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Continuing Education, p. 7

Selecting a Retirement Plan Beneficiary

Retirement & Pension Issues, p. 13

IRS Finalizes Regs that Allow Plans to Drop
Some Optional Forms of Benefit

Concerning Elders, p. 28

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Retirement and Pension Issues

- 13 IRS Finalizes Regs that Allow Plans to Drop Some Optional Forms of Benefit**
- 20 Plan's Partial Termination Determined by Aggregating Vested and Non-Vested Participant Terminations Over Periods of Years**
- 25 To Avoid Penalty, IRA Payouts Needn't Continue After Divorce Transfer**
- 26 Distribution of Husband's Death Benefit to Wife Not Changed by Couple's Simultaneous Deaths**

Concerning Elders

- 28 Conflicts of Interest Snare Attorney-Executor and His Law Firm**

Continuing Education

- 7 Selecting a Retirement Plan Beneficiary**
- 23 Penalty-Free Withdrawal Method Factors in Changing Interest Rates, Life Expectancy, and Investment Performance**

Departments

- 32 Terminal Funding Annuity**
- 38 Life Expectancy Tables**
- 39 Immediate Annuities Update**
- 58 Annuity Price Trends**
- 65 Deferred Annuities Update**
- 76 Split Annuities Update**
- 78 Equity Indexed Annuities**
- 82 Guaranty Associations**
- 83 Insurance Company Ratings**
- 93 Rating Agencies**

Selecting a Retirement Plan Beneficiary

Retirement planning services are an integral part of offering tax, consulting, and investment advisory services. CPAs and financial planners offering such services will find that assisting clients in choosing their retirement plan beneficiaries impacts both the client's tax and estate planning.

The choice of beneficiary will depend on a number of factors, such as options available under the plan, the participant's and spouse's (and other possible beneficiary's) health and financial needs, the degree of the spouse's dependence on plan distributions, and the desire to pass assets on to the participant's heirs. However, to make an informed decision regarding the selection of the beneficiary, a basic understanding of the minimum distribution rules is necessary.

Why it's important to designate a beneficiary

A designated beneficiary is the person whom the participant names as beneficiary, usually on the form provided by the plan administrator. If the participant fails to name a beneficiary, the plan document may provide a default provision designating a certain person, such as the participant's spouse, as the beneficiary. If there is no designated beneficiary as of the required beginning date, distributions must be made over the participant's single life expectancy.

The existence of a designated beneficiary as of certain dates prior to the required beginning date is significant in the following situations:

1. The participant dies prior to the required beginning date. Here, the designated beneficiary as of the date of the participant's death will determine when payments must commence. Thus, the participant

should have a designated beneficiary at all times.

2. The participant begins annuity payments under an irrevocable annuity contract on or before the required beginning date. Here, the designated beneficiary is determined as of any date during the 90-

How does the designated beneficiary impact the minimum required distribution?

The designated beneficiary as of the required beginning date (assuming the participant survives to this date) is significant because the life expectancy of the beneficiary may be used with that

of the participant to determine the minimum required distribution. A change in beneficiary (while the participant is alive) after the required beginning date cannot result in a smaller minimum distribution than required if the change had not occurred. In this case, the age of the original designee would be used to determine life expectancy. On the other hand, if the new beneficiary is older than the original beneficiary, the new designee's age would be used in determining life expectancy. Furthermore, if the new beneficiary does not qualify as a designated beneficiary (e.g., an estate or charity), further payments will be required to be made as though there were no designated beneficiary.

What if there are multiple beneficiaries?

If there are multiple beneficiaries (including trust beneficiaries), the beneficiary with the shortest life expectancy is treated as the designated beneficiary for minimum distribution purposes. If any beneficiary does not qualify to be a designated beneficiary (e.g., an estate or charity) payments are required to be made as though there is no designated beneficiary. However, required distributions are calculated separately for each qualified plan and IRA. Therefore, a participant can name a different beneficiary for each separate IRA and qualified plan and the required distribution from each account may be

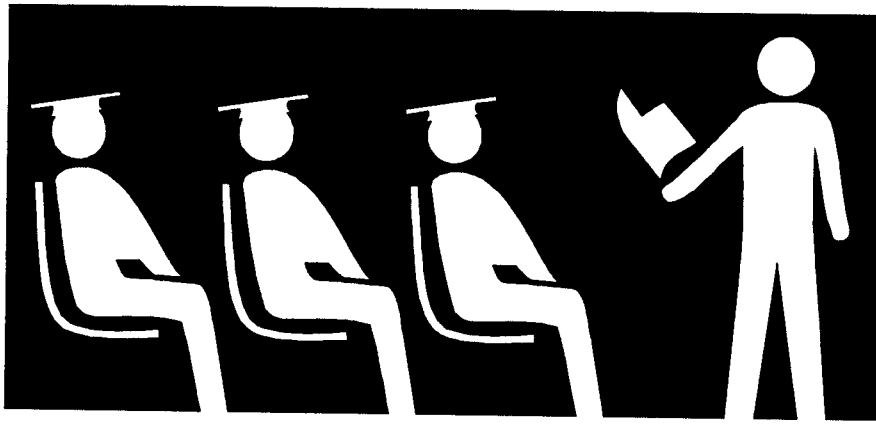


day period before the annuity payments start.

Can the designated beneficiary be other than an individual?

For minimum distribution purposes, the designated beneficiary generally must be an individual; however, a trust may be a beneficiary if certain requirements are met. If an estate or charitable organization is the named beneficiary, minimum distributions will be computed as if there is no designated beneficiary, and required distributions will be made over the participant's single life expectancy.

(Continued on page 8)



(Continued from page 7)

calculated using the age of the applicable account's beneficiary. Because of this, participants should consider dividing assets into separate accounts when multiple beneficiaries are desired, particularly if one of the beneficiaries will not qualify as a designated beneficiary.

Planning opportunities for a surviving spouse beneficiary

Several planning opportunities are available when the spouse is named as the retirement plan beneficiary. The following list of such opportunities takes into account the form of benefit distribution as well as the minimum distribution rules.

If the participant dies before distributions are required to begin:

1. The starting date for distributions to the surviving spouse may be postponed until the later of the year (a) following the participant's death or (b) in which the participant would have reached age 70½. A surviving spouse may also elect to receive distributions under the five-year rule if the plan so permits. In this case, no distributions are required until the end of the fifth year after the participant's death.
2. Minimum distributions may be paid out over the life expectancy of the surviving spouse or over a period not extending beyond the life expectancy of the surviving spouse.
3. The surviving spouse receiving an eligible distribution from a quali-

fied plan or IRA may elect to roll over the distribution to an IRA and then elect to treat the rollover IRA as his own. Also, the surviving spouse may elect to treat the decedent's IRA as his own. This is a powerful planning opportunity because the surviving spouse becomes the owner of the IRA for all purposes, including the application of the minimum distribution rules. Thus, the surviving spouse can defer distributions until age 70½, as opposed to commencing distributions when the decedent would have reached age 70½. The surviving spouse can also select a new beneficiary. Hence, when income tax deferral is the goal, a surviving spouse who is younger than the decedent should consider the election to treat the rollover IRA as his own account.

4. Payment of estate tax on the decedent's retirement plan benefits may be deferred through the unlimited marital deduction.

If the participant dies after distributions are required to begin:

5. Distributions to the surviving spouse must continue to be made at least as rapidly as they were before the participant's death. If the participant elected to recalculate life expectancy, distributions must be made over a period not longer than the surviving spouse's single life expectancy. Otherwise, distributions must continue over a period not longer than the participant and spouse's joint life expectancy.

6. The surviving spouse can elect to treat the decedent's IRA as his own. He can also roll over eligible rollover distributions from the decedent's qualified plan to an IRA and elect to treat the rollover IRA as his own. These are powerful planning opportunities because in both cases the minimum distribution rules apply as though the surviving spouse was the owner rather than the beneficiary. Thus, distributions may be stopped at the participant's death and need not resume until the surviving spouse reaches age 70½. Additionally, the surviving spouse's minimum distributions will be determined using the beneficiary selected by the surviving spouse.

7. Payment of the estate tax on the decedent's retirement plan benefits may be deferred through the unlimited marital deduction.

What may be a negative consequence of not designating the surviving spouse as the beneficiary of the qualified plan or IRA is the loss of the unlimited marital deduction to the estate.

How to treat distributions to individuals other than the surviving spouse

If the beneficiary is not a surviving spouse, benefits must be paid by December 31 of the year in which the fifth anniversary of the participant's death occurs if the participant dies before distributions are required to begin. However, if the qualified plan or IRA document so provides, the non-spouse beneficiary can elect to receive distributions over the beneficiary's life expectancy. (Such distributions must begin by December 31 of the year following the participant's death.)

If the participant dies after distributions are required to begin, the distributions must continue to the non-spouse beneficiary at least as rapidly as they were made before the participant's death. However, distributions to a beneficiary who is more than 10 years younger than the participant may be made slower after the participant's

(Continued on page 10)



(Continued from page 8)

death than they were before death. If the participant elected to recalculate his life expectancy, distributions must be made over a period no longer than the beneficiary's single life expectancy. Otherwise, distributions must be made over a period no longer than the participant and beneficiary's joint life expectancy.

No rollover opportunities exist for nonspouse beneficiaries. Only a surviving spouse has the option of rolling over distributions to an IRA.

Despite these disadvantages, the selection of a nonspouse beneficiary may significantly lengthen the time distributions can be made and should be considered when the spouse's health is poor and the participant is expected to outlive the spouse. However, selection of a nonspouse beneficiary for a married participant should be made only after due consideration to the financial needs of the spouse and a thorough estate tax review of the participant and spouse.

Designating a trust as beneficiary

In certain situations, it may be beneficial to name a trust as the retirement plan asset recipient for estate tax and other nonfinancial reasons. For example, naming a trust beneficiary may be appropriate where an IRA owner had multiple marriages.

A trust beneficiary may also be appropriate when other assets are not available to fund a credit shelter, or bypass trust, and the participant's unified credit would be wasted, or where the participant leaves retirement plan assets to a child, and the child is not capable of properly managing investments and/or distributions of plan assets.

A trust is treated as a designated beneficiary for minimum distribution purposes only if all of the following requirements are met.

1. The trust is valid under state law (or would be valid except that it has yet to be funded).
2. The trust (if currently revocable) will become irrevocable upon the participant's death.
3. The trust beneficiaries are identifiable from the trust document.
4. A copy of the trust instrument or certain other information (e.g., list of trust beneficiaries) is provided to the plan administrator.

Designating an estate as beneficiary

Naming the estate as beneficiary of retirement plan assets may not be a good choice since distributions may be greatly accelerated. However, in several letter rulings, the surviving spouse was allowed to roll over the decedent's IRA to her own, despite the fact that the estate was the named beneficiary. In the letter rulings, the spouse was usually both the sole executor and residuary beneficiary of the estate.

Why avoid changing from an individual to an estate beneficiary?

Another pitfall to avoid is changing the beneficiary designation from an individual to an estate after required distributions have begun using joint life expectancy to calculate the distributions. In this case, the original distribution method is no longer valid, and, since an estate beneficiary is considered no beneficiary, the participant would be required to compute distributions using his single life expectancy, regardless of the previous method used. In one case, a participant who designated an estate beneficiary could not change the designated beneficiary back to an individual where minimum distributions had begun. Since an estate beneficiary is considered no beneficiary, distributions must be made over the participant's single life expectancy.

Spousal rollover when spouse is a trust or estate beneficiary

Generally, a spousal rollover is available only if the spouse is the retirement plan's primary beneficiary. However, distributions are often made to the spouse through a trust or the decedent's estate. Although the surviving spouse normally cannot roll over distributions unless they are made directly by the retirement plan, taxpayers have obtained numerous private letter rulings that the trust or estate can be "looked through" so that the surviving spouse can complete a rollover.

The IRS has looked through a trust or estate for rollover purposes when the will or trust agreement required the retirement plan benefits to be paid to the spouse or those benefits were under the spouse's control. A surviving spouse was permitted to roll over distributions passing through a trust when the trustee had no discretion with respect to either (1) the allocation of plan assets to the trust for the spouse's benefit or (2) the payment of the retirement plan distributions to the spouse. Thus, an IRA distribution made to the trust, and then distributed to the spouse, was treated as made directly from the IRA to the spouse.

Often, the participant wants his spouse to be able to roll over retirement plan assets at his death, but is unwilling to make the spouse the retirement plan beneficiary. A rollover can be achieved, but only if the will or trust is carefully drafted so that the IRS treats the spouse as having received the plan assets directly. Also, state law may be an issue. If retirement plan distributions are allocated to principal under the state's trust tax law, the IRS will probably not "look through" a trust over which the surviving spouse only has control of the income.

Until the IRS issues authoritative guidance (e.g., a revenue ruling), it is advisable to obtain a private letter ruling before completing a spousal rollover of a large distribution passing through a third party. Additionally, because the rollover must be completed

(Continued on page 11)

(Continued from page 10)

within 60 days of the receipt of funds from the plan, the ruling should be requested well in advance of the distribution.

Designating a charitable beneficiary

Certain assets may be taxed twice when an individual dies—once as part of the gross estate for estate tax purposes, and again as an item of gross income for income tax purposes when actually received (by the estate, heir, beneficiary, or other recipient). These assets [income in respect of a decedent (IRD)] are the gross income that a decedent was entitled to receive at the time of death but was not included on his final income tax return. IRD arises when money or property is received after the decedent's death but was attributable to activities and efforts of the decedent while he was alive. Examples of IRD include amounts received after death for personal services, investment income, installment sale income, and retirement plan distributions.

The income taxability of IRD results from the denial of a step-up in basis to these items. Since the decedent generally has a zero basis in these items, the zero basis will carry over to the recipient, resulting in taxable income upon receipt. The double taxation is partially offset by an income tax deduction allowable for estate tax paid on the IRD. The deduction is allowed to the recipient in the year of receipt as a miscellaneous itemized deduction not subject to the 2%-of-AGI limit.

When a client has significant amounts in a retirement plan or IRA, one strategy to minimize the harsh tax effects of the IRD rules is to use the retirement plan benefits to fund charitable contributions. Assets transferred to charity are sheltered from estate and gift tax because of the unlimited charitable deduction, and are deductible for income tax purposes as well, although certain limits may apply.

A potential drawback to leaving retirement plan assets to charity is the loss of the spouse's or other heir's use

of the asset. One way to overcome this problem is to designate a charitable remainder trust as beneficiary of the retirement plan. The trust pays no tax when retirement plan distributions are received, and it can make payments to the current income beneficiary for life or a term of years.

A participant may consider naming an individual as primary beneficiary and a charity as contingent beneficiary. In this case, the individual beneficiary can determine the appropriate allocation of plan assets at the participant's death by disclaiming a portion of the account in favor of charity. Alternatively, if an IRA is involved, consider allocating plan assets to several accounts, naming different beneficiaries for each account.

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IRS Finalizes Regs that Allow Plans to Drop Some Optional Forms of Benefit

IRS has finalized regs that permit qualified defined contribution plans to eliminate some optional forms of benefit. The regs also permit defined benefit and defined contribution plans to replace or limit a participant's right to receive distributions in kind rather than in cash. And the regs allow many types of elective transfers of a participant's benefit from one defined contribution plan to another, without regard to whether the benefit is immediately distributable. In large part, the final regs adopt the proposed regs that were issued earlier in the year.

Background. Code Sec. 411 (d)(6) provides that an employee benefit plan does not satisfy the requirements of Code Sec. 411 (concerning minimum vesting standards) if a plan participant's accrued benefit is decreased by a plan amendment (the "anti-cutback rule"). For purposes of this rule, a plan amendment that eliminates an optional form of benefit is treated as reducing accrued benefits to the extent that the amendment applies to benefits accrued as of the later of either the adoption date or the effective date of the amendment.

An optional form of benefit is an alternative method of distribution that is available for accrued benefits or early retirement benefits and retirement-type subsidies. Different optional forms of benefit exist if the distribution alternative is not available on substantially the same terms to all classes of employees. Variations in the terms affecting the value of the optional form, such as the actuarial assumptions used to determine the amount distributed or the method of

benefit calculations, can create separate optional forms of benefit.

IRS has recognized that having a variety of payment options might increase the cost and complexity of plan operations, especially where employers have merged with or acquired other companies. IRS has noted that the

to the cash payments (even if the payor is an insurance company instead of the plan) are not separate optional forms of benefit. Thus, if a plan offers an annuity contract providing cash payments as an optional form of benefit, the optional form of benefit can be changed by adopting a plan amendment that substitutes cash payments from the plan for the annuity contract. However, the cash payments from the plan must be identical *in all respects* to the cash payments payable under the annuity contract. (Reg § 1.411 (d)-4, Q&A-2(a)(3)(ii)(A))

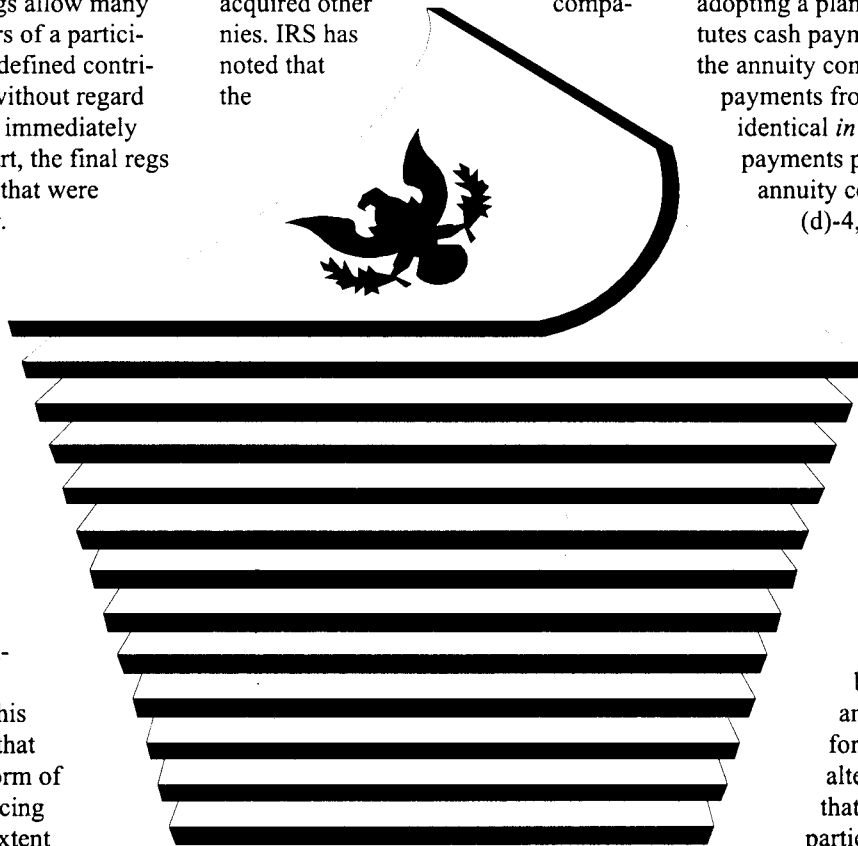
Eliminating optional forms of benefit.

The final regs permit defined contribution plans to be amended to eliminate or restrict a participant's right to receive payment of accrued benefits under a particular optional form of benefit. But, after the amendment takes effect for a participant, the alternative payment forms that are still available to the participant must include payment in a single-sum distribution form that is "otherwise identical" to the eliminated or restricted optional form of benefit.

A single-sum distribution form is "otherwise identical" to the optional form of benefit that is being eliminated or restricted only if the single-sum distribution form is identical in all respects, except for the timing of payments after commencement. Thus, a single-sum distribution form is **not** "otherwise identical" to a specified installment form of benefit if the single-sum form:

expansion of the participants' ability to transfer distributions from one plan to another, or to an IRA, has allowed for a wide variety of payment forms. Thus, IRS has determined that allowing plans to limit payment options should not adversely affect participants.

