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Where To Begin?

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

ANNUITY SHOPPER MAGAZINE helps you sort through the mysteries behind the different types of annuities. We report the current rates, account performance and features of many of the top contracts plus the financial rankings of more than 250 companies.

Where should you begin?

If you are well-versed in annuities, you will probably want to start with our *Immediate Annuities Update* or *Deferred Annuities Update* sections. There you'll find our latest survey of annuity rates and policy performance. If you are new to annuities, may I suggest you call us at 800-872-6684 to receive a free copy of our introductory booklet entitled *How to Buy A Top Annuity*. After reading the booklet you can then proceed to the *Update* sections in the magazine.

Research on the strength of annuity issuers can be found in the section titled *Insurance Company Ratings*. We list data from the main rating agencies: Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Also shown is each company's asset level and capital ratio.

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



Hersh L. Stern
Publisher

Send your questions and concerns, with your address and phone number, to Hersh Stern, Publisher, *Annuity Shopper Magazine*, 8 Talmadge Drive, Jamesburg, NJ 08831.

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Choosing the Right IRA or 401(k) Payout

If you are approaching age 70½ and you have money in an individual retirement account (IRA) or qualified retirement plan such as a 401(k), you have a big decision ahead of you—how to withdraw your money.

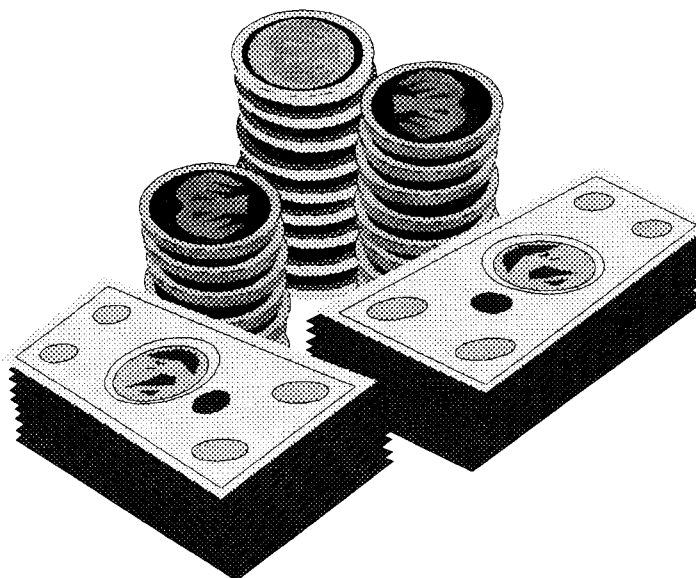
It's an important decision, because once you pass a certain deadline—April 1 after you turn 70½—you can't change your mind about the payout method you select. It will determine the minimum amount you must withdraw from your account each year, which in turn will affect your taxes. Disbursements from IRAs and qualified retirement plans are fully taxable at your regular income tax rate (except when distributions represent nondeductible contributions). Your decision will also determine how much money—if any—will be left in your account for your heirs.

If you neglect to take out the required minimum each year, you will pay a hefty tax penalty—half the amount you failed to withdraw. Of course, you are always free to withdraw more than the minimum amount each year. But if you don't need to tap into those tax-deferred funds just yet, here's an explanation of how to stretch out your retirement plan distributions.

The Clock Starts at 70½

You must begin taking annual withdrawals from your IRA and qualified retirement plans by April 1 following the year you turn 70½. (You can delay distributions from your 401(k)—but not your IRA—until you retire unless you own 5% or more of a business.) To determine your required minimum distribution, divide the balance of your account at the end of the previous year by your life expectancy or the joint-life expectancy of you and your designated beneficiary. By choosing a joint life expectancy, you can stretch out distributions over a longer period.

You have three choices in deciding how to calculate your minimum payouts: *the recalculation method*, which allows you to draw out the least amount of money each year and guarantees that your payments will last all your life; *the term certain method*,



which is the easiest to calculate, but you risk outliving your money; and *the hybrid method*, which combines the two previous methods and, according to experts, can offer the best of both worlds.

Recalculation Method

This method, which is only available if your beneficiary is your

spouse, recalculates your life expectancy each year. It assumes the longest life expectancy and therefore the smallest annual distributions. However, there is one major disadvantage: If your spouse should die before you do, his or her life expectancy would cease, and the next year you would have to revert to a single-life-expectancy calculation. That means you would have to withdraw larger amounts each year than you originally intended and pay taxes on those bigger withdrawals.

Term Certain Method

This method assumes that your life expectancy—or the joint life expectancy of you and your beneficiary—is fixed at the time you turn 70½ and will decline by one year during each subsequent year. It results in the largest minimum distribution of the three methods.

For example, at age 70, the IRS life expectancy table assumes you have 16 years to live, and you would divide your initial account balance by 16. In subsequent years, you would divide the balance by 15, and then 14 and so on until the account is exhausted after 16 years.

If you are 70 and choose a joint-life-expectancy calculation for you and your

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Life Expectancies for IRA or 401(k) Payouts

Assumes \$1 million in account, earning 7% a year. Initial withdrawal begins at age 70, and you choose joint-life expectancy with a spouse who is two years younger.

AGES OF INVESTOR/ SPOUSE	TERM CERTAIN		RECALCULATION		HYBRID	
	LIFE EXPECTANCY	MINIMUM WITHDRAWAL	LIFE EXPECTANCY	MINIMUM WITHDRAWAL	LIFE EXPECTANCY	MINIMUM WITHDRAWAL
70/68	21.5	\$46,512	21.5	\$46,512	21.5	\$46,512
74/72	17.5	58,250	18.2	56,157	17.3	58,867
78/76	13.5	77,703	15.0	71,138	13.5	77,581
82/80	9.5	104,323	12.2	86,695	9.8	101,322
86/84	5.5	141,904	9.7	100,583	6.7	121,182

SOURCE: BankBoston

68-year-old spouse, you divide the first year's balance by 21.5 years, reducing your joint-life expectancy by one year each succeeding year until all the money is gone.

The advantage of this method is if your beneficiary dies before you do, you can continue to take distributions on a joint-life basis. It is often used for non-spouse beneficiaries and is also a good choice for married couples where one spouse is significantly younger.

The disadvantage of the term certain method is if you live longer than life-expectancy tables indicate, you can run out of money.

Hybrid Method

This payout strategy allows you to use a combination of the other two methods: the recalculation method for the account owner and the term certain method for your beneficiary. You can stretch out withdrawals longer than with the term certain method. But if your beneficiary dies first, you can continue to use the joint-life-expectancy factor so you don't have to accelerate your minimum withdrawals. While this method has always been allowed, it has only recently become more available as new software makes the complicated calculations easier for institutions that manage retirement plans.

Obviously, these are important issues that require careful thought and expert advice. Ask your financial or tax adviser which method best suits your situation. And then take steps to implement your preference by sending a letter to the institution that manages your IRA or qualified retirement plan—otherwise you are automatically locked into a default payout option determined by the bank or brokerage firm handling your account. Once you pass the April 1 deadline after you turn 70½, you can name a new beneficiary, but your payout decision is irrevocable.

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Naming an IRA Beneficiary

When choosing a beneficiary for your Individual Retirement Account (IRA), whom you select will dictate how the inherited funds will be taxed and distributed. That decision also determines how much money you must withdraw from your IRA each year once you turn 70½. Your required minimum distribution is based on either your life expectancy or the joint life expectancy of you and your beneficiary.

For example, if you are 70 years old and have not named a beneficiary to your IRA, Internal Revenue Service tables project you will live 16 years. Therefore your first minimum distribution would be the balance of your IRA divided by 16. However, if you have named your 66-year-old spouse as your beneficiary, your joint life expectancy is 22.5 years. That's the figure you would use to calculate your minimum distribution the first year, reducing the amount you need to withdraw and stretching out the tax-sheltering benefits of your IRA. In subsequent years, your life expectancy would be reduced and you would use that new figure to determine your minimum distribution.

Spouse Has Most Flexibility

Generally, naming your spouse as the beneficiary of your IRA means that he or she will have the most flex-

ibility in deciding when and how to withdraw the money.

If your spouse dies before you do and you have not yet begun taking annual distributions from your IRA, you should name another beneficiary and take advantage of the longer joint life expectancy payout schedule.

However, if your spouse dies after you have already begun taking annual distributions, it could create problems for your estate plan. Depending on the payout method you chose, you may have to take out larger minimum amounts than you had planned.

As a beneficiary, your spouse will have the option of rolling over the inherited IRA funds into his or her own IRA account and stretching withdrawals over his or her life expectancy or extending the tax shelter even further if he or she names a younger beneficiary. Other beneficiaries aren't permitted to do that—and face penalties if they try.

On the other hand, your surviving spouse may choose to leave the money in your IRA. In that case, he or she won't have to start withdrawing funds until the year you would have turned 70½—and then can stretch the withdrawals out over his or her remaining life expectancy.

Non-spouse Beneficiaries

If you are widowed or divorced, it's

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Retirement & Pension Issues

simply not possible to name a spouse as beneficiary. In other instances, it may not be desirable, such as when a spouse has a sizable IRA of his or her own. Adding to your spouse's taxable estate by naming him or her as beneficiary of your IRA could exacerbate estate-planning problems.

Perhaps you want to leave an inheritance for your children or grandchildren. Naming them as beneficiary is one way to pass on assets, but keep in mind that if you die with funds in your IRA—even though you have named beneficiaries—the money will still be counted as part of your estate and they will have to pay income taxes on the withdrawals. In some cases, it may be better to gift it to them during your lifetime, reducing the size of your estate and presenting them with a tax-free gift.

Non-spouse beneficiaries have two options. They must either withdraw everything from the IRA within five years of your death or they can begin distributions within one year after your death, spreading withdrawals over their life expectancy. Depending on your heir's age, the second option could allow him or her to extend the tax shelter far longer than five years.

If you have already begun taking annual distributions from your IRA before your death, a non-spouse beneficiary must continue to take distributions at least as fast as you did.

Taxes Are Due on Most IRA Withdrawals

With a traditional IRA, all your beneficiaries—whether your spouse or anyone else—must pay income taxes on IRA withdrawals (except when withdrawals represent nondeductible contributions).

With the new Roth IRA, funds can be withdrawn tax-free, which is especially good news for your heirs.

Another advantage of the Roth IRA is there is no time limit for withdrawing funds. If your surviving spouse is the beneficiary, he or she can claim the Roth IRA as their own and not be subject to any mandatory withdrawal schedules during their lifetime. Funds must be distributed upon death.

IRA Balances May Trigger Estate Taxes

If you die with funds in your IRA, the balance will be included in your estate. And if the value of your estate exceeds \$625,000 in 1998—that threshold will be increased to \$1 million by 2006—the estate will be subject to federal estate taxes, which go as high as 60%.

Again, naming your spouse as beneficiary means he or she will have more flexibility than other heirs. Your spouse is not subject to estate taxes on property inherited from you. However, upon his or her death, the estate may be subject to a big tax bite unless planning strategies are implemented while you are both alive.

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Social Security Benefits & Costs in 1999

If you were counting on the Social Security cost-of-living-adjustment (COLA) to compensate for declining investment income in 1999, you'll need to start looking for that income somewhere else: Next year's COLA, which will appear on the check you receive in January, will be 1.3%, the lowest since 1987.

People who are on Social Security and still working, however, may get some relief from an increase in the threshold for the "retirement test." In

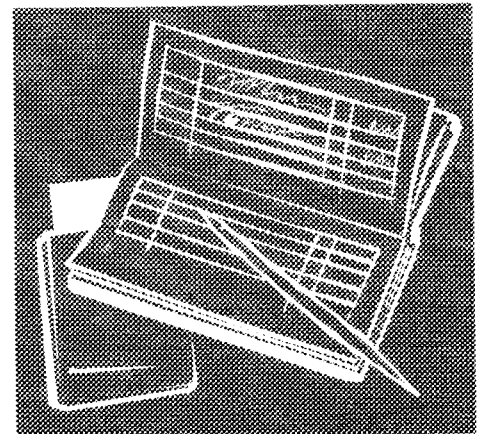
1998, workers of age 65 to 69 had one of every three dollars they earned deducted from their Social Security benefit for earnings above \$14,500. The 1999 limit will be \$15,500. For beneficiaries under 65, who lose one of every two dollars, the 1999 cap will be \$9,600, up from \$9,120 in 1998.

People on Medicare will face increases in both premiums and deductibles. The Part B premium, which is deducted from your Social Security benefit, will rise \$1.70 a month to \$45.50, for an annual increase of \$20.40. Part B is the program that covers doctors' bills, hospital outpatient care and other services outside hospitals.

Medicare patients who must be admitted to a hospital receive benefits under Part A, which the government automatically pays for after they have met a deductible. The deductible for 1999 will increase by \$4, to \$768. Once it is met, patients pay no further costs for their first 60 days in a hospital or their first 20 days of skilled nursing care upon being released from a hospital. After that, patients must make co-payments, which will rise in 1999 as follows:

- For hospital stays of 61 to 90 days: \$192 per day, an increase of \$1 per day
- For hospital stays of 91 days or longer, \$384 per day, an increase of \$2 per day
- For skilled nursing care, on the 21st day and after, \$96 per day, an increase of 50¢ per day.

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Pensions: Choosing Between a Lump Sum and an Annuity

Currently, more than two out of five employers will let you choose whether to take your pension as an annuity or as a lump sum. A typical annuity formula will provide you with an annual income equal to 30% to 45% of your average annual salary during your last three to five years of work. You'll collect the annuity in monthly checks for the rest of your life. If you prefer a lump sum, your company will calculate the amount you would have to invest in order to receive an equivalent monthly check for the rest of your life—as projected by actuarial tables—assuming the money earns the rate of interest that prevails at your retirement.

When given a choice, two out of three retirees opt for a lump sum—which most employers prefer, because they can then write the pension liabilities off their books.

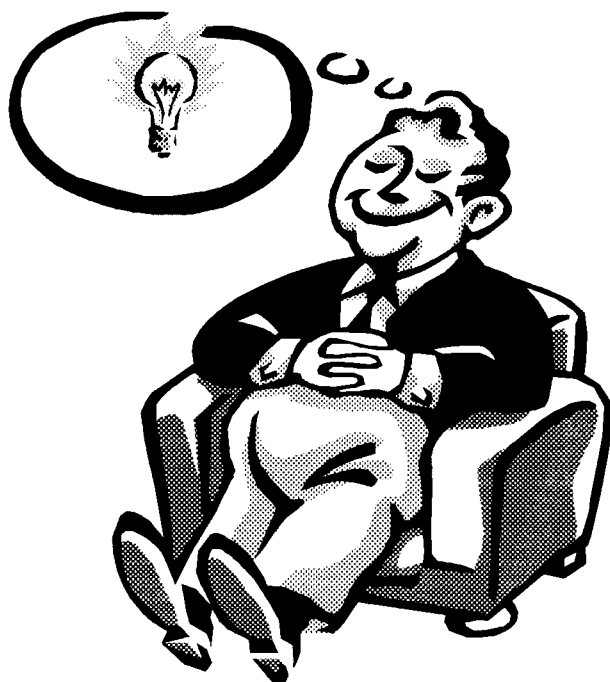
Indeed, some employers tempt you to take your retirement payout all at once by making a lump sum available at an earlier age than they require for an annuity. But don't take a lump sum just because it's available sooner, or it's the biggest check you'll ever get. Before deciding, answer the following questions:

Do you want to manage your retirement stash? If not, go for an annuity.

How long do you expect to live? Since annuity payments don't stop until the end of your life (or your surviving spouse's), an annuity turns out to be a better deal if you manage to live longer than the average as predicted in actuarial tables—generally, for people who are now 55, it's 77 for males and 81 for females. Thus if you're descended from octogenarians and in robust health, you may be better off with an annuity. On the other hand, if your parents died before their mid-seventies or you're in poor health, a lump sum will likely get you more money or provide funds for your health care.

How is the lump sum calculated?

By law, employers may use either of two interest rates when figuring your lump sum: 1) the rate used at the time you retire by the Federal Pension Benefit Guaranty Corporation (PBGC), which manages Failed pension plans (currently 4%) or 2) the yield on the 30-year Treasury bond (recently 5.7%). The higher the interest rate your employer chooses, the



lower your lump-sum payout. Since T-bond yields are often as much as two percentage points higher than the PBGC's rate, ask your company's benefits department which rate it uses to calculate its lump sums. If the rate is lower than the T-bond yield, take the lump sum and invest it to produce a higher return. If the rate is higher than the T-bond yield, consider grabbing the annuity. (Note that after year 2000, the government will require all companies to use the T-bond yield.)

Bear in mind that if you live at least your projected lifespan, an annuity will beat a lump sum if it includes cost-of-living adjustments that lift checks in tandem with inflation.

While inflation adjustments are rare for private pensions, they're common in some public-sector plans.

Do you want pension money left over for your children after your death? If so, you want a lump sum. Since annuity payments stop at the death of you and your spouse, they can't be passed on to your kids.

If you prefer a lump sum, you must answer one more question: Should you roll over the money into an IRA or pay tax on it right away? Unless you need all of the money immediately—say, for medical care or a new house—you're nearly always better off rolling over the lump sum into an IRA where the cash you don't touch will grow tax deferred.

If you take the money to spend immediately, you may be able to use a tax-cutting plan called forward averaging. Subject to certain restrictions, so-called five-year averaging lets you figure your tax as if you had received the lump over five years. (One caveat: This tax break expires on Dec. 31, 1999.) Alternatively, if you were born before Jan. 1, 1936, you can opt for 10-year forward averaging, which taxes you as if you had received the cash

over a decade. (This break isn't set to expire.) Experts say that if you collect less than \$400,000, 10-year averaging is preferable, while five-year averaging is better for larger sums. For example, with a \$250,000 lump sum, 10-year averaging knocks your tax bill from \$77,700 to \$42,000, while five-year averaging lowers it only to \$62,000. The IRS offers detailed explanations in Publication 575, available for free by calling 800-829-3676 or on the IRS' Website (www.irs.gov).

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Deferred Annuity Distributions at Death

Death of the Annuity Owner

An annuity is usually purchased on the assumption that the annuity owner will live long enough for the annuitant to begin receiving annuity payments. In reality, of course, this does not always happen. When the owner dies before the entire interest in the contract has been paid out, certain distributions from the annuity must be made. These rules are intended to prevent deferral of income tax on the gain in the annuity for an indefinite period of time through successive ownership of the annuity.

The Internal Revenue Code mandates that an annuity issued after January 18, 1985, will not be treated as an annuity contract and, thus, receive the income tax deferral associated with an annuity unless the contract provides two items. First, the annuity must provide that if any owner dies after the annuity has begun making annuity payments (i.e., after the annuity starting date) but before the entire interest in the contract has been distributed, the remaining portion must be distributed at least as rapidly as under the method of distribution being used at the owner's death. Second, the annuity must

provide that if the owner dies before the annuity payments have started, the entire interest in the contract must be distributed within the five years following the owner's death. In the case of joint owners of an annuity issued after April 22, 1987, these distribution requirements are applied at the first death.

For purposes of meeting these distribution requirements, if any portion of the owner's interest is to be distributed to a designated beneficiary over the beneficiary's life (or over a period not extending beyond the life expectancy of the beneficiary) and the distribution begins within one year after owner's death, that portion will be treated as distributed on the day such distribution begins.

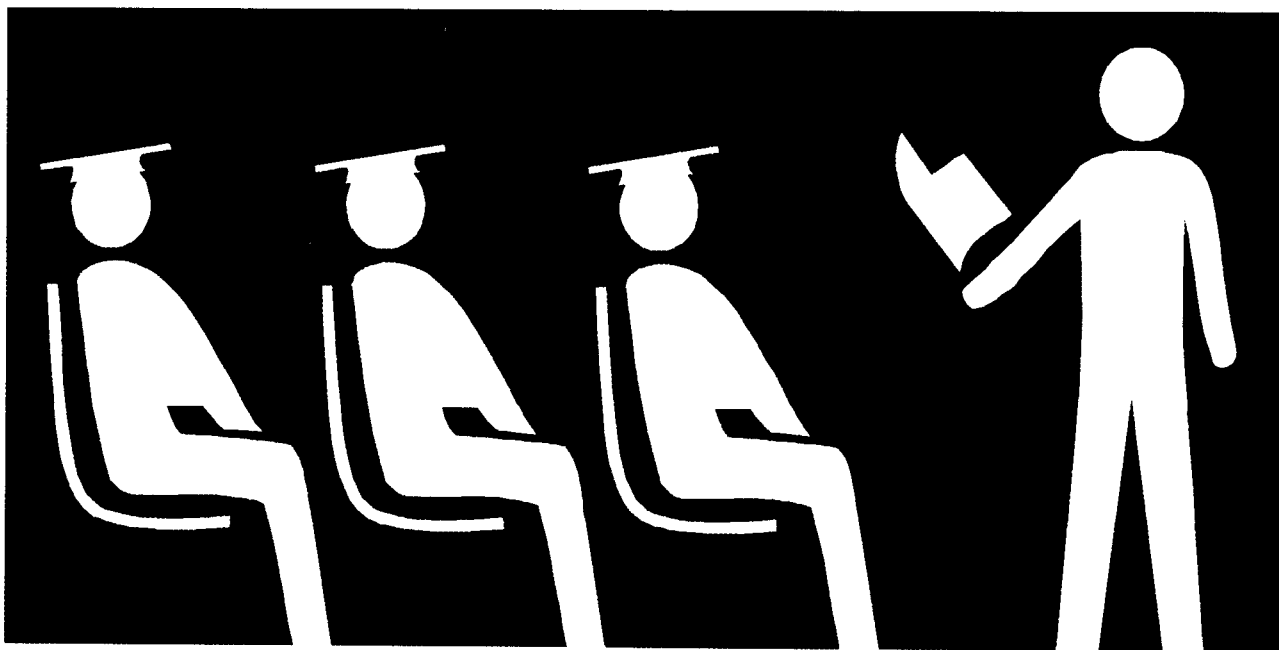
For example, assume that Mr. Robins, age 50, buys an annuity contract and is the owner. He names his son, Mr. Robins, Jr., age 25, as the annuitant, with annuity payments to begin when his son becomes age 45. The father dies at age 58 and the son (now age 33) becomes the new owner of the contract. Under the provisions discussed above, there must be a distribution of the entire interest in

the contract within five years of the father's death or there must be annuitization of the contract within one year of such date.

If the designated beneficiary (that is, the person who becomes the new owner) is the surviving spouse of the owner, then the distribution requirements are applied by treating the spouse as the owner. In fact, this allows a surviving spouse to "step into the shoes" of the deceased spouse and carry the annuity along without any change. For example, assume that Mr. Smith purchases a single premium deferred annuity five years prior to his death, naming himself as owner and annuitant and his wife, Mrs. Smith, as the designated beneficiary. He had not yet started to receive payments from the annuity contract at his death. Since Mrs. Smith would be treated as the annuity contract owner, the distribution requirements would allow her to continue the annuity in its accumulation phase for the time being.

For the purpose of these distribution requirements which take effect upon the death of the annuity owner, some provision must be made when the

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annuity owner is an entity such as a trust or corporation. The Internal Revenue Code provides that where the owner of a contract issued after April 22, 1987 is a corporation or other nonnatural person, the primary annuitant will be treated as the owner of the contract. The primary annuitant is the individual whose life is of primary importance in affecting the timing or amount of the payout under the contract (e.g., the measuring life). For purposes of these distribution requirements, a change in the primary annuitant of such a contract is treated as the death of the owner.

If an annuity contract which is issued after January 18, 1985 is received in exchange for one issued prior to that date, it will be considered a new contract and, thus, subject to these distribution requirements.

Death of the Annuitant

Often it is the same person who is named as both the owner and the annuitant of an annuity contract. Thus, when the annuitant dies, the owner also dies and the annuity is subject to the distribution requirements discussed above. However, there are times when one person is named as the annuity contract owner and another individual is named as the annuitant. One example of this is grandparents who buy an annuity for a grandchild, naming one of the grandparents as owner of the contract and the grandchild as the annuitant.

If the annuitant dies before the deferred annuity matures, the amount payable at his death is generally subject to income tax. Usually, an annuity contract provides that if the annuitant dies before the annuity payments begin, the beneficiary will

be paid a death benefit equal to the amount of premiums paid or the accumulation value of the contract. The gain, if any, is taxable as ordinary income to the beneficiary.

The death benefit under an annuity contract is not excludable from income under section 101(a) as life insurance proceeds payable by reason of insured's death. The gain in an annuity contract is measured by subtracting the total premiums from the death benefit received. (Aggregate dividends and any other



amounts that have been received under the contract which were excludable from gross income must be added to the death benefit received amount as part of this calculation.)

Thus, continuing with the grandparents/grandchild example mentioned earlier, if the grandchild dies and the grandparent is still living, a death benefit amount will be paid to the grandparent. If the death benefit paid equals \$25,000 and the grandparent has paid \$20,000 into the annuity, then the gain of \$5,000 must be included in the grandparent's income for the year.

There is one election open to the annuity owner at the time of the annuitant's death which may help to minimize the income tax

consequences of the annuitant's death. This would be to elect, within 60 days after the annuitant's death, that any death benefits should be paid under a life income or installment option. The periodic payments will then be taxable to the beneficiary under the regular annuity rules.

Another question that arises in relationship to an annuity when investment results have not met expectations is whether there is a deductible loss sustained under a straight life annuity if the annuitant dies before the total annuity payments equal the annuitant's cost. If the annuity contract began making annuity payments before July 2, 1986, there is no deductible loss since the annuitant has received all that the contract called for. The result is the same for someone who purchases an annuity on the life of another person who dies prematurely. If the annuity payments began after July 1, 1986, a deduction may be taken on the individual's final income tax return for the unrecovered investment in the contract.

Annuity Contracts And Estate Taxes

One of the most common estate tax questions concerning annuities is whether an annuity owned by a person at his death must be included in the estate for purposes of calculating the amount of estate tax due. The answer differs depending upon whether the annuity contract had not yet commenced benefit payments (i.e., was in the accumulation phase) or had already begun benefit payments (i.e., was in the annuitization phase) at the time of the annuity holder's death.

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Annuity Death Benefits During the Accumulation Phase

Although usually not considered at the time a nonqualified annuity is purchased, there are times when the annuity holder dies before annuitizing the contract or beginning to receive benefit payments from the annuity. When this happens, the value of the annuity contract generally must be included in the gross estate of the annuity holder.

As discussed, most nonqualified annuity contracts pay a death benefit equal to at least the amount of premiums that the annuity holder has paid into the contract prior to death. Although the nonqualified annuity contract pays a benefit at death, in this instance this benefit is not a life insurance payment. If the annuity death benefit is payable to the annuity holder's estate, its value must be included in his gross estate. This is true since the value of the annuity's death benefit is considered to be property owned by the annuity holder at the time of his death.

Even if the death benefit is payable to a beneficiary designated by the annuity holder, the value of the death benefit generally must be included in the annuity holder's gross estate whether or not the annuity holder had reserved the right to change the beneficiary. For example, assume that Mr. Black, age 60, purchased an annuity contract some years ago that would begin paying benefits to him when he retired at age 65. The annuity has a current value of \$40,000. If Mr. Black dies before age 65, the value of the death benefit paid from the annuity to either Mr. Black's estate or his beneficiary would be included in Mr. Black's gross estate.

However, if an annuity was a gift for someone other than the person who has died (the decedent) and the decedent did not retain any interest in the annuity contract or payments, the value of the annuity will ordinarily not be included in the decedent's gross estate.

