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## Survey Finds Baby Boomers, Especially Women, Headed for Financial Disaster in Golden Years

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- Ratings of the Insurance Companies

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Hersh L. Stern  
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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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# Benefit Plan Investigations: A Primer From PWBA's Enforcement Director

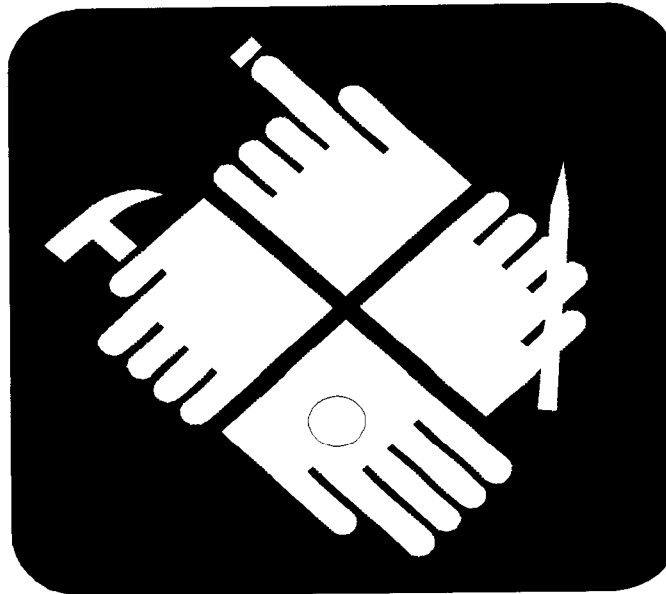
Many administrators of pension and welfare benefit plans may wonder how the DOL selects targets for investigation. According to Virginia C. Smith, Director of Enforcement at the DOL's Pension and Welfare Benefits Administration (PWBA), most investigations under Title I of ERISA are triggered by complaints from plan participants themselves. In addition, Smith told attendees at a September 10 conference in Washington, D.C., on employee retirement and welfare Plans of tax-exempt and government employers, investigations can be triggered by problems detected in the Forms 5500 filed with the DOL, leads from other agencies, or tips from the media.

**Types of DOL investigations.** Smith explained that there are three categories of DOL investigations:

- a *limited* investigation, generally consisting of a quick look at relevant plan documents to see if there are any obvious problems;
- a *fiduciary* investigation, which is more serious and sometimes is converted from a limited investigation; and
- a *criminal* investigation, which presents the most serious danger to a plan. A criminal investigation might stand alone, but it also could be converted from a civil investigation (such as a fiduciary investigation) or run concurrently with a civil investigation.

Regardless of the type of investigation, the first thing the DOL usually wants to do is look at the plan documents. Lest administrators of governmental or church plans (which generally are exempt from ERISA) be too

complacent about the prospect, Smith observed that Title I of ERISA gives the DOL authority to examine plan documents to determine whether a given plan is covered by or exempt from the statutory requirements. Smith made clear that, if it meets resistance, the DOL has the power to issue sub-



poenas for the plan documents, sworn testimony from plan administrators, or both. Moreover, she noted, the DOL (unlike the IRS, at least in some circumstances) does not reimburse any target or third party for costs associated with gathering and submitting documents, because the agency considers them simply part of the "cost of doing business." Although the DOL always requests original documents, in some cases the target of an investigation might be able to negotiate the production of copies instead. The target would, however, have to pay the copying costs. Finally, Smith warned that the DOL takes a very dim view of any claim of attorney-client privilege that a target may raise in response to all or part of a document request.

Smith explained that there are generally three possible outcomes to a DOL investigation:

- First, the DOL may find no ERISA violation, in which case the investigation is closed, usually accompanied by a letter to the target informing it that no violation was found.
- Second, the DOL may find a comparatively minor violation. In these cases, the agency informs the target of its findings and may invite the target to discuss possible means of addressing the problem. (When a target finds itself in this situation, Smith recommended that it cooperate as fully as possible and consider carefully accepting any suggestions made by the DOL.)
- Third, the DOL may find a violation so serious that the agency elects to bring litigation directly against the target.

### Fiscal year 1999 priorities.

Smith outlined the DOL's national investigative priorities for the fiscal year that begins October 1. The national priorities are determined based on the areas where the DOL believes the most abuses exist. In addition, each of the DOL's regional offices is free to set up its own priority areas for investigation.

**The 401(k) project.** In the pension benefits area, Smith indicated, one major focus of the DOL will be the "401(k) project," which grew out of numerous complaints by plan participants concerning the handling of their salary deductions. In many cases, Smith said, the DOL discovers that the participants' money was not getting into the plan until very late, if at all. When a plan administrator diverts 401(k)

(Continued on page 8)

money to other uses or (in the most egregious cases) steals it outright, she noted, a criminal case is sure to follow.

Another part of the 401(k) project is participants' (and the DOL's) concern with excessive or unexplained fees associated with the plans. Although the DOL has yet to bring any enforcement actions based on 401(k) fees, it brought and recently settled a somewhat similar case involving 12b-1 fees in the context of mutual fund transactions. It therefore seems virtually certain that an enforcement action based on excessive 401(k) fees eventually will follow.

**Health care benefits.** In the health care benefits field, Smith said, the DOL is particularly concerned with investigations of abusive practices related to multiple employer welfare arrangements (MEWAs) and Administrative Services Only (ASO) contracts. With regard to MEWAs, the DOL intends to root out "unscrupulous MEWA operators" who "prey on" well-meaning smaller employers that want to provide their employees the best health care coverage they can obtain. Because a MEWA can give a third party extensive control over many plan operations affecting a large number of employers, MEWA operators may have more opportunities than most third parties involved with employee benefit plans to, for example, misappropriate plan funds.

ASOs similarly tend to involve smaller employers that have self-insured health plans and that contract with a third party to handle administrative services, such as the payment of benefits. One problem the DOL has run across repeatedly in these situations, Smith said, is that the ASO provider negotiates a substantial discount with a hospital or other health care provider but fails to tell either the employer or the employee about the discount. As a result, both the employer and plan participants usually end up paying considerably more than they should (the latter in the form of excessive copayments), while the ASO provider pockets the difference.

**Year 2000 problem.** Smith stressed that, regardless of the type or subject of

the investigation, all targets through December 31, 1999, should expect to be questioned by DOL investigators about the status of their Year 2000 (Y2K) computer system compliance. She reiterated the point made in two DOL press releases in February and July 1998, which emphasized that plan administrators and other fiduciaries ultimately are responsible for all matters regarding plan operations, including Y2K compliance.

Because plan fiduciaries must delegate many functions to others—but generally remain liable for any malfeasance or negligence on their part—Smith stressed that they also need to be particularly vigilant about the Y2K preparations by third-party administrators (TPAs), service providers, and investment managers, who actually perform many of the calculations that affect plan participants. Not surprisingly, few third parties are willing to give plan fiduciaries a firm certification of their Y2K compliance. In most cases, Smith predicted, a plan fiduciary can expect to receive a vaguely worded response and then will have to make a considered judgment about its adequacy. A complete failure or refusal to respond to inquiries about Y2K compliance, however, is a red flag that should prompt a fiduciary to reconsider whether it wants to continue doing business with that third party.

Finally, Smith warned fiduciaries against relying on plan accountants and auditors to catch or address any Y2K problems. Their engagement letters should be reviewed carefully to determine exactly what obligations the accountants and auditors may have in this regard. In many cases, there may be an explicit disclaimer of obligation for Y2K matters.

- For further information about DOL investigations and enforcement, visit the PWBA's Web site, <http://www.dol.gov/dol/pwba>. For copies of publications, call the DOL's toll-free hotline at (800) 998-7542.

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## EBRI Surveys Small Employers on Individual Social Security Accounts

As debate about how to reform Social Security continues, most small-business owners are unaware of how they might have to help operate proposed Social Security individual accounts, and one-fifth of those who favor them are unwilling to pay any extra administrative costs, according to a survey released by the Employee Benefit Research Institute (EBRI).

Under various "individual account" proposals introduced in Congress, workers would be able to invest a portion of their Social Security payroll taxes in the private financial markets. Such reform proposals would be likely to affect the way that payrolls are processed. The almost 5 million small employers in the U.S. (those with fewer than 100 workers) are a critically important player in that process, since they employ about 41% of all private-sector full-time workers in the nation.

The EBRI survey, based on interviews with 500 small business owners, found that when small business leaders were asked a generic question about support of, or opposition to, individual Social Security accounts with no mention of cost, a majority (57%) favors some type of individual accounts. But the survey also found that almost two-thirds had not thought about the possibility that they might be required by law to help administer individual Social Security accounts. Once they had considered that possibility, and specific options, 61% said they were less likely to support the concept. Since most small employers support Social Security individual accounts only if they don't have to pay for them—and many don't support them at all—EBRI concluded that the cost and burdens of administration will ultimately define support or opposition from the small business community.

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## Plans Didn't Meet Minimum Participation Test After Failed Terminations; Owner-Participant Taxed on His Vested Benefits

The defined benefit and money purchase pension plans of a company wholly-owned by a participant went through some of the steps in the termination process, but did not terminate in accordance with applicable regulations. Because the ongoing plans didn't meet the minimum participation requirement after the purported terminations, the owner-participant was taxed on his vested accrued benefit at the end of each plan year during which the plans didn't meet that qualification requirement.

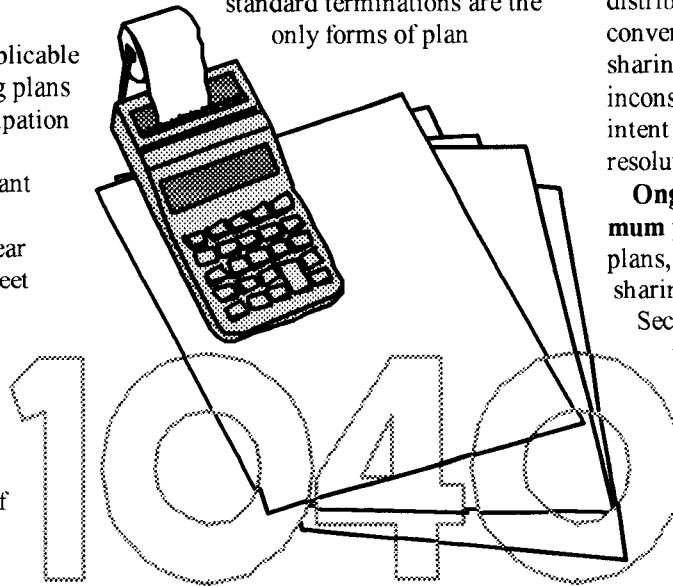
*(Frank and Roberta Gant (1998, TC) TC Memo 1998-440)*

**Did company terminate plans?** Frank Gant was the president and sole shareholder of O.W.G. Products, Inc. (Products). Products adopted a defined benefit pension Plan and a money purchase pension plan effective July 1, 1980, with a plan year ending on June 30. In October, 1987, Products' board of directors adopted a resolution terminating the plans, and Gant wrote a letter asking the plans' third-party administrator to terminate the plans. Gant, as trustee, distributed benefits and annuity contracts to participants in both plans in December, 1988.

Despite the October, 1987 resolution terminating the plans, neither Products nor Gant gave written notice to plan participants of the intent to terminate the pension plans. And the board adopted a September 1, 1988 resolution converting the money purchase plan to a profit sharing plan despite its earlier resolution terminating the plan. Products didn't file a Standard Termination Notice Form 500 with PBGC until 1992, and the PBGC

rejected the filing for non-compliance.

**It's not terminated 'til it's terminated.** The Tax Court held that the defined benefit plan was not terminated in 1988, so it remained subject to qualification requirements. Under Reg § 1.411(d)-2(c)(2), a single-employer defined benefit plan subject to PBGC coverage (such as the Products defined benefit plan) can be considered terminated only if it is terminated under ERISA § 4041. Distress and standard terminations are the only forms of plan



termination provided by ERISA § 4041. There was no distress termination here since that requires a PBGC finding that one of the distress termination criteria applies. There was no such PBGC finding here. Nor were the standard termination requirements met in 1988. There was no notice to affected parties and PBGC of the intent to terminate, nor was there a notification to each participant of the amount of his or her benefit as of the termination date, and the data Used to calculate the benefit.

The Tax Court also held that the money purchase pension plan was not terminated in 1988. Under Reg § 1.411(d)-2(c)(3), a qualified plan not subject to PBGC coverage (such as the Products money purchase pension plan) is terminated if it is voluntarily terminated by the employer, taking into account all the facts and circumstances. Here, the Form 5500-R filed by

Products for the plan year ended June 30, 1988 (the plan year of the purported termination) stated that the plan was not terminated. Products did not notify participants of the termination of the money purchase pension plan. The Forms 5500-R filed for the successor profit sharing plans for the fiscal 1989 and 1990 plan years also stated that the plans were not terminated. Further, the reported value of plan benefits was substantially greater than the amount distributed to participants. And the conversion of the plan to a profit sharing plan in September 1988 was inconsistent with the board's stated intent to terminate the plan in its 1987 resolution.

**Ongoing plans don't meet minimum participation test.** As ongoing plans, the defined benefit and profit sharing plans were subject to the Code Sec. 401(a)(26) minimum participation requirement in 1991. To satisfy Code Sec. 401(a)(26), a plan must benefit either 50 employees, or 40% of all employees. Gant admitted that only 15 of the 66 eligible employees participated in the plans in 1991, so the plans failed to meet the minimum participation requirements.

**Consequences to highly compensated employee.** Under Code Sec. 402(b)(4)(A), if a plan fails to satisfy the Code Sec. 401(a)(26) minimum participation requirement, a highly compensated employee must include in his income his vested accrued benefit under the plan as of the end of the plan year. The term highly compensated employee includes a more-than-5% owner such as Gant. Thus, Gant's 1991 income includes his June 30, 1991 vested accrued benefit in the plans, and his 1992 and 1993 income includes his accruals for the 1992 and 1993 fiscal plan years.

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# DOL Official Testifies Before Senate Committee on Y2K Problem

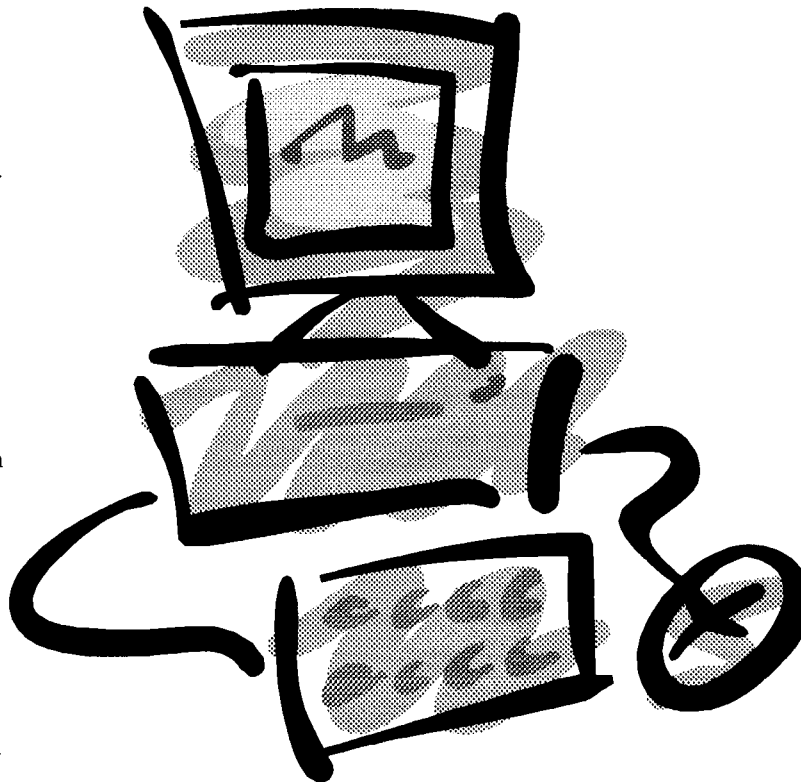
In testimony before the Senate Special Committee on the Year 2000 Technology Problem, Alan Lebowitz, Deputy Assistant Secretary for Program Operations, PWBA, outlined the steps that plan fiduciaries should take to address the Year 2000 computer problems. He also described what the PWBA has done to help fiduciaries understand their roles and responsibilities in addressing the problem.

*(Alan Lebowitz's testimony before Senate Special Committee on the Year 2000 Technology Problem, PWBA's web site at <http://www.dol.gov/dol/pwba>)*

In his September 17th testimony, Lebowitz said that the Year 2000 or "Y2K" problem could have a substantial impact on plan investments, benefit payments, and other essential plan operations. Therefore, plan fiduciaries are responsible for establishing and implementing a strategy to evaluate and ensure Year 2000 compliance, he said. Because of the complex and technological nature of this problem, plan fiduciaries may need to hire competent outside consultants and experts to inventory, review, assess, convert and test the computer systems relating to the plan, he warned. The plan fiduciary's selection of Y2K service providers is subject to the same fiduciary considerations as the selection of other plan service providers, according to Lebowitz.

Plan fiduciaries have an obligation not only to address the Year 2000 problem as it relates to computer systems under their control, but also to determine whether the plan's critical opera-

tions will be endangered by the computer systems of individuals and organizations that provide services to the Plan, such as third party administrators, Lebowitz said. In this regard, plan fiduciaries are responsible for obtaining information sufficient to evaluate the Year 2000 compliance of all of the



plan's existing service providers and determining what action is appropriate to ensure that the interests of the plan and its participants and beneficiaries are protected. In addition, when selecting service providers, plan fiduciaries should include Year 2000 compliance among the factors to be considered, Lebowitz said. The plan fiduciary is also responsible for monitoring service provider operations to ensure ongoing compliance and protection of the plan's interests.

Due to the pervasive nature of the Year 2000 problem, it may not be pos-

sible to prevent a disruption of computer operations. Because of that possibility, a plan fiduciary must determine how best to protect the plan and its participants and beneficiaries by establishing a contingency plan that will be implemented in the event the plan's essential operations are affected, Lebowitz said.

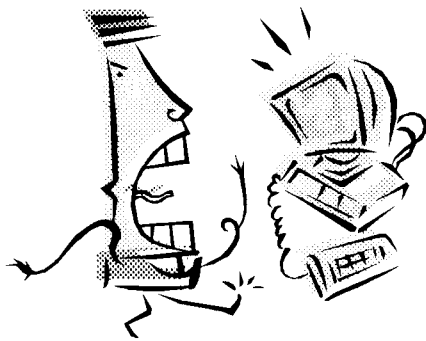
Even though many service providers to plans may have responsibility under existing licenses, agreements or maintenance contracts to participate in solving the problem and developing contingency plans, in the end it is the plan fiduciary's responsibility to be certain that their service providers are on top of the problem, according to Lebowitz.

**401(k) plan considerations.** Lebowitz said that the obligation to consider Year 2000 compliance is especially important for employers providing retirement benefits through 401(k) plans. Just as with the

selection of service providers, fiduciaries of plans must also consider Year 2000 preparedness in selecting investments and assessing their current portfolios. Participants in 401(k) plans contribute part of their salary towards their retirement savings and may, in many instances, assume responsibility for directing their own investments from investment options selected by the plan fiduciaries.

The PWBA strongly encourages plan administrators to disclose to their participants and beneficiaries the extent of

*(Continued on page 12)*



(Continued from page 10)

the plan's Year 2000 preparedness and the steps being taken to ensure that the Year 2000 issue does not interrupt the operation of the plan or participants and beneficiaries access to their individual accounts, Lebowitz said. In addition, because information regarding Year 2000 compliance may be necessary to make an informed investment decision, participants and beneficiaries in 401(k) plans who have responsibility for directing their investments, like plan fiduciaries, should consider Year 2000 issues when determining how to invest their retirement assets.

**PWBA's initiatives.** Lebowitz also described the steps taken by the PWBA to help fiduciaries and others address the problem. PWBA has:

- implemented a comprehensive national outreach program to help fiduciaries (responsible for over 700,000 pension plans and more than 4.5 million other employee benefit plans) be as prepared as possible to address the Year 2000 issue;
- issued two national alerts to the employee benefit community warning plan administrators about the Year 2000 software problem and calling for immediate action;
- developed an extensive question and answer brochure designed to give employers and other plan officials an understandable explanation of how the Year 2000 problem impacts their employee benefit plans and what steps they need to take to address the problem;
- posted all its Year 2000 materials on

its Internet site at <http://www.dol.gov/dol/pwba>, and has made those materials available through a toll-free publication hotline at (800) 998-7542;

- provided technical assistance in response to hundreds of telephone inquiries on the issue both at the national office and at the 15 regional and district offices;
- conducted a grass-roots education campaign to raise the ERISA fiduciary implications of the Year 2000 problem in speeches, lectures and other presentations to groups of plan sponsors and employee benefit plan professionals;
- worked with the American Institute of Certified Public Accountants (AICPA) in ensuring that the AICPA's 1998 Audit Risk Alert for the employee benefit plan industry contains a section that gives guidance to employee benefit plan auditors on informing clients about Year 2000 preparedness;
- already been reviewing the Year 2000 problem in the course of new and ongoing PWBA investigations.

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## Survey Shows Employers Will Not Increase Retirement Benefits to Cover Social Security Shortfall

According to KPMG's *Retirement Benefits in the 1990s: 1998 Survey*, more than 50 percent of the approximately 1,300 respondents said they would not increase retirement benefits if Social Security benefit amounts were reduced as part of the solution for Social Security solvency. Only 18 percent said that they would increase benefits while 29 percent were undecided. Compared with 1997, more employers moved into the "no increase" category.

Other highlights of the KPMG survey:

- As in 1997, more employees were offered a 401(k) plan than any other type of plan. For all employees offered a retirement plan, 77 percent were offered a 401(k) plan while 61 percent were offered a defined benefit plan.
- Illustrating the effect of education on 401(k) plan participation, 401(k) plan participation rates are 6 percentage points higher than average when seminars are offered to employees, and 17 percentage points higher than when no seminars are offered.
- Plan sponsors do not believe that expanded IRAs, such as the tax-free Roth IRA, will reduce 401(k) plan participation—88 percent said the nondeductible Roth IRA will not decrease participation, and 91 percent said the increased availability of deductible IRAs will not decrease participation.

Most employers think that their employees are well-informed about their retirement plan, and, to some extent, believe that their employees have a good understanding of their plan and its benefits. Thirteen percent feel that their employees do not have a good understanding of the plan.

