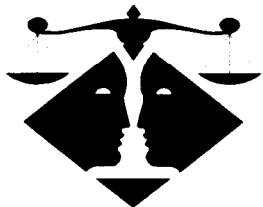
But the IRS ruled that the 10 early distribution tax applied to the \$30,000 distribution because Notice 89-25 requires the amortization of the *entire* IRA account balance over the applicable life expectancy. The worksheet of Harry's financial adviser showed that he arrived at the \$30,000 annual distribution by amortizing \$405,954, a portion of Harry's IRA account balances, over the joint life expectancy of Harry and his 58-year old wife, using a 7% interest rate.

Recommendation: An individual planning to begin a series of periodic IRA distributions intended to satisfy Notice 89-25 should calculate the account balance necessary to support the desired distribution, and then make sure the IRA balance equals that amount when distributions begin. Here, Harry could have easily avoided the 10% early withdrawal tax by dividing his assets between his IRAs so that one (or more) of his IRAs had a value of \$405,954 on December 31, 1994 (or any other date that he selected to begin annual distributions).

Recommendation: Even if an IRA owner is unable to divide his IRA into separate IRAs to achieve the desired account balance, the IRA owner can reduce the annual distribution to the desired level by reducing the assumed interest rate. Notice 89-25 prevents the use of an interest rate that *exceeds* a reasonable interest rate, but it doesn't prevent the use of a lower (or even 0%) interest rate. Here, even if Harry was unable to structure an IRA account balance of \$405,954 by December 31, 1994, he still could have achieved his goal of a \$30,000 annual distribution by using and interest rate lower than 7%. Thus, Harry could have backed into his desired annual distribution amount by calculating the interest rate that would amortize \$461,991 by annual distributions of \$30,000 over 32 years, the joint life expectancy of Harry and his wife.

Observation: Also, Harry could have left his account balance in his employer's profit-sharing plan at retirement. Then, if the plan allowed, he could have made profit sharing plan withdrawals in any amount at any time without being subject to the 10% early withdrawal tax. Under Code Sec. 72(t)(2)(A)(v), the 10% early withdrawal tax doesn't apply to distribution from qualified retirement plans made to a retired employee after reaching age 55.

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Exemption of IRAs From Existing Creditors In Bankruptcy Isn't Unconstitutional

The exemption of two debtors' IRA assets in bankruptcy under a Nevada statute enacted after the debts were incurred wasn't an unconstitutional impairment of the contracts that established the debts. (*In re Seltzer (1996, CA9) 1996 US App LEXIS 33336*)

Kenneth and Sharon Seltzer filed a Chapter 7 bankruptcy petition in 1992, listing debts exceeding \$600,000. They sought to exempt IRAs valued at \$28,300 from their bankruptcy estate under a Nevada statute that provided a bankruptcy exemption for IRAs of up to \$100,000, effective October 1, 1991. The bankruptcy trustee objected that the state law unconstitutionally impaired the contract rights of creditors because it allowed the debtors to shelter assets in a way not contemplated by the parties when they executed their contracts before October 1, 1991. The bankruptcy court and district court both rejected the constitutional challenge to the exemption under the Nevada statute.

The Ninth Circuit affirmed. Although the federal constitution says that no state shall pass any law impairing the obligation of contracts, the Supreme Court narrowly construed the clause in a 1983 case, *En-*

ergy Reserves Group, Inc. v. Kansas Power & Light Co. The Supreme Court noted that a literal interpretation of the contract clause "would make it destructive of the public interest by depriving the State of its prerogative of self-protection." The Supreme Court said that a substantial impairment of a private contract under state law is constitutional if the impairment is reasonable and necessary to fulfill an important public purpose.

Here, the bankruptcy trustee didn't meet his burden of showing that the retroactive application of Nevada's exemption statute didn't serve a valid purpose. Nevada, like many other states, has recently updated its exemption statutes to shelter retirement assets from debt collection. The Nevada statute reasonably furthers the public policy of protecting retirement plans by limiting the exempt amount to \$100,000.

The trustee also argued that the Nevada law unreasonably delegated control of its exemption to Congress by using Code Sec. 408, a federal statute to define the type of retirement account exempted under the state law. The Ninth Circuit also noted that pre-1983 Ninth Circuit decisions invalidating retroactive application of state exemption statutes are inapplicable because they didn't give appropriate deference to state legislative judgments as required by the Supreme Court in *Energy Reserves*.

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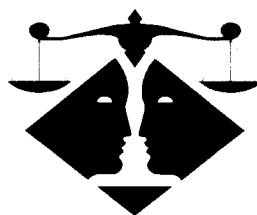
Rabbi Trust Converted to Group Annuity Contract Securing Nonquali- fied Retirement Benefits (Code Sec. 404 (a)(5))

A corporation is converting a typical rabbi trust deferred compensation arrangement for its key management employees to a plan requiring the corporation to purchase a group annuity contract to secure the supplemental retirement benefits formerly provided by the trust. The employees will receive certificates representing the annuity contract. Those participants currently in pay status (those already receiving benefits under the plan) may elect to receive either a lump-sum payment of the present value of their future benefits or an annuity contract securing their rights to the remaining payments under the plan. In addition, every participant whose benefits are secured by the annuity contract will receive a tax gross-up payment to cover the additional income tax burden caused by the distribution of the annuity contracts.

The IRS ruled that the lump-sum cash payments made to participants in pay

status are includible in their gross income in the year actually paid or made available to them, and are deductible by the corporation in that year. Further, for participants receiving annuity contracts, the purchase of an annuity, when paid, plus the amount of any tax gross-up payments is includible in the participant's gross income, and deductible by the corporation. (*IRS Letter Ruling 9713006*)

Reprinted from Pension and Benefits Week, April 7, 1997, with permission of the publisher, Research Institute of America Group. Subscriptions: 800-421-9025, \$250/yr.



Post-Death IRA Distributions Can Extend Over Beneficiary's Life Expectancy

An IRA owner elected to receive minimum distributions based on his single life expectancy. Nonetheless, the IRS privately ruled that his beneficiaries can receive distributions over the life expectancy of his oldest designated beneficiary, determined as of the year the IRA owner reached age 70-1/2. (*IRS Letter Ruling 9651040*)

The IRA owner was born in March 1923, so his required beginning date for IRA distributions was April 1, 1994. He made a written election to receive minimum distribution payments based on his single life expectancy using the annual recalculation method. He had started to receive minimum distributions as required by Code Sec. 401(a)(9)(A) at the time of his death in 1995.

The IRA owner named several family members, including his wife, as beneficiaries of the IRA assets remaining at his death. One of his beneficiaries asked the IRS whether he could receive distributions from his share of the IRA over the life expectancy of the oldest beneficiary, the IRA owner's widow, based on the age reached in 1993, the year the owner turned 70-1/2.

The IRS approved the beneficiary's proposed distribution method. The IRA owner didn't elect recalculation of his spouse's life expectancy, so her 1993 life expectancy is reduced by 1 for each year after 1993. That calculation will not be affected by the death of either the spouse or the beneficiary.

Observation: The IRS ruling is a surprisingly tolerant interpretation of the Code Sec. 401 (a)(9)(B)(I) requirement that post-death distributions be made at least as rapidly as lifetime distributions. Here the IRA owner elected to receive lifetime distributions on the basis of his own life expectancy, without regard to his beneficiary's life expectancy, yet the IRS allowed post-death distributions over the beneficiary's lifetime.

Recommendation: The IRA owner here gained no advantage from his election to use his own life expectancy instead of his and his wife's joint life expectancy. The only impact of electing the joint life expectancy would have been lower minimum required distributions during his lifetime. Even though this ruling put these beneficiaries in the same position they would have been in had the IRA owner elected to use his and his wife's joint expectancy, there seems to be no good reason to elect single rather than joint life expectancy for minimum distribution purposes.

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TRUST ME

The IRS held that Section 72 did not preclude an annuity held in a revocable trust from receiving favorable annuity treatment (i.e., tax-deferred build-up) where the facts indicated that the trustee was merely acting as the grantor-annuitant's agent.

Here's the story: An individual wants to buy an annuity. He intends to transfer money to a trustee of a revocable trust who will use the money to purchase an annuity from an insurance company. The contract will be held by the trustee for the individual's sole benefit. He will hold and exercise control over the annuity as if he held legal title. The trustee's sole duty with regard to the annuity consists of receiving cash from the trust's grantor, sending the money to the insur-

ance company and holding legal title to the contract.

The Internal Revenue Code ("Sure it's confusing — Why do you think they call it 'The Code?'") provides that if an annuity is held by a party who is not a natural person, income earned under the contract will be considered ordinary income received by and taxable to the policyowner during the taxable year it is earned.

But it also states that if the trust or other entity is acting as the policyowner's agent, this harsh rule will not apply. Note that the IRS found it "readily apparent that the trustee was acting merely as an agent for the individual with respect to the annuity contract."

According to this ruling, the distinction between an agency relationship and a trust seems to be that in an agency relationship the principal exer-

cises continual control over the agent and the parties create their relationship by manifesting—verbally (or preferably in a written agreement)—that one person consents to act as agent on the other's behalf and subject to his control.

This ruling gives us the best indication yet of when the IRS will treat a trust as acting as an agent for a natural person. The IRS also inserted a caveat: The transaction must not be used to finance a nonqualified deferred compensation agreement.

References:

PLR 9639057; *Tax Planning With Life Insurance: Financial Professional's Edition* (800-950-1210).

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What's in a Number?

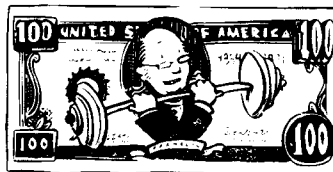
What do you get when you combine a decade ending with the 7th year and a post-election year? *Stockmarket Cycles*' Peter Eliades tells why he thinks investors should not be bullish on 1997:

"The year 1997 has a lot going against it cycle-wise and time-wise. The '7' year within a decade tends to be the worst year of the decade according to decennial patterns that go back prior to the turn of the century.

The post-election year tends to be the worst year within the four-year election cycle. When you put together both the '7' year and the post-election year you end up with 1977, 1957, 1937, and 1917. Using the high of the '6' or '7' year, the average price decline from that high to the low of the '7' year, has been 31.6%.

If we have already seen the high for the 1996-1997 years (we don't believe we have, by the way, but we expect to see it over the next few weeks), then the average decline from the high of the '6' to '7' year to the low of the '7' year tells us we would see a decline of over 2,000 points in the Dow some time in 1997."

Peter Eliades Stockmarket Cycles (12/20), Peter Eliades, Ed.; P.O. Box 6873, Santa Rosa, CA 95406-0873; 800-888-4351. 1 year, 18 issues, \$252. IDD Plan: Sample issue free.



*Two Positives Equal A Negative?

Since 1900 there have been seven occasions when stocks rose 20% or more two years in a row. 1995-1996 marks the eighth. The year following was always a punk year, but only once was it a disaster (1937). Here are the years and the numbers:

Consecutive Winning Years			Next Year	
1904-05	+42%	+32%	1906	-2%
1924-25	+26%	+30%	1926	0%
1927-28	+29%	+48%	1929	-17%
1935-36	+39%	+25%	1937	-33%
1954-55	+44%	+21%	1956	+2%
1982-83	+20%	+20%	1984	-4%
1985-86	+28%	+23%	1987	+2%
1995-96	+33%	+25%	1997	?
Averages:	+33%	+28%		-7%

*The Dow ended 1996 at 6448. Even a 2% gain (the highest level previously achieved after 2 consecutive 20%+ years) would equal a DJIA of 6576. With the Dow more than 1,000 points above that level (Dow at 7,700) are we looking at a top for the year today? [Reprinted with permission of Staton Institute Advisory, Feb. 8, 1997, Bill Staton Ed., 2113 East 5th St, Charlotte, NC 28203. Subscriptions: 800-779-7175, \$64/yr.]

Against the Odds...

"Now here's an observation, one that I don't think you'll see anywhere else," quips Richard Russell, Editor of *Dow Theory Letters*. "The last time the Dow closed below the low of a preceding year was 1977. In other words, the Dow hasn't had an actual 'down year' in the last 19 years. If you believe in probabilities, that fact might make you a bit nervous. Also, 19 years of a higher Dow has clearly generated a great deal of confidence (particularly among mutual investors). This may explain why the market is now in a parabolic rise."

Dow Theory Letters (12/31), Richard Russell, Ed; Box 1759, La Jolla, CA 92038; 619-454-0481. 3-issue trial, \$1; 1 year, 26 issues, \$250. IDD Plan, new subscriptions: 3 months, \$59.

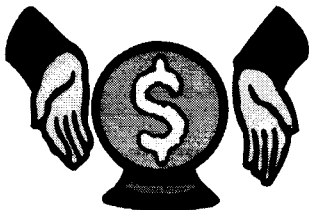
Zweig: Post-Election-Rally Blues

"When the market gets election returns it likes, it tends to rally sharply right away as it did this past November when the Dow ran up 7.3% between the election and the end of the month. That was the second best such gain for the span since 1928. Unfortunately, there have been six prior cases when the Dow rose by more than 3% from the election to the end of November. In the following twelve months through the next November, the Dow was down every time, with an average loss of 17.1%.

Post-Election Nov. Return	# Cases Since 1928	Next 12 Mos. Avg. Return
More than 3%	6	-17.1%
Less than +3%	11	+13.9%

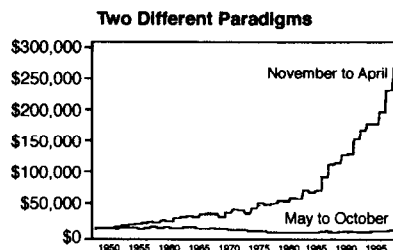
Conversely, when post-election gains in November were less than 3% or negative, the Dow rose 13.9% in the next year, rising eight of eleven times."

Zweig Forecast (1/10), Martin E. Zweig, Ed.; P.O. Box 360, Bellmore, NY 11710; 800-633-2252. 3-month trial, \$55; 1 year, 17 issues, \$265. IDD Plan, new subscriptions: Dept #9062; 3-month trial, \$30; 1 year, \$145; sample issue free.



A Time to Play the Game....

A strange dichotomy between two investment seasons is little known and less acknowledged and, if anything, has clearly acted as valid evidence that the stock market can be timed. Investing \$10,000 in the Dow Industrial issues for only those periods from November to April (starting November 1, 1950), selling at the end of each April and reinvesting again at the beginning of each November, has produced an end result of \$276,113 (as of April 22, 1997). The same process applied from May to Octo-



ber has resulted in only \$11,484, a barely positive return. Considering the 47-year period we are examining, one would be pardoned for believing that if stocks always go up over the long-term, then they should always go up, regardless what investment period we examine. Obviously, they do not.

Even over the course of the current super bull market, as measured from August 1982, this same pattern holds fast, showing excellent gains of 10.6% from November through April and relatively puny gains of only 3.9% from May through October. The dichotomy would seem to indicate that, even for non-timers, there is a time to play the game and a time to step aside. And the time to step aside commences now.

Reprinted from Crosscurrents, Alan M. Newman, Technical Analyst HD Brous & Co., Inc., 80 Cuttermill, Great Neck, NY 11021; Subscriptions: 516-773-1810.

So Much for the Law of Averages

According to Paul Merriman of Fund Exchange, the greatest stock market rally in history is close to ending! He notes that when this occurs there will be an incredible transfer in wealth. The Great Mass will lose its chance for financial independence.

Consider the facts. There have been three secular bull markets in this century:

Bull Market	Change in the DJIA
1921-1929	+597%
1949-1966	+611%
1982-1997	+830%

Each of these powerful bull moves was followed by a huge decline.

Year	Decline	Follow-Up
1929	-86%	-58% after 20 yrs
1966	-45%	-22% after 16 yrs
1997	-??%	

Average returns for the S&P 50 have been approximately 10.3% over the past sixty years. In 1995, it was 37.5%. The last five years have average 16.7%. Has the law of averages been repealed by the current bull market?

Reprinted from Fund Exchange (4/97), Paul Merriman Ed.; 1200 Westlake Avenue North, Seattle, Wa 98109; Subscriptions: 800-423-4893. 1 yr, 12 issues, \$125.



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Terminal Funding Annuities

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

SPGAs frequently credit a higher rate than the actuarial interest rate a plan may be using for valuing benefits. To maximize this rate differential a plan sponsor must either himself monitor each insurance company's SPGA rates or delegate that function to an experienced SPGA consultant. Constant surveillance is necessary to catch the changes in pricing among competing carriers, which often occurs overnight as general market conditions change and as each company moves closer to achieving its short term profit and/or premium-sales objectives. It is not uncommon that at different times during the year SPGA quotes from the same company may vary by as much as 30%!

United States Annuities can help a plan sponsor or consultant obtain the best SPGAs for his terminating or ongoing plan. We represent more than 25 carriers in this

market—companies with the highest "AAA" and "A+" ratings. Our knowledge of the special underwriting considerations that are of particular importance to the insurance companies allows us to make sure that your plan is not rejected simply because no one was available to answer questions of a routine or, sometimes, technical nature. Our ability to effectively manage the flow of critical information helps you obtain the best contract available to fit the needs of your plan.

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also provide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain that no additional costs are imposed. When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement.

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

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

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

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

Terminal Funding Annuities

may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

MANAGING THE COMPETITIVE BIDDING PROCESS

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

In the weeks before the winning bid is selected, we provide written proposals from the insurers describing the plan provisions and

benefits they have agreed to cover. These proposals are carefully reviewed by the plan actuary and any revisions to the specs or other considerations that could influence the decision-making process are addressed.

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity products. Simply mail or fax (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.

Immediate Annuities Update

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, i.e., 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, i.e., for annuities which are purchased with after-tax proceeds, such as money from a CD or savings account. These funds **HAVE 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 (i.e., 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 annui-

tant'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 income 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 columns for persons at age 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.

Immediate Annuities Update

Table 1a. Tax-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life Insur. Co.	0-84	\$ 7.02	\$ 6.46	-	\$ 7.81	\$ 7.06	-
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assur.	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	0-85	\$ 6.87	\$ 6.28	-	\$ 7.71	\$ 6.92	-
Commercial Union LIC	0-85	\$ 7.28	\$ 6.75	\$ 7.00	\$ 8.00	\$ 7.30	\$ 7.62
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	0-98	\$ 7.05	\$ 6.38	\$ 6.62	\$ 7.97	\$ 7.05	\$ 7.38
Empire Life	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Federal Home Life	0-85	\$ 6.38	\$ 5.90	\$ 6.05	\$ 7.06	\$ 6.44	\$ 6.61
Fidelity & Guaranty Life	18-80	\$ 7.24	\$ 6.54	\$ 6.89	\$ 7.98	\$ 7.09	\$ 7.54
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	\$ 6.80	\$ 6.40	-	\$ 7.49	\$ 6.95	-
Great American LIC	18-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 7.12	\$ 6.57	\$ 6.79	\$ 7.89	\$ 7.15	\$ 7.44
Jefferson Pilot LIC	15-85	\$ 6.84	\$ 6.32	-	\$ 7.52	\$ 6.81	-
Keyport Life	0-90	\$ 6.88	\$ 6.88	\$ 6.88	\$ 7.52	\$ 7.52	\$ 7.52
London Pacific	45-85	\$ 7.33	\$ 6.84	-	\$ 7.95	\$ 7.27	-
Manufacturers LIC	0-100	\$ 6.86	\$ 5.98	\$ 6.49	\$ 7.68	\$ 6.69	\$ 7.18
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 7.07	\$ 6.45	\$ 6.51	\$ 7.90	\$ 7.07	\$ 7.16
Penn Ins. & Annuity Co.	0-85	\$ 7.22	\$ 7.22	\$ 7.22	\$ 8.00	\$ 8.00	\$ 8.00
Penn Mutual	0-85	\$ 7.22	\$ 7.22	\$ 7.22	\$ 8.00	\$ 8.00	\$ 8.00
Presidential LIC	0-85	\$ 7.66	\$ 7.22	\$ 7.22	\$ 8.38	\$ 7.79	\$ 7.79
Principal Mutual LIC	0-85	\$ 7.14	\$ 6.55	\$ 6.79	\$ 7.79	\$ 7.00	\$ 7.31
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual	0-85	\$ 7.26	\$ 6.70	-	\$ 8.03	\$ 7.26	-
Prudential LIC	0-89	\$ 7.01	\$ 6.46	\$ 6.72	\$ 7.77	\$ 7.00	\$ 7.36
Reliance Standard LIC	15-90	\$ 7.07	\$ 6.64	-	\$ 7.63	\$ 7.17	-
SAFECO LIC	55-80	-	-	\$ 6.56	-	-	\$ 7.08
Savings Bank LIC/Mass	0-80	-	-	\$ 6.37	-	-	\$ 7.12
Security Benefit LIC	0-100	nr	nr	nr	nr	nr	nr
Security-Connecticut LIC	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	\$ 7.42	\$ 6.48	-	\$ 8.47	\$ 7.22	-
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 7.26	\$ 6.68	\$ 6.82	\$ 8.00	\$ 7.24	\$ 7.41
USAA Life Insurance Co.	no limit	nr	nr	nr	nr	nr	nr
USG Annuity & Life	35-85	-	-	\$ 6.89	-	-	\$ 7.52
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 7.16	\$ 6.57	\$ 6.93	\$ 8.00	\$ 7.21	\$ 7.69
WM Life Insur. Co.	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Western National LIC	0-100	\$ 7.00	\$ 6.45	-	\$ 7.77	\$ 7.03	-
Western United	0-105	\$ 7.05	\$ 6.42	\$ 6.72	\$ 7.93	\$ 7.10	\$ 7.49

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

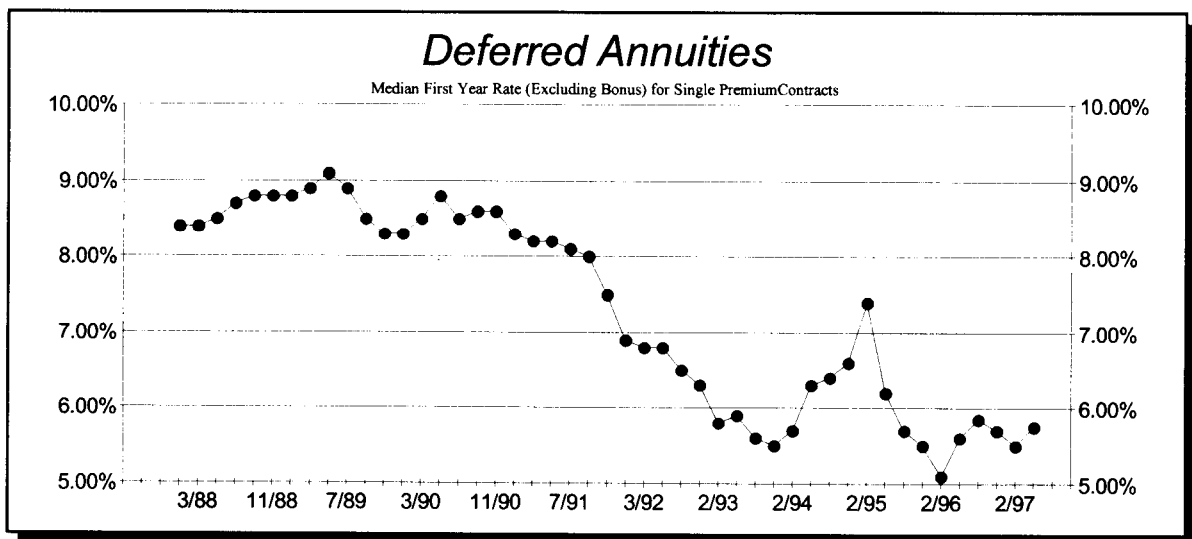
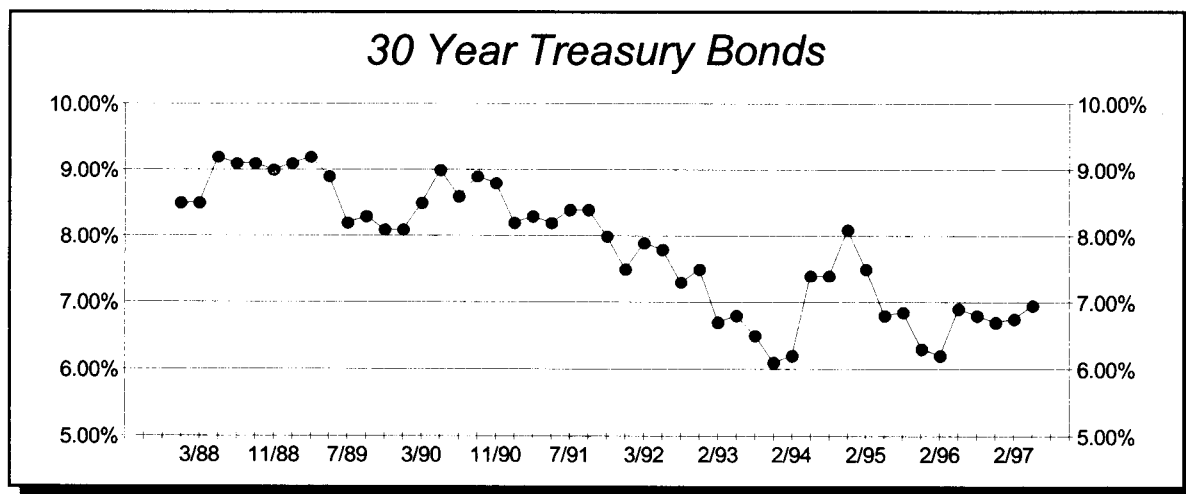
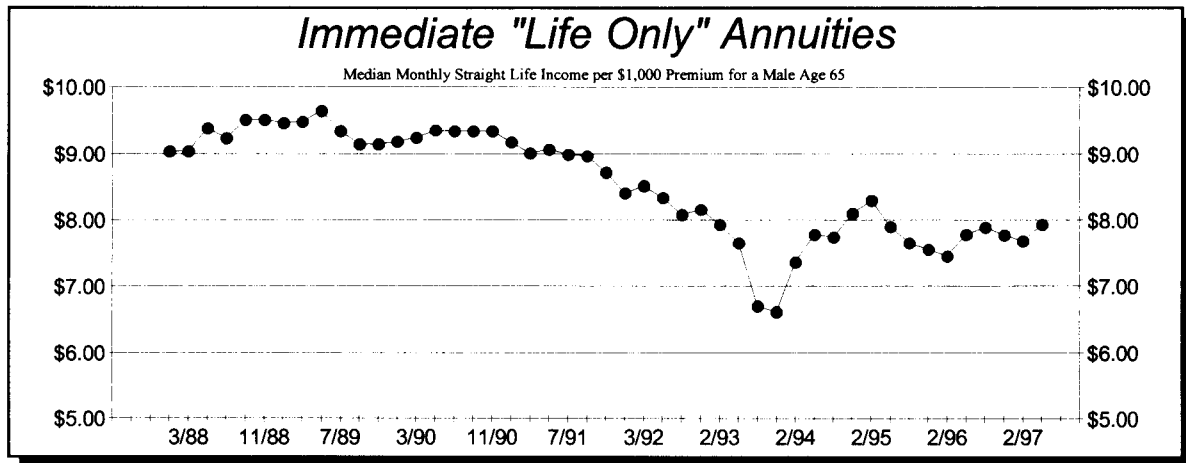
Immediate Annuities Update