Annuity Death Benefits During the Annuitization Phase

If the person was receiving payments under a straight life annuity there will be no more payments from the annuity after the annuity holder's death, under the terms of this settlement option. Thus, there is no property interest remaining to be included in his gross estate and nothing will be added to the gross estate as a result of owning the annuity contract. To illustrate,



assume that Mr. Black, age 80, owns property worth approximately \$750,000 and receives a payment of \$900 each month from a single premium immediate annuity that he bought twenty years ago with funds inherited from his favorite uncle. Mr. Black is both the owner and the annuitant of this contract. Since the annuity settlement option is a single life (sometimes called a straight life) annuity, the contract ends on his death. Thus, ownership of the annuity contract would not add anything to his gross estate.

As discussed, there are usually several settlement options available under a nonqualified annuity contract including a life and refund annuity, a joint and survivor annuity, a fixed period annuity, and a fixed amount annuity. If an annuity settlement option was elected by the annuity holder prior to his death that includes some type of survivor benefit, such as

under the refund annuity or joint and survivor annuity, determining what amount must be included in the estate of the annuity holder following his death is slightly more complicated. Generally, if the survivor's benefit is payable to the estate of the annuity holder, the value of the payments to be made after the annuity holder's death must be included in the annuity holder's estate. This is so since the value of the post-death payments are considered to be "property" owned by the annuity holder at his death.

To illustrate, assume that Mr. White purchased a single premium deferred annuity and began receiving monthly benefit payments of \$500 seven years ago. If Mr. White elected a ten year certain settlement option, at his death after only seven years, another three years of monthly benefit payments would remain to be paid. The value of these remaining payments would be included in Mr. White's estate.

Generally speaking, the estate tax results are the same when an annuity's survivor benefit will be paid to the annuity holder's beneficiary rather than to his

estate. To continue with Mr. White's example above, if the remaining three years of annuity payments were to go to Mr. White's daughter the value of the remaining three years worth of benefit payments would be included in his gross estate. Another step may be added to the calculation if the annuity holder did not furnish the entire purchase price of the annuity. In this case, only a portion of the value of the remaining benefit payments would be included in the annuity holder's gross estate. For example, assume that Mr. and Mrs. Green purchased a joint and survivor annuity with a single premium of \$50,000, each contributing one-half or \$25,000, to the purchase price. At Mr. Green's death several years later, the value of the benefit that will be paid to the survivor, Mrs. Green, is \$35,000. Since Mr. Green contributed one-half of the annuity's purchase price, at his death one-half of the value of the

(Continued on page 15)

(Continued from page 14)

survivor's benefit, or \$17,500, must be included in his gross estate. Since the survivor's benefit, in this example, will go to the spouse of the decedent, it should qualify for the marital deduction and thus not be included in the estate values upon which the amount of estate tax due is calculated. If the annuity had been purchased in the same manner by Mr. Green and his daughter, the marital deduction would not have this effect.

The value for estate tax purposes of the survivor's annuity under a joint and survivor annuity contract is generally equal to the amount the same insurance company would charge the survivor to purchase a single life annuity at the time of the first annuitant's death. However, if the length of time that the particular survivor is expected to live is less than the statistical average for a person of that age, it may be possible to obtain a lower valuation amount.

If the beneficiary that will receive the refund or survivor's benefit is a charitable organization, the estate will be able to take a deduction for the value of the transfer to the charity.

It is important to remember that other types of annuities and retirement plans such as Individual Retirement Annuities (IRAs), Tax Sheltered Annuities (TSAs) and annuities that are part of qualified retirement plans are not treated in exactly the same manner as nonqualified annuities for purposes of the estate tax.

Owner And Annuitant Are Not the Same Person

While the more usual scenario casts the same individual as both the owner and the annuitant of a nonqualified annuity contract, there is no particular requirement that this be so. Fairly often, nonqualified annuity contracts are purchased by one individual who names a second person as the annuitant. From an estate tax perspective, what is the effect on the amount of estate tax due if an individual owns an annuity at the time of his death but someone else, who is still living, is named as the annuitant?

Where an individual owns an annuity contract at the time of his death, but another individual is named as the annuitant, the value of the annuity is

included in the owner's gross estate for purposes of determining the amount of estate tax due. The value of the contract is apparently the amount that it would cost to purchase a comparable annuity contract at the time of the annuity owner's death.

Such a situation might arise where an annuity had been purchased for an aging parent by an adult child. Assume that Greg Green purchased an annuity, naming himself as the owner of the contract. Since the contract was purchased for the benefit of his mother, Rose Green, Greg named her as the annuitant. If Greg died before his mother, the value of the annuity would be included in Greg's estate for estate tax purposes.

Sometimes it's good to set up a deferred annuity where one spouse is owner and the other is the annuitant. For example, Harry acquires a policy and Mary is named the annuitant in order to make their holdings for estate tax planning purposes more equal. Or, Mary names Harry owner in order to protect her assets from lawsuits or creditors. A problem emerges, however, if Mary (the annuitant) dies. This means that Harry (the owner) must either pay incomes taxes immediately on any policy profit or annuitize the contract with 60 days after a lump sum becomes available. The law on this is clear. When Mary dies, Harry simply cannot "step into Mary's shoes" as the policyholder of this contract *because he already owns it*.

Let's suppose Mary is both annuitant and policyholder, and that Harry is named as beneficiary. At Mary's death, Harry may be able to "step into her shoes" as the owner and continue tax deferral within the policy. But you have to be careful. Some policies do not provide this feature automatically. Harry may be able to elect successor ownership by notifying the insurer in writing within 60 days of when a lump sum becomes available. Otherwise, he may be in constructive taxable receipt of the profit within the contract.

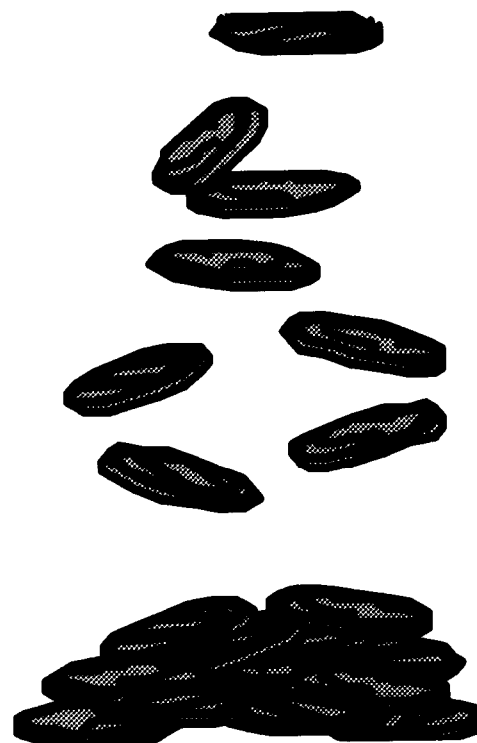
If a policyholder who is not the annuitant dies, a beneficiary who elects an annuity payout program within 60 days must receive the first

check within one year of death. And the payment period cannot extend beyond the beneficiary's life expectancy; otherwise, it appears that policy profit is taxable by the end of the fifth taxable year following the owner's death.

Annuity Contracts Purchased as Gifts

If an annuity is given to someone as a gift and the purchaser does not retain any ownership interest in the contract after its purchase, the value of the annuity will ordinarily not be included in the purchaser's gross estate. This will generally be true whether the purchaser named the person receiving the gift as both the owner and the annuitant or instead named a third person as the annuitant. Continuing with the example of Greg Green and his mother from above, if Greg purchased a nonqualified annuity and named his mother as both the owner and the annuitant, at his death no portion of the value of the annuity would be included in his gross estate.

Adapted from The Annuity Handbook, by Darlene K. Chandler. Cincinnati: The National Underwriter Company, 1994.



Do The Math: Your Clients' Actual Marginal Tax Rates Will Help Sell Value Of Annuities

Why can't anybody get it right? A major factor in determining whether an annuity (or IRA, or Roth IRA) is right for your clients is an evaluation of their current tax structure. This may seem easy enough, but it is not.

Most of you will say that your client is in the 28 percent, 36 percent, or 39.6 percent tax bracket. If you are using these types of numbers, you're probably wrong.

Since the late 80s and continuing aggressively through the 90s, tax legislation has included "back-door" increases applying to "rich" people.

Keep in mind that, according to the federal government, "rich" people can have income ranges from \$10,000 to \$175,000.

So the major questions are what are these back-door tax increases, how do they affect your clients' marginal tax rates and how does the marginal tax rate affect annuity or IRA buying decisions.

Back-door tax increases, sometimes called phase-outs, come in many varieties. I would list all of them, but there isn't enough space. Here are just a few (with the single-filing income level): child tax credit (\$75,000), Hope Scholarship credit (\$40,000), lifetime learning credit (\$40,000), interest on student loans (\$40,000), Education IRA (\$95,000), Roth IRA (\$95,000), child and dependent care credit of Social Security benefits (\$17,000), phase-outs of deductions (\$125,000), phase-outs of exemptions (\$125,000), etc, etc, etc. The credits go away at the income levels noted and taxes phase-in at these income levels as well.

Any one of these does not usually have a huge impact on the marginal tax rate. However, many annuity buyers are not subject to just one of these, they may be subject to many. These phase-outs can have a huge impact on marginal rates.

Our firm recently analyzed the effect of these phase-outs on a dual-income

couple with three children filing a joint return. Two of the children were in college (savings bonds redeemed), and one child was newly adopted. The couple was making \$99,000 in adjusted gross income. They had an additional \$1,000 of income come their way. How much tax was due on that \$1,000? Looking it up in the tax table, you would find that their



marginal tax bracket is 31 percent. Therefore, you would say the tax due on their \$1,000 is \$310. You would be wrong. Due to phase-outs, their marginal tax rate is 78 percent. This means that \$780 of the extra \$1,000 earned is gone to the federal government.

This couple gets to keep only \$220 of their hard-earned money.

The specific circumstances in this example may be unusual but circumstances leading to marginal tax rates higher than 50 percent, 60 percent, or even 70 percent are not unusual. They are happening to a number of your clients.

However, how would you like to be able to say to your client that if the

\$1,000 in the example would have come from an annuity they would not have owed that \$780 in taxes this year. Presumably they'll never owe some of it, as you would expect them to take annuity income in a year when their tax rate was much lower.

Now that you know this, what should you do? Determine your client's marginal tax rate and use it to your annuity sales advantage. How do you determine the client's marginal tax rate? Unfortunately, you have to do the math. Use your newly acquired knowledge of phase-outs to help you. Watch especially for deduction phase-outs, exemption phase-outs, and Social Security taxation. There is no escaping the necessity to actually calculate the tax due on marginal income.

It isn't hard, just add the extra income to the previously taxable income, and then determine the tax due, given the phase-out ramifications. In other words, you have to calculate the tax due twice, once with the lower income, and once with the higher income. (It's fine to use a hypothetical marginal income of \$1,000.) Once you know how much of the \$1,000 goes to taxes, you now know the marginal tax rate. More importantly, you know how much you are able to save your client in taxes if that extra income was being earned in an annuity.

Let's use annuities to help our clients lower their taxes and be better informed about tax realities. You know that annuity earnings have no negative impact on taxable income or phase-outs until withdrawals are made, but your clients don't. You know that marginal tax rates are often well in excess of the tax table rates, but your clients don't. Explain these issues to your clients. They'll benefit with tax savings. You'll benefit with annuity sales.

Reprinted from the September 7, 1998 issue of the Life & Health/Financial Services edition of National Underwriter magazine. Subscriptions: 800-543-0874, \$82/yr.

Buy Perm and Invest the Difference in an Immediate Annuity!

Last July, the American Society of CLU & ChFC asked American adults how they plan to finance their retirement. Bank savings received the most votes (42 percent) and annuities the fewest (13 percent). Surprisingly, life insurance (35 percent) was third, between company pensions (38 percent) and 401(k) plans (33 percent).

Principal is Sacred

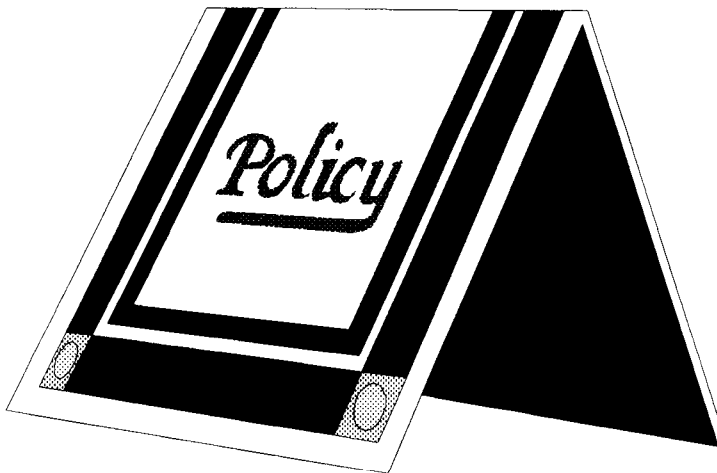
As people approach retirement, their risk tolerance decreases. Once retired, they tend to be very conservative with their investments. Many retirees live off a combination of private pensions, Social Security, and savings. So, for many retirees the investment vehicle of choice is the CD, an FDIC-insured investment that can be used to create an income stream off the interest earned.

Many retirees also want to leave the principal intact so it can be passed on to their heirs. This can be accomplished through fixed deferred annuities (annuities offer competitive rates of interest compared with bank CDs). But there is the potential to go one step further in helping retirees accomplish their goals. How? By combining the benefits of life insurance with immediate annuities.

One example would be to set up a joint last-to-die universal life insurance with the premium on the life policy paid by a single premium immediate annuity (SPIA). The SPIA would also provide additional retirement income.

How does this product combo stack up against a bank CD? Consider the case of a 55-year-old nonsmoking couple in the United States who have \$100,000 they wish to protect. A joint

and survivor annuity was shown to provide a gross monthly income of \$634.44, payable while either or both are alive. Because it's a life annuity, a portion of each payment (52.54 percent in this case) is excludable from taxable income. This is why the tax on the annuity payments is less than on the interest from the CD (based on the national average for five-year CDs). Even after subtracting the cost of the insurance policy, the SPIA leaves the couple



with \$91.13 more each month. But the benefits don't stop there. At death, the life insurance proceeds would be excluded from the insured's estate if the policy were owned by a trust or another person and the entire \$100,000 death benefit would pass to the beneficiary.

On the other hand, the principal in the CD is included in the estate (some states also levy inheritance taxes, which would further erode the value of the CD to the beneficiary).

The scenario works for a single life, too. Combining separate UL and SPIA quotes for a 65-year-old nonsmoking male compare even more favorably than the joint life example, providing more than \$100 per month than the bank CD.

There's more

Still another option involves paying for the life insurance with a single premium. If, in the joint life case

above, the couple decided to purchase the life insurance with one payment instead of its being paid from the annuity income, they still come out ahead (maybe not as far as they do with the periodic-pay case, but one benefit of this scenario is liquidity). The \$21,451.79 single premium would come out of the couple's \$100,000; the remainder would be used to fund a joint-and last-survivor annuity, providing a monthly income of \$501.92. The cash flow after tax would be \$445.76. While in every case shown the SPIA is illiquid, the single premium UL will have a cash value (over \$18,000 to start) that could be accessed. The theoretical cost of this liquidity is the difference between the net income from the single-pay and the periodic-pay examples.

In the case of the CD (or some of the newer immediate annuities with liquidity features), tapping the principal for emergency use could greatly decrease future income. Whereas with the single premium life example, drawing from the cash value would decrease the ultimate death benefit and leave the retirement income untouched.

Offering an increasing benefit annuitization where the monthly payments increase by 3 percent per year could be offered to help stave off the effects of inflation. Another idea is to fund the life insurance with a fixed immediate annuity and invest all or part of the rest in a variable annuity. Both of these ideas provide a lower initial benefit amount, but have the potential to grow to sizable amounts over time and more than likely would quickly surpass the income from the bank CD anyway.

WHAT ABOUT PERIOD CERTAIN?

While the immediate annuities described in this article are straight life annuities, in reality few immediate annuities are of the straight life variety

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(see LIMRA's report *Annuityization: A Look at the Income Side of Annuities*, 1995). One reason is people want to get something for their money (i.e. *if they were to die tomorrow*), so life annuities with a period certain are more popular. The addition of the certain period doesn't decrease the income much either. In the two-lives example, the addition of a 10-year certain period would decrease the monthly payment by \$1.12.

But, with the addition of life insurance for the initial principal amount, modifying the annuity to provide a refund or income becomes less important.

Here's another way to create an income while preserving principal. In the *split annuity* the lump sum deposit is split into two parts. The first is calculated so that it will grow, with interest, to the original principal amount after, say, five years. The remaining amount is used to fund a five-year certain annuity (with no life contingency), which provides an income for the five years. The process can be repeated every five years (though with different tax treatment for the SPIA income). If the annuitant dies during the period, the beneficiary receives the amount invested in the deferred annuity and the remaining SPIA payments.

Insurance companies have been providing money-back guarantees with life annuities with refunds or periods certain, as well as principal preservation with split annuities. But the life insurance and annuity concept can give *all* the money back, not just some of it.

While there are pros and cons, the benefits outweigh the costs in the insured annuity concept. That is, of course, if having income that cannot be outlived and passing principal to one's heirs are important objectives, and if liquidity is not an issue.

Reprinted with permission from the May/June 1997 issue of LIMRA's MarketFacts.

Fan Catches Ball, IRS Catches Flak

Here's the latest example of IRS insanity:

A fan caught Mark McGwire's 61st home run ball. It tied one of the biggest records in all of sports, set by Roger Maris in 1961. Collectors were reportedly offering \$1 million each for this ball and the record breaking 62nd. As any true baseball fan would, the guy who caught the ball gave it to McGwire. All he asked for in return was a handshake and autograph.

Well, good deeds rarely go unpunished in this country. The IRS was asked if the fan would face a gift tax for giving away the ball. The power hungry government bureaucrat responded: "Yes."

A GENEROSITY TAX

We could excuse the IRS official if he could not immediately quote the exact code section or case that would help the fan. But any reasonable person would know there should be no tax here.

The IRS isn't reasonable. The employee was quoted as saying the fan who caught number 61 would have to pay up.

Only after the IRS was publicly ridiculed did Commissioner Rossotti chime in. No it wasn't taxable after all, he said. He compared the situation to someone immediately declining a prize or returning unsolicited merchandise.

By quickly giving up the ball, the fan would be treated as never really owning it in the first place. If he didn't own it, he didn't make a gift.

Rossotti may have saved the IRS from further embarrassment, but not before the entire world received another reminder of a crucial fact.

To the tax collector, everything is taxable. Even generosity.

Reprinted from Tax-Wise Money, October 1998.
Fortune Publishing International. Subscriptions: 410-223-2678, \$69/yr.



IRC Sec. 1035 Exchanges On the Rocks, With a Twist

1035 Exchanges have caused many of us undue headaches, hassles, and consternation in trying to transfer clients' money from one company to another without a tax liability. When it was originally drafted, Sec. 1035(a) was confusing at best and left many of us wondering exactly how to interpret its modus operandi for a very long time.

Recently (in Private Letter Ruling #9342037), more light has been shed on this confusing section of the tax code. We now know that "like to like" means nothing more than transferring the same insured to the same insured, or transferring the same annuitant to the same annuitant. Previously we were concerned about transferring the "same" owner, the "same" beneficiary, as well as the "same" insured.

Now, even more light was shed by Private letter Ruling #9644016 in the exchange of one annuity for two annuities. Yes, that's right—one for two. Private Letter Rulings are more like flashlights than flood lights, since they do tell us the IRS point of view in a specific circumstance. This specific circumstance was the request for an exchange of one annuity contract with Company A for two annuity contracts with Company B. IRS approved the tax-free exchange. What exciting implications! Now you can roll a client's old annuity (of course, with no surrender charges) into another company and create a Split Annuity.

A Split Annuity is nothing more than

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"splitting" the total dollars between a deferred annuity and an immediate annuity with a period certain. For example, let's say your client has \$100,000 in an old annuity with Company A. The client would like to earn higher interest and have more benefits in the annuity you propose with Company B. But, the client also needs current income, and the systematic withdrawal of interest-only is just not enough for their current requirements. You propose that the benefits and features of Company B's deferred annuity can "split out" enough money into an immediate annuity to create income, but still have the deferred annuity grow back to the original amount you started with. The \$100,000 would be split, for instance, into \$34,366 for the immediate annuity to create \$492.74 per month for 7 years, and still have the balance of \$65,634 grow back to \$100,000 at the end of the 7 years. (And if you choose the right products, it will be guaranteed to perform exactly that way.) That's a great idea that anybody could get excited about.

So what have we done? We rolled over flaccid annuity money from one company, to two annuities with another company, that will guarantee that the "split" will pay \$492.74 per month for 7 years and that the deferred amount will grow back to the original starting amount of \$100,000 at the end of the 7 years.

Private Letter Rulings have suddenly taken on a brighter appeal. [If you can solve a unique problem for your client with a unique IRC Sec. 1035 solution, then you, as the agent, have even greater value to your client. Rollover a dusty, old annuity, create income, and after a stated period of time, end up with the same amount you started with GUARANTEED. You're a HERO.

There are companies out there right now that can do what I have suggested above on a guaranteed basis for both sides of the "split". But, you must also bear in mind Rev. Rul. 92-95 which basically states that taking money out of a deferred annuity to fund an immediate annuity, prior to age 59 1/2, may create

the imposition of the 10% premature withdrawal excise tax. Even splitting a "split", or doing another "split" after the first "split", may create a 10% excise tax problem, if under 59 1/2 at the time of the second "split".

Regardless, you may still be able to establish some creative solutions to a previously ponderous problem. If your marketplace is age 60 or above, this idea can be a real bell ringer for you as the creative agent. Be sure you cite the Private Letter Ruling on the application if you can use this revelation to your client's benefit, and be sure your client is beyond the 10% excise tax boundary. Remember that the rollover from Company A has to be all with Company B and not also with Company C.

Take a hard look at this new "light" and see if you can earn both money and respect from your client. Sit back and have an IRC Sec. 1035 exchange on the rocks with a twist.

Reprinted from article by Jon E. Tregashen, CLU, ChF



DOL Says Summary Plan Document Must Include Key Details Relating to Termination and Amendment

Under ERISA Technical Release 84-1, the DOL provides that a plan termination is a circumstance that may result in the denial or loss of benefits that a participant or

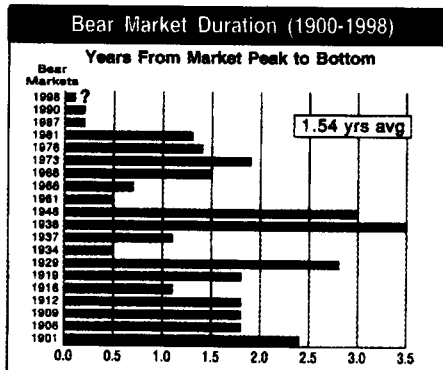
beneficiary might otherwise reasonably expect to receive under the plan. Thus, under existing regs (Labor Reg § 2520.102-3(1)), plan administrators must include in the SPD information concerning the plan provisions which relate to the plan's termination. But, noting that at least one federal court (in *Sprague v. General Motors Corp.* (1998, CAT) 133 F3d 388) has interpreted the DOL's regs as *not* requiring that SPDs disclose that plans are subject to amendment or termination, the DOL has proposed to clarify the regs by requiring that plan administrators include a summary of any plan provisions governing: (1) the authority of the plan sponsor or others to terminate the plan or eliminate plan benefits, and the circumstances under which plan benefits may be amended or terminated; (2) participants' and beneficiaries' plan benefits, rights, and obligations, upon plan termination, amendment, or elimination of benefits; and (3) the allocation and disposition of plan assets upon Plan termination. (Prop Labor Reg § 2520.102-3(1))

Reprinted from Pension and Benefits Week, September 14, 1998 issue, Research Institute of America Group. Subscriptions: 800-421-9025, \$275/yr.



How Long Does a Bear Market Last?

"How long will it last? How low will it go?" asks *InvesTech Research's* James Stack. "Any estimate at this point is exactly that—a guess. The average bear market of this century has required 4½ years to recover (with four requiring over seven years); but that's not of in-

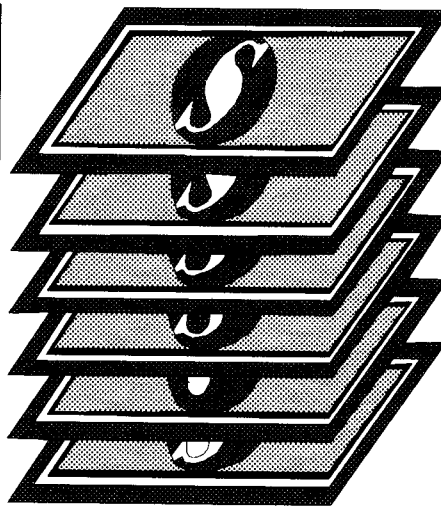


terest except to buy-and-hold investors. You want to know how long to what may be the 'buying opportunity of the decade.' Shown below is the duration of every bear market since 1900...from the very peak to the final bottom.

Bear Market	Number of Rallies Over 10	Bear Market	Number of Rallies Over 10
1998	1	1938	5
1990	1	1937	4
1987	1	1934	2
1981	4	1929	15
1976	2	1919	8
1973	8	1918	5
1968	4	1912	2
1966	1	1909	4
1961	1	1906	6
1946	2	1901	7

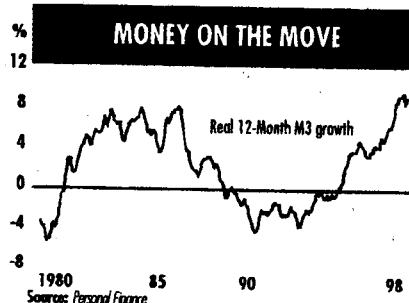
Note that the last two bear markets, in 1987 and 1990, were the shortest of this century. If this bear has ended (if a 19.3% drop qualifies as a 'fudged' bear), then we've just set a new record. Don't count on it. Odds favor a final bottom in the latter half of 1999."

InvesTech Research (11/3), James B. Stack, Ed.; 2472 Birch Glen, Whitefish, MT 59937; 800-955-8500. 1 yr., 18 issues, \$190.



Shift in The Wind

At first glance the Federal Reserve's recent lowering of short-term interest rates by only 1/4 of a percentage point doesn't seem that significant. But in fact the move is likely to be the opening round of a major worldwide policy change. Policymakers have shifted from fighting inflation to keeping economic growth in high gear. The implications for stocks in general are bullish, and very bullish for stocks leveraged to economic growth.



As the graph above shows, the interest rate cut comes in the context of surging money supply growth. Historically there has been no single indicator that better correlates with future economic performance than real money growth.

In the past, when money growth has been very high, the Fed has been prone to raise interest rates to ward off inflation. Now, the Fed has decided that any threat to economic

growth, be it a stock market decline or weakness in foreign economies, is a much more serious threat than inflation.

In today's economies whenever recessionary forces grab hold of an economy, they're almost impossible to dislodge. That's the lesson from Japan which hasn't been lost on Fed Chairman Greenspan.

In this new world, the Fed will do whatever it takes to keep the stock market afloat because of its importance to the economy. If you don't want to fight the Fed, you should be long in stocks and especially in stocks that go with growth.

Adapted from the October 14, 1998 issue of Personal Finance, 800-832-2330. P.O. Box 1467, Alexandria, VA 22313-9819.

Back-to-Back Discount Rate Cuts Seen As Bullish Indicator

The Federal Reserve Board's two discount rate reductions on October 15 and November 17 are extremely bullish. The table shows the performance of the S&P 500 in the twelve months following all 19 previous back to back rate reductions since the Federal Reserve was formed in 1913. The median one-year maximum gain is 28%, and the median one-year maximum loss a minuscule 1%.