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## Tax Court Issues Decision Permitting Partial Exchanges

On December 30, 1998, the Tax Court released the decision in *Conway v. Commissioner*, in which the Court held that a direct transfer of a portion of funds invested in an existing annuity contract to a new annuity contract qualified as a nontaxable exchange under section 1035 of the Code. After the transfer, the taxpayer owned two separate annuity contracts, each with a different company.

Under the facts set forth, the taxpayer owned an annuity contract with Company A with a "total purchase price of \$195,643." This contract was purchased in 1992. Two years later the taxpayer requested company A withdraw \$119,000. from the contract and transfer the funds directly to Company B for the purchase of a new annuity contract from Company B. Upon receipt of the funds from Company A as well as the taxpayer's application, Company B opened an annuity contract for the taxpayer with an investment of \$109,000 (the original \$119,000 less the \$10,000 surrender charge). The taxpayer indicated on the Company B application that the withdrawal of the funds from the Company A annuity contract and transfer of the funds to Company B were to be treated as a section 1035 exchange.

The taxpayer did not report any taxable income relating to the transfer of the funds from the Company A annuity to the Company B annuity. On audit, the Service determined that the taxpayer's transfer of the funds from the Company A annuity to Company B did not qualify as a section 1035

exchange and that the taxpayer had received taxable income from the transaction. In the decision, the Court summarized the arguments made by the Service and by the taxpayer. In brief, the Service had argued "that because the entire {Company A} annuity contract was not replaced by the {Company B} annuity contract,

legislative history. It found that:

Neither section 1035 nor the regulations condition nonrecognition treatment upon the exchange of an entire annuity contract. Respondent {Service} cites no authority to support respondent position that nonrecognition treatment under section 1035 is limited to exchanges involving replacement of entire annuity contracts. Neither the statute nor the regulations contain any such requirement, either expressly or by any necessary implication.

The Court determined that a broad definition of exchange, within the meaning of section 1035, was appropriate and that as a result of the transaction the taxpayer was "in essentially the same position after the exchange as she was in before the exchange, and the same funds are still invested in annuity contracts (less the surrender fee), except that now the petitioner owns two annuity contracts." Thus, the court concluded that the taxpayer's "direct exchange of a portion of her {Company A} annuity contract for a new {Company B} annuity contract qualifies under section 1035 and that no gain to the petitioner is to be recognized by reason of the exchange.

This case is significant as it explicitly permits a partial exchange to fall within the nonrecognition provisions of section 1035. This is an area of prior uncertainty. Historically, the Service has indicated that partial exchanges are essentially surrenders for tax purposes and that the provisions of section 1035 (for exchanges) do not apply. We do not have any information as to how the IRS will respond to this decision.



petitioner's withdrawal of \$119,000 from the {Company A} annuity contract, does not qualify as a nontaxable exchange under section 1035.

The taxpayer's argument provided "that because {Company A} did not distribute any funds to her personally but rather transferred the funds directly to {Company B} and because she gave up a portion of her {Company A} annuity contract solely in exchange for the new {Company B} annuity contract, the transaction should qualify as a nontaxable exchange of annuity contracts under section 1035."

The Court agreed with the taxpayer, basing its ruling on the wording of Section 1035, its regulations and

*Reprinted from the January 1999 General Bulletin issued by the American Council of Life Insurance*

# Retirement Planning: Making It Last Forever

The greatest fear retirees have is running out of money while they're still alive. Everything else pales in comparison to that. The challenge is to make limited capital provide an income that lasts a lifetime.

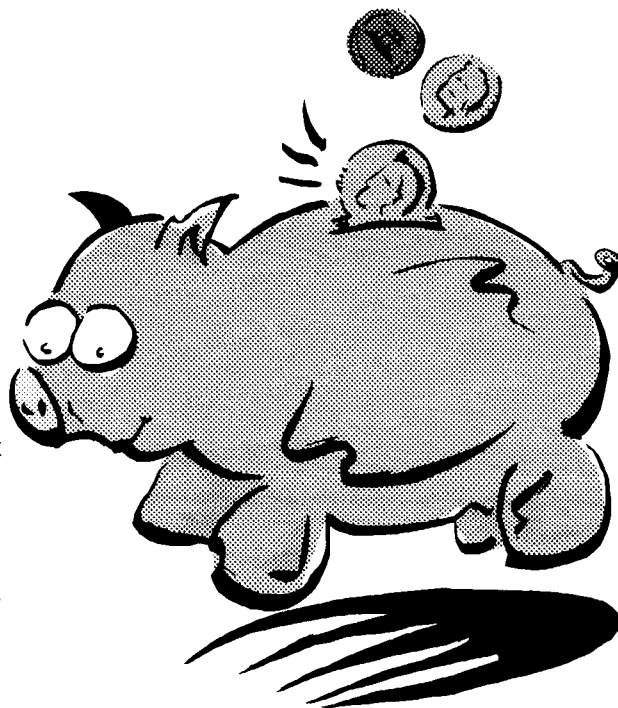
Most investors focus on market risk and rate return as the main factors affecting how long their portfolio will last. However, there is another important variable that is directly under their control: the withdrawal rate. Retirees can draw valuable lessons from a careful examination of how much can be safely withdrawn from a portfolio without depleting the whole nest egg.

While it might be simpler to use "average" returns when planning, in real life returns are variable. An invaluable resource for studying this problem is a paper entitled by *Retirement Savings: Choosing a Withdrawal Rate That is Sustainable* by three professors from Trinity University—Philip Cooley, Carl Hubbard, and Daniel Walz. The authors focussed on actual historical annual stock and bond returns rather than average historical performance.

### The Study, Simplified

Using annual stock and bond returns from 1926 to 1995, the authors looked at five possible portfolios ranging from 100% stocks to 100% bonds, and evaluate the impact of fixed annual distributions ranging from 3% to 12% of the initial portfolio value. Stock returns are represented by the S&P 500, while long-term, high-grade, domestic corporate bonds were the proxy for the bond portfolio. The authors examined each portfolio/distribution combination over four payout periods ranging from 15 to 30 years, and calculated the probability of maintaining a given withdrawal amount for each period. A successful portfolio was one that had a terminal value greater than zero at the end of the period.

They repeated the entire process for withdrawals with inflation adjustments. For added comparison, the exercise was duplicated using only the past 50 years' data. As one might expect, eliminating the Depression improved results across the board. Finally, they compiled a terminal value range for each portfolio.



### The Findings

Obviously the highest success rates are generated with smaller withdrawal rates. At a 3% withdrawal rate, a 100% success rate was achieved with every portfolio, regardless of composition, for every time period.

At 4% and 5% withdrawals, the benefits of asset allocation begin to emerge. Portfolios with some bonds fare better than 100% equity portfolios. On the other hand, an all-bond portfolio has only a 51% chance of lasting over a 30-year period at a 5% withdrawal rate. Clearly, bonds alone are not the ideal solution for retirement accounts. But by reducing portfolio volatility, the use of some bonds can improve success ratios, assuming reasonable withdrawal rates.

At 6% withdrawals, the three mixed stock/bond portfolios outperform either all stocks or bonds. One retiree in ten would have gone broke with a 100% stock portfolio. Only 27% would have had their money last 30 years with a 100% bond portfolio. The 25%/75% stock/bond mix produced a 100% success rate.

Assuming 7% withdrawals, a 50%/50% blend is the optimal mix. Even so, this combination only produced a 90% chance of success. Little consolation for the remaining 10% of investors! Once withdrawal rates go above 7%, the results are much less favorable. Because of higher average returns, stock-heavy portfolios beat those focused on bonds. But risk of failure also increases dramatically. Though the best returns are achieved with a portfolio composed only of equities, an 8% withdrawal rate fails more than twenty percent of the time.

It should come as no surprise that increasing withdrawal rates to offset inflation further stressed the portfolios and increased failure rates.

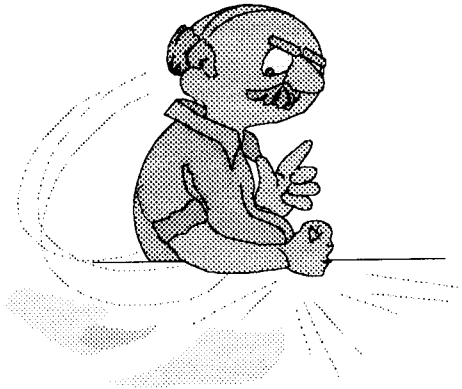
### Complications

A significant limitation of the study's data is that raw index numbers were used. No adjustment was made for fees or other expenses. Even the cheapest index funds involve such costs, which would decrease real returns. While a select few investors may be able to regularly outperform the indexes even after expenses and thus enhance their portfolio success rates, it would be risky to base a retirement plan on such an assumption.

It's highly possible that a more-sophisticated asset-allocation plan would increase success rates. Unfortunately, the data on alternative asset classes is not available over the

*(Continued on page 16)*

## Five-Year Payout Imposed Because IRA With Trust Designated as Beneficiary had Nonspouse And Spouse Beneficiaries



Without careful planning and timely action, the complex required minimum distribution rules of Code Sec. 401(a)(9) can cause unintended results for taxpayers with qualified retirement plans and IRAs, and for their beneficiaries. A new ruling supplies a case in point. The taxpayer wanted his IRA to provide life payouts, but instead the account had to be paid out over five years because of how he designated a beneficiary, and the fact that payments didn't begin when they should have. (*IRS Letter Ruling 9847022*)

**Background.** The following rules come into play if an IRA owner dies before required distributions begin (i.e., before he attains age 70½):

**No designated beneficiaries.** If there are no designated beneficiaries for the IRA, the remaining balance in the IRA must be distributed as of Dec. 31 of the calendar year which contains the fifth anniversary of the date the owner died. (Code Sec. 401(a)(9)(B)(ii); Prop Reg § 1.401(a)(9)-1, Q&A C-2; Prop Reg § 1.401(a)(9)-1, Q&A D-4(a); Prop Reg § 1.408-8, Q&A A-I) An estate may not be a designated beneficiary. However, the beneficiaries of a trust that is a qualified trust under Prop Reg § 1.401(a)(9)-1, Q&A D-5 may be treated as designated beneficiaries of the IRA owner, with respect to the trust's interest in the

IRA.

**Nonspouse designated beneficiaries.** If the IRA owner designated a nonspouse beneficiary for the account, the IRA balance:

(1) may be entirely distributed within five years after the IRA owner's death, (Code Sec. 401(a)(9)(B)(ii)), or

(2) may be distributed to (or for the benefit of) a designated beneficiary, over the life of the designated beneficiary (or over a period which doesn't extend beyond the life expectancy of the designated beneficiary. (Code Sec. 401(a)(9)(B)(iii); Code Sec. 408(a)(6))

If the second (life payout) option is chosen, distributions must commence no later than December 31 of the calendar year immediately following the calendar year in which the IRA owner died. (Prop Reg § 1.401(a)(9)-1, Q&A C-3(a))

**Spouse beneficiary.** If the IRA owner's spouse is designated as beneficiary, and she leaves the IRA in the decedent's name, the payout rules for nonspouse beneficiaries (see above) generally apply. However, under a special rule for surviving spouses, payouts can begin by the later of:

- December 31 of the year immediately after the year in which the IRA owner died, or

- December 31 of the year in which the IRA owner would have reached age 70½. (Code Sec. 401(a)(9)(B)(iii); Code Sec. 401(a)(9)(B)(iv); Prop Reg § 1.401(a)(9)-1, Q&A C-3(b))

If the IRA has a choice of payout methods, and the surviving spouse affirmatively makes an election to receive lifetime payouts, the election should be made no later than the earlier of:

(1) December 31 of the calendar year in which distribution would have to start to satisfy requirements for the lifetime payout exception to the five-year rule under Code Sec. 401(a)(9)

(B)(iv) (see above), or

(2) December 31 of the calendar year which includes the fifth anniversary of the IRA owner's death. (Prop Reg § 1.401(a)(9)-1, Q&A C-4(c))

*If the lifetime payout option isn't chosen, the remaining account balance must be entirely distributed as of December 31 of the calendar year which contains the fifth anniversary of the date the IRA owner died. (Code Sec. 401(a)(9)(B)(ii); Prop Reg § 1.401(a)(9)-1, Q&A C-2; Prop Reg § 1.401(a)(9)-1, Q&A D-4(a))*

**Facts of the ruling.** When a taxpayer we'll call Sam died at age 61, the designated beneficiary of his IRA was a trust that provided for one current beneficiary, his wife, Anne. Upon her death, the trust would be divided into five shares, two for Sam's children, and three for Anne's children. The Custodial Agreement of Sam's IRA provided that if the IRA owner died before distributions began, the IRA assets would, at the election of the beneficiary, either be distributed by Dec. 31<sup>st</sup> of the year containing the fifth anniversary of the participant's death, or be distributed over the life or life expectancy of the designated beneficiary. The Agreement also provided that if the designated beneficiary was the IRA owner's surviving spouse, the spouse could elect to receive substantially equal payments over the life or life expectancy of the surviving spouse commencing at any date prior to the later of December 31<sup>st</sup> of the calendar year immediately following the calendar year in which the participant died or December 31<sup>st</sup> of the calendar year in which the participant would have attained age 70½.

**Two ruling requests.** The IRS was asked to rule whether the trust named as beneficiary of Sam's IRA was a

(Continued on page 16)

(Continued from page 15)

qualified trust for purposes of the distribution rules, so that its beneficiaries could qualify as designated beneficiaries of the IRA for purposes of the post-death required distribution rules. The IRS said that it was, because it met the technical requirements of Prop Reg § 1.401(a)(9)-1, Q&A D-5. As a result, the IRS concluded that Anne, her two children, and Sam's three children, were all designated beneficiaries for IRA payout purposes.

The IRS also was asked to rule that Anne could elect at any time prior to the date Sam would have attained age 70½ for a distribution period of IRA benefits measured by the life expectancy of Anne, and the beneficiary of the trust with the shortest life expectancy as of the date of Sam's death.

**Double trouble.** The IRS ruled that the elective, deferred surviving spouse commencement date under Code Sec. 401(a)(9)(B)(iv) didn't apply. *Reason:* the *nonspouse* payout rules apply if, as of the IRA owner's death, an individual is designated as beneficiary in addition to the owner's surviving spouse. That was the case with Sam's IRA. The IRS said that Anne, her two children, and Sam's three children were all considered designated beneficiaries of the IRA. As a result, the nonspouse lifetime payout rule could apply only if IRA distributions began on or before December 31 of the calendar year immediately following the calendar year in which the IRA owner died. Unfortunately, in the case of Sam's IRA, this distribution commencement rule wasn't met. As a result, the entire IRA had to be paid out under the general five year rule for non-spouse beneficiaries.

**Observation:** A close look at the decedent's qualified plans and IRAs should be an essential part of post-mortem tax planning to prevent unintended accelerated payouts from having to be made.

Reprinted from Pension and Benefits Week, December 7, 1998 issue, Research Institute of America Group. Subscriptions: 800-421-9025, \$275/yr.

(Continued from page 14)

study's entire period. So, we are unable to directly "prove" that assumption with parallel data.

The authors are silent on their end-of-year rebalancing strategy. I assume that the distributions were drawn proportionately from both the stock and bond portfolios. It's probable that a policy of harvesting bonds during bad years and stocks during good years would have increased success rates. However, any such gains would not dramatically improve results.

For all the above reasons, it would be very unwise to inflate the study's return assumptions for planning purposes.

## Lessons

The moral is clear: Asset allocation matters, but even with the best mix chances of failure rise directly with withdrawal rates. Any withdrawal rate exceeding 6% of the initial portfolio value produces a significant likelihood that a portfolio won't last the duration.

Fortunately, the withdrawal rate is directly under the control of the retiree. Retirees that stress their portfolios with excessive withdrawals run a serious risk of exhausting their capital during their lifetimes. This danger is particularly great for inexperienced investors who often tend to seriously overestimate the appropriate sustainable withdrawal rates.

Here are a few important guidelines to bear in mind:

1. More is better than less in a retirement nest egg.
2. It's never too early to begin to accumulate a sizable retirement nest egg. Each day of delay only increases the chance of not having enough.
3. Those that don't have enough when retirement comes around must consider downscaling their lifestyle or bear an increased risk of financial disaster down the road.

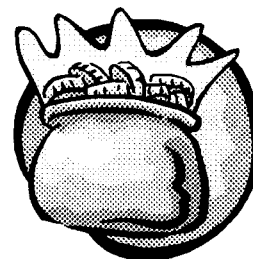
The study's assumption that a

retiree will continue a fixed dollar withdrawal program regardless of investment results is, of course, simplistic. However, without this assumption or something like it, no models of any kind could have been derived. In fact, a retiree may be in a position to temporarily decrease withdrawals during down markets until his capital recovers. Or, assuming early results in excess of expectations, the retiree may elect to increase withdrawals as capital increases. In many cases, terminal values were a gratifying multiple of starting capital. So, mid-course adjustments to withdrawal rates are possible and may very well be positive.

If income requirements are variable or capital permits, an alternative policy of making fixed percentage withdrawals against the annual principal values may be an acceptable solution for many retirees. This policy will provide a variable income stream that is automatically adjusted for investment results.

Retirees that can accept a variable income, and withdraw a constant percent of remaining capital rather than make fixed dollar withdrawals, never face the prospect of zeroing out their accounts—no matter how bad their investment results are in the short term. However, this option is generally only acceptable to retirees with modest income needs relative to their available capital. And this observation leads us back to the concept of planning early to have enough for a stress-free and enjoyable retirement.

Adapted from a column by Frank Armstrong, a fee-only financial planner. The article appeared on the Morningstar internet website, which can be visited at: [www.morningstar.net](http://www.morningstar.net).



# Using Trust as IRA Beneficiary Protects Children of Prior Marriage

A taxpayer who remarries and has children from a prior marriage may be in somewhat of a quandary when it comes to his traditional IRAs. Although he wants his current spouse to be provided for during her life, he also wants to assure that what's left in the IRAs after he and his current wife are deceased will be left to the children from his first marriage. Simply naming the children from his first marriage as contingent beneficiaries won't do the trick. Reason: When the taxpayer dies, his spouse can elect to roll over his IRAs into her own IRA, and name her own beneficiaries for the IRA. Another possible problem is that an improvident spouse may withdraw all the money from the decedent's IRAs, leaving nothing for the children.

One way to solve these problems is to use a trust. A recent private letter ruling shows how a taxpayer who has already reached his required beginning date can use a trust without upsetting the required minimum distribution rules that would otherwise apply when a spouse is an IRA's designated beneficiary. (IRS Letter Ruling 9846034)

**Facts.** A taxpayer we'll call Xavier turned age 70½ during 1991, and began taking required minimum distributions (RMDs) from his IRAs on April 1, 1992, his required beginning date. His spouse, Denise, was the designated beneficiary of the IRAs, and Xavier's RMDs were based on his and Denise's joint life expectancies. Xavier then rolled over some of his IRA proceeds into new IRAs that named the Xavier Trust as beneficiary. The trust document provided that the Xavier Trust, which had independent trustees, was irrevocable and couldn't be amended, and carried the following

payment provisions:

- All trust income would be paid to Denise at least quarterly during her life. Additionally, the trustees were empowered to pay her principal from the trust if they determined that Denise's income from all sources was



insufficient for her comfort.

- Section 3.4 of the trust provided that upon Denise's death, the remaining trust property would be distributed to Xavier's then living descendants.
- Section 3.5 of the trust provided that if at any time after Xavier's death, any portion of the trust property was otherwise undisposed of, the trustees would "distribute such undisposed property to the then living persons who would have been entitled to receive the personal property of [Xavier] under the laws of the [applicable] State in effect on the date of the trust determined as if [Xavier] had died intestate with no surviving spouse upon the date immediately following the date such trust property first became

undisposed of..."

**Observation:** The last clause was intended to provide for a situation where all of Xavier's descendants predeceased Denise.

Colleen, Bertrand, Everhart, Francis, Gordon, and Harry, were Xavier's sole descendants and all were alive when the trust was established.

**Observation:** Thus, the trust was designed to assure that what remained of Xavier's IRAs after Denise's death would be paid to his descendants. Although the ruling doesn't specifically say so, it appears that Colleen, Bertrand, *et al* were Xavier's children (and possibly grandchildren as well) from an earlier marriage.

When Xavier died, his authorized representative asked IRS whether for purposes of the RMD rules Denise could continue to be treated as the designated beneficiary of the IRAs naming the Xavier Trust as beneficiary.

The IRS dealt favorably with the three potential obstacles to the

taxpayer's ruling request.

**(1) Trust as beneficiary.** An IRA owner can change the account's beneficiary after his required beginning date. But if the new beneficiary is not an individual or a qualifying trust, the IRA owner is treated as not having designated a beneficiary. (Prop Reg § 1.401(a)(9)-1, Q&A E-5(c)(2))

**Observation:** If there is no IRA beneficiary, RMDs must be paid out over the IRA owner's life or life expectancy. Under Prop Reg § 1.401(a)(9)-1, Q&A E-8(a), depending on how the IRA owner chooses to take payouts, the balance remaining in his IRA when he dies would either have to be paid out over the years remaining of the distribution term (if he used the term certain method) or distributed by the

end of the calendar year following the year of the IRA owner's death (if he used the recalculation method).

The IRS ruled that the Xavier Trust was a qualifying trust because it met the conditions enumerated in Prop Reg § 1.401(a)(9)-1, Q&A D-5:

- (a) the trust is valid under applicable state law;
- (b) the trust is irrevocable, or the trust contains language to the effect that the trust becomes irrevocable
- (c) the trust beneficiaries are identifiable from the trust's language, and
- (d) the necessary documentation is provided to the IRA administrator.

**(2) Measuring life for purposes of RMDs.** Where two or more individuals are designated as beneficiaries of an IRA, the designated beneficiary with the shortest life expectancy is the designated beneficiary for purposes of determining RMDs. (Prop Reg § 1.401(a)(9)-1, Q&A E-5(a)(1)) Xavier wound up in this situation by naming the Xavier Trust as the beneficiary of his IRAs. Reason: The Xavier Trust doesn't provide that Denise, during her life, would receive all amounts distributed from the IRAs which are

intended to satisfy the Code Sec. 401(a)(9) required distribution rules using her life as the measuring life. Thus, distributions from the IRAs may accumulate during her life and may subsequently be paid to the remaindermen of the Xavier Trust (Colleen *et al*). As a result, the life expectancies of Colleen and her fellow remaindermen had to be compared with Denise's to determine the Code Sec. 401(a)(9) distribution period.