Table 1b. Tax-Qualified Monies (Ages 70 and 75)

Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life Insur. Co.	0-84	\$ 8.94	\$ 7.92	-	\$10.54	\$ 9.23	-
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assur.	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	0-85	\$ 8.91	\$ 7.84	-	\$10.60	\$ 9.24	-
Commercial Union LIC	0-85	\$ 9.04	\$ 8.08	\$ 8.51	\$10.49	\$ 9.27	\$ 9.79
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	0-98	\$ 9.25	\$ 7.97	\$ 8.43	\$10.68	\$ 9.57	\$ 9.92
Empire Life	0-95	\$ 9.35	\$ 8.26	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Federal Home Life	0-85	\$ 8.03	\$ 7.16	\$ 7.42	\$ 9.40	\$ 8.29	\$ 8.62
Fidelity & Guaranty Life	18-80	\$ 9.04	\$ 7.91	\$ 8.48	\$10.59	\$ 9.17	\$ 9.88
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	\$ 8.47	\$ 7.74	-	\$ 9.86	\$ 8.95	-
Great American LIC	18-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 8.97	\$ 7.97	\$ 8.37	\$10.49	\$ 9.22	\$ 9.72
Jefferson Pilot LIC	15-85	\$ 8.51	\$ 7.52	-	\$ 9.91	\$ 8.63	-
Keyport Life	0-90	\$ 8.45	\$ 8.45	\$ 8.45	\$ 9.76	\$ 9.76	\$ 9.76
London Pacific	45-85	\$ 8.87	\$ 7.93	-	\$10.18	\$ 8.97	-
Manufacturers LIC	0-100	\$ 8.85	\$ 7.49	\$ 8.15	\$10.47	\$ 8.69	\$ 9.56
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 9.06	\$ 7.96	\$ 8.07	\$10.69	\$ 9.28	\$ 9.42
Penn Ins. & Annuity	0-85	\$ 9.12	\$ 9.12	\$ 9.12	\$10.72	\$10.72	\$10.72
Penn Mutual	0-85	\$ 9.12	\$ 9.12	\$ 9.12	\$10.72	\$10.72	\$10.72
Presidential LIC	0-85	\$ 9.40	\$ 8.59	\$ 8.59	\$10.89	\$ 9.81	\$ 9.81
Principal Mutual LIC	0-85	\$ 8.73	\$ 7.69	\$ 8.11	\$10.11	\$ 8.77	\$ 9.31
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual LIC	0-85	\$ 8.98	\$ 8.03	-	\$10.17	\$ 8.98	-
Prudential LIC	0-89	\$ 8.88	\$ 7.82	\$ 8.30	\$10.49	\$ 9.10	\$ 9.70
Reliance Standard LIC	15-90	\$ 8.56	\$ 7.98	-	\$10.00	\$ 9.11	-
SAFECO LIC	55-80	-	-	\$ 7.85	-	-	\$ 9.00
Savings Bank LIC/Mass	0-80	-	-	\$ 8.19	-	-	\$ 9.75
Security Benefit	0-100	nr	nr	nr	nr	nr	nr
Security-Connecticut LIC	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	\$ 9.94	\$ 8.33	-	\$11.91	\$ 9.95	-
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 9.07	\$ 8.02	\$ 8.26	\$10.28	\$ 8.94	\$ 9.24
USAA Life Insurance Co.	no limit	nr	nr	nr	nr	nr	nr
USG Annuity & Life	35-85	-	-	\$ 8.42	-	-	\$ 9.71
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 9.17	\$ 8.12	\$ 8.75	\$10.80	\$ 9.47	\$10.26
WM Life Insur. Co.	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Western National LIC	0-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-105	\$ 9.16	\$ 8.07	\$ 8.56	\$10.88	\$ 9.49	\$10.10

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

Immediate Annuities Update



Immediate Annuities Update

Table 1c. Tax-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10Yr PC No Life	M65 F60 J&S 50%	M65F60 J&S 100%
AIG Life Insur. Co.	0-84	-	-	\$18.32	\$10.55	\$ 6.84	\$ 6.11
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assurance	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	0-85	-	-	\$19.04	\$10.79	\$ 6.68	\$ 5.86
Commercial Union	0-85	\$ 6.84	\$ 7.93	\$17.77	\$10.47	\$ 7.33	\$ 6.39
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	0-98	\$ 6.48	\$ 7.86	\$18.75	\$10.89	\$ 6.40	\$ 5.98
Empire Life	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Federal Home Life	0-85	\$ 5.92	\$ 6.96	\$15.92	\$ 9.25	\$ 6.22	\$ 5.56
Fidelity & Guaranty Life	18-80	\$ 6.72	\$ 7.91	\$18.31	\$10.65	\$ 6.98	\$ 6.20
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	-	-	-	\$10.61	-	\$ 6.04
Great American LIC	11-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 6.65	\$ 7.82	\$18.36	\$10.66	-	\$ 6.23
Jefferson Pilot LIC	15-85	-	-	\$18.46	\$10.66	\$ 6.33	\$ 5.59
Keyport Life	0-90	\$ 6.74	\$ 7.92	\$18.38	\$10.67	-	\$ 6.23
London Pacific	45-85	-	-	\$18.84	\$10.83	-	-
Manufacturers LIC	0-100	\$ 6.35	\$ 7.57	\$17.91	\$10.37	\$ 6.62	\$5.66
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	-	-	-	\$ 5.95
Ohio National	0-85	\$ 6.40	\$ 7.63	\$18.43	\$10.75	\$ 6.88	\$ 6.09
Penn Ins. & Annuity Co.	0-85	-	-	-	-	\$ 7.30	\$ 6.64
Penn Mutual	0-85	\$ 7.03	\$ 8.33	\$18.54	\$10.86	\$ 7.30	\$ 6.64
Presidential LIC	0-85	\$ 7.11	\$ 8.19	\$18.85	\$11.16	\$ 7.52	\$ 6.83
Principal Mutual LIC	0-85	\$ 6.65	\$ 7.65	\$18.80	\$10.76	\$ 6.95	\$ 6.24
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual	0-85	-	-	\$18.10	\$10.55	-	-
Prudential LIC	0-89	\$ 6.55	\$ 7.68	\$17.93	\$10.39	\$ 6.83	\$ 6.10
Reliance Standard LIC	15-90	\$ 6.68	\$ 7.72	\$18.44	\$10.62	-	-
SAFECO LIC	55-80	\$ 6.46	\$ 7.49	-	-	-	-
Savings Bank LIC/Mass	0-80	\$ 6.21	\$ 7.59	-	\$10.60	-	\$ 5.75
Security Benefit	0-100	nr	nr	nr	nr	nr	nr
Security Connecticut LIC	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	-	-	-	-	\$ 7.09	\$ 6.10
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 6.71	\$ 7.83	\$18.01	\$10.68	\$ 7.02	\$ 6.34
USAA Life Insurance Co.	no limit	nr	nr	nr	nr	nr	nr
USG Annuity & Life	35-85	\$ 6.75	\$ 7.88	\$18.82	\$11.02	-	\$ 6.31
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 6.75	\$ 8.06	\$18.33	\$10.57	\$ 7.22	\$ 6.17
WM Life Insur. Co.	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Western National LIC	0-100	-	-	\$18.77	\$10.64	\$ 6.82	\$ 6.07
Western United Life	0-105	-	-	\$19.04	\$11.38	-	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

Getting a Handle on Life Expectancy

"How long will my money last?" is a question that worries a lot of retirees and soon-to-be retirees. The answer hinges on a number of issues, including how much annual income you'll need, what inflation does in the future and, most importantly, how long you will live.

Although most people have no idea how long they will live, finding out their life expectancy is one way to fill in this blank in their retirement plans. But how is life expectancy calculated and should you put much reliance on it when planning for the future? Here's what we found out when we consulted with some experts on this matter.

A Moving target

Life expectancy can be roughly defined as the average age at which a group of people of the same age and gender are likely to die. Basically, it's determined by taking all the ages at which the people in a group are likely to die and then averaging them. Half will die by that age and half will live past it.

The most important thing to remember about life expectancy is that it doesn't lock in at birth. As you get older, the age to which you're expected to live gets higher because the people in your age group who have died are no longer counted in the equation. For that reason, you can't just check your life expectancy at age 65 and base

your planning on that for the rest of your life.

For example, the life expectancy at birth for males born in 1931 was 59. Those who lived to age 30 then had a life expectancy of 67. At 65, those remaining can no anticipate living not two but 12 more



years to age 77. And once they reach 70, their life expectancy increases to 79.

Life Expectancy Tables

Tables showing life expectancies for various groups are used by employers to figure pension benefits, by insurance companies to sell life insurance and annuities, and by taxpayers who are following IRS rules for computing minimum distributions from retirement plans.

No two life expectancy tables will be exactly alike. Their data depends on when and how the tables were created, where the death rates came from and whether they've been adjusted to make

them more current.

For example, some companies still use the "83 GAM" table to calculate how much they need to provide their retirees with a lifetime of monthly pension payments. 83 GAM is based on 1966 data, which was updated with projections to 1983. Other companies use the newer UP-94 table, recommended by the Society of Actuaries, which shows significant increases in life expectancies at most ages.

The UP-94 table projects that men age 55 will live to age 80 and women to 84½. And someone who is 80, according to the table, can look forward to another eight to ten years of life.

Best Bet: Plan for Your 90s

Keep in mind that life expectancy figures are conservative. According to Dr. Kenneth Manton at Duke University's Center for

Demographic Studies, individuals who don't smoke, maintain a healthy weight and keep their blood pressure and cholesterol under control with diet and exercise could live ten to 15 years longer than current tables project. If longevity runs in your family, your odds are even better.

Therefore, unless you have life-threatening health problems, it's a good idea for you and your spouse to plan on living into your 90s.

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Life Expectancy Tables

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

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

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

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

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

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

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

Immediate Annuities Update

Table 2a. Non-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG Life Insur. Co.	0-85	\$ 7.02	\$ 6.46	-	\$ 7.81	\$ 7.06	-
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assur.	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	8-85	\$ 6.56	\$ 5.97	-	\$ 7.41	\$ 6.61	-
Commercial Union LIC	0-85	\$ 7.28	\$ 6.75	\$ 7.00	\$ 8.00	\$ 7.30	\$ 7.62
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	1-99	\$ 7.05	\$ 6.38	\$ 6.62	\$ 7.97	\$ 7.05	\$ 7.38
Empire Life	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Federal Home Life	0-85	\$ 6.38	\$ 5.90	\$ 6.05	\$ 7.06	\$ 6.41	\$ 6.61
Fidelity & Guaranty Life	0-80	\$ 7.24	\$ 6.54	\$ 6.89	\$ 7.98	\$ 7.09	\$ 7.54
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	\$ 6.80	\$ 6.40	-	\$ 7.49	\$ 6.95	-
Great American LIC	18-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 7.12	\$ 6.57	\$ 6.79	\$ 7.89	\$ 7.15	\$ 7.44
Jefferson Pilot LIC	15-85	\$ 6.84	\$ 6.32	-	\$ 7.52	\$ 6.81	-
Keyport Life	0-90	nr	nr	nr	nr	nr	nr
London Pacific	45-85	\$ 7.33	\$ 6.84	-	\$ 7.95	\$ 7.27	-
Manufacturers LIC	0-100	\$ 6.86	\$ 5.98	\$ 6.49	\$ 7.68	\$ 6.69	\$ 7.18
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 7.07	\$ 6.45	\$ 6.51	\$ 7.90	\$ 7.07	\$ 7.16
Penn Ins. & Annuity Co.	0-85	\$ 7.38	\$ 6.76	\$ 7.08	\$ 8.13	\$ 7.29	\$ 7.70
Penn Mutual	0-85	\$ 7.38	\$ 6.76	\$ 7.08	\$ 8.13	\$ 7.29	\$ 7.70
Presidential LIC	0-85	\$ 7.66	\$ 7.22	\$ 7.22	\$ 8.38	\$ 7.79	\$ 7.79
Principal Mutual	0-85	\$ 7.12	\$ 6.54	-	\$ 7.78	\$ 6.98	-
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual	0-85	\$ 7.26	\$ 6.70	-	\$ 8.03	\$ 7.26	-
Prudential LIC	0-89	\$ 7.01	\$ 6.46	\$ 6.72	\$ 7.77	\$ 6.00	\$ 7.36
Reliance Standard LIC	15-90	\$ 7.07	\$ 6.64	-	\$ 7.63	\$ 7.17	-
SAFECO LIC	55-85	-	-	\$ 6.56	-	-	\$ 7.08
Savings Bank LIC/Mass	0-80	nr	nr	nr	nr	nr	nr
Security Benefit LIC	0-100	\$ 6.48	\$ 5.95	\$ 5.95	\$ 7.20	\$ 6.47	\$ 6.47
Security Connecticut LIC	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	\$ 7.00	\$ 6.38	-	\$ 7.80	\$ 7.02	-
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 7.26	\$ 6.68	\$ 6.82	\$ 8.00	\$ 7.24	\$ 7.41
USG Annuity & Life	35-85	\$ 7.57	\$ 6.89	-	\$ 8.45	\$ 7.52	-
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 7.16	\$ 6.57	\$ 6.93	\$ 8.00	\$ 7.21	\$ 7.69
WM Life Insur. Co.	0-95	\$ 7.22	\$ 6.59	\$ 7.10	\$ 8.10	\$ 7.25	\$ 7.93
Western National LIC	0-100	\$ 7.00	\$ 6.45	-	\$ 7.77	\$ 7.03	-
Western United	0-105	\$ 7.05	\$ 6.42	\$ 6.72	\$ 7.93	\$ 7.10	\$ 7.49

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

Immediate Annuities Update

Table 2b. Non-Qualified Monies (Ages 70 and 75)

Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG Life Insur. Co.	0-85	\$ 8.94	\$ 7.92	-	\$10.54	\$ 9.23	-
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assur.	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	8-85	\$ 8.60	\$ 7.54	-	\$10.29	\$ 8.93	-
Commercial Union LIC	0-85	\$ 9.04	\$ 8.08	\$ 8.51	\$10.49	\$ 9.27	\$ 9.79
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	1-99	\$ 9.25	\$ 7.97	\$ 8.43	\$10.68	\$ 9.57	\$ 9.92
Empire Life	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Federal Home Life	0-85	\$ 8.03	\$ 7.16	\$ 7.42	\$ 9.40	\$ 8.29	\$ 8.62
Fidelity & Guaranty Life	0-80	\$ 9.04	\$ 7.91	\$ 8.48	\$10.59	\$ 9.17	\$ 9.88
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	\$ 8.47	\$ 7.74	-	\$ 9.86	\$ 8.95	-
Great American LIC	18-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 8.97	\$ 7.97	\$ 8.37	\$10.49	\$ 9.22	\$ 9.72
Jefferson Pilot LIC	15-85	\$ 8.51	\$ 7.52	-	\$ 9.91	\$ 8.63	-
Keyport Life	0-90	nr	nr	nr	nr	nr	nr
London Pacific	45-85	\$ 8.87	\$ 7.93	-	\$10.18	\$ 8.97	-
Manufacturers LIC	0-100	\$ 8.85	\$ 7.49	\$ 8.15	\$10.47	\$ 8.69	\$ 9.56
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 9.06	\$ 7.96	\$ 8.07	\$10.69	\$ 9.28	\$ 9.42
Penn Ins. & Annuity Co.	0-85	\$ 9.19	\$ 8.04	\$ 8.59	\$10.70	\$ 9.12	\$ 9.84
Penn Mutual	0-85	\$ 9.19	\$ 8.04	\$ 8.59	\$10.70	\$ 9.12	\$ 9.84
Presidential LIC	0-85	\$ 9.40	\$ 8.59	\$ 8.59	\$10.89	\$ 9.81	\$ 9.81
Principal Mutual LIC	0-85	\$ 8.71	\$ 7.67	-	\$10.08	\$ 8.75	-
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual LIC	0-85	\$ 8.98	\$ 8.03	-	10.17	\$ 8.98	-
Prudential LIC	0-89	\$ 8.88	\$ 7.82	\$ 8.30	\$10.49	\$ 9.10	\$ 9.70
Reliance Standard LIC	15-90	\$ 8.56	\$ 7.98	-	\$10.00	\$ 9.11	-
SAFECO LIC	55-85	-	-	\$ 7.85	-	-	\$ 9.00
Savings Bank LIC/Mass	0-80	-	-	\$ 8.19	-	-	\$ 9.75
Security Benefit	0-100	nr	nr	nr	nr	nr	nr
Security Connecticut LIC	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	\$ 8.94	\$ 8.00	-	\$10.62	\$ 9.52	-
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 9.07	\$ 8.02	\$ 8.26	\$10.28	\$ 8.94	\$ 9.24
USG Annuity & Life	35-85	\$ 9.66	\$ 8.42	-	\$11.24	\$ 9.71	-
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 9.17	\$ 8.12	\$ 8.75	\$10.80	\$ 9.47	\$10.26
WM Life Insur. Co.	0-95	\$ 9.35	\$ 8.20	\$ 9.12	\$11.14	\$ 9.66	\$10.84
Western National LIC	0-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-105	\$ 9.16	\$ 8.07	\$ 8.56	\$10.88	\$ 9.49	\$10.10

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

Immediate Annuities Update

Table 2c. Non-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10YrPC No Life	M65 F60 J&S 50%S	M65 F60 J& 100%S
AIG Life Insur. Co.	0-85	-	-	\$18.32	\$10.55	-	-
American Heritage	0-85	nr	nr	nr	nr	nr	nr
American Investors	0-85	nr	nr	nr	nr	nr	nr
Canada Life Assurance	40-90	nr	nr	nr	nr	nr	nr
Columbia Universal	8-85	-	-	\$18.82	\$10.55	\$ 6.37	\$ 5.58
Commercial Union	0-85	\$ 6.84	\$ 7.93	\$17.77	\$10.47	\$ 7.33	\$ 6.39
Cova Financial Services LIC	0-85	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	1-99	\$ 6.48	\$ 7.86	\$18.75	\$10.89	\$ 6.40	\$ 5.98
Empire Life	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Federal Home Life	0-85	\$ 5.92	\$ 6.96	\$15.92	\$ 9.25	\$ 6.22	\$ 5.56
Fidelity & Guaranty Life	0-80	\$ 6.72	\$ 7.91	\$18.31	\$10.65	\$ 6.98	\$ 6.20
Franklin LIC	0-100	nr	nr	nr	nr	nr	nr
Golden Rule	0-80	-	-	-	\$10.61	-	\$ 6.04
Great American LIC	11-85	nr	nr	nr	nr	nr	nr
Jackson National LIC	no limit	\$ 6.65	\$ 7.82	\$18.36	\$10.66	-	\$ 6.23
Jefferson Pilot LIC	15-85	-	-	\$18.46	\$10.66	\$ 6.33	\$ 5.59
Keyport Life	0-90	nr	nr	nr	nr	nr	nr
London Pacific	45-85	-	-	\$18.84	\$10.83	-	-
Manufacturers LIC	0-100	\$ 6.35	\$ 7.57	\$17.91	\$10.37	\$ 6.62	\$5.66
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	-	-	-	\$ 5.95
Ohio National	0-85	\$ 6.40	\$ 7.63	\$18.43	\$10.75	\$ 6.87	\$ 6.09
Penn Ins. & Annuity Co.	0-85	\$ 6.91	\$ 8.05	\$18.54	\$10.86	\$ 7.23	\$ 6.44
Penn Mutual	0-85	\$ 6.91	\$ 8.05	\$18.54	\$10.86	\$ 7.23	\$ 6.44
Presidential LIC	0-85	\$ 7.11	\$ 8.19	\$18.85	\$11.16	\$ 7.52	\$ 6.83
Principal Mutual LIC	0-85	-	-	\$18.75	\$10.73	\$ 6.93	\$ 6.23
Protective LIC	0-90	nr	nr	nr	nr	nr	nr
Provident Mutual	0-85	-	-	\$18.10	\$10.55	-	-
Prudential LIC	0-89	\$ 6.55	\$ 7.68	\$17.95	\$10.39	\$ 6.03	\$ 6.10
Reliance Standard LIC	15-90	\$ 6.68	\$ 7.72	\$18.44	\$10.62	-	-
SAFECO LIC	55-85	\$ 6.46	\$ 7.49	-	-	-	-
Savings Bank LIC/Mass	0-80	\$ 6.21	\$ 7.59	-	\$10.60	-	\$ 5.75
Security Benefit	0-100	nr	nr	nr	nr	nr	nr
Security Connecticut	0-90	nr	nr	nr	nr	nr	nr
Security Mutual/NY	20-80	-	-	-	-	\$ 6.76	\$ 5.96
Southwestern LIC	18-90	nr	nr	nr	nr	nr	nr
Standard Insurance	0-80	\$ 6.71	\$ 7.83	\$18.01	\$10.68	\$ 7.02	\$ 6.34
USG Annuity & Life	35-85	-	-	\$18.82	\$11.02	-	\$ 6.45
Union Central LIC	0-85	nr	nr	nr	nr	nr	nr
United Companies LIC	0-99	nr	nr	nr	nr	nr	nr
United Services LIC	0-85	\$ 6.75	\$ 8.06	\$18.33	\$10.57	\$ 7.22	\$ 6.17
WM Life Insur. Co.	0-95	\$ 6.87	\$ 8.23	\$18.59	\$10.70	\$ 7.01	\$ 6.19
Western National LIC	0-100	-	-	\$18.77	\$10.64	\$ 6.82	\$ 6.07
Western United Life	0-105	-	-	\$19.04	\$11.38	-	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: May 20, 1997 thru May 23, 1997

Deferred Annuities Update

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

Table 3 column with **Bailout Escape Rate** heading). Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **RnwI Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being credited on new monies. **I** stands for "Investment Year" method (aka

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

Table 3. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '97 Full Rate	Feb. '97 Full Rate	May '96 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	RnwI Mthd	Surrender Fees Yr 1	Yr 7
AIG Life	SPDA	0-75	nr	5.75%	nr	1 Year	nr	3.00%	I	6%	0%
American Heritage	SPDA-2	0-75	nr	6.13%	nr	1 Year	nr	5.00%	I	7%	1%
Jefferson Pilot	SPDA	0-85	6.00%	5.85%	5.35%	na	na	4.50%	I	5%	1%
Keyport Life	Key Addition	0-85	5.90%	-	6.65%	1 Year	-	3.50%	I	7%	3%
Ohio National	Choice I	0-80	6.50%	6.20%	6.35%	1 Year	5.50%	3.00%	P	8%	1%
Presidential Life	SPDA II	0-85	6.60%	6.45%	6.30%	2 Years	na	5.00%	I	6%	2%
Provident Mutual	SPDA I	0-75	6.35%	na	6.10%	1 & 2 Years	5.35%	3.00%	I	7%	1%
Provident Mutual	SPDA II	0-75	6.10%	na	5.85%	1 & 2 Years	5.10%	3.00%	I	7%	1%
Security Mutual/NY	SPDA	0-80	5.85%	6.00%	5.75%	1 Year	4.85%	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	6.10%	6.25%	6.00%	3 Years	5.10%	3.50%	I	5%	0%
Standard Insurance	SPDA	0-80	6.45%	6.18%	5.55%	1 Year	4.45%	3.00%	I	7%	1%
Union Central Life	SPDA 2000	0-85	nr	6.05%	nr	1 Year	nr	4.00%	I	7%	0%