Reprinted from Market Logic, Norman G. Fosback Ed.; 2200 S.W. 10th Street, Deerfield beach, FL 33442. Subscriptions: 800-442-9000. 1 yr., 24 issues, \$200

"Two Tumbles And A Jump" Buy Signals

Buy Signal	S&P 500 Maximum Gain Within One Year	S&P 500 Maximum Loss Within One Year
Dec. 23, 1914	+ 82%	0%
June 16, 1921	+ 41%	- 6%
June 12, 1924	+ 42%	0%
Nov. 15, 1929	+ 28%	- 23%
June 24, 1932	+ 137%	- 4%
May 26, 1933	+ 31%	- 8%
Sept. 14, 1942	+ 48%	0%
Mar. 30, 1949	+ 16%	- 11%
Apr. 16, 1954	+ 36%	- 1%
Jan. 24, 1958	+ 34%	- 3%
Aug. 12, 1960	+ 20%	- 7%
July 10, 1962	+ 24%	- 6%
Dec. 4, 1970	+ 17%	0%
Dec. 6, 1971	+ 22%	0%
Jan. 9, 1975	+ 34%	- 1%
June 12, 1980	+ 22%	- 1%
Dec. 3, 1981	+ 11%	- 18%
Dec. 21, 1984	+ 28%	- 1%
Feb. 1, 1991	+ 22%	0%
Median:	+ 28%	- 1%

Momentum Prompts Buying

"What this rally has lacked in leadership or breadth, it has made up in momentum," says James Stack, Editor of *InvesTech Research*. "In the ten days ended October 22, the S&P 500 has gained 12.4%. That is the fifth strongest such gain in the past 59 years (see table)!"

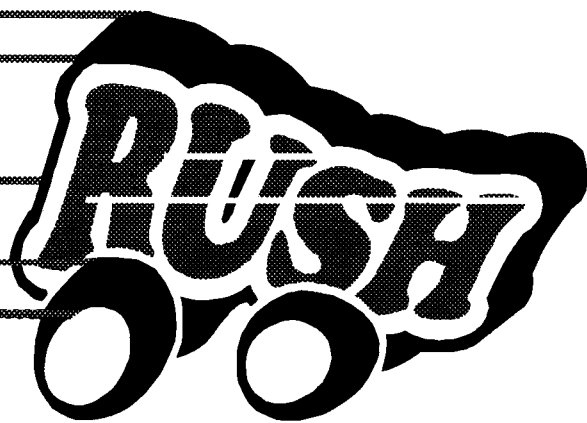
Such strong spurts often lead to further gains over the next twelve months. As shown in the table, only two instances (of the dozen largest ten-day rallies) saw the S&P 500 index lower twelve months later."

InvesTech Research (11/3), James B. Stack, Ed.; 2472 Birch Glen, Whitefish, MT 59937; 800-955-8500. 1 yr., 18 issues, \$190.

Largest 10-Day S&P 500 Gains, 1940-1998

(overlapping duplicate periods omitted)

10 Days Ended	10-Day Gain	Subsequent S&P Change
10/18/74	16.0%	22.9%
8/26/82	15.8%	36.8%
11/2/87	13.8%	9.1%
10/18/82	12.5%	22.7%
12/18/87	11.3%	10.9%
7/11/62	10.3%	20.8%
8/9/84	10.3%	13.8%
6/21/40	10.2%	-1.2%
2/5/75	10.1%	27.2%
6/9/70	10.1%	31.5%
1/15/87	10.0%	-5.1%
Average		17.2%



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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

Terminal Funding Annuities

annuity premiums using their most competitive cost factors. With respect to preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

MANAGING THE COMPETITIVE BIDDING PROCESS

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

In the weeks before the winning bid is selected, we provide written

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

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

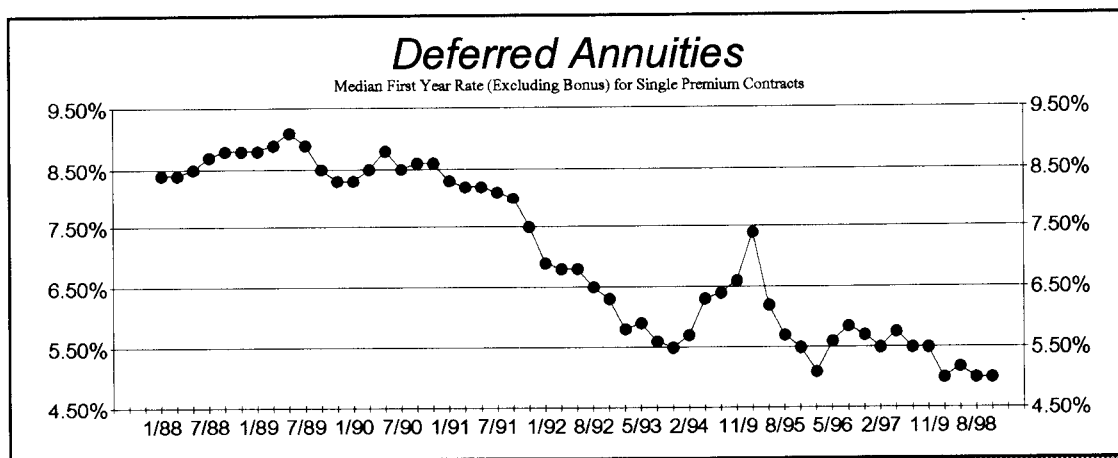
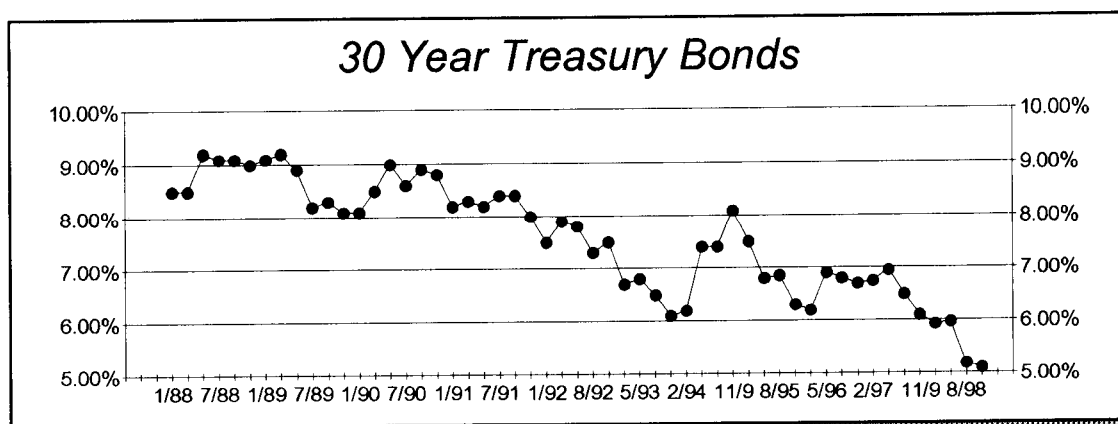
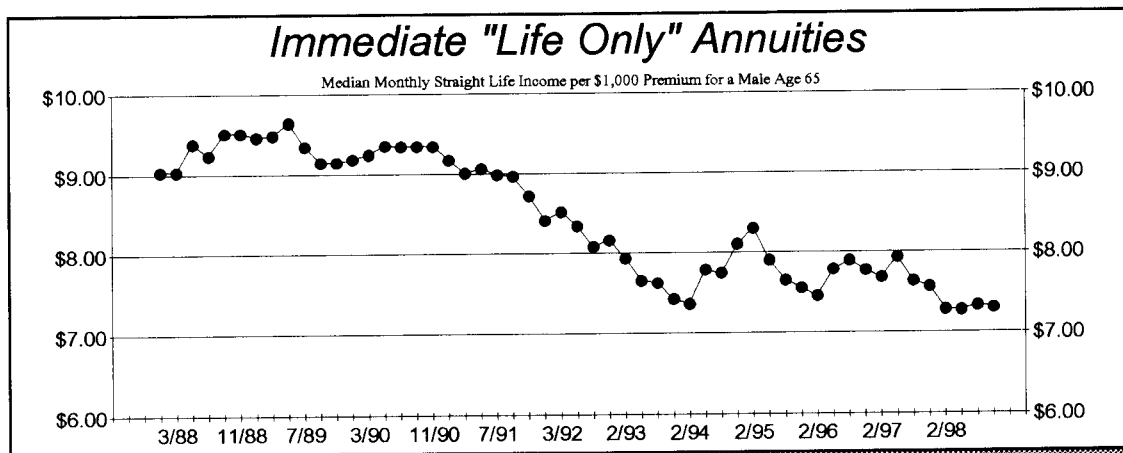
TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

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

Annuity Price Trends



Life Expectancy

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 in-



creases 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 re-

tirement plans, and for determining the life expectancy of a beneficiary receiving a life income of death proceeds of life insurance. For these purposes, Table V is used without regard to the effective date of the contract. (Tables Source: Treasury regulations 1.72-9)

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

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

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

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

Immediate Annuities Update

The immediate annuity factors (also called "purchase rates") shown in **Tables 1 through 19** illustrate the amounts of monthly income \$1,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date of deposit. The factors shown are net of all fees and commissions except state premium taxes, if applicable. In **Table 1** we report the purchase rates for Period Certain Annuities, which have no life contingency. These are simply installment payments which continue for a fixed period (5, 10, 15, 20, 25, and 30 years respectively) and then cease without regard to the age or life of the annuitant.

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

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

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

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

In addition to the tax status of the funds being used to purchase an annuity, the annuitant's age and gender as well as the type of coverage selected (also known as the "form" of annuity) directly affect the payout amount. Age and sex relate to life expectancy and thus ultimately to the insurance company's cost to provide its guarantees. Therefore, when insurance companies employ sex-distinct rates, female annuitants—who have longer life expectancies than males of the same age—should expect to receive less annuity income from their premium dollars. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we've illustrated immediate annuity income at five-year intervals, beginning at age 50 and continuing through age 80. You may also call us toll-free, at 1-800-872-6684, to receive a free calculation for an annuity not shown.

A "Straight Life" or **Life Only**

annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases.

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

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

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

Immediate Annuities Update

Table 1. Period Certain Annuities

Reporting Companies (NAIC ID Number)	Issue Ages	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
AIG Life Ins. Co. 66842	0-100	\$18.08	\$10.28	\$ 7.77	\$ 6.57	\$ 5.90	\$ 5.48
American Heritage 60534	unlimited	\$19.14	\$10.90	\$ 8.22	\$ 6.93	\$ 6.20	\$ 5.74
American Life & Casualty 60682	0-90	\$17.65	\$ 9.99	\$ 7.47	\$ 6.25	-	-
Canada Life Assurance 81060	0-99	\$18.23	\$10.26	\$ 7.97	\$ 6.78	\$ 6.10	-
Columbia Universal 77720	0-85	\$18.60	\$10.32	\$ 7.60	\$ 6.28	\$ 5.51	\$ 5.01
Commercial Union LIC 62898	0-85	\$17.43	\$10.03	\$ 7.65	\$ 6.52	\$ 5.88	\$ 5.48
Delta Life & Annuity 65145	0-99	\$17.92	\$10.05	\$ 7.47	\$ 6.22	-	-
Fidelity & Guaranty LIC 63274	0-90	\$17.91	\$10.24	\$ 7.80	\$ 6.64	\$ 6.00	\$ 5.60
Jackson National LIC 65056	no limit	\$17.93	\$10.17	\$ 7.65	\$ 6.45	\$ 5.78	\$ 5.37
Jefferson Pilot LIC 67865	0-95	\$17.59	\$ 9.93	\$ 7.42	-	-	-
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.							
Keyport Life 65234	0-90	\$17.88	\$ 9.97	\$ 7.50	\$ 6.35	\$ 5.74	\$ 5.40
Lincoln Benefit Life Co. 65595	1-99	\$17.44	\$10.44	\$ 7.95	\$ 6.77	\$ 6.10	\$ 5.68
London Pacific 68934	unlimited	\$18.04	\$ 9.91	\$ 7.17	\$ 5.82	-	-
Manufacturers LIC 65838	0-100	\$18.13	\$10.28	\$ 7.97	\$ 6.77	\$ 6.08	\$ 5.12
Ohio National 89206	0-85	\$17.92	\$10.17	\$ 7.68	\$ 6.47	\$ 5.75	\$ 5.27
Penn Ins. & Annuity Co. 93262	0-85	\$18.16	\$10.38	\$ 7.99	\$ 6.84	\$ 6.18	\$ 5.81
Penn Mutual LIC 67644	0-85	\$18.16	\$10.38	\$ 7.99	\$ 6.84	\$ 6.18	\$ 5.81
Peoples Benefit LIC 66605	unlimited	\$18.21	\$10.44	\$ 7.98	\$ 6.83	\$ 6.16	\$ 5.76
Presidential LIC 68039	0-85	\$18.31	\$10.47	\$ 8.03	\$ 6.92	\$ 6.27	\$ 5.84
Principal Mutual LIC 61271	0-85	\$17.85	\$ 9.71	\$ 7.25	\$ 6.14	\$ 5.54	\$ 5.16
Providentmutual L&A 70750	0-85	\$17.08	\$ 9.47	\$ 7.04	\$ 5.92	\$ 5.33	\$ 5.01
Prudential IC of America 68241	0-89	\$17.33	\$ 9.75	\$ 7.33	\$ 6.21	\$ 5.59	\$ 5.22
Security Benefit LIC 68675	0-100	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
Southwestern Life 91391	18-90	\$17.67	\$ 9.62	\$ 7.11	\$ 5.88	\$ 5.17	\$ 4.72
United of Omaha 69868	0-85	\$17.90	\$10.14	\$ 7.63	\$ 6.43	\$ 5.83	\$ 5.45
USG Annuity & Life 61247	0-85	\$18.22	\$10.36	\$ 7.81	\$ 6.58	-	-
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998							

Immediate Annuities Update

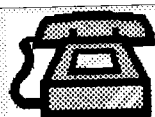
Table 2. Single Life Annuities — Male Age 50

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 5.75	\$ 5.67	\$ 5.50	\$ 5.75	\$ 5.67	\$ 5.50
American Heritage 60534	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.99	\$ 5.91	\$ 5.73
American Life & Casualty 60682	\$ 5.16	\$ 5.10	\$ 4.94	\$ 5.16	\$ 5.10	\$ 4.94
Berkshire LIC 61433	\$ 6.16	\$ 6.10	\$ 5.93	-	-	-
Canada Life Assurance 81060	\$ 5.76	\$ 5.70	\$ 5.54	\$ 5.76	\$ 5.70	\$ 5.54
Commercial Union LIC 62898	\$ 5.73	\$ 5.66	\$ 5.49	\$ 5.73	\$ 5.66	\$ 5.49
Delta Life & Annuity 65145	\$ 5.23	\$ 5.15	\$ 4.99	\$ 5.05	\$ 5.01	\$ 4.88
Fidelity & Guaranty LIC 63274	\$ 5.87	\$ 5.78	\$ 5.58	\$ 5.66	\$ 5.61	\$ 5.47
Jefferson Pilot LIC 67865	\$ 5.57	\$ 5.51	\$ 5.33	\$ 5.57	\$ 5.51	\$ 5.33
Keyport Life 64602	\$ 5.60	\$ 5.55	\$ 5.38	\$ 5.44	\$ 5.41	\$ 5.28
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 5.65	\$ 5.60	\$ 5.47	\$ 5.65	\$ 5.60	\$ 5.47
London Pacific 68934	\$ 5.64	\$ 5.42	\$ 5.36	\$ 5.64	\$ 5.42	\$ 5.36
Manufacturers LIC 65838	\$ 5.18	\$ 5.12	\$ 4.97	\$ 5.18	\$ 5.12	\$ 4.97
National Guardian LIC 66583	\$ 5.97	\$ 5.86	\$ 5.62	\$ 5.97	\$ 5.86	\$ 5.62
Ohio National 89206	\$ 5.36	\$ 5.29	\$ 5.13	\$ 5.36	\$ 5.29	\$ 5.13
Penn Ins. & Annuity Co. 93262	\$ 5.93	\$ 5.85	\$ 5.68	\$ 5.98	\$ 5.90	\$ 5.72
Penn Mutual LIC 67644	\$ 5.93	\$ 5.85	\$ 5.68	\$ 5.98	\$ 5.90	\$ 5.72
Peoples Benefit LIC 66605	\$ 5.96	\$ 5.90	\$ 5.73	\$ 5.96	\$ 5.90	\$ 5.73
Presidential LIC 68039	\$ 5.95	\$ 5.89	\$ 5.75	\$ 5.95	\$ 5.89	\$ 5.75
Principal Mutual LIC 61271	\$ 5.25	\$ 5.17	\$ 5.04	\$ 5.27	\$ 5.21	\$ 5.05
Providentmutual L&A 70750	\$ 5.11	\$ 4.99	\$ 4.63	\$ 5.11	\$ 4.99	\$ 4.63
Prudential Ins. Co. of America 68241	\$ 5.37	\$ 5.30	\$ 5.15	\$ 5.37	\$ 5.30	\$ 5.15
Security Benefit LIC 68675	\$ 5.64	\$ 5.59	\$ 5.46	\$ 5.64	\$ 5.59	\$ 5.46
Security Mutual/NY 68772	\$ 5.55	\$ 5.45	\$ 5.22	\$ 5.71	\$ 5.61	\$ 5.34
Southwestern Life 91391	\$ 4.67	\$ 4.63	\$ 4.52	-	-	-
United of Omaha 69868	\$ 5.70	\$ 5.63	\$ 5.45	\$ 5.70	\$ 5.63	\$ 5.45
USG Annuity & Life 61247	\$ 5.60	\$ 5.52	\$ 5.31	\$ 5.60	\$ 5.52	\$ 5.31
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						

Immediate Annuities Update

Table 3. Single Life Annuities — Female Age 50

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 5.41	\$ 5.38	\$ 5.29	\$ 5.41	\$ 5.38	\$ 5.29
American Heritage 60534	\$ 5.63	\$ 5.59	\$ 5.51	\$ 5.63	\$ 5.59	\$ 5.51
American Life & Casualty 60682	\$ 4.79	\$ 4.77	\$ 4.69	\$ 4.79	\$ 4.77	\$ 4.69
Berkshire LIC 61433	\$ 5.82	\$ 5.80	\$ 5.72	-	-	-
Canada Life Assurance 81060	\$ 5.41	\$ 5.38	\$ 5.31	\$ 5.41	\$ 5.38	\$ 5.31
Commercial Union LIC 62898	\$ 5.40	\$ 5.37	\$ 5.29	\$ 5.40	\$ 5.37	\$ 5.29
Delta Life & Annuity 65145	\$ 4.87	\$ 4.84	\$ 4.76	\$ 5.05	\$ 5.01	\$ 4.88
Fidelity & Guaranty LIC 63274	\$ 5.45	\$ 5.42	\$ 5.34	\$ 5.66	\$ 5.61	\$ 5.47
Jefferson Pilot LIC 67865	\$ 5.28	\$ 5.26	\$ 5.16	\$ 5.28	\$ 5.26	\$ 5.16
Keyport Life 64602	\$ 5.27	\$ 5.24	\$ 5.17	\$ 5.44	\$ 5.41	\$ 5.28



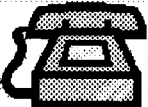
Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.

Lincoln Benefit Life Co. 65595	\$ 5.39	\$ 5.36	\$ 5.30	\$ 5.39	\$ 5.36	\$ 5.30
London Pacific 68934	\$ 5.35	\$ 5.33	\$ 5.28	\$ 5.35	\$ 5.33	\$ 5.28
Manufacturers LIC 65838	\$ 4.67	\$ 4.65	\$ 4.59	\$ 4.67	\$ 4.65	\$ 4.59
National Guardian LIC 66583	\$ 5.54	\$ 5.49	\$ 5.38	\$ 5.54	\$ 5.49	\$ 5.38
Ohio National 89206	\$ 4.96	\$ 4.93	\$ 4.86	\$ 4.96	\$ 4.93	\$ 4.86
Penn Ins. & Annuity Co. 93262	\$ 5.54	\$ 5.51	\$ 5.43	\$ 5.50	\$ 5.47	\$ 5.40
Penn Mutual LIC 67644	\$ 5.54	\$ 5.51	\$ 5.43	\$ 5.50	\$ 5.47	\$ 5.40
Peoples Benefit LIC 66605	\$ 5.69	\$ 5.66	\$ 5.58	\$ 5.69	\$ 5.66	\$ 5.58
Presidential LIC 68039	\$ 5.67	\$ 5.64	\$ 5.57	\$ 5.67	\$ 5.64	\$ 5.57
Principal Mutual LIC 61271	\$ 4.88	\$ 4.85	\$ 4.79	\$ 4.89	\$ 4.87	\$ 4.80
Providentmutual L&A 70750	\$ 4.79	\$ 4.72	\$ 4.54	\$ 4.79	\$ 4.72	\$ 4.54
Prudential Ins. Co. of America 68241	\$ 5.06	\$ 5.04	\$ 4.96	\$ 5.06	\$ 5.04	\$ 4.96
Security Benefit LIC 68675	\$ 5.33	\$ 5.31	\$ 5.25	\$ 5.33	\$ 5.31	\$ 5.25
Security Mutual/NY 68772	\$ 5.14	\$ 5.10	\$ 4.99	\$ 5.16	\$ 5.13	\$ 5.03
Southwestern Life 91391	\$ 4.37	\$ 4.35	\$ 4.30	-	-	-
United of Omaha 69868	\$ 5.39	\$ 5.36	\$ 5.27	\$ 5.39	\$ 5.36	\$ 5.27
USG Annuity & Life 61247	\$ 5.19	\$ 5.16	\$ 5.06	\$ 5.19	\$ 5.16	\$ 5.06

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998


Immediate Annuities Update

Table 4. Single Life Annuities — Male Age 55

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.14	\$ 6.02	\$ 5.73	\$ 6.14	\$ 6.02	\$ 5.73
American Heritage 60534	\$ 6.40	\$ 6.28	\$ 5.98	\$ 6.40	\$ 6.28	\$ 5.98
American Life & Casualty 60682	\$ 5.59	\$ 5.49	\$ 5.22	\$ 5.59	\$ 5.49	\$ 5.22
Berkshire LIC 61433	\$ 6.53	\$ 6.43	\$ 6.15	-	-	-
Canada Life Assurance 81060	\$ 6.16	\$ 6.06	\$ 5.80	\$ 6.16	\$ 6.06	\$ 5.80
Commercial Union LIC 62898	\$ 6.11	\$ 5.99	\$ 5.72	\$ 6.11	\$ 5.99	\$ 5.72
Delta Life & Annuity 65145	\$ 5.64	\$ 5.53	\$ 5.25	\$ 5.42	\$ 5.34	\$ 5.13
Fidelity & Guaranty LIC 63274	\$ 6.26	\$ 6.11	\$ 5.79	\$ 6.00	\$ 5.90	\$ 5.68
Jefferson Pilot LIC 67865	\$ 5.89	\$ 5.80	\$ 5.49	\$ 5.89	\$ 5.80	\$ 5.49
Keyport Life 64602	\$ 5.99	\$ 5.89	\$ 5.61	\$ 5.79	\$ 5.72	\$ 5.51
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 5.97	\$ 5.88	\$ 5.68	\$ 5.97	\$ 5.88	\$ 5.68
London Pacific 68934	\$ 5.91	\$ 5.83	\$ 5.65	\$ 5.91	\$ 5.83	\$ 5.65
Manufacturers LIC 65838	\$ 5.61	\$ 5.50	\$ 5.24	\$ 5.61	\$ 5.50	\$ 5.24
National Guardian LIC 66583	\$ 6.42	\$ 6.25	\$ 5.86	\$ 6.42	\$ 6.25	\$ 5.86
Ohio National 89206	\$ 5.81	\$ 5.69	\$ 5.42	\$ 5.81	\$ 5.69	\$ 5.42
Penn Ins. & Annuity Co. 93262	\$ 6.31	\$ 6.19	\$ 5.92	\$ 6.45	\$ 6.31	\$ 5.98
Penn Mutual LIC 67644	\$ 6.31	\$ 6.19	\$ 5.92	\$ 6.45	\$ 6.31	\$ 5.98
Peoples Benefit LIC 66605	\$ 6.31	\$ 6.21	\$ 5.95	\$ 6.31	\$ 6.21	\$ 5.95
Presidential LIC 68039	\$ 6.32	\$ 6.22	\$ 5.99	\$ 6.32	\$ 6.22	\$ 5.99
Principal Mutual LIC 61271	\$ 5.61	\$ 5.51	\$ 5.26	\$ 5.63	\$ 5.52	\$ 5.27
Providentmutual L&A 70750	\$ 5.50	\$ 5.29	\$ 4.70	\$ 5.50	\$ 5.29	\$ 4.70
Prudential Ins. Co. of America 68241	\$ 5.72	\$ 5.60	\$ 5.35	\$ 5.72	\$ 5.60	\$ 5.35
Security Benefit LIC 68675	\$ 6.00	\$ 5.90	\$ 5.69	\$ 6.00	\$ 5.90	\$ 5.69
Security Mutual/NY 68772	\$ 5.99	\$ 5.83	\$ 5.45	\$ 6.24	\$ 6.06	\$ 5.60
Southwestern Life 91391	\$ 5.02	\$ 4.95	\$ 4.76	-	-	-
United of Omaha 69868	\$ 6.06	\$ 5.95	\$ 5.66	\$ 6.06	\$ 5.95	\$ 5.66
USG Annuity & Life 61247	\$ 6.06	\$ 5.92	\$ 5.56	\$ 6.06	\$ 5.92	\$ 5.56
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						


Immediate Annuities Update

Table 5. Single Life Annuities — Female Age 55

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 5.71	\$ 5.65	\$ 5.50	\$ 5.71	\$ 5.65	\$ 5.50
American Heritage 60534	\$ 5.95	\$ 5.89	\$ 5.74	\$ 5.95	\$ 5.89	\$ 5.74
American Life & Casualty 60682	\$ 5.13	\$ 5.09	\$ 4.95	\$ 5.13	\$ 5.09	\$ 4.95
Berkshire LIC 61433	\$ 6.10	\$ 6.06	\$ 5.92	-	-	-
Canada Life Assurance 81060	\$ 6.16	\$ 6.06	\$ 5.80	\$ 6.16	\$ 6.06	\$ 5.80
Commercial Union LIC 62898	\$ 5.69	\$ 5.64	\$ 5.50	\$ 5.69	\$ 5.64	\$ 5.50
Delta Life & Annuity 65145	\$ 5.19	\$ 5.14	\$ 5.00	\$ 5.42	\$ 5.34	\$ 5.13
Fidelity & Guaranty LIC 63274	\$ 5.73	\$ 5.68	\$ 5.54	\$ 6.00	\$ 5.90	\$ 5.68
Jefferson Pilot LIC 67865	\$ 5.50	\$ 5.46	\$ 5.31	\$ 5.50	\$ 5.46	\$ 5.31
Keyport Life 64602	\$ 5.57	\$ 5.53	\$ 5.39	\$ 5.79	\$ 5.72	\$ 5.51
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 5.63	\$ 5.59	\$ 5.48	\$ 5.63	\$ 5.59	\$ 5.48
London Pacific 68934	\$ 5.53	\$ 5.49	\$ 5.41	\$ 5.53	\$ 5.49	\$ 5.41
Manufacturers LIC 65838	\$ 5.04	\$ 5.00	\$ 4.89	\$ 5.04	\$ 5.00	\$ 4.89
National Guardian LIC 66583	\$ 5.88	\$ 5.81	\$ 5.60	\$ 5.88	\$ 5.81	\$ 5.60
Ohio National 89206	\$ 5.31	\$ 5.26	\$ 5.12	\$ 5.31	\$ 5.26	\$ 5.12
Penn Ins. & Annuity Co. 93262	\$ 5.83	\$ 5.77	\$ 5.64	\$ 5.81	\$ 5.76	\$ 5.63
Penn Mutual LIC 67644	\$ 5.83	\$ 5.77	\$ 5.64	\$ 5.81	\$ 5.76	\$ 5.63
Peoples Benefit LIC 66605	\$ 5.96	\$ 5.92	\$ 5.79	\$ 5.96	\$ 5.92	\$ 5.79
Presidential LIC 68039	\$ 5.99	\$ 5.93	\$ 5.80	\$ 5.99	\$ 5.93	\$ 5.80
Principal Mutual LIC 61271	\$ 5.13	\$ 5.09	\$ 4.97	\$ 5.15	\$ 5.10	\$ 4.99
Providentmutual L&A 70750	\$ 5.11	\$ 4.99	\$ 4.63	\$ 5.11	\$ 4.99	\$ 4.63
Prudential Ins. Co. of America 68241	\$ 5.32	\$ 5.26	\$ 5.14	\$ 5.32	\$ 5.26	\$ 5.14
Security Benefit LIC 68675	\$ 5.59	\$ 5.55	\$ 5.44	\$ 5.59	\$ 5.55	\$ 5.44
Security Mutual/NY 68772	\$ 5.49	\$ 5.42	\$ 5.23	\$ 5.53	\$ 5.47	\$ 5.29
Southwestern Life 91391	\$ 4.63	\$ 4.60	\$ 4.51	-	-	-
United of Omaha 69868	\$ 5.66	\$ 5.61	\$ 5.46	\$ 5.66	\$ 5.61	\$ 5.46
USG Annuity & Life 61247	\$ 5.54	\$ 5.48	\$ 5.30	\$ 5.54	\$ 5.48	\$ 5.30
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						