Annuity contracts vs. cash. The final regs state that a plan participant's right to receive a benefit in cash payments, and the participant's right to receive that benefit in the form of an annuity contract that's identical in all respects



(Continued on page 14)



(Continued from page 13)

- is not available for distribution on any date on which the installment form could have commenced;
- is not available in the same medium as the installment form; or
- imposes any additional condition of eligibility.

But, an otherwise identical distribution form doesn't have to keep any rights or features of the eliminated or restricted optional form of benefit to the extent those rights or features would not be protected from elimination under Code Sec. 411 (d)(6). (Reg § 1.411 (d)-4, Q&A-2(e)(2))

Illustration: The proposed regulations required plans that were eliminating or restricting an optional form of benefit to retain an "extended distribution form." IRS has determined that, due to the ability of participants to replicate any extended distribution form that a defined contribution plan may offer by rolling over a single-sum distribution to an IRA, the advantages of requiring the

retention of an extended distribution form were outweighed by the burdens that maintaining these extended distribution options imposed. Thus, the final regs do not adopt this requirement. (Preamble to TD 8900)

An amendment eliminating or restricting a participant's right to receive payment of accrued benefits under a particular optional form of benefit cannot apply to a participant for any distribution with an annuity starting date that's effective before the earlier of (1) the 90th day after the participant receives a summary that reflects the plan amendment and that satisfies DOL's requirements for a summary of material modifications under Labor Reg § 2520.104b-3, or (2) the first day of the second plan year following the plan year in which the amendment is adopted. (Reg § 1.411 (d)-4, Q&A-2(e)(1))

Restricting in-kind distributions.

Prior regs under Code Sec. 411 (d)(6) included rules that provided that a participant's right to a particular medium of distribution from a defined contribution plan, such as cash or in-

kind payments, was an optional form of benefit. The final regs modify these rules as follows.

For defined contribution plans that offer, as an optional form of benefit, the distribution of marketable securities—other than securities of the employer—the final regs provide that this optional form of benefit may be modified by a plan amendment that substitutes cash for the marketable securities (as defined under Code Sec. 731 (c)(2)). (Reg § 1.411 (d)-4, Q&A-2(b)(2)(iii)(A)).

For a defined contribution plan that offers an optional form of benefit in which benefits are distributable to a participant *in a form other than cash*, the final regs provide that the plan may be amended to limit the types of property in which distributions may be made to the participant to the types of property specified in the amendment. For this purpose, the types of property specified in the amendment would have to include all types of property (excluding marketable securities other than securities of the employer) that are

(Continued on page 16)

(Continued from page 14)

held in the participant's account on the effective date of the amendment and in which the participant would be able to receive a distribution immediately before the effective date of the amendment. The final regs further provide that a plan may be amended to specify that a participant's right to receive a distribution of specific types of property can be limited to the property allocated to the participant's account at the time of the distribution. (Reg § 1.411(d)-4, Q&A-2(b)(2)(iii)(B))

For a plan that includes an optional form of benefit in which benefits are distributed in *specified property*, the final regs provide that this optional form of benefit could be modified for distributions after plan termination by substituting cash for the specified property to the extent that, on plan termination, an employee has the opportunity to receive the optional form of benefit in the form of the specified property. However, this exception would not be available if the plan is terminating, and the employer also maintains another plan that provides an optional form of benefit under which benefits are distributed in the specified property. (Reg § 1.411(d)-4, Q&A-2(b)(2)(iii)(C))

Elective transfers of benefits between plans. In general, the final regs provide that, except in connection with certain transfers of benefits between defined contribution plans, a participant may not elect to waive benefits that are protected by Code Sec. 411(d)(6). Thus, for example, eliminating the defined benefit feature of a participant's benefit under a defined benefit plan by reason of a transfer of benefits to a defined contribution plan pursuant to a participant election, at a time when the benefit is not distributable to the partici-



pant, violates Code Sec. 411(d)(6). (Reg § 1.411(d)-4, Q&A-3(a)(3))

The final regs also state that direct rollovers that are paid to a qualified plan are not transfers of assets and liabilities that must satisfy the requirements of Code Sec. 414(1) (requiring that benefits be preserved after a merger, etc.) and are not transfers of benefits subject to the anti-cutback rule. Thus, if a direct rollover is made to another qualified plan, the receiving plan is not required to provide, with respect to amounts paid to it in a direct rollover, the same optional forms of benefit that were provided under the plan that made the direct rollover. (Reg § 1.411(d)-4, Q&A-3(a)(4))

The final regs also provide that the transfer of a participant's entire benefit between qualified defined contribution plans (other than any direct rollover described in Reg § 1.401(a)(31)-1, Q&A-3) that results in the elimination or reduction of protected benefits does not violate Code Sec. 411(d)(6) if the following requirements are met:

- the plan from which the benefits are

transferred must condition the transfer on a voluntary, fully-informed election by the participant to transfer the participant's entire benefit to the other qualified defined contribution plan. As an alternative to the transfer, the participant must be offered the opportunity to keep his protected benefits under the plan (or, if the plan is terminating, to receive any optional form of benefit for which he is eligible under the plan as required by Code Sec. 411(d)(6)). (Reg § 1.411(d)-4, Q&A-3(b)(1)(i))

- the benefits are transferred to a similar plan. Thus, benefits must be transferred from a money purchase pension plan to a money purchase pension plan; from a 401(k) plan to a 401(k) plan; and from an employee

stock ownership plan (ESOP) to an ESOP. However, benefits transferred from a profit-sharing plan that is not a 401(k) plan, or from a stock bonus plan that is not an ESOP, may be transferred to any type of defined contribution plan. (Reg § 1.411(d)-4, Q&A-3(b)(1)(ii))

- the elective transfer must be made in connection with certain corporate transactions (an asset or stock acquisition, merger, disposition, etc.), or in connection with the participant's change in employment status to an employment status for which he is not entitled to additional allocations under the transferor plan. (Reg § 1.411(d)-4, Q&A-3(b)(1)(iii))

An elective transfer of benefits between defined contribution plans would be a transfer of assets or liabilities that must satisfy the requirements of Code Sec. 414(1) (requiring that benefits be preserved after a merger, etc.), and all other applicable qualifica-

(Continued on page 18)

tion requirements. If the survivor annuity requirements of Code Sec. 401 (a)(11) and Code Sec. 417 apply to the plan from which the benefits are transferred, for example, but do not otherwise apply to the receiving plan, then these requirements must be met for the transferred benefits under the receiving plan. Further, the receiving plan's vesting provisions must satisfy the requirements of Code Sec. 411(a)(10) (relating to the rules on changes in the vesting schedule) for the transferred amounts. (Reg § 1.411(d)-4, Q&A-3(b)(2)).

A right to a transfer of benefits from a plan under the elective transfer rules is an "other right or feature" under Reg § 1.401(a)(4)-4(e)(3), and so its availability is subject to the nondiscrimination requirements of Code Sec. 401(a)(4) and Reg § 1.401(a)(4)-4. For purposes of applying the rules of Reg § 1.401(a)(4)-4, however, the following conditions are disregarded in determining the employees to whom the other right or feature is available:

- a condition that restricts the availability of the transfer to benefits of participants who are transferred to a different employer in connection with a specified asset or stock disposition, merger, or other similar transaction involving a change in employer of the employees of a trade or business (i.e., a disposition within the meaning of Reg § 1.410(b)-2(f)), or in connection with any such disposition, merger, or other similar transaction. (Reg § 1.411(d)-4, Q&A-3(b)(3)(i))
- a condition that restricts the availability of the transfer to benefits of participants who have a change in employment status to an employment status with respect to which the participant is not entitled to additional allocations under the transferor plan. (Reg § 1.411(d)-4, Q&A-3(b)(3)(ii))

Transfers of distributable benefits.

Like the proposed regs, the final regs provide that a transfer of a participant's benefits between qualified plans that results in the elimination or reduction of protected benefits does not violate the

anti-cutback rule if:

- (1) the transfer occurs when the participant's benefits are distributable (the participant is eligible to receive an immediate distribution of these benefits from the terms of the plan from which the benefits are transferred). (Reg § 1.411(d)-4, Q&A-13(c)(1)(i)).
- (2) for transfers occurring on or after January 1, 2002, the transfer occurs when the participant is not eligible to receive an immediate distribution of his entire nonforfeitable accrued benefit in a single-sum distribution consisting entirely of an eligible rollover distribution (under Code Sec. 401(a)(31)(C)). (Reg § 1.411(d)-4, Q&A-3(c)(1)(ii))
- (3) the voluntary election requirements are met. (Reg § 1.411(d)-4, Q&A-3(c)(1)(iii))
- (4) the participant is fully vested in the transferred benefit in the transferee plan. (Reg § 1.411(d)-4, Q&A-3(c)(1)(iv))
- (5) for a transfer from a defined contribution plan to a defined benefit plan, the defined benefit plan provides a minimum benefit, for each participant whose benefits are transferred, equal to the benefit, expressed as an annuity payable at normal retirement age, that is derived solely on the basis of the amount transferred with respect to the participant. (Reg § 1.411(d)-4, Q&A-3(c)(1)(v))
- (6) the amount of the benefit transferred, together with the amount of any contemporaneous Code Sec. 401(a)(31) direct rollover to the transferee plan, equals the participant's entire nonforfeitable accrued benefit under the transferor plan. This amount is determined to be at least the greater of (1) the single-sum distribution provided for under the plan for which the participant is eligible (if any), or (2) the present value of the participant's accrued benefit payable at normal retirement age. (Reg § 1.411(d)-4, Q&A-3(c)(1)(vi))

Observation: The final regs have expanded the situations in which a

transfer of a participant's benefits between qualified plans, resulting in the elimination or reduction of protected benefits, does not violate the anti-cutback rule. Under the proposed regs, only exceptions (3) and (6), above, were available.

Treatment of transfers. Under the final regs, the transfer of benefits between plans is treated as a distribution for purposes of Code Sec. 401(a). Thus, the transfer is subject to the cash-out rules of Code Sec. 411(a)(7), the early termination requirements of Code Sec. 411(d)(2), and the survivor annuity requirements of sections Code Sec. 401(a)(11) and Code Sec. 417. However, the transfer is not treated as a distribution for purposes of the Code Sec. 401(a)(9) minimum distribution requirements. (Reg § 1.411(d)-4, Q&A-3(c)(2)(i))

In addition, the right to a transfer of benefits from a plan under the elective transfer rules is an optional form of benefit under Code Sec. 411(d)(6), and so is subject to the nondiscrimination requirements of Code Sec. 401(a)(4) and Reg § 1.401(a)(4)-4. (Reg § 1.411(d)-4, Q&A-3(c)(2)(ii))

Effective date. The final regs apply to plan amendments eliminating or restricting optional forms of benefit, including in-kind distributions, that are adopted after September 5, 2000, and to elective transfers and transfers of distributive benefits occurring after September 5, 2000.

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Plan's Partial Termination Determined by Aggregating Vested and Non-Vested Participant Terminations Over Period of Years

In trying to show that the reduction in his employer's workforce was sufficient to prove that a partial plan termination had occurred (which would have vested him in certain accrued benefits), a former employee was allowed to count both vested and non-vested participants, the Seventh Circuit has held. In addition, the number of participants terminated in all years of an alleged reorganization could be counted in proving that a partial termination had occurred, if it could be shown that the corporate transactions in those years were sufficiently related. The case was one of first impression in the Seventh Circuit. (*Matz, Robert v. Household International Tax Reduction Investment Plan* (2000, CA7) 2000 WL 1358729)

Robert Matz participated in a retirement plan offered by Hamilton Investments, Inc., through its parent, Household International, Inc. Plan participants made payroll contributions to the plan (which vested immediately), and Hamilton made matching contributions.

Under the plan's vesting schedule for Hamilton's matching contributions, a participant became vested at a rate of 20% a year, and thus required five years of service to become fully vested.

In 1994, Household, which was the parent corporation of a varied group of companies, began selling off some of its subsidiaries, beginning with Hamilton Investments, Inc., the company for which Matz worked, beginning in March of 1989. During the period beginning in August 1994 (with the sale of Hamilton) and ending in May, 1996, Household discontinued or sold various subsidiaries. Also during this period, on September 30, 1995, the plan was amended to vest all participants fully and immediately. Matz was terminated on September 1, 1994, before the plan's full-vesting amendment went into effect.

When Matz's job ended, he had a 60% vested benefit in the matching contributions that Hamilton had made. Matz elected to take a distribution of his

vested benefits, and was paid \$27,900—which consisted of 100% of his own contributions, and 60% of Hamilton's contributions. The remaining \$7,300, which was attributable to 40% of Hamilton's contributions, was forfeited and used by Household to reduce its matching contributions.

As required under Code Sec. 411(d)(3), the plan provided that in case of the plan's termination, or a partial termination with respect to a group of participants, the account balance of each affected participant would become 100% vested. Thus, under the plan, Matz would have been entitled to full vesting of his plan account balance if it were established that he'd lost his job in a partial termination.

ERISA doesn't define "partial termination," the Seventh Circuit noted. According to IRS, whether a partial termination of a qualified plan has occurred is determined with regard to all the facts and circumstances in a particular case. (Reg § 1.411(d)-2(b)(1)) Courts have generally held that the termination of a number of employees can amount to a partial termination, but only if there is a *significant* reduction in the number of plan participants during the termination period.

Matz tried to bring a class action against the plan, contending that the transactions that occurred between August of 1994 and May of 1996 were all related transactions that resulted in the plan's "partial termination" under Code Sec. 411(d)(3). Before the class was certified and before the parties began full discovery, Matz and the plan agreed to resolve two issues concerning the partial termination claim: (1) whether fully vested plan participants, including participants who were fired after September of 1995, would be counted in determining whether a partial termination had occurred, and (2) whether Matz could consolidate plan years to establish that a partial termination had occurred.

Observation: Although the non-tax

portion of ERISA doesn't have a provision parallel to Code Sec. 411(d)(3), ERISA's fiduciary responsibilities provision (ERISA § 404(a)(1)(A)) requires that administrators discharge their duties solely in the interests of participants and their beneficiaries. Also, ERISA § 404(a)(1)(D) requires that administrators act in accordance with plan documents. An administrator's determination that a partial plan termination has not occurred, especially where that would result in a reduction of an employer/sponsor's pension obligation and/or a reversion of plan assets, would be contrary to ERISA if the administrator's decision conflicts with Code Sec. 411(d)(3).

Observation: If a partial termination is considered to occur over a period of more than one plan year, then the non-vested accrued benefits of a participant who loses his job in an *early* year of the partial termination period may become nonforfeitable because of the participant terminations in years *following* his own termination.

The Household plan contended that whether a partial termination has occurred should be determined based on an analysis of individual plan years. Also, the plan argued that only non-vested participants should be counted in determining whether there has been a significant reduction in the number of participants.

The district court ruled that both vested and non-vested participants could be counted to determine whether a partial plan termination occurred, and that Matz could combine all employee terminations for 1994 through 1996 if Matz could show that the corporate transactions during this period were sufficiently related. The plan appealed to the Seventh Circuit.

Counting vested participants. Courts have applied a "significant percentage test" to determine whether there has been a significant reduction in the number of plan participants (i.e., to

Retirement & Pension Issues

(Continued from page 20)

determine if a partial termination has occurred). Generally, this test is applied using the ratio of (1) terminated plan participants, to (2) the total number of plan participants.

Observation: Courts have applied the percentage test based on: (1) the number of employer-initiated terminations of employees (in some jurisdictions, minus the number of terminated employees who were fully vested) during the relevant period, divided by (2) the applicable number of participants in the plan at the start of the relevant period plus participants added during the period. The higher the percentage, the more likely there was a partial termination (although there is no established uniform threshold percentage).

Neither Code Sec. 411 (d)(3), nor its legislative history, provides a definition or a framework for determining when a partial termination of a plan occurs, the Seventh Circuit pointed out. But the plan argued that counting vested participants would further neither of the two purposes that courts have found for the partial termination remedy: (1) to protect employees from a forfeiture of unvested benefits, and (2) to prevent employers from receiving sizable, tax-free reversions of surplus plan assets. Since the Household plan was amended on September 30, 1995 to vest all participants fully and immediately, the plan argued that any partial termination analysis should have ended on that date, because no other employees could have been "affected employees." Vested participants do not need further protection of their benefits, the plan argued, because their accrued benefits are already nonforfeitable. Nor could the employer gain anything in the way of reversions by terminating fully vested participants.

While the court acknowledged that it would have accepted the plan's argument if it were written on a clean slate, the Seventh Circuit deferred to IRS's construction of the partial termination statute. Under IRS's approach, both vested and non-vested employees must be taken into account

in applying the significant percentage test, the Seventh Circuit found.

Thus, the court agreed with the Second Circuit's decision in *Weil v. Retirement Plan Administrative Committee of the Terson Co.* (1991, CA2) 933 F2d 106. There, the Second Circuit at first had held that only non-vested participants should be considered. But, on rehearing, the Second Circuit had the benefit of IRS's position on the issue, and the court gave great deference to IRS.

The Seventh Circuit said that it had to decide only whether IRS's position was reasonable, not whether that position was the best way to further the purposes of the statute. The court concluded that taking both vested and non-vested participants into account in applying the significant percentage test was reasonable, saying that the exclusion of vested participants from the ratio calculation gives an inaccurate assessment of whether there has been a significant reduction in plan participation, which is the benchmark against which partial termination is measured.

Caution: Where both vested and non-vested participants are taken into account in applying the significant percentage test, an employer that contemplates laying off a large number of plan participants can't avoid a partial termination by first laying off a relatively small percentage of participants, whose accrued benefits have not vested, and later amending the plan (as Household did) to vest the accrued benefits of all of the remaining participants. Because the vested participants would be counted as well as the non-vested participants, a partial termination might be found to have occurred, requiring that the earlier non-vested participants' accrued benefits also be vested. Thus, all participants would be protected, not only those participants who were terminated after the employer acted to cut off the vesting of a portion of plan participants.

Multi-year determination period.

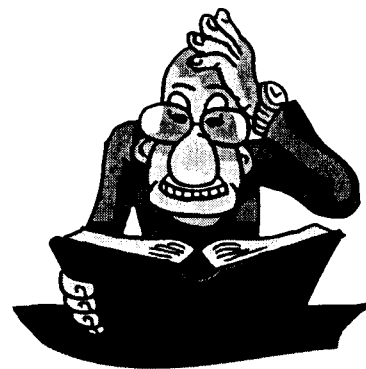
Neither Code Sec. 411(d)(3) nor the legislative history specifies whether the number of participant terminations

occurring in more than one year can be considered in a partial termination analysis. Nor has IRS taken a position or provided a framework for an analysis that addresses this issue, the court said. In revenue rulings cited by the plan, which discuss partial terminations within a single year, the event that affected plan participants occurred within one year. As these rulings provided the court with no guidance concerning events that occur over more than one year, the court had to look elsewhere.

Finding that there is nothing in the language of Code Sec. 411(d)(3) itself that requires a significant corporate event to occur within a plan year, the Seventh Circuit held that Matz could combine participant terminations from 1994, 1995, and 1996, provided that the corporate events of those years were related. This view agrees with the only other decisions that addressed the issue: *In re Gulf Pension Litigation* (1991, DC TX) 764 F Supp 1149 and *Weil n Retirement Plan Administrative Committee of the Terson Co.* (1984, CA2) 750 F2d 10, both of which found it permissible to aggregate participant terminations for multiple years.

Thus, the Seventh Circuit affirmed the district court's order that both vested and non-vested participants be counted, and that multiple plan years may be aggregated, in considering whether the Household plan was partially terminated.