Because Denise was older than any of the remainder persons (Colleen *et al*), the IRS concluded that the life expectancies of the remaindermen didn't have to be considered for purposes of determining the IRAs' required payout period.

**(3) Effect of contingent beneficiaries.** Under Section 3.5 of the Xavier Trust, if all of Xavier's descendants predeceased Denise, the trust was to pay out undisposed property to other persons, such as, possibly, Xavier's brother or sister. If these other persons were treated as beneficiaries, and one of them had a shorter life expectancy than Denise's, that person would be treated as the designated beneficiary for RMD purposes. However, if they were only contingent beneficiaries, these other

persons could be ignored for purposes of determining the distribution period. (Prop Reg § 1.401(a)(9)-1, Q&A E-5 (e))

The IRS ruled that the persons referred to as potential beneficiaries under Sec. 3.5 of the trust were only contingent beneficiaries. They could take the trust's remainder interest only if any portion of it was undisposed of when Denise died, and, under Sec. 3.4 of the trust, that could happen only if every descendant of Xavier predeceased Denise. As a result, these potential beneficiaries were disregarded for purposes of determining the designated beneficiary of Xavier's IRAs.

**Observation:** Depending on the IRA owner's potential estate tax situation, he can protect children of a first marriage by using either a QTIP trust that qualifies for the estate tax marital deduction (see Rev Rul 89-89, 1989-2 CB 231), or a credit shelter trust to preserve the IRA owner's unified credit.

*Reprinted from Pension and Benefits Week, November 30, 1998 issue, Research Institute of America Group. Subscriptions: 800-421-9025, \$275/yr.*



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# Survey Finds Baby Boomers, Especially Women, Headed For Financial Disaster In Golden Years

The American Health Care Association is a federation of 50 affiliated associations, representing more than 11,000 non-profit and for-profit assisted living residences, nursing facilities and subacute care centers that provide care to more than one million elderly and disabled individuals nationally. The AHCA commissioned the Republican polling firm Fabrizio, McLaughlin & Associates, and the Democratic polling firm Penn Schoen & Berland, to conduct a national telephone survey of 800 adult Americans between the ages of 34 and 52 years, i.e., Baby Boomers, in September 1998. Following the announcement in early January of the President's long term care initiative, Fabrizio, McLaughlin & Associates conducted a follow-up survey.

The study shows that Baby Boomers are concerned about their retirement security but aren't saving adequately for likely long term care needs. Adults in this age group are woefully unaware about how healthcare—specifically long term care—is paid for in retirement.

Forty percent of Americans will experience their most costly purchase in life—long term care—during their retirement years.

Despite this fact, twenty-seven percent of Baby Boomers think they are covered by long term care insurance, but in reality, only about 6 percent of the elderly have this type of coverage and very few Baby Boomers do.

Four out of five respondents did not know how long term care is paid for and 25 percent say they are unwilling to consider paying for any additional insurance to cover these costs. While 41 percent are willing to pay between up to \$50 per month for long term care insurance, in most cases this is well below actual costs of long term care

policies. According to the American Council of Life Insurance, long term care insurance policies range from approximately \$30-\$440 a month per individual, depending upon the age of the policyholder and the level of coverage provided.

While 68 percent of Baby Boomers know they are not financially prepared to handle long



term care costs, only 15 percent correctly identified Medicaid, the government program for the poor, not Medicare, as the principal source for long term care funding assistance. Two out of three believe that they should not be forced into poverty to get government assistance for long term care, but that is exactly what Medicaid requires.

Women are particularly vulnerable to financial and emotional devastation from long term care needs, because they earn less and live longer than their male counterparts. In addition, they are

the most likely caregivers when older relatives or spouses become frail or ill and need care. Forty-one percent of women interviewed who had been in caretaker roles had been forced to quit their jobs or take a leave of absence.

Fifty percent said they had to cut back their working hours and give up space in their own homes to accommodate loved ones needing care.

As more women are employed full time, it becomes more difficult for them to fill the requirements of caring for aging parents and relatives. Forty-six percent said they were forced to hire nursing care to help with the tasks. The prospect of having to provide care to aging relatives and spouses can be a huge emotional drain as well as a financial hardship. But once they have cared for parents and spouses, these women must worry about themselves—who will care for them? Who will pay for their care?

Survey participants were receptive to initial proposals on long term care financing that were advanced by the Clinton Administration in

January. They showed particular interest in a tax credit for caregivers and a national program to educate Medicare beneficiaries about the program's limited long term care coverage. They also favor the administration's recommendation to create a National Family Caregiver Support Program that will allow states to establish centers for "one-stop-shopping" for information and support on long term care concerns.

*Adapted from material appearing on the website of the American Council of Life Insurance*

# Markets & Trends

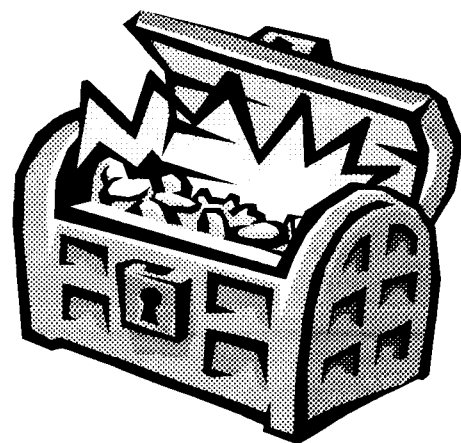
## Election Cycle Indicator Turns Bullish

1999 is the 'Pre-Election' year of the four-year presidential term, and looking back 64 years over 16 such 'Pre-E' years, only once (1939) did the market decline on a year-end basis! It's the most bullish year of the cycle by far. But the bearish years—1997 was the 'Post-Election' year, and Clinton set a record for the biggest gain; and his mid-term year—1998 (next most bearish) was the

strongest since Eisenhower's post-bear-market years of 1954 and 1958 when the downside was worked off in the prior 'Post-E' declines.

This table lists 64 years of history. Eighteen of those years (28%) were negative. Fourteen of those 18 down years lined up with 1997 and 1998! Only one lines up with 1999, and three line up with the run-up to November 2000!

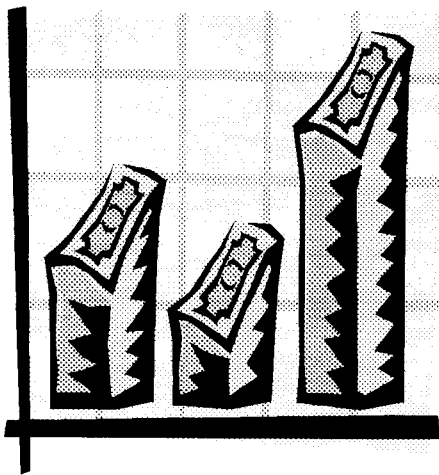
*Deliberations* (1/6), Ian M.T. McAvity, Ed.; P.O. Box 40097, Tucson, AZ 85717; 416-964-1359.4-issue trial, \$49; 1 year, 18 issues, \$225. IDD Plan: Sample issue free.



**Presidential Election year cycles**  
1935-1998, Year over year % Change in S&P 500

Year 3 Pre-Election		Year 4 Election		Year 1 Post-Elect.		Year 2 Mid Term		From Yr. 1 President
1935	42.3	1936	27.9	1937	-38.6	1938	25.2	Roosevelt
1939	-5.5	1940	-15.3	1941	-17.9	1942	12.4	Roosevelt
1943	19.5	1944	13.8	1945	30.7	1946	-11.9	Truman
1947	0.0	1948	-0.7	1949	10.3	1950	21.8	Truman
1951	16.5	1952	11.8	1953	-6.6	1954	45.0	Eisenhower
1955	26.4	1956	2.6	1957	-14.3	1958	38.1	Eisenhower
1959	8.3	1960	-2.8	1961	23.1	1962	-11.8	Kennedy/John.
1963	18.9	1964	13.0	1965	9.1	1966	-13.1	Johnson
1967	20.1	1968	7.7	1969	-11.4	1970	0.1	Nixon
1971	10.8	1972	15.6	1973	-17.4	1974	-29.7	Nixon/Ford
1975	31.6	1976	19.2	1977	-11.5	1978	1.1	Carter
1979	12.3	1980	25.8	1981	-9.7	1982	14.8	Reagan
1983	17.3	1984	1.4	1985	26.3	1986	14.6	Reagan
1987	2.0	1988	12.4	1989	27.3	1990	-6.6	Bush
1991	26.3	1992	4.5	1993	7.1	1994	-1.5	Clinton
1995	34.1	1996	20.3	1997	31.0	1998	26.7	Clinton
Averages:								All 4 Years
1935-98	17.5	1936	9.8	1937	2.3	1938	7.8	9.38
1967-98	19.3	1968	13.3	1969	5.2	1970	2.4	10.07





## Stocks Bonds, and Commodity Prices

So much rests on so little. The U.S. stock market currently has a total value of about \$14 trillion. A big reason for this gargantuan capitalization is, of course, stocks' record high price-to-earnings ratios (P/Es). And a big reason P/Es are so high is that bond yields are low.

Why have bond yields remained so low (even taking into account their recent uptick) in the face of such strong growth? Low commodity prices, particularly low prices for base metals, are a major reason.

While the value of both stocks and bonds are measured in tens of trillions, the value of base commodities consumed in a year is measured in tens of billions, or a fraction of 1 percent of the capitalization of bonds and stocks. A few billion in additional demand for stocks would have virtually no effect on the stock market. But a few billion in additional demand for commodities could move those markets—big time. The ripples would be felt in stock and bonds.

Therefore bonds and to some extent stocks are extremely sensitive to changes in demand for basic commodities. Commodity prices began to weaken in 1997 as emerging economies faltered. Strength in emerging economies or just a bit of

improvement in Japan would likely boost commodity prices. The point isn't to head for the hills; rather, be prepared for significant market changes. If long-term interest rates and commodity prices head higher, P/Es will fall. Market leadership will pass to beneficiaries of strong worldwide growth and rising commodity prices. Relatively small changes anywhere in this interconnected world can mean big changes everywhere.

*Adapted from the March 19, 1999 issue of Personal Finance, 800-832-2330. P.O. Box 1467, Alexandria, VA 22313-9819*



## Market Cap, Value & Earnings Growth

Between 1790 and 1925, the stock market advanced at a nice steady pace. The surge to the highs of 1929 moved stock prices above their intrinsic economic value. After falling 90% between September 1929 and June 1932, the stock market was well below its intrinsic value. As a percent of gross domestic Product (GDP), stock market capitalization swung from 80% to under 20% in less than three years.

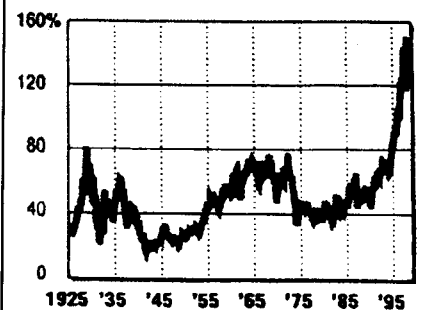
The rise in the stock market from

1941 to 1968 reflected the world dominance enjoyed by the U.S. after World War II. By 1968, the market's capitalization as a percent of GDP was back near the level seen in 1929. Rather than losing 90% of its value as it had between 1929 and 1932, the market traded sideways for 14 years. After 14 years of economic growth, and virtually no appreciation in stock prices, the market's capitalization was once again below 40%.

In 1982, a company that earned \$1 a share could sell its stock for about \$7. Today, the same company can peddle its stock for \$30. Last year, the S&P 500 Index gained 26%. But earnings for the S&P 500 companies showed no gain for 1998. This means the entire gain in the S&P last year was due to an increase in its price/earnings ratio. At the end of 1997, the S&P 500's P/E ratio was 21.5. By 1998's close, the P/E ratio was 27.0 (21.5, plus a 26% gain). Since the end of 1994, the S&P 500 has risen 150%. Only 35% of the gain has been due to any increase in corporate earnings. The other 100% of the gain reflects a doubling in the P/E ratio. As the chart indicates, since 1994 stock capitalization has moved in a hyperbolic trend line to nearly double its prior ratio to GDP. What are the chances that stock prices can sustain such gains without increases in GDP or corporate profits?

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### How Much Higher? Stock market capitalization as a percentage of U.S. gross domestic product



# Terminal Funding Annuities

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

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

United States Annuities can help a plan sponsor or consultant obtain the best SPGAs for his terminating or ongoing plan. We represent more than 25 carriers in this market—companies with the highest "AAA" and "A+" ratings. Our knowledge of the special underwriting considerations that are of particular importance to the insurance companies allows us to make sure that your plan is not rejected simply because no one was available to answer questions of a routine or, sometimes, technical nature. Our ability to effectively manage the flow of critical information helps you obtain the best contract available to fit the needs of your plan.

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also provide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to

make certain that no additional costs are imposed. When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement.

## SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

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

## PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

We market your plan by submitting specifications and data to those carriers best suited to underwrite your liability. The presentation of complete specifications and clean data (especially on diskette or mag

# Terminal Funding Annuities

tape) reassures the carriers that everything is "in order" and serves as an extra inducement, not only for them to accept the case for pricing, but also to calculate the annuity premiums using their most competitive cost factors. With respect to preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

## MANAGING THE COMPETITIVE BIDDING PROCESS

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

conservative basis. We also keep you informed of the insurers' responses throughout the initial bidding period.

In the weeks before the winning bid is selected, we provide written proposals from the insurers describing the plan provisions and benefits they have agreed to cover. These proposals are carefully reviewed by the plan actuary and any revisions to the specs or other considerations that could influence the decision-making process are addressed.

## ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

funds to the carrier, with timely confirmation back to respective parties.

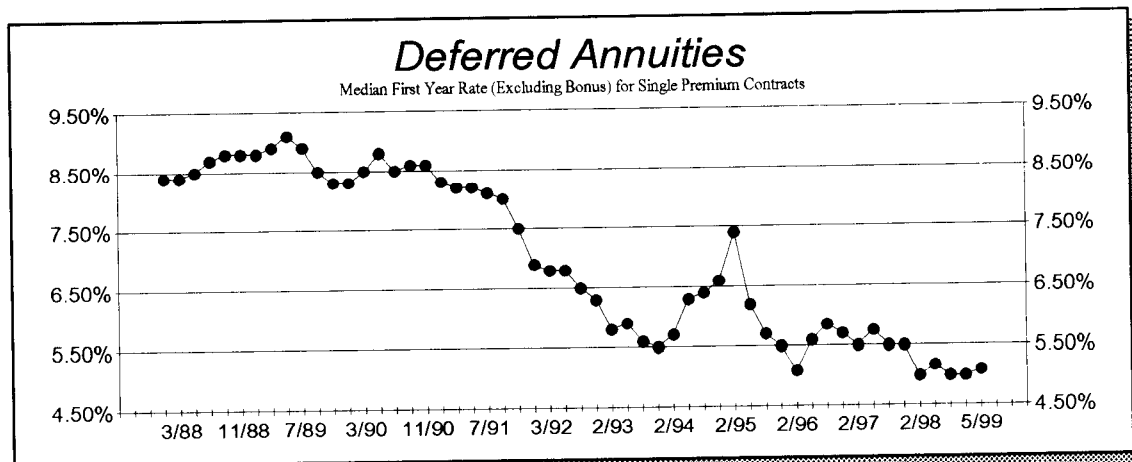
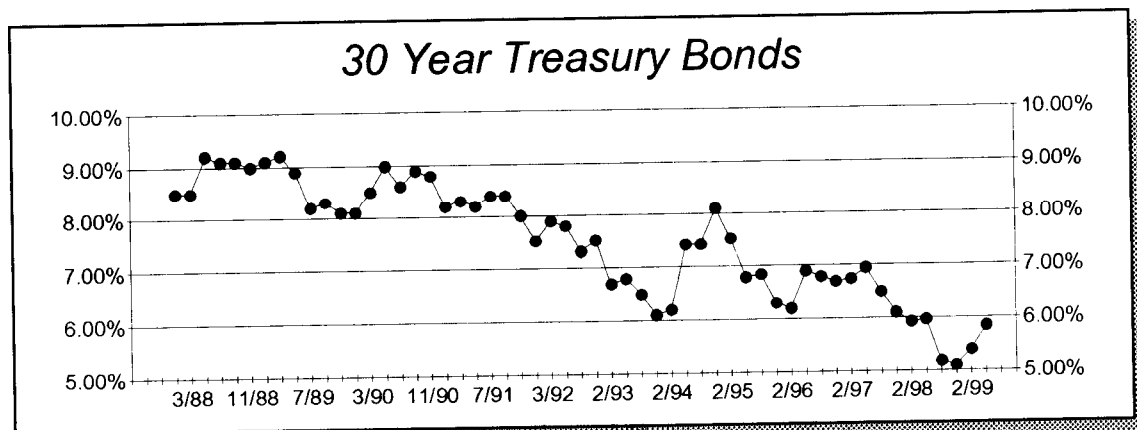
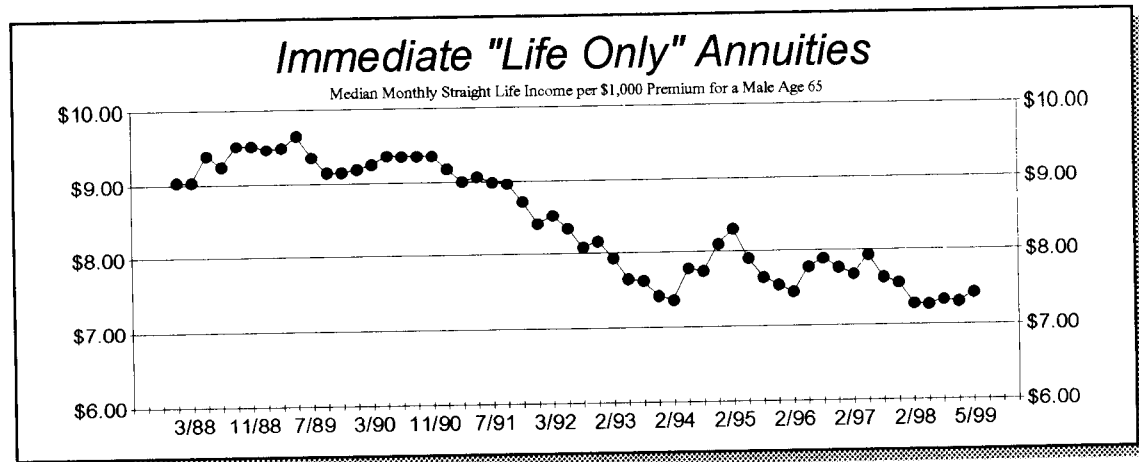
## TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

## HOW TO OBTAIN GROUP ANNUITY QUOTES

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

# 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 increases to 79.

### Life Expectancy Tables

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

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

For example, some companies still use the "83 GAM" table to calculate how much they need to provide their retirees with a lifetime of monthly pension payments. 83 GAM is based on 1966 data, which was updated with projections to 1983.

Other companies use the newer UP-94 table, recommended by the Society of Actuaries, which shows significant increases in life expectancies at most ages. The UP-94 table projects that men age 55 will live to age 80 and women to 84½. And someone who is 80, according to the table, can look forward to another eight to ten years of life.