Survey period: May 20, 1997 thru May 23, 1997

Deferred Annuities Update

Table 4. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '97 Base Rate	1st Yr. Bonus Amount	Feb. '97 Base Rate	May '96 Base Rate	Rate Guar. Period	Guar. Rate	Rnw/ Mthd	Surrender Fees Yr 1 Yr 7	
AIG	SPDA	0-75	6.00%	-	-	5.50%	1 Year	3.00%	I	6%	0%
Amer. Int'l Life/NY	SPDA	0-75	6.00%	1.50%	5.75%	5.50%	1 Year	3.00%	I	6%	0%
American Investors	SPDA 2000+	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
American Investors	SPDA 1010	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Canada Life Assurance	Security 1	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Columbia Universal	Heritage	0-85	5.45%	1.75%	-	-	1 Year	3.50%	-	9%	2%
Columbia Universal	Pres. Choice	0-85	6.00%	1.00%	5.75%	6.25%	1 Year	4.50%	I	8%	0%
Commercial Union	Savers Adv. 3	nr	nr	nr	nr	nr	nr	nr	I	10%	5%
Commercial Union	Port. Secure	0-85	6.75%	1.00%	5.35%	5.25%	1 Year	3.50%	P	6%	1%
Delta Life & Annuity	FYI	1-99	5.75%	4.00%	-	5.50%	1 Year	4.00%	I	8%	2%
Delta Life & Annuity	SP Access 6	1-99	6.50%	-	-	6.25%	1 Year	5.00%	I	8%	0%
Delta Life & Annuity	SPDA-PS	1-99	6.50%	-	5.90%	6.25%	1 Year	4.00%	I	6%	3%
Delta Life & Annuity	SPDA-PSII	1-99	6.75%	-	-	6.50%	1 Year	4.00%	I	6%	3%
Delta Life & Annuity	SPIA	1-99	5.75%	-	-	5.50%	1 Year	4.00%	I	8%	4%
Delta Life & Annuity	SPIA-PS	1-99	6.50%	-	-	6.25%	1 Year	4.00%	I	8%	4%
Empire LIC	IA Maximizer	0-80	5.75%	1.25%	5.50%	5.50%	1 Year	3.00%	-	6%	1.8%
Empire LIC	Yield Extender	0-80	5.65%	-	-	-	5 Years	3.00%	I	8.1%	2.7%
Federal Home Life	Encore	0-80	5.75%	1.00%	6.50%	6.00%	2 Years	4.00%	I	7%	1%
Federal Home Life	Encore	0-80	5.75%	-	-	6.00%	2 Years	4.00%	I	7%	1%
Federal Home Life	Encore	0-80	5.60%	-	-	5.75%	3 Years	4.00%	I	7%	1%
Federal Home Life	Encore	0-80	5.50%	-	-	5.65%	5 Years	4.00%	I	7%	1%
Fidelity & Guar. Life	Resolute +	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Fidelity & Guar. Life	Intrepid	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Fidelity & Guar. Life	Optimum +	18-85	5.50%	2.00%	5.00%	5.00%	1 Year	3.00%	I	5%	0%
Fort Dearborn LIC	Capital Fort.	0-80	5.65%	2.00%	5.25%	5.50%	1 Year	3.00%	I	10%	2%
Fort Dearborn LIC	Asset Fort. 5	0-75	5.65%	1.50%	5.25%	5.50%	1 Year	4.00%	I	8%	0%
Fort Dearborn LIC	Finan. Fort. +	0-85	5.65%	1.00%	5.50%	5.75%	1 Year	4.00%	I	6%	0%
Golden Rule	Ult. Bonus	0-72	5.95%	3.00%	5.70%	6.10%	1 Year	3.00%	I	8%	2%
Great American	GTSA VI-SS	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American	Secure 15	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American	Money Max	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American	SP7R+6-2	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American	SP 10-ST	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jackson National	Action Two	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jackson National	Bonus Max	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jackson National	Bonus Max 1	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jefferson Pilot	Sec. Advant.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jefferson Pilot	Secure Plan	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Keyport Life	Key Annuity	0-85	6.15%	-	5.80%	5.80%	1 Year	3.50%	I	7%	0%
London Pacific	Opt. Income+	0-80	5.75%	1.25%	7.00%	6.00%	1 Year	3.00%	I	10%	4%
Manulife	SPDA II	0-70	5.30%	-	5.10%	4.70%	5 Years	4.00%	-	no surrender	
National Guardian	SPDA	0-85	6.40%	-	6.15%	5.90%	1 Year	4.00%	P	7%	1%
Ohio National	Choice Heritage	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Ohio National	Choice II	0-80	6.45%	-	-	6.15%	-	3.00%	P	6%	0%
Penn Mutual Life	Diversifier 2	0-85	5.75%	-	5.35%	5.30%	1 Year	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.35%	-	5.15%	5.40%	3 Years	4.00%	I	7%	1%
Penn Mutual Life	Diversifier 2	0-85	5.60%	-	5.50%	5.50%	5 Years	4.00%	I	7%	1%

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Survey period: May 20, 1997 thru May 23, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	May '97 Base Rate	1st Yr. Bonus Amount	Feb. '97 Base Rate	May '96 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7	
Penn Mutual Life	Diversifier 2	0-85	5.80%	-	5.65%	5.70%	7 Years	4.00%	I	7%	1%
Penn Mutual Life	Tradewind	0-85	6.00%	1.00%	6.20%	-	1 Year	4.00%	I	9%	3%
Presidential	SPDA	0-85	7.00%	-	6.85%	6.70%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	6.20%	-	5.95%	5.95%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	6.05%	1.00%	5.80%	5.80%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-70	6.60%	-	nr	6.35%	2 Years	3.00%	I	3%	3%
Provident Mutual	SPDA IV	0-70	5.90%	1.40%	nr	5.65%	2 Years	3.00%	I	5%	5%
Provident Mutual	SPDA V	0-70	5.90%	1.00%	nr	5.65%	1 Year	3.00%	I	7%	0%
Reliance Standard	Apollo-MVA	0-85	5.65%	2.00%	5.25%	5.50%	1 Year	3.00%	P	9%	2%
Reliance Standard	Apollo-SP	0-85	5.35%	2.00%	4.95%	5.20%	1 Year	3.00%	P	9%	2%
Reliance Standard	Athena-MVA	0-85	5.65%	6.00%	5.25%	na	1 Year	3.00%	P	9%	2%
Reliance Standard	Athena SP	0-99	5.65%	2.00%	4.05%	na	1 Year	3.00%	P	9%	2%
SAFECO LIC	Advantage 3	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
SAFECO LIC	QPA III +	0-75	5.75%	1.25%	5.45%	5.85%	1 Year	4.34%	I	9%	4%
SAFECO LIC	QPA V +	0-75	5.80%	1.40%	5.35%	5.70%	1 Year	3.00%	I	8%	2%
Savings Bank LIC/MA	LifeSaver	0-80	5.40%	-	5.25%	5.00%	1 Year	4.00%	I	7%	1%
Security Benefit	Sec. Premier	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security Benefit	Security Prov.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security Connecticut	SPDA Classic	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security Mutual/NY	SPDA	0-80	6.10%	-	6.25%	6.00%	1 Year	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	6.35%	-	6.50%	6.25%	3 Years	3.50%	I	5%	0%
Southwestern LIC	Advantage 7	0-80	5.35%	1.00%	5.15%	na	1 Year	3.50%	I	8%	2%
Southwestern LIC	Golden Bonus	0-85	5.40%	2.50%	5.00%	5.45%	1 Year	4.00%	I	12%	9%
Southwestern LIC	Income Prov.	0-80	5.75%	1.00%	5.40%	5.45%	2 Years	4.00%	I	10%	7%
USAA Life	SPDA	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
USG Annuity & Life	Advant. Gold	0-85	6.35%	1.00%	5.70%	6.05%	1 Year	3.00%	I	7%	3%
USG Annuity & Life	Interest Builder	0-85	5.40%	6.00%	5.00%	5.30%	1 Year	3.00%	I	10%	3%
USG Annuity & Life	Cornerstone	0-90	5.00%	5.00%	5.00%	5.25%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	MVA 3	0-85	5.25%	2.00%	4.80%	5.30%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	MVA 9	0-85	6.00%	2.00%	5.50%	5.80%	1 Year	3.00%	I	9%	3%
United Companies	Superior 5	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Union Central	SPDA 2000	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
WM Life	IA Maximizer	0-80	5.75%	1.25%	5.50%	5.50%	1 Year	3.00%	I	6%	1.8%
WM Life	Yield Extender	0-80	5.65%	-	-	-	5 Years	3.00%	I	8.1%	2.7%
Western National	Envision + II	0-85	6.00%	1.00%	nr	5.65%	1 Year	3.00%	I	9%	2%
Western National	SPDA +2	0-85	5.65%	-	nr	5.10%	1 Year	4.00%	I	7%	0%
Western National	Vision I	0-85	5.90%	2.00%	nr	5.40%	1 Year	3.00%	I	9%	5%
Western National	Ultravision	0-85	5.65%	2.50%	nr	5.50%	1 Year	3.00%	I	9%	2%
Western United LAC	CD Max V	0-84	6.15%	-	-	6.00%	5 Years	3.00%	I	5%	0%

Survey period: May 20, 1997 thru May 23, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	May '97 Full Rate	Feb. '97 Full Rate	May '96 Full Rate	Rate Guar. Period	Penalty for Excess Withdrawals Taken Mid-Year (Non-Anniversary Date)								
							1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	0-100	5.20%	5.00%	5.10%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union	Select Rate 1	0-85	4.55%	4.20%	na	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cova Finan. Svcs.	Acct. 4 Keeps 1	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Delta Life & Annuity	Guar. Interest	0-99	4.85%	4.45%	nr	1 Year	3%	-	-	-	-	-	-	-	-
Federal Home Life	SPDA Preferred	0-80	5.00%	5.00%	5.00%	1 Year	7%	6%	5%	4%	3%	2%	1%	0%	0%
Fidelity & Guar.	Intrepid LQ	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Provident Mutual	Asset. Accumul.	0-75	5.37%	nr	5.04%	1 Year	3%	3%	3%	3%	3%	3%	3%	3%	3%

Survey period: May 20, 1996 thru May 23, 1997; nr = not reported for this issue.

Fax all your annuity requests to:
732-521-5113



Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	May '97 Full Rate	Feb. '97 Full Rate	May '96 Full Rate	Yield Guar. Period	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
							1	2	3	4	5	6	7	8	9	10
Comm. Union #	Select Rate 10	0-85	5.80%	5.80%	na	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 7	0-85	5.85%	5.45%	na	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 5	0-85	5.60%	5.10%	na	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 3	0-85	5.35%	4.95%	na	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cova Financial Svcs.	Acct. 4 Keeps 7	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Cova Financial Svcs.	Acct. 4 Keeps 5	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Cova Financial Svcs.	Acct. 4 Keeps 3	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Crown Life #	SPDA	0-75	6.05%	5.93%	6.68%	10 Yrs	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	5.97%	5.82%	6.62%	9 Yrs	9%	8%	7%	6%	5%	4%	3%	2%	1%	-
Crown Life #	SPDA	0-75	5.85%	5.72%	6.57%	8 Yrs	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	5.71%	5.60%	6.35%	7 Yrs	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	5.52%	5.34%	6.14%	6 Yrs	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	5.36%	5.12%	5.92%	5 Yrs	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	Guar. Int. Ann.	0-99	5.10%	nr	nr	2 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	5.30%	nr	nr	3 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	5.40%	nr	nr	4 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	5.45%	nr	nr	5 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Future Saver	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Prosaver Plat.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Prosaver Plat.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Prosaver Plat.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Protective Life	Prosaver Plat.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
United Services Life	Cert. of Annuity	0-85	5.75%	5.50%	5.50%	5 Yrs.	not surrenderable until maturity									
*Western United	CD-MAX I	0-84	5.10%	5.35%	5.20%	3 Yrs	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Western United	CD-MAX V	0-84	6.15%	6.15%	6.30%	5 Yrs	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity
Survey period: May 20, 1997 thru May 23, 1997; nr = product not reported for this issue.

Deferred Annuities Update

Table 7. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '97 Full Rate	Feb. '97 Full Rate	May '96 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthod	Surrender Fees Yr 1 Yr 7	
Delta Life & Annuity	Flex Front Load	0-99	6.75%	nr	6.50%	nr	nr	4.00%	I	na	na
Franklin LIC	Pres. Ann. IIA	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Investors Insur. Corp.	Guaranteed Ann.	0-85	11.00%	10.75%	11.25%	1 Year	4.00%	3.00%	I	15%	7%
Prudential Life	Discovery	0-85	6.10%	5.40%	5.00%	3 Years	5.10%	3.10%	I	7%	0%
Prudential Life	Discovery	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security Mutual/NY	FPA	0-80	5.85%	6.00%	5.75%	1 Year	inoperable	4.50%	P	7%	4%
Standard Insurance Co	FPDA	0-80	5.76%	5.60%	5.28%	1 Year	3.76%	3.00%	I	7%	3%

Survey period: May 20, 1997 thru May 23, 1997; nr = not reported for this issue.

Hey Honey, let's call those nice people
from USG Annuity & Life Company.
Isn't their number **800-872-6684**?



Deferred Annuities Update

Table 8. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '97	1st Yr.	Feb. '97	May '96	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
			Base Rate	Bonus Amount	Base Rate	Base Rate				Yr 1	Yr 7
AIG Life	FPDA	0-80	6.00%	1.0%	5.75%	5.50%	1 Year	3.00%	I	7%	3%
American Heritage	PFFPA	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
American Investors	FPDA-P2	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
American Investors	FPDA-P4	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
American Investors	FPDA-P10	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
American Investors	FPDA-P0	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Columbia Universal	FPDA II	0-75	5.75%	-	5.75%	5.75%	1 Year	4.50%	P	10%	4%
Commercial Union	Max Rewards	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Commercial Union	Flex 10	0-85	5.80%	-	na	na	1 month	3.50%	P	10%	4%
Commercial Union	Alliance Plus	0-85	5.80%	4.00%	na	na	1 month	3.50%	P	10%	4%
Delta Life & Annuity	Flex/No Load	0-99	6.25%	-	5.65%	6.00%	1 Year	4.00%	I	8%	4%
Delta Life & Annuity	Flex/No LoadPS	0-99	5.90%	-	nr	5.65%	1 Year	4.00%	I	5%	0%
Empire LIC	FPA	0-85	5.40%	1.25%	5.15%	5.15%	1 Year	3.00%	I	8.1%	2.7%
Empire LIC	IA Classic	0-85	5.25%	.75%	5.10%	5.05%	1 Year	3.00%	I	5%	0%
Federal Home Life	Premier Flex	15-75	5.55%	-	5.25%	5.50%	1 Year	4.00%	I	10%	0%
Federal Home Life	Premier Ann. +	0-80	5.00%	1.50%	4.75%	5.00%	1 Year	4.00%	I	9%	2%
Fidelity & Guar. Life	Optimum	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Fidelity & Guar. Life	F&G III	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Fidelity & Guar. Life	Resolute	0-80	5.55%	-	-	5.30%	1 Year	3.00%	I	9%	2%
Fort Dearborn Life	Fortifier II	0-85	6.25%	-	6.00%	6.25%	1 Year	4.00%	I	6%	0%
Golden Rule	Flex-Vantage	0-70	5.95%	1.00%	5.70%	6.10%	1 Year	3.00%	I	9%	4%
Great American (q)	TSA III	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American (q)	GTSA VI	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Great American (q)	TSA VIII	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Investors Insur. Corp.	Amer. Bonus	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Investors Insur. Corp.	Amer. Trad.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Investors Insur. Corp.	Guar. Bonus	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Investors Insur. Corp.	Guar. Trad.	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jackson National	Flex I	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Jefferson Pilot LIC	FPDA	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
*Jefferson Pilot LIC	Flex. Bonus	0-85	6.15%	1.00%	5.90%	5.05%	1 Year	3.50%	I	7%	2%
*Jefferson Pilot LIC	Prosperity	0-85	6.30%	2.00%	6.10%	-	1 Year	3.00%	I	9%	3.5%
*Jefferson Pilot LIC	Secure Advant.	0-85	6.35%	-	6.10%	5.35%	1 Year	3.50%	I	7%	2%
*Jefferson Pilot LIC	Secure Plan	0-85	6.25%	-	6.00%	5.35%	1 Year	3.50%	I	5%	0%
Keyport Life	Keyaddition	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
*London Pacific	Future Guard	no limit	6.35%	-	6.10%	6.10%	1 Year	3.00%	P	12%	8%

continued...

Survey period: May 20, 1997 thru May 23, 1997; nr = product not reported for this issue.

Deferred Annuities Update

Table 8. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '97 Base Rate	1st Yr. Bonus Amount	Feb. '97 Base Rate	May '96 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees	
										Yr 1	Yr 7
National Guardian	FPA	0-80	5.85%	-	5.85%	5.65%	6 mos.	4.00%	P	10%	3%
Ohio National	Prime II	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Ohio National	Top Tradition	no limit	6.30%	-	nr	6.50%	-	3.25%	P	7.8%	7.8%
Penn Mutual Life	Divers. 2	0-85	5.75%	-	5.35%	5.30%	1 Year	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.35%	-	5.15%	5.40%	3 Years	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.60%	-	5.50%	5.50%	5 Years	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. 2	0-85	5.80%	-	5.65%	5.70%	7 Years	4.00%	I	7%	2.5%
Presidential	No Load Flex	0-85	6.85%	-	6.70%	6.55%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q)	TSA-Loan	0-85	6.85%	-	6.70%	6.55%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC	FPDA	0-85	6.05%	-	5.65%	5.80%	1 Year	4.00%	I	7%	3%
Provident Mutual	LTD	0-85	7.00%	1.00%	nr	6.25%	1 Year	3.00%	P	10%	4%
Prudential Ins Co. of Am	Discover 6yr	0-85	5.60%	-	nr	4.50%	6 Years	3.10%	I	7%	0%
SAFECO LIC (q)	QPA III	0-75	5.75%	-	5.45%	5.85%	1 Year	4.34%	I	9%	4%
SAFECO LIC (q)	QPA V	0-75	5.55%	-	5.35%	5.70%	1 Year	3.00%	I	8%	2%
Security Benefit	Secur. Mark	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security-Connecticut	SPDA 1	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Southwestern LIC	Flex-Rite	0-75	6.00%	-	6.00%	6.10%	-	4.00%	P	7%	2%
USAA Life	FPDA	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
USG Annuity & Life	Advant. Silver	0-85	6.00%	-	5.25%	5.55%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	Flex 15	0-70	5.60%	2.00%	5.00%	5.35%	1 Year	3.00%	I	22%	13%
USG Annuity & Life	Flex 9	0-85	5.75%	2.00%	5.10%	5.45%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Retire. Choice	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
United Companies Life	Taxsaver II	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
United Services Co.	Flex Annuity	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
United Services LIC	Uslico Ann.	0-85	6.00%	1.50%	nr	5.25%	1 Year	4.00%	I	10%	4%
WM Life Ins. Co.	FPA	0-85	5.40%	1.25%	5.15%	5.15%	1 Year	3.00%	I	8.1%	2.7%
WM Life Ins. Co.	IA Classic	0-85	5.25%	.75%	5.10%	5.05%	1 Year	3.00%	I	5%	0%
Western National	FPDA Plus	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Western National	FPDA Plus II	0-70	6.0%	-	nr	6.0%	-	4.00%	I	8%	2%
Western National	Vision Flex	0-70	6.25%	-	nr	6.25%	-	3.00%	I	10%	6%
Western United	Uniflex III	0-84	6.50%	-	6.50%	6.65%	1 Year	4.50%	I	5%	3%

Survey period: May 20, 1997 thru May 23, 1997; nr = product not reported for this issue.

Equity Indexed Annuities Update

Equity index annuities ('EIAs') are generating widespread interest. This new kind of annuity combines the safety of traditional fixed ('no risk to principal') annuities with potential for higher yields afforded by investing in stock index options. In an EIA, interest earnings are tied to stock market performance even while return of principal is guaranteed when the stock market declines.

Guaranteed Interest

As a fixed annuity an EIA offers a guaranteed non-forfeitable minimum rate of return each year. These interest rates range from 3% to 5% and are usually credited to a portion, typically 90%, of the initial premium. The benefit of a minimum return is that even if the stock market is down for the entire life of a 5 year EIA, the contract would still provide about 5% in total return (that is, 90% of initial premium plus 5 years times 3% a year approximately equals 105%).

Index-linked Growth

The glitter of an EIA, however, isn't derived from its promise of guaranteed interest but from the potential to gain *excess earnings* through a link to a stock market indicator, typically the S&P 500 Index. Why the S&P 500 Index? Because it represents over 70% of the U.S. stock market's equity capitalization. The index, however, does not include reinvested dividends.

When the EIA term ends (usually after 5 or 7 years), the account is credited the *greater of* the compounded Guaranteed Interest or the excess earnings attributable to Index-linked Growth. The latter is usually calculated on 100% of premium (whereas minimum guaranteed account values often are based on 90% of premium).

How to Compare EIAs

The biggest difficulty in comparing EIAs stems from the myriad ways

companies credit interest earnings and index-linked returns. There are differences in how index calculation are made, how gains are counted, and in related features and benefits. It seems that no two EIAs are designed alike.

Nevertheless, a few generalities do exist. All EIAs invest the majority of their premium dollars in bonds and government securities. The rest is used to purchase call options and employ various hedging strategies on the underlying S&P index. Variations in these strategies determine how competing EIAs are structured. To further protect themselves from losses in their option strategies, companies also impose "caps," "participation rates", and averaging methods. These limit the gains a company is required to pass through to its EIA account holders.

Caps

A "cap" is the maximum return which is credited for any period regardless of the underlying S&P 500 Index performance. Thus, if the stock market returns 30% in a particular year but the annuity has a cap of 14%, the maximum amount credited to the EIA for that year is 14%. (This assumes a 100% participation rate, explained below.) Caps are generally employed in EIAs which use the Annual Reset method for calculating earnings (see Section #2 below).

Participation Rates

"Participation rate" refers to what net percent of the gross increase in the S&P 500 Index is credited to the EIA. For example, if the S&P 500's gross increase was 35% for the period and the EIA participation rate is 85%, then the net interest credited to the EIA for that period will be 29.7% (35% times .85). Participation rates vary from 75% to 110%. Some insurers guarantee the participation rate for only one year at a time, others guarantee it for the entire term of five to ten years.

Comparing participation rates alone is not a sufficient measure for choosing which EIA to purchase. An 85% participation rate in one EIA can produce greater net returns than a 110% participation rate in another, and vice versa.

Yield Spread

Another feature which limits returns is called a "yield spread." This is a fee (usually from 1.00% to 2.50%) which is deducted from the actual increase in the S&P index. Such contracts often have a 100% participation rate. However, the effect could be the same as having a lower participation rate and no yield offset.

Three main types of index annuities and how they calculate earnings

There are three basic methods by which EIAs calculate their index-linked returns. These are the: (1) point-to-point method; (2) annual reset method; and (3) high point (look back) method, sometimes called, high-water mark method.

1. Long Term Point-to-Point Methods

These are perhaps the easiest crediting methods to understand. As the name implies, there are usually only two days in this index calculation method: the starting point day and the ending point day. The gain is simply the difference between the index level when the EIA is issued and the level it reaches at the end of the term. For example, if the S&P Index was 400 on the date of issue and 700 on the final day in the measuring period (say, 5 or 7 years later), the gross return would be 75%. (Subtract 400 from 700, then divide the 300 gain by 400, to arrive at 75%.) That number would be multiplied by the participation rate to determine the index gain. If the participation rate is less than 100%, net credited interest will be less than 75%.

In this version of the point-to-point method, if on the last day, the index

Equity Indexed Annuities Update

value was *below* the starting point value, the earnings would be zero and the guaranteed interest value for the term would be paid. That would be true even if the market had traded significantly higher anytime during the prior 5 or 7 year term. To get around this problem, some EIAs combine each weekly or monthly index value over the course of the last contract year to arrive at an 'average' ending point value for determining gains (see *Averaging* below). However, if during most of the contract's final year the S&P traded below the starting point value, then even *averaging* won't keep the gain from being measured a zero.

2. Annual Reset (Annual Point-to-Point) Methods

In each year that the S&P 500 Index goes up, this EIA locks in a gain which can never be lost during a later market downturn. The 'starting point' index value is reset at the beginning of each year for gain recognition. And if the market goes down, the negative index movement for that year is treated as a zero gain (and no premium dollars are ever lost). These methods recognize gains by the year and combine them for a 5- or 7-year total.

The annual reset method counts gains even if the market is recovering from previous declines. For example, if the stock market registers a loss at the end of the first year, no index increase is credited (for that year, neither will there be any loss in account value.) Because the starting point for the second year is now reset at the new lower first-year end-point value, any recovery from that lower level will be credited as gain in future years.

In this method, each year's S&P Index gain is treated much like a traditional fixed annuity's interest is treated—it is credited annually and earnings are accumulated on a compounded basis. Most annual reset EIAs, however, feature a cap (usually

from 12% to 15%) which limits the annual gain which may be credited to an account in any one year.

3. High Point Look Back (High-Water Anniversary Mark) Methods

Here, the gain is the difference between the highest point an index reached (usually measured on each of the policy's 5 or 7 anniversary dates) and the starting point, which is the index value on the date the EIA was issued. (The starting point is not reset each year.) These methods lock in the highest S&P Index level attained on the measurement dates by 'looking back' over the term. They credit gains based on the highest water-mark anniversary value and the participation rate, if applicable.

High point EIAs typically feature participation rates of about 70%, but not caps. Because the high-point return may only be calculated once during the term, there is no compounding of interest.

Market Volatility and Averaging Returns

Calculating returns by 'averaging' can be an effective way to reduce the risk of market volatility. Averaging will smooth out the peaks and troughs in the performing index. For example, a high point averaging EIA will sum the highest index values in each of its 7 years and then divide that sum by 7 to arrive at a final ('averaged') high point value. This averaged gain is considered the total return in the contract.

Averaging may dampen S&P gains over time. Consider that if the stock market gained 1% per month for a year, the total compound gain would be 12.67% at the end of the year. (An 80% participation rate would still provide a return above 10%.) But, if a monthly averaged return was employed, the annual increase would only be 6.75%! Policies which apply averaging often show lower overall

gains than either the annual reset or high-water mark EIAs.

An averaging EIA is more likely to achieve a consistent rate of return with a somewhat higher degree of probability than an unaveraged contract. Conversely, the non-averaged high point and long term point-to-point methods offer a greater opportunity to high returns—provided, of course, that the stock market continues its upward trend.

Market Volatility and Annual Reset EIAs

The unaveraged annual-reset EIA may offer the best protection against market volatility with the best chance at overall profits. That's because the starting point is reset every year, providing multiple index 'entry' points. By contrast, the long-term point-to-point and the high-water mark anniversary look-back methods use a total return approach that has only one start point established at the time of contract issue. Consequently, with these methods choosing the 'best' time to start the annuity is more important. In all cases, an EIA's cap and participation rate will greatly influence its net results.

Which EIA Method Performs Best?

Ignoring the significant effects of caps, participation rates, and averaging, it may generally be hypothesized that the High Point (High Water Mark) Look Back and Point-to-Point methods should outperform the capped Annual Reset methods if the stock market moves in a steady uptrend during the term in question. By contrast, the Annual Reset methods should excel during long periods of choppy or trendless market activity.

Liquidity

Although specific details vary, a few EIAs offer liquidity similar to traditional fixed deferred annuities. There is a provision for an annual withdrawal

Equity Indexed Annuities Update

of 10% (of account value) free of surrender fees.

Contracts with higher participation rates, however, may limit annual penalty-free withdrawals only to the minimum guaranteed value of the policy (not permitting access to any of the earnings or growth during the term of the contract).

Other EIAs employ a vesting schedule to provide limited access to a portion of interest earnings.

In general, EIAs are not designed for maximum liquidity during the accumulation phase. Withdrawals may have an adverse effect on the crediting of interest. Some contracts forfeit any earnings that otherwise would have been attributable to the withdrawn funds. For example, if funds are withdrawn during the 4th policy year and earnings are credited only at the end of the complete term, no earnings will be attributed to the withdrawn funds even though the money was in the contract for 4 years. Some companies misleadingly advertise "no traditional surren-

der charge" or "100% access to your money." But in that case the only gain is the minimum guaranteed non-forfeiture value, which may be from 3% to 5% a year credited on 90% or 100% of the principal. A small gain, indeed.

Conclusion

Equity Index Annuities are generating a wave of interest because they combine features of traditional fixed deferred annuities and variable annuities. Their appeal is that growth is tied to the stock market's performance while guaranteeing return of principal even if the market declines.