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Penalty-Free Withdrawal Method Factors In Changing Interest Rates, Life Expectancy, and Investment Performance

In a new private letter ruling, IRS has allowed a taxpayer to compute substantially equal payments under an annuity method using an interest factor that may change each year and using a recalculated life expectancy. Payments under the method also may be affected by investment performance. (*IRS Letter Ruling 200031058*)

Distributions from individual retirement accounts before age 59½ generally are hit with a 10% penalty tax under Code Sec. 72(t)(1). There are a number of exceptions to the penalty, including one for distributions that are part of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the IRA owner or the joint lives (or joint life expectancies) of the IRA owner and his or her designated beneficiary. (Code Sec. 72(t)(2)(A)(iv))

Annuity method. There are three different IRS-approved methods of computing substantially equal payments that will escape the penalty tax. (Notice 89-25, 1989-1 CB 662) One method is the annuity method, under which the account balance is divided by an annuity factor. This factor is the present value of an annuity of one dollar a year beginning at the taxpayer's attained age in the first distribution year and continuing for his or her life. The factor must be derived by using a reasonable mortality table and a reasonable interest rate on the date payments begin.

Illustration (1): Sam, age 50, has \$100,000 in an IRA from which he plans to take substantially equal payments. He uses the annuity factor from the Code Sec. 7520 valuation tables (Table S) for valuing an annuity for a 50-year old at an interest rate of 7.6% (the Code Sec. 7520 rate for Aug. 2000). The factor is 10.8505. Sam divides his \$100,000 account balance by 10.8505 to arrive at his annual distribution of \$9,216. Sam would take this same amount each year.

The penalty exception for substantially equal periodic payments doesn't apply if the payments are subsequently modified (other than by reason of death or disability) (1) before the close of the five-year period beginning with the date of the first payment and ending after the IRA owner attains age 59½, or (2) at any time before the IRA owner attains age 59½. (Code Sec. 72(t)(4))

Observation: The basic annuity method produces a fixed amount that is taken each year. IRS has privately ruled that the payment amount, once begun, cannot be changed to reflect better-than-expected investment performance, or to add a cost-of-living adjustment (COLA), without running afoul of the substantial modification role (see e.g., IRS Letter Ruling 19943050). However, IRS has ruled that a cost-of-living adjustment can be built into payments from the outset. For example, in IRS Letter Ruling 9536031, IRS permitted the annual payment amount to be increased by a 3% COLA each year. The new ruling shows other ways that may permissibly result in changes to the payment amount each year.

Facts of ruling. In IRS Letter Ruling 200031058, a taxpayer whom we'll call Smith will begin withdrawing funds from his traditional IRA in 2000 at age 56. He will determine an annual distribution amount for 2000 by dividing the IRA account balance as of December 31, 1999, by an annuity factor consisting of the value of an annuity of one dollar per year beginning at age 56 and paid for life. The annuity factor is calculated using commutation functions derived from the UP-1984 Mortality Table where an interest rate of 8% is used (this table and interest rate are used in an example in Notice 89-25). Each subsequent year, beginning in 2001, the annual distribution will be determined by dividing the IRA balance as of December 31 of the respective prior year by an annuity factor consisting of the cost of an annuity of

one dollar per year beginning at Smith's attained age in the distribution year and paid for life. The annuity factor will be calculated using commutation functions derived from the UP-1984 Mortality Table using an interest rate equal to 120% of the Mid-Term Applicable Federal Rate (AFR) for January of the distribution year.

IRS concluded that Smith's methodology is consistent with the annuity method described in Notice 89-25. It said that the life expectancy and the interest rate changes don't result in the circumvention of the requirements for substantially equal payments, or the substantial modification role, through the use of an unreasonably high interest rate or an unreasonable life expectancy. Accordingly, Smith's method results in penalty-free payments.

Observation: Smith's use of the 120% of mid-term AFR rate may cause his payments to go up or down each year as interest rates change. If the 120% rate in a given year is higher than the rate used in a prior year (i.e., the 8% rate for 2000 or the 120% for any year after 2000), this will increase Smith's payments from the preceding year level. If the 120% rate in a given year is lower than the rate used in a prior year, Smith's payments will go down from the preceding year level.

Observation: Smith's methodology also effectively allows him to recalculate his life expectancy in figuring his annual payments that will escape the penalty. This feature, by itself, will cause the annual payment to go down in 2001 (and each subsequent year) relative to what it would be if the payment were fixed from the outset. That's because his life expectancy in 2001 (and each later year) will be more than his life expectancy in the immediately preceding year minus one and this will be reflected in the new annuity factor that will be used in each subsequent year.

(Continued on page 25)

(Continued from page 24)

Illustration (2): Assume the same facts as in Illustration (1) and that the fund actually earned the assumed rate of return. Also, assume that the fund is valued on December 31 just before the distribution is made on the same date and that the same interest rate applies for year 2. At the end of the first year on December 31, there will be \$107,600 in the fund before the distribution is taken. After Sam takes the \$9,216 distribution, there will be a balance of \$98,384. The second distribution will be based on this balance of \$98,384. The annuity factor from Table S for a 51-year old for interest of 7.6% is 10.7301. Dividing \$98,384 by 10.7301 produces a payment for year 2 of \$9,169, which is lower than the \$9,216 that would be required to be taken under the fixed sum annuity method.

Observation: In summary, there are three factors that will affect the amount of Smith's distribution. First, there is investment performance. If the fund increases in value, the amount distributed to Smith will increase (other factors being equal). If the value goes down, this will cause the distributions to decrease. The second is interest rates. As noted above, as interest rates go up, the value of the annuity factor goes down, and this will cause the distributions to increase. The third is life expectancy. Since, even using the recalculation method, Smith's life expectancy will decline each year, this will cause the annuity factor to go down, and distributions to increase. In other words, two of the factors are variables that could cause distributions to either increase or decrease. The third, life expectancy, will always cause the distributions to increase if interest rates and the value of the fund remain the same when the amount to be distributed each year is calculated. But, as noted above, recalculation of life expectancy in and of itself will cause payments to go down from what they would be under the fixed sum method.

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To Avoid Penalty, IRA Payouts Needn't Continue After Divorce Transfer

An IRA held in the name of one spouse can be transferred tax-free to the other spouse in a divorce if certain requirements are met. (Code Sec. 408(d)(6)) Withdrawals from an IRA before age 59 ½ generally are subject to a 10% penalty tax, which can be avoided by taking substantially equal periodic payments. A private ruling recently addressed an interesting issue involving transfers of IRAs in divorce and this exception to the early withdrawal penalty. Specifically, the transferor spouse was taking substantially equal periodic payments and the receiving spouse wanted to know whether she had to take such payments after a share of her husband's IRA was transferred to her and placed into her own IRA. IRS said that she didn't. (*IRS Letter Ruling 200027060*)

Facts. Two individuals, whom we'll call Alice and Bob, were married in 1991, and got divorced in 1999. Alice is 48 years old and Bob is 52 years old. The marital assets included an IRA owned by Bob, who began receiving substantially equal periodic payments from the IRA in 1995 at the age of 48 in the amount of \$3,495 per month.

The divorce decree requires a portion of Bob's IRA to be transferred by means of a trustee to trustee transfer to a new IRA to be owned by Alice. The amount to be transferred to Alice is \$65,000, or 13.349% of the balance in Bob's IRA.

Rulings sought and received. The parties wanted to be sure that the transfer would be tax-free and Alice wanted to know that she wouldn't have to take substantially equal periodic payments from her new IRA in a monthly amount proportionate to the amount Bob was taking (i.e., that she wouldn't have to take a monthly payment of \$456.55 (13.349% of \$3,495).

IRS ruled favorably on both counts. Under Reg § 1.408-4(g)(1), the transfer of an individual's interest, in whole or in part, in an IRA to his or her former spouse under a valid divorce decree isn't considered a distribution from an IRA to such individual or the former spouse. Accordingly, IRS concluded that the division of Bob's IRA and the subsequent transfer pursuant to the divorce decree will be a nontaxable transfer under Code Sec. 408(d)(6).

As for the second concern, IRS said that because the transferred IRA is treated as Alice's own IRA, she is not required to begin receiving distributions from it to preclude the application of the substantial modification rule of Code Sec. 72(t)(4). This provision provides that the penalty exception for substantially equal periodic payments doesn't apply if the payments are subsequently modified (other than by reason of death or disability) (1) before the close of the 5-year period beginning with the date of the first payment and after the IRA owner attains age 59 ½, or (2) at any time before the IRA owner attains age 59 ½. But, as noted, the modification rule didn't come into play under these circumstances.

Observation: The ruling did not consider whether Bob would be able to proportionately reduce the monthly payment amount without running afoul of the substantial modification rule in view of the fact that a portion of the IRA was transferred to Alice. If Bob must continue the monthly payment at the same level, this may cause the account to be exhausted sooner than was projected unless the IRA performs much better than expected under the methodology utilized by Bob in fixing the substantially equal payments.

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Distribution of Husband's Death Benefit to Wife Not Changed by Couple's Simultaneous Deaths

Where a married couple died simultaneously and the husband's pension plan death benefit was payable to the wife as designated primary beneficiary, the plan benefits were properly payable to the wife's estate despite the couple's simultaneous deaths because the wife did not predecease the husband, the Fifth Circuit held. (*Tucker v. Shreveport Transit Management Inc.* (2000, CA5) 2000 WL 1224721)

In September 1996, Donald and Mary Perkins died simultaneously when the motorcycle on which they were riding was struck head-on by a truck. At the time of his death, Donald was employed as a bus driver at Sportran, Inc. (Sportran). Donald participated in a package of three benefit plans sponsored by Sportran: a life insurance plan, an employee retirement and disability pension plan (pension plan), and a 401 (k) plan.

Donald and Mary had no children during their marriage; however, they both had children from previous marriages. Donald had three children, Allecca Perkins Tucker, Pamela Perkins Krug, and Amanda Perkins. Donald was also survived by a brother, David. Mary had three children, Brian Martin, Billy Martin, and Lori Boyett.

Both Donald and Mary executed wills before their deaths. Each will contained

reciprocal bequests of the testator-spouses' entire estate to the survivor. Each will also contained alternative bequests to the testators' children in the event that the spouses were to die in a common disaster. Both wills were probated in Louisiana state district court.

A dispute over the proceeds from the benefit plans arose among Donald's children, his brother, and Mary's

died simultaneously, and thus, survivorship could not be determined. The parties also stipulated that (1) all administrative remedies had been exhausted, and (2) a magistrate judge should conduct the proceedings, including the entry of final judgment.

David Perkins, Donald's surviving brother, argued that he was entitled to the death benefits under the pension

plan because he was designated as the secondary beneficiary under the plan. Donald's children argued that they were entitled to the death benefits because Donald executed a "simultaneous death" clause in his will, which provided that if he and Mary were to die in a common disaster, his property would be included in his estate and distributed equally among his surviving children. The children also claimed that under the Louisiana Civil Code, Mary was presumed to have predeceased

Donald, and thus his property, including the death benefits from the pension plan, belonged to his estate. Finally, Lori Boyett, executrix of Mary's estate, maintained that Mary (and ultimately her estate), as the designated primary beneficiary, was entitled to the death benefits.

The magistrate judge awarded the death benefits from the pension plan to

(Continued on page 28)



daughter, Lori Boyett. As a result, Donald's children filed a declaratory action in Louisiana state district court. The benefit plans and insurers removed the case to federal district court by filing an interpleader action and deposited the proceeds from the plans into the registry of the court. The parties submitted the case to be decided on the stipulated record in lieu of a trial. The parties stipulated that Donald and Mary

Retirement & Pension Issues

(Continued from page 26)

Lori Boyett as the executrix of Mary's estate. Donald's three children and his surviving brother appealed.

Children's state law claim preempted by ERISA. Donald's children essentially argued that Donald's will governed the distribution of the benefits under the pension plan. The Fifth Circuit disagreed. Under ERISA § 514 (a), state laws that relate to any employee benefit plan are preempted by federal law. Thus, ERISA preempts state laws that touch upon the distribution of benefits and proceeds of plans covered under ERISA. Further, testamentary instruments (wills) purporting to distribute proceeds and benefits covered under ERISA are preempted by federal law.

Donald's will and Louisiana law, as they relate to the distribution of the benefits of the pension plan, are preempted by ERISA, the Fifth Circuit held.

Non-participant, non-beneficiary children cannot bring an action under ERISA. Under ERISA § 502(a), claims for proceeds and benefits due under the terms of an ERISA plan may be brought by a "participant" or "beneficiary." A "participant" is an employee or former employee of an employer, or any member or former member of an employee organization, who is or may become eligible to receive a benefit. (ERISA § 3(7))

A "beneficiary" is a person designated by a participant, or by the terms of an employee benefit plan, who is or may become entitled to a benefit thereunder. (ERISA § 3(8))

Donald's children were neither participants nor beneficiaries as described by ERISA. Donald did not designate any of his children as beneficiaries under the pension plan. Only if none of the participant's designated as beneficiaries survived him, thereby leaving the beneficiary designations open, would his heirs or legatees have become plan beneficiaries. Here, Donald's brother, David, the designated secondary beneficiary, survived Donald, so the beneficiary

designation was not open. Thus, Donald's children were not entitled to the benefits or proceeds under the pension plan, the Fifth Circuit said.

Observation: The Fifth Circuit telegraphed over the right to sue under ERISA issue, which they seemed to be leading up to here. The children, as non-beneficiary/participants, had no right to sue under ERISA for benefits. Thus, once the court decided that ERISA preempted their state law claims, they were left without an ERISA cause of action. This, of course, left them without any claim to the plan benefits, since their state law claims were preempted by ERISA.

Plan language prevented brother from claiming death benefit. Donald's brother David argued that he was entitled to the proceeds and benefits under the pension plan because he was the only designated beneficiary who survived Donald. However, the Fifth Circuit said that ERISA plans are to be administered according to their controlling documents. Thus, the eligibility for benefits under any ERISA plan is governed in the first instance by the plain meaning of the plan language.

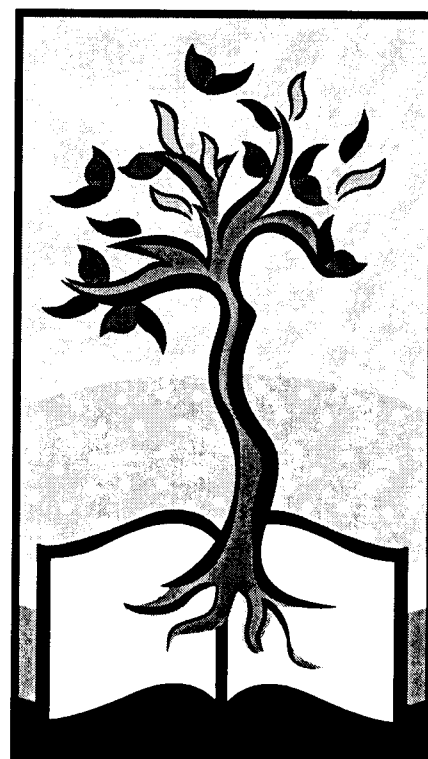
Here, the terms of the pension plan read: If the above designated primary beneficiary (Mary Perkins) should die *before* me (Donald Perkins), I hereby designate the following person as Secondary Beneficiary (David Perkins) of my death benefits under the plan. Because the parties stipulated that Donald and Mary died instantaneously and simultaneously in a common disaster, the magistrate judge reasoned that Mary did not die *before* Donald. Thus, under the plain language of the plan, the magistrate judge held that Mary's estate was entitled to the death benefits. The Fifth Circuit agreed with this finding since the death of the primary beneficiary before the death of the participant was a condition precedent to the secondary beneficiary's entitlement to the benefits under the plan.

Although the plan contained a clause providing for the payment of the death benefits to the participant's estate if

there were no beneficiaries alive at the time of the participant's death, in the Fifth Circuit's view, this provision did not change the express language in the plan making the primary beneficiary's (Mary's) death before the participant's (Donald's) death a condition precedent for the secondary beneficiary to become entitled to the death benefits.

Recommendation: In cases, and for plans, where it makes a difference whether the participant dies before the primary beneficiary (such as here where there are children by first marriages), the participant might inquire whether the plan beneficiary designation is flexible enough to allow for simultaneous death situations. There is also a possibility that an employer, upon an employee's request, could amend a plan to permit an alternate designation in the event of simultaneous death.

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Conflicts of Interest Snare Attorney-Executor and His Law Firm

John Fogelman died on March 10, 1997, leaving behind a will naming several beneficiaries. In addition to the assets disposed of in the will, Mr. Fogelman owned a \$1.5 million life insurance policy in which the beneficiaries were his mother, four of his children, four creditors, and two other individuals.

Mr. Fogelman's will directed the personal representative to pay from his estate any estate taxes imposed with respect to property passing both under and outside the will. The will instructed the personal representative not to seek reimbursement from beneficiaries of the life insurance for the taxes generated by the policy, however.

Conflict Undisclosed

Pursuant to the terms of the will, Richard Sheffield, partner in the Snell & Wilmer law firm of Phoenix, was appointed personal representative of the estate. He hired one of the lawyers in the firm to represent him in that capacity.

Unbeknownst to the beneficiaries of the estate, some of Mr. Fogelman's creditors were also clients of Snell & Wilmer in other cases.

Mr. Sheffield discovered that after paying Mr. Fogelman's debts, the estate did not have enough assets to pay the estate taxes generated by the life insurance policy. He therefore asked the policy beneficiaries to agree to pay the taxes out of their shares. They refused, and after a dispute over the taxes that lasted for four months, asked Mr. Sheffield to resign as personal representative.

Mr. Sheffield sought instructions from the Maricopa County (Arizona) Probate Court, which ordered Mr. Sheffield not to seek contribution from the policy beneficiaries for the taxes. Because the firm represented creditors of the estate, the court found that Mr. Sheffield and his firm were in a conflict of interest with the beneficiaries. The

probate court disqualified him and his firm from further participation in the case. Furthermore, the court said Mr. Sheffield acted in bad faith by failing to disclose the conflict of interest.

Hit Them in the Pocketbook

Because a large percentage of his and his firm's fees were generated by taking positions adverse to Mr. Fogelman's



successors and in favor of the firm's creditor-clients, with the result that more money would go to his creditors and less to his successors, the probate court reduced Mr. Sheffield and his firm's fee request from \$110,000 to \$22,500.

Mr. Sheffield and his firm appealed to the Arizona Court of Appeals. Observing that Mr. Sheffield was personal representative and not attorney for the beneficiaries, the Court said that he owed not a duty of loyalty to them (such as would be owed a client) but a lesser duty of acting with fairness and impartiality to them, a duty he also owed to creditors of the estate. Otherwise, said the appeals court, "The personal representative would not be able to give undivided loyalty to some while at the same time being truly impartial and fair to others, for money or assets paid to one are unavailable to the oth-

ers." The court therefore reversed the probate court's ruling that Mr. Sheffield and his firm had violated Arizona's ethical rules applicable to lawyers and their clients.

On the issue of conflict of interest between the firm's creditor-clients and the estate beneficiaries, the appeals court agreed with the probate court. The firm owed an undivided duty of loyalty to its creditor-clients and therefore was required to exert its best efforts to maximize their recovery from Mr. Fogelman's estate. This duty was fundamentally in conflict with the firm's fiduciary duty of fairness and impartiality to all persons interested in the Fogelman estate, including his successors, policy beneficiaries, and creditors. Mr. Sheffield and his firm therefore breached that fiduciary duty.

On the issue of bad faith, the appeals court held that the probate court erred in its holding that the beneficiaries of the life insurance policy should not be charged their share of the estate taxes.

Estate taxes are normally paid from the residuary estate. Mr. Fogelman's estate did not have sufficient assets to pay the estate taxes generated by the life insurance policy. Mr. Fogelman's instructions therefore failed, and the appeals court held that the policy beneficiaries must pay the taxes from the life insurance proceeds.

Because the probate court's finding that Mr. Sheffield acted in bad faith was based in part on its error about the policy, the appeals court sent the case back to the probate court for reconsideration of this issue.

Estate of John R. Fogelman, Arizona Court of Appeals, March 2, 2000.

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Terminal Funding Annuities

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

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

SPGA quotes from the same company may vary by as much as 30%!

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

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

after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain that no additional costs are imposed. When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement.