### Best Bet: Plan for Your 90s

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

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

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

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# Life Expectancy Tables

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

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

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

Ages				Ages			
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

**T**he 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)	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
AIG Life Ins. Co. 66842	\$18.20	\$10.42	\$ 7.90	\$ 6.71	\$ 6.04	\$ 5.62
American Heritage 60534	\$19.14	\$10.90	\$ 8.22	\$ 6.93	\$ 6.20	\$ 5.74
Canada Life Assurance 80659	\$18.23	\$10.26	\$ 7.97	\$ 6.78	\$ 6.10	-
Columbia Universal 77720	\$18.89	\$10.60	\$ 7.90	\$ 6.59	\$ 5.84	\$ 5.36
Conseco Annuity Assurance 60682	\$17.65	\$ 9.99	\$ 7.47	\$ 6.25	-	-
Jackson National LIC 65056	\$17.99	\$10.24	\$ 7.75	\$ 6.58	\$ 5.94	\$ 5.57
Jefferson Pilot LIC 67865	\$ 18.28	\$ 10.50	\$ 8.03	-	-	-
Keyport Life 65234	\$18.13	\$10.38	\$ 7.91	\$ 6.76	\$ 6.16	\$ 5.80
Life IC of the Southwest 65528	\$18.14	\$10.43	\$ 7.85	\$ 6.54	\$ 5.78	-
Lincoln Benefit Life Co. 65595	\$17.77	\$10.62	\$ 8.11	\$ 6.92	\$ 6.24	\$ 5.83
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
London Pacific 68934	\$18.67	\$10.72	\$ 8.31	\$ 7.20	\$ 6.53	\$ 6.11
Peoples Benefit LIC 66605	\$18.52	\$10.75	\$ 8.20	\$ 6.98	\$ 6.30	\$ 5.88
Presidential LIC 68039	\$18.39	\$10.49	\$ 8.22	\$ 7.35	\$ 6.88	\$ 6.54
Principal Mutual LIC 61271	\$18.61	\$10.46	\$ 7.84	\$ 6.70	\$ 6.10	\$ 5.74
Prudential IC of America 68241	\$14.05	\$ 8.02	\$ 6.13	\$ 5.24	\$ 4.75	\$ 4.45
Reliance Standard LIC 68381	\$18.25	\$10.44	-	-	-	-
Security Benefit LIC 68675	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
Southwestern Life 91391	\$18.02	\$ 9.92	\$ 7.43	\$ 6.22	\$ 5.53	\$ 5.09
United of Omaha 69868	\$18.04	\$10.34	\$ 7.87	\$ 6.70	\$ 6.04	\$ 5.64
USG Annuity & Life 61247	\$18.42	\$10.58	\$ 8.05	\$ 6.83	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999



# 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	\$ 5.90	\$ 5.82	\$ 5.64	\$ 5.90	\$ 5.82	\$ 5.64
American Heritage 60534	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.99	\$ 5.91	\$ 5.73
Canada Life Assurance 80659	\$ 5.76	\$ 5.70	\$ 5.54	\$ 5.76	\$ 5.70	\$ 5.54
Columbia Universal 77720	\$ 5.57	\$ 5.50	\$ 5.33	\$ 5.57	\$ 5.50	\$ 5.33
Conseco Annuity Assurance 60682	\$ 5.16	\$ 5.10	\$ 4.94	\$ 5.16	\$ 5.10	\$ 4.94
Jefferson Pilot LIC 67865	\$ 6.01	\$ 5.96	\$ 5.75	\$ 6.01	\$ 5.96	\$ 5.75
Keyport Life 65234	\$ 6.04	\$ 5.98	\$ 5.80	\$ 5.88	\$ 5.83	\$ 5.71
Lincoln Benefit Life Co. 65595	\$5.86	\$ 5.80	\$ 5.67	\$5.86	\$ 5.80	\$ 5.67
Life IC of the Southwest 65528	\$ 5.82	\$ 5.76	\$ 5.58	\$ 5.67	\$ 5.62	\$ 5.49
London Pacific 68934	\$ 6.39	\$ 6.26	\$ 6.05	\$ 6.39	\$ 6.26	\$ 6.05



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

National Guardian LIC 66583	\$ 5.77	\$ 5.71	\$ 5.57	\$ 5.77	\$ 5.71	\$ 5.57
Peoples Benefit LIC 66605	\$ 6.01	\$ 5.95	\$ 5.80	\$ 6.01	\$ 5.95	\$ 5.80
Presidential LIC 68039	\$ 6.69	\$ 6.61	\$ 6.47	\$ 6.69	\$ 6.61	\$ 6.47
Principal Mutuaal LIC 61271	\$ 5.82	\$ 5.76	\$ 5.61	\$ 5.84	\$ 5.78	\$ 5.63
Prudential Ins. Co. of America 68241	\$ 4.57	\$ 4.51	\$ 4.39	\$ 4.57	\$ 4.51	\$ 4.39
Reliance Standard LIC 68381	\$ 5.88	\$ 5.82	\$ 5.65	\$ 5.93	\$ 5.87	\$ 5.70
Security Benefit LIC 68675	\$ 5.55	\$ 5.51	\$ 5.40	\$ 5.55	\$ 5.51	\$ 5.40
Security Mutual/NY 68772	\$ 5.55	\$ 5.45	\$ 5.22	\$ 5.71	\$ 5.61	\$ 5.34
Southwestern Life 91391	\$ 5.07	\$ 5.02	\$ 4.90	-	-	-
United of Omaha 69868	\$ 5.80	\$ 5.74	\$ 5.59	\$ 5.80	\$ 5.74	\$ 5.59
USG Annuity & Life 61247	\$ 5.91	\$ 5.82	\$ 5.61	\$ 5.91	\$ 5.82	\$ 5.61

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 5.56	\$ 5.52	\$ 5.43	\$ 5.56	\$ 5.52	\$ 5.43
American Heritage 60534	\$ 5.63	\$ 5.59	\$ 5.51	\$ 5.63	\$ 5.59	\$ 5.51
Canada Life Assurance 80659	\$ 5.41	\$ 5.38	\$ 5.31	\$ 5.41	\$ 5.38	\$ 5.31
Columbia Universal 77720	\$ 5.21	\$ 5.18	\$ 5.10	\$ 5.21	\$ 5.18	\$ 5.10
Conseco Annuity Assurance 60682	\$ 4.79	\$ 4.77	\$ 4.69	\$ 4.79	\$ 4.77	\$ 4.69
Jefferson Pilot LIC 67865	\$ 5.72	\$ 5.66	\$ 5.60	\$ 5.72	\$ 5.66	\$ 5.60
Keyport Life 65234	\$ 5.72	\$ 5.69	\$ 5.61	\$ 5.88	\$ 5.83	\$ 5.71
Lincoln Benefit Life Co. 65595	\$ 5.67	\$ 5.64	\$ 5.56	\$ 5.67	\$ 5.64	\$ 5.56
Life IC of the Southwest 65528	\$ 5.52	\$ 5.49	\$ 5.40	\$ 5.67	\$ 5.62	\$ 5.49
London Pacific 68934	\$ 6.14	\$ 6.04	\$ 5.90	\$ 6.14	\$ 6.04	\$ 5.90




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

National Guardian LIC 66583	\$ 5.52	\$ 5.49	\$ 5.41	\$ 5.52	\$ 5.49	\$ 5.41
Peoples Benefit LIC 66605	\$ 5.74	\$ 5.72	\$ 5.65	\$ 5.74	\$ 5.72	\$ 5.65
Presidential LIC 68039	\$ 6.44	\$ 6.40	\$ 6.32	\$ 6.44	\$ 6.40	\$ 6.32
Principal Mutual LIC 61271	\$ 5.48	\$ 5.45	\$ 5.39	\$ 5.50	\$ 5.47	\$ 5.40
Prudential Ins. Co. of America 68241	\$ 4.44	\$ 4.40	\$ 4.31	\$ 4.44	\$ 4.40	\$ 4.31
Reliance Standard LIC 68381	\$ 5.56	\$ 5.53	\$ 5.45	\$ 5.62	\$ 5.59	\$ 5.50
Security Benefit LIC 68675	\$ 5.27	\$ 5.25	\$ 5.20	\$ 5.27	\$ 5.25	\$ 5.20
Security Mutual/NY 68772	\$ 5.14	\$ 5.10	\$ 4.99	\$ 5.16	\$ 5.13	\$ 5.03
Southwestern Life 91391	\$ 4.76	\$ 4.74	\$ 4.69	-	-	-
United of Omaha 69868	\$ 5.54	\$ 5.51	\$ 5.43	\$ 5.54	\$ 5.51	\$ 5.43
USG Annuity & Life 61247	\$ 5.50	\$ 5.47	\$ 5.37	\$ 5.50	\$ 5.47	\$ 5.37

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# Immediate Annuities Update

**Table 4. Single Life Annuities — Male Age 55**

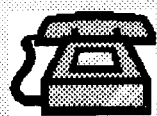
Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 6.29	\$ 6.17	\$ 5.87	\$ 6.29	\$ 6.17	\$ 5.87
American Heritage 60534	\$ 6.40	\$ 6.28	\$ 5.98	\$ 6.40	\$ 6.28	\$ 5.98
Canada Life Assurance 80659	\$ 6.16	\$ 6.06	\$ 5.80	\$ 6.16	\$ 6.06	\$ 5.80
Columbia Universal 77720	\$ 5.99	\$ 5.88	\$ 5.60	\$ 5.99	\$ 5.88	\$ 5.60
Conseco Annuity Assurance 60682	\$ 5.59	\$ 5.49	\$ 5.22	\$ 5.59	\$ 5.49	\$ 5.22
Jefferson Pilot LIC 67865	\$ 6.34	\$ 6.24	\$ 5.91	\$ 6.34	\$ 6.24	\$ 5.91
Keyport Life 65234	\$ 6.42	\$ 6.31	\$ 6.03	\$ 6.21	\$ 6.14	\$ 5.93
Life IC of the Southwest 65528	\$ 6.17	\$ 6.07	\$ 5.80	\$ 5.97	\$ 5.90	\$ 5.69
Lincoln Benefit Life Co. 65595	\$ 6.21	\$ 6.11	\$ 5.90	\$ 6.21	\$ 6.11	\$ 5.90
London Pacific 68934	\$ 6.72	\$ 6.55	\$ 6.25	\$ 6.72	\$ 6.55	\$ 6.25
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 6.12	\$ 6.03	\$ 5.79	\$ 6.12	\$ 6.03	\$ 5.79
Peoples Benefit LIC 66605	\$ 6.37	\$ 6.27	\$ 6.02	\$ 6.37	\$ 6.27	\$ 6.02
Presidential LIC 68039	\$ 7.02	\$ 6.89	\$ 6.66	\$ 7.02	\$ 6.89	\$ 6.66
Principal Mutual LIC 61271	\$ 6.16	\$ 6.05	\$ 5.81	\$ 6.18	\$ 6.06	\$ 5.82
Prudential Ins. Co. of America 68241	\$ 4.86	\$ 4.76	\$ 4.55	\$ 4.86	\$ 4.76	\$ 4.55
Reliance Standard LIC 68381	\$ 6.26	\$ 6.16	\$ 5.89	\$ 6.31	\$ 6.21	\$ 5.94
Security Benefit LIC 68675	\$ 5.87	\$ 5.80	\$ 5.62	\$ 5.87	\$ 5.80	\$ 5.62
Security Mutual/NY 68772	\$ 5.99	\$ 5.83	\$ 5.45	\$ 6.24	\$ 6.06	\$ 5.60
Southwestern Life 91391	\$ 5.41	\$ 5.33	\$ 5.13	-	-	-
United of Omaha 69868	\$ 6.15	\$ 6.05	\$ 5.81	\$ 6.15	\$ 6.05	\$ 5.81
USG Annuity & Life 61247	\$ 6.37	\$ 6.22	\$ 5.86	\$ 6.37	\$ 6.22	\$ 5.86

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 5.86	\$ 5.80	\$ 5.65	\$ 5.86	\$ 5.80	\$ 5.65
American Heritage 60534	\$ 5.95	\$ 5.89	\$ 5.74	\$ 5.95	\$ 5.89	\$ 5.74
Canada Life Assurance 80659	\$ 5.72	\$ 5.67	\$ 5.55	\$ 5.72	\$ 5.67	\$ 5.55
Columbia Universal 77720	\$ 5.53	\$ 5.49	\$ 5.34	\$ 5.53	\$ 5.49	\$ 5.34
Conseco Annuity Assurance 60682	\$ 5.13	\$ 5.09	\$ 4.95	\$ 5.13	\$ 5.09	\$ 4.95
Jefferson Pilot LIC 67865	\$ 5.94	\$ 5.90	\$ 5.73	\$ 5.94	\$ 5.90	\$ 5.73
Keyport Life 65234	\$ 6.00	\$ 5.96	\$ 5.80	\$ 6.21	\$ 6.14	\$ 5.93
Life IC of the Southwest 65528	\$ 5.78	\$ 5.74	\$ 5.59	\$ 5.97	\$ 5.90	\$ 5.69
Lincoln Benefit Life Co. 65595	\$ 5.96	\$ 5.91	\$ 5.77	\$ 5.96	\$ 5.90	\$ 5.77
London Pacific 68934	\$ 6.40	\$ 6.27	\$ 6.08	\$ 6.40	\$ 6.27	\$ 6.08




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

National Guardian LIC 66583	\$ 5.80	\$ 5.75	\$ 5.62	\$ 5.80	\$ 5.75	\$ 5.62
Peoples Benefit LIC 66605	\$ 6.03	\$ 5.98	\$ 5.87	\$ 6.03	\$ 5.98	\$ 5.87
Presidential LIC 68039	\$ 6.72	\$ 6.65	\$ 6.51	\$ 6.72	\$ 6.65	\$ 6.51
Principal Mutual LIC 61271	\$ 5.71	\$ 5.66	\$ 5.55	\$ 5.73	\$ 5.68	\$ 5.57
Prudential Ins. Co. of America 68241	\$ 4.53	\$ 4.48	\$ 4.38	\$ 4.53	\$ 4.48	\$ 4.38
Reliance Standard LIC 68381	\$ 5.87	\$ 5.81	\$ 5.67	\$ 5.92	\$ 5.87	\$ 5.72
Security Benefit LIC 68675	\$ 5.51	\$ 5.47	\$ 5.39	\$ 5.51	\$ 5.47	\$ 5.39
Security Mutual/NY 68772	\$ 5.49	\$ 5.42	\$ 5.23	\$ 5.53	\$ 5.47	\$ 5.28
Southwestern Life 91391	\$ 5.02	\$ 4.98	\$ 4.89	-	-	-
United of Omaha 69868	\$ 5.83	\$ 5.78	\$ 5.64	\$ 5.83	\$ 5.78	\$ 5.64
USG Annuity & Life 61247	\$ 5.85	\$ 5.78	\$ 5.60	\$ 5.85	\$ 5.78	\$ 5.60

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 6.84	\$ 6.63	\$ 6.12	\$ 6.84	\$ 6.63	\$ 6.12
American Heritage 60534	\$ 6.97	\$ 6.76	\$ 6.26	\$ 6.97	\$ 6.76	\$ 6.26
Canada Life Assurance 80659	\$ 6.70	\$ 6.53	\$ 6.09	\$ 6.70	\$ 6.53	\$ 6.09
Columbia Universal 77720	\$ 6.57	\$ 6.38	\$ 5.88	\$ 6.57	\$ 6.38	\$ 5.88
Conseco Annuity Assurance 60682	\$ 6.12	\$ 5.99	\$ 5.52	\$ 6.12	\$ 5.99	\$ 5.52
Jackson National LIC 65056	\$ 6.33	\$ 6.19	\$ 5.82	\$ 6.10	\$ 6.00	\$ 5.72
Jefferson Pilot LIC 67865	\$ 6.78	\$ 6.61	\$ 6.08	\$ 6.78	\$ 6.61	\$ 6.08
Keyport Life 65234	\$ 6.94	\$ 6.75	\$ 6.27	\$ 6.68	\$ 6.55	\$ 6.18
Life IC of the Southwest 65528	\$ 6.65	\$ 6.48	\$ 6.04	\$ 6.38	\$ 6.26	\$ 5.93
Lincoln Benefit Life Co. 65595	\$ 6.70	\$ 6.54	\$ 6.17	\$ 6.70	\$ 6.54	\$ 6.17
London Pacific 68934	\$ 7.19	\$ 6.94	\$ 6.49	\$ 7.19	\$ 6.94	\$ 6.49
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 6.61	\$ 6.45	\$ 6.04	\$ 6.61	\$ 6.45	\$ 6.04
Peoples Benefit LIC 66605	\$ 6.83	\$ 6.66	\$ 6.27	\$ 6.83	\$ 6.66	\$ 6.27
Presidential LIC 68039	\$ 7.45	\$ 7.24	\$ 6.86	\$ 7.45	\$ 7.24	\$ 6.86
Principal Mutual LIC 61271	\$ 6.57	\$ 6.39	\$ 6.00	\$ 6.59	\$ 6.40	\$ 6.01
Prudential Ins. Co. of America 68241	\$ 5.26	\$ 5.09	\$ 4.74	\$ 5.26	\$ 5.09	\$ 4.74
Reliance Standard LIC 68381	\$ 6.82	\$ 6.64	\$ 6.18	\$ 6.87	\$ 6.69	\$ 6.23
Security Benefit LIC 68675	\$ 6.32	\$ 6.19	\$ 5.87	\$ 6.32	\$ 6.19	\$ 5.87
Security Mutual/NY 68772	\$ 6.57	\$ 6.29	\$ 5.70	\$ 6.99	\$ 6.63	\$ 5.84
Southwestern Life 91391	\$ 5.89	\$ 5.75	\$ 5.40	-	-	-
United of Omaha LIC 69869	\$ 6.63	\$ 6.46	\$ 6.05	\$ 6.63	\$ 6.46	\$ 6.05
USG Annuity & Life 61247	\$ 6.99	\$ 6.72	\$ 6.10	\$ 6.99	\$ 6.72	\$ 6.10

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 6.28	\$ 6.18	\$ 5.90	\$ 6.28	\$ 6.18	\$ 5.90
American Heritage 60534	\$ 6.39	\$ 6.29	\$ 6.02	\$ 6.39	\$ 6.29	\$ 6.02
Canada Life Assurance 80659	\$ 6.14	\$ 6.06	\$ 5.83	\$ 6.14	\$ 6.06	\$ 5.83
Columbia Universal 77720	\$ 5.98	\$ 5.89	\$ 5.63	\$ 5.98	\$ 5.89	\$ 5.63
Conseco Annuity Assurance 60682	\$ 5.59	\$ 5.51	\$ 5.26	\$ 5.59	\$ 5.51	\$ 5.26
Jackson National LIC 65056	\$ 5.94	\$ 5.87	\$ 5.65	\$ 6.10	\$ 6.00	\$ 5.72
Jefferson Pilot LIC 67865	\$ 6.26	\$ 6.19	\$ 5.90	\$ 6.26	\$ 6.19	\$ 5.90
Keyport Life 65234	\$ 6.40	\$ 6.32	\$ 6.06	\$ 6.68	\$ 6.55	\$ 6.16
Life IC of the Southwest 65528	\$ 6.14	\$ 6.07	\$ 5.82	\$ 6.38	\$ 6.26	\$ 5.93
Lincoln Benefit Life Co. 65595	\$ 6.36	\$ 6.26	\$ 6.01	\$ 6.36	\$ 6.26	\$ 6.01
London Pacific 68934	\$ 6.76	\$ 6.60	\$ 6.31	\$ 6.76	\$ 6.60	\$ 6.31




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

National Guardian LIC 66583	\$ 5.80	\$ 6.11	\$ 5.87	\$ 5.80	\$ 6.11	\$ 5.87
Peoples Benefit LIC 66605	\$ 6.39	\$ 6.31	\$ 6.10	\$ 6.39	\$ 6.31	\$ 6.10
Presidential LIC 68039	\$ 7.07	\$ 6.95	\$ 6.72	\$ 7.07	\$ 6.95	\$ 6.72
Principal Mutual LIC 61271	\$ 5.99	\$ 5.90	\$ 5.72	\$ 6.00	\$ 5.92	\$ 5.74
Prudential Ins. Co. of America 68241	\$ 4.82	\$ 4.74	\$ 4.56	\$ 4.82	\$ 4.74	\$ 4.56
Reliance Standard LIC 68381	\$ 6.32	\$ 6.22	\$ 5.96	\$ 6.38	\$ 6.28	\$ 6.02
Security Benefit LIC 68675	\$ 5.84	\$ 5.78	\$ 5.63	\$ 5.84	\$ 5.78	\$ 5.63
Security Mutual/NY 68772	\$ 5.96	\$ 5.83	\$ 5.51	\$ 6.05	\$ 5.93	\$ 5.57
Southwestern Life 91391	\$ 5.37	\$ 5.31	\$ 5.14	-	-	-
United of Omaha LIC 69868	\$ 6.62	\$ 6.13	\$ 5.88	\$ 6.62	\$ 6.13	\$ 5.88
USG Annuity & Life 61247	\$ 6.31	\$ 6.18	\$ 5.85	\$ 6.31	\$ 6.18	\$ 5.85

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999


# 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	\$ 7.63	\$ 7.22	\$ 6.35	\$ 7.63	\$ 7.22	\$ 6.35
American Heritage 60534	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.79	\$ 7.39	\$ 6.52
Canada Life Assurance 80659	\$ 7.47	\$ 7.13	\$ 6.36	\$ 7.47	\$ 7.13	\$ 6.36
Columbia Universal 77720	\$ 7.39	\$ 7.01	\$ 6.16	\$ 7.39	\$ 7.01	\$ 6.16
Conseco Annuity Assurance 60682	\$ 6.89	\$ 6.56	\$ 5.77	\$ 6.89	\$ 6.56	\$ 5.77
Jackson National LIC 65056	\$ 7.00	\$ 6.72	\$ 6.08	\$ 6.69	\$ 6.49	\$ 6.00
Jefferson Pilot LIC 67865	\$ 7.47	\$ 7.14	\$ 6.24	\$ 7.47	\$ 7.14	\$ 6.24
Keyport Life 65234	\$ 7.69	\$ 7.33	\$ 6.52	\$ 7.32	\$ 7.08	\$ 6.43
Life IC of the Southwest 65528	\$ 7.33	\$ 7.01	\$ 6.27	\$ 6.97	\$ 6.74	\$ 6.17
Lincoln Benefit Life Co. 65595	\$ 7.42	\$ 7.10	\$ 6.44	\$ 7.42	\$ 7.10	\$ 6.44
London Pacific 68934	\$ 7.89	\$ 7.47	\$ 6.73	\$ 7.89	\$ 7.47	\$ 6.73
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 7.31	\$ 7.00	\$ 6.29	\$ 7.31	\$ 7.00	\$ 6.29
Peoples Benefit LIC 66605	\$ 7.51	\$ 7.19	\$ 6.53	\$ 7.51	\$ 7.19	\$ 6.53
Presidential LIC 68039	\$ 8.09	\$ 7.70	\$ 7.06	\$ 8.09	\$ 7.70	\$ 7.06
Principal Mutual LIC 61271	\$ 7.18	\$ 6.86	\$ 6.20	\$ 7.20	\$ 6.88	\$ 6.22
Prudential Ins. Co. of America 68241	\$ 5.85	\$ 5.53	\$ 4.93	\$ 5.85	\$ 5.53	\$ 4.93
Reliance Standard LIC 68381	\$ 7.62	\$ 7.26	\$ 6.46	\$ 7.67	\$ 7.31	\$ 6.52
Security Benefit LIC 68675	\$ 6.96	\$ 6.71	\$ 6.14	\$ 6.96	\$ 6.71	\$ 6.14
Security Mutual/NY 68772	\$ 7.37	\$ 6.88	\$ 5.93	\$ 8.04	\$ 7.31	\$ 6.03
Southwestern Life 91391	\$ 6.58	\$ 6.30	\$ 5.68	-	-	-
United of Omaha LIC 69868	\$ 7.33	\$ 7.00	\$ 6.29	\$ 7.33	\$ 7.00	-
USG Annuity & Life 61247	\$ 7.88	\$ 7.34	\$ 6.31	\$ 7.88	\$ 7.34	\$ 6.31
<b>Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: May 21, 1999</b>						