Immediate Annuities Update


Table 6. Single Life Annuities — Male Age 60

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.69	\$ 6.47	\$ 5.97	\$ 6.69	\$ 6.47	\$ 5.97
American Heritage 60534	\$ 6.97	\$ 6.76	\$ 6.26	\$ 6.97	\$ 6.76	\$ 6.26
American Life & Casualty 60682	\$ 6.12	\$ 5.99	\$ 5.52	\$ 6.12	\$ 5.99	\$ 5.52
Berkshire LIC 61433	\$ 7.05	\$ 6.88	\$ 6.40	-	-	-
Canada Life Assurance 81060	\$ 6.70	\$ 6.53	\$ 6.09	\$ 6.70	\$ 6.53	\$ 6.09
Commercial Union LIC 62898	\$ 6.62	\$ 6.42	\$ 5.96	\$ 6.62	\$ 6.42	\$ 5.96
Delta Life & Annuity 65145	\$ 6.06	\$ 5.87	\$ 5.39	\$ 5.78	\$ 5.64	\$ 5.27
Fidelity & Guaranty LIC 63274	\$ 6.78	\$ 6.54	\$ 6.03	\$ 6.45	\$ 6.28	\$ 5.92
Jefferson Pilot LIC 67865	\$ 6.33	\$ 6.18	\$ 5.67	\$ 6.33	\$ 6.18	\$ 5.67
Keyport Life 65234	\$ 6.52	\$ 6.35	\$ 5.88	\$ 6.25	\$ 6.13	\$ 5.78
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 6.42	\$ 6.27	\$ 5.92	\$ 6.42	\$ 6.27	\$ 5.92
London Pacific 68934	\$ 6.30	\$ 6.17	\$ 5.86	\$ 6.30	\$ 6.17	\$ 5.86
Manufacturers LIC 65838	\$ 6.73	\$ 6.52	\$ 6.05	\$ 6.73	\$ 6.52	\$ 6.05
National Guardian LIC 66583	\$ 7.05	\$ 6.76	\$ 6.10	\$ 7.05	\$ 6.76	\$ 6.10
Ohio National 89206	\$ 6.41	\$ 6.21	\$ 5.73	\$ 6.41	\$ 6.21	\$ 5.73
Penn Ins. & Annuity Co. 93262	\$ 6.82	\$ 6.61	\$ 6.15	\$ 7.10	\$ 6.83	\$ 6.23
Penn Mutual LIC 67644	\$ 6.82	\$ 6.61	\$ 6.15	\$ 7.10	\$ 6.83	\$ 6.23
Peoples Benefit LIC 66605	\$ 6.75	\$ 6.58	\$ 6.18	\$ 6.75	\$ 6.58	\$ 6.18
Presidential LIC 68039	\$ 6.83	\$ 6.65	\$ 6.25	\$ 6.83	\$ 6.65	\$ 6.25
Principal Mutual LIC 61271	\$ 6.06	\$ 5.88	\$ 5.46	\$ 6.07	\$ 5.89	\$ 5.48
Providentmutual L&A 70750	\$ 5.95	\$ 5.58	\$ 4.83	\$ 5.95	\$ 5.58	\$ 4.83
Prudential Ins. Co. of America 68241	\$ 6.21	\$ 6.01	\$ 5.58	\$ 6.21	\$ 6.01	\$ 5.58
Security Benefit LIC 68675	\$ 6.48	\$ 6.33	\$ 5.95	\$ 6.48	\$ 6.33	\$ 5.95
Security Mutual/NY 68772	\$ 6.57	\$ 6.29	\$ 5.70	\$ 6.99	\$ 6.63	\$ 5.84
Southwestern Life 91391	\$ 5.50	\$ 5.38	\$ 5.03	-	-	-
United of Omaha LIC 69869	\$ 6.56	\$ 6.37	\$ 5.88	\$ 6.56	\$ 6.37	\$ 5.88
USG Annuity & Life 61247	\$ 6.68	\$ 6.43	\$ 5.82	\$ 6.68	\$ 6.43	\$ 5.82

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998


Immediate Annuities Update

Table 7. Single Life Annuities — Female Age 60

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.13	\$ 6.03	\$ 5.76	\$ 6.13	\$ 6.03	\$ 5.76
American Heritage 60534	\$ 6.39	\$ 6.29	\$ 6.02	\$ 6.39	\$ 6.29	\$ 6.02
American Life & Casualty 60682	\$ 5.59	\$ 5.51	\$ 5.26	\$ 5.59	\$ 5.51	\$ 5.26
Berkshire LIC 61433	\$ 6.49	\$ 6.41	\$ 6.17	-	-	-
Canada Life Assurance 81060	\$ 6.14	\$ 6.06	\$ 5.83	\$ 6.14	\$ 6.06	\$ 5.83
Commercial Union LIC 62898	\$ 6.09	\$ 6.00	\$ 5.75	\$ 6.09	\$ 6.00	\$ 5.75
Delta Life & Annuity 65145	\$ 5.49	\$ 5.40	\$ 5.14	\$ 5.78	\$ 5.64	\$ 5.27
Fidelity & Guaranty LIC 63274	\$ 6.10	\$ 6.01	\$ 5.79	\$ 6.45	\$ 6.28	\$ 5.92
Jefferson Pilot LIC 67865	\$ 5.83	\$ 5.76	\$ 5.48	\$ 5.83	\$ 5.76	\$ 5.48
Keyport Life 65234	\$ 5.98	\$ 5.90	\$ 5.65	\$ 6.25	\$ 6.13	\$ 5.78
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 5.98	\$ 5.90	\$ 5.72	\$ 5.98	\$ 5.90	\$ 5.72
London Pacific 68934	\$ 5.80	\$ 5.74	\$ 5.59	\$ 5.80	\$ 5.74	\$ 5.59
Manufacturers LIC 65838	\$ 5.45	\$ 5.37	\$ 5.18	\$ 5.45	\$ 5.37	\$ 5.18
National Guardian LIC 66583	\$ 6.36	\$ 6.23	\$ 5.87	\$ 6.36	\$ 6.23	\$ 5.87
Ohio National 89206	\$ 5.78	\$ 5.68	\$ 5.44	\$ 5.78	\$ 5.68	\$ 5.44
Penn Ins. & Annuity Co. 93262	\$ 6.21	\$ 6.11	\$ 5.87	\$ 6.23	\$ 6.14	\$ 5.88
Penn Mutual LIC 67644	\$ 6.21	\$ 6.11	\$ 5.87	\$ 6.23	\$ 6.14	\$ 5.88
Peoples Benefit LIC 66605	\$ 6.31	\$ 6.23	\$ 6.01	\$ 6.31	\$ 6.23	\$ 6.01
Presidential LIC 68039	\$ 6.40	\$ 6.30	\$ 6.06	\$ 6.40	\$ 6.30	\$ 6.06
Principal Mutual LIC 61271	\$ 5.43	\$ 5.35	\$ 5.16	\$ 5.45	\$ 5.37	\$ 5.18
Providentmutual L&A 70750	\$ 5.50	\$ 5.29	\$ 4.70	\$ 5.50	\$ 5.29	\$ 4.70
Prudential Ins. Co. of America 68241	\$ 5.68	\$ 5.58	\$ 5.36	\$ 5.68	\$ 5.58	\$ 5.36
Security Benefit LIC 68675	\$ 5.95	\$ 5.88	\$ 5.70	\$ 5.95	\$ 5.88	\$ 5.70
Security Mutual/NY 68772	\$ 5.96	\$ 5.83	\$ 5.51	\$ 6.05	\$ 5.93	\$ 5.57
Southwestern Life 91391	\$ 4.99	\$ 4.93	\$ 4.77	-	-	-
United of Omaha LIC 69868	\$ 6.04	\$ 5.95	\$ 5.69	\$ 6.04	\$ 5.95	\$ 5.69
USG Annuity & Life 61247	\$ 6.01	\$ 5.89	\$ 5.56	\$ 6.01	\$ 5.89	\$ 5.56
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						


Immediate Annuities Update

Table 8. Single Life Annuities — Male Age 65

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 7.47	\$ 7.07	\$ 6.21	\$ 7.47	\$ 7.07	\$ 6.21
American Heritage 60534	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.79	\$ 7.39	\$ 6.52
American Life & Casualty 60682	\$ 6.89	\$ 6.56	\$ 5.77	\$ 6.89	\$ 6.56	\$ 5.77
Berkshire LIC 67433	\$ 7.79	\$ 7.45	\$ 6.64	-	-	-
Canada Life Assurance 80659	\$ 7.47	\$ 7.13	\$ 6.36	\$ 7.47	\$ 7.13	\$ 6.36
Commercial Union LIC 62898	\$ 7.36	\$ 6.98	\$ 6.19	\$ 7.36	\$ 6.98	\$ 6.19
Delta Life & Annuity 65145	\$ 6.88	\$ 6.51	\$ 5.66	\$ 6.50	\$ 6.23	\$ 5.56
Fidelity & Guaranty LIC 63274	\$ 7.51	\$ 7.09	\$ 6.27	\$ 7.08	\$ 6.80	\$ 6.18
Jefferson Pilot LIC 67865	\$ 7.18	\$ 6.87	\$ 5.98	\$ 7.18	\$ 6.87	\$ 5.98
Keyport Life 65234	\$ 7.27	\$ 6.93	\$ 6.13	\$ 6.92	\$ 6.68	\$ 6.04
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 7.08	\$ 6.78	\$ 6.18	\$ 7.08	\$ 6.78	\$ 6.18
London Pacific 68934	\$ 6.91	\$ 6.65	\$ 6.10	\$ 6.91	\$ 6.65	\$ 6.10
Manufacturer's LIC 65838	\$ 7.55	\$ 7.14	\$ 6.32	\$ 7.55	\$ 7.14	\$ 6.32
National Guardian LIC 66583	\$ 7.99	\$ 7.41	\$ 6.31	\$ 7.99	\$ 7.41	\$ 6.31
Ohio National 89206	\$ 7.28	\$ 6.86	\$ 6.02	\$ 7.28	\$ 6.86	\$ 6.02
Penn Ins. & Annuity Co. 93262	\$ 7.58	\$ 7.18	\$ 6.38	\$ 8.06	\$ 7.50	\$ 6.45
Penn Mutual 67644	\$ 7.58	\$ 7.18	\$ 6.38	\$ 8.06	\$ 7.50	\$ 6.45
Peoples Benefit LIC 66605	\$ 7.42	\$ 7.10	\$ 6.43	\$ 7.42	\$ 7.10	\$ 6.43
Presidential LIC 68039	\$ 7.54	\$ 7.21	\$ 6.51	\$ 7.54	\$ 7.21	\$ 6.51
Principal Mutual LIC 61271	\$ 6.70	\$ 6.37	\$ 5.67	\$ 6.72	\$ 6.39	\$ 5.69
Providentmutual L&A 70750	\$ 6.60	\$ 5.99	\$ 5.02	\$ 6.60	\$ 5.99	\$ 5.02
Prudential Ins. Co. of America 68241	\$ 6.94	\$ 6.56	\$ 5.82	\$ 6.94	\$ 6.56	\$ 5.82
Security Benefit LIC 68675	\$ 7.20	\$ 6.89	\$ 6.22	\$ 7.20	\$ 6.89	\$ 6.22
Security Mutual/NY 68772	\$ 7.37	\$ 6.88	\$ 5.93	\$ 8.04	\$ 7.31	\$ 6.03
Southwestern Life 91391	\$ 6.20	\$ 5.94	\$ 5.32	-	-	-
United of Omaha LIC 69868	\$ 7.30	\$ 6.92	\$ 6.10	\$ 7.30	\$ 6.92	-
USG Annuity & Life 61247	\$ 7.57	\$ 7.06	\$ 6.04	\$ 7.57	\$ 7.06	\$ 6.04
Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: November 28, 1998						


Immediate Annuities Update

Table 9. Single Life Annuities — Female Age 65

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.72	\$ 6.53	\$ 6.03	\$ 6.72	\$ 6.53	\$ 6.03
American Heritage 60534	\$ 7.01	\$ 6.82	\$ 6.32	\$ 7.01	\$ 6.82	\$ 6.32
American Life & Casualty 60682	\$ 6.15	\$ 6.00	\$ 5.56	\$ 6.15	\$ 6.00	\$ 5.56
Berkshire LIC 67433	\$ 7.03	\$ 6.89	\$ 6.45	-	-	-
Canada Life Assurance 80659	\$ 6.73	\$ 6.57	\$ 6.14	\$ 6.73	\$ 6.57	\$ 6.14
Commercial Union LIC 62898	\$ 6.65	\$ 6.47	\$ 6.02	\$ 6.65	\$ 6.47	\$ 6.02
Delta Life & Annuity 65145	\$ 6.11	\$ 5.93	\$ 5.45	\$ 6.50	\$ 6.23	\$ 5.56
Fidelity & Guaranty LIC 63274	\$ 6.64	\$ 6.48	\$ 6.07	\$ 7.08	\$ 6.80	\$ 6.18
Jefferson Pilot LIC 67865	\$ 6.46	\$ 6.33	\$ 5.81	\$ 6.46	\$ 6.33	\$ 5.81
Keyport Life 65234	\$ 6.55	\$ 6.40	\$ 5.94	\$ 6.92	\$ 6.68	\$ 6.04
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 6.47	\$ 6.33	\$ 5.99	\$ 6.47	\$ 6.33	\$ 5.99
London Pacific 68934	\$ 6.23	\$ 6.12	\$ 5.84	\$ 6.23	\$ 6.12	\$ 5.84
Manufacturer's LIC 65838	\$ 6.56	\$ 6.40	\$ 5.51	\$ 6.56	\$ 6.40	\$ 5.51
National Guardian LIC 66583	\$ 7.05	\$ 6.78	\$ 6.14	\$ 7.05	\$ 6.78	\$ 6.14
Ohio National 89206	\$ 6.43	\$ 6.24	\$ 5.78	\$ 6.43	\$ 6.24	\$ 5.78
Penn Ins. & Annuity Co. 93262	\$ 6.74	\$ 6.58	\$ 6.14	\$ 6.85	\$ 6.67	\$ 6.16
Penn Mutual 67644	\$ 6.74	\$ 6.58	\$ 6.14	\$ 6.85	\$ 6.67	\$ 6.16
Peoples Benefit LIC 66605	\$ 6.83	\$ 6.67	\$ 6.23	\$ 6.83	\$ 6.67	\$ 6.23
Presidential LIC 68039	\$ 6.97	\$ 6.78	\$ 6.35	\$ 6.97	\$ 6.78	\$ 6.35
Principal Mutual LIC 61271	\$ 5.87	\$ 5.74	\$ 5.38	\$ 5.89	\$ 5.76	\$ 5.40
Providentmutual L&A 70750	\$ 5.95	\$ 5.58	\$ 4.83	\$ 5.95	\$ 5.58	\$ 4.83
Prudential Ins. Co. of America 68241	\$ 6.21	\$ 6.03	\$ 5.62	\$ 6.21	\$ 6.03	\$ 5.62
Security Benefit LIC 68675	\$ 6.47	\$ 6.34	\$ 5.99	\$ 6.47	\$ 6.34	\$ 5.99
Security Mutual/NY 68772	\$ 6.60	\$ 6.38	\$ 5.80	\$ 6.80	\$ 6.54	\$ 5.84
Southwestern Life 91391	\$ 5.51	\$ 5.39	\$ 5.08	-	-	-
United of Omaha 69868	\$ 6.59	\$ 6.41	\$ 5.94	\$ 6.59	\$ 6.41	\$ 5.94
USG Annuity & Life 61247	\$ 6.65	\$ 6.42	\$ 5.84	\$ 6.65	\$ 6.42	\$ 5.84
Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: November 28, 1998						


Immediate Annuities Update

Table 10. Single Life Annuities — Male Age 70

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ¹
AIG Life Ins. Co. 66842	\$ 8.59	\$ 7.77	\$ 6.39	\$ 8.59	\$ 7.77	\$ 6.39
American Heritage 60534	\$ 8.95	\$ 8.15	\$ 6.73	\$ 8.95	\$ 8.15	\$ 6.73
American Life & Casualty 60682	\$ 7.70	\$ 7.13	\$ 5.95	\$ 7.70	\$ 7.13	\$ 5.95
Berkshire LIC 61433	\$ 8.85	\$ 8.15	\$ 6.83	-	-	-
Canada Life Assurance 80659	\$ 8.55	\$ 7.85	\$ 6.57	\$ 8.55	\$ 7.85	\$ 6.57
Commercial Union LIC 62898	\$ 8.41	\$ 7.65	\$ 6.37	\$ 8.41	\$ 7.65	\$ 6.37
Delta Life & Annuity 65145	\$ 8.05	\$ 7.27	\$ 5.87	\$ 7.52	\$ 6.97	\$ 5.81
Fidelity & Guaranty LIC 63274	\$ 8.56	\$ 7.77	\$ 6.47	\$ 8.01	\$ 7.47	\$ 6.41
Jefferson Pilot LIC 67865	\$ 8.18	\$ 7.55	\$ 6.12	\$ 8.18	\$ 7.55	\$ 6.12
Keyport Life 65234	\$ 8.31	\$ 7.65	\$ 6.33	\$ 7.85	\$ 7.36	\$ 6.27
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 8.01	\$ 7.43	\$ 6.42	\$ 8.01	\$ 7.43	\$ 6.42
London Pacific 68934	\$ 7.80	\$ 7.28	\$ 6.32	\$ 7.80	\$ 7.28	\$ 6.32
Manufacturer's LIC 65838	\$ 8.73	\$ 7.87	\$ 6.54	\$ 8.73	\$ 7.87	\$ 6.54
National Guardian LIC 66583	\$ 9.31	\$ 8.15	\$ 6.46	\$ 9.31	\$ 8.15	\$ 6.46
Ohio National 89206	\$ 8.49	\$ 7.63	\$ 6.25	\$ 8.49	\$ 7.63	\$ 6.25
Penn Ins. & Annuity Co. 93262	\$ 8.65	\$ 7.86	\$ 6.55	\$ 9.39	\$ 8.26	-
Penn Mutual 67644	\$ 8.65	\$ 7.86	\$ 6.55	\$ 9.39	\$ 8.26	-
Peoples Benefit LIC 66605	\$ 8.39	\$ 7.74	\$ 6.62	\$ 8.39	\$ 7.74	\$ 6.62
Presidential LIC 68039	\$ 8.55	\$ 7.88	\$ 6.71	\$ 8.55	\$ 7.88	\$ 6.71
Principal Mutual LIC 61271	\$ 7.60	\$ 6.96	\$ 5.79	\$ 7.62	\$ 6.98	\$ 5.81
Providentmutual L&A 70750	\$ 7.39	\$ 6.23	\$ 4.97	\$ 7.39	\$ 6.23	\$ 4.97
Prudential Ins. Co. of America 68241	\$ 8.02	\$ 7.25	\$ 6.01	\$ 8.02	\$ 7.25	\$ 6.01
Security Benefit LIC 68675	\$ 8.23	\$ 7.59	\$ 6.47	\$ 8.23	\$ 7.59	\$ 6.47
Security Mutual/NY 68772	\$ 8.51	\$ 7.60	\$ 6.11	\$ 9.50	\$ 8.05	\$ 6.15
Southwestern Life 91391	\$ 7.20	\$ 6.65	\$ 5.58	-	-	-
United of Omaha LIC 69868	\$ 8.36	\$ 7.60	\$ 6.27	\$ 8.36	\$ 7.60	-
USG Annuity & Life 61247	\$ 8.77	\$ 7.75	\$ 6.21	\$ 8.77	\$ 7.75	\$ 6.21
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998 ¹ Exceeds maximum guarantee period allowed by IRS.						


Immediate Annuities Update

Table 11. Single Life Annuities — Female Age 70

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ¹
AIG Life Ins. Co. 66842	\$ 7.58	\$ 7.19	\$ 6.28	\$ 7.58	\$ 7.19	\$ 6.28
American Heritage 60534	\$ 7.90	\$ 7.52	\$ 6.61	\$ 7.90	\$ 7.52	\$ 6.61
American Life & Casualty 60682	\$ 6.81	\$ 6.55	\$ 5.80	\$ 6.81	\$ 6.55	\$ 5.80
Berkshire LIC 61433	\$ 7.82	\$ 7.53	\$ 6.71	-	-	-
Canada Life Assurance 80659	\$ 7.57	\$ 7.23	\$ 6.44	\$ 7.57	\$ 7.23	\$ 6.44
Commercial Union LIC 62898	\$ 7.45	\$ 7.09	\$ 6.26	\$ 7.45	\$ 7.09	\$ 6.26
Delta Life & Annuity 65145	\$ 7.00	\$ 6.64	\$ 5.74	\$ 7.52	\$ 6.97	\$ 5.81
Fidelity & Guaranty LIC 63274	\$ 7.45	\$ 7.14	\$ 6.33	\$ 8.01	\$ 7.47	\$ 6.41
Jefferson Pilot LIC 67865	\$ 7.19	\$ 6.91	\$ 5.99	\$ 7.19	\$ 6.91	\$ 5.99
Keyport Life 65234	\$ 7.37	\$ 7.06	\$ 6.20	\$ 7.85	\$ 7.36	\$ 6.27
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 7.19	\$ 6.91	\$ 6.27	\$ 7.19	\$ 6.91	\$ 6.27
London Pacific 68934	\$ 6.88	\$ 6.65	\$ 6.11	\$ 6.88	\$ 6.65	\$ 6.11
Manufacturer's LIC 65838	\$ 7.36	\$ 7.03	\$ 6.32	\$ 7.36	\$ 7.03	\$ 6.32
National Guardian LIC 66583	\$ 8.02	\$ 7.48	\$ 6.37	\$ 8.02	\$ 7.48	\$ 6.37
Ohio National 89206	\$ 7.37	\$ 6.97	\$ 6.10	\$ 7.37	\$ 6.97	\$ 6.10
Penn Ins. & Annuity Co. 93262	\$ 7.51	\$ 7.22	\$ 6.39	\$ 7.77	\$ 7.37	-
Penn Mutual 67644	\$ 7.51	\$ 7.22	\$ 6.39	\$ 7.77	\$ 7.37	-
Peoples Benefit LIC 66605	\$ 7.55	\$ 7.24	\$ 6.52	\$ 7.55	\$ 7.24	\$ 6.52
Presidential LIC 68039	\$ 7.77	\$ 7.40	\$ 6.61	\$ 7.77	\$ 7.40	\$ 6.61
Principal Mutual LIC 61271	\$ 6.52	\$ 6.24	\$ 5.55	\$ 6.54	\$ 6.26	\$ 5.57
Providentmutual L&A 70750	\$ 6.60	\$ 5.99	\$ 5.02	\$ 6.60	\$ 5.99	\$ 5.02
Prudential Ins. Co. of America 68241	\$ 7.00	\$ 6.64	\$ 5.87	\$ 7.00	\$ 6.64	\$ 5.87
Security Benefit LIC 68675	\$ 7.24	\$ 6.96	\$ 6.29	\$ 7.24	\$ 6.96	\$ 6.29
Security Mutual/NY 68772	\$ 7.58	\$ 7.11	\$ 6.04	\$ 7.91	\$ 7.29	\$ 6.05
Southwestern Life 91391	\$ 6.25	\$ 6.01	\$ 5.40	-	-	-
United of Omaha LIC 69868	\$ 7.39	\$ 7.03	\$ 6.16	\$ 7.39	\$ 7.03	-
USG Annuity & Life 61247	\$ 7.55	\$ 7.08	\$ 6.09	\$ 7.55	\$ 7.08	\$ 6.09
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998 ¹ Exceeds maximum guarantee period allowed by IRS.						

Immediate Annuities Update

Table 12. Single Life Annuities — Male Age 75

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ¹
AIG Life Ins. Co. 66842	\$10.19	\$ 8.54	\$ 6.50	\$10.19	\$ 8.54	\$ 6.50
American Heritage 60534	\$10.60	\$ 8.97	\$ 6.86	\$10.60	\$ 8.97	\$ 6.86
American Life & Casualty 60682	\$ 8.90	\$ 7.84	\$ 6.10	\$ 8.90	\$ 7.84	\$ 6.10
Berkshire LIC 61433	\$10.30	\$ 8.91	\$ 6.95	-	-	-
Canada Life Assurance 80659	\$10.03	\$ 8.63	\$ 6.71	\$10.03	\$ 8.63	\$ 6.71
Commercial Union LIC 62898	\$ 9.89	\$ 8.37	\$ 6.48	\$ 9.89	\$ 8.37	\$ 6.48
Delta Life & Annuity 65145	\$ 9.71	\$ 8.10	\$ 5.99	\$ 9.02	\$ 7.82	\$ 5.97
Fidelity & Guaranty LIC 63274	\$10.09	\$ 8.55	\$ 6.59	\$ 9.39	\$ 8.28	\$ 6.57
Jackson National LIC 65056	\$ 9.85	\$ 8.34	\$ 6.38	\$ 9.08	\$ 8.02	\$ 6.35
Jefferson Pilot LIC 67865	\$ 9.58	\$ 8.32	\$ 6.22	\$ 9.58	\$ 8.32	\$ 6.22
Keyport Life 65234	\$ 9.75	\$ 8.43	\$ 6.45	\$ 9.17	\$ 8.17	\$ 6.42
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 9.34	\$ 8.17	\$ 6.59	\$ 9.34	\$ 8.17	\$ 6.59
London Pacific 68934	\$ 9.08	\$ 8.02	\$ 6.49	\$ 9.08	\$ 8.02	\$ 6.49
Manufacturer's LIC 65838	\$10.34	\$ 8.65	\$ 6.68	\$10.34	\$ 8.65	\$ 6.68
National Guardian LIC 66583	\$11.15	\$ 8.89	\$ 6.53	\$11.15	\$ 8.89	\$ 6.53
Ohio National 89206	\$10.21	\$ 8.45	\$ 6.39	\$10.21	\$ 8.45	\$ 6.39
Penn Ins. & Annuity Co. 93262	\$10.09	\$ 8.56	-	\$11.21	\$ 8.99	-
Penn Mutual 67644	\$10.09	\$ 8.56	-	\$11.21	\$ 8.99	-
Peoples Benefit LIC 66605	\$ 9.78	\$ 8.48	\$ 6.74	\$ 9.78	\$ 8.48	\$ 6.74
Presidential LIC 68039	\$10.25	\$ 8.64	\$ 6.84	\$10.25	\$ 8.64	\$ 6.84
Principal Mutual LIC 61271	\$ 9.07	\$ 7.77	\$ 5.92	\$ 9.10	\$ 7.80	\$ 5.94
Providentmutual L&A 70750	\$ 8.37	\$ 6.46	\$ 4.89	\$ 8.37	\$ 6.46	\$ 4.89
Prudential Ins. Co. of America 68241	\$ 9.58	\$ 8.00	\$ 6.13	\$ 9.58	\$ 8.00	\$ 6.13
Security Benefit LIC 68675	\$ 9.68	\$ 8.39	\$ 6.64	\$ 9.68	\$ 8.39	\$ 6.64
Security Mutual/NY 68772	\$10.20	\$ 8.39	\$ 6.21	\$11.47	\$ 8.75	\$ 6.21
Southwestern Life 91391	\$ 8.61	\$ 7.45	\$ 5.76	-	-	-
United of Omaha LIC 69868	\$ 9.87	\$ 8.34	\$ 6.37	\$ 9.87	\$ 8.34	-
USG Annuity & Life 61247	\$10.34	\$ 8.45	\$ 6.32	\$10.34	\$ 8.45	\$ 6.32
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998 ¹ Exceeds maximum guarantee period allowed by IRS.						