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

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

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

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

Terminal Funding Annuities

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

MANAGING THE COMPETITIVE BIDDING PROCESS

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

price plan provisions on an overly conservative basis. We also keep you informed of the insurers' responses throughout the initial bidding period.

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

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

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

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity 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.

Life Expectancy

Understanding Life Expectancy

One of the biggest worries for Americans at or near retirement age is whether their financial resources will support them for the rest of their lives. No doubt the main reason for this concern is that when we reach our retirement years, most of us are not able to continue adding significantly to our existing assets, and, therefore, we must rely on whatever savings we have already accumulated along with other sources of income that may be available, such as a retirement pension or Social Security benefits. Two additional factors are: (1) What effect will inflation have on the future value of our assets? and (2) How long can we expect to live? If only we knew the answers to these questions, we could manage our money much more effectively over our remaining years. Even though we can't answer either of them with any certainty, having a better understanding of life expectancy does help in planning for retirement needs.

Life expectancy is a concept that many people use but few correctly understand. At the risk of sounding overly technical, life expectancy is a statistical projection of the length of an individual's life span based upon probabilities and assumptions of living conditions, medical discoveries and advances, natural disasters and other affecting factors. There are two basic kinds of life expectancy tables—one

projects average years of life remaining for an individual of a given age, the other projects the average number of years of life for all persons born in a given year. An example of the latter is that, in 1996, the average life expectancy at birth in the United States was 76 years.



But what does the 1996 U.S. life expectancy of 76 years really mean? Should we expect that most children born in the United States in 1996 will actually live to age 76, on average? Not really. As an infant born that year proceeds through life, mortality conditions change significantly. The death rate is relatively high during an infant's vulnerable first year of life. After that, it declines throughout childhood and early adolescence before starting an inexorable climb to a towering peak after age 85. As far as the Grim Reaper is concerned, Americans are most elusive at ages 10 and 11 (when only one out of every 5,000 people dies), and they are most vulnerable at age 122

when virtually everyone has been "harvested."

Age-specific death rates refer to the number of deaths of persons within a specific age group divided by the total number of people in that age group. This can also be expressed as the probability of dying at a given age. These probabilities are used to construct a life table, or actuarial table, which can then be used to calculate life expectancy at birth or at any other age.

Strange as it may sound, in actuarial terms the older you get the more likely you are to live beyond what your life expectancy was at an earlier age. For example, the tables currently used by the Department of Treasury for annuities project that a male age 50 will live another twenty-five years. Does this mean he won't live past age 75? Not really. Using the same actuarial table, if he lives to age 65, his life expectancy now becomes fifteen years. In other words, while the number of years a person is expected to live does decrease with age, it does not decrease in direct proportion to the number of years he continues to live. Not only that, as medical research continues to advance, it is not unreasonable to think that someone who turns eighty twenty years from now who doesn't smoke but does maintain a healthy weight, does exercise, and does follow a good diet might live well into his or her nineties.

Life Expectancy Tables

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

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

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

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

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

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

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

Immediate Annuities Update

The immediate annuity factors (also called "purchase rates") shown in **Tables 1 through 19** illustrate the amounts of monthly income \$1,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date of deposit. The factors shown are net of all fees and commissions except state premium taxes, if applicable.

In **Table 1** we report the purchase rates for Period Certain Annuities, which have no life contingency. These are simply installment payments which continue for a fixed period (5, 10, 15, 20, 25, and 30 years respectively) and then cease without regard to the age or life of the annuitant.

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

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

Nonqualified) when estimating annuity income.

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

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

In addition to the tax status of the funds being used to purchase an annuity, the annuitant's age and gender as well as the type of coverage selected (also known as the "form" of annuity) directly affect the payout amount. Age and sex relate to life expectancy and thus ultimately to the insurance company's cost to provide its guarantees. Therefore, when insurance companies employ sex-distinct rates, female annuitants—who have longer life expectancies than males of the same age—should expect to receive less annuity income from their premium dollars. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we've illustrated immediate annuity income at five-year intervals, beginning at age 50 and continuing through age 80. You may also call us toll-free, at 1-800-872-6684, to receive a free calculation for an

annuity not shown.

A "Straight Life" or **Life Only** annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases.


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

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

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

Immediate Annuities Update

Table 1. Period Certain Annuities

Reporting Companies (NAIC ID Number)	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
AIG Life Ins. Co. 66842	\$18.61	\$10.86	\$ 8.40	\$ 7.25	-	-
American Heritage 60534	\$19.14	\$10.90	\$ 8.22	\$ 6.93	\$ 6.20	\$ 5.74
Canada Life Assurance 80659	\$18.74	\$10.82	\$ 8.47	\$ 7.33	\$ 6.66	-
Columbia Universal 77720	\$19.15	\$10.90	\$ 8.23	\$ 6.94	\$ 6.20	\$ 5.74
Conseco Annuity Assurance 60682	\$17.75	\$10.10	\$ 7.58	\$ 6.38	-	-
Jackson National LIC 65056	\$18.91	\$11.26	-	\$ 7.68	-	-
Jefferson Pilot 67865	\$ 18.86	\$11.05	\$ 8.53	-	-	-
Keyport Life 65234	\$18.53	\$ 10.77	\$ 8.28	\$ 7.01	\$ 6.44	\$ 6.03
Life IC of the Southwest 65528	\$18.68	\$11.02	\$ 8.48	\$ 7.21	\$ 6.49	-
Lincoln Benefit Life Co. 65595	\$18.14	\$11.13	\$ 8.66	\$ 7.51	\$ 6.87	\$ 6.49
London Pacific 68934	\$19.01	\$11.08	\$ 8.70	\$ 7.47	\$ 6.82	\$ 6.41
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Midland National Life 66044	\$18.10	\$10.58	\$ 8.19	\$ 6.94	-	-
Peoples Benefit LIC 66605	\$18.65	\$10.88	\$ 8.49	\$ 7.42	\$ 6.78	\$ 6.38
Presidential LIC 68039	\$18.89	\$11.13	\$ 8.73	\$ 7.65	\$ 7.03	\$ 6.60
Principal LIC 61271	\$18.78	\$10.64	\$ 8.20	\$ 7.07	\$ 6.46	\$ 6.10
Providentmutual L&A 70750	\$18.13	\$10.57	\$ 8.15	\$ 7.06	\$ 6.51	\$ 6.24
Security Benefit LIC 68675	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
Southwestern Life 91391	\$18.21	\$ 9.92	\$ 7.42	\$ 6.22	\$ 5.52	\$ 5.08
United Heritage Mutual LIC 63983	\$18.88	\$11.09	\$ 8.71	\$ 7.56	\$ 6.87	\$ 6.69
United of Omaha 69868	\$18.66	\$11.04	\$ 8.62	\$ 7.48	\$ 6.77	\$ 6.35
USG Annuity & Life 61247	\$18.80	\$11.00	\$ 8.49	\$ 7.31	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

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	\$ 6.69	\$ 6.60	\$ 6.41	\$ 6.69	\$ 6.60	\$ 6.41
American Heritage 60534	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.99	\$ 5.91	\$ 5.73
Canada Life Assurance 80659	\$ 6.34	\$ 6.27	\$ 6.11	\$ 6.34	\$ 6.27	\$ 6.11
Columbia Universal 77720	\$ 5.99	\$ 5.91	\$ 5.73	\$ 5.99	\$ 5.91	\$ 5.73
Conseco Annuity Assurance 60682	\$ 5.31	\$ 5.25	\$ 5.08	\$ 5.31	\$ 5.25	\$ 5.08
Jefferson Pilot 67865	\$ 6.58	\$ 6.51	\$ 6.30	\$ 6.58	\$ 6.51	\$ 6.30
Keyport Life 65234	\$ 6.29	\$ 6.21	\$ 6.03	\$ 6.13	\$ 6.07	\$ 5.94
Life IC of the Southwest 65528	\$ 6.59	\$ 6.52	\$ 6.33	\$ 6.44	\$ 6.39	\$ 6.24
Lincoln Benefit Life Co. 65595	\$ 6.55	\$ 6.48	\$ 6.35	\$ 6.41	\$ 6.37	\$ 6.27
London Pacific Life & Annuity 68934	\$ 6.71	\$ 6.57	\$ 6.36	\$ 6.71	\$ 6.57	\$ 6.36
Midland National Life 66044	\$ 5.89	\$ 5.82	\$ 5.67	\$ 5.89	\$ 5.82	\$ 5.67



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


National Guardian LIC ¹ 66583	\$ 5.77	\$ 5.71	\$ 5.57	\$ 5.77	\$ 5.71	\$ 5.57
Peoples Benefit LIC 66605	\$ 6.51	\$ 6.44	\$ 6.29	\$ 6.51	\$ 6.44	\$ 6.29
Presidential LIC 68039	\$ 6.72	\$ 6.64	\$ 6.50	\$ 6.72	\$ 6.64	\$ 6.50
Principal LIC 61271	\$ 6.16	\$ 6.10	\$ 5.97	\$ 6.18	\$ 6.12	\$ 5.98
Providentmutual L&A 70750	\$ 6.23	\$ 6.14	\$ 5.87	\$ 6.23	\$ 6.14	\$ 5.87
Security Benefit LIC 68675	\$ 5.55	\$ 5.51	\$ 5.40	\$ 5.55	\$ 5.51	\$ 5.40
Security Mutual/NY 68772	\$ 6.09	\$ 5.98	\$ 5.73	\$ 6.24	\$ 6.12	\$ 5.85
Southwestern Life 91391	\$ 5.04	\$ 4.99	\$ 4.88	-	-	-
United Heritage Mutual LIC 63983	\$ 6.79	\$ 6.75	\$ 6.64	\$ 6.79	\$ 6.75	\$ 6.64
United of Omaha 69868	\$ 6.57	\$ 6.50	\$ 6.35	\$ 6.57	\$ 6.50	\$ 6.35
USG Annuity & Life 61247	\$ 6.41	\$ 6.32	\$ 6.09	\$ 6.41	\$ 6.32	\$ 6.09

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life

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	\$ 6.34	\$ 6.30	\$ 6.21	\$ 6.34	\$ 6.30	\$ 6.21
American Heritage 60534	\$ 5.63	\$ 5.59	\$ 5.51	\$ 5.63	\$ 5.59	\$ 5.51
Canada Life Assurance 80659	\$ 5.99	\$ 5.96	\$ 5.88	\$ 5.99	\$ 5.96	\$ 5.88
Columbia Universal 77720	\$ 5.63	\$ 5.60	\$ 5.51	\$ 5.63	\$ 5.60	\$ 5.51
Conseco Annuity Assurance 60682	\$ 4.95	\$ 4.92	\$ 4.84	\$ 4.95	\$ 4.92	\$ 4.84
Jefferson Pilot 67865	\$ 6.30	\$ 6.27	\$ 6.17	\$ 6.30	\$ 6.27	\$ 6.17
Keyport Life 65234	\$ 5.96	\$ 5.93	\$ 5.83	\$ 6.13	\$ 6.07	\$ 5.94
Life IC of the Southwest 65528	\$ 6.30	\$ 6.27	\$ 6.16	\$ 6.44	\$ 6.39	\$ 6.24
Lincoln Benefit Life Co. 65595	\$ 6.37	\$ 6.33	\$ 6.25	\$ 6.41	\$ 6.37	\$ 6.27
London Pacific 68934	\$ 6.46	\$ 6.36	\$ 6.22	\$ 6.46	\$ 6.36	\$ 6.22
Midland National Life 66044	\$ 5.61	\$ 5.58	\$ 5.50	\$ 5.61	\$ 5.58	\$ 5.50
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 5.52	\$ 5.49	\$ 5.41	\$ 5.52	\$ 5.49	\$ 5.41
Peoples Benefit LIC 66605	\$ 6.25	\$ 6.22	\$ 6.16	\$ 6.25	\$ 6.22	\$ 6.16
Presidential LIC 68039	\$ 6.43	\$ 6.40	\$ 6.32	\$ 6.43	\$ 6.40	\$ 6.32
Principal LIC 61271	\$ 5.98	\$ 5.95	\$ 5.87	\$ 6.00	\$ 5.97	\$ 5.89
Providentmutual L&A 70750	\$ 5.82	\$ 5.78	\$ 5.66	\$ 5.82	\$ 5.78	\$ 5.66
Security Benefit LIC 68675	\$ 5.27	\$ 5.25	\$ 5.20	\$ 5.27	\$ 5.25	\$ 5.20
Security Mutual/NY 68772	\$ 5.68	\$ 5.64	\$ 5.52	\$ 5.70	\$ 5.66	\$ 5.55
Southwestern Life 91391	\$ 4.73	\$ 4.71	\$ 4.69	-	-	-
United Heritage Mutual LIC 63983	\$ 6.53	\$ 6.53	\$ 6.40	\$ 6.53	\$ 6.53	\$ 6.48
United of Omaha 69868	\$ 6.30	\$ 6.27	\$ 6.18	\$ 6.30	\$ 6.27	\$ 6.18
USG Annuity & Life 61247	\$ 5.99	\$ 5.95	\$ 5.84	\$ 5.99	\$ 5.95	\$ 5.84
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						


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	\$ 7.07	\$ 6.93	\$ 6.63	\$ 7.07	\$ 6.93	\$ 6.63
American Heritage 60534	\$ 6.40	\$ 6.28	\$ 5.98	\$ 6.40	\$ 6.28	\$ 5.98
Canada Life Assurance 80659	\$ 6.75	\$ 6.63	\$ 6.37	\$ 6.75	\$ 6.63	\$ 6.37
Columbia Universal 77720	\$ 6.40	\$ 6.28	\$ 5.99	\$ 6.40	\$ 6.28	\$ 5.99
Conseco Annuity Assurance 60682	\$ 5.74	\$ 5.63	\$ 5.36	\$ 5.74	\$ 5.63	\$ 5.36
Jefferson Pilot 67865	\$ 6.88	\$ 6.76	\$ 6.43	\$ 6.88	\$ 6.76	\$ 6.43
Keyport Life 65234	\$ 6.65	\$ 6.54	\$ 6.25	\$ 6.45	\$ 6.36	\$ 6.15
Life IC of the Southwest 65528	\$ 6.93	\$ 6.81	\$ 6.53	\$ 6.73	\$ 6.65	\$ 6.43
Lincoln Benefit Life Co. 65595	\$ 6.89	\$ 6.78	\$ 6.56	\$ 6.71	\$ 6.63	\$ 6.47
London Pacific 68934	\$ 7.03	\$ 6.85	\$ 6.55	\$ 7.03	\$ 6.85	\$ 6.55
Midland National Life 66044	\$ 6.27	\$ 6.17	\$ 5.92	\$ 6.27	\$ 6.17	\$ 5.92
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 6.12	\$ 6.03	\$ 5.79	\$ 6.12	\$ 6.03	\$ 5.79
Peoples Benefit LIC 66605	\$ 6.84	\$ 6.73	\$ 6.49	\$ 6.84	\$ 6.73	\$ 6.49
Presidential LIC 68039	\$ 7.10	\$ 6.98	\$ 6.74	\$ 7.10	\$ 6.98	\$ 6.74
Principal LIC 61271	\$ 6.46	\$ 6.36	\$ 6.15	\$ 6.48	\$ 6.38	\$ 6.19
Providentmutual L&A 70750	\$ 6.71	\$ 6.54	\$ 6.07	\$ 6.71	\$ 6.54	\$ 6.07
Security Benefit LIC 68675	\$ 5.87	\$ 5.80	\$ 5.62	\$ 5.87	\$ 5.80	\$ 5.62
Security Mutual/NY 68772	\$ 6.52	\$ 6.34	\$ 5.95	\$ 6.77	\$ 6.56	\$ 6.08
Southwestern Life 91391	\$ 5.38	\$ 5.30	\$ 5.11	-	-	-
United Heritage Mutual LIC 63983	\$ 7.14	\$ 7.06	\$ 6.85	\$ 7.14	\$ 7.06	\$ 6.85
United of Omaha 69868	\$ 6.94	\$ 6.82	\$ 6.58	\$ 6.94	\$ 6.82	\$ 6.58
USG Annuity & Life 61247	\$ 6.88	\$ 6.72	\$ 6.34	\$ 6.88	\$ 6.72	\$ 6.34
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						

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	\$ 6.64	\$ 6.57	\$ 6.42	\$ 6.64	\$ 6.57	\$ 6.42
American Heritage 60534	\$ 5.95	\$ 5.89	\$ 5.74	\$ 5.95	\$ 5.89	\$ 5.74
Canada Life Assurance 80659	\$ 6.30	\$ 6.25	\$ 6.12	\$ 6.30	\$ 6.25	\$ 6.12
Columbia Universal 77720	\$5.95	\$ 5.89	\$ 5.74	\$ 5.95	\$ 5.89	\$ 5.74
Conseco Annuity Assurance 60682	\$ 5.28	\$ 5.23	\$ 5.10	\$ 5.28	\$ 5.23	\$ 5.10
Jefferson Pilot 67865	\$ 6.49	\$ 6.44	\$ 6.27	\$ 6.49	\$ 6.44	\$ 6.27
Keyport Life 65234	\$ 6.24	\$ 6.18	\$ 6.03	\$ 6.45	\$ 6.36	\$ 6.15
Life IC of the Southwest 65528	\$ 6.55	\$ 6.50	\$ 6.33	\$ 6.73	\$ 6.65	\$ 6.43
Lincoln Benefit Life Co. 65595	\$ 6.65	\$ 6.58	\$ 6.44	\$ 6.71	\$ 6.63	\$ 6.47
London Pacific 68934	\$ 6.71	\$ 6.58	\$ 6.39	\$ 6.71	\$ 6.58	\$ 6.39
Midland National Life 66044	\$ 5.93	\$ 5.87	\$ 5.73	\$ 5.93	\$ 5.87	\$ 5.73
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 5.80	\$ 5.75	\$ 5.62	\$ 5.80	\$ 5.75	\$ 5.62
Peoples Benefit LIC 66605	\$ 6.50	\$ 6.45	\$ 6.35	\$ 6.50	\$ 6.45	\$ 6.35
Presidential LIC 68039	\$ 6.76	\$ 6.69	\$ 6.55	\$ 6.76	\$ 6.69	\$ 6.55
Principal LIC 61271	\$ 6.23	\$ 6.17	\$ 6.04	\$ 6.25	\$ 6.19	\$ 6.06
Providentmutual L&A 70750	\$ 6.23	\$ 6.14	\$ 5.87	\$ 6.23	\$ 6.14	\$ 5.87
Security Benefit LIC 68675	\$ 5.51	\$ 5.47	\$ 5.39	\$ 5.51	\$ 5.47	\$ 5.39
Security Mutual/NY 68772	\$ 6.02	\$ 5.94	\$ 5.74	\$ 6.05	\$ 5.99	\$ 5.79
Southwestern Life 91391	\$ 4.99	\$ 4.95	\$ 4.86	-	-	-
United Heritage Mutual LIC 63983	\$ 6.80	\$ 6.77	\$ 6.67	\$ 6.80	\$ 6.77	\$ 6.67
United of Omaha 69868	\$ 6.60	\$ 6.54	\$ 6.40	\$ 6.60	\$ 6.54	\$ 6.40
USG Annuity & Life 61247	\$ 6.35	\$ 6.28	\$ 6.08	\$ 6.35	\$ 6.28	\$ 6.08
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						