# Immediate Annuities Update

**Table 9. Single Life Annuities — Female Age 65**

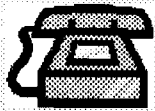
Reporting Companies	Non-Qualified Funds			Qualified Funds		
	Life	10yr	20yr	Life	10yr	20yr
AIG Life Ins. Co. 66842	\$ 6.88	\$ 6.68	\$ 6.18	\$ 6.88	\$ 6.68	\$ 6.18
American Heritage 60534	\$ 7.01	\$ 6.82	\$ 6.32	\$ 7.01	\$ 6.82	\$ 6.32
Canada Life Assurance 80659	\$ 6.73	\$ 6.57	\$ 6.14	\$ 6.73	\$ 6.57	\$ 6.14
Columbia Universal 77720	\$ 6.61	\$ 6.44	\$ 5.98	\$ 6.61	\$ 6.44	\$ 5.98
Conseco Annuity Assurance 60682	\$ 6.15	\$ 6.00	\$ 5.56	\$ 6.15	\$ 6.00	\$ 5.56
Jackson National LIC 65056	\$ 6.48	\$ 6.34	\$ 5.94	\$ 6.69	\$ 6.49	\$ 6.00
Jefferson Pilot LIC 67865	\$ 6.75	\$ 6.61	\$ 6.08	\$ 6.75	\$ 6.61	\$ 6.08
Keyport Life 65234	\$ 6.97	\$ 6.80	\$ 6.33	\$ 7.32	\$ 7.08	\$ 6.43
Life IC of the Southwest 65528	\$ 6.66	\$ 6.51	\$ 6.08	\$ 6.97	\$ 6.74	\$ 6.17
Lincoln Benefit Life Co. 65595	\$ 6.91	\$ 6.73	\$ 6.29	\$ 6.91	\$ 6.73	\$ 6.29
London Pacific 68934	\$ 7.31	\$ 7.05	\$ 6.57	\$ 7.31	\$ 7.05	\$ 6.57
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 6.76	\$ 6.59	\$ 6.15	\$ 6.76	\$ 6.59	\$ 6.15
Peoples Benefit LIC 66605	\$ 6.92	\$ 6.76	\$ 6.37	\$ 6.92	\$ 6.76	\$ 6.37
Presidential LIC 68039	\$ 7.56	\$ 7.34	\$ 6.94	\$ 7.56	\$ 7.34	\$ 6.94
Principal Mutual LIC 61271	\$ 6.40	\$ 6.26	\$ 5.93	\$ 6.41	\$ 6.28	\$ 5.95
Prudential Ins. Co. of America 68241	\$ 5.25	\$ 5.10	\$ 4.77	\$ 5.25	\$ 5.10	\$ 4.77
Reliance Standard LIC 68381	\$ 6.94	\$ 6.76	\$ 6.28	\$ 7.01	\$ 6.82	\$ 6.35
Security Benefit LIC 68675	\$ 6.31	\$ 6.20	\$ 5.91	\$ 6.31	\$ 6.20	\$ 5.91
Security Mutual/NY 68772	\$ 6.60	\$ 6.38	\$ 5.80	\$ 6.80	\$ 6.54	\$ 5.84
Southwestern Life 91391	\$ 5.88	\$ 5.76	\$ 5.44	-	-	-
United of Omaha LIC 69868	\$ 6.78	\$ 6.60	\$ 6.15	\$ 6.78	\$ 6.60	\$ 6.15
USG Annuity & Life 61247	\$ 6.96	\$ 6.71	\$ 6.12	\$ 6.96	\$ 6.71	\$ 6.12
Figures represent monthly income per \$1,000 assuming \$100,000 deposit. Survey period: May 21, 1999						



# 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 <sup>1</sup>
AIG Life Ins. Co. 66842	\$ 8.76	\$ 7.92	\$ 6.53	\$ 8.76	\$ 7.92	\$ 6.53
American Heritage 60534	\$ 8.95	\$ 8.15	\$ 6.73	\$ 8.95	\$ 8.15	\$ 6.73
Canada Life Assurance 80659	\$ 8.55	\$ 7.85	\$ 6.57	\$ 8.55	\$ 7.85	\$ 6.57
Columbia Universal 77720	\$ 8.55	\$ 7.78	\$ 6.38	\$ 8.55	\$ 7.78	\$ 6.38
Conseco Annuity Assurance 60682	\$ 7.70	\$ 7.13	\$ 5.95	\$ 7.70	\$ 7.13	\$ 5.95
Jackson National LIC 65056	\$ 7.90	\$ 7.35	\$ 6.31	\$ 7.49	\$ 7.10	\$ 6.26
Jefferson Pilot LIC 67865	\$ 8.46	\$ 7.80	\$ 6.38	\$ 8.46	\$ 7.80	\$ 6.38
Keyport Life 65234	\$ 8.72	\$ 8.03	\$ 6.70	\$ 8.26	\$ 7.75	\$ 6.65
Life IC of the Southwest 65528	\$ 8.31	\$ 7.66	\$ 6.47	\$ 7.81	\$ 7.35	\$ 6.40
Lincoln Benefit Life Co. 65595	\$ 8.45	\$ 7.82	\$ 6.67	\$ 8.45	\$ 7.82	\$ 6.67
London Pacific 68934	\$ 8.91	\$ 8.13	\$ 6.94	\$ 8.91	\$ 8.13	\$ 6.94



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


National Guardian LIC 66583	\$ 8.32	\$ 7.67	\$ 6.49	\$ 8.32	\$ 7.67	\$ 6.49
Peoples Benefit LIC 66605	\$ 8.51	\$ 7.86	\$ 6.72	\$ 8.51	\$ 7.86	\$ 6.72
Presidential LIC 68039	\$ 9.00	\$ 8.26	\$ 7.21	\$ 9.00	\$ 8.26	\$ 7.21
Principal Mutual LIC 61271	\$ 8.08	\$ 7.46	\$ 6.38	\$ 8.10	\$ 7.48	\$ 6.40
Prudential Ins. Co. of America 68241	\$ 6.73	\$ 6.08	\$ 5.08	\$ 6.73	\$ 6.08	\$ 5.08
Reliance Standard LIC 68381	\$ 8.58	\$ 7.86	\$ 6.55	\$ 8.61	\$ 7.90	\$ 6.60
Security Benefit LIC 68675	\$ 7.89	\$ 7.37	\$ 6.40	\$ 7.89	\$ 7.37	\$ 6.40
Security Mutual/NY 68772	\$ 8.51	\$ 7.60	\$ 6.11	\$ 9.50	\$ 8.05	\$ 6.15
Southwestern Life 91391	\$ 7.57	\$ 6.99	\$ 5.92	-	-	-
United of Omaha LIC 69868	\$ 8.34	\$ 7.67	\$ 6.48	\$ 8.34	\$ 7.67	-
USG Annuity & Life 61247	\$ 9.08	\$ 8.03	\$ 6.48	\$ 9.08	\$ 8.03	\$ 6.48

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>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 <sup>1</sup>
AIG Life Ins. Co. 66842	\$ 7.74	\$ 7.34	\$ 6.43	\$ 7.74	\$ 7.34	\$ 6.43
American Heritage 60534	\$ 7.90	\$ 7.52	\$ 6.61	\$ 7.90	\$ 7.52	\$ 6.61
Canada Life Assurance 80659	\$ 7.57	\$ 7.23	\$ 6.44	\$ 7.57	\$ 7.23	\$ 6.44
Columbia Universal 77720	\$ 7.51	\$ 7.15	\$ 6.25	\$ 7.51	\$ 7.15	\$ 6.25
Conseco Annuity Assurance 60682	\$ 6.81	\$ 6.55	\$ 5.80	\$ 6.81	\$ 6.55	\$ 5.80
Jackson National LIC 65056	\$ 7.23	\$ 6.93	\$ 6.22	\$ 7.49	\$ 7.10	\$ 6.26
Jefferson Pilot LIC 67865	\$ 7.46	\$ 7.18	\$ 6.25	\$ 7.46	\$ 7.18	\$ 6.25
Keyport Life 65234	\$ 7.78	\$ 7.45	\$ 6.58	\$ 8.26	\$ 7.75	\$ 6.65
Life IC of the Southwest 65528	\$ 7.40	\$ 7.10	\$ 6.34	\$ 7.81	\$ 7.35	\$ 6.40
Lincoln Benefit Life Co. 65595	\$ 7.72	\$ 7.35	\$ 6.55	\$ 7.72	\$ 7.36	\$ 6.55
London Pacific 68934	\$ 8.11	\$ 7.67	\$ 6.84	\$ 8.11	\$ 7.67	\$ 6.84
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 7.58	\$ 7.23	\$ 6.41	\$ 7.58	\$ 7.23	\$ 6.41
Peoples Benefit LIC 66605	\$ 7.69	\$ 7.37	\$ 6.64	\$ 7.69	\$ 7.37	\$ 6.64
Presidential LIC 68039	\$ 8.26	\$ 7.85	\$ 7.13	\$ 8.26	\$ 7.85	\$ 7.13
Principal Mutual LIC 61271	\$ 7.04	\$ 6.78	\$ 6.14	\$ 7.06	\$ 6.80	\$ 6.16
Prudential Ins. Co. of America 68241	\$ 5.90	\$ 5.59	\$ 4.97	\$ 5.90	\$ 5.59	\$ 4.97
Reliance Standard LIC 68381	\$ 7.68	\$ 7.31	\$ 6.45	\$ 7.73	\$ 7.37	\$ 6.50
Security Benefit LIC 68675	\$ 7.01	\$ 6.78	\$ 6.22	\$ 7.01	\$ 6.78	\$ 6.22
Security Mutual/NY 68772	\$ 7.58	\$ 7.11	\$ 6.04	\$ 7.91	\$ 7.29	\$ 6.05
Southwestern Life 91391	\$ 6.62	\$ 6.37	\$ 5.75	-	-	-
United of Omaha LIC 69868	\$ 7.59	\$ 7.23	\$ 6.40	\$ 7.59	\$ 7.23	-
USG Annuity & Life 61247	\$ 7.85	\$ 7.36	\$ 6.36	\$ 7.85	\$ 7.36	\$ 6.36

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999  
<sup>1</sup>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 <sup>1</sup>
AIG Life Ins. Co. 66842	\$10.35	\$ 8.69	\$ 6.64	\$10.35	\$ 8.69	\$ 6.64
American Heritage 60534	\$10.60	\$ 8.97	\$ 6.86	\$10.60	\$ 8.97	\$ 6.86
Canada Life Assurance 80659	\$10.03	\$ 8.63	\$ 6.71	\$10.03	\$ 8.63	\$ 6.71
Columbia Universal 77720	\$10.18	\$ 8.62	\$ 6.51	\$10.18	\$ 8.62	\$ 6.51
Conseco Annuity Assurance 60682	\$ 8.90	\$ 7.84	\$ 6.10	\$ 8.90	\$ 7.84	\$ 6.10
Jackson National LIC 65056	\$ 9.19	\$ 8.07	\$ 6.45	\$ 8.68	\$ 7.85	\$ 6.44
Jefferson Pilot LIC 67865	\$ 9.86	\$ 8.57	\$ 6.48	\$ 9.86	\$ 8.57	\$ 6.48
Keyport Life 65234	\$10.15	\$ 8.79	\$ 6.82	\$ 9.57	\$ 8.63	\$ 6.79
Life IC of the Southwest 65528	\$ 9.68	\$ 8.38	-	\$ 9.02	\$ 8.09	-
Lincoln Benefit Life Co. 65595	\$10.00	\$ 8.64	\$ 6.81	\$10.00	\$ 8.64	\$ 6.81
London Pacific 68934	\$10.35	\$ 8.87	\$ 7.09	\$10.35	\$ 8.87	\$ 7.09



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


National Guardian LIC 66583	\$ 9.72	\$ 8.42	\$ 6.62	\$ 9.72	\$ 8.42	\$ 6.62
Peoples Benefit LIC 66605	\$ 9.92	\$ 8.62	\$ 6.85	\$ 9.92	\$ 8.62	\$ 6.85
Presidential LIC 68039	\$10.37	\$ 8.90	\$ 7.30	\$10.37	\$ 8.90	\$ 7.30
Principal Mutual LIC 61271	\$ 9.46	\$ 8.24	\$ 6.54	\$ 9.49	\$ 8.26	\$ 6.56
Prudential Ins. Co. of America 68241	\$ 7.98	\$ 6.67	\$ 5.18	\$ 7.98	\$ 6.67	\$ 5.18
Reliance Standard LIC 68381	\$ 9.94	\$ 8.52	\$ 6.58	\$ 9.96	\$ 8.55	\$ 6.61
Security Benefit LIC 68675	\$ 9.18	\$ 8.14	\$ 6.59	\$ 9.18	\$ 8.14	\$ 6.59
Security Mutual/NY 68772	\$10.20	\$ 8.39	\$ 6.21	\$11.47	\$ 8.75	\$ 6.21
Southwestern Life 91391	\$ 8.97	\$ 7.78	\$ 6.10	-	-	-
United of Omaha LIC 69868	\$ 9.75	\$ 8.41	\$ 6.61	\$ 9.75	\$ 8.41	-
USG Annuity & Life 61247	\$10.66	\$ 8.71	\$ 6.58	\$10.66	\$ 8.71	\$ 6.58

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>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 <sup>1</sup>
AIG Life Ins. Co. 66842	\$ 9.06	\$ 8.16	\$ 6.60	\$ 9.06	\$ 8.16	\$ 6.60
American Heritage 60534	\$ 9.25	\$ 8.39	\$ 6.80	\$ 9.25	\$ 8.39	\$ 6.80
Canada Life Assurance 80659	\$ 8.80	\$ 8.06	\$ 6.64	\$ 8.80	\$ 8.06	\$ 6.64
Columbia Universal 77720	\$ 8.86	\$ 8.04	\$ 6.45	\$ 8.86	\$ 8.04	\$ 6.45
Conseco Annuity Assurance 60682	\$ 7.85	\$ 7.29	\$ 6.02	\$ 7.85	\$ 7.29	\$ 6.02
Jackson National LIC 65056	\$ 8.36	\$ 7.69	\$ 6.42	\$ 8.68	\$ 7.85	\$ 6.44
Jefferson Pilot LIC 67865	\$ 8.57	\$ 7.94	\$ 6.37	\$ 8.57	\$ 7.94	\$ 6.37
Keyport Life 65234	\$ 8.99	\$ 8.25	\$ 6.76	\$ 9.57	\$ 8.53	\$ 6.79
Life IC of the Southwest 65528	\$ 8.51	\$ 7.85	-	\$ 9.02	\$ 8.09	-
Lincoln Benefit Life Co. 65595	\$ 8.94	\$ 8.15	\$ 6.75	\$ 8.94	\$ 8.15	\$ 6.75
London Pacific 68934	\$ 9.38	\$ 8.46	\$ 7.04	\$ 9.38	\$ 8.46	\$ 7.04
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$ 8.81	\$ 8.03	\$ 6.59	\$ 8.81	\$ 8.03	\$ 6.59
Peoples Benefit LIC 66605	\$ 8.87	\$ 8.16	\$ 6.84	\$ 8.87	\$ 8.16	\$ 6.84
Presidential LIC 68039	\$ 9.35	\$ 8.49	\$ 7.27	\$ 9.35	\$ 8.49	\$ 7.27
Principal Mutual LIC 61271	\$ 8.14	\$ 7.52	\$ 6.37	\$ 8.17	\$ 7.54	\$ 6.39
Prudential Ins. Co. of America 68241	\$ 6.90	\$ 6.22	\$ 5.12	\$ 6.90	\$ 6.22	\$ 5.12
Reliance Standard LIC 68381	\$ 8.85	\$ 8.03	\$ 6.53	\$ 8.89	\$ 8.08	\$ 6.57
Security Benefit LIC 68675	\$ 8.06	\$ 7.54	\$ 6.49	\$ 8.06	\$ 7.54	\$ 6.49
Security Mutual/NY 68772	\$ 9.11	\$ 8.01	\$ 6.17	\$ 9.52	\$ 8.11	\$ 6.18
Southwestern Life 91391	\$ 7.75	\$ 7.16	\$ 6.00	-	-	-
United of Omaha LIC 69868	\$ 8.83	\$ 8.02	\$ 6.58	\$ 8.83	\$ 8.02	-
USG Annuity & Life 61247	\$ 9.14	\$ 8.13	\$ 6.53	\$ 9.14	\$ 8.13	\$ 6.53
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999 <sup>1</sup> Exceeds 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 <sup>1</sup>	20yr C&C <sup>2</sup>
AIG Life Ins. Co. 66842	\$12.63	\$ 9.38	\$ 6.69	\$12.63	\$ 9.38	\$ 6.69
American Heritage 60534	\$12.95	\$ 9.74	\$ 6.91	\$12.95	\$ 9.74	\$ 6.91
Canada Life Assurance 80659	\$12.08	\$ 9.35	\$ 6.77	\$12.08	\$ 9.35	\$ 6.77
Columbia Universal 77720	\$12.51	\$ 9.41	\$ 6.57	\$12.51	\$ 9.41	\$ 6.57
Conseco Annuity Assurance 60682	\$10.46	\$ 8.53	\$ 6.19	\$10.46	\$ 8.53	\$ 6.19
Jackson National LIC 65056	\$10.99	\$ 8.79	\$ 6.54	\$10.43	\$ 8.64	\$ 6.53
Jefferson Pilot LIC 67865	\$11.88	\$ 9.34	\$ 6.58	\$11.88	\$ 9.34	\$ 6.58
Keyport Life 65234	\$12.08	\$ 9.50	\$ 6.87	\$11.42	\$ 9.32	\$ 6.87
Life IC of the Southwest 65528	\$11.62	\$ 9.09	-	\$10.78	\$ 8.86	-
Lincoln Benefit Life Co. 65595	\$10.02 <sup>3</sup>	\$ 9.41	\$ 6.88	\$10.02 <sup>3</sup>	\$ 9.41	\$ 6.88
London Pacific 68934	\$12.37	\$ 9.61	\$ 7.17	\$12.37	\$ 9.61	\$ 7.17



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

National Guardian LIC 66583	\$11.69	\$ 9.16	\$ 6.69	\$11.69	\$ 9.16	\$ 6.69
Peoples Benefit LIC 66605	\$11.92	\$ 9.40	\$ 6.94	\$11.92	\$ 9.40	\$ 6.94
Presidential LIC 68039	\$12.46	\$ 9.52	\$ 7.34	\$12.46	\$ 9.52	\$ 7.34
Principal Mutual LIC 61271	\$11.71	\$ 9.22	\$ 6.73	\$11.74	\$ 9.25	\$ 6.75
Prudential Ins. Co. of America 68241	\$ 9.81	\$ 7.23	\$ 5.22	\$ 9.81	\$ 7.23	\$ 5.22
Reliance Standard LIC 68381	\$11.99	\$ 9.21	\$ 6.60	\$12.00	\$ 9.24	\$ 6.63
Security Benefit LIC 68675	\$11.02	\$ 8.94	\$ 6.71	\$11.02	\$ 8.94	\$ 6.71
Security Mutual/NY 68772	\$12.71	\$ 9.13	\$ 6.24	\$14.30	\$ 9.29	\$ 6.23
Southwestern Life 91391	\$10.99	\$ 8.58	\$ 6.19	-	-	-
United of Omaha 69868	\$11.75	\$ 9.13	\$ 6.67	\$11.75	-	-
USG Annuity & Life 61247	\$12.66	\$ 9.34	\$ 6.63	\$12.66	\$ 9.34	\$ 6.63

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

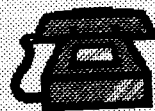
<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# 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 <sup>1</sup>	20yr C&C <sup>2</sup>
AIG Life Ins. Co. 66842	\$11.06	\$ 9.03	\$ 6.68	\$11.06	\$ 9.03	\$ 6.68
American Heritage 60534	\$11.30	\$ 9.33	\$ 6.90	\$11.30	\$ 9.33	\$ 6.90
Canada Life Assurance 80659	\$10.63	\$ 8.95	\$ 6.75	\$10.63	\$ 8.95	\$ 6.75
Columbia Universal 77720	\$10.89	\$ 8.99	\$ 6.55	\$10.89	\$ 8.99	\$ 6.55
Conseco Annuity Assurance 60682	\$ 9.28	\$ 8.10	\$ 6.15	\$ 9.28	\$ 8.10	\$ 6.15
Jackson National LIC 65056	\$10.08	\$ 8.54	\$ 6.52	\$10.43	\$ 8.64	\$ 6.53
Jefferson Pilot LIC 67865	\$10.28	\$ 8.83	\$ 6.47	\$10.28	\$ 8.83	\$ 6.47
Keyport Life 65234	\$10.75	\$ 9.12	\$ 6.86	\$11.42	\$ 9.32	\$ 6.87
Life IC of the Southwest 65528	\$10.19	\$ 8.68	-	\$10.78	\$ 8.86	-
Lincoln Benefit Life Co. 65595	\$ 9.29 <sup>3</sup>	\$ 9.03	\$ 6.86	\$ 9.29 <sup>3</sup>	\$ 9.03	\$ 6.86
London Pacific 68934	\$11.25	\$ 9.33	\$ 7.15	\$11.25	\$ 9.33	\$ 7.15



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

National Guardian LIC 66583	\$10.67	\$ 8.91	\$ 6.68	\$10.67	\$ 8.91	\$ 6.68
Peoples Benefit LIC 66605	\$10.61	\$ 9.04	\$ 6.95	\$10.61	\$ 9.04	\$ 6.95
Presidential LIC 68039	\$11.11	\$ 9.22	\$ 7.33	\$11.11	\$ 9.22	\$ 7.33
Principal Mutual LIC 61271	\$ 9.91	\$ 8.51	\$ 6.64	\$ 9.94	\$ 8.53	\$ 6.66
Prudential Ins. Co. of America 68241	\$ 8.45	\$ 6.90	\$ 5.20	\$ 8.45	\$ 6.90	\$ 5.20
Reliance Standard LIC 68381	\$10.74	\$ 8.88	\$ 6.58	\$10.78	\$ 8.92	\$ 6.62
Security Benefit LIC 68675	\$ 9.64	\$ 8.45	\$ 6.67	\$ 9.64	\$ 8.45	\$ 6.67
Security Mutual/NY 68772	\$11.48	\$ 8.88	\$ 6.22	\$11.75	\$ 8.87	\$ 6.23
Southwestern Life 91391	\$ 9.45	\$ 8.08	\$ 6.16	-	-	-
United of Omaha LIC 69868	\$10.71	\$ 8.88	\$ 6.66	\$10.71	\$ 8.88	-
USG Annuity & Life 61247	\$10.97	\$ 8.95	\$ 6.62	\$10.97	\$ 8.95	\$ 6.62

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# 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 <sup>1</sup>	20yr C&C <sup>2</sup>
AIG Life Ins. Co. 66842	\$15.08	\$ 9.81	\$ 6.70	\$15.08	\$ 9.81	\$ 6.70
American Heritage 60534	\$16.20	\$10.32	\$ 6.93	\$16.20	\$10.32	\$ 6.93
Canada Life Assurance 80659	\$14.80	\$ 9.90	\$ 6.78	\$14.80	\$ 9.90	\$ 6.78
Columbia Universal 77720	\$15.73	\$10.00	\$ 6.59	\$15.73	\$10.00	\$ 6.59
Conseco Annuity Assurance 60682	\$12.41	\$9.12	-	\$12.41	\$ 9.12	-
Jackson National LIC 65056	\$13.56	\$ 9.43	\$ 6.57	\$13.04	\$ 9.37	\$ 6.57
Jefferson Pilot LIC 67865	\$14.76	\$ 9.96	\$ 6.68	\$14.76	\$ 9.96	\$ 6.68
Life IC of the Southwest 65528	\$14.32	-	-	\$13.34	-	-
Lincoln Benefit Life Co. 65595	\$11.56 <sup>3</sup>	\$ 9.99	\$ 6.91	\$11.56 <sup>3</sup>	\$ 9.99	\$ 6.91
London Pacific 68934	\$15.28	\$10.20	\$ 7.20	\$15.28	\$10.20	\$ 7.20