Immediate Annuities Update

Table 13. Single Life Annuities — Female Age 75

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C ¹
AIG Life Ins. Co. 66842	\$ 8.89	\$ 8.01	\$ 6.45	\$ 8.89	\$ 8.01	\$ 6.45
American Heritage 60534	\$ 9.25	\$ 8.39	\$ 6.80	\$ 9.25	\$ 8.39	\$ 6.80
American Life & Casualty 60682	\$ 7.85	\$ 7.29	\$ 6.02	\$ 7.85	\$ 7.29	\$ 6.02
Berkshire LIC 61433	\$ 8.98	\$ 8.32	\$ 6.89	-	-	-
Canada Life Assurance 80659	\$ 8.80	\$ 8.06	\$ 6.64	\$ 8.80	\$ 8.06	\$ 6.64
Commercial Union LIC 62898	\$ 8.67	\$ 7.86	\$ 6.44	\$ 8.67	\$ 7.86	\$ 6.44
Delta Life & Annuity 65145	\$ 8.35	\$ 7.51	\$ 5.94	\$ 9.02	\$ 7.82	\$ 5.97
Fidelity & Guaranty LIC 63274	\$ 8.69	\$ 7.96	\$ 6.52	\$ 9.39	\$ 8.28	\$ 6.57
Jackson National LIC 65056	\$ 8.58	\$ 7.79	\$ 6.33	\$ 9.08	\$ 8.02	\$ 6.35
Jefferson Pilot LIC 67865	\$ 8.30	\$ 7.69	\$ 6.11	\$ 8.30	\$ 7.69	\$ 6.11
Keyport Life 65234	\$ 8.59	\$ 7.88	\$ 6.39	\$ 9.17	\$ 8.17	\$ 6.42




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

Lincoln Benefit Life Co. 65595	\$ 8.28	\$ 7.66	\$ 6.51	\$ 8.28	\$ 7.66	\$ 6.51
London Pacific 68934	\$ 7.89	\$ 7.38	\$ 6.35	\$ 7.89	\$ 7.38	\$ 6.35
Manufacturer's LIC 65838	\$ 8.56	\$ 7.83	\$ 6.56	\$ 8.56	\$ 7.83	\$ 6.56
National Guardian LIC 66583	\$ 9.51	\$ 8.32	\$ 6.50	\$ 9.51	\$ 8.32	\$ 6.50
Ohio National 89206	\$ 8.77	\$ 7.85	\$ 6.32	\$ 8.77	\$ 7.85	\$ 6.32
Penn Ins. & Annuity Co. 93262	\$ 8.54	\$ 7.96	-	\$ 9.03	\$ 8.14	-
Penn Mutual 67644	\$ 8.54	\$ 7.96	-	\$ 9.03	\$ 8.14	-
Peoples Benefit LIC 66605	\$ 8.70	\$ 7.99	\$ 6.70	\$ 8.70	\$ 7.99	\$ 6.70
Presidential LIC 68039	\$ 8.97	\$ 8.18	\$ 6.79	\$ 8.97	\$ 8.18	\$ 6.79
Principal Mutual LIC 61271	\$ 7.68	\$ 7.02	\$ 5.76	\$ 7.70	\$ 7.04	\$ 5.78
Providentmutual L&A 70750	\$ 7.39	\$ 6.23	\$ 4.97	\$ 7.39	\$ 6.23	\$ 4.97
Prudential Ins. Co. of America 68241	\$ 8.24	\$ 7.43	\$ 6.06	\$ 8.24	\$ 7.43	\$ 6.06
Security Benefit LIC 68675	\$ 8.41	\$ 7.77	\$ 6.55	\$ 8.41	\$ 7.77	\$ 6.55
Security Mutual/NY 68772	\$ 9.11	\$ 8.01	\$ 6.17	\$ 9.52	\$ 8.11	\$ 6.18
Southwestern Life 91391	\$ 7.39	\$ 6.83	\$ 5.66	-	-	-
United of Omaha LIC 69868	\$ 8.62	\$ 7.81	\$ 6.32	\$ 8.62	\$ 7.81	-
USG Annuity & Life 61247	\$ 8.84	\$ 7.86	\$ 6.27	\$ 8.84	\$ 7.86	\$ 6.27

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998
¹Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 14. Single Life Annuities — Male Age 80

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
AIG Life Ins. Co. 66842	\$12.45	\$ 9.24	\$ 6.55	\$12.45	\$ 9.24	\$ 6.55
American Heritage 60534	\$12.95	\$ 9.74	\$ 6.91	\$12.95	\$ 9.74	\$ 6.91
American Life & Casualty 60682	\$10.46	\$ 8.53	\$ 6.19	\$10.46	\$ 8.53	\$ 6.19
Berkshire Life 61433	\$12.34	\$ 9.63	\$ 7.00	-	-	-
Canada Life Assurance 80659	\$12.08	\$ 9.35	\$ 6.77	\$12.08	\$ 9.35	\$ 6.77
Commercial Union LIC 62898	\$12.01	\$ 9.05	\$ 6.53	\$12.01	\$ 9.05	\$ 6.53
Delta Life & Annuity 65145	\$12.11	\$ 8.86	\$ 6.05	\$11.24	\$ 8.67	\$ 6.04
Fidelity & Guaranty LIC 63274	\$12.35	\$ 9.32	\$ 6.64	\$11.46	\$ 9.11	\$ 6.63
Jackson National LIC 65056	\$12.03	\$ 9.06	\$ 6.44	\$11.10	\$ 8.83	\$ 6.43
Jefferson Pilot LIC 67865	\$11.60	\$ 9.09	\$ 6.33	\$11.60	\$ 9.09	\$ 6.33
Keyport Life 65234	\$11.67	\$ 9.16	\$ 6.51	\$11.01	\$ 8.98	\$ 6.50
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 9.20	\$ 8.93	\$ 6.70	\$ 9.20	\$ 8.93	\$ 6.70
London Pacific 68934	\$10.91	\$ 8.80	\$ 6.57	\$10.91	\$ 8.80	\$ 6.57
Manufacturers LIC 65838	\$12.38	\$ 9.18	\$ 6.75	\$12.38	\$ 9.18	\$ 6.75
National Guardian LIC 66583	\$13.78	\$ 9.52	\$ 6.56	\$13.78	\$ 9.52	\$ 6.56
Ohio National 89206	\$12.67	\$ 9.18	\$ 6.45	\$12.67	\$ 9.18	\$ 6.45
Penn Ins. & Annuity Co. 93262	\$12.04	\$ 9.23	-	\$13.65	-	-
Penn Mutual 67644	\$12.04	\$ 9.23	-	\$13.65	-	-
Peoples Benefit LIC 66605	\$11.67	\$ 9.17	\$ 6.81	\$11.67	\$ 9.17	\$ 6.81
Presidential LIC 68039	\$12.21	\$ 9.37	\$ 6.90	\$12.21	\$ 9.37	\$ 6.90
Principal Mutual LIC 61271	\$11.22	\$ 8.56	\$ 5.88	\$11.25	\$ 8.59	\$ 5.90
Providentmutual L&A 70750	\$ 9.64	\$ 6.67	\$ 4.90	\$ 9.64	\$ 6.67	\$ 4.90
Prudential Ins. Co. of America 68241	\$11.85	\$ 8.71	\$ 6.19	\$11.85	\$ 8.71	\$ 6.19
Security Benefit LIC 68675	\$11.75	\$ 9.19	\$ 6.73	\$11.75	\$ 9.19	\$ 6.73
Security Mutual/NY 68772	\$12.71	\$ 9.13	\$ 6.24	\$14.30	\$ 9.29	\$ 6.23
Southwestern Life 91391	\$10.64	\$ 8.26	\$ 5.85	-	-	-
United of Omaha 69868	\$12.05	\$ 9.05	\$ 6.42	\$12.05	-	-
USG Annuity & Life 61247	\$12.33	\$ 9.09	\$ 6.37	\$12.33	\$ 9.09	\$ 6.37

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998

¹Exceeds maximum guarantee period allowed by IRS.

²Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 15. Single Life Annuities — Female Age 80

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
AIG Life Ins. Co. 66842	\$10.89	\$ 8.88	\$ 6.53	\$10.89	\$ 8.88	\$ 6.53
American Heritage 60534	\$11.30	\$ 9.33	\$ 6.90	\$11.30	\$ 9.33	\$ 6.90
American Life & Casualty 60682	\$ 9.28	\$ 8.10	\$ 6.15	\$ 9.28	\$ 8.10	\$ 6.15
Berkshire Life 61433	\$10.67	\$ 9.19	\$ 6.99	-	-	-
Canada Life Assurance 80659	\$10.63	\$ 8.95	\$ 6.75	\$10.63	\$ 8.95	\$ 6.75
Commercial Union LIC 62898	\$10.51	\$ 8.69	\$ 6.52	\$10.51	\$ 8.69	\$ 6.52
Delta Life & Annuity 65145	\$10.41	\$ 8.45	\$ 6.03	\$11.24	\$ 8.67	\$ 6.04
Fidelity & Guaranty LIC 63274	\$10.56	\$ 8.84	\$ 6.61	\$11.46	\$ 9.11	\$ 6.63
Jackson National LIC 65056	\$10.49	\$ 8.66	\$ 6.42	\$11.10	\$ 8.83	\$ 6.43
Jefferson Pilot LIC 67865	\$10.01	\$ 8.59	\$ 6.22	\$10.01	\$ 8.59	\$ 6.22
Keyport Life 65234	\$10.34	\$ 8.77	\$ 6.49	\$11.01	\$ 8.98	\$ 6.50



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

Lincoln Benefit Life Co. 65595	\$ 8.58	\$ 8.52	\$ 6.66	\$ 8.58	\$ 8.52	\$ 6.66
London Pacific 68934	\$ 9.44	\$ 8.25	\$ 6.50	\$ 9.44	\$ 8.25	\$ 6.50
Manufacturers LIC 65838	\$10.36	\$ 8.73	\$ 6.70	\$10.36	\$ 8.73	\$ 6.70
National Guardian LIC 66583	\$11.76	\$ 9.16	\$ 6.55	\$11.76	\$ 9.16	\$ 6.55
Ohio National 89206	\$10.91	\$ 8.78	\$ 6.43	\$10.91	\$ 8.78	\$ 6.43
Penn Ins. & Annuity Co. 93262	\$ 9.97	\$ 8.81	-	\$10.73	-	-
Penn Mutual 67644	\$ 9.97	\$ 8.81	-	\$10.73	-	-
Peoples Benefit LIC 66605	\$10.34	\$ 8.79	\$ 6.80	\$10.34	\$ 8.79	\$ 6.80
Presidential LIC 68039	\$10.83	\$ 9.03	\$ 6.88	\$10.83	\$ 9.03	\$ 6.88
Principal Mutual LIC 61271	\$ 9.28	\$ 7.81	\$ 5.79	\$ 9.31	\$ 7.83	\$ 5.80
Providentmutual L&A 70750	\$ 8.37	\$ 6.46	\$ 4.89	\$ 8.37	\$ 6.46	\$ 4.89
Prudential Ins. Co. of America 68241	\$10.17	\$ 8.29	\$ 6.16	\$10.17	\$ 8.29	\$ 6.16
Security Benefit LIC 68675	\$10.17	\$ 8.70	\$ 6.70	\$10.17	\$ 8.70	\$ 6.70
Security Mutual/NY 68772	\$11.48	\$ 8.88	\$ 6.22	\$11.75	\$ 8.87	\$ 6.23
Southwestern Life 91391	\$ 9.10	\$ 7.76	\$ 5.82	-	-	-
United of Omaha LIC 69868	\$10.51	\$ 8.67	\$ 6.40	\$10.51	\$ 8.67	-
USG Annuity & Life 61247	\$10.66	\$ 8.69	\$ 6.35	\$10.66	\$ 8.69	\$ 6.35


Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998

¹Exceeds maximum guarantee period allowed by IRS.

²Exceeds maximum guarantee period allowed by IRS.

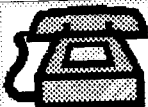
Immediate Annuities Update

Table 16. Single Life Annuities — Male Age 85

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
AIG Life Ins. Co. 66842	\$14.87	\$ 9.68	-	\$14.87	\$ 9.68	-
American Heritage 60534	\$16.20	\$10.32	\$ 6.93	\$16.20	\$10.32	\$ 6.93
American Life & Casualty 60682	\$12.41	\$ 9.12	-	\$12.41	\$ 9.12	-
Berkshire LIC 61433	\$15.12	\$10.19	\$ 7.02	-	-	-
Canada Life Assurance 80659	\$14.80	\$ 9.90	\$ 6.78	\$ 14.80	\$ 9.90	\$ 6.78
Commercial Union LIC 62898	\$14.94	\$ 9.56	\$ 6.55	\$14.94	\$ 9.56	\$ 6.55
Delta Life & Annuity 65145	\$15.48	\$ 9.42	\$ 6.07	\$14.50	\$ 9.32	\$ 6.07
Fidelity & Guaranty LIC 63274	\$15.82	\$ 9.92	-	\$14.60	\$ 9.77	-
Jackson National LIC 65056	\$15.07	\$ 9.61	\$ 6.45	\$14.04	\$ 9.49	\$ 6.44
Jefferson Pilot LIC 67865	\$14.47	\$ 9.72	\$ 6.43	\$14.47	\$ 9.72	\$ 6.43
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$10.56	\$ 9.58	\$ 6.75	\$10.56	\$ 9.58	\$ 6.75
London Pacific 68934	\$13.51	\$ 9.47	\$ 6.59	\$13.51	\$ 9.47	\$ 6.59
Manufacturers LIC 65838	\$15.68	\$ 9.75	\$ 6.77	\$15.68	\$ 9.75	\$ 6.77
National Guardian LIC 66583	\$17.49	\$ 9.94	\$ 6.57	\$17.49	\$ 9.94	\$ 6.57
Penn Ins. & Annuity Co. 93262	\$14.45	\$ 9.73	-	\$16.46	-	-
Penn Mutual 67644	\$14.45	\$ 9.73	-	\$16.46	-	-
Peoples Benefit LIC 66605	\$14.48	\$ 9.73	\$ 6.82	\$14.48	\$ 9.73	\$ 6.82
Presidential LIC 68039	\$15.30	\$ 9.93	\$ 6.91	\$15.30	\$ 9.93	\$ 6.91
Principal Mutual LIC 61271	\$14.88	\$ 9.28	\$ 5.89	\$14.92	\$ 9.30	\$ 5.91
Providentmutual L&A 70750	\$11.33	\$ 6.86	\$ 4.84	\$11.33	\$ 6.86	\$ 4.84
Prudential Ins. Co. of America 68241	\$15.06	\$ 9.23	\$ 6.21	\$15.06	\$ 9.23	\$ 6.21
Security Benefit LIC 68675	\$14.69	\$ 9.84	\$ 6.75	\$14.69	\$ 9.84	\$ 6.75
Security Mutual/NY 68772	\$16.60	\$ 9.66	\$ 6.24	\$17.90	\$ 9.63	\$ 6.24
Southwestern Life 91391	\$13.54	\$ 8.93	\$ 5.88	-	-	-
United of Omaha LIC 69868	\$15.08	\$ 9.59	\$ 6.43	\$15.08	-	-
USG Annuity & Life 61247	\$15.11	\$ 9.62	\$ 6.39	\$15.11	\$ 9.62	\$ 6.39
<small>Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998. ¹Exceeds maximum guarantee period allowed by IRS. ²Exceeds maximum guarantee period allowed by IRS.</small>						


Immediate Annuities Update

Table 17. Single Life Annuities — Female Age 85

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
AIG Life Ins. Co. 66842	\$13.19	\$ 9.47	-	\$13.19	\$ 9.47	-
American Heritage 60534	\$14.39	\$10.11	\$ 6.93	\$14.39	\$10.11	\$ 6.93
American Life & Casualty 60682	\$11.23	\$ 8.84	-	\$11.23	\$ 8.84	-
Berkshire LIC 61433	\$13.11	\$ 9.94	\$ 7.02	-	-	-
Canada Life Assurance 80659	\$13.29	\$ 9.70	\$ 6.78	\$13.29	\$ 9.70	\$ 6.78
Commercial Union LIC 62898	\$13.30	\$ 9.38	\$ 6.55	\$13.30	\$ 9.38	\$ 6.55
Delta Life & Annuity 65145	\$13.56	\$ 9.21	\$ 6.07	\$14.50	\$ 9.32	\$ 6.07
Fidelity & Guaranty LIC 63274	\$13.34	\$ 9.55	-	\$14.60	\$ 9.77	-
Jackson National LIC 65056	\$13.37	\$ 9.40	\$ 6.44	\$14.04	\$ 9.49	\$ 6.44
Jefferson Pilot LIC 67865	\$12.59	\$ 9.41	\$ 6.33	\$12.59	\$ 9.41	\$ 6.33
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 9.94	\$ 9.33	\$ 6.74	\$ 9.94	\$ 9.33	\$ 6.74
London Pacific 68934	\$11.81	\$ 9.10	\$ 6.57	\$11.81	\$ 9.10	\$ 6.57
Manufacturers LIC 65838	\$12.81	\$ 9.32	\$ 6.75	\$12.81	\$ 9.32	\$ 6.75
National Guardian LIC 66583	\$15.20	\$ 9.78	\$ 6.57	\$15.20	\$ 9.78	\$ 6.57
Penn Ins. & Annuity Co. 93262	\$11.97	\$ 9.53	-	\$13.09	-	-
Penn Mutual 67644	\$11.97	\$ 9.53	-	\$13.09	-	-
Peoples Benefit LIC 66605	\$12.94	\$ 9.51	\$ 6.82	\$12.94	\$ 9.51	\$ 6.82
Presidential LIC 68039	\$13.75	\$ 9.75	\$ 6.91	\$13.75	\$ 9.75	\$ 6.91
Principal Mutual LIC 61271	\$11.85	\$ 8.61	\$ 5.86	\$11.89	\$ 8.64	\$ 5.88
Providentmutual L&A 70750	\$ 9.64	\$ 6.67	\$ 4.90	\$ 9.64	\$ 6.67	\$ 4.90
Prudential Ins. Co. of America 68241	\$13.16	\$ 9.01	\$ 6.20	\$13.16	\$ 9.01	\$ 6.20
Security Benefit LIC 68675	\$12.88	\$ 9.56	\$ 6.75	\$12.88	\$ 9.56	\$ 6.75
Security Mutual/NY 68772	\$15.20	\$ 9.48	\$ 6.24	\$14.94	\$ 9.45	\$ 6.24
Southwestern Life 91391	\$11.74	\$ 8.64	\$ 5.87	-	-	-
United of Omaha LIC 69868	\$13.39	\$ 9.39	\$ 6.43	\$13.39	-	-
USG Annuity & Life 61247	\$13.41	\$ 9.42	\$ 6.39	\$13.41	\$ 9.42	\$ 6.39
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998 ¹ Exceeds maximum guarantee period allowed by IRS. ² Exceeds maximum guarantee period allowed by IRS.						

Immediate Annuities Update

Table 18. Single Life Annuities — Male Age 90

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
American Life & Casualty 60682	\$14.70	\$ 9.59	-	\$14.70	\$ 9.59	-
Canada Life Assurance 80659	\$18.19	\$10.24	\$ 6.78	\$18.19	\$10.24	\$ 6.78
Delta Life & Annuity 65145	\$19.96	\$ 9.74	\$ 6.08	\$19.07	\$ 9.74	\$ 6.08
Fidelity & Guaranty LIC 63274	\$21.60	\$10.19	-	\$19.40	\$10.12	-
Jackson National LIC 65056	\$19.08	\$ 9.95	\$ 6.45	\$18.14	\$ 9.90	\$ 6.45
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$10.56	\$ 9.58	\$ 6.75	\$10.56	\$ 9.58	\$ 6.75
Manufacturers LIC 65838	\$20.26	\$10.09	\$ 6.77	\$20.26	\$10.09	\$ 6.77
National Guardian LIC 66583	\$22.43	\$10.14	\$ 6.57	\$22.43	\$10.14	\$ 6.57
Peoples Benefit LIC 66605	\$18.58	\$10.18	\$ 6.83	\$18.58	\$10.18	\$ 6.83
Presidential LIC 68039	\$19.64	\$10.27	\$ 6.91	\$19.64	\$10.27	\$ 6.91
Principal Mutual LIC 61271	-	\$ 9.61	\$ 5.89	-	\$ 9.64	\$ 5.91
Providentmutual L&A 70750	\$13.69	\$7.02	\$ 5.02	\$13.69	\$7.02	\$ 5.02
Security Benefit LIC 68675	\$18.81	\$10.29	\$ 6.76	\$18.81	\$10.29	\$ 6.76
Southwestern Life 91391	\$17.61	\$ 9.38	\$ 5.88	-	-	-
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998. ¹ Exceeds maximum guarantee period allowed by IRS. ² Exceeds maximum guarantee period allowed by IRS.						

Immediate Annuities Update

Table 19. Single Life Annuities — Female Age 90

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
American Life & Casualty 60682	\$13.64	\$ 9.41	-	\$13.64	\$ 9.41	-
Canada Life Assurance 80659	\$16.90	\$10.15	\$ 6.78	\$16.90	\$10.15	\$ 6.78
Delta Life & Annuity 65145	\$18.19	\$ 9.66	\$ 6.08	\$19.07	\$ 9.70	\$ 6.08
Fidelity & Guaranty LIC 63274	\$17.08	\$ 9.97	-	\$19.40	\$10.12	-
Jackson National LIC 65056	\$17.51	\$ 9.86	\$ 6.45	\$18.14	\$ 9.90	\$ 6.45



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

Lincoln Benefit Life Co. 65595	\$ 9.95	\$ 9.33	\$ 6.74	\$ 9.95	\$ 9.33	\$ 6.74
Manufacturers LIC 65838	\$16.92	\$ 9.85	\$ 6.77	\$16.92	\$ 9.85	\$ 6.77
National Guardian LIC 66583	\$20.41	\$10.09	\$ 6.57	\$20.41	\$10.09	\$ 6.57
Peoples Benefit LIC	\$17.11	\$10.08	\$6.83	\$17.11	\$10.08	\$ 6.83
Presidential LIC 68039	\$18.06	\$10.19	\$ 6.91	\$18.06	\$10.19	\$ 6.91
Principal Mutual LIC 61271	-	\$ 9.15	\$ 5.89	-	\$ 9.18	\$ 5.90
Providentmutual L&A 70750	\$11.33	\$ 6.86	\$ 4.84	\$11.33	\$ 6.86	\$ 4.84
Security Benefit LIC 68675	\$16.97	\$10.17	\$ 6.76	\$16.97	\$10.17	\$ 6.76
Southwestern Life 91391	\$15.75	\$ 9.25	\$ 5.88	-	-	-


Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998

¹Exceeds maximum guarantee period allowed by IRS.

²Exceeds maximum guarantee period allowed by IRS.