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	\$ 7.61	\$ 7.37	\$ 6.87	\$ 7.61	\$ 7.37	\$ 6.87
American Heritage 60534	\$ 6.97	\$ 6.76	\$ 6.26	\$ 6.97	\$ 6.76	\$ 6.26
Canada Life Assurance 80659	\$ 7.29	\$ 7.10	\$ 6.65	\$ 7.29	\$ 7.10	\$ 6.65
Columbia Universal 77720	\$6.97	\$ 6.76	\$ 6.26	\$6.97	\$ 6.76	\$ 6.26
Conseco Annuity Assurance 60682	\$ 6.32	\$ 6.14	\$ 5.65	\$ 6.32	\$ 6.14	\$ 5.65
Jefferson Pilot 67865	\$ 7.30	\$ 7.12	\$ 6.57	\$ 7.30	\$ 7.12	\$ 6.57
Keyport Life 65234	\$ 7.15	\$ 6.97	\$ 6.49	\$ 6.91	\$ 6.76	\$ 6.39
Life IC of the Southwest 65528	\$ 7.39	\$ 7.20	\$ 6.74	\$ 7.13	\$ 6.99	\$ 6.64
Lincoln Benefit Life Co. 65595	\$ 7.34	\$ 7.19	\$ 6.81	\$ 7.11	\$ 6.98	\$ 6.70
London Pacific 68934	\$ 7.48	\$ 7.23	\$ 6.77	\$ 7.48	\$ 7.23	\$ 6.77
Midland National Life 66044	\$ 6.80	\$ 6.63	\$ 6.20	\$ 6.80	\$ 6.63	\$ 6.20
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 6.61	\$ 6.45	\$ 6.04	\$ 6.61	\$ 6.45	\$ 6.04
Peoples Benefit LIC 66605	\$ 7.32	\$ 7.14	\$ 6.71	\$ 7.32	\$ 7.14	\$ 6.71
Presidential LIC 68039	\$ 7.62	\$ 7.42	\$ 7.01	\$ 7.62	\$ 7.42	\$ 7.01
Principal LIC 61271	\$ 6.88	\$ 6.71	\$ 6.35	\$ 6.90	\$ 6.73	\$ 6.35
Providentmutual L&A 70750	\$ 7.27	\$ 6.95	\$ 6.31	\$ 7.27	\$ 6.95	\$ 6.31
Security Benefit LIC 68675	\$ 6.32	\$ 6.19	\$ 5.87	\$ 6.32	\$ 6.19	\$ 5.87
Security Mutual/NY 68772	\$ 7.09	\$ 6.79	\$ 6.18	\$ 7.50	\$ 7.12	\$ 6.31
Southwestern Life 91391	\$ 5.86	\$ 5.72	\$ 5.38	-	-	-
United Heritage Mutual LIC 63983	\$ 7.45	\$ 7.33	\$ 6.99	\$ 7.45	\$ 7.33	\$ 6.99
United of Omaha 69868	\$ 7.44	\$ 7.25	\$ 6.83	\$ 7.44	\$ 7.25	\$ 6.83
USG Annuity & Life 61247	\$ 7.52	\$ 7.22	\$ 6.58	\$ 7.52	\$ 7.22	\$ 6.58
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						

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	\$ 7.05	\$ 6.93	\$ 6.66	\$ 7.05	\$ 6.93	\$ 6.66
American Heritage 60534	\$ 6.39	\$ 6.29	\$ 6.02	\$ 6.39	\$ 6.29	\$ 6.02
Canada Life Assurance 80659	\$ 6.73	\$ 6.63	\$ 6.40	\$ 6.73	\$ 6.63	\$ 6.40
Columbia Universal 77720	\$6.39	\$ 6.29	\$ 6.02	\$6.39	\$ 6.29	\$ 6.02
Conseco Annuity Assurance 60682	\$ 5.73	\$ 5.65	\$ 5.40	\$ 5.73	\$ 5.65	\$ 5.40
Jefferson Pilot 67865	\$ 6.79	\$ 6.71	\$ 6.41	\$ 6.79	\$ 6.71	\$ 6.41
Keyport Life 65234	\$ 6.63	\$ 6.54	\$ 6.28	\$ 6.91	\$ 6.76	\$ 6.39
Life IC of the Southwest 65528	\$ 6.89	\$ 6.80	\$ 6.54	\$ 7.13	\$ 6.99	\$ 6.64
Lincoln Benefit Life Co. 65595	\$ 7.03	\$ 6.92	\$ 6.66	\$ 7.11	\$ 6.98	\$ 6.70
London Pacific 68934	\$ 7.06	\$ 6.89	\$ 6.60	\$ 7.06	\$ 6.89	\$ 6.60
Midland National Life 66044	\$ 6.36	\$ 6.27	\$ 6.01	\$ 6.36	\$ 6.27	\$ 6.01
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 6.20	\$ 6.11	\$ 5.87	\$ 6.20	\$ 6.11	\$ 5.87
Peoples Benefit LIC 66605	\$ 6.90	\$ 6.80	\$ 6.57	\$ 6.90	\$ 6.80	\$ 6.57
Presidential LIC 68039	\$ 7.18	\$ 7.06	\$ 6.82	\$ 7.18	\$ 7.06	\$ 6.82
Principal LIC 61271	\$ 6.56	\$ 6.47	\$ 6.23	\$ 6.58	\$ 6.48	\$ 6.25
Providentmutual L&A 70750	\$ 6.71	\$ 6.54	\$ 6.07	\$ 6.71	\$ 6.54	\$ 6.07
Security Benefit LIC 68675	\$ 5.84	\$ 5.78	\$ 5.63	\$ 5.84	\$ 5.78	\$ 5.63
Security Mutual/NY 68772	\$ 6.47	\$ 6.33	\$ 6.00	\$ 6.57	\$ 6.43	\$ 6.05
Southwestern Life 91391	\$ 5.34	\$ 5.28	\$ 5.12	-	-	-
United Heritage Mutual LIC 63983	\$ 6.99	\$ 6.96	\$ 6.80	\$ 6.99	\$ 6.96	\$ 6.80
United of Omaha LIC 69868	\$ 7.01	\$ 6.90	\$ 6.65	\$ 7.01	\$ 6.90	\$ 6.65
USG Annuity & Life 61247	\$ 6.83	\$ 6.69	\$ 6.34	\$ 6.83	\$ 6.69	\$ 6.34
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						

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	\$ 8.38	\$ 7.94	\$ 7.10	\$ 8.38	\$ 7.94	\$ 7.10
American Heritage 60534	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.79	\$ 7.39	\$ 6.52
Canada Life Assurance 80659	\$ 8.07	\$ 7.69	\$ 6.92	\$ 8.07	\$ 7.69	\$ 6.92
Columbia Universal 77720	\$ 7.79	\$ 7.39	\$ 6.52	\$ 7.79	\$ 7.39	\$ 6.52
Conseco Annuity Assurance 60682	\$ 7.03	\$ 6.70	\$ 5.90	\$ 7.03	\$ 6.70	\$ 5.90
Jefferson Pilot 67865	\$ 8.06	\$ 7.71	\$ 6.80	\$ 8.06	\$ 7.71	\$ 6.80
Keyport Life 65234	\$ 7.89	\$ 7.53	\$ 6.72	\$ 7.54	\$ 7.28	\$ 6.64
Life IC of the Southwest 65528	\$ 8.06	\$ 7.70	\$ 6.95	\$ 7.70	\$ 7.44	\$ 6.86
Lincoln Benefit Life Co. 65595	\$ 8.07	\$ 7.73	\$ 7.06	\$ 7.69	\$ 7.45	\$ 6.95
London Pacific 68934	\$ 8.17	\$ 7.75	\$ 7.01	\$ 8.17	\$ 7.75	\$ 7.01
Midland National Life 66044	\$ 7.57	\$ 7.23	\$ 6.47	\$ 7.57	\$ 7.23	\$ 6.47
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 7.31	\$ 7.00	\$ 6.29	\$ 7.31	\$ 7.00	\$ 6.29
Peoples Benefit LIC 66605	\$ 8.03	\$ 7.68	\$ 6.94	\$ 8.03	\$ 7.68	\$ 6.94
Presidential LIC 68039	\$ 8.34	\$ 7.96	\$ 7.26	\$ 8.34	\$ 7.96	\$ 7.26
Principal LIC 61271	\$ 7.55	\$ 7.23	\$ 6.59	\$ 7.56	\$ 7.25	\$ 6.61
Providentmutual L&A 70750	\$ 8.05	\$ 7.49	\$ 6.61	\$ 8.05	\$ 7.49	\$ 6.61
Security Benefit LIC 68675	\$ 6.96	\$ 6.71	\$ 6.14	\$ 6.96	\$ 6.71	\$ 6.14
Security Mutual/NY 68772	\$ 7.88	\$ 7.36	\$ 6.40	\$ 8.56	\$ 7.78	\$ 6.49
Southwestern Life 91391	\$ 6.55	\$ 6.28	\$ 5.66	-	-	-
United Heritage Mutual LIC 63983	\$ 8.19	\$ 7.90	\$ 7.25	\$ 8.19	\$ 7.90	\$ 7.25
United of Omaha LIC 69869	\$ 8.18	\$ 7.81	\$ 7.09	\$ 8.18	\$ 7.81	\$ 7.09
USG Annuity & Life 61247	\$ 8.41	\$ 7.83	\$ 6.79	\$ 8.41	\$ 7.83	\$ 6.79
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life						

Immediate Annuities Update

Table 9. Single Life Annuities — Female Age 65

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C	20yr C&C
AIG Life Ins. Co. 66842	\$ 7.63	\$ 7.42	\$ 6.93	\$ 7.63	\$ 7.42	\$ 6.93
American Heritage 60534	\$ 7.01	\$ 6.82	\$ 6.32	\$ 7.01	\$ 6.82	\$ 6.32
Canada Life Assurance 80659	\$ 7.32	\$ 7.14	\$ 6.71	\$ 7.32	\$ 7.14	\$ 6.71
Columbia Universal 77720	\$ 7.01	\$ 6.82	\$ 6.33	\$ 7.01	\$ 6.82	\$ 6.33
Conseco Annuity Assurance 60682	\$ 6.30	\$ 6.14	\$ 5.69	\$ 6.30	\$ 6.14	\$ 5.69
Jefferson Pilot 67865	\$ 7.35	\$ 7.19	\$ 6.56	\$ 7.35	\$ 7.19	\$ 6.56
Keyport Life 65234	\$ 7.18	\$ 7.01	\$ 6.55	\$ 7.54	\$ 7.28	\$ 6.64
Life IC of the Southwest 65528	\$ 7.39	\$ 7.22	\$ 6.78	\$ 7.70	\$ 7.44	\$ 6.86
Lincoln Benefit Life Co. 65595	\$ 7.58	\$ 7.37	\$ 6.92	\$ 7.69	\$ 7.45	\$ 6.95
London Pacific 68934	\$ 7.59	\$ 7.33	\$ 6.86	\$ 7.59	\$ 7.33	\$ 6.86
Midland National Life 66044	\$ 6.97	\$ 6.79	\$ 6.32	\$ 6.97	\$ 6.79	\$ 6.32



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


National Guardian LIC ¹ 66583	\$ 6.76	\$ 6.59	\$ 6.15	\$ 6.76	\$ 6.59	\$ 6.15
Peoples Benefit LIC 66605	\$ 7.45	\$ 7.27	\$ 6.83	\$ 7.45	\$ 7.27	\$ 6.83
Presidential LIC 68039	\$ 7.75	\$ 7.54	\$ 7.10	\$ 7.75	\$ 7.54	\$ 7.10
Principal LIC 61271	\$ 7.10	\$ 6.92	\$ 6.50	\$ 7.12	\$ 6.94	\$ 6.52
Providentmutual L&A 70750	\$ 7.27	\$ 6.95	\$ 6.31	\$ 7.27	\$ 6.95	\$ 6.31
Security Benefit LIC 68675	\$ 6.31	\$ 6.20	\$ 5.91	\$ 6.31	\$ 6.20	\$ 5.91
Security Mutual/NY 68772	\$ 7.10	\$ 6.86	\$ 6.27	\$ 7.31	\$ 7.02	\$ 6.31
Southwestern Life 91391	\$ 5.85	\$ 5.73	\$ 5.42	-	-	-
United Heritage Mutual LIC 63983	\$ 7.56	\$ 7.44	\$ 7.08	\$ 7.56	\$ 7.44	\$ 7.08
United of Omaha LIC 69868	\$ 7.60	\$ 7.40	\$ 6.94	\$ 7.60	\$ 7.40	\$ 6.94
USG Annuity & Life 61247	\$ 7.48	\$ 7.21	\$ 6.60	\$ 7.48	\$ 7.21	\$ 6.60

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life

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 ²
AIG Life Ins. Co. 66842	\$ 9.49	\$ 8.62	\$ 7.28	\$ 9.49	\$ 8.62	\$ 7.28
American Heritage 60534	\$ 8.95	\$ 8.15	\$ 6.73	\$ 8.95	\$ 8.15	\$ 8.73
Canada Life Assurance 80659	\$ 9.15	\$ 8.40	\$ 7.13	\$ 9.15	\$ 8.40	-
Columbia Universal 77720	\$ 8.95	\$ 8.15	\$ 6.73	\$ 8.95	\$ 8.15	\$ 6.73
Conseco Annuity Assurance 60682	\$ 7.85	\$ 7.27	\$ 6.08	\$ 7.85	\$ 7.27	\$ 6.08
Jefferson Pilot 67865	\$ 9.04	\$ 8.35	\$ 6.91	\$ 9.04	\$ 8.35	\$ 6.91
Keyport Life 65234	\$ 8.93	\$ 8.22	\$ 6.91	\$ 8.46	\$ 7.94	\$ 6.85
Life IC of the Southwest 65528	\$ 9.04	\$ 8.32	\$ 7.13	\$ 8.53	\$ 8.03	\$ 7.07
Lincoln Benefit Life Co. 65595	\$ 9.09	\$ 8.42	\$ 7.27	\$ 8.53	\$ 8.07	\$ 7.19
London Pacific 68934	\$ 9.18	\$ 8.39	\$ 7.21	\$ 9.18	\$ 8.39	\$ 7.21
Midland National Life 66044	\$ 8.66	\$ 7.97	\$ 6.69	\$ 8.66	\$ 7.97	\$ 6.69
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 8.32	\$ 7.67	\$ 6.49	\$ 8.32	\$ 7.67	\$ 6.49
Peoples Benefit LIC 66605	\$ 8.97	\$ 8.28	\$ 7.15	\$ 8.97	\$ 8.28	\$ 7.15
Presidential LIC 68039	\$ 9.36	\$ 8.63	\$ 7.46	\$ 9.36	\$ 8.63	\$ 7.46
Principal LIC 61271	\$ 8.47	\$ 7.82	\$ 6.76	\$ 8.50	\$ 7.86	\$ 6.78
Providentmutual L&A 70750	\$ 9.00	\$ 7.88	\$ 6.68	\$ 9.00	\$ 7.88	\$ 6.68
Security Benefit LIC 68675	\$ 7.89	\$ 7.37	\$ 6.40	\$ 7.89	\$ 7.37	\$ 6.40
Security Mutual/NY 68772	\$ 9.03	\$ 8.05	\$ 6.57	\$10.03	\$ 8.50	\$ 6.61
Southwestern Life 91391	\$ 7.53	\$ 6.97	\$ 5.91	-	-	-
United Heritage Mutual LIC 63983	\$ 9.08	\$ 8.45	\$ 7.32	\$ 9.08	\$ 8.45	\$ 7.32
United of Omaha LIC 69868	\$ 9.22	\$ 8.49	\$ 7.30	\$ 9.22	\$ 8.49	\$ 7.30
USG Annuity & Life 61247	\$ 9.63	\$ 8.50	\$ 6.95	\$ 9.63	\$ 8.50	\$ 6.95
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life. ² 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 ² C&C ¹
AIG Life Ins. Co. 66842	\$ 8.47	\$ 8.05	\$ 7.18	\$ 8.47	\$ 8.05	\$ 7.18
American Heritage 60534	\$ 7.90	\$ 7.52	\$ 6.61	\$ 7.90	\$ 7.52	\$ 6.61
Canada Life Assurance 80659	\$ 8.15	\$ 7.80	\$ 6.99	\$ 8.15	\$ 7.80	-
Columbia Universal 77720	\$ 7.90	\$ 7.52	\$ 6.61	\$ 7.90	\$ 7.52	\$ 6.61
Conseco Annuity Assurance 60682	\$ 6.96	\$ 6.68	\$ 5.93	\$ 6.96	\$ 6.68	\$ 5.93
Jefferson Pilot 67865	\$ 8.04	\$ 7.73	\$ 6.80	\$ 8.04	\$ 7.73	\$ 6.80
Keyport Life 65234	\$ 7.99	\$ 7.65	\$ 6.79	\$ 8.46	\$ 7.94	\$ 6.85
Life IC of the Southwest 65528	\$ 8.11	\$ 7.78	\$ 7.01	\$ 8.53	\$ 8.03	\$ 7.07
Lincoln Benefit Life Co. 65595	\$ 8.37	\$ 7.97	\$ 7.17	\$ 8.53	\$ 8.07	\$ 7.19
London Pacific 68934	\$ 8.39	\$ 7.93	\$ 7.11	\$ 8.39	\$ 7.93	\$ 7.11
Midland National Life 66044	\$ 7.86	\$ 7.49	\$ 6.60	\$ 7.86	\$ 7.49	\$ 6.60



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

National Guardian LIC ¹ 66583	\$ 7.58	\$ 7.23	\$ 6.41	\$ 7.58	\$ 7.23	\$ 6.41
Peoples Benefit LIC 66605	\$ 8.16	\$ 7.82	\$ 7.08	\$ 8.16	\$ 7.82	\$ 7.08
Presidential LIC 68039	\$ 8.56	\$ 8.16	\$ 7.36	\$ 8.56	\$ 8.16	\$ 7.36
Principal LIC 61271	\$ 7.84	\$ 7.49	\$ 6.71	\$ 7.87	\$ 7.51	\$ 6.73
Providentmutual L&A 70750	\$ 8.05	\$ 7.49	\$ 6.61	\$ 8.05	\$ 7.49	\$ 6.61
Security Benefit LIC 68675	\$ 7.01	\$ 6.78	\$ 6.22	\$ 7.01	\$ 6.78	\$ 6.22
Security Mutual/NY 68772	\$ 8.08	\$ 7.58	\$ 6.50	\$ 8.41	\$ 7.76	\$ 6.51
Southwestern Life 91391	\$ 6.59	\$ 6.34	\$ 5.73	-	-	-
United Heritage Mutual LIC 63983	\$ 8.23	\$ 7.94	\$ 7.20	\$ 8.23	\$ 7.94	\$ 7.20
United of Omaha LIC 69868	\$ 8.45	\$ 8.05	\$ 7.21	\$ 8.45	\$ 8.05	\$ 7.21
USG Annuity & Life 61247	\$ 8.38	\$ 7.84	\$ 6.83	\$ 8.38	\$ 7.84	\$ 6.83


Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

²Exceeds 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 ²
AIG Life Ins. Co. 66842	\$11.05	\$ 9.36	\$ 7.39	\$11.05	\$ 9.36	\$ 7.39
American Heritage 60534	\$10.60	\$ 8.97	\$ 6.86	\$10.60	\$ 8.97	\$ 6.86
Canada Life Assurance 80659	\$10.63	\$ 9.16	\$ 7.25	\$10.63	\$ 9.16	-
Columbia Universal 77720	\$10.59	\$ 8.97	\$ 6.86	\$10.59	\$ 8.97	\$ 6.86
Conseco Annuity Assurance 60682	\$ 9.05	\$ 7.97	\$ 6.23	\$ 9.05	\$ 7.97	\$ 6.23
Jefferson Pilot 67865	\$10.44	\$ 9.08	\$ 7.01	\$10.44	\$ 9.08	\$ 7.01
Keyport Life 65234	\$10.35	\$ 8.97	\$ 7.01	\$ 9.77	\$ 8.72	\$ 6.99
Life IC of the Southwest 65528	\$10.40	\$ 9.02	-	\$ 9.74	\$ 8.73	-
Lincoln Benefit Life Co. 65595	\$10.64	\$ 9.22	\$ 7.41	\$ 9.81	\$ 8.85	\$ 7.37
London Pacific 68934	\$10.61	\$ 9.11	\$ 7.36	\$10.61	\$ 9.11	\$ 7.36
Midland National Life 66044	\$10.18	\$ 8.78	\$ 6.84	\$10.18	\$ 8.78	\$ 6.84
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 9.72	\$ 8.42	\$ 6.62	\$ 9.72	\$ 8.42	\$ 6.62
Peoples Benefit LIC 66605	\$10.32	\$ 8.98	\$ 7.29	\$10.32	\$ 8.98	\$ 7.29
Presidential LIC 68039	\$10.86	\$ 9.37	\$ 7.58	\$10.86	\$ 9.37	\$ 7.58
Principal LIC 61271	\$ 9.81	\$ 8.55	\$ 6.88	\$ 9.84	\$ 8.57	\$ 6.90
Providentmutual L&A 70750	\$10.19	\$ 8.26	\$ 6.73	\$10.19	\$ 8.26	\$ 6.73
Security Benefit LIC 68675	\$ 9.18	\$ 8.14	\$ 6.59	\$ 9.18	\$ 8.14	\$ 6.59
Security Mutual/NY 68772	\$10.71	\$ 8.82	\$ 6.66	\$12.00	\$ 9.17	\$ 6.66
Southwestern Life 91391	\$ 8.92	\$ 7.75	\$ 6.09	-	-	-
United Heritage Mutual LIC 63983	\$10.59	\$ 9.25	\$ 7.49	\$10.59	\$ 9.25	\$ 7.49
United of Omaha LIC 69868	\$10.67	\$ 9.22	\$ 7.44	\$10.67	\$ 9.22	\$ 7.44
USG Annuity & Life 61247	\$11.21	\$ 9.16	\$ 7.05	\$11.21	\$ 9.16	\$ 7.05
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life. ² 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 ²
AIG Life Ins. Co. 66842	\$ 9.75	\$ 8.84	\$ 7.35	\$ 9.75	\$ 8.84	\$ 7.35
American Heritage 60534	\$ 9.25	\$ 8.39	\$ 6.80	\$ 9.25	\$ 8.39	\$ 6.80
Canada Life Assurance 80659	\$ 9.39	\$ 8.60	\$ 7.19	\$ 9.39	\$ 8.60	-
Columbia Universal 77720	\$ 9.25	\$ 8.39	\$ 6.80	\$ 9.25	\$ 8.39	\$ 6.80
Conseco Annuity Assurance 60682	\$ 7.99	\$ 7.42	\$ 6.15	\$ 7.99	\$ 7.42	\$ 6.15
Jefferson Pilot 67865	\$ 9.13	\$ 8.46	\$ 6.90	\$ 9.13	\$ 8.46	\$ 6.90
Keyport Life 65234	\$ 9.20	\$ 8.44	\$ 6.96	\$ 9.77	\$ 8.72	\$ 6.99
Life IC of the Southwest 65528	\$ 9.22	\$ 8.50	-	\$ 9.74	\$ 8.73	-
Lincoln Benefit Life Co. 65595	\$ 9.59	\$ 8.74	\$ 7.35	\$ 9.81	\$ 8.85	\$ 7.37
London Pacific 68934	\$ 9.63	\$ 8.71	\$ 7.31	\$ 9.63	\$ 8.71	\$ 7.31
Midland National Life 66044	\$ 9.20	\$ 8.37	\$ 6.80	\$ 9.20	\$ 8.37	\$ 6.80
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$ 8.81	\$ 8.03	\$ 6.59	\$ 8.81	\$ 8.03	\$ 6.59
Peoples Benefit LIC 66605	\$ 9.29	\$ 8.55	\$ 7.29	\$ 9.29	\$ 8.55	\$ 7.29
Presidential LIC 68039	\$ 9.78	\$ 8.92	\$ 7.53	\$ 9.78	\$ 8.92	\$ 7.53
Principal LIC 61271	\$ 9.03	\$ 8.24	\$ 6.86	\$ 9.06	\$ 8.27	\$ 6.88
Providentmutual L&A 70750	\$ 9.00	\$ 7.88	\$ 6.68	\$ 9.00	\$ 7.88	\$ 6.68
Security Benefit LIC 68675	\$ 8.06	\$ 7.54	\$ 6.49	\$ 8.06	\$ 7.54	\$ 6.49
Security Mutual/NY 68772	\$ 9.61	\$ 8.45	\$ 6.63	\$10.03	\$ 8.55	\$ 6.63
Southwestern Life 91391	\$ 7.70	\$ 7.13	\$ 5.99	-	-	-
United Heritage Mutual LIC 63983	\$ 9.57	\$ 8.80	\$ 7.43	\$ 9.57	\$ 8.80	\$ 7.43
United of Omaha LIC 69868	\$ 9.72	\$ 8.84	\$ 7.40	\$ 9.72	\$ 8.84	\$ 7.40
USG Annuity & Life 61247	\$ 9.67	\$ 8.59	\$ 7.00	\$ 9.67	\$ 8.59	\$ 7.00


Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

²Exceeds 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 ²	20yr C&C ³
AIG Life Ins. Co. 66842	\$13.30	\$10.05	\$ 7.44	\$13.30	\$10.05	\$ 7.44
American Heritage 60534	\$12.95	\$ 9.74	\$ 6.91	\$12.95	\$ 9.74	\$ 6.91
Canada Life Assurance 80659	\$12.69	\$ 9.86	\$ 7.31	\$12.69	\$ 9.86	-
Columbia Universal 77720	\$12.93	\$ 9.73	\$ 6.92	\$12.93	\$ 9.73	\$ 6.92
Conseco Annuity Assurance 60682	\$10.62	\$ 8.65	\$ 6.31	\$10.62	\$ 8.65	\$ 6.31
Jefferson Pilot 67865	\$12.37	\$ 9.75	\$ 7.04	\$12.37	\$ 9.75	\$ 7.04
Keyport Life 65234	\$12.28	\$ 9.67	\$ 7.06	\$11.62	\$ 9.50	\$ 7.05
Life IC of the Southwest 65528	\$12.35	\$ 9.70	-	\$11.50	\$ 9.48	-
Lincoln Benefit Life Co. 65595	-	\$ 9.96	\$ 7.48	-	\$ 9.67	\$ 7.46
London Pacific 68934	\$12.61	\$ 9.84	\$ 7.43	\$12.61	\$ 9.84	\$ 7.43
Midland National Life 66044	\$12.34	\$ 9.58	\$ 6.91	\$12.34	\$ 9.58	\$ 6.91
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	\$11.69	\$ 9.16	\$ 6.69	\$11.69	\$ 9.16	\$ 6.69
Peoples Benefit LIC 66605	\$12.19	\$ 9.63	\$ 7.39	\$12.19	\$ 9.63	\$ 7.39
Presidential LIC 68039	\$13.07	\$10.07	\$ 7.63	\$13.07	\$10.07	\$ 7.63
Principal LIC 61271	\$11.73	\$ 9.26	\$ 6.91	\$11.77	\$ 9.29	\$ 6.93
Providentmutual L&A 70750	\$11.71	\$ 8.62	\$ 6.78	\$11.71	\$ 8.62	\$ 6.78
Security Benefit LIC 68675	\$11.02	\$ 8.94	\$ 6.71	\$11.02	\$ 8.94	\$ 6.71
Security Mutual/NY 68772	\$13.22	\$ 9.54	\$ 6.69	\$14.85	\$ 9.70	\$ 6.68
Southwestern Life 91391	\$10.92	\$ 8.55	\$ 6.18	-	-	-
United Heritage Mutual LIC 63983	\$12.50	\$ 9.82	\$ 7.53	\$12.50	\$ 9.82	\$ 7.53
United of Omaha 69868	\$12.72	\$ 9.93	\$ 7.51	\$12.72	\$ 9.93	\$ 7.51
USG Annuity & Life 61247	\$13.22	\$ 9.77	\$ 7.09	\$13.22	\$ 9.77	\$ 7.09

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 15. Single Life Annuities — Female Age 80

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
AIG Life Ins. Co. 66842	\$ 11.70	\$ 9.68	\$ 7.43	\$11.70	\$ 9.68	\$ 7.43
American Heritage 60534	\$11.30	\$ 9.33	\$ 6.90	\$11.30	\$ 9.33	\$ 6.90
Canada Life Assurance 80659	\$11.22	\$ 9.46	\$ 7.29	\$11.22	\$ 9.46	-
Columbia Universal 77720	\$11.28	\$ 9.33	\$ 6.90	\$11.28	\$ 9.33	\$ 6.90
Conseco Annuity Assurance 60682	\$ 9.43	\$ 8.23	\$ 6.28	\$ 9.43	\$ 8.23	\$ 6.28
Jefferson Pilot 67865	\$10.75	\$ 9.25	\$ 6.92	\$10.75	\$ 9.25	\$ 6.92
Keyport Life 65234	\$10.95	\$ 9.29	\$ 7.04	\$11.62	\$ 9.50	\$ 7.05
Life IC of the Southwest 65528	\$10.89	\$ 9.30	-	\$11.50	\$ 9.48	-
Lincoln Benefit Life Co. 65595	-	\$ 9.59	\$ 7.46	-	\$ 9.67	\$ 7.46
London Pacific 68934	\$11.49	\$ 9.56	\$ 7.41	\$11.49	\$ 9.56	\$ 7.41
Midland National Life 66044	\$11.23	\$ 9.31	\$ 6.90	\$11.23	\$ 9.31	\$ 6.90



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

National Guardian LIC ¹ 66583	\$10.67	\$ 8.91	\$ 6.68	\$10.67	\$ 8.91	\$ 6.68
Peoples Benefit LIC 66605	\$10.89	\$ 9.28	\$ 7.39	\$10.89	\$ 9.28	\$ 7.39
Presidential LIC 68039	\$11.66	\$ 9.74	\$ 7.62	\$11.66	\$ 9.74	\$ 7.62
Principal LIC 61271	\$10.85	\$ 9.07	\$ 6.91	\$10.88	\$ 9.09	\$ 6.92
Providentmutual L&A 70750	\$10.19	\$ 8.26	\$ 6.73	\$10.19	\$ 8.26	\$ 6.73
Security Benefit LIC 68675	\$ 9.64	\$ 8.45	\$ 6.67	\$ 9.64	\$ 8.45	\$ 6.67
Security Mutual/NY 68772	\$11.99	\$ 9.30	\$ 6.67	\$12.28	\$ 9.29	\$ 6.68
Southwestern Life 91391	\$ 9.39	\$ 8.05	\$ 6.15	-	-	-
United Heritage Mutual LIC 63983	\$11.34	\$ 9.51	\$ 7.50	\$11.34	\$ 9.51	\$ 7.50
United of Omaha LIC 69868	\$11.64	\$ 9.69	\$ 7.50	\$11.64	\$ 9.69	\$ 7.50
USG Annuity & Life 61247	\$11.50	\$ 9.39	\$ 7.08	\$11.50	\$ 9.39	\$ 7.08

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000


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²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Immediate Annuities Update

Table 16. Single Life Annuities — Male Age 85

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ²	20yr C&C ³
American Heritage 60534	\$16.20	\$10.32	\$ 6.93	\$16.20	\$10.32	\$ 6.93
Canada Life Assurance 80659	\$15.41	\$10.38	\$ 7.32	\$15.41	-	-
Columbia Universal 77720	\$16.16	\$10.32	\$ 6.93	\$ 16.16	\$10.32	\$ 6.93
Conseco Annuity Assurance 60682	\$12.56	\$ 9.24	-	\$12.56	\$ 9.24	-
Life IC of the Southwest 65528	\$15.06	-	-	\$14.07	-	-
Lincoln Benefit Life Co. 65595	-	\$10.52	\$ 7.50	-	\$10.36	\$ 7.50
London Pacific 68934	\$15.49	\$10.43	\$ 7.46	\$15.49	\$10.43	\$ 7.46
Midland National Life 66044	\$15.38	\$10.22	\$ 6.93	\$15.38	\$10.22	\$ 6.93
National Guardian LIC ¹ 66583	\$14.46	\$ 9.75	\$ 6.71	\$14.46	\$ 9.75	\$ 6.71
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Peoples Benefit LIC 66605	\$14.96	\$10.17	\$ 7.42	\$14.96	\$10.17	\$ 7.42
Presidential LIC 68039	\$16.19	\$10.61	\$ 7.65	\$16.19	\$10.61	\$ 7.65
Principal LIC 61271	\$14.57	\$ 9.90	\$ 6.95	\$14.62	\$ 9.93	\$ 6.97
Providentmutual L&A 70750	\$13.75	\$ 8.96	\$ 6.80	\$13.75	\$ 8.96	\$ 6.80
Security Benefit LIC 68675	\$13.62	\$ 9.65	\$ 6.75	\$13.62	\$ 9.65	\$ 6.75
Security Mutual/NY 68772	\$17.12	\$10.05	\$ 6.69	\$18.46	\$10.03	\$ 6.69
Southwestern Life 91391	\$13.78	\$ 9.22	\$ 6.21	-	-	-
United Heritage Mutual LIC 63983	\$15.59	\$10.49	\$ 7.56	\$ 15.59	\$10.49	\$ 7.56
United of Omaha LIC 69868	\$15.59	\$10.49	\$ 7.53	\$15.59	\$10.49	\$ 7.53
USG Annuity & Life 61247	\$16.03	\$10.27	\$ 7.11	\$16.03	\$10.27	\$ 7.11
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life. ² Exceeds maximum guarantee period allowed by IRS. ³ Exceeds maximum guarantee period allowed by IRS.						

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 ²	20yr C&C ³
American Heritage 60534	\$14.39	\$10.11	\$ 6.93	\$14.39	\$10.11	\$ 6.93
Canada Life Assurance 80659	\$13.88	\$10.19	\$ 7.32	\$13.88	-	-
Columbia Universal 77720	\$14.36	\$10.11	\$ 6.93	\$14.36	\$10.11	\$ 6.93
Conseco Annuity Assurance 60682	\$11.38	\$ 8.97	-	\$11.38	\$ 8.97	-
Life IC of the Southwest 65528	\$13.43	-	-	\$14.07	-	-
Lincoln Benefit Life Co. 65595	-	\$10.32	\$ 7.49	-	\$10.36	\$ 7.50
London Pacific 68934	\$14.40	\$10.29	\$ 7.46	\$14.40	\$10.29	\$ 7.46
Midland National Life 66044	\$14.31	\$10.10	\$ 6.93	\$14.31	\$10.10	\$ 6.93
National Guardian LIC ¹ 66583	\$13.49	\$ 9.64	\$ 6.71	\$13.49	\$ 9.64	\$ 6.71



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

Peoples Benefit LIC 66605	\$13.45	\$ 9.96	\$ 7.42	\$13.45	\$ 9.96	\$ 7.42
Presidential LIC 68039	\$14.61	\$10.44	\$ 7.65	\$14.61	\$10.44	\$ 7.65
Principal LIC 61271	\$13.72	\$ 9.82	\$ 6.95	\$13.76	\$ 9.86	\$ 6.97
Providentmutual L&A 70750	\$11.71	\$ 8.62	\$ 6.78	\$11.71	\$ 8.62	\$ 6.78
Security Benefit LIC 68675	\$12.04	\$ 9.34	\$ 6.74	\$12.04	\$ 9.34	\$ 6.74
Security Mutual/NY 68772	\$15.73	\$ 9.88	\$ 6.69	\$15.47	\$ 9.86	\$ 6.69
Southwestern Life 91391	\$11.98	\$ 8.92	\$ 6.21	-	-	-
United Heritage Mutual LIC 63983	\$14.46	\$10.34	\$ 7.56	\$14.46	\$10.34	\$ 7.56
United of Omaha LIC 69868	\$14.55	\$10.39	\$ 7.53	\$14.55	\$10.39	\$ 7.53
USG Annuity & Life 61247	\$14.29	\$10.08	\$ 7.10	\$14.29	\$10.08	\$ 7.10

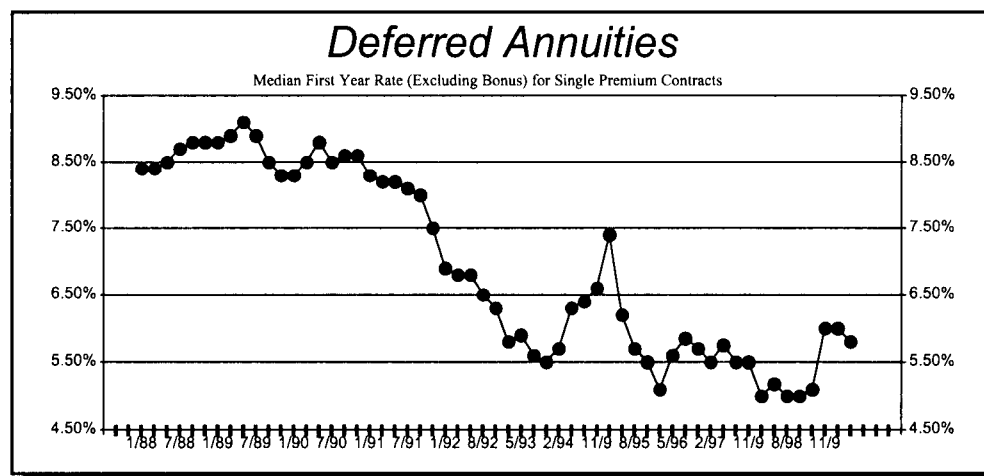
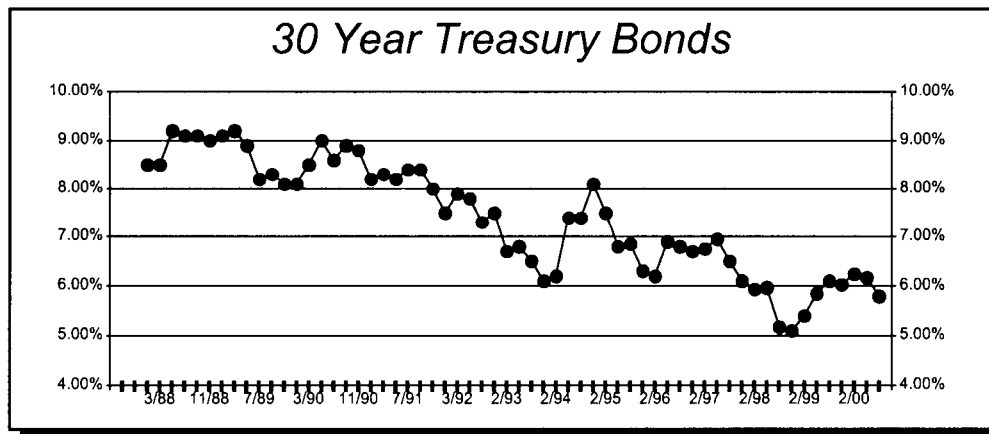
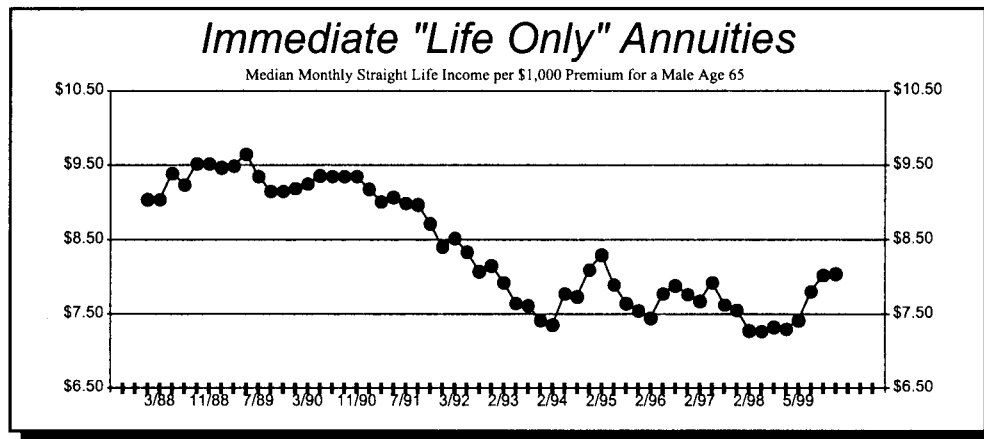
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

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²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.