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

National Guardian LIC 66583	\$14.46	\$ 9.75	\$ 6.71	\$14.46	\$ 9.75	\$ 6.71
Peoples Benefit LIC 66605	\$14.83	\$10.04	\$ 6.98	\$14.83	\$10.04	\$ 6.98
Presidential LIC 68039	\$15.47	\$10.01	\$ 7.35	\$15.47	\$10.01	\$ 7.35
Principal Mutual LIC 61271	\$15.04	\$ 9.95	\$ 6.75	\$15.08	\$ 9.98	\$ 6.77
Prudential Ins. Co. of America 68241	\$12.39	\$ 7.64	\$ 5.24	\$12.39	\$ 7.64	\$ 5.24
Security Benefit LIC 68675	\$13.62	\$ 9.65	\$ 6.75	\$13.62	\$ 9.65	\$ 6.75
Security Mutual/NY 68772	\$16.60	\$ 9.66	\$ 6.24	\$17.90	\$ 9.63	\$ 6.24
Southwestern Life 91391	\$13.87	\$ 9.23	\$ 6.22	-	-	-
United of Omaha LIC 69868	\$14.38	\$ 9.66	\$ 6.66	\$14.38	-	-
USG Annuity & Life 61247	\$15.44	\$ 9.87	\$ 6.65	\$15.44	\$ 9.87	\$ 6.65

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# 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 <sup>1</sup>	20yr C&C <sup>2</sup>
AIG Life Ins. Co. 66842	\$13.37	\$ 9.61	\$ 6.70	\$13.37	\$ 9.61	\$ 6.70
American Heritage 60534	\$14.39	\$10.11	\$ 6.93	\$14.39	\$10.11	\$ 6.93
Canada Life Assurance 80659	\$13.29	\$ 9.70	\$ 6.78	\$13.29	\$ 9.70	\$ 6.78
Columbia Universal 77720	\$13.95	\$ 9.79	\$ 6.58	\$13.95	\$ 9.79	\$ 6.58
Conseco Annuity Assurance 60682	\$11.23	\$ 8.84	-	\$11.23	\$ 8.84	-
Jackson National LIC 65056	\$12.70	\$ 9.32	\$ 6.57	\$13.04	\$ 9.37	\$ 6.57
Jefferson Pilot LIC 67865	\$12.87	\$ 9.64	\$ 6.59	\$12.87	\$ 9.64	\$ 6.59
Life IC of the Southwest 65528	\$12.72	-	-	\$13.34	-	-
Lincoln Benefit Life Co. 65595	\$10.88 <sup>3</sup>	\$ 9.78	\$ 6.90	\$10.88 <sup>3</sup>	\$ 9.78	\$ 6.90
London Pacific 68934	\$14.18	\$10.07	\$ 7.19	\$14.18	\$10.07	\$ 7.19



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

National Guardian LIC 66583	\$13.49	\$ 9.64	\$ 6.71	\$13.49	\$ 9.64	\$ 6.71
Peoples Benefit LIC 66605	\$13.31	\$ 9.83	\$ 6.97	\$13.31	\$ 9.83	\$ 6.97
Presidential LIC 68039	\$13.94	\$ 9.85	\$ 7.35	\$13.94	\$ 9.85	\$ 7.35
Principal Mutual LIC 61271	\$12.31	\$ 9.30	\$ 6.71	\$12.34	\$ 9.33	\$ 6.73
Prudential Ins. Co. of America 68241	\$10.85	\$ 7.46	\$ 5.23	\$10.85	\$ 7.46	\$ 5.23
Security Benefit LIC 68675	\$12.04	\$ 9.34	\$ 6.74	\$12.04	\$ 9.34	\$ 6.74
Security Mutual/NY 68772	\$15.20	\$ 9.48	\$ 6.24	\$14.94	\$ 9.45	\$ 6.24
Southwestern Life 91391	\$12.07	\$ 8.94	\$ 6.21	-	-	-
United of Omaha LIC 69868	\$13.40	\$ 9.55	\$ 6.66	\$13.40	-	-
USG Annuity & Life 61247	\$13.73	\$ 9.67	\$ 6.65	\$13.73	\$ 9.67	\$ 6.65

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.



# 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 <sup>1</sup>	20yr C&C <sup>2</sup>
Canada Life Assurance 80659	\$18.19	\$10.24	\$ 6.78	\$18.19	\$10.24	\$ 6.78
Conseco Annuity Assurance 60682	\$14.70	\$ 9.59	-	\$14.70	\$ 9.59	-
Jackson National LIC 65056	\$17.07	\$ 9.88	\$ 6.58	\$16.69	\$ 9.85	\$ 6.58
Lincoln Benefit Life Co. 65595	\$11.55 <sup>3</sup>	\$ 9.99	\$ 6.91	\$11.55 <sup>3</sup>	\$ 9.99	\$ 6.91
London Pacific 68934	\$19.26	\$10.59	\$ 7.20	\$19.26	\$10.59	\$ 7.20



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

National Guardian LIC 66583	\$18.25	\$10.13	\$ 6.72	\$18.25	\$10.13	\$ 6.72
Peoples Benefit LIC 66605	\$18.92	\$10.49	\$ 6.98	\$18.92	\$10.49	\$ 6.98
Presidential LIC 68039	\$19.76	\$10.31	\$ 7.35	\$19.76	\$10.31	\$ 7.35
Principal Mutual LIC 61271	-	\$10.34	\$ 6.75	-	\$10.37	\$ 6.77
Security Benefit LIC 68675	\$17.29	\$10.19	\$ 6.76	\$17.29	\$10.19	\$ 6.76
Southwestern Life 91391	\$17.92	\$ 9.68	\$ 6.22	-	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999


<sup>1</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>2</sup>Exceeds maximum guarantee period allowed by IRS.

<sup>3</sup>Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.

# 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 <sup>1</sup>	20yr C&C <sup>2</sup>
Canada Life Assurance 80659	\$16.90	\$10.15	\$ 6.78	\$16.90	\$10.15	\$ 6.78
Conseco Annuity Assurance 60682	\$13.64	\$ 9.41	-	\$13.64	\$ 9.41	-
Jackson National LIC 65056	\$16.44	\$ 9.83	\$ 6.58	\$10.69	\$ 9.85	\$ 6.58
Lincoln Benefit Life Co. 65595	\$10.88 <sup>3</sup>	\$ 9.78	\$ 6.90	\$10.88 <sup>3</sup>	\$ 9.78	\$ 6.90
London Pacific 68934	\$18.48	\$10.53	\$ 7.20	\$18.48	\$10.53	\$ 7.20
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
National Guardian LIC 66583	\$17.56	\$10.09	\$ 6.72	\$17.56	\$10.09	\$ 6.72
Peoples Benefit LIC	\$17.46	\$10.39	\$ 6.98	\$17.46	\$10.39	\$ 6.98
Presidential LIC 68039	\$18.19	\$10.23	\$ 7.35	\$18.19	\$10.23	\$ 7.35
Principal Mutual LIC 61271	-	\$ 9.86	\$ 6.74	-	\$ 9.89	\$ 6.76
Security Benefit LIC 68675	\$15.64	\$10.04	\$ 6.76	\$15.64	\$10.04	\$ 6.76
Southwestern Life 91391	\$16.06	\$ 9.55	\$ 6.22	-	-	-
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999 <sup>1</sup> Exceeds maximum guarantee period allowed by IRS. <sup>2</sup> Exceeds maximum guarantee period allowed by IRS. <sup>3</sup> Requires a payout that guarantees a return of the premium. This payout option is an Installment Refund.						

# 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	\$ 6.39	-	\$ 5.68	\$ 6.39	-	\$ 5.68
American Heritage Life 60534	\$ 6.51	\$ 6.29	\$ 5.72	\$ 6.51	\$ 6.29	\$ 5.72
Canada Life Assurance 80659	\$ 6.26	\$ 6.06	\$ 5.53	\$ 6.26	\$ 6.06	\$ 5.53
Columbia Universal 77720	\$ 5.86	-	\$ 5.31	\$ 5.86	-	\$ 5.31
Conseco Annuity Assurance 60682	\$ 5.70	-	\$ 4.93	\$ 5.70	-	\$ 4.93
Jackson National Life 65056	\$ 6.00	\$ 5.79	\$ 5.35	\$ 5.96	\$ 5.70	\$ 5.35
Jefferson Pilot LIC 67865	\$ 6.12	\$ 6.40	\$ 5.57	\$ 6.12	\$ 6.40	\$ 5.57
Keyport Life 65234	\$ 6.45	-	\$ 5.73	\$ 6.46	-	\$ 5.77
Lincoln Benefit Life Co. 65595	\$ 6.39	\$ 6.17	\$ 5.71	\$ 6.39	\$ 6.17	\$ 5.71
National Guardian LIC 66583	-	-	\$ 5.58	-	-	\$ 5.58



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

Peoples Benefit LIC 66605	\$ 6.47	\$ 6.25	\$ 5.77	\$ 6.47	\$ 6.25	\$ 5.77
Presidential LIC 68039	\$ 7.13	\$ 6.94	\$ 6.49	\$ 7.13	\$ 6.94	\$ 6.49
Principal Mutual LIC 61271	\$ 6.23	\$ 6.04	\$ 5.53	\$ 6.24	\$ 6.06	\$ 5.55
Prudential Ins. Co. of America 68241	\$ 4.77	\$ 4.49	\$ 4.37	\$ 4.77	\$ 4.49	\$ 4.37
Reliance Standard LIC 68381	\$ 6.34	-	\$ 5.58	\$ 6.34	-	\$ 5.58
Security Benefit LIC 68675	\$ 6.05	\$ 5.88	\$ 5.43	-	\$ 5.88	\$ 5.43
Security Mutual/NY 68772	-	\$ 5.84	\$ 5.25	-	\$ 6.07	\$ 5.36
Southwestern Life 91391	\$ 5.49	\$ 5.32	\$ 4.85	\$ 5.49	\$ 5.23	\$ 4.89
United of Omaha LIC 69868	\$ 6.28	\$ 6.07	\$ 5.60	\$ 6.28	\$ 6.07	\$ 5.60
USG Annuity & Life 61247	\$ 6.47	-	\$ 5.60	\$ 6.47	-	\$ 5.60

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 6.07	-	\$ 7.01	\$ 6.07	-	\$ 7.01
American Heritage 60534	\$ 7.15	\$ 6.85	\$ 6.12	\$ 7.15	\$ 6.85	\$ 6.12
Canada Life Assurance 80659	\$ 6.87	\$ 6.61	\$ 5.92	\$ 6.87	\$ 6.61	\$ 5.92
Columbia Universal 77720	\$6.43	-	\$ 5.71	\$ 6.43	-	\$ 5.71
Conseco Annuity Assurance 60682	\$ 6.29	-	\$ 5.32	\$ 6.29	-	\$ 5.32
Jackson National LIC 65056	\$ 6.53	\$ 6.27	\$ 5.67	\$ 6.49	\$ 6.15	\$ 5.68
Jefferson Pilot LIC 67865	\$ 6.57	\$ 6.91	\$ 5.86	\$ 6.57	\$ 6.91	\$ 5.86
Keyport Life 65234	\$ 7.03	-	\$ 6.08	\$ 7.04	-	\$ 6.14
Lincoln Benefit Life Co. 65595	\$ 6.96	\$ 6.66	\$ 6.05	\$ 6.96	\$ 6.66	\$ 6.05
National Guardian LIC 66583	-	-	\$ 5.92	-	-	\$ 5.92



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

Peoples Benefit LIC 66605	\$ 7.01	\$ 6.73	\$ 6.09	\$ 7.01	\$ 6.73	\$ 6.09
Presidential LIC 68039	\$ 7.64	\$ 7.38	\$ 6.79	\$ 7.64	\$ 7.38	\$ 6.79
Principal Mutual LIC 61271	\$ 6.71	\$ 6.47	\$ 5.82	\$ 6.73	\$ 6.49	\$ 5.83
Prudential Ins. Co. of America 68241	\$ 5.17	\$ 4.79	\$ 4.63	\$ 5.17	\$ 4.79	\$ 4.63
Reliance Standard LIC 68381	\$ 7.00	-	\$ 5.96	\$ 7.00	-	\$ 5.96
Security Benefit LIC 68675	\$ 6.56	\$ 6.33	\$ 5.72	-	\$ 6.33	\$ 5.72
Security Mutual/NY 68772	-	\$ 6.41	\$ 5.67	-	\$ 6.77	\$ 5.84
Southwestern Life 91391	\$ 6.02	\$ 5.79	\$ 5.17	\$ 6.02	\$ 5.68	\$ 5.22
United of Omaha 69868	\$ 6.85	\$ 6.56	\$ 5.94	\$ 6.85	\$ 6.56	\$ 5.94
USG Annuity & Life 61247	\$ 7.15	-	\$ 6.01	\$ 7.15	-	\$ 6.01

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 7.89	-	\$ 6.63	\$ 7.89	-	\$ 6.63
American Heritage 60534	\$ 8.06	\$ 7.66	\$ 6.69	\$ 8.06	\$ 7.66	\$ 6.69
Canada Life Assurance 80659	\$ 7.71	\$ 7.36	\$ 6.46	\$ 7.71	\$ 7.36	\$ 6.46
Columbia Universal 77720	\$ 7.29	-	\$ 6.33	\$ 7.29	-	\$ 6.33
Conseco Annuity Assurance 60682	\$ 6.99	-	\$ 5.77	\$ 6.99	-	\$ 5.77
Jackson National LIC 65056	\$ 7.31	\$ 6.93	\$ 6.16	\$ 7.25	\$ 6.78	\$ 6.17
Jefferson Pilot LIC 67865	\$ 7.22	\$ 7.66	\$ 6.30	\$ 7.22	\$ 7.66	\$ 6.30
Keyport Life 65234	\$ 7.84	-	\$ 6.60	\$ 7.86	-	\$ 6.67
Lincoln Benefit Life Co. 65595	\$ 7.77	\$ 7.38	\$ 6.55	\$ 7.77	\$ 7.38	\$ 6.55
National Guardian LIC 66583	-	-	\$ 6.42	-	-	\$ 6.42



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

Peoples Benefit LIC 66605	\$ 7.80	\$ 7.40	\$ 6.55	\$ 7.80	\$ 7.40	\$ 6.55
Presidential LIC 68039	\$ 8.36	\$ 8.00	\$ 7.21	\$ 8.36	\$ 8.00	\$ 7.21
Principal Mutual LIC 61271	\$ 7.39	\$ 7.07	\$ 6.20	\$ 7.41	\$ 7.09	\$ 6.22
Prudential Ins. Co. of America 68241	\$ 5.74	\$ 5.24	\$ 5.01	\$ 5.74	\$ 5.24	\$ 5.01
Reliance Standard LIC 68381	\$ 7.95	-	\$ 6.47	\$ 7.95	-	\$ 6.47
Security Benefit LIC 68675	\$ 7.17	\$ 6.86	\$ 6.07	-	\$ 6.86	\$ 6.07
Security Mutual/NY 68772	-	\$ 7.23	\$ 6.28	-	\$ 7.74	\$ 6.53
Southwestern Life 91391	\$ 6.78	\$ 6.46	\$ 5.64	\$ 6.79	\$ 6.32	\$ 5.71
United of Omaha 69868	\$ 7.65	\$ 7.26	\$ 6.44	\$ 7.65	\$ 7.26	\$ 6.44
USG Annuity & Life 61247	\$ 8.08	-	\$ 6.58	\$ 8.08	-	\$ 6.58

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# 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	\$ 9.15	-	\$ 7.45	\$ 9.15	-	\$ 7.45
American Heritage 60534	\$ 9.36	\$ 8.79	\$ 7.51	\$ 9.36	\$ 8.79	\$ 7.51
Canada Life Assurance 80659	\$ 8.90	\$ 8.40	\$ 7.23	\$ 8.90	\$ 8.40	\$ 7.23
Columbia Universal 77720	\$ 8.44	-	\$ 7.17	\$ 8.44	-	\$ 7.17
Conseco Annuity Assurance 60682	\$ 7.95	-	\$ 6.39	\$ 7.95	-	\$ 6.39
Jackson National LIC 65056	\$ 8.40	\$ 7.87	\$ 6.85	\$ 8.35	\$ 7.70	\$ 6.87
Jefferson Pilot LIC 67865	\$ 8.16	\$ 8.73	\$ 6.96	\$ 8.16	\$ 8.73	\$ 6.96
Keyport Life 65234	\$ 8.98	-	\$ 7.35	\$ 9.03	-	\$ 7.45
Lincoln Benefit Life Co. 65595	\$ 8.98	\$ 8.43	\$ 7.29	\$ 8.98	\$ 8.43	\$ 7.29
National Guardian LIC 66583	-	-	\$ 7.15	-	-	\$ 7.15



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

Peoples Benefit LIC 66605	\$ 8.92	\$ 8.37	\$ 7.24	\$ 8.92	\$ 8.37	\$ 7.24
Presidential LIC 68039	\$ 9.19	\$ 8.92	\$ 7.82	\$ 9.19	\$ 8.92	\$ 7.82
Principal Mutual LIC 61271	\$ 8.42	\$ 7.97	\$ 6.82	\$ 8.45	\$ 7.99	\$ 6.84
Prudential Ins. Co. of America 68241	\$ 6.59	\$ 5.91	\$ 5.61	\$ 6.59	\$ 5.91	\$ 5.61
Reliance Standard LIC 68381	\$ 9.07	-	\$ 7.21	\$ 9.07	-	\$ 7.21
Security Benefit LIC 68675	\$ 8.19	\$ 7.75	\$ 6.70	-	\$ 7.75	\$ 6.70
Security Mutual/NY 68772	-	\$ 8.44	\$ 7.19	-	\$ 9.10	\$ 7.54
Southwestern Life 91391	\$ 7.87	\$ 7.42	\$ 6.33	\$ 7.91	\$ 7.26	\$ 6.42
United of Omaha 69868	\$ 8.80	\$ 8.26	\$ 7.16	\$ 8.80	\$ 8.26	\$ 7.16
USG Annuity & Life 61247	\$ 9.34	-	\$ 7.37	\$ 9.34	-	\$ 7.37

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: May 21, 1999

# Deferred Annuities Update

**I**n 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 **Bail-out 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 **Rnw! 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 ap-

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '99 Base Rate	Additional 1st Yr. Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw! Mthd	Surrender Fees Yr
AIG Life 66842	SPDA	0-75	5.05%	nr	nr	nr	5.20%	1 Year	4.05%	3.00%	I	6% 0%
AIG Life 66842	SPDA	-	nr	nr	nr	5.50%	na	3 Yrs	4.50%	nr	I	6% 0%
American Heritage 60534	SPDA-2	0-75	5.25%	nr	5.62%	5.88%	5.75%	1 Year	5.25%	5.00%	I	7% 1%
Columbia Universal 77720	Pres. Choice	0-85	nr	1.00%	5.30%	5.25%	5.50%	1 Year	5.30%	4.50%	I	8% 0%
Jefferson Pilot 67865	SPDA	0-85	nr	nr	4.95%	5.20%	5.40%	1 Year	na	4.50%	I	5% 1%
Lincoln Benefit 65595	Opportunist III	0-99	nr	nr	4.75%	nr	5.60%	1 Year	4.00%	4.00%	I	7% 4%
Lincoln Benefit 65595	Opportunist IV	0-99	nr	nr	5.05%	nr	nr	1 Year	4.30%	4.00%	I	7% 4%
New York Life 66915	SPRA-2	-	nr	nr	nr	nr	5.00%	1 Year	3.00%	3.00%	P	7% 4%
Ohio National 89206	Choice Classic	0-80	nr	nr	5.20%	5.85%	5.70%	1 Year	4.19%	3.00%	I	8% 2%
Presidential Life 68039	SPDA II	0-85	5.85%	nr	5.60%	6.05%	6.05%	2 Yrs	na	5.00%	I	6% 2%
Providentmutual 70750	SPDA I	0-75	nr	nr	4.40%	5.15%	5.15%	2 Yrs	3.40%	3.00%	I	7% 1%
Providentmutual 70750	SPDA II	0-75	nr	nr	4.15%	4.90%	4.90%	2 Yrs	3.15%	3.00%	I	7% 1%
Security Mutual/NY 68772	SPDA	0-80	4.75%	nr	4.75%	5.00%	5.00%	1 Year	3.75%	3.50%	I	5% 0%
Security Mutual/NY 68772	SPDA	0-80	5.00%	nr	5.25%	5.50%	5.25%	3 Yrs	4.00%	3.50%	I	5% 0%
Standard Insurance 69019	SPDA	0-80	nr	nr	nr	nr	5.18%	1 Year	3.50%	3.00%	I	7% 1%
Standard Insurance 69019	Advanced Rate	0-80	nr	nr	nr	nr	6.08%	1 Year	4.50%	3.00%	I	7% 1%