Immediate Annuities Update

Table 20. Joint & Survivor Annuities — Male age 60, Female Age 57

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
AIG Life Ins. Co. 66842	\$ 6.25	\$ 6.06	\$ 5.54	\$ 6.25	\$ 6.06	\$ 5.54
American Heritage Life 60534	\$ 6.51	\$ 6.29	\$ 5.72	\$ 6.51	\$ 6.29	\$ 5.72
American Life & Casualty 60682	\$ 5.70	-	\$ 4.93	\$ 5.70	-	\$ 4.93
Berkshire LIC 61433	\$ 6.62	-	\$ 5.91	-	-	-
Canada Life Assurance 80659	\$ 6.26	\$ 6.06	\$ 5.53	\$ 6.26	\$ 6.06	\$ 5.53
Commercial Union LIC 62898	\$ 6.20	\$ 6.00	\$ 5.49	\$ 6.20	\$ 6.00	\$ 5.49
Delta Life & Annuity 65145	\$ 5.60	-	\$ 4.85	\$ 5.61	-	\$ 4.89
Fidelity & Guaranty Life 63274	\$ 6.61	\$ 6.22	\$ 5.75	\$ 6.30	\$ 5.99	\$ 5.59
Jackson National Life 65056	\$ 6.09	\$ 5.88	\$ 5.34	\$ 6.05	\$ 5.75	\$ 5.36
Jefferson Pilot LIC 67865	\$ 6.10	\$ 5.82	\$ 5.28	\$ 6.10	\$ 5.82	\$ 5.28
Keyport Life 64602	\$ 6.02	-	\$ 5.31	\$ 6.03	-	\$ 5.35
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 6.07	\$ 5.88	\$ 5.42	\$ 6.07	\$ 5.88	\$ 5.42
Manufacturers LIC 65838	\$ 5.64	\$ 5.45	\$ 4.88	\$ 5.64	\$ 5.45	\$ 4.88
National Guardian LIC 66583	-	-	\$ 5.65	-	-	\$ 5.65
Ohio National 89206	\$ 5.89	\$ 5.68	\$ 5.10	\$ 5.89	\$ 5.68	\$ 5.10
Penn Ins. & Annuity Co. 93262	\$ 6.44	\$ 6.22	\$ 5.65	\$ 6.55	\$ 6.36	\$ 5.70
Penn Mutual 67644	\$ 6.44	\$ 6.22	\$ 5.65	\$ 6.55	\$ 6.36	\$ 5.70
Peoples Benefit LIC 66605	\$ 6.02	\$ 6.14	\$ 5.75	\$ 6.02	\$ 6.14	\$ 5.75
Presidential LIC 68039	\$ 6.47	\$ 6.25	\$ 5.77	\$ 6.47	\$ 6.25	\$ 5.77
Principal Mutual LIC 61271	\$ 5.69	\$ 5.50	\$ 4.97	\$ 5.71	\$ 5.52	\$ 4.99
Providentmutual L&A 70750	\$ 5.59	-	\$ 4.23	\$ 5.59	-	\$ 4.23
Prudential Ins. Co. of America 68241	\$ 5.80	\$ 5.28	\$ 5.12	\$ 5.80	\$ 5.28	\$ 5.12
Security Benefit LIC 68675	\$ 6.08	\$ 5.90	\$ 5.41	-	\$ 5.90	\$ 5.41
Security Mutual/NY 68772	-	\$ 5.84	\$ 5.25	-	\$ 6.07	\$ 5.36
Southwestern Life 91391	\$ 5.10	\$ 4.93	\$ 4.47	\$ 5.10	\$ 4.85	\$ 4.51
United of Omaha LIC 69868	\$ 6.16	\$ 5.96	\$ 5.45	\$ 6.16	\$ 5.96	\$ 5.45
USG Annuity & Life 61247	\$ 6.16	\$ 6.16	\$ 5.30	\$ 6.16	\$ 6.16	\$ 5.30
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						

Immediate Annuities Update

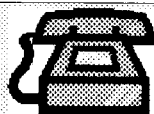
Table 21. Joint & Survivor Annuities — Male age 65, Female Age 62

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
AIG Life Ins. Co. 66842	\$ 6.86	\$ 6.61	\$ 5.93	\$ 6.86	\$ 6.61	\$ 5.93
American Heritage 60534	\$ 7.15	\$ 6.85	\$ 6.12	\$ 7.15	\$ 6.85	\$ 6.12
American Life & Casualty 60682	\$ 6.29	-	\$ 5.32	\$ 6.29	-	\$ 5.32
Berkshire LIC 61433	\$ 7.20	-	\$ 6.26	-	-	-
Canada Life Assurance 80659	\$ 6.87	\$ 6.61	\$ 5.92	\$ 6.87	\$ 6.61	\$ 5.92
Commercial Union LIC 62898	\$ 6.78	\$ 6.51	\$ 5.84	\$ 6.78	\$ 6.51	\$ 5.84
Delta Life & Annuity 65145	\$ 6.24	-	\$ 5.25	\$ 6.26	-	\$ 5.31
Fidelity & Guaranty Life 63274	\$ 7.27	\$ 6.77	\$ 6.17	\$ 6.87	\$ 6.47	\$ 5.95
Jackson National LIC 65056	\$ 6.71	\$ 6.42	\$ 5.73	\$ 6.65	\$ 6.26	\$ 5.75
Jefferson Pilot LIC 67865	\$ 6.62	\$ 6.28	\$ 5.58	\$ 6.62	\$ 6.28	\$ 5.58
Keyport Life 65234	\$ 6.62	-	\$ 5.68	\$ 6.63	-	\$ 5.73
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 6.58	\$ 6.32	\$ 5.72	\$ 6.58	\$ 6.32	\$ 5.72
Manufacturers LIC 65838	\$ 6.81	\$ 6.56	\$ 5.26	\$ 6.81	\$ 6.56	\$ 5.26
National Guardian LIC 66583	-	-	\$ 6.09	-	-	\$ 6.09
Ohio National 89206	\$ 6.56	\$ 6.28	\$ 5.52	\$ 6.56	\$ 6.28	\$ 5.52
Penn Ins. & Annuity Co. 93262	\$ 7.01	\$ 6.72	\$ 5.99	\$ 7.23	\$ 6.97	\$ 6.09
Penn Mutual 67644	\$ 7.01	\$ 6.72	\$ 5.99	\$ 7.23	\$ 6.97	\$ 6.09
Peoples Benefit LIC 66605	\$ 6.27	\$ 6.54	\$ 6.07	\$ 6.27	\$ 6.54	\$ 6.07
Presidential LIC 68039	\$ 7.04	\$ 6.77	\$ 6.13	\$ 7.04	\$ 6.77	\$ 6.13
Principal Mutual LIC 61271	\$ 6.22	\$ 5.97	\$ 5.29	\$ 6.24	\$ 5.99	\$ 5.30
Providentmutual L&A 70750	\$ 6.10	-	\$ 4.54	\$ 6.10	-	\$ 4.54
Prudential Ins. Co. of America 68241	\$ 6.36	\$ 5.64	\$ 5.44	\$ 6.36	\$ 5.64	\$ 5.44
Security Benefit LIC 68675	\$ 6.63	\$ 6.38	\$ 5.73	-	\$ 6.38	\$ 5.73
Security Mutual/NY 68772	-	\$ 6.41	\$ 5.67	-	\$ 6.77	\$ 5.84
Southwestern Life 91391	\$ 5.64	\$ 5.41	\$ 4.80	\$ 5.64	\$ 5.30	\$ 4.85
United of Omaha 69868	\$ 6.73	\$ 6.45	\$ 5.79	\$ 6.73	\$ 6.45	\$ 5.79
USG Annuity & Life 61247	\$ 6.84	\$ 6.84	\$ 5.72	\$ 6.84	\$ 6.84	\$ 5.72
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						

Immediate Annuities Update

Table 22. Joint & Survivor Annuities — Male age 70, Female Age 67

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
AIG Life Ins. Co. 66842	\$ 7.73	\$ 7.39	\$ 6.48	\$ 7.73	\$ 7.39	\$ 6.48
American Heritage 60534	\$ 8.06	\$ 7.66	\$ 6.69	\$ 8.06	\$ 7.66	\$ 6.69
American Life & Casualty 60682	\$ 6.99	-	\$ 5.77	\$ 6.99	-	\$ 5.77
Berkshire LIC 61433	\$ 8.01	-	\$ 6.76	-	-	-
Canada Life Assurance 80659	\$ 7.71	\$ 7.36	\$ 6.46	\$ 7.71	\$ 7.36	\$ 6.46
Commercial Union LIC 62898	\$ 7.60	\$ 7.23	\$ 6.35	\$ 7.60	\$ 7.23	\$ 6.35
Delta Life & Annuity 65145	\$ 7.15	-	\$ 5.82	\$ 7.18	-	\$ 5.91
Fidelity & Guaranty Life 63274	\$ 8.21	\$ 7.57	\$ 6.78	\$ 7.69	\$ 7.17	\$ 6.49
Jackson National LIC 65056	\$ 7.57	\$ 7.19	\$ 6.27	\$ 7.50	\$ 6.98	\$ 6.30
Jefferson Pilot LIC 67865	\$ 7.37	\$ 6.94	\$ 6.03	\$ 7.37	\$ 6.94	\$ 6.03
Keyport Life 65234	\$ 7.43	-	\$ 6.20	\$ 7.50	-	\$ 6.28




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

Lincoln Benefit Life Co. 65595	\$ 7.31	\$ 6.96	\$ 6.15	\$ 7.31	\$ 6.96	\$ 6.15
Manufacturers LIC 65838	\$ 7.67	\$ 7.33	\$ 6.31	\$ 7.67	\$ 7.33	\$ 6.31
National Guardian LIC 66583	-	-	\$ 6.72	-	-	\$ 6.72
Ohio National 89206	\$ 7.49	\$ 7.11	\$ 6.12	\$ 7.49	\$ 7.11	\$ 6.12
Penn Ins. & Annuity Co. 93262	\$ 7.81	\$ 7.44	\$ 6.48	\$ 8.20	\$ 7.84	\$ 6.68
Penn Mutual 67644	\$ 7.81	\$ 7.44	\$ 6.48	\$ 8.20	\$ 7.84	\$ 6.68
Peoples Benefit LIC 66605	\$ 6.50	\$ 7.05	\$ 6.50	\$ 6.50	\$ 7.05	\$ 6.50
Presidential LIC 68039	\$ 7.85	\$ 7.47	\$ 6.64	\$ 7.85	\$ 7.47	\$ 6.64
Principal Mutual LIC 61271	\$ 6.95	\$ 6.62	\$ 5.72	\$ 6.97	\$ 6.64	\$ 5.74
Providentmutual L&A 70750	\$ 6.74	-	\$ 4.92	\$ 6.74	-	\$ 4.92
Prudential Ins. Co. of America 68241	\$ 7.17	\$ 6.19	\$ 5.92	\$ 7.17	\$ 6.19	\$ 5.92
Security Benefit LIC 68675	\$ 7.41	\$ 7.08	\$ 6.21	-	\$ 7.08	\$ 6.21
Security Mutual/NY 68772	-	\$ 7.23	\$ 6.28	-	\$ 7.74	\$ 6.53
Southwestern Life 91391	\$ 6.41	\$ 6.09	\$ 5.28	\$ 6.42	\$ 5.95	\$ 5.35
United of Omaha LIC 69868	\$ 7.54	\$ 7.17	\$ 6.28	\$ 7.54	\$ 7.17	\$ 6.28
USG Annuity & Life 61247	\$ 7.77	\$ 7.77	\$ 6.29	\$ 7.77	\$ 7.77	\$ 6.29

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998

Immediate Annuities Update

Table 23. Joint & Survivor Annuities — Male age 75, Female Age 72

Reporting Companies (NAIC IDNumber)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
AIG Life Ins. Co. 66842	\$ 8.99	\$ 8.51	\$ 7.31	\$ 8.99	\$ 8.51	\$ 7.31
American Heritage 60534	\$ 9.36	\$ 8.79	\$ 7.51	\$ 9.36	\$ 8.79	\$ 7.51
American Life & Casualty 60682	\$ 7.95	-	\$ 6.39	\$ 7.95	-	\$ 6.39
Canada Life Assurance 80659	\$ 8.90	\$ 8.40	\$ 7.23	\$ 8.90	\$ 8.40	\$ 7.23
Commercial Union LIC 62898	\$ 8.77	\$ 8.25	\$ 7.08	\$ 8.77	\$ 8.25	\$ 7.08
Delta Life & Annuity 65145	\$ 8.45	-	\$ 6.66	\$ 8.51	-	\$ 6.78
Fidelity & Guaranty Life 63274	\$ 9.57	\$ 8.72	\$ 7.68	\$ 8.92	\$ 8.21	\$ 7.30
Jackson National LIC 65056	\$ 8.81	\$ 8.27	\$ 7.06	\$ 8.74	\$ 8.02	\$ 7.10
Jefferson Pilot LIC 67865	\$ 8.45	\$ 7.89	\$ 6.70	\$ 8.45	\$ 7.89	\$ 6.70
Keyport Life 65234	\$ 8.57	-	\$ 6.96	\$ 8.63	-	\$ 7.07
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Lincoln Benefit Life Co. 65595	\$ 8.36	\$ 7.87	\$ 6.79	\$ 8.36	\$ 7.87	\$ 6.79
Manufacturers LIC 65838	\$ 8.88	\$ 8.40	\$ 7.07	\$ 8.88	\$ 8.40	\$ 7.07
National Guardian LIC 66583	-	-	\$ 7.63	-	-	\$ 7.63
Ohio National 89206	\$ 8.10	\$ 7.81	\$ 6.32	\$ 8.10	\$ 7.81	\$ 6.32
Penn Ins. & Annuity Co. 93262	\$ 8.95	\$ 8.45	\$ 7.19	\$ 9.59	\$ 9.07	\$ 7.55
Penn Mutual 67644	\$ 8.95	\$ 8.45	\$ 7.19	\$ 9.59	\$ 9.07	\$ 7.55
Peoples Benefit LIC 66605	\$ 6.68	\$ 7.72	\$ 7.17	\$ 6.68	\$ 7.72	\$ 7.17
Presidential LIC 68039	\$ 9.01	\$ 8.49	\$ 7.37	\$ 9.01	\$ 8.49	\$ 7.37
Principal Mutual LIC 61271	\$ 8.05	\$ 7.57	\$ 6.40	\$ 8.07	\$ 7.59	\$ 6.42
Providentmutual L&A 70750	\$ 7.56	-	\$ 5.38	\$ 7.56	-	\$ 5.38
Prudential Ins. Co. of America 68241	\$ 8.37	\$ 7.02	\$ 6.65	\$ 8.37	\$ 7.02	\$ 6.65
Security Benefit LIC 68675	\$ 8.54	\$ 8.06	\$ 6.91	-	\$ 8.06	\$ 6.91
Security Mutual/NY 68772	-	\$ 8.44	\$ 7.19	-	\$ 9.10	\$ 7.54
Southwestern Life 91391	\$ 7.50	\$ 7.06	\$ 5.98	\$ 7.54	\$ 6.90	\$ 6.08
United of Omaha 69868	\$ 8.72	\$ 8.20	\$ 7.01	\$ 8.72	\$ 8.20	\$ 7.01
USG Annuity & Life 61247	\$ 9.03	\$ 9.03	\$ 7.09	\$ 9.03	\$ 9.03	\$ 7.09
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: November 28, 1998						

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

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

Table 24. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb. '98 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw1 Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	SPDA	0-75	nr	nr	nr	5.20%	nr	1 Year	4.75%	3.00%	I	6%	0%
AIG Life 66842	SPDA	-	nr	nr	5.50%	na	na	3 Years	4.50%	nr	I	6%	0%
American Heritage 60534	SPDA-2	0-75	5.62%	nr	5.88%	5.75%	5.75%	1 Year	5.62%	5.00%	I	7%	1%
Columbia Universal 77720	Pres. Choice	0-85	5.30%	1.00%	5.25%	5.50%	-	1 Year	5.30%	4.50%	I	8%	0%
Jefferson Pilot 67865	SPDA	0-85	4.95%	nr	5.20%	5.40%	5.10%	1 Year	na	4.50%	I	5%	1%
Lincoln Benefit 65595	Opportunist III	0-99	4.75%	nr	nr	5.60%	4.75%	1 Year	4.00%	4.00%	I	7%	4%
Lincoln Benefit 65595	Opportunist IV	0-99	5.05%	nr	nr	nr	nr	1 Year	4.30%	4.00%	I	7%	4%
New York Life 66915	SPRA-2	-	nr	nr	nr	5.00%	-	1 Year	3.00%	3.00%	P	7%	4%
Ohio National 89206	Choice Classic	0-80	5.20%	nr	5.85%	5.70%	5.70%	1 Year	4.19%	3.00%	I	8%	2%
Presidential Life 68039	SPDA II	0-85	5.60%	nr	6.05%	6.05%	6.05%	2 Yrs	na	5.00%	I	6%	2%
Providentmutual 70750	SPDA I	0-75	4.40%	nr	5.15%	5.15%	4.85%	2 Yrs	3.40%	3.00%	I	7%	1%
Providentmutual 70750	SPDA II	0-75	4.15%	nr	4.90%	4.90%	4.60%	2 Yrs	3.15%	3.00%	I	7%	1%
Security Mutual/NY 68772	SPDA	0-80	4.75%	nr	5.00%	5.00%	4.75%	1 Year	3.75%	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	5.25%	nr	5.50%	5.25%	5.00%	3 Yrs	4.25%	3.50%	I	5%	0%
Standard Insurance 69019	SPDA	0-80	nr	nr	nr	5.18%	5.18%	1 Year	3.50%	3.00%	I	7%	1%
Standard Insurance 69019	Advanced Rate	0-80	nr	nr	nr	6.08%	6.08%	1 Year	4.50%	3.00%	I	7%	1%

Survey period: November 28, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 25. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnw1 Mthd	Surrender Fees Yr 1	Yr 7
AIG 66842	SPDA	0-75	5.05%	nr	nr	5.20%	nr	1 Year	3.00%	I	6%	0%
American General ¹ 70432	Envision +II	0-85	nr	nr	5.25%	5.25%	5.25%	1 Year	3.00%	I	9%	2%
American General ¹ 70432	SPDA +2	0-85	nr	nr	5.00%	5.00%	5.25%	1 Year	4.00%	I	7%	0%
American General ¹ 70432	Vision 1	0-85	nr	nr	5.25%	5.25%	5.50%	1 Year	3.00%	I	9%	5%
American General ¹ 70432	Ultravision	0-85	nr	nr	5.00%	5.00%	5.00%	1 Year	3.00%	I	9%	2%
American General ¹ 70432	Ultra Extra	0-85	nr	nr	5.10%	5.10%	nr	1 Year	3.00%	I	8%	2%
Amer. Int'l Assur./NY 60607	SPDA	0-75	nr	nr	5.50%	nr	nr	3 Years	nr	I	6%	0%
American Life & Casualty 60682	SPDA 8	0-85	4.95%	1.00%	4.65%	4.85%	5.10%	1 Year	4.00%	I	10%	3%
Canada Life Assurance 80659	Security 1	0-80	5.00%	1.25%	5.00%	5.00%	nr	1 Year	3.00%	N	7%	2%
Columbia Universal 77720	Heritage	0-85	5.25%	2.75%	5.25%	5.00%	5.65%	1 Year	4.00%	P	9%	2%
Commercial Union 62898	Port. Secure	0-85	4.25%	1.00%	4.40%	4.60%	4.40%	1 Year	nr	P	6%	1%
Fidelity & Guar. Life 63274	Fidelity	0-85	5.05%	1.00%	5.00%	5.50%	nr	1 Year	3.00%	I	5%	0%
Fidelity & Guar. Life 63274	Fidelity +	0-85	4.75%	2.00%	nr	nr	nr	1 Year	3.00%	I	5%	0%
Fidelity & Guar. Life 63274	F & G III	0-85	4.95%	1.00%	nr	nr	nr	3 Years	3.00%	I	5%	0%
Fidelity & Guar. Life 63274	Optimum +	18-85	nr	nr	nr	nr	5.00%	1 Year	3.00%	I	9%	2%
Fidelity & Guar. Life 63274	Resolute 4	0-85	4.45%	1.00%	4.70%	5.20%	nr	4 Years	3.00%	I	9%	3%
Fidelity & Guar. Life 63274	Resolute 5	0-85	5.00%	1.00%	5.25%	nr	nr	5 Years	3.00%	I	9%	3%
Fidelity & Guar. Life 63274	Resolute +	0-85	4.75%	2.00%	5.00%	5.50%	nr	1 Year	3.00%	I	9%	3%
Fidelity & Guar. Life 63274	Wealthmaster 4	0-85	4.90%	1.00%	5.15%	5.65%	nr	4 Years	3.00%	I	9%	3%
Fidelity & Guar. Life 63274	Wealthmaster 5	0-85	5.25%	1.00%	5.50%	6.00%	nr	5 Years	3.00%	I	9%	3%
Fidelity & Guar. Life 63274	Wealthmaster +	0-85	5.20%	2.00%	5.45%	5.95%	nr	1 Year	3.00%	I	9%	3%
Fort Dearborn LIC 71129	Asset Fort. 5	0-75	nr	nr	nr	6.45%	4.80%	1 Year	4.00%	I	8%	0%
Fort Dearborn LIC 71129	Capital Fort.	0-80	nr	nr	nr	4.95%	4.80%	1 Year	3.00%	I	10%	2%
Fort Dearborn LIC 71129	Financial Fort. +	0-85	nr	nr	nr	5.15%	5.00%	1 Year	4.00%	I	6%	0%
Fort Dearborn LIC 71129	Gold Fort 100	0-95	nr	nr	nr	5.30%	5.15%	1 Year	3.00%	I	9%	3%
Guarantee Life 64181	Premier Platinum	0-85	nr	nr	4.80%	4.80%	nr	1 Year	3.50%	P	8%	3%
Guarantee Life 64181	Premier Flex	0-70	nr	nr	nr	4.60%	nr	1 Year	3.50%	na	11%	6%
Jackson National 65056	Action Two	0-85	4.05%	1.45%	4.80%	4.70%	4.70%	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max	0-85	4.75%	1.25%	5.50%	5.50%	5.50%	1 Year	3.00%	I	9%	3%
Jackson National 65056	Bonus Max 1	0-85	4.75%	3.25%	5.50%	5.50%	5.50%	1 Year	3.00%	I	9%	3%
Jefferson Pilot 67865	Flex Savers	0-85	nr	nr	nr	4.90%	4.90%	1 Year	3.50%	na	7%	2%

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Survey period: November 28, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 25. Single Premium Fixed Interest Deferred Annuities - Without Bailout, cont'd

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnw/ Mthd	Surrender Fees Yr 1 Yr 7
Jefferson Pilot 67865	FlexSavers Bonus	0-85	4.75%	1.00%	5.00%	5.20%	-	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Pilot Plus	0-85	5.00%	2.00%	5.05%	5.25%	5.00%	1 Year	3.00%	na	9% 3.5%
Jefferson Pilot 67865	Sec. Advantage	0-85	4.95%	.50%	5.20%	5.40%	5.10%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Secure Plan	0-85	nr	nr	5.20%	5.40%	nr	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Single 3	0-85	5.00%	-	5.00%	nr	nr	3 Years	3.25%	na	7% 2%
Jefferson Pilot 67865	Single 5	0-85	4.50%	-	4.75%	5.00%	nr	5 Years	3.25%	na	7% 0%
Keyport Life 64602	Key Annuity	0-85	4.55%	-	5.10%	5.10%	5.00%	1 Year	3.50%	I	7% 0%
Keyport Life 64602	Premier 5	0-85	4.50%	1.50%	nr	nr	nr	5 Years	3.50%	I	8% 3%
Life Insur. Co./Southwest 65528	SPDA 3	0-80	5.00%	1.00%	4.75%	5.00%	nr	2 Years	3.00%	I	10% 0%
Life Insur. Co./Southwest 65528	SPDA 4	0-75	5.00%	1.50%	4.75%	5.00%	nr	2 Years	3.00%	I	10% 4%
Life Insur. Co./Southwest 65528	SPDA 5	0-70	5.00%	2.00%	4.75%	nr	nr	2 Years	3%	I	10% 4%
Lincoln Benefit 65595	Opportunist III	0-99	5.00%	-	5.85%	5.85%	5.00%	1 Year	4.00%	I	7% 4%
Lincoln Benefit 65595	Opportunist IV	0-99	5.30%	-	nr	nr	nr	1 Year	4.00%	I	7% 4%
Lincoln Benefit 65595	Opportunist V	0-99	4.35%	1.00%	nr	nr	nr	1 Year	4.00%	I	5% 0%
Lincoln Benefit 65595	Saver's Choice	0-99	4.75%	1.50%	5.60%	5.60%	4.75%	1 Year	3.00%	I	7% 0%
Lincoln Benefit 65595	Saver's Choice+	0-99	4.75%	2.50%	5.60%	5.60%	4.75%	1 Year	3.00%	I	7% 3%
London Pacific 68934	Opt. Income+	0-80	6.00%	-	7.00%	7.00%	7.00%	1 Year	3.00%	na	10% 4%
London Pacific 68934	Regal Accum 1	0-80	6.30%	-	7.00%	nr	nr	1 Year	3.00%	I	9% 4%
London Pacific 68934	Regal Accum 3	0-80	5.60%	-	6.30%	nr	nr	3 Years	3.00%	I	9% 4%
London Pacific 68934	Regal Accum 5	0-80	5.30%	-	6.00%	nr	nr	5 Years	3.00%	I	9% 4%
Manufacturers LIC n/a	SPDA II	0-80	nr	nr	4.60%	4.70%	nr	5 Years	4.00%	P	no surrender
Manufacturers LIC n/a	SPDA II	0-80	nr	nr	4.35%	nr	nr	7 Years	4.00%	P	no surrender
National Guardian 66583	Asset Guard	0-90	5.50%	2.00%	5.50%	5.50%	nr	2 Years	3.00%	I	7% 3%
National Guardian 66583	SPDA	0-85	5.25%	2.00%	5.25%	6.15%	nr	2 Years	4.00%	I	7% 1%
New York Life	Lifestages	na	nr	nr	5.00%	5.00%	nr	1 Year	3.00%	P	7% 0%
Ohio National 89206	Choice Heritage	0-80	5.35%	-	6.00%	5.85%	5.85%	1 Year	3.00%	I	6% 0%
Ohio National 89206	Choice Legacy	81-90	nr	nr	nr	5.70%	5.70%	1 Year	3.00%	I	6% 0%
Penn Mutual Life 67644	Diversifier II	0-85	4.06%	-	5.10%	5.15%	5.07%	1 Year	4.00%	I	7% 1%
Penn Mutual Life 67644	Diversifier II	0-85	4.00%	-	4.10%	4.20%	4.90%	3 Years	4.00%	I	7% 1%
Penn Mutual Life 67644	Diversifier II	0-85	4.00%	-	4.45%	4.50%	4.30%	5 Years	4.00%	I	7% 1%
Penn Mutual Life 67644	Diversifier II	0-85	4.15%	-	4.50%	4.60%	4.50%	7 Years	4.00%	I	7% 1%
Penn Mutual Life 67644	Tradewind	0-85	4.60%	1.00%	4.90%	5.00%	5.00%	1 Year	3.00%	I	9% 3%
Presidential 68039	SPDA	0-85	6.00%	-	6.45%	6.45%	6.45%	1 Year	5.00%	I	6% 2%

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Survey period: November 28, 1998; nr = product not reported for this issue.

Deferred Annuities Update

Table 25. cont'd. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
Principal Mutual 61271	SPDA+	0-95	4.30%	1.00%	4.90%	5.15%	5.00%	1 Year	3.00%	I	6%	2%
Providentmutual L&A 70750	SPDA III	0-75	4.65%	-	5.40%	5.40%	5.10%	2 Years	3.00%	I	3%	3%
Providentmutual L&A 70750	SPDA IV	0-75	3.95%	1.40%	4.70%	4.70%	4.40%	2 Years	3.00%	I	5%	5%
Providentmutual L&A 70750	SPDA V	0-70	3.95%	1.00%	4.70%	4.70%	4.40%	1 Year	3.00%	I	7%	0%
Reliance Standard 68381	Apollo-MVA	0-85	nr	nr	5.00%	5.00%	5.00%	1 Year	3.00%	P	9%	2%
Reliance Standard 68381	Apollo-SP	0-85	nr	nr	4.70%	4.70%	4.70%	1 Year	3.00%	P	9%	2%
Reliance Standard 68381	Athena-MVA	0-85	nr	nr	5.00%	5.00%	5.00%	1 Year	3.00%	P	9%	2%
Reliance Standard 68381	Athena SP	0-85	nr	nr	4.70%	4.70%	4.70%	1 Year	3.00%	P	9%	2%
SAFECO LIC 66608	QPA III +	0-75	nr	nr	4.75%	4.75%	5.00%	1 Year	4.34%	I	9%	4%
SAFECO LIC 66608	QPA V +	0-75	nr	nr	4.80%	4.80%	5.05%	1 Year	3.00%	I	8%	2%
Security Benefit 68675	Sec. Premier I	0-90	5.25%	1.00%	5.25%	5.00%	5.50%	1 Year	3.50%	I	8%	0%
Security Benefit 68675	Sec. Premier 3	0-90	5.00%	1.00%	5.00%	4.75%	nr	3 Years	3.50%	I	8%	0%
Security Benefit 68675	Secur. Prov. I	0-90	5.25%	2.00%	5.25%	5.00%	5.50%	1 Year	3.50%	I	9%	0%
Security Benefit 68675	Secur. Prov. 3	0-90	5.00%	2.00%	5.00%	4.75%	nr	3 Years	3.50%	I	9%	0%
Security Mutual/NY 68772	SPDA	0-80	5.00%	-	5.25%	5.00%	5.20%	1 Year	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	5.50%	-	5.75%	5.50%	5.45%	3 Years	3.50%	I	5%	0%
Southwestern LIC 91391	Advantage 7	0-80	4.65%	1.00%	4.90%	4.65%	4.85%	1 Year	3.50%	I	8%	2%
Southwestern LIC 91391	Golden Bonus	0-85	4.70%	2.50%	4.95%	4.70%	4.90%	1 Year	3.00%	I	12%	9%
Southwestern LIC 91391	Income Prov. Adv.	0-80	4.90%	1.00%	5.15%	4.90%	5.10%	2 Years	4.00%	I	10%	7%
Standard Insurance 69019	SPDA	0-80	nr	nr	5.18%	nr	5.92%	1 Year	3.00%	I	7%	1%
Standard Insurance 69019	Advanced Rate	0-80	nr	nr	6.08%	nr	nr	1 Year	3.00%	I	7%	1%
Trustmark Life 62863	SPDA Plus	0-75	nr	nr	6.10%	6.10%	6.10%	1 Year	4.00%	P	7%	0%
USG Annuity & Life 61247	Adv. Platinum	0-85	nr	nr	5.75%	nr	6.15%	8 Years	3.00%	I	5%	3%
USG Annuity & Life 61247	Interest Builder	0-85	5.00%	2.00%	5.00%	nr	5.00%	1 Year	3.00%	I	10%	3%
USG Annuity & Life 61247	MVA Cornerstone	0-90	nr	nr	4.50%	nr	5.00%	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	MVA 3	0-85	nr	nr	4.00%	nr	5.00%	1 Year	3.00%	I	9%	2%
USG Annuity & Life 61247	MVA 9	0-85	nr	nr	5.00%	nr	5.25%	1 Year	3.00%	I	9%	2%
USG Annuity & Life 61247	Select Guar	na	nr	nr	5.75%	nr	6.00%	8 Years	3.00%	-	-	-
United of Omaha LIC 69868	Ultrannuity	0-89	5.05%	1.00%	5.10%	nr	nr	1 Years	3.00%	P	7%	0%
United of Omaha LIC 69868	Ultrannuity	0-89	4.80%	0.35%	4.95%	nr	nr	3 Years	3.00%	P	7%	0%
United Teacher Assoc. 63479	SPDA-8	0-90	6.00%	-	nr	nr	nr	1 Years	3.50%	P	9%	3%

Survey period: November 28, 1998; nr = product not reported for this issue.