Annuity Price Trends



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 ²	20yr C&C ³
Canada Life Assurance 80659	\$18.80	\$10.71	\$ 7.33	\$18.80	-	-
Conseco Annuity Assurance 60682	\$14.86	\$ 9.71	-	\$14.86	\$ 9.71	-
Lincoln Benefit Life Co. 65595	-	\$10.52	\$ 7.50	-	\$10.36	\$ 7.50
London Pacific 68934	\$19.45	\$10.81	\$ 7.47	\$19.45	\$10.81	\$ 7.47
National Guardian LIC ¹ 66583	\$18.25	\$10.13	\$ 6.72	\$18.25	\$10.13	\$ 6.72



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

Peoples Benefit LIC 66605	\$19.03	\$10.62	\$ 7.42	\$19.03	\$10.62	\$ 7.42
Presidential LIC 68039	\$20.44	\$10.84	\$ 7.53	\$20.44	\$10.84	\$ 7.53
Principal LIC 61271	-	\$10.32	\$ 6.96	-	\$10.35	\$ 6.98
Security Benefit LIC 68675	\$17.29	\$10.19	\$ 6.76	\$17.29	\$10.19	\$ 6.76
Southwestern Life 91391	\$17.80	\$ 9.67	\$ 6.22	-	-	-
United Heritage Mutual LIC 63983	-	\$10.80	\$ 7.56	-	\$10.80	\$ 7.56

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000


¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

²Exceeds maximum guarantee period allowed by IRS.

³Exceeds maximum guarantee period allowed by IRS.


Immediate Annuities Update

Table 19. Single Life Annuities — Female Age 90

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	Life Only	10yr C&C	20yr C&C	Life Only	10yr C&C ¹	20yr C&C ²
Canada Life Assurance 80659	\$17.51	\$10.63	\$ 7.33	\$ 17.51	-	-
Conseco Annuity Assurance 60682	\$13.81	\$ 9.53	-	\$13.81	\$ 9.53	-
Lincoln Benefit Life Co. 65595	-	\$10.32	\$ 7.49	-	\$10.36	\$ 7.50
London Pacific 68934	\$18.66	\$10.75	\$ 7.47	\$18.66	\$10.75	\$ 7.47
National Guardian LIC ¹ 66583	\$17.56	\$10.09	\$ 6.72	\$17.56	\$10.09	\$ 6.72
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
Peoples Benefit LIC 66605	\$17.58	\$10.52	\$ 7.42	\$17.58	\$10.52	\$ 7.42
Presidential LIC 68039	\$18.84	\$10.76	\$ 7.53	\$18.84	\$10.76	\$ 7.53
Principal LIC 61271	-	\$10.30	\$ 6.96	-	\$10.33	\$ 6.98
Security Benefit LIC 68675	\$15.64	\$10.04	\$ 6.76	\$15.64	\$10.04	\$ 6.76
Southwestern Life 91391	\$15.94	\$ 9.54	\$ 6.22	-	-	-
United Heritage Mutual LIC 63983	-	\$10.73	\$ 7.56	-	\$10.73	\$ 7.56
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life. ² Exceeds maximum guarantee period allowed by IRS. ³ Exceeds maximum guarantee period allowed by IRS.						

Immediate Annuities Update

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

Reporting Companies (NAIC ID Number)	Non-Qualified Funds			Qualified Funds		
	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non- reducing
AIG Life Ins. Co. 66842	\$ 7.17	\$ 6.95	\$ 6.41	\$ 7.17	\$ 6.95	\$ 6.41
American Heritage Life 60534	\$ 6.51	\$ 6.29	\$ 5.72	\$ 6.51	\$ 6.29	\$ 5.72
Canada Life Assurance 80659	\$ 6.85	\$ 6.65	\$ 6.10	\$ 6.85	\$ 6.65	\$ 6.10
Conseco Annuity Assurance 60682	\$ 5.85	-	\$ 5.08	\$ 5.85	-	\$ 5.08
Jefferson Pilot 67865	\$ 6.93	\$ 6.65	\$ 6.09	\$ 6.93	\$ 6.65	\$ 6.09
Keyport Life 65234	\$ 6.68	-	\$ 5.96	\$ 6.68	-	\$ 6.00
Life IC of the Southwest 65528	\$ 7.65	\$ 7.45	\$ 6.93	-	\$ 7.34	\$ 6.95
Lincoln Benefit Life Co. 65595	\$ 7.07	\$ 6.84	\$ 6.38	\$ 6.98	\$ 6.71	\$ 6.36
Midland National Life 66044	\$ 6.42	-	\$ 5.69	\$ 6.42	-	\$ 5.69
 Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.						
National Guardian LIC ¹ 66583	-	-	\$ 5.58	-	-	\$ 5.58
Peoples Benefit LIC 66605	\$ 6.96	\$ 6.68	\$ 6.26	\$ 6.96	\$ 6.68	\$ 6.26
Presidential LIC 68039	\$ 7.25	\$ 7.03	\$ 6.52	\$ 7.25	\$ 7.03	\$ 6.52
Providentmutual L&A 70750	\$ 6.68	-	\$ 5.59	\$ 6.82	-	\$ 5.65
Security Benefit LIC 68675	\$ 6.05	\$ 5.88	\$ 5.43	-	\$ 5.88	\$ 5.43
Security Mutual/NY 68772	-	\$ 6.36	\$ 5.76	-	\$ 6.59	\$ 5.87
Southwestern Life 91391	\$ 5.46	\$ 5.29	\$ 4.83	\$ 5.46	\$ 5.20	\$ 4.86
United Heritage Mutual LIC 63983	\$ 7.08	-	\$ 6.36	\$ 7.08	-	\$ 6.36
United of Omaha LIC 69868	\$ 7.08	\$ 6.86	\$ 6.35	\$ 7.08	\$ 6.86	\$ 6.35
USG Annuity & Life 61247	\$ 6.99	-	\$ 6.10	\$ 6.99	-	\$ 6.10
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.						

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	\$ 7.78	\$ 7.49	\$ 6.77	\$ 7.78	\$ 7.49	\$ 6.77
American Heritage 60534	\$ 7.15	\$ 6.85	\$ 6.12	\$ 7.15	\$ 6.85	\$ 6.12
Canada Life Assurance 80659	\$ 7.47	\$ 7.19	\$ 6.49	\$ 7.47	\$ 7.19	\$ 6.49
Conseco Annuity Assurance 60682	\$ 6.44	-	\$ 5.46	\$ 6.44	-	\$ 5.46
Jefferson Pilot 67865	\$ 7.43	\$ 7.08	\$ 6.36	\$ 7.43	\$ 7.08	\$ 6.36
Keyport Life 65234	\$ 7.25	-	\$ 6.31	\$ 7.25	-	\$ 6.35
Life IC of the Southwest 65528	\$ 8.22	\$ 7.95	\$ 7.25	-	\$ 7.80	\$ 7.28
Lincoln Benefit Life Co. 65595	\$ 7.63	\$ 7.33	\$ 6.71	\$ 7.50	\$ 7.14	\$ 6.67
Midland National Life 66044	\$ 7.04	-	\$ 6.07	\$ 7.04	-	\$ 6.07
National Guardian LIC ¹ 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	\$ 7.53	\$ 7.08	\$ 6.50	\$ 7.53	\$ 7.08	\$ 6.50
Presidential LIC 68039	\$ 7.84	\$ 7.55	\$ 6.89	\$ 7.84	\$ 7.55	\$ 6.89
Principal LIC 61271	\$ 7.18	\$ 6.88	\$ 6.29	\$ 7.20	\$ 6.90	\$ 6.30
Providentmutual L&A 70750	\$ 7.29	-	\$ 5.95	\$ 7.44	-	\$ 6.07
Security Benefit LIC 68675	\$ 6.56	\$ 6.33	\$ 5.72	-	\$ 6.33	\$ 5.72
Security Mutual/NY 68772	-	\$ 6.92	\$ 6.17	-	\$ 7.28	\$ 6.34
Southwestern Life 91391	\$ 5.99	\$ 5.76	\$ 5.15	\$ 5.99	\$ 5.65	\$ 5.20
United Heritage Mutual LIC 63983	\$ 7.66	-	\$ 6.69	\$ 7.66	-	\$ 6.69
United of Omaha 69868	\$ 7.67	\$ 7.37	\$ 6.71	\$ 7.67	\$ 7.37	\$ 6.71
USG Annuity & Life 61247	\$ 7.68	-	\$ 6.51	\$ 7.68	-	\$ 6.51

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

¹National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.

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	\$ 8.64	\$ 8.24	\$ 7.28	\$ 8.64	\$ 8.24	\$ 7.28
American Heritage 60534	\$ 8.06	\$ 7.66	\$ 6.69	\$ 8.06	\$ 7.66	\$ 6.69
Canada Life Assurance 80659	\$ 8.31	\$ 7.95	\$ 7.03	\$ 8.31	\$ 7.95	\$ 7.03
Conseco Annuity Assurance 60682	\$ 7.13	-	\$ 5.91	\$ 7.13	-	\$ 5.91
Jefferson Pilot 67865	\$ 8.16	\$ 7.71	\$ 6.77	\$ 8.16	\$ 7.71	\$ 6.77
Keyport Life 65234	\$ 8.05	-	\$ 6.81	\$ 8.07	-	\$ 6.89
Life IC of the Southwest 65528	\$ 9.04	\$ 8.66	\$ 7.72	-	\$ 8.47	\$ 7.76
Lincoln Benefit Life Co. 65595	\$ 8.43	\$ 8.03	\$ 7.18	\$ 8.25	\$ 7.77	\$ 7.13
Midland National Life 66044	\$ 7.91	-	\$ 6.62	\$ 7.91	-	\$ 6.62
National Guardian LIC ¹ 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	\$ 8.28	\$ 7.59	\$ 6.79	\$ 8.28	\$ 7.59	\$ 6.79
Presidential LIC 68039	\$ 8.65	\$ 8.27	\$ 7.40	\$ 8.65	\$ 8.27	\$ 7.40
Principal LIC 61271	\$ 7.92	\$ 7.52	\$ 6.72	\$ 7.95	\$ 7.54	\$ 6.74
Providentmutual L&A 70750	\$ 8.06	-	\$ 6.45	\$ 8.22	-	\$ 6.58
Security Benefit LIC 68675	\$ 7.17	\$ 6.86	\$ 6.07	-	\$ 6.86	\$ 6.07
Security Mutual/NY 68772	-	\$ 7.73	\$ 6.76	-	\$ 8.26	\$ 7.02
Southwestern Life 91391	\$ 6.75	\$ 6.43	\$ 5.61	\$ 6.75	\$ 6.29	\$ 5.68
United Heritage Mutual LIC 63983	\$ 8.32	-	\$ 7.00	\$ 8.32	-	\$ 7.00
United of Omaha 69868	\$ 8.51	\$ 8.11	\$ 7.23	\$ 8.51	\$ 8.11	\$ 7.23
USG Annuity & Life 61247	\$ 8.62	-	\$ 7.08	\$ 8.62	-	\$ 7.08

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000

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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	\$ 9.87	\$ 9.31	\$ 8.05	\$ 9.87	\$ 9.31	\$ 8.05
American Heritage 60534	\$ 9.36	\$ 8.79	\$ 7.51	\$ 9.36	\$ 8.79	\$ 7.51
Canada Life Assurance 80659	\$ 9.50	\$ 9.00	\$ 7.79	\$ 9.50	\$ 9.00	\$ 7.79
Conseco Annuity Assurance 60682	\$ 8.10	-	\$ 6.53	\$ 8.10	-	\$ 6.53
Jefferson Pilot 67865	\$ 9.23	\$ 8.64	\$ 7.41	\$ 9.23	\$ 8.64	\$ 7.41
Keyport Life 65234	\$ 9.19	-	\$ 7.55	\$ 9.24	-	\$ 7.65
Life IC of the Southwest 65528	\$10.21	\$ 9.67	\$ 8.43	-	\$ 9.43	\$ 8.49
Lincoln Benefit Life Co. 65595	\$ 9.63	\$ 9.07	\$ 7.91	\$ 9.37	\$ 8.70	\$ 7.82
Midland National Life 66044	\$ 9.16	-	\$ 7.42	\$ 9.16	-	\$ 7.42
National Guardian LIC ¹ 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	\$ 9.35	\$ 8.24	\$ 7.09	\$ 9.35	\$ 8.24	\$ 7.09
Presidential LIC 68039	\$ 9.83	\$ 9.30	\$ 8.13	\$ 9.83	\$ 9.30	\$ 8.13
Principal LIC 61271	\$ 9.06	\$ 8.49	\$ 7.42	\$ 9.09	\$ 8.52	\$ 7.44
Providentmutual L&A 70750	\$ 9.03	-	\$ 7.04	\$ 9.21	-	\$ 7.18
Security Benefit LIC 68675	\$ 8.19	\$ 7.75	\$ 6.70	-	\$ 7.75	\$ 6.70
Security Mutual/NY 68772	-	\$ 8.93	\$ 7.66	-	\$ 9.61	\$ 8.01
Southwestern Life 91391	\$ 7.83	\$ 7.38	\$ 6.30	\$ 7.86	\$ 7.22	\$ 6.40
United Heritage Mutual LIC 63983	\$ 9.55	-	\$ 7.77	\$ 9.55	-	\$ 7.77
United of Omaha 69868	\$ 9.08	\$ 8.76	\$ 7.43	\$ 9.08	\$ 8.76	\$ 7.43
USG Annuity & Life 61247	\$ 9.89	-	\$ 7.86	\$ 9.89	-	\$ 7.86
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 2000 ¹ National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life.						

Deferred Annuities Update

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

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

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

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	RnwI Mthd	Surrender Fees Yr 1 Yr 7
AIG Life 66842	SPDA	0-75	nr	nr	6.50%	nr	5.05%	1 Year	na	3.00%	I	6% 0%
American Heritage 60534	SPDA-2	0-75	5.75%	na	5.87%	5.62%	5.25%	1 Year	5.75%	5.00%	nr	7% 1%
Jackson National 65056	Action II	0-85	nr	nr	5.80%	nr	nr	1 Year	nr	3.00%	I	9% 3%
Jackson National 65056	Bonus Max	0-85	nr	nr	6.50%	nr	nr	1 Year	nr	3.00%	I	9% 3%
Jackson National 65056	Bonus Max I	0-85	nr	nr	6.50%	nr	nr	1 Year	nr	3.00%	I	9% 3%
Presidential Life 68039	SPDA II	0-85	6.70%	na	6.80%	6.65%	5.85%	2 Yrs	nr	5.00%	I	6% 2%
Providentmutual 70750	SPDA I	0-75	6.20%	na	6.70%	5.95%	nr	1 Year	1.00%	3.00%	P	7% 1%
Providentmutual 70750	SPDA II	0-75	nr	nr	nr	5.95%	nr	2 Yrs	1.00%	3.00%	I	7% 1%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	5.75%	4.75%	4.75%	1 Year	4.75%	3.50%	I	5% 0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	6.00%	5.00%	5.00%	3 Yrs	5.00%	3.50%	I	5% 0%
Security Mutual/NY 68772	SPDA 2000	0-85	6.50%	na	nr	nr	nr	1 Year	5.50%	3.50%	I	7% 3%
Security Mutual/NY 68772	SPDA 2000	0-85	6.25%	na	nr	nr	nr	3 Yrs.	5.25%	3.50%	P	7% 3%

Survey period: Oct 20, 2000; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7
AIG 66842	SPDA	0-75	nr	nr	nr	6.00%	5.05%	1 Year	3.00%	I	6% 0%
American Heritage 60534	Easy Choice	0-90	7.35%	na	nr	nr	nr	6 Years	3.50%	nr	8% 0%
American Heritage 60534	PPPA	0-69	5.25%	na	5.37%	5.12%	4.00%	na	4.00%	nr	10% 2%
Canada Life Assurance 80659	Security 1	0-80	nr	nr	nr	6.00%	5.00%	1 Year	3.00%	N	7% 2%
Columbia Universal 77720	CEO's Choice	0-85	nr	nr	nr	nr	6.25%	1 Year	4.00%	I	8% 0%
Columbia Universal 77720	Heritage	0-85	nr	nr	nr	nr	5.25%	1 Year	3.50%	P	9% 2%
Columbia Universal 77720	President's	0-85	nr	nr	nr	6.40%	5.75%	1 Year	4.50%	I	8% 0%
Columbia Universal 77720	Select Choice	0-85	7.25%	na	7.35%	nr	nr	5 Years	3.50%	I	8% 0%
Conseco Annuity Assur 60682	SPDA 8	0-85	5.60%	1.00%	5.85%	5.85%	5.10%	1 Year	4.00%	I	10% 3%
Delta Life & Annuity 65145	SPDA PS	0-75	nr	nr	nr	6.75%	nr	1 Year	4.00%	I	6% 3%
Jackson National 65056	Action II	0-85	nr	nr	nr	5.55%	5.05%	1 Year	3.00%	I	9% 3%
Jackson National 65056	Bonus Max	0-85	nr	nr	nr	6.25%	5.75%	1 Year	3.00%	I	9% 3%
Jackson National 65056	Bonus Max One	0-85	6.75%	3.25%	nr	6.25%	5.75%	1 Year	3.00%	I	9% 3%
Jackson National 65056	Flex I	0-85	nr	nr	nr	nr	5.75%	1 Year	3.00%	I	12% 3%
Jefferson Pilot 67865	FlexSavers Bonus	0-85	nr	nr	nr	nr	4.75%	1 Year	3.50%	na	7% 2%
Jefferson Pilot 67865	PFV Single 5	0-85	6.85%	na	nr	nr	nr	5 Years	3.25%	I	7% 7%
Jefferson Pilot 67865	Pilot Plus	0-85	nr	nr	nr	nr	5.00%	1 Year	3.00%	na	9% 3.5%
Jefferson Pilot 67865	Sec. Advantage	0-85	nr	nr	nr	nr	4.95%	1 Year	3.50%	na	7% 2%

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Survey period: Oct. 20, 2000; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 - Yr 7
Keyport Life 64602	Key Annuity	0-85	6.05%	na	nr	6.10%	5.15%	1 Year	3.50%	I	7%
Keyport Life 64602	Key Bonus	0-85	6.05%	1.00%	nr	nr	nr	1 Year	3.50%	I	7%
Keyport Life 64602	Premier 5	0-85	6.10%	1.50%	nr	5.80%	5.00%	5 Years	3.50%	I	8%
Keyport Life 64602	Ultra Max	0-85	7.05%	1.00%	nr	nr	nr	1 Year	3.50%	I	7%
Life Insur. Co./Southwest 65528	Millennium	0-70	6.25%	2.00%	nr	6.00%	nr	2 Years	3.00%	I	10%
Life Insur. Co./Southwest 65528	Premier +1	0-70	6.50%	1.00%	nr	nr	nr	1 Year	3.00%	I	20%
Life Insur. Co./Southwest 65528	SPDA 3	0-70	6.25%	1.00%	6.25%	6.00%	5.00%	2 Years	3.00%	I	10%
Life Insur. Co./Southwest 65528	SPDA 4	0-70	6.25%	1.50%	6.25%	6.00%	5.00%	2 Years	3.00%	I	10%
Life Insur. Co./Southwest 65528	SPDA 5	0-70	6.25%	2.00%	6.25%	6.00%	5.00%	2 Years	3.00%	I	10%
Lincoln Benefit 65595	Saver's Choice	0-99	5.35%	1.00%	5.50%	5.05%	4.40%	1 Year	3.00%	I	7%
Lincoln Benefit 65595	Saver's Choice	0-99	5.10%	1.00%	nr	nr	nr	5 Years	3.00%	nr	7%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.90%	2.00%	6.00%	5.75%	5.10%	1 Year	3.00%	I	7%
Lincoln Benefit 65595	Saver's Choice+	0-99	5.65%	2.00%	nr	nr	nr	5 Years	3.00%	nr	7%
Lincoln Benefit 65595	Saver's Ch Prem	0-99	6.25%	1.00%	6.50%	6.25%	5.50%	2 Years	3.00%	I	8%
Lincoln Benefit 65595	Saver's Ch Prem	0-99	6.05%	1.00%	6.30%	6.05%	5.30%	4 Years	3.00%	I	8%
London Pacific 68934	Regal Accum 5	0-90	6.90%	na	7.00%	6.50%	6.25%	5 Years	3.00%	nr	9%
London Pacific 68934	Regal Accum 6	0-90	6.35%	1.85%	nr	nr	nr	6 Years	3.00%	nr	9%
London Pacific 68934	Regal Accum 7	0-90	nr	nr	6.57%	nr	nr	7 Years	3.00%	nr	9%
Midland National 66044	Direct Guar 5	0-90	5.80%	2.00%	nr	nr	nr	5 Years	3.00%	nr	8%
Midland National 66044	Direct Guar 6	0-90	6.40%	na	nr	nr	nr	6 Years	3.00%	nr	8%
Midland National 66044	Direct Guar 7	0-90	6.35%	1.00%	nr	nr	nr	7 Years	3.00%	nr	8%
Midland National 66044	Direct Guar 8	0-90	6.00%	4.00%	nr	nr	nr	8 Years	3.00%	nr	8%
continued...											