Survey period: May 21, 1999; 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	May '99 Base Rate	Additional 1st Yr. Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnw1 Mthd	Surrender Fees Yr 1 Yr 7
AIG 66842	SPDA	0-75	5.05%	1.50%	5.05%	nr	5.20%	1 Year	3.00%	I	6% 0%
American General 70432	Envision +II	0-85	nr	nr	nr	5.25%	5.25%	1 Year	3.00%	I	9% 2%
American General 70432	SPDA +2	0-85	nr	nr	nr	5.00%	5.00%	1 Year	4.00%	I	7% 0%
American General 70432	Vision 1	0-85	nr	nr	nr	5.25%	5.25%	1 Year	3.00%	I	9% 5%
American General 70432	Ultravision	0-85	nr	nr	nr	5.00%	5.00%	1 Year	3.00%	I	9% 2%
American General 70432	Ultra Extra	0-85	nr	nr	nr	5.10%	5.10%	1 Year	3.00%	I	8% 2%
American Heritage 60534	PFP	0-69	4.00%	nr	nr	nr	nr	na	4.00%	nr	10% 2%
Amer. Int'l Assur./NY 60607	SPDA	0-75	nr	nr	nr	5.50%	nr	3 Years	nr	I	6% 0%
Canada Life Assurance 80659	Security 1	0-80	5.00%	1.25%	5.00%	5.00%	5.00%	1 Year	3.00%	N	7% 2%
Columbia Universal 77720	CEO's Choice	0-85	6.25%	7.25%	nr	nr	nr	1 Year	4.00%	I	8% 0%
Columbia Universal 77720	Heritage	0-85	5.25%	8.75%	5.25%	5.25%	5.00%	1 Year	3.50%	P	9% 2%
Columbia Universal 77720	President's	0-85	5.75%	6.75%	nr	nr	nr	1 Year	4.50%	I	8% 0%
Commercial Union 62898	Port. Secure	0-85	nr	nr	4.25%	4.40%	4.60%	1 Year	nr	P	6% 1%
Conseco Annuity Assur 60682	SPDA 8	0-85	5.10%	1.00%	4.95%	4.65%	4.85%	1 Year	4.00%	I	10% 3%
Fidelity & Guar. Life 63274	Fidelity	0-85	nr	nr	5.05%	5.00%	5.50%	1 Year	3.00%	I	5% 0%
Fidelity & Guar. Life 63274	Fidelity +	0-85	nr	nr	4.75%	nr	nr	1 Year	3.00%	I	5% 0%
Fidelity & Guar. Life 63274	F & G III	0-85	nr	nr	4.95%	nr	nr	3 Years	3.00%	I	5% 0%
Fidelity & Guar. Life 63274	Resolute 4	0-85	nr	nr	4.45%	4.70%	5.20%	4 Years	3.00%	I	9% 3%
Fidelity & Guar. Life 63274	Resolute 5	0-85	nr	nr	5.00%	5.25%	nr	5 Years	3.00%	I	9% 3%
Fidelity & Guar. Life 63274	Resolute +	0-85	nr	nr	4.75%	5.00%	5.50%	1 Year	3.00%	I	9% 3%
Fidelity & Guar. Life 63274	Wealthmaster 4	0-85	nr	nr	4.90%	5.15%	5.65%	4 Years	3.00%	I	9% 3%
Fidelity & Guar. Life 63274	Wealthmaster 5	0-85	nr	nr	5.25%	5.50%	6.00%	5 Years	3.00%	I	9% 3%
Fidelity & Guar. Life 63274	Wealthmaster +	0-85	nr	nr	5.20%	5.45%	5.95%	1 Year	3.00%	I	9% 3%
Fort Dearborn LIC 71129	Asset Fort. 5	0-75	nr	nr	nr	nr	6.45%	1 Year	4.00%	I	8% 0%
Fort Dearborn LIC 71129	Capital Fort.	0-80	nr	nr	nr	nr	4.95%	1 Year	3.00%	I	10% 2%
Fort Dearborn LIC 71129	Financial Fort. +	0-85	nr	nr	nr	nr	5.15%	1 Year	4.00%	I	6% 0%
Fort Dearborn LIC 71129	Gold Fort 100	0-95	nr	nr	nr	nr	5.30%	1 Year	3.00%	I	9% 3%
Guarantee Life 64181	Premier Platinum	0-85	nr	nr	nr	4.80%	4.80%	1 Year	3.50%	P	8% 3%
Guarantee Life 64181	Premier Flex	0-70	nr	nr	nr	nr	4.60%	1 Year	3.50%	na	11% 6%
Jackson National 65056	Action II	0-85	5.05%	1.45%	4.05%	4.80%	4.70%	1 Year	3.00%	I	9% 3%

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Survey period: May 21, 1999; 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	May '99 Base Rate	Additional 1st Yr. Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7
Jackson National 65056	Bonus Max	0-85	5.75%	1.25%	4.75%	5.50%	5.50%	1 Year	3.00%	I	9% 3%
Jackson National 65056	Bonus Max One	0-85	5.75%	3.25%	4.75%	5.50%	5.50%	1 Year	3.00%	I	9% 3%
Jackson National 65056	Flex I	0-85	5.75%	-	nr	nr	nr	1 Year	3.00%	I	12% 3%
Jefferson Pilot 67865	Flex Savers	0-85	nr	nr	nr	nr	4.90%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Flex Savers Bonus	0-85	nr	nr	4.75%	5.00%	5.20%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Pilot Plus	0-85	nr	nr	5.00%	5.05%	5.25%	1 Year	3.00%	na	9% 3.5%
Jefferson Pilot 67865	Sec. Advantage	0-85	nr	nr	4.95%	5.20%	5.40%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Secure Plan	0-85	nr	nr	nr	5.20%	5.40%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	Single 3	0-85	nr	nr	5.00%	5.00%	nr	3 Years	3.25%	na	7% 2%
Jefferson Pilot 67865	Single 5	0-85	na	na	4.50%	4.75%	5.00%	5 Years	6.00%	P	-
Keyport Life 64602	Key Annuity	0-85	5.15%	-	4.55%	5.10%	5.10%	1 Year	3.50%	I	7% 0%
Keyport Life 64602	Premier 5	0-85	5.00%	1.50%	4.50%	nr	nr	5 Years	3.50%	I	8% 3%
Life Insur. Co./Southwest 65528	SPDA 3	0-80	5.00%	1.00%	5.00%	4.75%	5.00%	2 Years	3.00%	I	10% 0%
Life Insur. Co./Southwest 65528	SPDA 4	0-70	5.00%	1.50%	5.00%	4.75%	5.00%	2 Years	3.00%	I	10% 4%
Life Insur. Co./Southwest 65528	SPDA 5	0-70	5.00%	2.00%	5.00%	4.75%	nr	2 Years	3.00%	I	10% 4%
Lincoln Benefit 65595	Opportunist III	0-99	nr	nr	5.00%	5.85%	5.85%	1 Year	4.00%	I	7% 4%
Lincoln Benefit 65595	Opportunist IV	0-99	nr	nr	5.30%	nr	nr	1 Year	4.00%	I	7% 4%
Lincoln Benefit 65595	Opportunist V	0-99	nr	nr	4.35%	nr	nr	1 Year	4.00%	I	5% 0%
Lincoln Benefit 65595	Saver's Choice	0-99	4.40%	1.50%	4.75%	5.60%	5.60%	1 Year	3.00%	I	7% 0%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.10%	2.50%	4.75%	5.60%	5.60%	1 Year	3.00%	I	7% 3%
Lincoln Benefit 65595	Saver's Ch Prem	0-99	5.50%	1.50%	nr	nr	nr	2 Years	3.00%	I	8% 4%
Lincoln Benefit 65595	Saver's Ch Prem	0-99	5.30%	1.50%	nr	nr	nr	4 Years	3.00%	I	8% 4%
London Pacific 68934	Opt. Income+	0-80	nr	nr	6.00%	7.00%	7.00%	1 Year	3.00%	na	10%
London Pacific 68934	Regal Accum 1	0-80	nr	nr	6.30%	7.00%	nr	1 Year	3.00%	I	9%
London Pacific 68934	Regal Accum 3	0-80	nr	nr	5.60%	6.30%	nr	3 Years	3.00%	I	9% 4%
London Pacific 68934	Regal Accum 5	0-90	6.25%	-	5.30%	6.00%	nr	5 Years	3.00%	I	9% 4%

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Survey period: May 21, 1999. nr = product not reported for this issue.

# Deferred Annuities Update

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

Reporting Companies	Policy	Issue	May '99 Base	Additional 1st Yr.	Nov. '98 Base	Aug. '98 Base	May'98 Base	Rate Guar.	RnwI	Surrender Fees
Manufacturers LIC n/a	SPDA II	0-80	nr	nr	nr	4.60%	4.70%	5 Years	P	na
Manufacturers LIC n/a	SPDA II	0-80	nr	nr	nr	4.35%	nr	7 Years	P	na
National Guardian 66583	Asset Guard	0-90	5.00%	2.00%	5.50%	5.50%	5.50%	2 Years	I	7%
National Guardian 66583	SPDA	0-85	5.00%	2.00%	5.25%	5.25%	6.15%	2 Years	I	7%
New York Life	Lifestages	na	nr	nr	nr	5.00%	5.00%	1 Year	P	7%
Ohio National 89206	Choice Heritage	0-80	nr	nr	5.35%	6.00%	5.85%	1 Year	I	6%
Ohio National 89206	Choice Legacy	81-90	nr	nr	nr	nr	5.70%	1 Year	I	6%
Penn Mutual Life 67644	Diversifier II	0-85	nr	nr	4.06%	5.10%	5.15%	1 Year	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	nr	nr	4.00%	4.10%	4.20%	3 Years	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	nr	nr	4.00%	4.45%	4.50%	5 Years	I	7%
Penn Mutual Life 67644	Diversifier II	0-85	nr	nr	4.15%	4.50%	4.60%	7 Years	I	7%
Penn Mutual Life 67644	Tradewind	0-85	nr	nr	4.60%	4.90%	5.00%	1 Year	I	9%
Presidential 68039	SPDA	0-85	6.25%	-	6.00%	6.45%	6.45%	1 Year	I	6%
Principal Mutual 61271	SPDA+	0-95	5.20%	1.00%	4.30%	4.90%	5.15%	1 Year	I	6%
Providentmutual L&A 70750	SPDA III	0-75	nr	nr	4.65%	5.40%	5.40%	2 Years	I	3%
Providentmutual L&A 70750	SPDA IV	0-75	nr	nr	3.95%	4.70%	4.70%	2 Years	I	5%
Providentmutual L&A 70750	SPDA V	0-70	nr	nr	3.95%	4.70%	4.70%	1 Year	I	7%
Reliance Standard 68381	Apollo-MVA	0-85	5.20%	2.00%	nr	5.00%	5.00%	1 Year	I	9%
Reliance Standard 68381	Apollo-SP	0-85	nr	nr	nr	4.70%	4.70%	1 Year	P	9%
Reliance Standard 68381	Athena-MVA	0-85	5.20%	6.00%	nr	5.00%	5.00%	1 Year	I	9%
Reliance Standard 68381	Athena SP	0-85	nr	nr	nr	4.70%	4.70%	1 Year	P	9%
SAFECO LIC 66608	QPA III +	0-75	nr	nr	nr	4.75%	4.75%	1 Year	I	9%
SAFECO LIC 66608	QPA V +	0-75	nr	nr	nr	4.80%	4.80%	1 Year	I	8%
Security Benefit 68675	Sec. Premier I	0-90	5.30%	1.00%	5.25%	5.25%	5.00%	1 Year	I	8%
Security Benefit 68675	Sec. Premier III	0-90	4.75%	1.00%	5.00%	5.00%	4.75%	3 Years	I	8%
Security Benefit 68675	Secur. Prov. I	0-90	5.30%	2.00%	5.25%	5.25%	5.00%	1 Year	I	9%
Security Benefit 68675	Secur. Prov. III	0-90	4.75%	2.00%	5.00%	5.00%	4.75%	3 Years	I	9%

continued...

Survey period: May 21, 1999; 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	May '99 Base Rate	Additional 1st Yr. Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7
Security Mutual/NY 68772	SPDA	0-80	5.00%	-	5.00%	5.25%	5.00%	1 Year	3.50%	I	5% 0%
Security Mutual/NY 68772	SPDA	0-80	5.25%	-	5.50%	5.75%	5.50%	3 Years	3.50%	I	5% 0%
Southwestern LIC 91391	Advantage 7	0-80	4.00%	1.00%	4.65%	4.90%	4.65%	1 Year	3.50%	I	8% 2%
Southwestern LIC 91391	Golden Bonus	0-85	4.05%	2.50%	4.70%	4.95%	4.70%	1 Year	3.00%	I	12% 9%
Southwestern LIC 91391	Home Prov. Adv.	0-80	4.25%	1.00%	4.90%	5.15%	4.90%	2 Years	4.00%	I	10% 7%
Standard Insurance 69019	SPDA	0-80	nr	nr	nr	5.18%	nr	1 Year	3.00%	I	7% 1%
Standard Insurance 69019	Advanced Rate	0-80	nr	nr	nr	6.08%	nr	1 Year	3.00%	I	7% 1%
Trustmark Life 62863	SPDA Plus	0-75	nr	nr	nr	6.10%	6.10%	1 Year	4.00%	P	7% 0%
United of Omaha LIC 69868	Ultrannuity	0-89	5.25%	1.00%	5.05%	5.10%	nr	1 Years	3.00%	P	7% 0%
United of Omaha LIC 69868	Ultrannuity	0-89	5.00%	0.35%	4.80%	4.95%	nr	3 Years	3.00%	P	7% 0%
United Teacher Assoc. 63479	SPDA-8	0-90	6.00%	-	6.00%	nr	nr	1 Years	3.50%	P	9% 3%
USG Annuity & Life 61247	Adv. Platinum	0-85	nr	nr	nr	5.75%	nr	8 Years	3.00%	I	5% 3%
USG Annuity & Life 61247	Interest Builder	0-85	5.00%	3.00%	5.00%	5.00%	nr	1 Year	3.00%	I	10% 3%
USG Annuity & Life 61247	MVAComsure	0-85	4.45%	2.00%	nr	4.50%	nr	1 Year	3.00%	P	9% 3%
USG Annuity & Life 61247	MVA 3	0-85	nr	nr	nr	4.00%	nr	1 Year	3.00%	I	9% 2%
USG Annuity & Life 61247	MVA 9	0-85	5.20%	1.00%	nr	5.00%	nr	1 Year	3.00%	P	9% 3%
USG Annuity & Life 61247	Select Guar	na	nr	nr	nr	5.75%	nr	8 Years	3.00%	-	-
USG Annuity & Life 61247	Sterling Plus	0-85	5.00%	3.00%	nr	nr	nr	1 Year	3.00%	P	7% 3%

Survey period: May 21, 1999; 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	May '98 Full Rate	Nov. '98 Full Rate	Aug. '98 Full Rate	May '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	5.00%	4.50%	4.95%	5.05%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union 52898	Select Rate 1	0-85	nr	3.25%	3.85%	3.95%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	nr	4.25%	4.55%	4.55%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Providentmutual L&A 70750	Asset Accumul.	0-75	nr	3.97%	4.65%	4.92%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: May 21, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '99 Full Rate	Nov. '98 Full Rate	Aug. '98 Full Rate	May '98 Full Rate	Yield Guar. Period	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
								1	2	3	4	5	6	7	8	9	10
Comm. Union 62898	Select Rate 3	0-85	nr	4.00%	4.10%	4.25%	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 5	0-85	nr	4.10%	4.25%	4.40%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 7	0-85	nr	4.25%	4.50%	4.70%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union 62898	Select Rate 10	0-85	nr	5.05%	4.90%	nr	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.70%	5.90%	7.05%	7.05%	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.50%	5.50%	6.95%	6.95%	9 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.40%	5.40%	6.85%	6.85%	8 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.30%	5.30%	6.75%	6.75%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.15%	5.15%	6.65%	6.65%	6 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-99	5.00%	5.00%	6.55%	6.55%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician Plus	0-90	6.00%	nr	nr	nr	10 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	5.60%	nr	nr	nr	9 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	5.60%	nr	nr	nr	8 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	5.60%	nr	nr	nr	7 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	6.10%	nr	nr	nr	6 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	5.25%	nr	nr	nr	5 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	4.25%	nr	nr	nr	1 Yr	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Reliance Standard 68381	Elektra 6810	0-85	6.75%	nr	5.85%	nr	10 Yrs	7%	6%	5%	4%	4%	3%	2%	1%	-	-
Reliance Standard 68381	Elektra 579	0-85	6.30%	nr	5.41%	nr	9 Yrs	7%	6%	5%	5%	4%	3%	2%	1%	-	-
Reliance Standard 68381	Elektra 6810	0-85	6.75%	nr	5.87%	nr	8 Yrs	7%	6%	5%	5%	4%	3%	2%	1%	-	-
Reliance Standard 68381	Elektra 579	0-85	7.00%	nr	5.14%	nr	7 Yrs	7%	6%	6%	5%	4%	3%	2%	-	-	-
Reliance Standard 68381	Elektra 6810	0-85	6.55%	nr	5.72%	nr	6 Yrs	7%	6%	6%	5%	4%	3%	-	-	-	-
Reliance Standard 68381	Elektra 579	0-85	6.00%	nr	5.20%	nr	5 Yrs	7%	7%	6%	5%	4%	-	-	-	-	-
USG Annuity & Life	Select Guar.	0-85	9.00%	8.50%	9.00%	nr	8 Yrs	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.

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

Reporting Companies	Policy Name	Issue Ages	May '99 Base Rate	Additional 1st Year Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw1 Mthod	Surrender Fees Yr 1
AIG 66842	FPDA	0-80	nr	1.00%	5.05%	nr	nr	1 Year	na	3.00%	I	10%
AIG 66842	Future Freedom	0-80	5.05%	0.50%	nr	nr	nr	1 Year	4.05%	3.00%	I	7%
Prudential Life 68241	Dis. Classic	0-85	5.50%	1.0%	nr	nr	nr	1 year	-	3.00%	I	6%
Security Mutual/NY 68772	FPA	0-80	4.75%	-	4.75%	5.00%	5.00%	1 Year	inoperable	4.50%	P	7%
Standard Insurance Co 69019	FPDA	0-80	nr	nr	nr	nr	4.76%	1 Year	3.50%	3.00%	I	7%
Survey period: May 21, 1999; 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	May '99 Base Rate	Additional 1st Yr. Bonus	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	FPDA	0-80	nr	nr	5.05%	5.50%	5.20%	-	3.00%	I	10%	4%
AIG Life 66842	Future Freedom	0-80	5.05%	1.00%	nr	nr	nr	1 Year	3.00%	I	7%	0%
American General 70432	FPDA Plus III	0-70	nr	nr	nr	5.25%	5.25%	-	3.00%	I	8%	2%
American General 70432	Vision Flex	0-70	nr	nr	nr	5.50%	5.50%	-	3.00%	I	10%	6%
American Heritage Life 60534	PFFA	0-69	nr	nr	5.13%	5.38%	5.25%	-	4.00%	I	10%	2%
Canada Life 81060	Security 1 Plus	0-90	5.00%	1.25%	5.00%	5.00%	nr	1 Year	3.00%	N	7%	3%
Columbia Universal 77720	American	0-85	6.25%	8.25%	nr	nr	nr	contract	4.50%	P	8%	0%
Columbia Universal 77720	Flex Choice	0-85	5.75%	6.75%	nr	nr	nr	contract	4.50%	I P	8%	0%
Columbia Universal 77720	FPDA II	0-65	nr	nr	5.50%	5.50%	5.50%	1 Year	4.50%	P	10%	4%
Commercial Union 62898	Alliance Flex 10	0-85	nr	nr	5.28%	5.62%	5.72%	1 month	3.50%	P	10%	4%
Commercial Union 62898	Alliance Plus	0-85	nr	nr	5.28%	5.62%	5.72%	1 month	3.50%	P	10%	4%
Conseco Annuity Assurance 60682	FPDA - 81	0-85	5.05%	3.00%	5.05%	4.60%	4.80%	1 Year	3.00%	I	12%	7%
Fidelity & Guar. Life	F&G III	0-85	nr	nr	nr	5.20%	5.70%	3 Years	3.00%	I	5%	0%
Fidelity & Guar. 63274	Fidelity	0-85	nr	nr	5.05%	5.30%	5.80%	1 Year	3.00%	-	5%	0%
Guarantee LIC 64181	Premier Flex	0-70	nr	nr	nr	4.60%	4.60%	1 Year	3.50%	-	11%	6%
Jackson National LIC 65056	Flex I	0-85	nr	nr	4.75%	5.50%	5.50%	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC 67865	FPDA	0-75	nr	nr	4.85%	5.10%	5.30%	1 Year	3.50%	I	9%	5%
Jefferson Pilot LIC 68765	Flex 5	0-85	nr	nr	4.90%	5.15%	5.35%	1 Year	3.25%	-	7%	0%
Jefferson Pilot LIC 68765	Flex 6	0-85	nr	nr	4.85%	5.10%	nr	1 Year	3.25%	-	7%	0%
Jefferson Pilot LIC 67865	Flex 7	0-85	nr	nr	4.80%	5.05%	5.25%	1 Year	3.25%	na	7%	2%
Jefferson Pilot LIC 68765	Flex 8	0-85	5.70%	8.20%	5.15%	5.00%	nr	1 Year	3.25%	P	-	-
Continued...												

Survey period: May 21, 1999; nr = product not reported for this issue.

# Deferred Annuities Update

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

Reporting Companies	Policy	Issue	May '99 Base	Additional 1st Yr.	Nov. '98 Base	Aug. '98 Base	May '98 Base	Rate Guar.	Guar.	Rnwl	Surrender Fees
Keyport Life 64602	Key Addition	0-85	nr	nr	nr	4.90%	4.90%	1 Year	3.50%	I	7% 3%
Keyport Life 64602	Key Accum	0-80	4.85%	1.00%	4.50%	nr	nr	1 Year	3.00%	I	7% 0%
Life/Southwest 65528	Flex 3000	0-80	5.00%	1.00%	4.50%	4.75%	5.00%	2 Yrs.	3.00%	I	7% 1%
Lincoln Benefit 65595	Futurist Gold I	0-99	5.10%	1.00%	5.60%	5.60%	5.70%	3 Mos.	3.00%	P	7% 3%
London Pacific 68934	Future Guard	no limit	6.00%	-	5.50%	6.00%	6.10%	1 Year	3.00%	P	12% 8%
London Pacific 68934	Royal Guard	0-80	nr	nr	5.50%	6.00%	6.10%	1 Year	3.00%	P	7% 0%
National Guardian 66584	FPA	0-80	nr	nr	nr	nr	5.00%	6 Mos.	4.00%	P	10% 3%
National Guardian 66584	Super Flex	0-85	5.00%	2.00%	5.50%	5.50%	nr	2 Years	4.00%	I	10% 6%
New York Life 69915	Lifestages	0-85	nr	nr	nr	nr	5.00%	1 Year	3.00%	P	7% 3%
Ohio National 89206	Prime I	0-75	nr	nr	5.30%	6.00%	6.00%	-	-	I	8% 3%
Ohio National 89206	Prime II	0-75	nr	nr	nr	nr	5.70%	1 Year	4.00%	I	8% 3%
Penn Mutual Life 67644	Divers. II	0-85	nr	nr	4.06%	5.10%	5.10%	1 Year	4.00%	I	7% 2.5%
Penn Mutual Life 67644	Divers. II	0-85	nr	nr	4.00%	4.10%	4.10%	3 Years	4.00%	I	7% 2.5%
Penn Mutual Life 67644	Divers. II	0-85	nr	nr	4.00%	4.45%	4.45%	5 Years	4.00%	I	7% 2.5%
Penn Mutual Life 67644	Divers. II	0-85	nr	nr	4.15%	4.50%	4.50%	7 Years	4.00%	I	7% 2.5%
Peoples Benefit LIC <sup>2</sup> 70750	Flex Plus	0-75	nr	nr	nr	nr	5.05%	2 Years	4.00%	I	7% 7%
Peoples Benefit LIC <sup>2</sup> 70750	Tax Smart +	0-75	nr	nr	nr	nr	4.90%	1 Year	3.00%	I	6% 0%
Principal Mutal LIC 61271	FPDA	0-85	4.90%	-	nr	nr	nr	1 Year	4.00%	I	7% 3%
Presidential 68039	No Load Flex	0-85	6.10%	-	5.85%	6.30%	6.30%	1 Cal. Yr.	5.00%	I	7% 4%
Presidential (q) 68039	TSA-Loan	0-85	6.10%	-	5.85%	6.30%	6.30%	1 Cal. Yr.	5.00%	I	7% 4%
Principal Mutual LIC 61271	FPDA	0-85	nr	nr	4.30%	4.90%	5.15%	1 Year	4.00%	I	7% 3%
Providentmutual 70750	LTD	0-85	nr	nr	4.55%	5.30%	5.30%	1 Year	3.00%	I	10% 3%

continued...