Table 26. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Full Rate	Aug. '98 Full Rate	May '98 Full Rate	Feb. '98 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 77720	Your Choice	0-85	4.50%	4.95%	5.05%	4.80%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union 52898	Select Rate 1	0-85	3.25%	3.85%	3.95%	3.75%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Delta Life & Annuity 65145	Guar. Interest	0-99	nr	nr	nr	4.30%	1 Year	3%	3%	3%	3%	3%	3%	3%	3%	3%
Lincoln Benefit 65595	Tactician 10	0-99	4.25%	4.55%	4.55%	4.00%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Providentmutual L&A 70750	Asset. Accumul.	0-75	3.97%	4.65%	4.92%	4.73%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: November 28, 1998; nr = product not reported for this issue.

Fax all your annuity requests to: 732-521-5113
(or call 800-872-6684)



Deferred Annuities Update

Table 27. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98					Yield Guar. Period	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
			Full Rate	Aug '98 Full Rate	May '98 Full Rate	Feb. '98 Full Rate	3 Yrs		1	2	3	4	5	6	7	8	9	10
Comm. Union 62898	Select Rate 3	0-85	4.00%	4.10%	4.25%	4.10%	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 5	0-85	4.10%	4.25%	4.40%	4.25%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 7	0-85	4.25%	4.50%	4.70%	4.55%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 10	0-85	5.05%	4.90%	nr	nr	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.90%	7.05%	7.05%	6.25%	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.50%	6.95%	6.95%	6.20%	9 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	na	na
Lincoln Benefit 65595	Tactician 10	0-99	5.40%	6.85%	6.85%	6.15%	8 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	na	na
Lincoln Benefit 65595	Tactician 10	0-99	5.30%	6.75%	6.75%	6.10%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.15%	6.65%	6.65%	6.05%	6 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.00%	6.55%	6.55%	6.00%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Reliance Standard 68381	Elektra 6810	0-85	nr	5.85%	nr	nr	10 Yrs	7%	7%	6%	5%	4%	4%	3%	2%	1%	na	na
Reliance Standard 68381	Elektra 579	0-85	nr	5.41%	nr	nr	9 Yrs	7%	7%	6%	5%	5%	4%	3%	2%	1%	na	na
Reliance Standard 68381	Elektra 6810	0-85	nr	5.87%	nr	nr	8 Yrs	7%	7%	6%	5%	5%	4%	3%	2%	1%	na	na
Reliance Standard 68381	Elektra 579	0-85	nr	5.14%	nr	nr	7 Yrs	7%	7%	6%	6%	5%	4%	3%	2%	na	na	na
Reliance Standard 68381	Elektra 6810	0-85	nr	5.72%	nr	nr	6 Yrs	7%	7%	6%	6%	5%	4%	3%	na	na	na	na
Reliance Standard 68381	Elektra 579	0-85	nr	5.20%	nr	nr	5 Yrs	7%	7%	6%	6%	5%	4%	na	na	na	na	na
USG Annuity & Life	Select Guar.	0-85	8.50% 5.50%	9.00% 6.00%	nr	nr	8 Yrs	9%	9%	8%	7%	6%	5%	4%	3%	2%	0%	0%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.

Survey period: November 28, 1998; nr = product not reported for this issue.

Table 28. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Nov. '98		Additional 1st Year Bonus	Aug. '98		May '98	Feb. '98		Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw1 Mthod	Surrender Fees	
			Base Rate	Rate		Base Rate	Rate		Base Rate	Rate					Yr 1	Yr 7
AIG 66842	FPDA	0-80	5.05%	5.05%	1.00%	nr	nr	nr	nr	nr	1 Year	na	3.00%	I	10%	4%
Prudential Life 68241	Discovery	0-85	nr	nr	nr	4.70%	4.70%	nr	5.45%	3 Years	3 Years	3.70%	3.10%	I	7%	0%
Security Mutual/NY 68772	FPA	0-80	4.75%	4.75%	nr	5.00%	5.00%	5.00%	4.75%	1 Year	1 Year	inoperable	4.50%	P	7%	4%
Standard Insurance Co 69019	FPDA	0-80	nr	nr	nr	nr	nr	4.76%	4.76%	1 Year	1 Year	3.50%	3.00%	I	7%	3%

Survey period: November 28, 1998; nr = not reported for this issue.

Deferred Annuities Update

Table 29. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb. '98 Base Rate	Rate Guar. Period	Guar. Rate	RnwI Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	FPDA	0-80	5.05%	1.00%	5.50%	5.20%	nr	-	3.00%	I	10%	4%
American General ¹ 70432	FPDA Plus III	0-70	nr	nr	5.25%	5.25%	5.50%	-	3.00%	I	8%	2%
American General ¹ 70432	Vision Flex	0-70	nr	nr	5.50%	5.50%	5.75%	-	3.00%	I	10%	6%
American Heritage Life 60534	PFPDA	0-69	5.13%	-	5.38%	5.25%	5.25%	-	4.00%	I	10%	2%
American Life & Casualty 60682	FPDA - 81	0-85	5.05%	3.00%	4.60%	4.80%	5.05%	1 Year	3.00%	I	12%	7%
Canada Life 81060	Security 1 Plus	0-90	5.00%	1.25%	5.00%	nr	nr	nr	3.00%	P	7%	3%
Columbia Universal 77720	FPDA II	0-65	5.50%	-	5.50%	5.50%	5.75%	1 Year	4.50%	P	10%	4%
Commercial Union 62898	Alliance Flex 10	0-85	5.28%	-	5.62%	5.72%	5.65%	1 month	3.50%	P	10%	4%
Commercial Union 62898	Alliance Plus	0-85	5.28%	4.00%	5.62%	5.72%	5.65%	1 month	3.50%	P	10%	4%
Fidelity & Guar. Life	F&G III	0-85	nr	nr	5.20%	5.70%	nr	3 Years	3.00%	I	5%	0%
Fidelity & Guar. 63274	Fidelity	0-85	5.05%	1.00%	5.30%	5.80%	5.00%	1 Year	3.00%	-	5%	0%
Guarantee LIC 64181	Premier Flex	0-70	nr	nr	4.60%	4.60%	-	1 Year	3.50%	-	11%	6%
Jackson National LIC 65056	Flex I	0-85	4.75%	-	5.50%	5.50%	5.50%	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC 67865	FPDA	0-75	4.85%	-	5.10%	5.30%	5.00%	1 Year	3.50%	I	9%	5%
Jefferson Pilot LIC 68765	Flex 5	0-85	4.90%	.50%	5.15%	5.35%	nr	1 Year	3.25%	-	7%	0%
Jefferson Pilot LIC 68765	Flex 6	0-85	4.85%	1.00%	5.10%	nr	nr	1 Year	3.25%	-	7%	0%
Jefferson Pilot LIC 67865	Flex 7	0-85	4.80%	1.50%	5.05%	5.25%	na	1 Year	3.25%	na	7%	2%
Jefferson Pilot LIC 68765	Flex 8	0-85	5.15%	2.50%	5.00%	nr	nr	1 Year	3.25%	-	7%	2%
continued...												

Survey period: November 28, 1998; nr = product not reported for this issue.
¹Formerly Western National Life

Deferred Annuities Update

Table 29. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	Additional 1st Yr. Bonus	Aug. '98 Base Rate	May '98 Base Rate	Feb. '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Keyport Life 64602	Key Addition	0-85	nr	nr	4.90%	4.90%	4.75%	1 Year	3.50%	I	7%	3%
Keyport Life 64602	Key Accum	0-80	4.50%	1.00%	nr	nr	nr	1 Year	3.00%	I	7%	0%
Life/Southwest 65528	Flex 3000	0-80	4.50%	1.00%	4.75%	5.00%	na	2 Yrs.	3.00%	I	7%	1%
Lincoln Benefit 65595	Furist Gold I	0-99	5.60%	1.00%	5.60%	5.70%	5.70%	3 Mos.	3.00%	P	7%	3%
London Pacific 68934	Future Guard	no limit	5.50%	-	6.00%	6.10%	5.85%	1 Year	3.00%	P	12%	8%
London Pacific 68934	Royal Guard	0-80	5.50%	-	6.00%	6.10%	5.85%	1 Year	3.00%	P	7%	0%
National Guardian 66584	FPA	0-80	nr	nr	nr	5.00%	5.45%	6 Mos.	4.00%	P	10%	3%
National Guardian 66584	Super Flex	0-85	5.50%	2.00%	5.50%	nr	nr	2 Years	4.00%	P	10%	6%
New York Life 69915	Lifestages	0-85	nr	nr	nr	5.00%	-	1 Year	3.00%	P	7%	3%
Ohio National 89206	Prime I	0-75	5.30%	-	6.00%	6.00%	6.00%	-	-	I	8%	3%
Ohio National 89206	Prime II	0-75	nr	nr	nr	5.70%	5.70%	1 Year	4.00%	I	8%	3%
Penn Mutual Life 67644	Divers. II	0-85	4.06%	-	5.10%	5.10%	5.07%	1 Year	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.00%	-	4.10%	4.10%	4.00%	3 Years	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.00%	-	4.45%	4.45%	4.30%	5 Years	4.00%	I	7%	2.5%
Penn Mutual Life 67644	Divers. II	0-85	4.15%	-	4.50%	4.50%	4.50%	7 Years	4.00%	I	7%	2.5%
Peoples Benefit LIC ² 70750	Flex Plus	0-75	nr	nr	nr	5.05%	nr	2 Years	4.00%	I	7%	7%
Peoples Benefit LIC ² 70750	Tax Smart +	0-75	nr	nr	nr	4.90%	nr	1 Year	3.00%	I	6%	0%
Prudential 68039	No Load Flex	0-85	5.85%	-	6.30%	6.30%	6.30%	1 Cal. Yr.	5.00%	I	7%	4%
Prudential (q) 68039	TSA-Loan	0-85	5.85%	-	6.30%	6.30%	6.30%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC 61271	FPDA	0-85	4.30%	-	4.90%	5.15%	5.00%	1 Year	4.00%	I	7%	3%
Providentmutual 70750	LTD	0-85	4.55%	1.00%	5.30%	5.30%	5.00%	1 Year	3.00%	I	10%	3%

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Survey period: November 28, 1998; nr = product not reported for this issue.

²Formerly Provident Life & Health

Deferred Annuities Update


Table 29. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '98 Base Rate	1st Yr. Bonus Amount	Aug. '98 Base Rate	May '98 Base Rate	Feb. '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
Prudential 68241	Discovery	0-85	nr	nr	4.20%	nr	nr	6 Yrs.	3.1%	I	7%	0%
SAFECO LIC (q) 68608	QPA III	0-75	nr	nr	4.75%	4.75%	4.75%	6 Mos.	4.34%	I	9%	4%
SAFECO LIC (q) 68608	QPA V	0-75	nr	nr	4.55%	4.55%	4.55%	6 Mos.	3.00%	I	8%	2%
SAFECO LIC (q) 68608	Preference FP	0-75	nr	nr	5.50%	5.50%	5.50%	1 Year	3.00%	I	6%	3%
Security Benefit 68675	Secur. Mark	0-75	5.00%	-	5.10%	5.10%	5.10%	-	3.50%	I	8%	2%
Southwestern LIC 91391	Flex-Rite	0-75	5.75%	-	5.90%	5.90%	5.90%	-	4.00%	P	7%	2%
Standard Insur. Co 69019	FPDA	0-80	nr	nr	nr	4.76%	5.39%	1 Year	3.00%	I	7%	3%
Trustmark 62863	Flex 25	0-75	nr	nr	6.00%	nr	6.00%	1 Year	4.00%	P	10%	2%
United of Omaha 69868	Bonus Flex.	0-85	4.25%	1.00%	4.75%	4.50%	nr	1 Year	4.00%	I	10%	0%
United Teachers 63479	Flex-Bonus	0-75	6.25%	5.00%	nr	nr	nr	1 Year	4.00%	P	30%	8%
USG Annuity & Life 61247	Advant. Silver	0-85	nr	nr	4.75%	5.00%	5.40%	1 Year	3.00%	I	9%	2%
USG Annuity & Life 61247	Flex 9	0-85	4.25%	2.00%	4.60%	4.60%	5.00%	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	Flex 15	0-70	nr	nr	4.60%	4.60%	5.00%	1 Year	3.00%	I	22%	13%

Survey period: November 28, 1998; nr = product not reported for this issue.



Split Annuities Update

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

ment 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 30. Split ("Combination") Immediate and Deferred Annuities

Reporting Companies (NAIC #)			Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
					Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount	Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount
Columbia Universal	77720	Split Annuity	0-85	\$ 76,516	5.50%	\$23,485	\$436.82	\$69,008	5.44%	\$30,992	\$429.55	
Penn Mutual	67644	Div. II/SPIA	0-85	\$82,193	4.00%	\$17,807	\$319.93	\$75,229	4.15%	\$24,771	\$336.57	
Presidential (nq)	68039	Combi-annuity	0-85	\$76,877	5.40%	\$23,123	\$423.37	-	-	-	-	
Providentmutual	70750	SPDA II/SPIA	0-75	\$82,589	3.90%	\$17,411	\$294.48	na	na	na	na	
USG Annuity & Life	61247	Select Guar. (5yr) Multi-Yr Guar. (7yr)	0-85	\$75,983	5.25%	\$24,017	\$437.46	\$70,398	5.00%	\$29,602	\$405.84	

Survey period: November 28, 1998

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 3.00% to 4.50%) 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.

Equity Indexed Annuities Update

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 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 may not be 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 de-

Equity Indexed Annuities Update

gree 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 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 surrender 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 tradi-

tional 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.

Equity Indexed Annuities Update

Table 31. Single Premium Equity Indexed Annuities

Reporting Companies	Policy Name	Term	Index Structure	When Potential Gains are Recognized, locked in and credited	Guar. Base/Guar. Rate	Participation Rate	Cap	Yield Spread (admin. fee)	Performance if term had matured on 3/31/98
American Life & Casualty	60682 SPD 500	8 yrs.	Annual Reset/ avg.	nr	90%/3%	80%	none	none	nr
Fidelity & Guaranty Life	63274 Prosperity	10 yrs.	Annual Reset	nr	90%/3%	nr	none	2.50%	nr
Jackson National	65056 ELI Multi-Index	9 yrs.	Point to Point	End of term	100%/3%	50%	none	none	nr
Jackson National	65056 ELI Multi-Index	7 yrs.	Point to Point	End of term	100%/3%	40%	none	none	nr
Jackson National	65056 ELI Multi-Index	5 yrs.	Point to Point	End of term	100%/3%	30%	none	none	nr
Jackson National	65056 ELI Multi-Index	3 yrs.	Point to Point	End of term	100%/3%	20%	none	none	nr
Jackson National	65056 ELI Multi-Index	1 yrs.	Point to Point	End of term	100%/3%	10%	none	none	nr
Jefferson Pilot	67865 Pilot 500	8 yrs.	Annual Reset	nr	90%/3%	45%	none	none	nr
Keyport Life	64602 KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	40%	none	none	106.9%
Keyport Life	64602 KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	45%	100%	none	100.0%
Lincoln Benefit	65595 Savers's Index	7 yrs.	Annual Reset	Annually (subject to vesting)	90%/3%	50%	14%/yr	none	nr
Lincoln Benefit	65595 Saver's Index II	7 yrs.	Annual Reset	Annually	90%/3%	60%	none	none	nr
Lincoln Benefit	65595 Saver's Index III	nr	Annual Reset	Annually	90%/3%	50%	14%/yr	none	nr
USG Annuity & Life	61247 Advantage	9 yrs.	Point/Average	nr	100%/3%	100% to 84%; 40% after	none	none	nr

Survey period: August 28, 1998
 *Formerly Western National Life

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 information summarized below:

State	Max. aggregate benefits for all lines of insurance	Max. death benefit with respect to any one life	Max. liability for cash or withdrawal value of life insurance policy	Max. liability for present value of an annuity contract	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(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) 297-1737
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) 947-7980
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

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

Distribution of Insurance Company Ratings

A.M. Best			S & P			Moody's			Duff & Phelps			Weiss Ratings		
Grade	Rank	# Cos. 910	Grade	Rank	# Cos. 363	Grade	Rank	# Cos. 201	Grade	Rank	# Cos. 231	Grade	Rank	# Cos. 1235
A++	[1]	47	AAA	[1]	47	Aaa	[1]	7	AAA	[1]	62	A+	[1]	10
A+	[2]	160	AA+	[2]	59	Aa1	[2]	10	AA+	[2]	37	A	[2]	13
A	[3]	227	AA	[3]	68	Aa2	[3]	49	AA	[3]	54	A-	[3]	34
A-	[4]	177	AA-	[4]	65	Aa3	[4]	49	AA-	[4]	45	B+	[4]	66
B++	[5]	87	A+	[5]	52	A1	[5]	34	A+	[5]	20	B	[5]	162
B+	[6]	122	A	[6]	31	A2	[6]	14	A	[6]	7	B-	[6]	127
B	[7]	44	A-	[7]	16	A3	[7]	14	A-	[7]	1	C+	[7]	130
B-	[8]	19	BBB+	[8]	20	Baa1	[8]	19	BBB+	[8]	na	C	[8]	228
C++	[9]	8	BBB	[9]	1	Baa2	[9]	3	BBB	[9]	1	C-	[9]	132
C+	[10]	11	BBB-	[10]	na	Baa3	[10]	1	BBB-	[10]	na	D+	[10]	106
C	[11]	6	BB+	[11]	2	Ba1	[11]	na	BB+	[11]	2	D	[11]	121
C-	[12]	2	BB	[12]	na	Ba2	[12]	1	BB	[12]	2	D-	[12]	39
D	[13]	na	BB-	[13]	1	Ba3	[13]	na	BB-	[13]	na	E+	[13]	36
E	[14]	na	B+	[14]	1	B1	[14]	na	B+	[14]	na	E	[14]	30
F	[15]	na	B	[15]	na	B2	[15]	na	B	[15]	na	E-	[15]	1
as of 8/98			B-	[16]	na	B3	[16]	na	B-	[16]	na	F	[16]	na
			CCC	[17]	na	Caa	[17]	na	CCC+	[17]	na	U	[17]	na
			R	[18]	na	Ca	[18]	na	CCC	[18]	na	as of 8/98		
			as of 8/98			C	[19]	na	CCC-	[19]	na			
						as of 8/98			as of 8/98					

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Acacia Life Ins. Co.	60038	DC	\$ 0.9B	A [3]		-		-		A+ [5]	▼8/98	B [5]	
Acacia Nat'l Life	85685	VA	\$ 0.6B	A [3]		-		-		A+ [5]	▼8/98	C [8]	
Aetna LI & Annuity Co.	86509	CT	\$ 36.8B	A+ [2]	▼6/95	AA- [4]	▼7/96	Aa3 [4]	▼7/97	AA [3]		C+ [7]	
Aetna LIC	60054	CT	\$ 37.2B	A [3]		A+ [5]	▲7/97	A1 [5]	▼7/97	AA- [4]	▼7/95	C+ [7]	▲6/98
AID Assoc. Lutherans	56014	WI	\$ 17.9B	A++ [1]		AA+ [2]	▲12/97	Aa2 [3]		AAA [1]		-	
AIG LIC	66842	DE	\$ 6.7B	A+ [2]	▲6/92	AAA [1]		Aaa [1]		-		B- [6]	
Alexander Hamilton LIC Amer.	94064	MI	\$ 5.5B	A++ [1]	▲8/96	AAA [1]	▲10/95	Aa3 [4]	▲3/96	AAA [1]	▲10/95	B+ [4]	▲5/98
Allstate LIC	60186	IL	\$ 27.5B	A+ [2]	▲3/96	AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲7/97
Allstate LIC/ NY	70874	NY	\$ 2.0B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲8/97
American Centurian LAC	77798	NY	\$ 0.2B	A+ [2]	▲6/95	-		-		AAA [1]		B- [6]	
American Enterprise LIC	94234	IN	\$ 4.7B	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	▲11/94
American Family LIC	60399	WI	\$ 2.1B	A+ [2]		withdrawn		-		-		A+ [1]	
American General Annuity Ins. Co.	70432	TX	\$ 10.7B	A [3]		AA-	▲9/96	Aa3 [4]	▲4/98	AAA [1]	▲4/98	B [5]	▲5/97
American General LIC	60488	TX	\$ 7.9B	A+ [2]		AA+ [2]		Aa3 [4]		AAA [1]		A- [3]	▲10/94
American General Life & Acc	66672	TN	\$ 8.8B	A+ [2]		AA+ [2]	▼6/97	-		AAA [1]		B+ [4]	▲8/97
American Heritage LIC	60534	FL	\$ 1.2B	A+ [2]	▲7/98	AA [3]		-		-		A- [3]	
American Int'l Life Assur.Co.NY	60607	NY	\$ 5.8B	A+ [2]	▲6/92	AAA [1]		Aaa [1]		-		B [5]	
American Investors LIC	60631	KS	\$ 2.5B	A- [4]	▼9/97	-		Baa1 [8]	▲5/98	A+ [5]	▲1/98	C [8]	

Continued ...

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

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

ber following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary. Canadian carriers are not assigned NAIC numbers.

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

Admitted Assets is the dollar value of all assets reported in a company's statutory annual statement and admitted or accepted by state regulators. Includes invested assets plus amounts receivable and separate account assets. **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 to directly contact the rating agencies and insurance companies for verification of ratings and additional details.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
American Life/Casualty Ins.	60682	IL	\$ 5.9B	A [3]	▲6/97	A+ [5]	▲12/97	Baa1 [8]	▲2/98	-		C- [9]	
American Life Insurance Co.	60690	DE	\$ 15.4B	-		AAA [1]		-		-		B+ [4]	▲2/98
Amer. Life Insurance Co. / NY	60704	NY	\$ 1.3B	A+ [2]		AA+ [2]	▲12/97	-		AA [3]		B [5]	
American Maturity	81213	CT	\$ 0.2B	A+ [2]	▲9/94	AA [3]	▼9/96	-		AA+ [2]		B [5]	
American Mayflower LIC/NY	60712	NY	\$ 0.9B	A+ [2]		AA [3]	▲12/96	Aa2 [3]	▲4/97	AA+ [2]		B- [6]	
American National Ins.Co.	60739	TX	\$ 6.9B	A++ [1]		AA+ [2]		Aa2 [3]		-		A- [3]	▲5/98
American Partners LIC	93653	AZ	\$ 0.2B	A+ [2]		-		-		AAA [1]		C [8]	
Amer. Skandia L. Assur	86630	CT	\$ 12.3B	A- [4]		A [6]	▲6/97	-		AA- [4]		D+ [10]	▲7/97
American United LIC	60895	IN	\$ 7.6B	A+ [2]		AA [3]	▲10/96	A1 [5]		AA [3]	▼10/96	B [5]	
Ameritas LI Corp.	61301	NE	\$ 1.9B	A+ [2]		AA [3]		A1 [5]		-		A- [3]	▼8/98
AmerUs LIC	61689	IA	\$ 4.0B	A [3]		A [6]	▼4/95	A3 [7]	▼5/98	AA- [4]		C+ [7]	
Anchor National LIC	60941	AZ	\$ 12.4B	A+ [2]	▲6/95	AA- [4]	▼9/95	A2 [6]		AA [3]		C+ [7]	▲8/97
Aurora National LAC	61182	CA	\$ 4.6B	-		-		Baa1 [8]		A+ [5]	▲7/95	11 (D)	
AUSA LIC	70688	NY	\$ 10.0B	A [3]	▲6/94	AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		C [8]	
Bankers Life/Cas. Co.	61263	IL	\$ 4.0B	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]		C [8]	
Bankers United Life Assurance	61387	IA	\$ 3.3B	A [3]		AAA [1]	▲9/96	Aa3 [4]		AA+ [2]		B- [6]	▲4/97
Banner LIC	94250	MD	\$ 0.9B	A+ [2]		-		A2 [6]	▼6/97	-		B- [6]	
Beneficial Std LIC	61417	CA	\$ 2.4B	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]	▲11/97	C [8]	
Berkshire LIC	61433	MA	\$ 1.4B	A [3]	▼12/96	AA- [4]	▼2/96	-		AA- [4]	▼9/97	C+ [7]	
Business Mens Assurance	61492	MO	\$ 2.5B	A [3]	▼10/95	AA [3]		A1 [5]		AA [3]		B [5]	▼4/97
Canada Life Assurance	80659	CN	\$ 25.1B	A++ [1]		AA+ [2]	▼8/95	Aa2 [3]		AAA [1]		-	▲5/98
Canada Life Ins.Co.(NY)	79359	NY	\$ 0.3B	A++ [1]		AA+ [2]	▼8/95	-		AAA [1]		B- [6]	
Capitol Bankers LIC	62421	MI	\$ 0.3B	A- [4]		A- [7]		-		-	withdrawn	C [8]	
Central Benefits National Life Insurance	63541	OH	\$.04B	B++ [5]		-		-		-		-	
Central National LIC/Omaha	61700	DE	\$ 0.6B	A+ [2]		-		-		-		B [5]	▼4/97
Champlain LIC	93637	VT	\$ 0.8B	A [3]		-		-		-		-	
Chubb Colonial LIC of America	62057	NJ	\$ 0.5B	A [3]		AA [3]		-		-		B [5]	▼9/95
Chubb Sovereign LIC	80438	NH	\$ 0.4B	A+ [2]		AA [3]	▼8/97	-		-		B [5]	
Cigna LIC	93629	CT	\$ 0.1B	A+ [2]		AA [3]		-		AA+ [2]	▼1/98	-	
Columbia Universal Life Insurance Co.	77720	TX	\$ 0.4B	A- [4]		-		-		-		B- [6]	▲5/98

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

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Columbus LIC	99937	OH	\$ 1.9B	A+ [2]		AAA [1]		Aa2 [3]		AAA [1]		B+ [4]	▲2/97
Commercial Union LIC/America	62898	DE	\$ 1.8B	A+ [2]		-		-		AA- [4]		B+ [4]	▲1/96
Commonwealth LIC	62227	KY	\$ 5.7B	A+ [2]		AAA [1]		Aa3 [4]		-		C+ [7]	9/95
Companion LIC	62243	NY	\$ 0.5B	A [3]		-		-		AA [3]		B [5]	
Connecticut General LIC	62308	CT	\$ 69.7B	A+ [2]	▼6/92	AA [3]		Aa3 [4]	▲10/96	AA+ [2]	▼1/98	C+ [7]	
Connecticut National LIC	93769	IL	\$ 0.3B	A [3]		A+ [5]		-		-		C [8]	
Constitution LIC	62359	TX	\$ 0.2B	B++ [5]		-		-		-		D [11]	▼7/95
Continental General Insurance Co.	71404	NE	\$ 0.4B	A- [4]		-		-		AAA [1]		B [5]	
Continental Western LIC	62510	IA	\$ 0.4B	-		-		-		-		-	
Cova Financial Services LIC	93513	MO	\$ 2.5B	A [3]	▲1/95	AA- [4]		A1 [5]	▲10/95	AA [3]		C [8]	▲10/95
Crown LIC	n/a	CN	\$ 6.7B	A- [4]		A- [7]	▲9/96	Baa3 [10]	▼7/96	-		-	
CU Life Insurance Co. NY	92665	NY	\$ 0.3B	A+ [2]		-		-		AA- [4]		-	
CUNA Mutual Insurance Society	62626	WI	\$ 2.1B	A [3]		-		-		AA [3]		C [8]	
CUNA Mutual LIC	65749	IA	\$ 3.5B	A [3]	▼3/97	-		-		AA [3]		B+ [4]	▲11/95
Delta Life & Annuity	65145	TN	\$ 1.8B	A [3]	▼6/96	-		A3 [7]		A+ [5]		B- [6]	
Empire General LAC	94285	TN	\$.1B	A+ [2]	▲2/94	AA [3]		-		AA [3]		-	
Empire LIC	62820	WA	\$ 0.03B	A- [4]	▲6/95	-		-		-		-	
Equitable L. Assur. Society	62944	NY	\$ 74.9B	A [3]	▲5/95	AA- [4]	▲10/95	Aa3 [4]	▲6/96	AA- [4]	▲12/95	C [8]	▲11/97
Equitable Life/IOWA	62979	IA	\$ 4.6B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98	AA+ [2]	▲10/97	B [5]	
Equitable Variable LIC	81361	NY	\$ 13.5B	-		-		withdrawn		-		C- [9]	▲9/95
Farmers New World LIC	63177	WA	\$ 4.0B	A+ [2]		-		Aa3 [4]		-		A- [3]	▼4/97
Federal Home LIC	67695	IN	\$ 2.1B	A+ [2]	▲4/96	-		Aa2 [3]		AA [3]	▲8/96	B- [6]	
Federal Kemper Life Assur.	63207	IL	\$ 2.2B	A [3]	▲1/96	AA- [4]		Aa3 [4]	▲1/96	AA [3]	▲1/96	B- [6]	▲5/97
Fidelity & Guar. LIC	63274	MD	\$ 3.2B	A- [4]		A [6]	▲2/96	A3 [7]	▲6/98	A+ [5]	▲3/97	C [8]	▲1/96
Financial Benefit LIC	98213	KS	\$ 0.5B	B+ [6]	▲6/96	-		-		-		C [8]	▲2/97
First Alexander Hamilton LIC	71510	NY	\$ 0.5B	A++ [1]	▲11/96	-		-		AAA [1]	▲10/95	B [5]	
First Allmerica Financial Life	69140	MA	\$ 7.2B	A [3]		AA- [4]	▲10/97	A1 [5]		AA [3]		C [8]	
First Colony LIC	63401	VA	\$ 10.0B	A++ [1]		AA [3]	▲12/96	Aa2 [3]	▲4/97	AA+ [2]		B+ [4]	▲6/96
First GNA LIC/NY	72990	NY	\$ 1.4B	-		-		-		-		-	
First Rel. Std. LIC	71005	NY	\$ 0.06B	A- [4]		A [6]	▲3/97	-		A+ [5]	▼12/95	-	

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

Continued ...