Because of the great variety in how returns are calculated, it is more important to understand how *all the elements* of a particular EIA contract collectively affect the potential for achieving gains rather than to simply compare the individual features of competing EIAs.

Some of the limitations of EIAs are restrictions to growth imposed by

caps, participation rates and harsh crediting methods. Keep in mind that surrender charges also apply, and full liquidity is usually available only in a 30 day window period when the contract reaches maturity.

An EIA should *not* be expected to return the same as an equity-based mutual fund or variable annuity during a period of large stock market gains.

A final cautionary note is that the S&P index only accounts for increases or decreases in the price of stocks in the index; it does not factor in the value of dividends or the compounded reinvestment of dividends. This is significant because historically the long-term returns that are reported for stocks typically include amounts attributable to dividend reinvestment. As a result, the return achieved by an equity index annuity that is based on the S&P index could be substantially less than the return obtained by making a direct investment in the stocks that make up the index.

Table 9. Single Premium Equity Indexed Annuities

Reporting Companies	Policy Name	Term	Index Structure	Participation Rate	Cap	Yield Spread (admin. fee)	Percent Return if contract had matured 2/1/97	Free Withdrawals	Surrender Charges
Delta Life & Annuity	Advantage	7 yrs.	High Water	100%	none	2.25%	107.6%	na	none
Jackson National	ELI 500	9 yrs.	Point to Point	100%	none	0.0%	205.8%	na	7,6,5,4,3,2,1,0
Jackson National	ELI 500	7 yrs.	Point to Point	85%	none	0.0%	118.1%	na	7,6,5,4,3,2,1,0
Jackson National	ELI 500	5 yrs.	Point to Point	75%	none	0.0%	69.2%	na	7,6,5,4,3,2,1,0
Jackson National	ELI 500	3 yrs.	Point to Point	60%	none	0.0%	37.9%	na	7,6,5,4,3,2,1,0
Jackson National	ELI 500	1 yrs.	Point to Point	30%	none	0.0%	7.1%	na	7,6,5,4,3,2,1,0
Keyport Life	KeyIndex	7 yrs.	High Water	80%	100%	0.0%	100.0%	na	7 yr vesting
Keyport Life	KeyIndex	7 yrs.	High Water	75%	none	0.0%	111.3%	na	5 yr vesting
USG Annuity & Life	Choice	5 yrs.	Point to Point	70%	none	0.0%	47.7%	10%	9%,8,7,6,5
USG Annuity & Life	Choice	5 yrs.	Point to Point	90%	none	0.0%	61.3%	10%	9%,8,7,6,5

Split Annuities Update

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9

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

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

Table 10. Split ("Combination") Immediate and Deferred Annuities.

Reporting Companies	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount	Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount
Columbia Universal	Split Annuity	0-85	\$74,027	6.20%	\$25,973	\$492.62	\$73,342	6.29%	\$26,658	\$380.05
Delta Life & Annuity	Split Annuity	0-85	\$81,101	4.28%	\$18,899	\$344.67	\$74,983	4.20%	\$25,017	\$347.82
Empire Life	IA Classic	0-85	\$83,820	3.59%	\$16,180	\$300.86	\$79,008	3.42%	\$20,992	\$295.15
Federal Home Life	Encore/SPIA	nr	nr	nr	nr	nr	nr	nr	nr	nr
Fidelity & Guaranty	Optimum Plus	nr	nr	nr	nr	nr	nr	nr	nr	nr
Manulife	SPDAII/SPIA	0-70	\$77,243	5.30%	\$22,757	\$404.35	\$68,744	5.50%	\$31,256	\$424.28
Penn Mutual	Div. II/SPIA	0-85	na	na	na	na	\$67,391	5.80%	\$32,609	\$457.42
Presidential (nq)	Combi-nnuity	0-85	\$73,332	6.40%	\$26,668	\$502.66	na	na	na	na
Provident Mutual	SPDA II/SPIA	0-75	\$72,257	5.85%	\$24,743	\$445.00	na	na	na	na
USG Ann. & Life	Advant./SPIA	0-85	\$73,504	6.35%	\$26,496	\$498.73	na	na	na	na
USG Ann. & Life	Multi Yr./SPIA	0-85	\$74,374	6.10%	\$25,626	\$482.36	\$64,973	8.50%	\$35,027	\$502.22
United Services Life	Split Annuity	0-85	\$74,726	6.00%	\$25,274	\$421.24	na	na	na	na
WM Life	IA Classic	0-85	\$83,820	3.59%	\$16,180	\$300.86	\$79,008	3.42%	\$20,992	\$295.15
Western United	CD-Max V	0-84	\$74,199	6.15%	\$25,801	\$494.00	na	na	na	na

Survey period: May 20, 1997 thru May 23, 1997

Structured Settlement Update

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 tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

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 (i.e., in the first year at \$1,000; in year 2 at \$1,030; in year 3 at \$1,060.90; etc.) Quotes assume (1) normal life expectancy (i.e. plaintiff's injury is not life impairing), (2) that the cost of any third-party 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	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	\$188,456	\$312,631	\$150,141	\$203,899	\$191,822	\$327,082	\$161,916	\$228,851	\$500
Empire Life	\$196,950	\$329,876	\$161,063	\$225,977	\$199,363	\$340,264	\$171,658	\$248,137	na
Fidelity & Guaranty	\$195,909	\$349,510	\$158,772	\$224,085	\$199,299	\$368,782	\$170,755	\$249,685	\$500
London Pacific	na	na	\$150,353	na	na	na	\$156,954	na	na
Penn Mutual	\$184,355	\$321,531	\$153,849	\$219,381	\$186,476	\$332,988	\$163,415	\$241,239	na
Presidential	\$173,114	\$290,859	\$146,007	\$203,379	\$175,685	\$301,823	\$152,988	\$218,287	\$100
SAFECO	\$180,163	\$302,507	\$149,008	\$207,517	\$184,037	\$318,518	\$161,331	\$234,915	\$500
WM Life	\$196,950	\$329,876	\$161,063	\$225,977	\$199,363	\$340,264	\$171,658	\$248,137	na

Survey period: May 20, 1997 thru May 23, 1997

Variable Annuities Update

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. This figure represents the actual return to the investor and is net of all management fees and insurance expenses. "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 12a. Variable Annuities - Contract Features (as of 3/31/1997)

Reporting Companies	Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1 Yr 7
Ameritas Variable LIC	Overture Annuity III+	\$ 127.0	20	AA,AG,B,CB,G,GI,HY,IB,IS,MM,RP,S,SP,SI	5.60%	1 Year	6% 2%
Canada Life	VariFund	\$ 75.0	20	AA,B,G,GI,HY,IS,MM,S,SI	NA	1 Year	6% 0%
Fortis Benefits Life	Opportunity	\$1,398.4	15	AA,AG,B,CA,FI,G,GS,MM,SI	6.00%	1 Year	5% 0%
Fortis Benefits Life	Masters	\$1,104.0	15	AA,AG,B,CA,FI,G,GS,MM,SI	5.05%	1 Year	7% 1%
Jackson National	Perspective	\$ 573.0	14	AG,B,GB,G,GI,HY,IB,IS,MM	4.55%	1 Year	7% 1%
London Pacific	Regency	nr	6	AG,B,FI,G,I,MM	nr	nr	nr nr
Manulife Financial	Lifestyle	\$ 269.4	8	AG,B,G,GI,I,IS,MM,RP	4.75%	1 Year	8% 0%
Nationwide	Best of Amer. IV	\$9,344.0	34	AA,AG,B,CB,GB,G,GI,HY,IB,IS,MM,NR,SP	5.20%	1 Year	7% 1%
Nationwide	America's Vision	\$5,519.5	34	AA,AG,B,CB,GB,G,GI,HY,IB,IS,MM,NR,SP	5.20%	1 Year	7% 1%
Ohio National	TOP	nr	14	AG,B,CA,FI,G,GS,I,MM,S,SI	nr	nr	nr nr
AG Aggressive Growth	GB Govt. Bond	HY	MM Money Market	B Balanced	G Growth	IB Int'l Bond	
NR Natural Resources	CB Corporate Bond	GI	IS Int'l Stock	SP Specialty Funds			

na=data not available; nr=did not report for this issue

Variable Annuities Update

Table 12a. Variable Annuities - Contract Features (as of 3/31/1997)

Reporting Companies	Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1 Yr 7
Ohio National	Top Explorer	na	17	AG,G,GI,HY,IS,MM,SI,SP	6.10%	1 Year	7% 1%
Ohio National	TOP Plus	nr	13	AG,B,CA,FI,G,GS,I,MM,S,SI	nr	nr	nr nr
Pacific Mutual	Pacific One	nr	14	AG,B,EI,EM,G,GS,HY,I,MM,SI	nr	nr	nr nr
Pacific Mutual	Select	nr	14	AG,B,EI,EM,G,GS,HY,I,MM,SI	nr	nr	nr nr
Penn Mutual	Diversifier II	\$ 817.0	14	AA,AG,CB,B,G,HY,IS,MM	5.75%	1 Year	7% 1%
Penn Ins. & Ann.	Pennant	\$123.8	14	AA,AG,CB,B,G,HY,IS,MM	5.20%	1 Year	6% 1%
Phoenix Home Life	Big Edge Choice	\$ 206.9	11	AA,AG,B,CA,EI,FI,G,IS,MM,SP	5.25%	1 Year	6% 0%
Phoenix Home Life	Big Edge Plus	\$2,094	11	AA,AG,B,CA,EI,FI,G,IS,MM,SP	5.25%	1 Year	5% 0%
Principal Mutual	Variable Annuity	\$1,012.7	11	AA,AG,B,GB,G,GB,IS,MM	5.40%	1 Year	6% 2%
Provident Mutual	Options VIP	\$9,155.0	23	AG,B,CB,G,GB,GI,HY,IB,IS,MM,NR	5.50%	Cal. Yr.	7% 1%
Provident Mutual	VIP/2	\$ 406.1	23	AG,B,CB,G,GB,GI,HY,IB,IS,MM,NR	5.50%	Cal. Yr.	6% 0%
Prudential LIC	Discovery Plus	\$5,968.5	14	AG,B,CB,G,GB,GI,IS,MM,RP,S,SI	5.65%	1 Year	7% 0%
Prudential LIC	Discovery Preferred	\$ 449.4	12	AG,B,CB,G,GI,HY,IS,MM,NR,SI	5.00%	1 Year	7% 1%
Prudential LIC	VIP	\$7,129.7	14	AG,B,EI,FI,G,GS,MM,RP,S,SI	5.60%	1 Year	8% 2%
Prudential LIC	Discovery Select	\$ 360.3	8	AA,AG,B,CB,G,GI,HY,IS,MM,RP,S,SI	5.00%	1 Year	7% 1%
SAFECO	Variable Acct. B	\$ 196.5	7	AG,B,CB,GI,IS,MM,NR,SP	na	na	9% 4%
SAFECO	Spinnaker Plus	\$ 68.0	13	AG,B,CB,GI,HY,IS,MM,NR,SP	7.15%	1 Year	8% 2%
SAFECO	Spinnaker	\$161.7	13	AG,B,CB,GI,HY,IS,MM,NR,SP	5.95%	1 Year	8% 2%
SAFECO	Mainsail	\$ 8.3	13	AG,B,CB,GI,HY,IS,MM,NR,SP	5.60%	1 Year	7% 0%
Security Benefit	Variflex	nr	11	AA,AG,B,EI,FI,G,HY,I,MM,I,SA	nr	nr	nr nr
Security Benefit	Variflex LS	nr	11	AA,AG,B,EI,FI,G,HY,I,MM,I,SA	nr	nr	nr nr
Union Central Life	Variable Annuity	nr	7	AA,EI,FI,G,I,MM,SI	nr	nr	nr nr
United Companies	Spectra Direct	nr	11	AA,AG,B,CA,EI,FI,G,GS,MM,S	nr	nr	nr nr
Western National	Elite Plus	na	8	AA,AG,CB,G,GB,GI,IS,MM	5.75%	na	5% 1%
WM Life Insur. Co.	Cascade	\$ 78.0	6	GB,GI,IS,MM,SP	6.00%	1 Year	7% 1%
AG Aggressive Growth	GB Govt. Bond	High Yield	MM	Money Market	Growth	IB	Int'l Bond
NR Natural Resources	CB Corporate Bond	Growth & Income	IS	Int'l Stock			

na=not available; nr=did not report for this issue

Variable Annuities Update

Table 12b. Corporate Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	Assets \$ Mil	Performance Returns thru 3/31/97	Total Expenses
						YTD 1 Yr 3 Yr 5 Yr	
Ameritas Variable LLC	Overture Annuity III+	Invest. Grade Bond	Fidelity Mgt. & Research	\$12.03	\$2.9	-1.0% 3.0% 4.5% 5.0%	1.98%
Canada Life	VariFund	Bond	C.L. Capital Mgt.	\$15.29	\$1.7	-0.8% 2.9% 4.9% 5.6%	2.30%
Fortis Benefits	Opportunity	Liver. Income	Fortis Advisers	\$1.78	\$38.1	-1.4% 3.4% 4.5% 5.6%	2.37%
Fortis Benefits	Masters	Diver. Income	Fortis Advisers	\$1.78	\$56.4	-1.4% 3.4% 4.5% 5.6%	2.37%
London Pacific	Regency	U.S. Qual. Bond		nr	nr	nr nr nr	2.49%
Manulife Financial	Lifestyle	Cap. Gwth Bond		\$19.05	\$15.7	-1.6% 2.1% 4.8% 5.2%	1.75%
Nationwide	Best of America IV	Ltd. Matur. Bond	Neuberger & Berman	\$16.85	\$117.1	0.4% 4.0% 4.2% 4.2%	2.08%
Nationwide	America's Vision	Ltd. Matur. Bond		\$11.13	\$ 81.9	0.3% 3.9% 4.1% 4.1%	2.18%
Ohio National	TOP Annuity	Bond	O.H. Invest. Mgt.	nr	nr	nr nr nr	1.88%
Ohio National	TOP Plus Annuity	Bond	O.H. Invest. Mgt.	nr	nr	nr nr nr	1.68%
Ohio National	TOP Explorer	Bond	O.H. Invest. Mgt.	\$10.00	\$ 8.4	-0.6 3.9% 5.5% 5.6%	na
Pacific Mutual	Pacific One	Managed Bond	Pacific Mutual	nr	nr	nr nr nr	2.16%
Pacific Mutual	Pacific One	Bond & Income	Pacific Mutual	nr	nr	nr nr nr	2.20%
Pacific Mutual	Select	Managed Bond	Pacific Mutual	nr	nr	nr nr nr	2.16%
Pacific Mutual	Select	Bond & Income	Pacific Mutual	nr	nr	nr nr nr	2.20%
Penn Mutual	Diversifier II	Quality Bond	Indep. Capital Mgt.	na	\$ 29.5	na 2.8% 5.8% 6.0%	2.02%
Penn Mutual	Diversifier II	Ltd. Matur. Bond	Neuberger & Berman	na	\$ 4.7	na 4.0% 4.2% 4.3%	2.03%
Penn Ins. & Annuity	Pennant	Ltd. Matur. Bond	Neuberger & Berman	na	\$ 2.2	na 3.9% 4.1% 4.1%	2.18%
Penn Ins. & Annuity	Pennant	Quality Bond	Indep. Capital Mgt.	na	\$ 3.4	na 2.7% 5.4% 5.9%	2.17%
Phoenix Home Life	Big Edge Choice	Multi-Sector	Phoenix Invest. Council	\$ 1.16	\$ 17.4	-0.5% 10.4% 9.4% 9.0%	2.03%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12b. Corporate Bond Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD	1 Yr	3 Yr	5 Yr	Total Expenses*
Phoenix Home Life	Big Edge Plus	Multi-Sector	Phoenix Invest. Council	\$ 3.65	\$106.3	-0.5%	10.6%	9.5%	9.2%	2.03%
Principal Mutual	Variable Annuity	Bond	Princor Management	\$12.09	\$ 52.1	na	3.2%	6.1%	6.6%	1.78%
Provident Mutual	Options VIP	Invest Gr. Bond	Fidelity Mgt & Research	\$522.30	\$312.0	-1.1%	2.8%	4.2%	4.9%	1.98%
Provident Mutual	VIP 2	Mkt. St. Bond	Sentinel Advisors	\$547.4	\$4,589	-1.2%	2.1%	4.8%	4.8%	1.96%
Prudential	Discovery Plus	Diversified Bond	Prudential	\$2.97	\$160.0	-0.6%	4.9%	6.5%	6.5%	1.65%
Prudential	Discovery Preferred	Diversified Bond	Prudential	\$1.05	\$19.5	-0.6%	4.7%	na	na	1.85%
Prudential	Variable Invest. Plan	Diversified Bond	Prudential	\$2.97	\$160.0	-0.6%	4.9%	6.5%	6.5%	1.65%
Prudential	Discovery Select	Diversified Bond	Prudential	\$1.05	\$ 17.1	-0.6%	na	na	na	1.85%
SAFECO	Variable Account B	Bond	SAFECO Asset Mgt.	\$17.72	\$ 8.3	-1.5%	1.2%	4.1%	5.0%	1.98%
SAFECO	Spinnaker Plus	Bond	SAFECO Asset Mgt.	\$17.72	\$ 0.5	-1.5%	1.2%	4.1%	5.0%	1.98%
SAFECO	Spinnaker	Bond	SAFECO Asset Mgt.	\$17.61	\$ 1.9	-1.7%	1.0%	4.0%	4.8%	2.13%
SAFECO	Mainsail	Bond	SAFECO Asset Mgt.	\$17.61	\$ 0.1	-1.7%	1.0%	4.0%	4.8%	2.13%
Security Benefit	Variflex	Hi. Gr. Income	Security Mgt.	nr	nr	nr	nr	nr	nr	2.03%
Security Benefit	Variflex LS	Hi. Gr. Income	SAFECO Asset Mgt.	nr	nr	nr	nr	nr	nr	2.23%
Union Central	Variable Annuity	Bond Portfolio		nr	nr	nr	nr	nr	nr	2.56%
Western National	Elite Plus	Mgd Bond	Blackrock Finan. Mgt.	\$10.13	\$ 3.4	-0.7%	4.5%	na	na	2.07%

na= data not available; nr= did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12c. Government Bond Funds, Performance & Fees

Insurance Company	Contract Name	Fund Name	Advisor	Accum. Unit Value	Account Assets \$ Mil	Performance Returns thru YTD	1 Yr	3 Yr	5 Yr	Total Expenses
Fortis Benefits	Opportunity	U.S. Gov't	Fortis Advisers	\$15.78	\$48.4	-1.0%	3.0%	4.3%	4.6%	2.34%
Fortis Benefits	Masters	U.S. Gov't	Fortis Advisers	\$15.78	\$91.6	-1.0%	3.0%	4.3%	4.6%	2.34%
Jackson National	Perspective	U.S. Gov't Bond	Salomon Bros. Asset Mgt.	\$10.31	\$12.7	-0.9%	-4.4%	na	na	2.25%
London Pacific	Regency	U.S. Gov't Bond		nr	nr	nr	nr	nr	nr	2.49%
Nationwide	Best of America IV	Gov't Bond	Nationwide Finan. Svc.	\$30.04	\$212.4	-0.9%	3.9%	5.4%	6.0%	1.81%
Nationwide	America's Vision	Gov't Bond	Nationwide Finan. Svc.	\$11.32	\$70.6	-0.9%	3.8%	5.3%	5.8%	1.91%
Pacific Mutual	Pacific One	Gov't Securities		nr	nr	nr	nr	nr	nr	2.22%
Principal Mutual	Variable Annuity	Gov't Securities	Princor Mgt. Corp.	\$11.79	\$ 67.8	na	2.8%	5.2%	5.6%	1.77%
Provident Mutual	VIP 2	Scudder Bond	Scudder, Stevens & Clark	\$549.6	\$6,204	-0.7%	3.3%	4.5%	5.5%	2.01%
Prudential	Discovery Plus	Gov't Income	Prudential	\$1.72	\$130.2	-1.1%	2.9%	4.9%	6.0%	1.66%
Prudential	Variable Investment	Gov't Income	Prudential	\$ 1.72	\$130.2	-1.1%	2.9%	4.9%	6.0%	1.66%
United Companies	SpectraDirect	U.S. Gov't Sec. II		nr	nr	nr	nr	nr	nr	2.47%
Western National	Elite Plus	U.S. Gov't Sec.	Salomon Bros. Asset Mgt.	\$10.15	\$ 3.2	-0.1%	4.2%	na	na	2.00%
WM Life	Cascade	Income	Composite Res. & Mgt.	\$28.61	\$ 17.1	-1.3%	3.0%	5.1%	5.4%	1.86%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12d. High Yield Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	High Income	Fidelity Mgt. & Research	\$12.32	\$ 4.2	-0.4% 8.3% 9.2% 10.6%	2.11%
Canada Life	VariFund	High Income	Fidelity Mgt. & Research	\$30.61	\$ 5.0	-0.4% 8.4% 9.2% 10.7%	2.11%
Fortis Benefits	Opportunity	High Yield	Fortis Advisers	\$11.83	\$ 18.1	-4.3% 5.1% na na	2.48%
Fortis Benefits	Masters	High Yield	Fortis Advisers	\$11.83	\$25.2	-4.3% 5.1% na na	2.48%
Jackson National	Perspective	JNL High Yield	PPM America	\$10.77	\$ 21.5	0.5% 3.6% na na	2.30%
Nationwide	Best of America IV	High Income	Fidelity Mgt. & Research	\$24.47	\$327.4	-0.3% 8.5% 9.3% 10.8%	2.01%
Nationwide	America's Vision	High Income	Fidelity Mgt. & Research	\$13.12	\$255.0	-0.4% 8.4% 9.2% 10.7%	2.11%
Ohio National	TOP Explorer	VIP High Income	Fidelity Mgt. & Research	\$10.00	na	na na na na	na
Pacific Mutual	Pacific One	High Yield Bond		nr	nr	nr nr nr nr	2.17%
Pacific Mutual	Select	High Yield Bond		nr	nr	nr nr nr nr	2.17%
Penn Mutual	Diversifier II	High Yield Bond	T. Rowe Price	na	\$ 35.0	na 12.9% 6.5% 8.8%	2.09%
Penn Ins. & Annuity	Pennant	High Yield Bond	T. Rowe Price	na	\$ 4.7	na 12.7% 6.4% 8.6%	2.24%
Provident Mutual	Options VIP	High Income	Fidelity Mgt. & Research	\$676.74	\$362.0	-0.4% 8.1% 8.9% 10.5%	2.11%
Provident Mutual	VIP 2	High Income	Fidelity Mgt. & Research	\$676.74	\$362.0	-0.4% 8.1% 8.9% 10.5%	2.11%
Prudential	Discovery Plus	High Yield Bond	Prudential	\$2.05	\$95.5	0.1% 6.9% 7.2% 9.5%	1.83%
Prudential	Discovery Preferred	High Yield Bond	Prudential	\$1.12	\$ 17.0	.03% 6.7% na na	2.03%
Prudential	Var. Invest. Plan	High Yield Bond	Prudential	\$ 2.05	\$95.5	0.1% 6.9% 7.2% 9.5%	1.83%
Prudential	Discovery Select	High Yield Bond	Prudential	\$1.12	\$24.1	0.0% na na na	2.03%
SAFECO	Spinnaker Plus	Hi Inc. Bond II	Federated Investors	\$10.99	\$ 0.1	0.5% 12.5% 9.6% na	2.05%
SAFECO	Spinnaker	Hi Inc. Bond II	Federated Investors	\$10.95	\$ 0.6	0.5% 12.2% 9.1% na	2.20%
SAFECO	Mainsail	Hi Inc. Bond II	Federated Investors	\$10.95	\$ 0.0	0.5% 12.2% 9.1% na	2.20%
United Companies	Spectra Direct	High Income Bond		nr	nr	nr nr nr nr	2.47%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12e. Aggressive Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/97 YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	Small Cap	Alger	\$35.55	\$ 6.9	-12.2% -12.8% 10.1% 8.8%	2.28%
Canada LIC	VariFund	Small Cap	Alger	\$35.97	\$ 0.7	-12.2% -12.7% 10.1% 8.9%	2.35%
Fortis Benefits	Masters	Aggress. Growth	Fortis Advisers	\$10.66	\$ 34.1	2.4% -20.1% na na	2.83%
Fortis Benefits	Opportunity	Aggress. Growth	Fortis Advisers	\$10.66	\$ 30.1	2.4% -20.1% na na	2.83%
Jackson National	Perspective	Aggress. Growth	Alger	\$12.70	\$ 37.4	-5.5% -5.6% na na	2.50%
Manulife Financial	Lifestyle	Emerging Growth	Warburg Pincus	\$42.24	\$ 67.2	-9.1% na na na	2.60%
Counsellors Nationwide	Best of America IV	Small Co. Fund	Neuberger & Berman	\$13.08	\$ 81.4	-5.4% 6.6% na na	2.40%
Nationwide	America's Vision	Small Co. Fund	Neuberger & Berman	\$13.66	\$ 69.4	-5.4% 6.5% na na	2.50%
Ohio National	TOP Explorer	Capital Apprec.	T. Rowe Price	\$10.00	\$ 20.5	-0.2% 9.7% na na	na
Ohio National	TOP Explorer	Core Growth	Pilgrim Baxter & Assoc.	\$10.00	\$ 1.9	-15.4% na na na	2.03%
Ohio National	TOP Explorer	Small Cap	Founders Asset Mgt.	\$10.00	\$ 18.1	-14.6% -4.4% na na	na
Ohio National	TOP Explorer	Aggressive Growth	Strong Capital Mgmt.	\$10.00	\$ 4.3	-9.8% -7.7% na na	na
Ohio National	Top	Capital Apprec.	T. Rowe Price	nr	nr	nr nr nr nr	na
Ohio National	Top	Small Cap.	Founders Asset Mgmt.	nr	nr	nr nr nr nr	2.02%
Ohio National	Top	Aggr. Growth	Strong Capital Mgmt.	nr	nr	nr nr nr nr	1.95%
Ohio National	Top Plus	Cap. Apprec.	T. Rowe Price	nr	nr	nr nr nr nr	1.83%
Ohio National	Top Plus	Small Cap.	Founders Asset Mgmt	nr	nr	nr nr nr nr	1.82%
Ohio National	Top Plus	Aggr. Growth	Strong Capital Mgmt.	nr	nr	nr nr nr nr	1.95%
Penn Mutual	Diversifier II	VP Cap. App.	American Century	na	\$ 21.8	na -19.5% 1.3% 2.3%	2.25%
Penn Mutual	Diversifier II	Small Cap.	Op Cap Advisers	na	\$ 10.4	na 12.3% na na	2.24%
Penn Ins. & Annuity	Pennant	VP Cap. App.	American Century	na	\$ 3.5	na -19.6% 1.1% 2.3%	2.40%
Penn Ins. & Annuity	Pennant	Small Cap.	Op Cap Advisers	na	\$ 5.8	na 12.1% na na	2.39%
Phoenix Mutual	Big Edge Choice	US Small Cap	Wanger Asset Mgmt.	\$1.32	\$ 28.6	-4.1% 21.4% na na	2.59%
Phoenix Mutual	Big Edge Plus	US Small Cap	Wanger Asset Mgmt.	\$1.61	\$110.6	-4.1 21.6% na na	2.59%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12e. Aggressive Growth Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Principal Mutual	Variable Annuity	Aggr. Growth	Morgan Stanley	\$18.59	\$ 94.5	na 19.3% 24.5% na	2.10%
Principal Mutual	Variable Annuity	Emerg. Growth	Princor Mgt.	\$15.13	\$138.3	na 11.3% 15.0% 13.9%	1.91%
Provident Mutual	Options VIP	Aggr. Growth	Sentinel Advisors	\$681.09	\$227.0	-2.4% 7.5% 10.3% 6.0%	2.08%
Provident Mutual	VIP 2	Aggr. Growth	Sentinel Advisors	\$681.09	\$227.0	-2.4% 7.5% 10.3% 6.0%	2.08%
Provident Mutual	VIP 2	Quest Small Cap	OpCap Advisors	\$659.6	\$13,207	-1.7% 10.8% 9.6% na	2.33%
Prudential	Discovery Plus	Small Cap.	Prudential	\$1.33	\$ 30.3	-5.6% 6.6% na na	1.80%
Prudential	Discovery Plus	Jennison	Prudential	\$1.37	\$ 47.5	-2.6% 6.6% na na	1.86%
Prudential	Discovery Preferred	Jennison	Prudential	\$0.11	\$ 29.4	-2.6% 6.4% na na	2.06%
Prudential	Discovery Preferred	Small Cap	Prudential	\$1.16	\$ 14.7	-5.7% 6.4% na na	1.96%
Prudential	Variable Invest.	Small Cap	Prudential	\$1.33	\$ 30.3	-5.6% 6.6% na na	1.76%
Prudential	Variable Invest.	Jennison	Prudential	\$1.37	\$ 47.5	-2.6% 6.6% na na	1.86%
Prudential	Discovery Select	Jennison	Prudential	\$1.11	\$ 15.1	-2.6% na na na	2.06%
Prudential	Discovery Select	Emerg. Grwth	Mass. Finan. Svc.	\$0.89	\$ 14.5	-6.7% na na na	2.40%
Prudential	Discovery Select	Small Cap.	OpCap Advisors	\$1.03	\$ 7.6	-1.6% na na na	2.42%
Prudential	Discovery Select	Post Vent. Capital	Warburg Pincus	\$0.87	\$ 4.2	-9.0% na na na	2.80%
SAFECO	Variable Account B	Growth	SAFECO Mgt.	\$26.42	\$ 41.7	-2.4% 19.8% 25.7% na	2.04%
SAFECO	Spinnaker Plus	Growth	SAFECO Mgt.	\$26.42	\$ 6.3	-2.4% 19.8% 25.7% na	2.04%
SAFECO	Spinnaker	Growth	SAFECO Mgt.	\$26.26	\$ 37.7	-2.5% 19.7% 25.5% na	2.19%
SAFECO	Mainsail	Growth	SAFECO Mgt.	\$26.26	\$ 2.4	-2.5% 19.7% 25.5% na	2.19%
SAFECO	Mainsail	U.S. Small Cap	Wanger Asset. Mgt.	\$16.07	\$ 0.9	-4.1% 21.4% na na	2.61%
Security Benefit	Variflex	Emerging Growth		nr	nr	nr nr nr	2.04%
Security Benefit	Variflex LS	Emerging Growth		nr	nr	nr nr nr	2.24%
United Companies	SpectraDirect	Emerging Growth		nr	nr	nr nr nr	2.67%
Western National	Elite Plus	Emerging Growth	Van Kampen Amer. Cap.	\$10.76	\$ 2.0	-8.1% 0.4% na na	2.27%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	Contrafund	Fidelity Mgt. & Research	\$16.13	\$ 11.9	-2.0% 12.5% na na	2.11%
Ameritas Variable	Overture III+	VIP Growth	Fidelity Mgt. & Research	\$30.12	\$ 8.7	-2.8% 4.6% 14.5% 12.6%	2.07%
Ameritas Variable	Overture III+	Growth	Fred Alger Mgt.	\$34.90	\$ 7.1	-1.1% 5.6% 15.9% 15.3%	2.19%
Canada Life	VariFund	Growth	Fidelity Mgt. & Research	\$34.66	\$6.9	-2.8% 4.7% 14.5% 12.6%	2.19%
Canada Life	VariFund	Value Equity	CL Capital Mgt.	\$18.18	\$ 4.4	-0.5% 4.6% 10.4% 8.1%	2.30%
Canada Life	VariFund	Capital	J & W Seligman	\$14.89	\$ 3.0	-3.7% 1.2% 11.5% na	2.30%
Canada Life	VariFund	Frontier	J & W Seligman	\$15.31	\$ 3.3	-9.6% 1.2% 16.8% na	2.35%
Canada Life	VariFund	Leveraged Allcap	Fred Alger Mgt.	\$17.97	\$ 0.3	-5.5% -0.6% na na	2.40%
Canada Life	VariFund	Growth	Fred Alger Mgt.	\$34.70	\$ 0.9	-1.0% 5.8% 16.0% 15.4%	2.30%
Canada Life	VariFund	Midcap Growth	Fred Alger Mgt.	\$19.55	\$ 0.5	-6.8% -3.9% 15.4% na	2.30%
Canada Life	VariFund	Soc. Resp. Gwth	Dreyfus	\$21.11	\$ 0.3	-0.6% 12.6% 15.7 na	2.67%
Fortis Benefits	Opportunity	Blue Chip Stock	Fortis Advisers	\$11.46	\$ 8.7	-19.4% na na na	3.38%
Fortis Benefits	Opportunity	Growth	Fortis Advisers	\$2.73	\$227.5	-0.5% 0.5% na na	2.64%
Fortis Benefits	Opportunity	Value Series	Fortis Advisers	\$11.13	\$ 8.1	-8.1% na 9.6% 8.1%	2.92%
Fortis Benefits	Masters	Blue Chip Stock	Fortis Advisers	\$11.46	\$ 9.7	-19.4% na na na	3.38%
Fortis Benefits	Masters	Growth	Fortis Advisers	\$2.73	\$230.8	-0.5% 0.5% na na	2.64%
Fortis Benefits	Masters	Value Series	Fortis Advisers	\$11.13	\$ 9.7	-8.1% na 9.6% 8.1%	2.92%
Jackson National	Perspective	Capital Growth	Janus Capital	\$12.81	\$41.9	-11.7% -15.3% na na	2.50%
Jackson National	Perspective	Growth	Fred Alger Mgt.	\$11.14	\$43.9	-0.5% -1.5% na na	2.53%
Jackson National	Perspective	Midcap Growth	T. Rowe Price	\$13.91	\$ 59.3	-6.9% -2.5% na na	2.50%
Jackson National	Perspective	Value Equity	PPM America	\$14.82	\$28.1	1.8% 10.0% na na	2.30%
Jackson National	Perspective	Estab. Growth	T. Rowe Price	\$12.61	\$47.4	0.0% 7.7% na na	2.40%
Jackson National	Perspective	Phoenix Growth	Phoenix Investment	\$13.98	\$34.1	-2.0% 6.6% na na	2.45%
London Pacific	Regency	Strong Growth		nr	nr	nr nr nr	2.79%