Survey period: May 21, 1999; nr = product not reported for this issue.

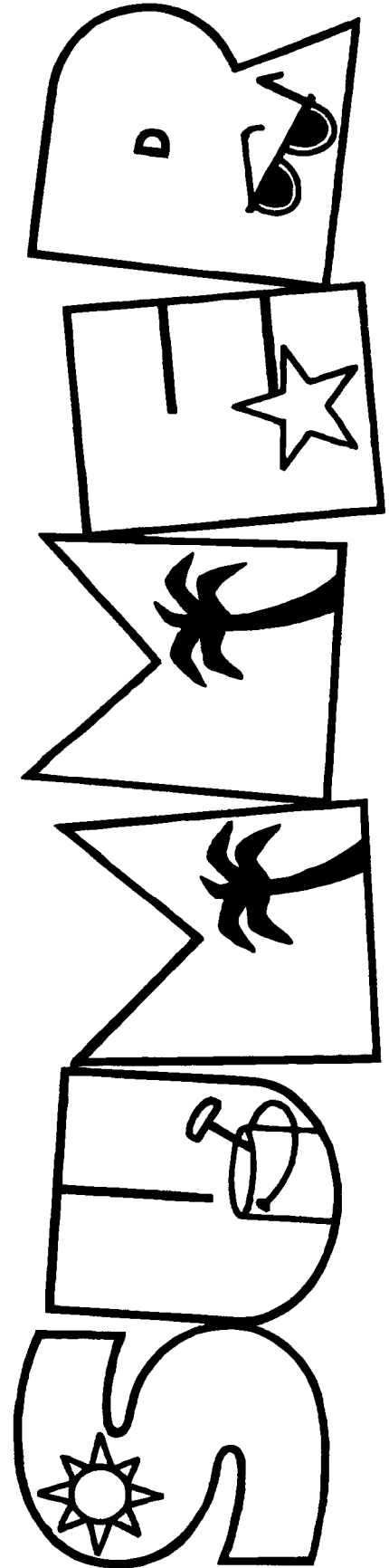
<sup>2</sup>Formerly Provident Life & Health

# Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	May '99 Base Rate	1st Yr. Bonus Amount	Nov. '98 Base Rate	Aug. '98 Base Rate	May '98 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
Prudential 68241	Discovery	0-85	nr	nr	nr	4.20%	nr	6 Yrs.	3.10%	I	7%	0%
Prudential 68241	FIP	0-85	5.00%	-	-	nr	nr	1 Year	3.00%	I	6%	0%
SAFECO LIC (q) 68608	QPA III	0-75	nr	nr	nr	4.75%	4.75%	6 Mos.	4.34%	I	9%	4%
SAFECO LIC (q) 68608	QPA V	0-75	nr	nr	nr	4.55%	4.55%	6 Mos.	3.00%	I	8%	2%
SAFECO LIC (q) 68608	Preference FP	0-75	nr	nr	nr	5.50%	5.50%	1 Year	3.00%	I	6%	3%
Security Benefit 68675	Secur. Mark	0-75	5.00%	-	5.00%	5.10%	5.10%	-	3.50%	I	8%	2%
Southwestern LIC 91391	Flex-Rite	0-75	5.65%	-	5.75%	5.90%	5.90%	-	4.00%	P	7%	2%
Standard Insur. Co 69019	FPDA	0-80	nr	nr	nr	nr	4.76%	1 Year	3.00%	I	7%	3%
Trustmark 62863	Flex 25	0-75	nr	nr	nr	6.00%	nr	1 Year	4.00%	P	10%	2%
United of Omaha 69868	Bonus Flex.	0-85	4.50%	1.00%	4.25%	4.75%	4.50%	1 Year	4.00%	I	10%	0%
United Teachers 63479	Flex-Bonus	0-75	6.25%	5.00%	6.25%	nr	nr	1 Year	4.00%	P	30%	8%
USG Annuity & Life 61247	Advant. Silver	0-85	nr	nr	nr	4.75%	5.00%	1 Year	3.00%	I	9%	2%
USG Annuity & Life 61247	Flex Builder	0-85	5.25%	2.00%	nr	nr	nr	1 Year	3.00%	P	12%	7%
USG Annuity & Life 61247	Flex 9	0-85	nr	nhr	4.25%	4.60%	4.60%	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	Flex 15	0-70	nr	nr	nr	4.60%	4.60%	1 Year	3.00%	I	22%	13%

Survey period: May 21, 1999; nr = product not reported for this issue.



# Split Annuities Update



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

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

**Table 30. Split ("Combination") Immediate and Deferred Annuities**

Table 30. Spmt (Combination) / Immediate Rates										
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	President's Choice	0-85	\$70,832	5.95%	\$29,168	\$549.09	-	-	-	-
Columbia Universal 77720	CEO's Choice	0-85	-	-	-	-	\$64,808	\$ 6.42	\$35,192	\$495.85
Lincoln Benefit	Saver's Choice	0-99	\$79,623	4.66%	\$20,376	\$362.08	-	-	-	-
Presidential (mq) 68039	Combi-annuity	0-85	\$75,971	5.65%	\$24,028	\$442.01	-	-	-	-
Reliance Standard 68381	Alpha SPIA/ Elektra 579	0-85	-	-	-	-	\$67,780	7.00%(1) 5.50%(2-7)	\$32,220	\$443.67
USG Annuity & Life 61247	Select Guar. (5yr) Multi-Yr Guar. (7yr)	0-85	\$74,726	6.00%	\$25,274	\$465.65	\$69,008	6.30%(1) 5.30%(2-7)	\$30,992	\$431.58

Survey period: May 21, 1999



# Equity Indexed Annuities Update

**E**quity 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 In-

dex-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.

# Equity Indexed Annuities Update

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

## **Market Volatility and Annual Reset EIAs**

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

## **Which EIA Method Performs Best?**

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

during long periods of choppy or trendless market activity.

## **Liquidity**

Although specific details vary, a few EIAs offer liquidity similar to traditional fixed deferred annuities. There is a provision for an annual withdrawal 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 traditional fixed deferred annuities and variable annuities. Their appeal is that growth is tied to the stock market's performance while guaranteeing return of principal even if the market declines.

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

Some of the limitations of EIAs are restrictions to growth imposed by caps, participation rates and harsh crediting methods. Keep in mind that surrender charges also apply, and full liquidity is usually available only in a 30 day window period when the contract reaches maturity.

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

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

# 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	Guar. Base/ Guar. Rate	Participation Rate	Cap	Yield Spread (admin. fee)
Conseco Annuity Assurance	60682 SPDA 500	8 yrs	12 Mo. Avg.	nr	90%/3%	80%	none	none
Jackson National	65056 ELI Multi-Index	9 yrs	Point to Point	End of term	100%/3%	50%	none	none
Jackson National	65056 ELI Multi-Index	7 yrs	Point to Point	End of term	100%/3%	40%	none	none
Jackson National	65056 ELI Multi-Index	5 yrs	Point to Point	End of term	100%/3%	30%	none	none
Jackson National	65056 ELI Multi-Index	3 yrs	Point to Point	End of term	100%/3%	20%	none	none
Jackson National	65056 ELI Multi-Index	1 yrs	Point to Point	End of term	100%/3%	10%	none	none
Jefferson Pilot	67865 Pilot 500	8 yrs	Annual Reset	nr	90%/3%	45%	none	none
Jefferson Pilot	67865 Choice Single	10 yrs	Annual Reset	nr	90%/3%	100%	none	4.5%
Keyport Life	64602 KeyIndex	7 yrs	High Water Mark	Annually	90%/3%	45%	none	none
Keyport Life	64602 Multipoint	7 yrs	High Water Mark	Annually	90%/3%	45%	100%	none
Life Southwest	Secure-S	6 yrs	Annual Reset	nr	90%/3%	60%	10%/yr	none
Lincoln Benefit	65595 Saver's Index I	7 yrs	Annual Reset	Annually	90%/3%	60%	12.75%/yr	none
Lincoln Benefit	65595 Saver's Index II	7 yrs	Annual Reset	Annually	90%/3%	80%	none	none
USG Annuity & Life	61247 Choice	5 yrs	Point to Point	End of term	100%/3%	55%	none	none
USG Annuity & Life	61247 Choice	7 yrs	Point to Point	End of term	100%/3%	55%	None	none
USG Annuity & Life	61247 GenOne Plus	1 yr	Annual Reset	Annually	90%/3%	100%	none	3.5%
USG Annuity & Life	61247 Generation Plus	9 yrs	Point to Point	End of term	90%/3%	100%	none	1.35%/yr

Survey period: May 21, 1999

# 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

	Max. aggregate benefits for all	Max. death benefit with respect	Max. liability for cash or withdrawal value	Max. liability for present value of	Insurance Commissioners'
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

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++ [1]	▲3/99	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]		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	Aa3 [4]		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+ [1]	▲3/99	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** — Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation which may include subsidiaries with similar sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating. The 5-

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

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

**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 Insurance	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
American 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]	-
American Skandia Life Assurance	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	A+ [5]	▼11/98	C+ [7]	▲8/97
Anchor National LIC	60941	AZ	\$ 12.4B	A++ [1]	▲3/99	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]	-	Baa2 [9]	▼11/98	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]	-	Baa2 [9]	▼11/98	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+ [2]	▼6/99	AA+ [2]	▼8/95	Aa3 [4]	▼12/98	AAA [1]	-	-	-
Canada Life Ins. Co. (NY)	79359	NY	\$ 0.3B	A+ [2]	▼6/99	AA+ [2]	▼8/95	Aa2 [3]	-	AAA [1]	-	B- [6]	▲5/98
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]	-	-	-	-	-	-	-	-	▼9/95
Chubb Colonial LIC of America	62057	NJ	\$ 0.5B	A [3]	-	AA [3]	-	-	-	-	-	B [5]	-
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

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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
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]		AA+ [2]		C+ [7]	9/95
Companion LIC	62243	NY	\$ 0.5B	A [3]		AA- [4]		-		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+ [2]	▲5/95	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 Life Assurance 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	AAA [1]	▲2/99	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 Assurance	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 Reliance Standard LIC	71005	NY	\$ 0.06B	A- [4]		A [6]	▲3/97	-		A+ [5]	▼12/95	-	

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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
First Safeco National of NY	78417	NY	\$ 0.03B	A+ [2]	▲7/98	AA [3]		-		-		-	
First SunAmerica LIC	92495	NY	\$ 1.8B	A++ [1]	▲3/99	-		A2 [6]		-		C+ [7]	▼10/98
First UNUM LIC	64297	NY	\$ 0.7B	A+ [2]		AA [3]		Aa2 [3]		-		C+ [7]	▼10/98
First Variable LIC	77984	AR	\$ 0.5B	A- [4]		AA- [4]		-		AA [3]	▼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]		AA+ [2]	▼12/98	A- [3]	▼10/95
GE Capital LAC/NY	72990	NY	\$ 1.7B	A+ [2]		AA [3]		Aa2 [3]		AA [3]		B+ [4]	▲2/977
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- [6]	▼10/98
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]		A+ [5]		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]		Baa2 [9]	▼11/98	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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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
Inter-State Assurance Co.	64807	IA	\$ 1.3B	A [3]	▲5/94	AA- [4]		-		AA [3]		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	A2 [6]	▲12/98	-		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]		C- [9]	▲10/98
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- [6]	▼10/98
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+ [4]	▲10/98
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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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 Woodmen of America	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 [3]	▼8/98	Aa2 [3]		-		-	
Mutual LIC/NY (MONY)	66370	NY	\$ 11.8B	A- [4]		A+ [5]	▲7/98	A3 [7]	▲5/96	A+ [5]		C [8]	▲2/97
Mutual of America LIC	88668	NY	\$ 8.3B	A++ [1]		AA+ [2]		Aa3 [4]		AA [3]		B+ [4]	
Mutual Trust LIC	66427	IL	\$ 0.8B	A [3]		A+ [5]		-		A+ [5]	▼11/97	B+ [4]	
National Guardian LIC	66583	WI	\$ 0.7B	A- [4]		-		-		-		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 Security 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 Assurance	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 America	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+ [5]		C+ [7]	▼8/98

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
Paragon LIC	93564	MO	\$ 0.2B	A+ [2]	▼4/95	AA- [4]	▼11/96	-		AA [3]		C [8]	
Paul Revere LIC	67598	MA	\$ 5.0B	A [3]	▼4/95	A+ [5]		AI [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 <sup>1</sup>	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]		withdrawn		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]		-		-		-		B- [6]	▲10/98
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]		AI [5]		AA [3]		B- [6]	▼11/97
Provident Life/Accid.	68195	TN	\$ 10.8B	A [3]		A+ [5]	▼10/94	AI [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		AI [5]		AA- [4]	▼12/94	C [8]	
Prudential Ins.Co./Amer	68241	NJ	\$194.0B	A [3]	▼4/95	A+ [5]	▼8/97	AI [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 [3]	▲10/98	AI [5]		AA [3]		C+ [7]	▲5/98
Royal Maccabees 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	AI [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 [3]	▲10/98	A2 [6]	▲8/97	AA [3]		-	
Security First LIC	61050	DE	\$ 3.4B	A [3]		AA [3]		Aa3 [4]	▲2/98	AA+ [2]		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

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

<sup>1</sup> Formerly Provident Life & Health  
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
Security Mutual LIC/NY	68772	NY	\$ 1.4B	A [3]		A+ [5]		-		A+ [5]	▼9/95	B- [6]	
Southland LIC	68950	TX	\$ 1.5B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B+ [4]	▼5/96
Southwestern LIC	91391	TX	\$ 1.8B	B++ [5]	▼1/96	BBB- [10]	▼7/98	B2 [15]		BB- [13]	▼12/98	D+ [10]	▲11/97
Standard Insurance Co.	69019	OR	\$ 4.5B	A [3]	▼4/94	A+ [5]	▼6/96	A2 [6]		AA- [4]		B- [6]	▼8/98
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 Assurance/Canada		CN	\$ 41.8B	A++ [1]		AAA [1]		Aa1 [2]		AAA [1]		-	
Sun Life/Canada (US)	79065	DE	\$ 15.9B	A++ [1]		AAA [1]		Aa2 [3]	▼12/98	AAA [1]		B [5]	▲5/98
SunAmerica LIC	69256	AZ	\$ 16.2B	A++ [1]	▲3/99	AA- [4]	▼8/95	Aa2 [3]	▼12/98	AA [3]		C+ [7]	
Sunset LIC/America	69272	WA	\$ .05B	A [3]	▼11/94	A+ [5]	▼4/95	-		-		B [5]	▼1/96
Teachers Insurance & Annuity (TIAA)	69345	NY	\$ 93.8B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A [2]	▲5/98
Time Insurance Co.	69477	WI	\$ 1.4B	-		A [6]	▼11/95	-		-		-	
TMG LIC (W/in States)	70491	ND	\$ 1.6B	A++ [1]	▲11/94	AA [3]	▼8/98	-		-		B- [6]	
Transamerica Life & Annuity	69507	NC	\$ 17.0B	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B [5]	
Transamerica Occidental	67121	CA	\$ 17.7B	A+ [2]		AA [3]		Aa3 [4]		AA+ [2]		B+ [4]	▲2/97
Travelers Insurance Co.	87726	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	80950	CT	\$ 3.0B	A [3]		AA [3]	▲9/98	Aa3 [4]	▲4/97	AA [3]	▲11/97	B- [6]	▲5/98
Union Central LIC	80837	OH	\$ 4.8B	A [3]		A+ [5]		A3 [7]		A+ [5]		C [8]	
Union Labor LIC	69744	MD	\$ 2.5B	B++ [5]		withdrawn		-		withdrawn		C- [9]	▲5/98
United American Insurance Co.	92916	DE	\$ 0.8B	A+ [2]		withdrawn		-		-		A- [3]	
United Investors LIC	94099	MO	\$ 2.8B	A+ [2]	▼5/95	AA [3]	▼9/96	A3 [7]		-		B+ [4]	▼10/98
United Life & Annuity IC	69876	LA	\$ 1.4B	B++ [5]		-		-		BB [12]	▼12/98	C [8]	▼6/98
United of Omaha	69868	NE	\$ 9.3B	A [3]	▼6/96	AA [3]		Aa3 [4]	▼7/95	AA [3]		B+ [4]	
United Presidential	70033	IN	\$ 1.2B	A [3]		-		-		-		C+ [7]	▼8/98
UNUM LIC	62235	ME	\$ 6.9B	A++ [1]		AA [3]	▼1/95	Aa2 [3]	▼4/95	-		B- [6]	▼5/98
USAA LIC	69663	TX	\$ 6.9B	A++ [1]		AAA [1]		Aa1 [2]		-		A [2]	▲7/97
U.S. Life Ins. Co. (NY)	70106	NY	\$ 2.5B	A+ [2]		-		Aa3 [4]	▲6/97	AA+ [2]		-	
USG Annuity & Life Co.	61247	OK	\$ 7.4B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98	AAA [1]	▲2/99	B [5]	▲10/98
Variable Annuity LIC	70238	TX	\$ 33.7B	A+ [2]		AA+ [2]		Aa2 [3]		AA+ [2]	▼12/98	B+ [4]	
West Coast LIC	70335	CA	\$ 0.8B	A [3]	▼4/97	-		A1 [5]	▲2/98	AA [3]		B- [6]	▼11/97

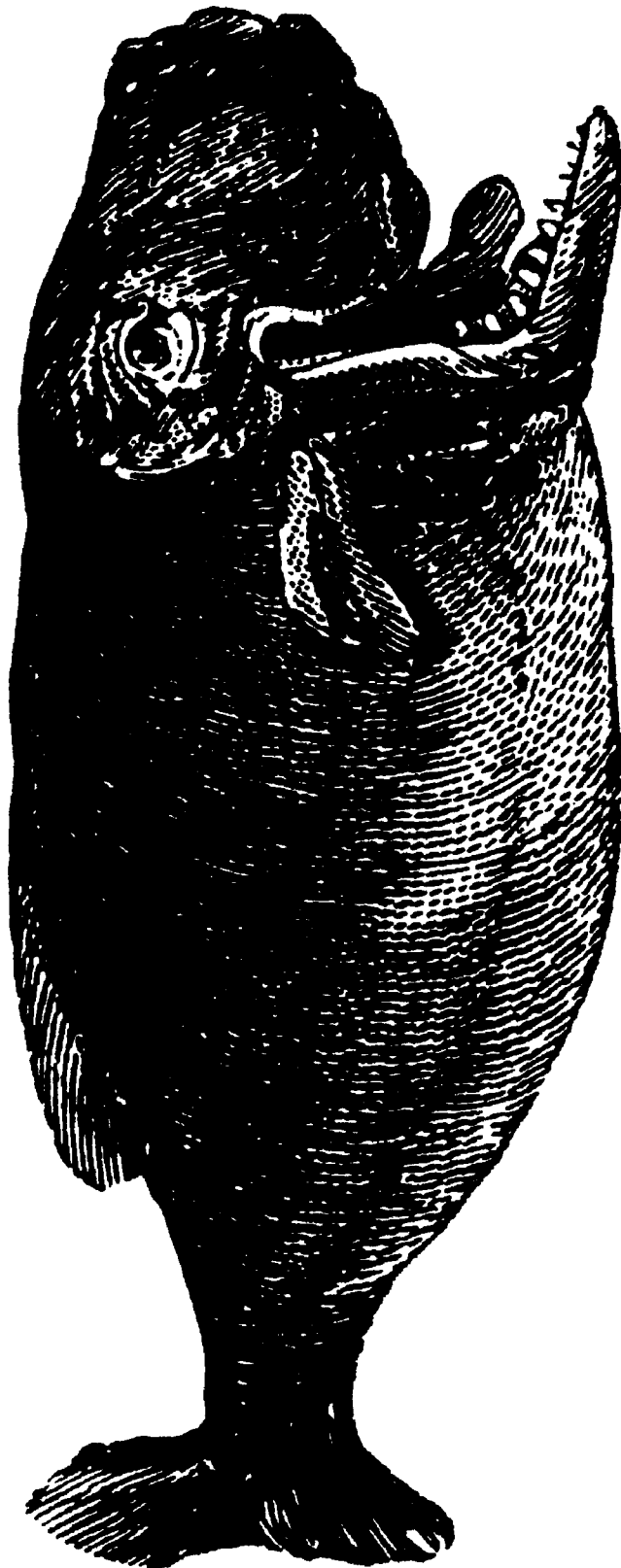
Legend: Trend is the direction and date of most recent change. ▲ = date upgraded; ▼ = date downgraded.

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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- [6]	▼10/98
Western & Southern Life Insurance	70483	OH	\$ 6.4B	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		B+ [4]	▼10/98
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 merical scale.

#### Secure Ratings

9,8	..... Strong
7,6	..... Above Average
5	..... Average

#### Vulnerable Ratings

4	..... Average
3,2	..... Below Average

#### No Rating Opinion

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

the company's rating, is \$20.

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

## Standard & Poor's Ratings

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

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

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, represents a company's extremely strong capacity to 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 clas-



# Rating Agencies

sifications. 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.