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
First Safeco National of NY	78417	NY	\$ 0.03B	A+ [2]		AA [3]	▲7/98	-		-		-	
First SunAmerica LIC	92495	NY	\$ 1.8B	A+ [2]		-		A2 [6]		-		C+ [7]	
First UNUM LIC	64297	NY	\$ 0.7B	A+ [2]		AA [3]		Aa2 [3]		-		B- [5]	▼8/98
First Variable LIC	77984	AR	\$ 0.5B	A- [4]		-		-		AA- [4]	▼8/98	B- [6]	▲3/96
Fort Dearborn LIC	71129	IL	\$ 0.6B	A [3]		A+ [5]	▲1/97	-		-		B [5]	▼11/94
Fortis Benefits LIC	70408	MN	\$ 6.3B	A [3]	▼4/96	AA [3]		A1 [5]		-		B+ [4]	▲9/95
Franklin LIC	63622	IL	\$ 6.7B	A+ [2]	▲6/96	AA+ [2]	▲6/97	Aa3 [4]		AAA [1]	▲8/97	A- [3]	▼10/95
GE Capital LAC/NY	72990	NY	\$ 1.7B	A+ [2]		AA [3]		Aa2 [3]		AA [3]		B+ [4]	▲2/97
General American LIC	63665	MO	\$ 12.4B	A+ [2]		AA- [4]		A1 [5]		AA [3]		C+ [7]	
General Electric CAP	70025	DE	\$ 9.9B	A+ [2]	▲6/95	AA [3]		Aa2 [3]	▲4/97	AA [3]	▲8/96	B [5]	▲5/97
Glenbrook Life & Annuity Co.	70092	IL	\$ 0.7B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲5/98
Globe Life & Accident IC	91472	DE	\$ 1.0B	A+ [2]	▼5/95	withdrawn		-		-		B [5]	▼1/96
Golden America LIC	80942	DE	\$ 2.2B	A+ [2]		AA+ [2]		-		AA+ [2]	▲10/97	C+ [7]	▲2/98
Golden Rule Insurance Co.	62286	IL	\$ 1.5B	A [3]	▼5/95	AA- [4]		-		-		B [5]	
Grand Pacific LIC	63975	HI	\$ 0.2B	B+ [6]		-		-		BBB [9]	▼5/98	C [8]	▲6/96
Great American LIC	63312	OH	\$ 5.9B	A [3]		-		Baa1 [8]	▲10/96	AA- [4]	▲11/95	C [8]	▼5/98
Great American Reserve Insurance	64017	TX	\$ 2.5B	A [3]	▲8/96	A+ [5]		Baa1 [8]	▲2/98	AA- [4]	▲11/97	C [8]	▲4/97
Great Northern Insurance Ann.	94366	WA	\$ 6.7B	A+ [2]		AA [3]		Aa2 [3]	▲4/97	AA [3]		B [5]	▲3/95
Great Southern LIC	90212	TX	\$ 1.1B	A [3]		A [6]		-		-		C [8]	▼5/98
Great-West Life & Annuity	68322	CO	\$ 21.2B	A++ [1]		AA+ [2]		Aa2 [3]		AAA [1]		A- [3]	▲8/98
Guardian Insurance/Annuity Co	78778	DE	\$ 7.9B	A+ [2]		AA+ [2]	▼1/97	Aa1 [2]	▼9/96	AAA [1]		A [2]	▲7/97
Guardian LIC of America	64246	NY	\$ 14.4B	A+ [2]	▼10/97	AA+ [2]	▼1/97	Aa1 [2]	▼9/96	AAA [1]		A+ [1]	
Hartford LIC	88072	CT	\$ 62.8B	A+ [2]	▼10/95	AA [3]	▼9/96	Aa3 [4]	▼1/97	AA+ [2]	▼10/95	B+ [4]	▼9/95
Harvest LIC	79421	OH	\$ 1.2B	A+ [2]	▲4/96	-		Aa2 [3]		AA [3]	▲8/96	B- [6]	▲2/97
Horace Mann LIC	64513	IL	\$ 3.2B	A [3]	▼11/95	AA- [4]		A3 [7]		AA [3]		B- [6]	▼5/98
IDS LIC	65005	MN	\$ 42.8B	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	
IDS Life/NY	80594	NY	\$ 2.6B	A+ [2]		-		Aa2 [3]		AAA [1]		B [5]	
Indianapolis LIC	64645	IN	\$ 1.7B	A [3]	▼6/96	AA- [4]		A2 [6]		AA [3]		B- [6]	▼6/98
Integrity LIC	74780	OH	\$ 5.8B	A [3]	▲10/95	A [6]		Baa1 [8]		A+ [5]		C [8]	▲5/96

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Inter-State Assurance Co.	64807	IA	\$ 1.3B	A [3]	▲5/94	AA- [4]		-		AA- [4]	▼8/98	B- [6]	▲2/96
Investors Insurance Corp.	64939	DE	\$ 0.2B	-		-		-		-		-	
Investors LIC of NE	86975	SD	\$ 0.6B	-		withdrawn		-		-		B+ [4]	▲10/95
Jackson National LIC	65056	MI	\$ 32.5B	A+ [2]		AA [3]		Aa3 [4]	▲1/98	AA+ [2]	▲6/98	C+ [7]	▲10/95
Jefferson-Pilot LIC	67865	NC	\$ 7.4B	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		A [2]	▼4/98
John Alden LIC	65080	MN	\$ 1.0B	A- [4]	▼3/96	BBB+ [8]	▼3/96	Baa2 [9]	▼4/97	-		C [8]	▼4/97
John Hancock Mutual	65099	MA	\$ 55.4B	A++ [1]		AA+ [2]	▼4/95	Aa2 [3]		AAA [1]		A- [3]	▲5/97
Kansas City LIC	65129	MO	\$ 2.4B	A [3]		A+ [5]	▼3/94	A2 [6]		-		B [5]	
Kemper Investors LIC	90557	IL	\$ 9.7B	A [3]	▲1/96	AA- [4]		Aa3 [4]	▲2/96	AA [3]	▲1/96	B- [6]	
Keyport LIC	65234	RI	\$ 14.6B	A+ [2]	▲11/94	AA [3]	▲2/98	A2 [6]	▼4/98	AA- [4]		B [5]	
Keystone State LIC	90344	PA	\$.03B	B [7]	▲11/95	-		-		A- [7]		-	
Knights of Columbus	58033	CT	\$ 6.9B	A++ [1]		AAA [1]		Aa3 [4]		-		-	
Lafayette LIC	65242	IN	\$ 0.8B	A [3]	▼5/95	-		-		A+ [5]	▼1/98	B [5]	
Lamar LIC	65250	MS	\$ 0.7B	A [3]		A+ [5]		-		AA- [4]	▲11/97	C+ [7]	▼8/98
Liberty LIC	65323	SC	\$ 1.3B	A [3]		-		-		AA- [4]	▼2/97	C+ [7]	▼4/97
Liberty National LIC	65331	AL	\$ 3.2B	A+ [2]	▼4/95	withdrawn		-		-		B [5]	▼11/97
Life Insurance Co./Georgia	65471	GA	\$ 2.8B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		A- [3]	▼5/98
Life Insurance Co./Southwest	65528	TX	\$ 2.0B	A [3]	▼6/94	-		Baa1 [8]		AA- [4]		B [5]	
Life Insurance Co./Virginia	65536	VA	\$ 10.6B	A+ [2]		AA [3]		Aa2 [3]	▲4/97	AA [3]	▼8/96	B [5]	
Life Investors Ins. Co.	64130	IA	\$ 7.0B	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B [5]	▲10/96
LifeUSA Insur. Co.	92509	MN	\$ 2.2B	A- [4]		BBB+ [8]		A3 [7]	▲5/98	-		C+ [7]	▲2/98
Lincoln Benefit Life	65595	NE	\$ 0.6B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B [5]	
Lincoln National LIC	65676	IN	\$ 58.3B	A+ [2]		AA- [4]		Aa3 [4]	▲7/94	AA+ [2]	▼11/95	B+ [4]	▲5/98
Lincoln Security LIC	61620	NY	\$ 0.3B	A [3]	▼11/96	AA- [4]		-		-		C [8]	▼7/97
London LIC	na	CN	\$ 23.0B	A++ [1]		AA+ [2]	▼8/95	Aa2 [3]		-		-	
London Pacific Life & Annuity	68934	NC	\$ 1.3B	B+ [6]	▲5/96					-		-	
Lutheran Brotherhood	57126	MN	\$ 1.9B	A++ [1]		AA+ [2]	▼2/96	Aa2 [3]		AAA [1]		-	
Manhattan National	67083	IL	\$ 0.4B	A [3]		A+ [5]		-		AA- [4]	▲11/97	C [8]	▼7/97
Manufacturers LIC	n/a	CN	\$ 30.5B	A++ [1]		AA+ [2]	▼10/94	Aa2 [3]	▲2/98	AAA [1]		-	
Massachusetts General LIC	65900	MA	\$ 1.5B	-		A+ [5]		-		AA- [4]	▲11/97	-	

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Massachusetts Mutual LIC	65935	MA	\$ 57.6B	A++ [1]		AAA [1]	▲6/94	Aa1 [2]		AAA [1]		A- [3]	
Medco Containment LIC	63762	PA	\$ 0.4B	-		-		-		-		-	
Mega Life & Health	97055	OK	\$ 0.7B	A [3]		-		-		AA- [4]	▲2/98	C+ [7]	▲2/97
Merrill Lynch LIC	79022	AR	\$ 13.6B	A [3]		AA- [4]	▲12/96	Aa3 [4]		-		B- [6]	
Metropolitan LIC	65978	NY	\$172.4B	A+ [2]	▼12/94	AA [3]	▼12/96	Aa2 [3]	▼3/96	AA+ [2]	▼9/96	A- [3]	
Midland LIC	66036	OH	\$ 1.2B	A [3]	▲2/98	A+ [5]	▲2/98	-		-		C+ [7]	▲5/98
Midland National LIC	66044	SD	\$ 3.6B	A+ [2]		AA [3]	▼6/96	A2 [6]		-		A- [3]	▼5/98
Ministers Life	93742	MN	\$ 0.21B	A+ [2]		-		-		AAA [1]		-	
Minnesota Mutual LIC	66168	MN	\$ 13.3B	A++ [1]		AA+ [2]		Aa2 [3]	▼8/95	AAA [1]		A [2]	
Modern Wood./Amer.	57541	IL	\$ 3.8B	A+ [2]		-		-		AA [3]	▼11/95	-	
Monumental LIC	66281	MD	\$ 4.0B	A+ [2]	▲10/94	AAA [1]		Aa3 [4]		AA+ [2]		B- [6]	
Mutual Life Assurance	81914	CN	\$ 22.7B	A++ [1]		AA+ [2]		Aa2 [3]		-		-	▲2/97
Mutual LIC/NY (MONY)	66370	NY	\$ 11.8B	A- [4]		A+ [5]	▲7/98	A3 [7]	▲5/96	A+ [5]		C [8]	
Mutual of Amer. LIC	88668	NY	\$ 8.3B	A+ [2]		AA+ [2]		Aa3 [4]		AA [3]		B+ [4]	
Mutual Trust LIC	66427	IL	\$ 0.8B	A [3]		A+ [5]		-	▼11/97	A+ [5]		B+ [4]	
National Guardian LIC	66583	WI	\$ 0.7B	A- [4]	▼7/94	-		-		-		A [2]	▼6/97
National Integrity LIC	75264	NY	\$ 1.1B	A [3]	▲10/95	A [6]		Baa1 [8]		A+ [5]		C [8]	
National LIC of VT	66680	VT	\$ 6.0B	A [3]	▼9/95	A+ [5]		A3 [7]	▼5/98	AA- [4]		B- [6]	
Nationwide LIC	66869	OH	\$ 55.6B	A+ [2]		AA+ [2]	▼3/96	Aa2 [3]	▼5/96	AA+ [2]		B+ [4]	
New England Mutual Life	66893	MA	\$ 16.3B	-		AA [3]	▼12/96	Aa2 [3]		AA+ [2]	▲9/96	B- [6]	
New York LIC	66915	NY	\$ 65.3B	A++ [1]		AA+ [2]	▼1/97	Aa1 [2]	▼8/96	AAA [1]		A [2]	
North America Co./L&H	66974	IL	\$ 1.6B	A [3]		A+ [5]	▲7/98	A3 [7]		-		C+ [7]	
North America Secur. LIC	90425	DE	\$ 5.0B	-		AA+ [2]	▲1/96	-		-		-	
Northbrook LIC	88528	IL	\$ 5.8B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		A- [3]	▲8/98
Northern LIC	87734	WA	\$ 5.8B	A+ [2]		AA- [4]		A1 [5]		AA [3]		B+ [4]	▲8/97
Northwestern Mutual LIC	67091	WI	\$ 71.1B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	
Ohio National Life Assur.	89206	OH	\$ 0.9B	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	▲2/96
Ohio National LIC	67172	OH	\$ 5.1B	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	▼4/97
Old Line LIC of Amer.	67245	WI	\$ 1.4B	A+ [2]		AA+ [2]		Aa3 [4]	▲6/97	-		B [5]	▲5/98
Pacific LIC	67466	CA	\$ 31.8B	A+ [2]	▲6/95	-		Aa3 [4]	▲9/94	AA+ [2]		A [2]	
Pan-American LIC	67539	LA	\$ 1.9B	A- [4]	▼6/96	-		Baa1 [8]	▼2/98	A [6]	▼10/97	C+ [7]	▼8/98

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Paragon LIC	93564	MO	\$ 0.2B	A+ [2]		AA- [4]		-		AA [3]		C [8]	
Paul Revere LIC	67598	MA	\$ 5.0B	A [3]	▼4/95	A+ [5]	▼11/96	A1 [5]		AA- [4]		C [8]	▼7/97
Penn Insurance & Annuity	93262	DE	\$ 1.2B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97	AA- [4]		C+ [7]	
Penn Mutual LIC	67644	PA	\$ 7.1B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97	AA- [4]		C+ [7]	
Peoples Benefit LIC ¹	66605	MO	\$ 11.3B	A+ [2]		AAA [1]	▲8/97	Aa3 [4]	▲6/97	AA+ [2]		B- [6]	▼2/98
Peoples Security LIC	64475	NC	\$ 6.0B	A+ [2]		AAA [1]	▲8/97	Aa3 [4]		AA+ [2]		C+ [7]	▼4/97
PFL Life Ins Co.	86231	IA	\$ 8.7B	A+ [2]	▲6/95	AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B- [6]	
PHF LIC	84808	FL	\$ 0.3B	A+ [2]		-		-		-		C+ [7]	▲4/97
Philadelphia LIC	97047	PA	\$ 1.6B	A [3]		A+ [5]		-		AA- [4]	▲11/97	C+ [7]	▼8/98
Phoenix Home Life	67814	NY	\$ 16.0B	A [3]		AA [3]	▲11/95	Aa3 [4]		AA [3]		B- [6]	▼5/98
Physicians Mutual Ins. Co.	80578	NE	\$ 0.9B	A [3]	▼6/95	AA [3]	▲7/95	-		-		A+ [1]	
Pioneer LIC of IL	68330	IL	\$ 0.6B	B++ [5]	▲6/96	A+ [5]		-		AA- [4]	▲11/97	C [8]	
Presidential LIC	68039	NY	\$ 2.3B	A- [4]	▲11/94	-		Baa2 [9]	▲8/97	-		C [8]	▲10/95
Primerica LIC	65919	MA	\$ 3.4B	A [3]	▲12/96	AA [3]		Aa3 [4]		AA [3]		B [5]	
Principal Mutual LIC	61271	IA	\$ 64.0B	A+ [2]	▼3/96	AA [3]	▼10/98	Aa2 [3]	▼6/98	AAA [1]		A- [3]	▲8/98
Protective LIC	68136	TN	\$ 7.5B	A+ [2]		AA [3]		A1 [5]		AA [3]		B- [6]	▼11/97
Provident Life/Accid.	68195	TN	\$ 10.8B	A [3]		A+ [5]	▼10/94	A1 [5]		AA- [4]		C [8]	▼4/98
Provident Mutual LIC	68225	PA	\$ 5.7B	A [3]	▼6/96	AA- [4]		A2 [6]		AA [3]		B- [6]	
Provident National Assurance	70866	TN	\$ 1.0B	A [3]		withdrawn		A1 [5]		AA- [4]	▼12/94	C [8]	
Prudential Ins.Co./Amer	68241	NJ	\$194.0B	A [3]	▼4/95	A+ [5]	▼8/97	A1 [5]	▼2/97	AA- [4]	▼3/98	B- [6]	
Reliance Standard LIC	68381	IL	\$ 1.6B	A- [4]	▼12/95	A [6]	▲3/97	Baa2 [9]		A+ [5]	▼12/95	C [8]	
ReliaStar Life Ins. Co. of NY	61360	NY	\$ 2.2B	A+ [2]		AA- [4]	▲3/96	A1 [5]		AA [3]		C+ [7]	▲5/98
Royal Macabees LIC	65765	MI	\$ 2.0B	A- [4]	▲7/96	-		Baa1 [8]		A [6]	▼4/95	C [8]	
SAFECO LIC	68608	WA	\$ 13.0B	A+ [2]		AA- [4]	▼3/98	A1 [5]	▼7/97	AA [3]		B+ [4]	▼5/98
Savings Bank LI/MA	70435	MA	\$ 1.2B	A+ [2]		AA- [4]		-		AA [3]		B+ [4]	▲7/97
Security Benefit LIC	68675	KS	\$ 6.2B	A+ [2]		AA- [4]	▲5/98	A2 [6]		AA- [4]		C+ [7]	
Security Connecticut LIC	91588	CT	\$ 1.7B	A [3]	▼11/96	AA- [4]	▲7/97	A2 [6]	▲8/97	AA [3]		-	
Security First LIC	61050	DE	\$ 3.4B	A [3]		AA [3]		Aa3 [4]	▲2/98	-		B- [6]	▲6/98
Security Life of Denver	68713	CO	\$ 4.8B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B+ [4]	▼8/98

¹ Formerly Provident Life & Health
Continued ...

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Security Mutual LIC/NY	68772	NY	\$ 1.4B	A [3]		A+ [5]		-		A+ [5]	▼9/95	B- [6]	▼5/96
Southland LIC	68950	TX	\$ 1.5B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B+ [4]	▲11/97
Southwestern LIC	91391	TX	\$ 1.8B	B++ [5]	▼1/96	BBB- [10]	▼7/98	B2 [15]		BB+ [11]		D+ [10]	▼8/98
Standard Insurance Co.	69019	OR	\$ 4.5B	A [3]	▼4/94	A+ [5]	▼6/96	A2 [6]		AA- [4]		B- [6]	
State Farm LIC	69108	IL	\$ 23.4B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	
State LIC	69116	IN	\$ 0.3B	A+ [2]	▲10/94	AA [3]	▲9/96	-		AA [3]	▼11/96	B [5]	
Sun Life Assur./Canada	79065	CN	\$ 41.8B	A++ [1]		AAA [1]		Aa1 [2]		AAA [1]		-	▲5/98
Sun Life/Canada (US)	69256	DE	\$ 15.9B	A++ [1]		AAA [1]		Aa1 [2]		AAA [1]		B [5]	
Sunamerica LIC	69272	AZ	\$ 16.2B	A+ [2]	▲6/95	AA- [4]	▼8/95	A2 [6]		AA [3]		C- [7]	▼1/96
Sunset LIC/America	69345	WA	\$.05B	A [3]	▼11/94	A+ [5]	▼4/95	-		-		B [5]	▲5/98
Teachers Ins & Annuity (TIAA)	69477	NY	\$ 93.8B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A [2]	
Time Insurance Co.	70491	WI	\$ 1.4B	-		A [6]	▼11/95	-		-		-	
TMG LIC (WIn States)	69507	ND	\$ 1.6B	A++ [1]	▲11/94	AA+ [2]	▼8/96	-		-		B- [6]	
Transam. Life & Ann.	67121	NC	\$ 17.0B	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B [5]	
Transam. Occidental	87726	CA	\$ 17.7B	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B+ [4]	▲2/97
Travelers Insurance Co.	80950	CT	\$ 36.0B	A+ [2]	▲7/97	AA [3]	▲9/98	Aa3 [4]	▲4/97	AA [3]	▲11/97	B- [6]	▲5/98
Travelers Life/Annuity	80837	CT	\$ 3.0B	A+ [2]	▲7/97	AA- [4]	▲11/96	Aa3 [4]	▲4/97	AA [3]	▲11/97	B- [6]	▲5/98
Union Central LIC	69744	OH	\$ 4.8B	A [3]		A+ [5]		A3 [7]		A+ [5]		C [8]	
Union Labor LIC	92916	MD	\$ 2.5B	B++ [5]		withdrawn		-		withdrawn		C- [9]	▲5/98
United American Insurance Co.	94099	DE	\$ 0.8B	A+ [2]		withdrawn		-		-		A- [3]	
United Investors LIC	69876	MO	\$ 2.8B	A+ [2]	▼5/95	AA [3]	▼9/96	A3 [7]		-		A- [3]	▼11/97
United Life & Annuity IC	69868	LA	\$ 1.4B	B++ [5]		-		-		-		C [8]	▼6/98
United of Omaha	70033	NE	\$ 9.3B	A [3]	▼6/96	AA [3]		Aa3 [4]	▼7/95	BB+ [11]	▼8/98	B+ [4]	
United Presidential	62235	IN	\$ 1.2B	A [3]		-		-		-		C+ [7]	▼8/98
UNUM LIC	69663	ME	\$ 6.9B	A++ [1]		AA [3]	▼1/95	Aa2 [3]	▼4/95	-		B- [6]	▼5/98
USAA LIC	70106	TX	\$ 6.9B	A++ [1]		AAA [1]		Aa1 [2]		-		A [2]	▲7/97
U.S. Life Ins. Co. (NY)	61247	NY	\$ 2.5B	A+ [2]		-		Aa3 [4]	▲6/97	-		-	
USG Annuity & Life Co.	70238	OK	\$ 7.4B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98	AA+ [2]	▲10/97	B- [6]	▲9/95
Variable Annuity LIC	70335	TX	\$ 33.7B	A+ [2]		AA+ [2]		Aa2 [3]		AAA [1]		B+ [4]	
West Coast LIC	70335	CA	\$ 0.8B	A [3]	▼4/97	-		A1 [5]	▲2/98	AA [3]		B- [6]	▼11/97

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

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Western Reserve Life Assurance of OH	91413	OH	\$ 5.2B	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B [5]	▲7/97
Western & Southern Life Insurance	70483	OH	\$ 6.4B	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		A- [3]	
Western United LAC	77925	WA	\$ 0.9B	B [7]	▼6/95	-		-		-		D [11]	▼9/95
William Penn LIC/NY	66230	NY	\$ 1.1B	A [3]		-		A2 [6]	▼6/97	-		B- [6]	▼5/96
Woodmen of the World Life Society	57320	NE	\$ 4.5B	A+ [2]		AA [3]		-		-		-	
Zurich LIC of America	70661	IL	\$ 0.3B	A [3]	▲6/94	AA- [4]		Aa3 [4]		AA [3]		C [8]	

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



Rating Agencies

A.M. Best's Ratings

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

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

A. M. Best's rating is assigned after evaluating a company's financial condition and operating performance both in qualitative and quantitative terms. Quantitative evaluation examines (1) profitability, (2) leverage, (3) liquidity, (4) reserve adequacy, and (5) reinsurance. Qualitative evaluation is based on (1) spread of risk, (2) soundness and 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 includes the company's rating, is \$20.

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

Standard & Poor's Ratings

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

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

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (i.e., 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.

Rating Agencies

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 Ratings, Inc. a recent entrant in the insurance rating business, began offering its **Weiss Safety 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 Rating 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 Weiss Safety 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.

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.