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Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
London Pacific	Regency	Value		nr	nr	nr	2.80%
Manulife Financial	Lifestyle	Common Stock	Manufacturers Advisers	nr	nr	nr	1.95%
Nationwide	Best of America IV	Growth	Neuberger & Berman	\$30.53	na	2.6%	2.22%
Nationwide	America's Vision	Growth	Neuberger & Berman	\$13.56	\$77.8	2.6%	2.32%
Ohio National	TOP Explorer	Equity	Ohio Nat'l Investments	\$10.00	\$132.8	-1.2%	na
Ohio National	TOP Explorer	VIP Growth	Fidelity Mgt. & Research	\$10.00	na	na	na
Ohio National	TOP Annuity	Equity	Ohio Nat'l Investments	nr	nr	nr	1.85%
Ohio National	TOP Plus Annuity	Equity	Ohio Nat'l Investments	nr	nr	nr	1.65%
Pacific Mutual	Pacific One	Equity		nr	nr	nr	2.20%
Pacific Mutual	Select	Equity		nr	nr	nr	2.20%
Pacific Mutual	Select	Growth		nr	nr	nr	2.19%
Pacific Mutual	Pacific One	Growth LT		nr	nr	nr	2.34%
Pacific Mutual	Select	Growth LT		nr	nr	nr	2.34%
Penn Mutual	Diversifier II	Growth Equity	Independence Capital	na	\$ 94.2	10.5%	2.05%
Penn Mutual	Diversifier II	VIP Growth	Fidelity Mgt. & Research	na	\$ 38.5	na	1.92%
Penn Ins. & Ann.	Pennant	Growth Equity	Independence Capital	na	\$ 2.8	10.3%	2.20%
Penn Ins. & Ann.	Pennant	VIP Growth	Fidelity Mgt. & Research	na	\$ 16.1	na	2.07%
Phoenix Home Life	Big Edge Choice	Growth	Phoenix Invest. Council	\$ 1.17	\$ 59.2	-2.4%	2.10%
Phoenix Mutual	Big Edge Choice	Strategic Theme	Phoenix Invest. Council	\$1.04	\$ 6.2	-3.5%	2.38%
Phoenix Home Life	Big Edge Plus	Growth	Phoenix Invest. Council	\$ 8.78	\$894.0	-2.4%	2.10%
Phoenix Mutual	Big Edge Plus	Strategic Theme	Phoenix Invest. Council	\$1.05	\$ 22.7	-3.5%	2.38%
Principal Mutual	Variable Annuity	Capital Accum.	Princor	\$16.42	\$134.5	na	1.74%
Principal Mutual	Variable Annuity	Growth	Princor	\$14.72	\$107.5	na	1.77%
Provident Mutual	VIP 2	VIP Growth	Fidelity Mgt. & Research	\$723.18	\$48,981	-2.9%	2.07%

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Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees, Cont'd.

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Prudential	Discovery Plus	Equity	Prudential	\$5.75	\$1,106.6	1.2% 12.9% 17.2% 15.0%	1.70%
Prudential	Discovery Preferred	Equity	Prudential	\$1.22	\$ 82.0	1.2% 12.6% na na	1.90%
Prudential	Var. Investment Plan	Equity	Prudential	\$5.75	\$1,106.6	1.2% 12.9% 17.2% 15.0%	1.70%
Prudential	Discovery Select	Growth	Janus Aspen	\$1.01	\$16.0	0.2% na na na	2.09%
Prudential	Discovery Select	Research Series	Mass. Finan. Svc.	\$1.00	\$ 9.4	-2.4% na na na	2.40%
Prudential	Discovery Select	Equity	Prudential	\$1.22	\$ 30.1	1.2% na na na	1.90%
Prudential	Discovery Select	AIM VI Value	AIM Advisors	\$1.03	\$ 10.8	-1.5% na na na	2.13%
Prudential	Discovery Select	Post-Venture Cap.	Warburg Pincus	\$ 0.87	\$ 1.7	-9.0% na na na	2.80%
Security Benefit	Variflex	Growth		nr	nr	nr nr nr nr	2.03%
Security Benefit	Variflex	Social Awareness		nr	nr	nr nr nr nr	2.04%
Security Benefit	Variflex LS	Growth		nr	nr	nr nr nr nr	2.52%
Security Benefit	Variflex LS	Social Awareness		nr	nr	nr nr nr nr	2.24%
Union Central	Variable Annuity	Equity Portfolio		nr	nr	nr nr nr nr	2.68%
Union Central	Variable Annuity	Capital Growth		nr	nr	nr nr nr nr	1.93%
United Companies	SpectraDirect	American	Fred Alger Advisors	nr	nr	nr nr nr nr	2.52%
Western National	Elite Plus	Growth Equity	State St. Global Advisors	\$12.48	\$ 3.6	-0.3% 14.4% na na	2.13%

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Variable Annuities Update

Table 12g. Growth & Income Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/97 YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	Equity Income	Fidelity Mgt. & Research	\$21.07	\$15.0	0.8% 9.1% 18.0% 15.8%	1.96%
Canada Life	VariFund	Gwth & Income	Dreyfus	\$22.22	\$ 3.1	-1.6% 6.7% na na	2.32%
Canada Life	VariFund	Index 500	Fidelity Mgt. & Research	\$95.47	\$ 2.4	2.1% 17.7% 20.3% na	1.68%
Fortis Benefits	Opportunity	Gwth & Income	Fortis Advisers	\$15.84	\$ 82.2	-2.3% 16.5% 9.9% 8.5%	2.80%
Fortis Benefits	Opportunity	S&P 500	Fortis Advisers	\$11.57	\$ 13.2	2.1% na na na	2.54%
Fortis Benefits	Masters	Gwth & Income	Fortis Advisers	\$15.84	\$ 60.5	-2.3% 16.5% 9.9% 8.5%	2.80%
Fortis Benefits	Masters	S&P 500	Fortis Advisers	\$11.57	\$12.1	2.1% na na na	2.54%
Manulife Financial	Lifestyle	Quant. Equity	Manufacturers Adviser	\$30.59	\$40.5	1.8% 13.7% 14.5% 11.5%	2.01%
Nationwide	Best of America IV	Total Return	Nationwide Finan. Svc.	\$63.90	\$443.6	1.9% 16.1% 16.9% 12.5%	1.82%
Nationwide	America's Vision	Total Return	Nationwide Finan. Svc.	\$15.67	\$199.4	1.9% 16.0% 16.8% 12.4%	1.92%
Nationwide	Best of America IV	Stock Index	Dreyfus	\$16.85	\$276.1	2.3% 17.8% 20.2% 14.3%	1.60%
Nationwide	America's Vision	Stock Index	Dreyfus	\$16.74	\$289.2	2.3% 17.7% 20.1% 14.2%	1.70%
Ohio National	TOP Explorer	Equity Income	Fidelity Mgt. & Research	\$10.00	na	na na na na	na
Ohio National	TOP Explorer	Gwth & Income	Robertson Stephens	\$10.00	\$ 1.0	-1.2% na na na	na
Ohio National	TOP Explorer	Stock Index	Ohio Nat'l Investments	\$10.00	\$ 1.1	1.7% na na na	na
Pacific Mutual	Pacific One	Equity Index		nr	nr	nr nr nr nr	1.82%
Pacific Mutual	Select	Equity Index		nr	nr	nr nr nr nr	1.82%
Penn Mutual	Diversifier II	Equity Income	Fidelity Mgt. & Research	na	\$ 37.3	na 9.4% 18.0% 15.8%	1.81%
Penn Mutual	Diversifier II	Value Equity		na	\$160.2	na 14.3% 20.1% 14.4%	2.03%
Penn Ins. & Ann.	Pennant	Equity Income	Fidelity Mgt. & Research	na	\$ 18.6	na 9.2% 17.7% 15.7%	1.96%
Penn Ins. & Ann.	Pennant	Value Equity	OpCap Advisors	na	\$18.9	na 14.2% 19.9% 14.2%	2.18%
Provident Mutual	Options VIP	Equity Income	Fidelity Mgt. & Research	\$807.47	\$907.0	-4.9% 3.7% 16.9% 15.5%	1.96%
Provident Mutual	VIP 2	Equity Income	Fidelity Mgt. & Research	\$807.46	\$907.0	-4.9% 3.7% 16.9% 15.5%	1.96%
Prudential	Discovery Plus	Equity Income	Prudential	\$3.06	\$292.0	0.5% 14.3% 14.1% 14.2%	1.65%
Prudential	Discovery Plus	Stock Index	Prudential	\$2.97	\$350.6	2.3% 17.9% 20.4% 14.6%	1.60%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12g. Growth & Income Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Prudential	Discovery Preferred	Equity Income	Prudential	\$1.24	\$ 28.5	0.5% 14.1% na na	1.85%
Prudential	Discovery Preferred	Stock Index	Prudential	\$1.16	\$ 21.8	2.2% na na na	1.80%
Prudential	Var. Investment Plan	Equity Income	Prudential	\$3.06	\$292.0	0.5% 14.3% 14.1% 14.2%	1.65%
Prudential	Var. Investment Plan	Stock Index	Prudential	\$2.97	\$350.6	2.3% 17.9% 20.4% 14.6%	1.60%
Prudential	Discovery Select	Equity Income	T. Rowe Price	\$1.08	\$ 21.6	1.5% na na na	2.25%
Prudential	Discovery Select	Equity Income	Prudential	\$1.24	\$ 14.2	0.5% na na na	1.85%
Prudential	Discovery Select	AIM VIG & I	AIM Advisors	\$1.03	\$ 10.3	-1.1% na na na	2.18%
Prudential	Discovery Select	Stock Index	Prudential	\$1.16	\$ 28.4	2.2% na na na	1.80%
SAFECO	Variable Account B	Equity	SAFECO Asset Mgt.	\$40.47	\$121.8	1.6% 20.0% 20.0% 17.9%	1.97%
SAFECO	Spinnaker Plus	Equity	SAFECO Asset Mgt.	\$40.47	\$ 11.1	1.6% 20.0% 20.0% 17.9%	1.97%
SAFECO	Spinnaker	Equity	SAFECO Asset Mgt.	\$40.26	\$ 47.4	1.6% 19.9% 19.8% 17.7%	2.12%
SAFECO	Mainsail	Equity	SAFECO Asset Mgt.	\$40.26	\$ 2.3	1.6% 19.9% 19.8% 17.7%	2.12%
Security Benefit	Variflex	Gwth & Income		nr	nr	nr nr nr nr	2.04%
Security Benefit	Variflex LS	Gwth & Income		nr	nr	nr nr nr nr	2.24%
United Companies	SpectraDirect	Stock Index		nr	nr	nr nr nr nr	2.93%
United Companies	SpectraDirect	Gwth & Income		nr	nr	nr nr nr nr	2.50%
Western National	Elite Plus	Gwth & Income	BEA Associates	\$11.92	\$ 3.4	0.0% 10.6% na na	2.27%
WM Life	Cascade	Gwth & Income	Composite Research & Mgt.	\$37.89	\$ 43.7	1.2% 16.1% 18.3% 13.5%	1.78%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12h. Balanced Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/97 YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	Asset Manager	Fidelity Mgt. & Research	\$16.73	\$ 5.8	-0.4% 9.6% 8.2% 8.9%	2.13%
Canada Life	VariFund	Managed	CL Capital Management	\$17.14	\$ 10.0	-0.5% 3.7% 8.5% 7.5%	2.30%
Canada Life	VariFund	Asset Manager	Fidelity Mgt. & Research	\$20.20	\$ 6.0	-0.4% 9.7% 8.2% 9.0%	2.14%
Fortis Benefits	Opportunity	Asset Allocation	Fortis Advisers	\$2.32	\$160.7	-0.8% 6.9% na na	2.37%
Fortis Benefits	Masters	Asset Allocation	Fortis Advisers	\$2.32	\$196.6	-0.8% 6.9% na na	2.37%
Jackson National	Perspective	Balanced	Phoenix Duff & Phelps	\$11.87	\$ 30.8	-0.8% 0.5% na na	2.45%
London Pacific	Regency	Total Return		nr	nr	nr nr nr	2.79%
Manulife Financial	Lifestyle	Balanced	Founders Asset Mgt.	\$24.24	\$ 56.1	1.5% na na	2.40%
Nationwide	Best of America IV	Asset Manager	Fidelity Mgt. & Research	\$20.35	\$701.6	-0.4% 9.8% 8.3% 9.2%	2.04%
Nationwide	America's Vision	Asset Manager	Fidelity Mgt. & Research	\$12.42	\$207.4	-0.4% 9.7% 8.2% 9.1%	2.14%
Ohio National	TOP Annuity	OMNI	Ohio Nat'l Investments	\$32.53	\$ 76.6	14.1% 14.1% 10.8% 10.2%	1.88%
Ohio National	TOP Explorer	OMNI	Ohio Nat'l Investments	\$10.00	\$ 91.5	-0.3 9.2% 11.4% 10.0%	na
Ohio National	TOP Plus Annuity	OMNI	Ohio Nat'l Investments	nr	nr	nr nr nr	1.68%
Pacific Mutual	Pacific One	Multi Strategy		nr	nr	nr nr nr	2.24%
Pacific Mutual	Select	Multi Strategy		nr	nr	nr nr nr	2.24%
Penn Mutual	Diversifier II	Flexibly Mgd	T. Rowe Price	na	\$292.5	na 10.3% 13.0% 11.8%	2.02%
Penn Mutual	Diversifier II	VIP II Asset Mgr.	Fidelity Mgt. & Research	na	\$ 5.6	na 9.9% 8.4% 9.2%	1.98%
Penn Mutual	Diversifier II	AMT Balanced	Neuberger & Berman	na	\$ 19.5	na 4.7% 8.9% 7.0%	2.34%
Penn Ins. & Ann.	Pennant	Flexibly Mgd.	T. Rowe Price	na	\$ 47.0	na 10.1% 12.8% 11.6%	2.17%
Penn Ins. & Ann.	Pennant	VIP II Asset Mgr.	Fidelity Mgt. & Research	na	\$ 2.7	na 9.7% 8.2% 9.0%	2.13%
Penn Ins. & Ann.	Pennant	AMT Balanced	Neuberger & Berman	na	\$ 3.1	na 4.5% 8.8% 6.8%	2.49%
Phoenix Mutual	Big Edge Choice	Balanced	Phoenix Invest. Council	\$1.13	\$ 7.2	-0.8% 8.0% 9.1% na	2.06%
Phoenix Home Life	Big Edge Choice	Asset Allocation	Phoenix Invest. Council	\$ 1.14	\$ 17.5	1.5% 7.4% 8.3% 8.2%	2.08%
Phoenix Mutual	Big Edge Plus	Balanced	Phoenix Invest. Council	\$1.48	\$170.8	-0.7% 7.7% na na	2.06%
Phoenix Home Life	Big Edge Plus	Asset Allocation	Phoenix Invest. Council	\$ 3.77	\$305.3	1.6% 7.5% 8.4% 8.3%	2.08%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12h. Balanced Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/97 YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Principal Mutual	Variable Annuity	Balanced	Princor	\$13.69	\$78.6	na 10.4% 11.3% 9.7%	1.88%
Principal Mutual	Variable Annuity	Asset Allocation	Morgan Stanley Asset Mgt.	\$13.45	\$36.5	na 10.3% na na	2.12%
Provident Mutual	Options VIP	Balanced	Neuberger & Berman	\$532.20	\$142.0	1.6% 4.2% 8.5% 6.6%	2.49%
Provident Mutual	VIP 2	Mkt. St. Mgd.	Sentinel	\$661.06	\$10.4	1.1% 8.6% 10.7% 9.6%	2.00%
Prudential	Discovery Plus	Cons. Balanced	Prudential	\$3.42	\$1,338.9	-0.1% 7.6% 9.1% 8.3%	1.79%
Prudential	Discovery Plus	Flex. Managed	Prudential	\$3.86	\$1,234.2	-1.0% 8.7% 11.2% 10.4%	1.84%
Prudential	Discovery Preferred	Cons. Balanced	Prudential	\$1.14	\$87.8	-0.2% 7.4% na na	1.99%
Prudential	Discovery Preferred	Flex. Managed	Prudential	\$1.14	\$50.3	-1.0% 8.5% na na	2.04%
Prudential	Var. Invest. Plan	Cons. Balanced	Prudential	\$3.42	\$1,368.9	-0.1% 7.6% 9.1% 8.3%	1.79%
Prudential	Var. Invest. Plan	Flex. Managed	Prudential	\$3.86	\$1,234.2	-1.0% 8.7% 11.2% 10.4%	1.84%
Prudential	Discovery Select	Acc. Trust Mgd.	OpCap Advisors	\$1.06	\$29.3	0.9% na na na	2.30%
SAFECO	Variable Account B	Balanced	Scudder Stevens & Clark	\$13.82	\$5.7	-0.7% 7.0% 11.5% 9.0%	1.86%
SAFECO	Spinnaker Plus	Balanced	Scudder Stevens & Clark	\$13.82	\$2.1	-0.7% 7.0% 11.5% 9.0%	1.98%
SAFECO	Spinnaker	Balanced	Scudder Stevens & Clark	\$13.67	\$10.4	-0.8% 6.8% 11.3% 8.7%	2.01%
SAFECO	Mainsail	Balanced	Scudder Stevens & Clark	\$7.63	\$0.2	-3.2% 6.4% 8.3% 5.9%	2.40%
Security Benefit	Variflex	Spec. Asset Alloc.		nr	nr	nr nr nr nr	2.54%
Security Benefit	Variflex	Mgd. Asset Alloc.		nr	nr	nr nr nr nr	2.65%
Security Benefit	Variflex LS	Mgd Asset Alloc.		nr	nr	nr nr nr nr	2.85%
United Companies	SpectraDirect	Total Return		nr	nr	nr nr nr nr	2.67%
Western National	Elite Plus	Asset Allocation	OpCap Advisors	\$12.50	\$2.9	0.4% 17.8% na na	2.17%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	Overseas	Fidelity Mgt. & Research	\$19.00	\$ 4.2	2.9% 11.0% 7.0% 8.9%	2.32%
Canada Life	VariFund	Overseas	Fidelity Mgt. & Research	\$19.02	\$ 1.7	2.9% 11.1% 7.0% 8.9%	2.33%
Canada Life	VariFund	Emerg. Mkts	Montgomery Asset Mgt.	\$11.41	\$ 0.8	8.2% 13.2% na na	3.15%
Canada Life	VariFund	Int'l Equity	CL Capital Mgt.	\$12.39	\$ 1.2	0.5% 11.1% na na	2.60%
Fortis Benefits	Opportunity	Global Growth	Fortis Advisers	\$17.18	\$113.5	0.7% 2.4% na na	2.84%
Fortis Benefits	Opportunity	Gl. Asset Alloc.	Fortis Advisers	\$12.82	\$ 17.3	2.2% 7.6% na na	3.45%
Fortis Benefits	Opportunity	Int'l Stock	Fortis Advisers	\$12.95	\$ 21.9	-0.5% 10.7% na na	3.34%
Fortis Benefits	Masters	Global Growth	Fortis Advisers	\$17.18	\$127.6	0.7% 2.4% na na	2.84%
Fortis Benefits	Masters	Gl. Asset Alloc.	Fortis Advisers	\$12.82	\$ 15.6	2.2% 7.6% na na	3.45%
Fortis Benefits	Masters	Int'l Stock	Fortis Advisers	\$12.95	\$ 22.5	-0.5% 10.7% na na	3.34%
Jackson National	Perspective	Int'l Equity	T. Rowe Price	\$12.06	\$ 31.9	-0.5% -0.2% na na	2.65%
Jackson National	Perspective	Global Equities	Janus Capital Corp.	\$16.09	\$ 69.3	5.4% 18.4% na na	2.55%
London Pacific	Regency	Int'l Stock	nr	nr	nr	nr	2.99%
Manulife Financial	Lifestyle	Int'l Stock	T. Rowe Price-Fleming Int'l	\$11.56	\$ 8.0	-0.3% na na	2.70%
Manulife Financial	Lifestyle	Pac. Rim Em. Mkt	Manufacturers Adviser Corp.	\$10.97	\$ 5.5	-2.9% -0.6% na na	2.60%
Nationwide	Best of America IV	International	American Century	\$12.33	\$ 59.7	4.9% 16.1% na na	2.80%
Nationwide	America's Vision	International	American Century	\$12.29	\$ 54.2	4.9% 15.9% na na	2.90%
Nationwide	Best of America IV	Overseas	Fidelity Mgt. & Research	\$17.06	\$433.2	2.9% 11.2% 7.1% 9.1%	2.23%
Nationwide	America's Vision	Overseas	Fidelity Mgt. & Research	\$13.09	\$123.3	2.9% 11.1% 7.0% 9.0%	2.33%
Ohio National	Top Explorer	International	Socite Generale	\$10.00	\$ 85.2	3.1% 9.6% 9.1% na	na
Ohio National	Top Explorer	Global Contrarian	Socite Generale	\$10.00	\$ 6.1	3.0% 7.8% na na	na
Ohio National	Top Explorer	Em. Markets	Montgomery Asset Mgt.	\$10.00	na	na na na na	na
Ohio National	Top Annuity	Global Contrarian	Socite Generale	nr	nr	nr	2.40%
Ohio National	TOP Plus Annuity	International	Socite Generale	nr	nr	nr	1.68%
Pacific Mutual	Pacific One	International	Socite Generale	nr	nr	nr	2.52%
Pacific Mutual	Select	International	nr	nr	nr	nr	2.52%
Penn Mutual	Diversifier II	Int'l Equity	Vontobel USA	na	\$ 69.8	na 11.1% 8.2% na	2.42%
Penn Ins. & Annuity	Pennant	Int'l Equity	Vontobel USA	na	\$ 8.8	na 10.9% 8.0% na	2.57%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Phoenix Home Life	Big Edge Choice	International	Phoenix Investment Council	\$ 1.23	\$ 4.8	3.7% 14.4% 8.1% 9.7%	2.67%
Phoenix Home Life	Big Edge Choice	Aberd. New Asia	Phoenix-Aberdeen Int'l	\$ 0.96	\$ 2.0	-3.5% na na	2.63%
Phoenix Home Life	Big Edge Choice	Int'l Small Cap	Wanger Asset Mgt.	\$ 1.46	\$ 20.1	3.1% 16.8% na na	3.17%
Phoenix Home Life	Big Edge Plus	International	Phoenix Invest. Council	na	\$134.5	na na na na	2.42%
Phoenix Home Life	Big Edge Plus	Aber. New Asia	Phoenix Aberdeen	\$ 0.96	\$ 9.8	-3.4% na na na	2.63%
Phoenix Home Life	Big Edge Plus	Int'l Small Cap	Wanger Asset Mgt.	\$ 1.79	\$ 80.3	3.1% 17.0% na na	3.17%
Principal Mutual	Variable Annuity	World	Princor	\$13.92	\$ 86.2	na 20.2% na na	2.15%
Provident Mutual	Options VIP	Mkt. St. Int'l	Provident Mutual	\$657.63	\$262.0	0.9% 7.0% 7.1% 9.5%	2.45%
Provident Mutual	VIP 2	International	Scudder Stevens & Clark	\$606.65	\$7,200	1.7% 10.1% 7.3% 10.7%	2.45%
Prudential	Discovery Plus	Global	Prudential	\$1.80	\$131.8	-0.8% 10.6% 9.6% 12.4%	2.12%
Prudential	Discovery Preferred	Global	Prudential	\$1.18	\$ 13.8	-0.9% 10.4% na na	2.32%
Prudential	Var. Invest. Plan	Global	Prudential	\$1.80	\$131.8	-0.8% 10.6% 9.6% 12.4%	2.12%
Prudential	Discovery Select	Global	Prudential	\$1.18	\$ 4.4	-0.9% na na na	2.32%
Prudential	Discovery Select	Int'l Growth	Janus Aspen	\$1.12	\$21.3	6.6% na na na	1.66%
Prudential	Discovery Select	Int'l Stock	T. Rowe Price	\$1.03	\$ 7.7	-0.5% na na na	2.45%
SAFECO	Variable Account B	International	Scudder Stevens & Clark	\$13.32	\$ 12.5	1.8% 10.6% 7.7% 11.0%	2.30%
SAFECO	Spinnaker Plus	International	Scudder Stevens & Clark	\$13.32	\$ 2.4	1.8% 10.6% 7.7% 11.0%	2.30%
SAFECO	Spinnaker Plus	Int'l Equity II	Federated Investors	\$10.90	\$ 0.1	-1.4% na na na	2.50%
SAFECO	Spinnaker Plus	Emerg. Mkt.	Lexington Mgt. Corp	\$10.65	\$ 0.3	6.8% 3.2% 2.8% na	2.89%
SAFECO	Spinnaker	Int'l Equity II	Federated Investors	\$10.90	\$ 0.5	-1.4% 2.8% na na	2.65%
SAFECO	Spinnaker	International	Scudder Stevens & Clark	\$13.25	\$ 8.3	1.8% 10.5% 7.6% 10.9%	2.45%
SAFECO	Spinnaker	Emerg. Markets	Lexington Mgt. Corp	\$9.95	\$ 0.7	5.6% 5.6% na na	2.94%
SAFECO	Mainsail	International	Scudder Stevens & Clark	\$6.31	\$ 0.2	4.9% 15.9% na na	2.90%
SAFECO	Mainsail	Emerg. Markets	Lexington Mgt. Corp	\$10.62	\$ 1.2	6.8% 3.0% 2.6% na	3.04%
Security Benefit	Variflex	Worldwide Equity	Worldwide Equity	nr	nr	nr nr nr	2.50%
Security Benefit	Variflex LS	Worldwide Equity	Worldwide Equity	nr	nr	nr nr nr	2.70%
Union Central	Variable Annuity	International Portfolio	International Portfolio	nr	nr	nr nr nr	2.33%
United Companies	SpectraDirect	International	International	nr	nr	nr nr nr	2.76%
Western National	Elite Plus	Int'l Equity	Credit Suisse Invest. Mgt.	\$12.28	\$ 2.9	3.2% 11.6% na na	2.42%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12j. International Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ameritas Variable	Overture III+	World Gov't	Mass. Financial Svc.	\$10.15	\$0.6	-3.6% 1.5% na na	2.40%
Fortis Benefits	Opportunity	Global Bond	Fortis Advisors	\$11.44	\$ 5.3	-7.2% 0.4% 12.2% na	3.12%
Fortis Benefits	Masters	Global Bond	Fortis Advisors	\$11.44	\$ 7.2	-7.2% 0.4% 12.2% na	3.12%
Jackson National	Perspective	Global Bond	Salomon Bros.	\$10.69	\$16.5	0.2% 2.8% na na	2.40%
Nationwide	Best of America IV	Worldwide Bond	Van Eck Associates	\$14.17	\$68.3	-3.0% 1.1% 4.8% 3.0%	2.38%
Nationwide	America's Vision	Worldwide Bond	Van Eck Associates	\$11.25	\$31.2	-3.0% 1.0% 4.7% 2.9%	2.48%
Security Benefit	Variflex	Global Aggressive Bond		nr	nr	nr nr nr	2.04%
Security Benefit	Variflex LS	Global Aggressive Bond		nr	nr	nr nr nr	2.24%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Table 12k. Natural Resources, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses
Provident Mutual	Options VIP	World Assets	Van Eck Associates	\$500.2	\$33.0	-4.4% -3.1% 4.5% 12.9%	2.63%
Prudential	Discovery Plus	Nat. Resources	Prudential	\$2.75	\$108.6	-3.2% 9.0% 15.3% 14.0%	1.72%
Prudential	Discovery Preferred	Nat. Resources	Prudential	\$1.33	\$ 8.5	-3.2% 8.8% na na	1.92%
Prudential	Var. Invest. Plan	Nat. Resources	Prudential	\$ 2.75	\$108.6	-3.2% 9.0% 15.3% 14.0%	1.72%
SAFECO	Spinnaker Plus	Nat. Resources	Lexington Mgt. Corp.	\$13.33	\$ 0.1	-5.9% 9.7% 9.2% 7.4%	2.67%
SAFECO	Spinnaker	Nat. Resources	Lexington Mgt. Corp.	\$13.31	\$ 1.8	-5.9% 9.6% 9.1% 7.3%	2.82%
SAFECO	Mainsail	Nat. Resources	Lexington Mgt. Corp.	\$13.31	\$ 0.1	-5.9% 9.6% 9.1% 7.3%	2.82%
United Companies	SpectraDirect	Gold & Nat. Res.		nr	nr	nr nr nr	2.90%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12L. Specialty Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr	3 Yr	5 Yr	Total Expenses*
Canada Life	VariFund	Comm. & Info.	J & W Seligman	\$13.77	\$ 3.3	-9.6%	3.3%	na	2.35%
Manulife Financial	Lifestyle	Real Estate	Manufact. Adviser Corp.	\$33.65	\$ 43.8	-0.2%	31.4%	11.7%	2.25%
Ohio National	TOP Explorer	Social Aware.	Ohio Nat'l Investments	\$10.00	\$ 0.1	-5.0%	na	na	na
Phoenix Mutual	Big Edge Choice	Real Estate	Phoenix Realty Securities	\$1.42	\$ 4.8	2.9%	33.1%	na	2.38%
Phoenix Mutual	Big Edge Plus	Real Estate	Phoenix Realty Securities	\$1.58	\$ 25.2	2.9%	33.3%	na	2.38%
SAFECO	Variable Account B	Northwest	SAFECO Asset Mgt.	\$12.22	\$ 2.2	2.1%	5.2%	6.3%	1.95%
SAFECO	Spinnaker Plus	Utility Fund II	Federated Investors	\$12.05	\$ 0.3	-0.5%	10.9%	10.0%	2.10%
SAFECO	Spinnaker Plus	Northwest	SAFECO Asset Mgt.	\$12.22	\$ 0.6	2.1%	5.2%	6.3%	1.95%
SAFECO	Spinnaker	Utility Fund II	Federated Investors	\$12.06	\$ 1.2	-0.5%	11.1%	9.8%	2.25%
SAFECO	Spinnaker	Northwest	SAFECO Asset Mgt.	\$12.15	\$ 1.8	2.0%	5.1%	6.2%	2.10%
SAFECO	Mainsail	Utility Fund II	Federated Investors	\$12.06	\$ 0.1	-0.5%	11.1%	9.8%	2.25%
SAFECO	Mainsail	Northwest	SAFECO Asset Mgt.	\$12.15	\$ 0.2	2.0%	5.1%	6.2%	2.10%
WM Life	Cascade	Northwest	Composite Research & Mgt.	\$23.26	\$13.9	1.6%	18.0%	14.1%	1.89%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Life Insurance Update

Yearly renewable term life insurance 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.

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.

Yearly Renewable Term premiums are priced according to several methods. One, called Select and Ultimate, sets rates more favorably during the first few years, but tends to raise them more rapidly in later years. Another, known as Attained Life, fixes premiums according to the risk of a person's age and rate group (smoker, nonsmoker, etc.), regardless of when the policy went into force. Thus, a prospective buyer should look beyond the first year or

two when comparing prices of different policies.

For instance, the premiums that are typically advertised for a Select and Ultimate policy at a range of different ages actually indicate first year premiums only. The premium in the fifth year of a YRT policy that was bought by someone at age 30 would be significantly higher than the same policy first bought by a different person at age 35.

On the other hand, Select and Ultimate Policies do offer an advantage you may want to consider. If you remain healthy and are willing to take a new medical exam, some insurers will allow you to requalify for the lower “entry” rate and issue a completely new policy. In this case, it's important to know whether and how often you have the opportunity to requalify.

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	nr	nr	nr	nr	nr	nr	nr	nr
Ameritas LIC	ART	20-75	SU	\$ 250	\$ 1,480	\$ 278	\$ 1,760	\$ 348	\$ 2,410
Columbia Universal	Term Choice-ART	20-75	AL	\$ 210	\$ 1,388	\$ 228	\$ 1,718	\$ 260	\$ 2,263
Commercial Union	Annual R&C Term	22-65	AL	\$ 305	\$ 1,690	\$ 403	\$ 2,335	\$ 578	\$ 3,433
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 248	\$ 2,065	\$ 290	\$ 2,458	\$ 363	\$ 3,148
Golden Rule	ValuTerm I	na	na	\$ 228	\$ 1,360	\$ 255	\$ 1,808	\$ 265	\$ 2,410
Jackson National	Choice YRT 100	18-70	SU	\$ 245	\$ 1,515	\$ 278	\$ 1,918	\$ 363	\$ 2,615
Manulife	ART Select	20-75	SU	\$ 283	\$ 1,540	\$ 325	\$ 1,983	\$ 378	\$ 2,588
National Guardian	Term Guard III	18-75	SU	\$ 220	\$ 1,425	\$ 238	\$ 1,765	\$ 270	\$ 2,313
Ohio National	YRT-99	na	AL	\$ 400	\$ 2,470	\$ 507	\$ 2,633	\$ 654	\$ 3,603
Phoenix Home Life	Term Life Success	18-70	SU	\$ 205	\$ 1,333	\$ 218	\$ 1,738	\$ 280	\$ 2,370
Security Benefit	YRT-100	nr	nr	nr	nr	nr	nr	nr	nr
Secur.Mutual/NY	Prime Select ART	nr	nr	\$ 193	\$ 1,473	\$ 193	\$ 1,910	\$ 215	\$ 2,378
USG Annuity & Life	Vision Term	18-75	SU	\$ 208	\$ 1,540	\$ 225	\$ 1,905	\$ 250	\$ 2,645

Survey period: May 20, 1997 thru May 23, 1997. *SU = “Select & Ultimate” pricing basis; AL = “Attained Life” pricing basis.

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	nr	nr	nr	nr	nr	nr	nr	nr
Ameritas LIC	ART	20-75	SU	\$ 448	\$ 3,295	\$ 605	\$ 4,745	\$ 918	\$ 7,043
Columbia Universal	Term Choice-ART	20-75	AL	\$ 363	\$ 3,198	\$ 503	\$ 4,550	\$ 785	\$ 7,088
Commercial Union	Annual R&C Term	22-65	AL	\$ 865	\$ 4,753	\$ 1,130	\$ 6,423	\$ 1,540	\$ 9,508
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 494	\$ 4,325	\$ 715	\$ 6,320	\$ 1,027	\$ 9,158
Golden Rule	ValuTerm I	na	na	\$ 385	\$ 3,650	\$ 660	\$ 5,743	\$ 1,045	\$ 8,795
Jackson National	Choice YRT 100	18-70	SU	\$ 485	\$ 3,388	\$ 698	\$ 4,920	\$ 1,030	\$ 7,888
Manulife	ART Select	20-75	SU	\$ 510	\$ 3,603	\$ 695	\$ 5,235	\$ 1,135	\$ 8,370
National Guardian	Term Guard III	18-75	SU	\$ 370	\$ 3,245	\$ 513	\$ 4,600	\$ 795	\$ 7,138
Ohio National	YRT-99	na	AL	\$ 838	\$ 5,135	\$ 1,227	\$ 8,108	\$ 1,728	\$ 12,439
Phoenix Home Life	Term Life Success	18-70	SU	\$ 398	\$ 3,245	\$ 560	\$ 4,670	\$ 905	\$ 8,468
Security Benefit LIC	YRT-100	nr	nr	nr	nr	nr	nr	nr	nr
Secur.Mutual/NY	Prime Select ART	nr	nr	\$ 288	\$ 3,048	\$ 423	\$ 4,653	\$ 560	\$ 6,888
USG Annuity & Life	Vision Term	18-75	SU	\$ 380	\$ 3,648	\$ 533	\$ 5,378	\$ 850	\$ 7,738

Survey period: May 20, 1997 thru May 23, 1997. *SU = “Select & Ultimate” pricing basis; AL = “Attained Life” pricing basis.

Life Insurance Update

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	nr	nr	nr	nr	nr	nr	nr	nr
Ameritas LIC	ART	20-75	SU	\$ 213	\$ 1,245	\$ 225	\$ 1,410	\$ 270	\$ 1,835
Columbia Universal	Term Choice-ART	20-75	AL	\$ 188	\$ 1,200	\$ 208	\$ 1,440	\$ 258	\$ 1,803
Commercial Union	Annual R&C Term	22-65	AL	\$ 270	\$ 1,480	\$ 348	\$ 2,008	\$ 488	\$ 2,833
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 233	\$ 1,920	\$ 270	\$ 2,270	\$ 313	\$ 2,705
Golden Rule	ValuTerm 1	na	na	\$ 188	\$ 1,118	\$ 230	\$ 1,475	\$ 248	\$ 1,783
Jackson National	Choice YRT 100	18-70	SU	\$ 203	\$ 1,198	\$ 238	\$ 1,548	\$ 295	\$ 1,983
Manulife	ART Select	20-75	SU	\$ 268	\$ 1,465	\$ 300	\$ 1,683	\$ 345	\$ 2,200
National Guardian	Term Guard III	18-75	SU	\$ 198	\$ 1,245	\$ 218	\$ 1,490	\$ 258	\$ 1,843
Ohio National	YRT-99	na	AL	\$ 381	\$ 1,774	\$ 413	\$ 2,295	\$ 535	\$ 3,092
Phoenix Home Life	Term Life Success	18-70	SU	\$ 175	\$ 1,188	\$ 215	\$ 1,630	\$ 248	\$ 1,933
Security Benefit LIC	YRT-100	nr	nr	nr	nr	nr	nr	nr	nr
Secur.Mutual/NY	Prime Select ART	nr	nr	\$ 150	\$ 1,138	\$ 150	\$ 1,458	\$ 178	\$ 1,790
USG Annuity & Life	Vision Term	18-75	SU	\$ 218	\$ 1,433	\$ 225	\$ 1,830	\$ 235	\$ 2,393

Survey period: May 20, 1997 thru May 23, 1997. *SU = "Select & Ultimate" pricing basis; AL = "Attained Life" pricing basis.

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	nr	nr	nr	nr	nr	nr	nr	nr
Ameritas LIC	ART	20-75	SU	\$ 320	\$ 2,303	\$ 405	\$ 3,100	\$ 588	\$ 4,433
Columbia Universal	Choice Term-ART	20-75	AL	\$ 290	\$ 2,330	\$ 350	\$ 3,045	\$ 523	\$ 4,575
Commercial Union	Annual R&C Term	22-65	AL	\$ 700	\$ 3,888	\$ 883	\$ 4,713	\$ 1,035	\$ 6,228
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 398	\$ 3,433	\$ 505	\$ 4,392	\$ 650	\$ 5,715
Golden Rule	ValuTerm 1	na	na	\$ 318	\$ 2,630	\$ 418	\$ 3,865	\$ 573	\$ 5,070
Jackson National	Choice YRT 100	18-70	SU	\$ 368	\$ 2,498	\$ 498	\$ 3,470	\$ 675	\$ 5,000
Manulife	ART Select	20-75	SU	\$ 425	\$ 2,970	\$ 578	\$ 4,223	\$ 845	\$ 6,310
National Guardian	Term Guard III	18-75	SU	\$ 300	\$ 2,380	\$ 360	\$ 3,095	\$ 533	\$ 4,610
Ohio National	YRT-99	na	AL	\$ 685	\$ 4,208	\$ 888	\$ 5,848	\$ 1,362	\$ 8,568
Phoenix Home Life	Term Life Success	18-70	SU	\$ 313	\$ 2,505	\$ 398	\$ 3,355	\$ 508	\$ 4,745
Security Benefit LIC	YRT-100	nr	nr	nr	nr	nr	nr	nr	nr
Secur. Mutual/NY	Prime Select ART	nr	nr	\$ 223	\$ 2,318	\$ 320	\$ 3,545	\$ 433	\$ 4,970
USG Annuity & Life	Vision Term	18-75	SU	\$ 338	\$ 3,140	\$ 445	\$ 4,425	\$ 740	\$ 6,623

Survey period: May 20, 1997 thru May 23, 1997. *SU = "Select & Ultimate" pricing basis; AL = "Attained Life" pricing basis.

Life Insurance Update

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. 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. Each policy is guaranteed renewable for the next nine years at the same initial premium level.

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	Patriot X	nr	nr	nr	nr	nr	nr
Ameritas LIC	10-Year Term	\$ 293	\$ 353	\$ 535	\$ 815	\$ 1,158	\$ 1,808
Columbia Universal	Term Choice 10 Yr	\$ 250	\$ 325	\$ 460	\$ 680	\$ 985	\$ 1,515
Federal Home Life	Ideal Term 10 Yr	\$ 260	\$ 345	\$ 470	\$ 650	\$ 925	\$ 1,393
Fidelity & Guaranty	Super Saver Term	\$ 410	\$ 513	\$ 693	\$ 925	\$ 1,355	\$ 1,965
Golden Rule	ValuTerm 10	\$ 260	\$ 348	\$ 478	\$ 708	\$ 1,125	\$ 1,770
Jackson National	Prime 10 R&C	\$ 298	\$ 390	\$ 588	\$ 883	\$ 1,280	\$ 1,990
Manulife	Manulife 10	\$ 230	\$ 285	\$ 390	\$ 563	\$ 808	\$ 1,238
National Guardian	Term Guard III	\$ 248	\$ 318	\$ 445	\$ 650	\$ 935	\$ 1,430
Ohio National	Q-10 Ultra	\$ 200	\$ 267	\$ 335	\$ 510	\$ 752	\$ 1,097
Phoenix Home Life	Success 10+	\$ 250	\$ 318	\$ 435	\$ 615	\$ 963	\$ 1,553
Presidential	10-Year Term	\$ 340	\$ 420	\$ 575	\$ 823	\$ 1,183	\$ 1,823
Savings Bank Life/MA	10 Yr Term	\$ 210	\$ 265	\$ 330	\$ 480	\$ 755	\$ 1,195
Security Benefit LIC	Security 10 LT	nr	nr	nr	nr	nr	nr
Security Mutual/NY	Select-A-Term	\$ 305	\$ 393	\$ 545	\$ 738	\$ 1,115	\$ 1,693
Southwestern LIC	Term 15	\$ 350	\$ 455	\$ 688	\$ 1,048	\$ 1,478	\$ 2,220
USG Annuity & Life	Vision Term	\$ 348	\$ 448	\$ 653	\$ 908	\$ 1,360	\$ 1,948

Survey period: May 20, 1997 thru May 23, 1997

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	Patriot X	nr	nr	nr	nr	nr	nr
Ameritas LIC	10-Year Term	\$ 248	\$ 285	\$ 405	\$ 570	\$ 750	\$ 1,030
Columbia Universal	Term Choice 10 yr	\$ 220	\$ 273	\$ 368	\$ 490	\$ 665	\$ 990
Federal Home Life	Ideal Term 10 Yr	\$ 228	\$ 285	\$ 375	\$ 480	\$ 635	\$ 895
Fidelity & Guaranty	Super Saver Term	\$ 383	\$ 473	\$ 598	\$ 735	\$ 940	\$ 1,225
Golden Rule	ValuTerm 10	\$ 220	\$ 283	\$ 370	\$ 503	\$ 723	\$ 960
Jackson National	Prime 10 R&C	\$ 253	\$ 325	\$ 450	\$ 630	\$ 860	\$ 1,265
Manulife	Manulife 10	\$ 208	\$ 245	\$ 315	\$ 415	\$ 555	\$ 783
National Guardian	TermGuard III	\$ 220	\$ 270	\$ 358	\$ 473	\$ 635	\$ 940
Ohio National	Q-10 Ultra	\$ 160	\$ 220	\$ 292	\$ 390	\$ 580	\$ 780
Phoenix Home Life	Success 10+	\$ 210	\$ 288	\$ 375	\$ 498	\$ 718	\$ 1,050
Presidential	10-Year Term	\$ 290	\$ 333	\$ 405	\$ 490	\$ 683	\$ 1,065
Savings Bank Life/MA	10 Yr Term	\$ 210	\$ 265	\$ 330	\$ 480	\$ 755	\$ 1,195
Security Benefit LIC	Security 10 LT	nr	nr	nr	nr	nr	nr
Security Mutual/NY	Select-A-Term	\$ 248	\$ 340	\$ 475	\$ 688	\$ 920	\$ 1,240
Southwestern LIC	Term 15	\$ 303	\$ 403	\$ 533	\$ 675	\$ 870	\$ 1,235
USG Annuity & Life	Vision Term	\$ 318	\$ 420	\$ 565	\$ 770	\$ 1,108	\$ 1,578

Survey period: May 20, 1997 thru May 23, 1997

Life Insurance Update

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

Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees			Net Cash Value Age 65	Net Death Benefit at Age 65
					Yr 1	Yr 5	Yr 10		
Fidelity & Guaranty	UL 7 (UL)	nr	nr	nr	nr	nr	nr	nr	nr
Golden Rule	Asset-Care (WL)	40-80	6.20%	1 Year	11%	7%	1.5%	\$ 258,356	\$ 454,706
Jackson National	SPWL	0-80	5.00%	1 Year	9%	5%	0%	\$ 168,421	\$ 414,333
National Guardian	SPWL (WL)	0-80	na	na	na	na	na	\$ 241,554	\$ 464,474
Presidential	Taxbreaker II (UL)	0-80	6.25%	1 Year	7%	4%	0%	\$ 336,185	\$ 513,631
Southwestern	Classic Provider (UL)	na	6.50%	1 Year	15.7%	8.4%	2.9%	\$205,072	\$445,152
USG Annuity & Life	Life 3 (UL)	30-85	7.50%	1 Year	9%	5%	0%	\$ 244,537	\$ 427,941
Western United	Freedom III (WL)	0-80	5.00%	1 Year	10%	7%	2%	\$ 265,330	\$ 406,842

Survey period: May 20, 1997 thru May 23, 1997

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. These products 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 almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors.

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 and do not permit withdrawals before maturity. They are also quoted net of expenses and with no commission fees.

Table 16. Bullet GICs (Net of Expenses, Without Commissions)

Reporting Companies	Date of Quote	\$1,000,000 Deposit				\$5,000,000 Deposit			
		Compound		Simple		Compound		Simple	
		3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr
Canada Life	6/02	6.52%	6.89%	6.52%	6.89%	6.66%	7.00%	6.66%	7.00%
Hartford Life	6/02	6.48%	6.81%	6.43%	6.75%	6.48%	6.81%	6.43%	6.75%
John Hancock	6/02	6.73%	7.13%	6.69%	7.07%	6.78%	7.18%	6.74%	7.12%
Metropolitan Life	6/02	6.71%	7.05%	6.69%	7.00%	6.71%	7.05%	6.69%	7.00%
New York Life	6/02	6.70%	na	6.70%	na	6.70%	na	6.70%	na
Ohio National	6/02	6.70%	7.19%	6.67%	7.13%	6.75%	7.24%	6.72%	7.18%
Principal Mutual	6/02	6.35%	6.70%	6.30%	6.85%	6.40%	6.95%	6.35%	6.85%
SAFECO	6/02	6.64%	-	6.64%	-	6.65%	-	6.65%	-
SunAmerican LIC	6/02	6.73%	7.16%	6.73%	7.16%	6.75%	7.20%	6.75%	7.20%
Travelers	6/02	6.51%	6.63%	6.50%	6.60%	6.41%	6.80%	6.40%	6.77%

Life & Health Guaranty Associations

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

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

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

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

LIABILITY LIMITS

State	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(205) 269-3550
Alaska	\$300,000	\$300,000	\$100,000	\$100,000	(907) 465-2515
Arizona	\$300,000	-	\$100,000	\$100,000	(602) 912-8420
Arkansas	\$300,000	\$100,000	\$100,000	\$100,000	(501) 686-2900
California	\$250,000	\$250,000	\$100,000	\$100,000	(916) 445-5544
Colorado	\$300,000	\$300,000	\$100,000	\$100,000	(303) 894-7499
Connecticut	\$300,000	\$300,000	\$100,000	\$100,000	(203) 297-3802
Delaware	\$300,000	\$300,000	\$100,000	\$100,000	(302) 739-4251
Dist. of Col.	\$300,000	\$300,000	\$100,000	\$100,000	(202) 727-8000
Florida	\$300,000	-	\$100,000	\$100,000	(904) 922-3100
Georgia	\$300,000	-	\$100,000	\$100,000	(404) 656-2056
Hawaii	\$300,000	\$300,000	\$100,000	\$100,000	(808) 586-2790
Idaho	\$300,000	-	\$100,000	\$100,000	(208) 334-2250
Illinois	\$300,000	\$300,000	\$100,000	\$100,000	(217) 782-4515
Indiana	\$300,000	-	\$100,000	\$100,000	(317) 232-2385
Iowa	\$300,000	-	\$100,000	\$100,000	(515) 281-5705
Kansas	\$300,000	\$300,000	\$100,000	\$100,000	(913) 296-7801
Kentucky	-	\$300,000	\$100,000	\$100,000	(502) 564-3630
Louisiana	\$300,000	\$300,000	\$100,000	\$100,000	(504) 342-5900
Maine	\$300,000	-	\$100,000	\$100,000	(207) 582-8707
Maryland	all contractual obligations				(410) 333-6300
Massachusetts	\$300,000	\$300,000	\$100,000	\$100,000	(617) 521-7794
Michigan	\$300,000	\$300,000	\$100,000	\$100,000	(517) 373-9273
Minnesota	\$300,000	\$300,000	\$100,000	\$100,000	(612) 296-6848
Mississippi	\$300,000	\$300,000	\$100,000	\$100,000	(601) 359-3569
Missouri	\$300,000	\$300,000	\$100,000	\$100,000	(314) 751-4126
Montana	-	\$300,000	-	-	(406) 444-2040
Nebraska	\$300,000	\$300,000	\$100,000	\$100,000	(402) 471-2201
Nevada	\$300,000	\$300,000	\$100,000	\$100,000	(702) 687-4270
New Hampshire	\$300,000	-	\$100,000	\$100,000	(603) 271-2261
New Jersey	\$500,000	\$500,000	\$100,000	\$500,000	(609) 292-5363
New Mexico	\$300,000	-	\$100,000	\$100,000	(505) 827-4500
New York	\$500,000	-	-	-	(212) 602-0492
No. Carolina	\$300,000	-	-	-	(919) 733-7343
North Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(701) 224-2440
Ohio	\$300,000	\$300,000	\$100,000	\$100,000	(614) 644-2651
Oklahoma	\$300,000	\$300,000	\$100,000	\$300,000	(405) 521-2828
Oregon	\$300,000	\$300,000	\$100,000	\$100,000	(503) 378-4271
Pennsylvania	\$300,000	\$300,000	\$100,000	\$100,000	(717) 787-5173
Puerto Rico	-	\$300,000	-	-	(809) 722-8686
Rhode Island	\$300,000	\$300,000	\$100,000	\$100,000	(401) 277-2223
So. Carolina	\$300,000	-	-	-	(803) 737-6117
South Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(605) 773-3563
Tennessee	\$300,000	\$300,000	\$100,000	\$100,000	(615) 741-2241
Texas	-	\$300,000	\$100,000	\$100,000	(512) 463-6464
Utah	\$300,000	\$300,000	\$100,000	\$100,000	(801) 530-3800
Vermont	\$300,000	\$300,000	\$100,000	\$100,000	(802) 828-3301
Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(804) 371-9741
Washington	\$500,000	\$500,000	-	\$500,000	(206) 753-7301
West Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(304) 558-3394
Wisconsin	\$300,000	-	-	-	(608) 266-0102
Wyoming	\$300,000	\$300,000	\$100,000	\$100,000	(307) 777-7401

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 Company Ratings

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The 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**. This numerical ranking will help you to recognize that the same letter grade may carry very different relative value with the different rating agencies.

Distribution of Ratings

A.M.Best			S & P			Moody's			Duff & Phelps			Weiss Research		
Rank	Grade	# Co. 881	Rank	Grade	# Co. 256	Rank	Grade	# Co. 106	Rank	Grade	# Co. 170	Rank	Grade	# Co. 1774
1	(A++)	50	1	(AAA)	64	1	(Aaa)	10	1	(AAA)	51	1	(A+)	13
2	(A+)	156	2	(AA+)	46	2	(Aa1)	5	2	(AA+)	19	2	(A)	17
3	(A)	229	3	(AA)	42	3	(Aa2)	17	3	(AA)	42	3	(A-)	36
4	(A-)	156	4	(AA-)	53	4	(Aa3)	33	4	(AA-)	25	4	(B+)	55
5	(B++)	87	5	(A+)	28	5	(A1)	30	5	(A+)	21	5	(B)	178
6	(B+)	125	6	(A)	6	6	(A2)	12	6	(A)	10	6	(B-)	130
7	(B)	62	7	(A-)	3	7	(A3)	2	7	(A-)	1	7	(C+)	125
8	(B-)	23	8	(BBB+)	2	8	(Baa1)	5	8	(BBB+)	0	8	(C)	243
9	(C++)	9	9	(BBB)	3	9	(Baa2)	2	9	(BBB)	0	9	(C-)	174
10	(C+)	11	10	(BBB-)	2	10	(Baa3)	1	10	(BBB-)	0	10	(D+)	137
11	(C)	10	11	(BB+)	1	11	(Ba1)	1	11	(BB+)	0	11	(D)	223
12	(C-)	2	12	(BB)	1	12	(Ba2)	0	12	(BB)	0	12	(D-)	58
13	(D)	0	13	(BB-)	1	13	(Ba3)	0	13	(BB-)	0	13	(E+)	43
14	(E)	10	14	(B+)	0	14	(B1)	0	14	(B+)	0	14	(E)	43
15	(F)	3	15	(B)	0	15	(B2)	1	15	(B)	0	15	(E-)	3
(as of 6/96)			16	(B-)	0	16	(B3)	0	16	(B-)	0	16	(F)	27
			17	(CCC)	0	17	(Caa)	2	17	(CCC+)	0	17	(U)	316
			18	(R)	4	18	(Ca)	0	18	(CCC)	1	(as of 11/96)		
			(as of 8/96)			19	(C)	0	19	(CCC-)	0			
						(as of 8/96)			(as of 9/96)					

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research		
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend
Acacia Mutual LIC	60038	DC	\$ 0.9B	10%	3 (A)			3 (AA)			-			4 (AA+)	4/96		5 (B)		
Acacia Nat'l Life	85685	VA	\$ 0.5B	5%	3 (A)			6 (A)			-			4 (AA-)	4/96		8 (C)		
Aetna LI & Ann. Co.	86509	CT	\$24.3B	2%	2 (A+)		▼6/95	4 (AA-)		▼7/96	3 (Aa2)	4/96		2 (AA+)	7/95		7 (C+)		
Aetna LIC	60054	CT	\$46.1B	3%	3 (A)			6 (A)		▲7/96	4 (Aa3)	4/96	▲12/95	4 (AA-)		▼7/95	9 (C-)		
AID Assoc. Lutherans	56014	WI	\$14.1B	6%	1 (A++)			1 (AAA)			3 (Aa2)	11/95		1 (AAA)	1/97		-		
AIG LIC	66842	DE	\$ 5.8B	3%	2 (A+)			1 (AAA)			1 (Aaa)			-			7 (C+)		▲10/95
Alex. Ham. LIC Amer.	88358	MI	\$ 7.3B	4%	1 (A++)		▲8/96	1 (AAA)		▲10/95	4 (Aa3)	2/97	▲3/96	1 (AAA)	3/97	▲10/95	5 (B)		▲2/96
Allstate LIC	60186	IL	\$24.9B	6%	2 (A+)		▲3/96	2 (AA+)		3/95	4 (Aa3)	10/95		-			5 (B)		▲11/96
Allstate LIC/ NY	70874	NY	\$ 1.6B	9%	2 (A+)			2 (AA+)			4 (Aa3)	10/95		-			5 (B)		
Amer. Centurian LAC	77798	NY	\$ 0.1B	13%	2 (A+)		▲6/95	9 (BBB)			-			1 (AAA)	3/97		-		
Amer. Enterprise LIC	94234	IN	\$ 3.4B	5%	2 (A+)			6 (A)			3 (Aa2)	2/96		1 (AAA)	3/97		5 (B)		▲11/94
Amer. Family LIC	60399	WI	\$ 1.8B	12%	2 (A+)			3 (AAA)		12/96	-			-			1 (A+)		
Amer. General LIC	60488	TX	\$ 6.6B	19%	1 (A++)			1 (AAA)		3/96	4 (Aa3)	2/97		1 (AAA)	2/97		3 (A-)		▲10/94
Amer. Heritage LIC	60534	FL	\$ 1.0B	11%	3 (A)			6 (A)			-			-			3 (A-)		
Amer. Int'l Life/NY	60607	NY	\$ 5.0B	5%	2 (A+)			1 (AAA)			1 (Aaa)			-			6 (B-)		▲2/96
Amer. Investors LIC	60631	KS	\$ 2.1B	4%	4 (A-)			9 (BBB)			10 (Baa3)	12/96		4 (A)		▼11/96	8 (C)		
Amer. Life/Cas. Ins.	60682	IA	\$ 5.2B	4%	4 (A-)			7 (A-)		8/96	9 (Baa2)	6/97	▲10/96	-			9 (C-)		
Amer. LIC	60690	DE	\$12.4B	11%	(FPR-8)			1 (AAA)			-			-			5 (B)		▲10/95

Continued . .

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

State Dom. — State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters. Most companies are licensed 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 accounts receivable and separate account assets.

C&S / Assets (Ratio of Capital & Surplus to Assets). This compares a company's net worth to its assets. The ratio indicates the degree to which a company has leveraged its capital and surplus. The normal industry range for C&S/Assets is from 5% to 10% (the higher, the better). This ratio will depend on factors such as the types of risk and products with which a company is involved.

Disclaimer: While we attempt to list the ratings currently in effect, we are not to be held liable for the reliability of this information. You are strongly advised

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps		Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Rating	Trend
Amer. LIC/ NY	60704	NY	\$ 1.3B	5%	2 (A+)			4 (AA-)	5/95	▼12/94	-			2 (AA+)	8/95	5 (B)	
American Maturity	81213	CT	\$ 0.2B	98%	2 (A+)	▲9/94		3 (AA)	9/96	▼9/96	-			2 (AA+)	2/97	-	
Amer. Mayflower LIC/NY	60712	NY	\$ 0.9B	6%	2 (A+)			3 (AA)	▲12/96	▲4/97	3 (Aa2)			2 (AA+)	6/97	6 (B-)	
Amer. Mutual LIC	61689	IA	\$ 4.0B	10%	3 (A)			6 (A)	▼4/95		-			-		7 (C+)	
Amer. Nat'l Ins. Co.	60739	TX	\$ 5.8B	22%	1 (A++)			2 (AA+)			3 (Aa2)			-		5 (B)	
American Partners LIC	93653	AZ	\$ 0.1B	12%	2 (A+)	4/96		-						1 (AAA)	3/97		
Amer. Skandia L Assur	86630	CT	\$ 4.7B	2%	4 (A-)			7 (A-)	▲8/96		-			4 (AA-)	10/96	11 (SD)	
American United LIC	60895	IN	\$ 6.5B	4%	2 (A+)			3 (AA)	▲10/96		5 (A1)	5/95		3 (AA)		5 (B)	
Ameritas LI Corp.	61301	NE	\$ 1.7B	12%	2 (A+)			3 (AA)	4/96		-			-		2 (A)	
Anchor Nat'l LIC	60941	CA	\$ 7.4B	4%	2 (A+)	▲6/95		4 (AA-)	3/96	▼9/95	6 (A2)	10/96		3 (AA)	11/96	8 (C)	
Aurora Nat'l LAC	61182	CA	\$ 5.1B	8%	(FPR-6)			-			8 (Baa1)	7/95		5 (A+)	11/96	11 (D)	
AUSA LIC	70688	NY	\$ 7.7B	2%	3 (A)	▲6/94		1 (AAA)	▲10/96		4 (Aa3)	5/97		2 (AA+)	12/96	8 (C)	
Bankers Life/Cas. Co.	61263	IL	\$ 3.4B	10%	4 (A-)	▼10/95		-			9 (Baa2)	6/97	▲4/97	4 (AA-)	7/95	8 (C)	
Bankers Sec. LI Soc.	61360	NY	\$ 1.0B	7%	3 (A)			4 (AA-)	▲3/96		-			-		8 (C)	▼5/96
Bankers Uni. Life Ass.	61387	IA	\$ 3.5B	4%	3 (A)			1 (AAA)	▲9/96		4 (Aa3)	5/97		4 (AA+)	12/96	7 (C+)	
Banner LIC	94250	MD	\$ 0.8B	11%	2 (A+)			9 (BBB)			5 (A1)			-		6 (B-)	
Beneficial Std LIC	61417	CA	\$ 2.4B	5%	4 (A-)	▼10/95		9 (BBB)			9 (Baa2)	6/97	▲4/97	5 (A+)	7/95	8 (C)	
Berkshire LIC	61433	MA	\$ 1.2B	5%	2 (A+)			4 (AA-)	▼2/96		-			3 (AA)	6/97	7 (C+)	
Business Mens Assur.	61492	MD	\$ 1.9B	18%	3 (A)	9/96	▼10/95	3 (AA)	3/96		5 (A1)	2/96		3 (AA)	2/97	4 (B+)	▼5/96
Canada Life Assur.	80659	CD	\$ 19.6B	11%	1 (A++)	6/96		2 (AA+)	9/96	▼8/95	3 (Aa2)	10/94		1 (AAA)	7/96	-	
Canada Life Ins. Co. (NY)	79359	NY	\$ 0.2B	5%	1 (A++)			2 (AA+)	▼8/95		3 (Aa2)			1 (AAA)	7/96	7 (SC+)	▲1/96
Capitol Bankers LIC	62421	MN	\$ 0.4B	8%	4 (A-)			7 (A-)			-			-		8 (C)	
Cen Benefits Nat'l IC	63541	OH	\$ 0.4B	52%	4 (A-)	▲6/94		9 (BBB)			-			-		4 (B+)	
Cen Nat LIC/Omaha	61700	DE	\$ 1.4B	15%	2 (A+)			-			-			-		4 (B+)	▲1.1/95
Century Life of Amer.	65749	IA	\$ 2.7B	5%	2 (A+)	▼4/96		6 (A)			-			-		-	
Champlain LIC	93637	VT	\$ 0.8B	-	-			-			-			-		8 (SC)	
Chubb Sovereign LIC	80438	CA	\$ 0.4B	13%	2 (A+)			2 (AA-)	▼10/96		-			-		5 (B)	
Cigna LIC	93629	CT	\$ 0.1B	49%	2 (A+)			3 (AA)	10/95		-			1 (AAA)	12/96	8 (C)	▲10/96
Colonial LIC of Amer.	62057	NJ	\$ 0.7B	16%	3 (A)			4 (AA-)			-			-		5 (B)	▼9/95
Columbus LIC	99937	OH	\$ 1.8B	9%	2 (A+)			1 (AAA)			3 (Aa2)			1 (AAA)	2/97	4 (B+)	▲2/97

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moodys Invest.			Duff & Phelps			Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Trend
Comme'l Un. LIC/Am.	62898	DE	\$ 1.4B	8%	2 (A+)			-			-			4 (AA-)	6/96		4 (B+)	▲1/96
Companion LIC	62243	NY	\$ 0.3B	14%	3 (A)			9 (BBB)			-			3 (AA)			5 (B)	
Commonwealth LIC	62227	KY	\$ 4.6B	4%	2 (A+)		▼5/96	2 (AA+)		▼5/96	4 (Aa3)	5/97		2 (AA+)	12/96		7 (C+)	9/95
Conn. General LIC	62308	CT	\$ 57.9B	3%	2 (A+)	5/96	▼12/94	3 (AA)	3/96	▼12/94	4 (Aa3)	2/27	▲10/96	1 (AAA)	6/95		7 (C+)	
Conn Nat'l LIC	93769	IL	\$ 0.3B	8%	4 (A-)		▼3/95	-			-			5 (A+)	3/96	▲10/95	8 (SC)	
Continental Assur. Co.	62413	IL	\$ 11.3B	10%	3 (A)		▼5/95	3 (AA)		▼2/96	5 (A1)	7/95		3 (AA)	6/96	▼6/95	5 (B)	▲9/95
Continental General	71404	NE	\$ 0.3B	15%	4 (A-)			9 (BBB)			-			1 (AAA)	2/97		5 (B)	
Conn. Mutual LIC	62316	CT	\$ 11.7B	5%	(NR-3)		▼11/94	-			-			-			5 (B)	▲12/94
Constitution LIC	62359	TX	\$ 0.2B	31%	5 (B++)	1/96		15 (B)			-			-			11 (D)	▼7/95
Contin. Western LIC	62510	IA	\$ 0.4B	6%	3 (A)			3 (AA)			-			-			5 (SB)	
Cova Finan. Svcs. LIC	93513	MO	\$ 1.0B	5%	3 (A)		▲1/95	4 (AA-)	1/95		5 (A1)		▲10/95	3 (AA)	1/97		8 (C)	▲10/95
Crown LIC	n/a	CN	\$ 8.7B	6%	4 (A-)			7 (A-)		▲9/96	10 (Baa3)		▼7/96	-			-	
CU Life Ins Co. NY	92665	NY	\$ 0.3B	6%	2 (A+)			6 (A)			-			4 (AA-)	6/95		7 (SC+)	
CUNA Mutual Ins. Soc.	62626	WI	\$ 1.7B	14%	3 (A)			9 (BBB)			-			3 (AA)	2/97		8 (C)	
Delta Life & Ann.	65145	TN	\$ 1.6B	4%	3 (A)		▼6/96	9 (BBB)			-			5 (A+)	11/96	▼6/95	6 (B-)	
Empire LIC	62820	WA	\$ 0.3B	20%	4 (A-)		▲6/95	12 (BB)			-			-			7 (SC+)	
Empire Gen. LAC	94285	TN	\$ 1.0B	98%	2 (A+)		▲2/94	3 (AA)			-			3 (AA)	6/96		9 (SC-)	
Equit. L./IOWA	62979	IA	\$ 2.9B	18%	2 (A+)	5/96		3 (AA)	4/96		5 (A1)	5/96	▲11/95	3 (AA)	6/96		5 (B)	
Equit. L. Assur.Soc.	62944	NY	\$ 51.4B	4%	3 (A)		▲5/95	4 (AA-)		▲10/95	4 (Aa3)		▲6/96	4 (AA-)		▲12/95	9 (C-)	▲9/95
Equit. Variable LIC	81361	NY	\$ 12.4B	5%	3 (A)		▲5/95	3 (AA)		▲10/95	withdrawn			-			9 (C-)	▲9/95
Farmers N. World LIC	63177	WA	\$ 4.4B	19%	2 (A+)			6 (A)			4 (Aa3)			-			2 (A)	
Federal Home LIC	67695	IN	\$ 2.2B	8%	2 (A+)		▲4/96	9 (BBB)			3 (Aa2)	4/97		3 (AA)		▲8/96	6 (B-)	
Fed. Kemper L. Assur.	63207	IL	\$ 2.4B	7%	3 (A)		▲1/96	4 (AA-)	10/96		4 (Aa3)	5/97	▲1/96	3 (AA)	10/96	▲1/96	8 (C)	
Fidelity & Guar. LIC	63274	MD	\$ 4.1B	7%	4 (A-)	2/96		7 (A-)		▲2/96	8 (Baa1)		▲5/95	5 (A+)		▲3/97	8 (C)	▲1/96
Fidelity Union LIC	92509	TX	\$ 0.99B	13%	NA-4			-			-			-			4 (B+)	
Financial Benefit LIC	98213	FL	\$ 0.5B	6%	6 (B+)		▲6/96	12 (BB)			-			-			8 (C)	▲2/97
First Alex. Ham. LIC	71510	NY	\$ 0.4B	6%	2 (A+)	6/96		6 (A)			-			1 (AAA)	11/96	▲10/95	8 (SC)	
First Colony LIC	63401	VA	\$ 8.5B	4%	1 (A++)			3 (AA)		▲12/96	3 (Aa2)		▲4/97	2 (AA+)	6/97		4 (B+)	▲6/96
First GNA LIC/NY	72990	NY	\$ 1.4B	10%	2 (A+)	12/95		3 (AA)			-			-			5 (B)	▲10/95
First Rel. Std. LIC	71005	NY	\$ 0.05B	17%	4 (A-)			6 (A)		▲3/97	-			5 (A+)	7/96	▼12/95	8 (C)	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Rating	Trend
First Safeco Nat'l NY	78417	NY	\$ 0.02B	10%	2 (A+)	5/96		3 (AA)			-		5 (SB)	▲3/95
First SunAmerica LIC	92495	NY	\$ 0.1B	13%	2 (A+)			15 (B)			-		8 (SC)	
First UNUM LIC	64297	NY	\$ 0.7B	14%	2 (A+)	4/94		3 (AA)			-		4 (B+)	
First Variable LIC	77984	AR	\$ 0.4B	7%	4 (A-)			4 (AA-)	6/95		3 (AA)	2/96	8 (C)	▲3/96
Fort Dearborn LIC	71129	IL	\$ 0.4B	12%	3 (A)	5/96		5 (A+)		▲1/97	-		5 (B)	▼11/94
Fortis Benefits LIC	70408	MN	\$ 4.9B	7%	3 (A)		▼4/96	3 (AA)	11/95		-		4 (B+)	▲9/95
Franklin LIC	63622	IL	\$ 6.7B	5%	1 (A+)		▲6/96	4 (AA-)		▲11/96	2 (AA+)	2/97	3 (A-)	▼10/95
GE Capital LAC/NY	72990	NY	\$ 1.5B	11%	2 (A+)			-			3 (AA)	6/97	4 (B+)	▲2/97
General American LIC	63665	MO	\$ 9.6B	6%	2 (A+)	5/96		4 (AA-)	2/96		3 (AA)	1/97	7 (C+)	
General Electric CAP	70025	DE	\$ 5.9B	17%	2 (A+)		▲6/95	3 (AA)	3/96		3 (AA)	10/94	6 (B-)	▲2/97
General Services LIC	63762	IA	\$ 0.8B	4%	NA-4			-			-		8 (C)	
Glenbrook Life/Annuity	70092	IL	\$ 0.1B	91%	2 (A+)			2 (AA+)			-		-	
Globe Life/Accid. IC	91472	DE	\$ 0.8B	8%	2 (A+)		▼5/95	withdrawn at co. request			-		5 (B)	▼1/96
Golden America LIC	80942	DE	\$ 1.1B	6%	4 (A-)			-			-		8 (C)	
Golden Rule Ins. Co.	62286	IL	\$ 1.3B	15%	3 (A)		▼5/95	4 (AA-)			-		5 (B)	
Grand Pacific LIC	63975	HI	\$ 0.2B	4%	6 (B+)	4/96		6 (A)			-		8 (SC)	▲6/96
Great American LIC	63312	OH	\$ 5.4B	5%	3 (A)			6 (A)			8 (Baa1)	5/97	7 (C+)	▲11/95
Great Amer. Res. Ins.	64017	TX	\$ 2.5B	6%	4 (A-)		▼3/96	9 (BBB)			9 (Baa2)	6/97	9 (C-)	
Gr. Nthrm Insur. Ann.	94366	WA	\$ 6.5B	5%	2 (A+)	12/95		3 (AA)			3 (Aa2)		5 (B)	▲3/95
Great Southern LIC	90212	TX	\$ 1.0B	18%	3 (A)			6 (A)			-		7 (C+)	
Great-West Life Annuity	68322	CN	\$ 16.7B	3%	1 (A+)	5/96		-			3 (Aa2)	2/96	5 (B)	▲9/95
Guardian LIC of Amer.	64246	NY	\$ 11.0B	10%	1 (A+)	6/96		2 (AA+)		▼1/97	1 (AAA)	5/97	1 (A+)	
Guardian Insur/Annuity	78778	DE	\$ 5.0B	3%	1 (A+)			2 (AA+)		▼1/97	1 (AAA)	5/97	3 (A-)	
Gulf LIC	64270	TN	\$ 2.6B	13%	2 (A+)			1 (AAA)			-		5 (B)	
Hartford LIC	88072	CT	\$ 46.6B	2%	2 (A+)	10/96	▼10/95	3 (AA)		▼9/96	2 (AA+)	2/97	4 (B+)	▼9/95
Harvest LIC	79421	OH	\$ 1.0B	7%	2 (A+)		▲4/96	6 (A)			3 (Aa2)	4/97	6 (B-)	▲2/97
Horace Mann LIC	64513	IL	\$ 2.6B	5%	3 (A)		▼11/95	4 (AA-)			3 (AA)	12/96	5 (B)	
IDS LIC	65005	MN	\$ 35.1B	3%	2 (A+)	4/96		3 (AA)			1 (AAA)	3/97	5 (B)	
IDS Life/NY	80594	NY	\$ 2.1B	6%	2 (A+)			6 (A)			1 (AAA)	3/97	5 (B)	
Indianapolis LIC	64645	IN	\$ 1.5B	7%	3 (A)		▼6/96	4 (AA-)	7/95		3 (AA)	2/97	5 (B)	

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Continued ...

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Rating	Trend
Integrity LIC	74780	OH	\$ 2.6B	5%	3 (A)		▲10/95	6 (A)			5 (A+)	6/96	8 (C)	▲5/96
Interstate Assurance Co.	64807	IA	\$ 1.0B	7%	3 (A)		▲5/94	4 (AA-)			3 (AA)	2/96	6 (B-)	▲2/96
Investors Ins. Corp.	64939	DE	\$ 0.2B	3%	(NA-3)		▲5/95	-			-		12 (SD-)	
Investors LIC of NE	86975	SD	\$ 0.3B	12%	2 (A+)			3 (AA)			-		4 (B+)	▲10/95
Jackson Nat'l LIC	65056	MI	\$ 24.1B	4%	3 (A)		▼11/94	3 (AA)	3/96		3 (AA)	11/96	7 (C+)	▲10/95
Jefferson-Pilot LIC	67865	NC	\$ 6.6B	12%	1 (A++)	10/95		1 (AAA)			1 (AAA)	3/97	1 (A+)	
John Alden LIC	65080	MN	\$ 4.9B	6%	4 (A-)	12/96	▼3/96	7 (BBB+)	▼3/96	▼4/97	-		7 (C+)	
John Hancock Mut'l	65099	MA	\$50.8B	4%	1 (A++)	5/96		2 (AA+)	▼4/95		1 (AAA)	9/96	4 (B+)	▲8/96
Kansas City LIC	65129	MO	\$ 2.0B	10%	3 (A)			5 (A+)	▼3/94		-		5 (B)	
Kemper Investors LIC	90557	IL	\$ 6.7B	5%	3 (A)		▲11/96	4 (AA-)	9/96		3 (AA)	10/96	8 (C)	
KY Home Mutual	65218	KY	\$ 0.4B	40%	6 (B+)		▼11/95	-			8 (A-)	8/96	8 (SC)	
Keyport LIC	65234	RI	\$ 1.6B	4%	2 (A+)		▲11/94	4 (AA-)			4 (AA-)	7/96	5 (B)	
Keystone State LIC	90344	PA	\$ 0.3B	25%	7 (B)		▲11/95	12 (BB)			8 (A-)	5/94	9 (SC-)	▲3/95
Knights of Columbus	58033	CT	\$ 3.9B	12%	1 (A++)	3/96		1 (AAA)			-		-	
Lamar LIC	65250	MS	\$ 0.7B	9%	3 (A)			9 (BBB)			5 (A+)	6/95	6 (B-)	2/97
Lafayette LIC	65242	IN	\$ 0.8B	7%	2 (A+)			6 (A)			4 (AA-)	4/97	5 (B)	
Liberty LIC	65323	SC	\$ 1.3B	10%	3 (A)			15 (B)			4 (AA-)		5 (B)	
Liberty Nat'l LIC	65331	AL	\$ 3.0B	11%	2 (A+)		▼4/95	withdrawn at co. request			-		4 (B+)	▼9/95
Life Ins. Co./Georgia	65471	GA	\$ 2.8B	5%	2 (A+)			3 (AA)	▼2/96		1 (AAA)	1/96	2 (A)	▲9/95
Life Ins. Co./S'west	65528	TX	\$ 1.6B	5%	3 (A)		▼6/94	-			4 (AA-)	1/97	5 (B)	
Life Ins. Co./Virginia	65536	VA	\$ 7.4B	4%	2 (A+)	12/95		3 (AA)	4/96		3 (AA)	8/96	6 (B-)	▼10/95
Life Investors Ins. Co.	64130	IA	\$ 5.2B	9%	2 (A+)			1 (AAA)	▲10/96		2 (AA+)	12/96	5 (B)	▲10/96
Life USA Insur. Co.	63339	MN	\$ 0.9B	5%	5 (B++)	6/94		-			-		7 (C+)	
Lincoln Benefit Life	65595	NE	\$ 0.3B	46%	2 (A+)			2 (AA+)			-		5 (B)	
Lincoln Nat'l LIC	65676	IN	\$43.3B	4%	2 (A+)			4 (AA-)	4/95		2 (AA+)	6/97	5 (B)	▲2/97
Lincoln Security LIC	61620	NY	\$ 0.3B	5%	2 (A+)			5 (A+)	▼6/95		-		7 (SC+)	
London LIC	na	CN	\$14.5B	9%	1 (A++)	4/97		2 (AA+)	9/96		-		-	
Lutheran Brotherhood	57126	MN	\$ 1.9B	2%	1 (A++)	6/95		2 (AA+)	▼2/96		1 (AAA)	1/97	5 (B)	
Manhattan Nat'l	67083	IL	\$0.3B	13%	-			-			5 (A+)	3/96	7 (C+)	▲8/95

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Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Rating	Trend
Manufacturers LIC	n/a	CN	\$ 29.5B	10%	1 (A++)	9/96		2 (AA+)	9/96	▼10/94	4 (Aa3)	9/95	1 (AAA)	8/96
Mass. General LIC	65900	MA	\$ 1.5B	4%	3 (A)			12 (BB)			6 (A+)	7/95	6 (B-)	
Mass. Mutual LIC	65935	MA	\$ 38.0B	4%	1 (A++)	2/96		1 (AAA)	▲6/94		1 (AAA)	4/97	3 (A-)	
Merrill Lynch LIC	79022	AR	\$ 12.0B	2%	3 (A)			4 (AA-)	▲12/96		-		7 (C+)	
Mega L & Health	97055	OK	\$ 0.6B	19%	3 (A)			9 (BBB)			(A+)	8/96	7 (C+)	▲2/97
Metropolitan LIC	65978	NY	\$ 142.1B	4%	2 (A+)		▼12/94	3 (AA)	▼12/96		2 (AA+)		3 (A-)	
Midland LIC	66036	OH	\$ 1.2B	7%	4 (A-)		▼7/94	5 (A)	4/96		-		8 (C)	
Midland Nat'l LIC	66044	SD	\$ 2.1B	13%	2 (A+)	3/96		3 (AA)	▼6/96		-		2 (A)	
Ministers Life	66133	MN	\$ 0.26B	5%	2 (A+)			9 (BBB)			1 (AAA)		7 (SB)	▲10/94
Minnesota Mutual LIC	66168	MN	\$ 10.1B	5%	1 (A++)			2 (AA+)	4/95		1 (AAA)	1/97	3 (A-)	▲10/95
Modern Wood./Amer.	57541	IL	\$ 2.19B	na	2 (A+)			-			3 (AA)	10/96	-	
Monumental LIC	66281	MD	\$ 3.7B	6%	2 (A+)		▲10/94	1 (AAA)			2 (AA+)	12/96	6 (B-)	
Mutual of Amer. LIC	88668	NY	\$ 7.0B	6%	2 (A+)			2 (AA+)	4/96		2 (AA+)	8/95	4 (B+)	
Mutual L. Assurance	81914	CN	\$ 16.92		1 (A++)			2 (AA+)	9/96		-		-	
Mutual LIC/NY (MONEY)	66370	NY	\$ 11.4B	6%	4 (A-)	6/95		6 (A)	▼1/95		5 (A+)	8/96	8 (C)	▲2/97
Mutual Trust LIC	66427	IL	\$ 0.8B	7%	3 (A)			5 (A+)	5/95		4 (AA-)	6/96	4 (B+)	
Nat'l Guardian LIC	66583	WI	\$ 0.7B	7%	4 (A-)		▼7/94	6 (A)			-		2 (A)	▼6/97
Nat'l Integrity LIC	75264	NY	\$ 1.0B	3%	3 (A)		▲10/95	6 (A)			5 (A+)	3/95	8 (C)	
National LIC of VT	66680	VT	\$ 5.8B	5%	3 (A)		▼9/95	5 (A+)			4 (AA-)	▼5/96	6 (B-)	
Nationwide LIC	66869	OH	\$ 35.7B	21%	2 (A+)	12/95		2 (AA+)	▼3/96		-		4 (B+)	
New England Life	66893	MA	\$ 16.3B	3%	3 (A)			3 (AA)	▼12/96		2 (AA+)	2/97	6 (B-)	▲2/97
New York LIC	66915	NY	\$ 59.4B	6%	1 (A++)			2 (AA+)	▼1/97		1 (AAA)	12/95	2 (A)	
N. Amer. Co./L&H	66974	IL	\$ 1.6B	8%	3 (A)			2 (AA+)	1/97		-		7 (C+)	▲5/96
N. Amer. LAC	80756	CN	\$ 6.27B	-	4 (A-)			-			-		-	
N Amer. Secur. LIC	90425	DE	\$ 5.0B	1%	1 (A++)		▲5/96	2 (AA+)	▲1/96		1 (AAA)	8/96	7 (C+)	
N. Atlantic LIC/Amer.	67024	NY	\$ 1.0B	6%	(NR-3)	6/96		-			-	6/95	-	
Northbrook LIC	88528	IL	\$ 3.5B	2%	2 (A+)			2 (AA+)			-		5 (B)	
Northern LIC	87734	WA	\$ 4.7B	5%	2 (A+)			4 (AA-)	3/96		3 (AA)	5/95	7 (C+)	
N'western Mutual LIC	67091	WI	\$ 54.9B	5%	1 (A++)			1 (AAA)			1 (AAA)	2/97	1 (A+)	
N'western Nat'l LIC	67105	MN	\$ 5.2B	12%	3 (A)	6/95		4 (AA-)	1/95	▲3/96	-		7 (C+)	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research	
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Trend
Ohio Nat'l Life Assur.	89206	OH	\$ 0.7B	10%	2 (A+)			3 (AA)			5 (A1)	10/96		3 (AA)	11/95		5 (B)	
Ohio Nat'l LIC 67172	67172	OH	\$ 4.2B	5%	2 (A+)			3 (AA)			5 (A1)	9/94		3 (AA)	2/97		5 (B)	▲2/96
PFL Life Ins Co. 86231	86231	IA	\$ 7.2B	5%	2 (A+)	▲6/95	▲10/96	1 (AAA)	▲10/96		4 (Aa3)	5/97		2 (AA+)	12/96		6 (B-)	
Pacific Mutual LIC	67466	CA	\$17.6B	4%	2 (A+)	▲6/95	▲6/95	2 (AA+)	8/94		6 (Aa3)	10/95	▲9/94	2 (AA+)	11/96		4 (B+)	▲3/95
Pan-American LIC	67539	LA	\$ 1.8B	10%	4 (A-)	▼6/96	▼6/96	9 (BBB)			7 (A3)		▼8/95	5 (A+)	11/96	▼4/95	6 (B-)	
Paragon LIC	93564	MO	\$ 0.1B	8%	2 (A+)			4 (AA-)			-			3 (AA)	1/97		8 (SC)	
Paul Revere LIC	67598	MA	\$ 3.3B	11%	3 (A)	3/96	▼4/95	5 (A+)		▼11/96	5 (A1)	▲3/97		-			6 (B-)	▼10/95
Penn Insur. & Annuity	93262	DE	\$0.8B	7%	3 (A)	▼1/95	▼1/95	4 (AA-)	4/96		7 (A3)	12/94	▼6/97	4 (AA-)	5/97		7 (C+)	
Penn Mutual LIC	67644	PA	\$ 6.6B	5%	3 (A)	▼1/95	▼1/95	4 (AA-)	4/96		7 (A3)	12/94	▼6/97	4 (AA-)	5/97		7 (C+)	
Peoples Security LIC	64475	NC	\$ 5.1B	5%	2 (A+)			2 (AA+)		▼5/96	4 (Aa3)	5/97		2 (AA+)	12/96		6 (B-)	▲8/95
PHF LIC	84808	FL	\$ 0.2B	20%	6 (B+)			9 (BBB)			-			-			8 (C)	
Philadelphia LIC	97047	PA	\$ 1.5B	7%	3 (A)			6 (A)			-			6 (A+)	7/95		6 (B-)	▼2/97
Phoenix Home Life	67814	NY	\$ 12.8B	5%	3 (A)			3 (AA)		▲11/95	4 (Aa3)	2/97		3 (AA)	10/96		6 (B-)	
Physicians Mutual Ins. Co.	80578	NE	\$0.8B	45%	3 (A)	▼6/95	▼6/95	3 (AA)		▲7/95	-			-			1 (A+)	
Pioneer LIC of IL	68330	IL	\$ 0.4B	17%	5 (B++)	▲6/96	▲6/96	12 (BB)			-			6 (A)	3/96	▲8/95	7 (C+)	▲8/96
Presidential LIC	68039	NY	\$ 2.2B	9%	4 (A-)	▲11/94	▲11/94	9 (BBB)			10 (Baa3)	6/97	▲5/97	-			8 (C)	▲10/95
Primerica LIC	65919	MA	\$ 2.5B	27%	4 (A-)	4/96	4/96	3 (AA)			4 (Aa3)	4/97		3 (AA)	9/96		5 (B)	
Principal Mutual LIC	61271	IA	\$ 51.3B	4%	2 (A+)	▼3/96	▼3/96	2 (AA+)	2/96		2 (Aa1)	8/94		1 (AAAA)	9/96		4 (B+)	
Protective LIC	68136	TN	\$ 5.7B	5%	2 (A+)			3 (AA)	11/96		5 (A1)	4/97		3 (AA)	6/96		5 (B)	
Provident Life/Accid.	68195	TN	\$ 11.8B	4%	3 (A)	3/97	3/97	5 (A+)	1/95	▼10/94	5 (A1)	3/97		4 (AA-)	4/97		6 (B-)	
Provident Mutual LIC	68225	PA	\$ 4.6B	4%	3 (A)	▼6/96	▼6/96	4 (AA-)	11/94		5 (A1)	12/95		3 (AA)	11/96		6 (B-)	▲7/95
Provident Nat'l Assur.	70866	TN	\$ 2.5B	6%	3 (A)			5 (A+)	3/96	▼10/94	5 (A1)	3/97		4 (AA-)	4/97	▼12/94	8 (C)	
Provident L & H IC	66605	MO	\$ 10.1B	5%	2 (A+)			2 (AA+)		▲5/96	4 (Aa3)		▲6/97	2 (AA+)	12/96		5 (B)	
Prudential Ins.Co./Amer	68241	NJ	\$ 179.7B	4%	3 (A)	▼4/95	▼4/95	4 (AA-)	10/96	▼11/95	5 (A1)		▼2/97	3 (AA)	12/95	▼11/94	6 (B-)	
Reliance Standard LIC	68381	IL	\$ 1.8B	9%	3 (A)	▼11/94	▼11/94	6 (A)	4/96	▲3/97	-			5 (A+)	7/96	▼12/95	8 (C)	
Royal Maccabees LIC	65765	MI	\$ 2.0B	7%	5 (B++)	▼12/94	▼12/94	6 (A)			8 (Baa1)	2/97		6 (A)	6/97	▼4/95	8 (C)	
SMAL A.C.	84824	DE	\$ 4.1B	4%	3 (A)			-			-			-			8 (C)	
SAFECO LIC	68608	WA	\$ 10.5B	4%	1 (A++)	▲6/95	▲6/95	3 (AA)	4/96		3 (Aa2)	3/95		3 (AA)	5/96		3 (A-)	▲2/96
Savings Bank LI/MA	70435	MA	\$ 1.1B	12%	2 (A+)			4 (AA-)			-			3 (AA)	5/96		5 (B)	▲9/95

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Continued . . .

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research		
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend
Secur. Bene. LIC	68675	KS	\$ 4.7B	4%	2 (A+)			5 (A+)		8/96	6 (A2)	8/94		4 (AA-)	11/96		7 (C+)		
Secur. Conn. LIC	91588	CT	\$ 1.5B	8%	3 (A)	11/96		5 (A+)		6/95	8 (Baa1)	10/96		-			6 (B-)	9/95	
Secur. First LIC	61050	DE	\$ 2.2B	4%	3 (A)			3 (AA)			6 (A2)	10/96		-			8 (C)		
Secur. Life Denver	68713	CO	\$ 3.5B	7%	2 (A+)			3 (AA)		2/96	3 (Aa2)	9/95		1 (AAA)	9/94		3 (A-)	10/95	
Secur. Mut'l LIC/NY	68772	NY	\$ 1.2B	4%	3 (A)	5/95		5 (A+)	3/95		-			5 (A+)	8/96	9/95	6 (B-)		
State Mutual L Assur.	69140	MA	\$ 6.6B	9%	3 (A)			-			-			-			8 (C)		
Southland LIC	68950	TX	\$ 1.2B	6%	2 (A+)			3 (AA)		2/96	3 (Aa2)	9/95		1 (AAA)	2/95		4 (B+)	5/96	
Southwestern LIC	91391	TX	\$ 1.4B	5%	5 (B++)	1/96		14 (BBB-)		7/96	11 (Baa2)		7/96	7 (A-)			11 (D)	10/96	
Standard Insur. Co.	69019	OR	\$ 3.7B	6%	3 (A)	4/94		5 (A+)	11/95	6/96	6 (A2)	7/95		4 (AA-)	2/97		5 (B)		
State Farm LIC	69108	IL	\$ 20.3B	10%	1 (A++)			1 (AAA)			1 (Aaa)	5/95		1 (AAA)	5/96		1 (A+)		
State LIC	69116	IN	\$ 0.3B	6%	2 (A+)	10/94		3 (AA)		9/96	-			3 (AA)	6/95	11/96	8 (SC)	5/96	
Sun America LIC	69256	MD	\$ 6.5B	12%	2 (A+)	6/95		4 (AA-)	11/95	8/95	6 (A2)	10/96		3 (AA)	11/96		6 (B-)		
Sun Life Assur./Canada	n/a	CN	\$ 28.1B	14%	1 (A++)			1 (AAA)	5/95		2 (Aa1)	4/95		1 (AAA)	11/96		-		
Sun Life /Canada (US)	79065	DE	\$ 12.3B	6%	1 (A++)	11/96		1 (AAA)	9/96		-			1 (AAA)	8/95		6 (B-)	2/95	
Sunset LIC/America	69272	WA	\$ 0.4B	13%	3 (A)	11/94		5 (A+)		4/95	-			-			5 (B)	1/96	
Teachers I Annuity (TIAA)	69345	NY	\$ 79.8B	5%	1 (A++)			1 (AAA)			1 (Aaa)	7/95		1 (AAA)	4/97		4 (B+)		
Time Insur. Co.	69477	WI	\$ 1.4B	35%	4 (A-)	4/96		6 (A)		11/95	-			-			4 (B+)	5/96	
TMG LIC (W'tn States)	70491	ND	\$ 1.2B	14%	1 (A++)	11/94		2 (AA+)		8/96	-			-			6 (B-)		
Transam. Life & Ann.	69507	NC	\$ 13.9B	3%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	10/96		5 (B)		
Transam. Occidental	67121	CA	\$ 14.1B	7%	2 (A+)			2 (AA+)	11/94		4 (Aa3)	2/95		2 (AA+)	10/96		4 (B+)	2/97	
Travelers Insur. Co.	87726	CT	\$ 31.2B	10%	3 (A)	4/96	5/95	4 (AA-)		11/96	4 (Aa3)		4/97	4 (AA-)	11/96		7 (C+)	10/95	
Travelers Life/Annu.	80950	CT	\$ 1.9B	13%	3 (A)	4/96	5/95	4 (AA-)		11/96	4 (Aa3)		4/97	4 (AA-)	11/96		7 (C+)	10/95	
Union Central LIC	80837	OH	\$ 4.1B	4%	3 (A)			5 (A+)			7 (A3)	11/94		5 (A+)	7/96		8 (C)		
United Companies	69876	LA	\$ 1.6B	6%	4 (A-)			9 (BBB)			-			5 (A+)	7/96		6 (B-)	9/95	
Union Labor LIC	69744	MD	\$ 2.3B	6%	5 (B++)			withdrawn			-			5 (A+)	7/96		10 (D+)		
United Amer. Insur. Co.	92916	DE	\$ 0.7B	22%	2 (A+)			withdrawn			-			-			3 (A-)		
United Investors LIC	94099	MO	\$ 1.7B	8%	2 (A+)	5/95		3 (AA)		9/96	-			-			2 (A)		
United of Omaha	69868	NE	\$ 7.5B	6%	3 (A)	6/96		3 (AA)			4 (Aa3)	8/95	7/95	3 (AA)	8/96		4 (B+)		
United Presidential	70033	IN	\$ 1.1B	7%	4 (A-)			3 (AA)			-			-			5 (B)		
United Services LIC	70084	VA	\$ 2.3B	9%	3 (A)	6/95		4 (AA-)		3/96	-			-			7 (C+)	2/96	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's			Std & Poors			Moody's Invest.			Duff & Phelps			Weiss Research		
					Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend	Rating	Aff'd	Trend
UNUM LIC	62235	ME	\$ 9.9B	6%	1 (A++)			3 (AA)		▼1/95	2 (Aa2)	3/96	▼4/95	-			5 (B)		
USAA LIC	69663	TX	\$ 5.8B	6%	1 (A++)			1 (AAA)			2 (Aa1)	2/96		-			3 (A-)		
USG Ann.& Life Co.	61247	OK	\$ 6.1B	6%	2 (A+)	5/96		3 (AA)			5 (A1)	5/96		3 (AA)	5/96		6 (B-)	▲9/95	
U.S.Life Ins.Co.(NY)	70106	NY	\$ 2.5B	5%	2 (A+)			2 (AA+)			5 (A1)	2/96		-			7 (C+)		
Variable Ann. LIC	70238	TX	\$ 22.1B	3%	1 (A++)			1 (AAA)			3 (Aa2)	2/97		1 (AAA)	2/97		4 (B+)		
WM Life	85952	AZ	\$ 1.3B	8%	4 (A-)	▲6/95		6 (A)			-			-			7 (C+)	▲6/96	
West Coast LIC	70335	CA	\$ 0.7B	21%	2 (A+)			6 (A)			7 (A3)		▼2/97	3 (AA)	6/97		5 (B)		
Western Nat'l LIC	70432	TX	\$ 8.6B	4%	3 (A)			4 (AA-)	▲9/96		6 (A2)	10/95		4 (AA-)	5/97		6 (B-)	▲10/95	
W'tern Reserve LAC	91413	OH	\$ 2.9B	3%	2 (A+)			1 (AAA)	▲10/96		4 (Aa3)	5/97		2 (AA+)	12/96		6 (B-)	▲10/95	
W'tern & Southern LIC	70483	OH	\$ 4.1B	19%	1 (A++)			1 (AAA)			3 (AA2)	9/96		1 (AAA)	2/97		3 (A-)		
W'tern United LAC	77925	WA	\$ 0.9B	5%	7 (B)	▼6/95		12 (BB)			-			-			11 (D)	▼9/95	
William Penn LIC/NY	66230	NY	\$ 1.1B	4%	3 (A)			9 (BBB)			5 (A1)			-			6 (B-)	▼5/96	
Woodmen of the World	57320	NE	\$ 3.0B	-	2 (A+)			3 (AA)			-			-			-		
Zurich Amer. LIC	70661	IL	\$ 0.3B	9%	3 (A)	▲6/94		4 (AA-)	7/96		4 (Aa3)	5/97		3 (AA)	10/96		8 (C)		

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A.M. Best's Ratings

A. M. Best Co. is the oldest insurance rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. It has been assigning an alphabetic rating scale to insurance companies since 1976. Best's evaluates a company's **Relative Financial Strength** and overall performance in comparison with others. Best's ratings should not be taken as a guaranty of any insurer's current or future ability to meet its contractual obligations. Best's charges an insurer \$500 for a letter rating. (Contact A.M. Best Company, Oldwick, New Jersey 08858.)

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

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

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

Rating Categories

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

Rating Modifiers

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

"Not Assigned" Categories

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

Financial Performance Rating (FPR)

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

Secure Ratings

9,8	Strong
7,6	Above Average
5	Average

Vulnerable Ratings

4	Average
3,2	Below Average

No Rating Opinion

1	Not Assigned
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Ratings and reports on individual companies are available from A.M. Best. The cost of the report, which in-

cludes the company's rating, is \$20. You can also receive just the letter rating by dialing a 900 number. (This is a toll call at \$2.50 per minute.) Call A.M. Best at (908) 439-2200 for instructions on how to place the call.

Standard & Poor's Ratings

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

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

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companies offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.

As a group, the claims-paying ability ratings are divided into two broad classifications. Rating categories from 'AAA' to

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

RATING CATEGORIES

Secure Range:

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

Vulnerable Range:

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

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

Moody's Ratings

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

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

Rating Categories

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

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

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+	Very high claims paying ability.
AA	Modest risk.
AA-	
A+	High claims paying ability.
A	Variable risk over time.
A-	
BBB+	Below average claims paying ability.
BBB	
BBB-	
BB+	Uncertain claims paying ability.
BB	Protective factors are subject to change to change with adverse economy.
BB-	
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.

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 below. For further information contact Weiss Research, 4176 Burns Rd., Palm Beach Gardens, FL 33410; by telephone (800) 289-9222 or fax (407) 625-6685.

- 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 than \$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.

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