Survey period: Oct. 20, 2000; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnw/ Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
National Guardian LIC ¹ 66583	Asset Guard	0-90	5.50%	2.00%	5.75%	nr	5.00%	2 Years	3.00%	I	7%	3%
National Guardian LIC ¹ 66583	Access Plus	0-90	6.25%	na	nr	nr	nr	4 years	4.00%	P	7%	1%
National Guardian LIC ¹ 66583	SPDA	0-85	6.10%	2.00%	6.35%	nr	5.00%	2 Years	4.00%	I	7%	1%
Presidential 68039	Secure 6	0-85	6.80%	na	7.00%	6.70%	nr	6 Years	5.00%	I	7%	0%
Presidential 68039	SPDA	0-85	7.10%	na	7.20%	7.05%	6.25%	1 Year	5.00%	I	6%	2%
Principal Mutual 61271	SPDA+	0-95	6.00%	1.00%	6.40%	6.00%	5.20%	1 Year	3.00%	I	6%	2%
Providentmutual L&A 70750	SPDA III	0-75	6.45%	na	6.95%	6.45%	nr	2 Years	3.00%	P	3%	3%
Providentmutual L&A 70750	SPDA IV	0-75	5.75%	1.40%	6.25%	5.75%	nr	2 Years	3.00%	P	5%	5%
Providentmutual L&A 70750	SPDA V	0-75	6.45%	na	6.25%	5.75%	nr	5 Years	3.00%	P	7%	0%
Reliance Standard 68381	Apollo-MVA	0-85	nr	nr	nr	nr	5.20%	1 Year	3.00%	I	9%	2%
Reliance Standard 68381	Athena-MVA	0-85	nr	nr	nr	nr	5.20%	1 Year	3.00%	I	9%	2%
Security Benefit 68675	Sec. Premier I	0-90	6.00%	1.00%	6.00%	6.00%	5.30%	1 Year	3.50%	I	8%	0%
Security Benefit 68675	Sec. Premier III	0-90	5.60%	1.00%	5.50%	5.00%	4.75%	1 Year	3.50%	I	8%	0%
Security Benefit 68675	Secur. Prov. I	0-90	6.00%	2.00%	6.00%	6.00%	5.30%	1 Year	3.50%	I	9%	0%
Security Benefit 68675	Secur. Prov. III	0-90	5.90%	.85%	5.75%	5.60%	4.75%	3 Years	3.00%	I	7%	0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	6.00%	5.00%	5.00%	1 Year	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA	0-80	nr	nr	6.25%	5.25%	5.25%	3 Years	3.50%	I	5%	0%
Security Mutual/NY 68772	SPDA 2000	0-85	6.50%	na	nr	nr	nr	3 Years	3.50%	I	7%	3%
Security Mutual/NY 68772	SPDA 2000	0-85	6.75%	na	nr	nr	nr	1 Year	3.50%	P	7%	3%
continued...												

Survey period: Oct. 20, 2000; nr = product not reported for this issue.

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Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnw! Mthd	Surrender Fees Yr 1 Yr 7
Southwestern LIC 91391	Advantage 7	0-80	5.05%	1.00%	5.05%	4.45%	4.00%	1 Year	3.50%	I	8% 2%
Southwestern LIC 91391	Golden Bonus	0-85	4.75%	2.50%	4.75%	4.50%	4.05%	1 Year	3.00%	I	12% 9%
Southwestern LIC 91391	Income Prov. Adv.	0-80	4.95%	1.00%	4.95%	4.70%	4.25%	2 Years	4.00%	I	10% 7%
United Heritage Mut LIC 63983	Eagle 3	0-90	5.40%	1.85%	5.50%	nr	nr	1 Year	3.50%	P	8% 2%
United Heritage Mut LIC 63983	Eagle 8	0-90	5.15%	3.35%	5.25%	nr	nr	1 Year	3.50%	P	8% 3%
United of Omaha LIC 69868	Ultrannuity	0-89	6.35%	1.00%	6.70%	6.05%	5.25%	1 Years	3.00%	P	7% 0%
United of Omaha LIC 69868	Ultrannuity	0-89	6.20%	0.35%	6.55%	5.90%	5.00%	3 Years	3.00%	P	7% 0%
United Teacher Assoc. 63479	SPDA-8	0-90	nr	nr	5.00%	nr	6.00%	1 Years	3.50%	P	9% 3%
USG Annuity & Life 61247	Interest Builder	0-85	5.80%	5.00%	5.75%	nr	5.00%	1 Year	3.00%	I	10% 3%
USG Annuity & Life 61247	MVA Cornerstone	0-90	5.50%	2.00%	6.00%	5.60%	4.45%	1 Year	3.00%	I	9% 3%
USG Annuity & Life 61247	MVA 9	0-85	nr	1.00%	6.70%	6.50%	5.20%	1 Year	3.00%	I	9% 3%
USG Annuity & Life 61247	Sterling Plus	0-85	nr	nr	nr	nr	5.00%	1 Year	3.00%	P	7% 3%

Survey period: Oct. 20, 2000; nr = product not reported for this issue.

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Full Rate	May '00 Full Rate	Nov. '99 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	unlimited	nr	5.50%	nr	5.00%	On going	2%	2%	2%	2%	2%	2%	2%	2%	2%
Jefferson Pilot 67865	PFV Single 5	0-85	6.85%	nr	nr	nr	5 Years	7%	7%	6%	5%	4%	na	na	na	na
Providentmutual L&A 70750	Asset Accumul.	0-75	5.57%	5.85%	4.92%	nr	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: Oct. 20, 2000; 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	Nov. '00 Full Rate	May '00 Full Rate	Nov. '99 Full Rate	May '99 Full Rate	Yield Guar. Period	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
								1	2	3	4	5	6	7	8	9	10
Columbia Univ. 77720	Your Choice	unlimited			nr	5.25%	nr	all	2%	2%	2%	2%	2%	2%	2%	2%	2%
Jackson National 65056	Target Select	0-85	7.10%		nr	nr	nr	10 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	9.70%		nr	nr	nr	9 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	7.20%		nr	nr	nr	8 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	7.10%		nr	nr	nr	7 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	8.85%		nr	nr	nr	6 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	7.05%		nr	nr	nr	5 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	7.00%		nr	nr	nr	4 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	6.75%		nr	nr	nr	3 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	6.30%		nr	nr	nr	2 Yrs	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jackson National 65056	Target Select	0-85	6.30%		nr	nr	nr	1 Yr	7%	7%	6%	5%	4%	3%	2%	1%	0%
Jefferson Pilot 67865	Single 3	0-85	7.00%		nr	nr	nr	3 Yrs	7%	6%	5%	4%	3%	2%	0%	0%	0%
Jefferson Pilot 67865	Single 5	0-85	6.75%		nr	nr	nr	5 Yrs	7%	6%	5%	4%	0%	0%	0%	0%	0%
Keyport Life 65234	Key Annuity	0-85	6.25%		nr	nr	nr	1 Yr	7%	7%	6%	5%	0%	0%	0%	0%	0%
Keyport Life 65234	Key Bonus	0-85	7.05%		nr	nr	nr	1 Yr	7%	7%	6%	5%	4%	3%	0%	0%	0%
Keyport Life 65234	Premier 5	0-85	6.30%		nr	nr	nr	5 Yrs	8%	8%	7%	6%	5%	4%	3%	2%	1%
Keyport Life 65234	Ultra Max	0-85	7.05%		nr	nr	nr	1 Yr	7%	7%	6%	5%	4%	3%	0%	0%	0%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.40%	6.60%	5.70%	10 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.35%	6.40%	5.50%	9 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.30%	6.30%	5.40%	8 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.25%	6.20%	5.30%	7 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.20%	6.10%	5.15%	6 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician 10	0-80	nr	6.15%	6.00%	5.00%	5 Yrs		6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit 65595	Tactician Plus	0-90	7.40% 1st yr 6.40% 2-10	6.70% 1st yr 6.60% 2-9	6.90%	6.00%	10 Yrs		8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	10.25% 1st yr 6.25% 2-9	6.60%	6.50%	5.60%	9 Yrs		8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	7.65% 1st yr 6.15% 2-8	6.50%	6.50%	5.60%	8 Yrs		8%	8%	7%	6%	5%	4%	3%	2%	1%

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

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00					May '99					Yield						
			Full Rate	Nov. '00 Full Rate	Nov. '99 Full Rate	Nov. '99 Full Rate	Nov. '99 Full Rate	May '99 Full Rate	May '99 Full Rate	May '99 Full Rate	May '99 Full Rate	May '99 Full Rate	Guar. Period	Guar. Period	Guar. Period	Guar. Period	Guar. Period	Guar. Period	Guar. Period
Lincoln Benefit 65595	Tactician Plus	0-90	7.05% 1st yr 6.05% 2-7	6.50%	6.50%	6.50%	6.50%	5.60%	7 Yrs	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	6.70%	7.00%	7.00%	7.00%	6.10%	6 Yrs	8%	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	7.00% 1st yr 6.00% 2-5	6.40%	6.25%	6.25%	5.25%	5 Yrs	8%	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Lincoln Benefit 65595	Tactician Plus	0-90	5.10%	5.00%	4.70%	4.25%	1 Yr	8%	8%	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%
Midland National 66044	Direct Guar	0-90	nr	6.75%	nr	nr	8 Yrs	8%	8%	8%	8%	8%	8%	8%	6%	4%	8%	0%	0%
Midland National 66044	Direct Guar	0-90	nr	6.74%	nr	nr	7 Yrs	8%	8%	8%	8%	8%	8%	8%	8%	6%	0%	0%	0%
Midland National 66044	Direct Guar	0-90	nr	6.70%	nr	nr	6 Yrs	8%	8%	8%	8%	8%	8%	8%	8%	0%	0%	0%	0%
Midland National 66044	Direct Guar	0-95	nr	6.45%	nr	nr	5 Yrs	8%	8%	8%	8%	8%	8%	8%	0%	0%	0%	0%	0%
United Heritage 63983	Sec Value 5	0-85	6.75%	6.75%	nr	nr	5 Yrs	7%	7%	7%	7%	6%	5%	4%	0%	0%	0%	0%	0%
USG Annuity & Life 61247 Adv Plat 8	Adv Plat 8	0-85	nr	7.15%	nr	nr	8 Yrs	5%	5%	5%	5%	5%	5%	5%	4%	3%	2%	0%	0%
USG Annuity & Life 61247 Adv Plat 5	Adv Plat 5	0-85	nr	6.80%	nr	nr	5 Yrs	5%	5%	5%	5%	5%	5%	5%	0%	0%	0%	0%	0%
USG Annuity & Life 61247 Multi Guar 10	Multi Guar 10	0-85	7.50% 1st yr 6.50% 2-10	7.65% 1st yr 6.65% 2-10	7%	7%	10 Yrs	7%	7%	7%	7%	6%	6%	5%	4%	3%	2%	1%	0%
USG Annuity & Life 61247 Multi Guar 7	Multi Guar 7	0-85	6.50%	nr	nr	nr	7 Yrs	7%	7%	7%	7%	6%	6%	5%	4%	3%	0%	0%	0%
USG Annuity & Life 61247 Multi Guar 5	Multi Guar 5	0-85	nr	6.35%	nr	nr	5 Yrs	7%	7%	7%	7%	6%	6%	5%	0%	0%	0%	0%	0%
USG Annuity & Life 61247 Select Guar 8	Select Guar 8	0-85	8.00% 1st yr 7.00% 2-8	7.60% 1st yr 6.60% 2-8	9%	9%	8 Yrs	8%	8%	8%	8%	6%	6%	5%	4%	3%	2%	0%	0%
USG Annuity & Life 61247 Select Guar 7	Select Guar 7	0-85	nr	6.75%	nr	nr	7 Yrs	7%	7%	7%	7%	6%	6%	5%	4%	3%	0%	0%	0%
USG Annuity & Life 61247 Select Guar 6	Select Guar 6	0-85	6.90%	7.25%	7.00%	9.00%	6 Yrs	9%	9%	9%	9%	6%	6%	5%	4%	0%	0%	0%	0%
USG Annuity & Life 61247 Select Guar 5	Select Guar 5	0-85	6.85%	7.00%	nr	nr	5 Yrs	9%	9%	9%	9%	6%	6%	5%	0%	0%	0%	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	Nov. '00 Base Rate	Additional 1st Year Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnw/ Mthod	Surrender Fees Yr 1
AIG 66842	FPDA	0-80	nr	nr	nr	6.00%	nr	1 Year	1.00%	nr	I	7%
AIG 66842	Future Freedom	0-80	nr	nr	nr	nr	5.05%	1 Year	4.05%	3.00%	I	7%
Providentmutual L&A 70750	LTD	0-85	nr	1.00%	6.85%	nr	nr	1 Year	-	3.00%	P	10%
Security Mutual/NY 68772	FPA	0-80	5.25%	na	5.00%	4.75%	4.75%	1 Year	inoperable	4.50%	P	7%
Survey period: Oct. 20, 2000; nr = not reported for this issue.												

Survey period: Oct. 20, 2000; nr = not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov '00 Base Rate	Additional 1st Yr. Bonus	May '00 Base Rate	Nov '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
AIG Life 66842	FPDA	0-80	6.50%	1.00%	6.50%	6.00%	nr	1 Year	3.00%	I	10%	4%
AIG Life 66842	Future Freedom	0-80	6.50%	1.00%	nr	nr	5.05%	1 Year	3.00%	I	7%	0%
Canada Life 81060	Security 1 Plus	0-90	5.50%	1.25%	6.15%	6.00%	5.00%	1 Year	3.00%	N	7%	3%
Columbia Universal 77720	American	0-85	nr	nr	nr	nr	6.25%	contract	4.50%	P	8%	0%
Columbia Universal 77720	Flex Choice	0-85	6.75%	1.00%	6.70%	6.40%	5.75%	1 Year	4.50%	I P	8%	0%
Conseco Annuity Assurance 60682	FPDA - 81	0-85	5.50%	3.00%	5.80%	5.80%	5.05%	1 Year	3.00%	I	12%	7%
Delta Life & Annuity	FP Front Load	0-99	nr	nr	nr	7.00%	nr	1 Year	4.00%	nr	5%	0%
Jackson National LIC 65056	Flex 1	0-85	6.75%	na	6.50%	6.25%	nr	na	3.00%	I	12%	3%
Jefferson Pilot LIC 67865	FPDA	0-75	6.25%	na	nr	nr	nr	1 Year	3.50%	P	9%	5%
Jefferson Pilot LIC 68765	Flex 5	0-85	6.40%	1.00%	nr	nr	nr	1 Year	3.25%	P	7%	0%
Jefferson Pilot LIC 68765	Flex 6	0-85	6.35%	1.50%	nr	nr	nr	1 Year	3.25%	P	7%	0%
Jefferson Pilot LIC 67865	Flex 7	0-85	6.30%	2.00%	nr	nr	nr	1 Year	3.25%	P	7%	2%
Jefferson Pilot LIC 68765	Flex 8	0-85	6.50%	3.00%	nr	nr	5.70%	1 Year	3.25%	P	7%	2%
Jefferson Pilot LIC 68765	Pilot Plus-MVA	0-85	6.35%	2.00%	nr	nr	nr	1 Year	3.00%	P	9%	5%
Keyport Life 64602	Focus Five	0-90	6.10%	1.00%	nr	nr	nr	1 Year	3.00%	I	7%	0%
Keyport Life 64602	Galaxy 5	0-90	5.70%	1.00%	nr	nr	nr	5 Years	3.00%	I	7%	4%
Keyport Life 64602	Galaxy 7	0-90	5.60%	1.00%	nr	nr	nr	3 Years	3.00%	I	7%	3%
Keyport Life 64602	Key Accum	0-80	5.80%	1.00%	nr	5.95%	4.85%	1 Year	3.00%	I	7%	0%
Keyport Life 64602	Key Choice	0-85	5.75%	1.00%	nr	nr	nr	1 Year	3.00%	I	7%	2%
Keyport Life 64602	Key Reward	0-80	5.80%	1.00%	nr	nr	nr	1 Year	3.00%	I	7%	2%
Keyport Life 64602	Key Vantage	0-80	5.95%	1.00%	nr	nr	nr	1 Year	3.50%	I	7%	1%
Life/Southwest 65528	Flex 1	0-70	6.50%	na	nr	nr	nr	na	4.00%	I	10%	0%
Continued...												

Survey period: Oct. 20, 2000; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	Nov. '00 Additional 1st Yr. Bonus	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnw'l Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Life/Southwest 65528	Flex II	0-70	6.50%	na	nr	nr	nr	na	4.00%	I	20%	9%
Life/Southwest 65528	Flex 3000	0-80	6.25%	1.00%	6.25%	6.00%	5.00%	1 Year	3.00%	I	7%	1%
Life/Southwest 65528	Millennium	0-70	nr	nr	6.25%	nr	nr	2 Years	3.00%	I	10%	4%
Life/Southwest 65528	Premier + I	0-70	nr	nr	6.25%	nr	nr	2 Years	3.00%	nr	20%	12%
Lincoln Benefit 65595	Futurist Gold I	0-99	5.15%	1.00%	5.10%	5.10%	5.10%	na	3.00%	P	7%	3%
London Pacific 68934	Future Guard II	no limit	nr	nr	nr	6.25%	6.00%	1 Year	3.00%	P	12%	8%
London Pacific 68934	Fut Guard 200	no limit	6.20%	na	7.30%	nr	nr	1 Year	3.00%	P	12%	8%
London Pacific 68934	Roy Guard 200	0-80	7.00%	na	7.00%	nr	nr	1 Year	3.00%	I	12%	8%
Midland National 66044	Direct Flex	0-85	nr	nr	5.40%	nr	nr	1 Year	3.00%	I	10%	6%
Midland National 66044	MNL 5	0-85	nr	nr	5.45%	nr	nr	1 Year	3.00%	I	10%	6%
Midland National 66044	MNL 6	0-85	nr	nr	5.60%	nr	nr	1 Year	3.00%	I	6%	0%
Midland National 66044	MNL 10	0-85	nr	nr	5.20%	nr	nr	1 Year	3.00%	I	9%	4%
National Guardian 66584	Super Flex	0-85	6.25%	2.00%	6.50%	nr	5.00%	2 Years	4.00%	I	10%	6%
Presidential 68039	No Load Flex	0-85	6.95%	na	7.05%	6.90%	6.10%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential 68039	TSA-Loan	0-85	6.95%	na	7.05%	6.90%	6.10%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC 61271	FPDA	0-85	5.70%	na	6.10%	5.70%	4.90%	1 Year	4.00%	nr	7%	3%
Providentmutual 70750	LTD	0-85	6.35%	1.00%	nr	6.35%	nr	1 Year	3.00%	P	10%	3%
Prudential 68241	FIP	0-85	nr	nr	nr	nr	5.00%	1 Year	3.00%	I	6%	0%
continued...												

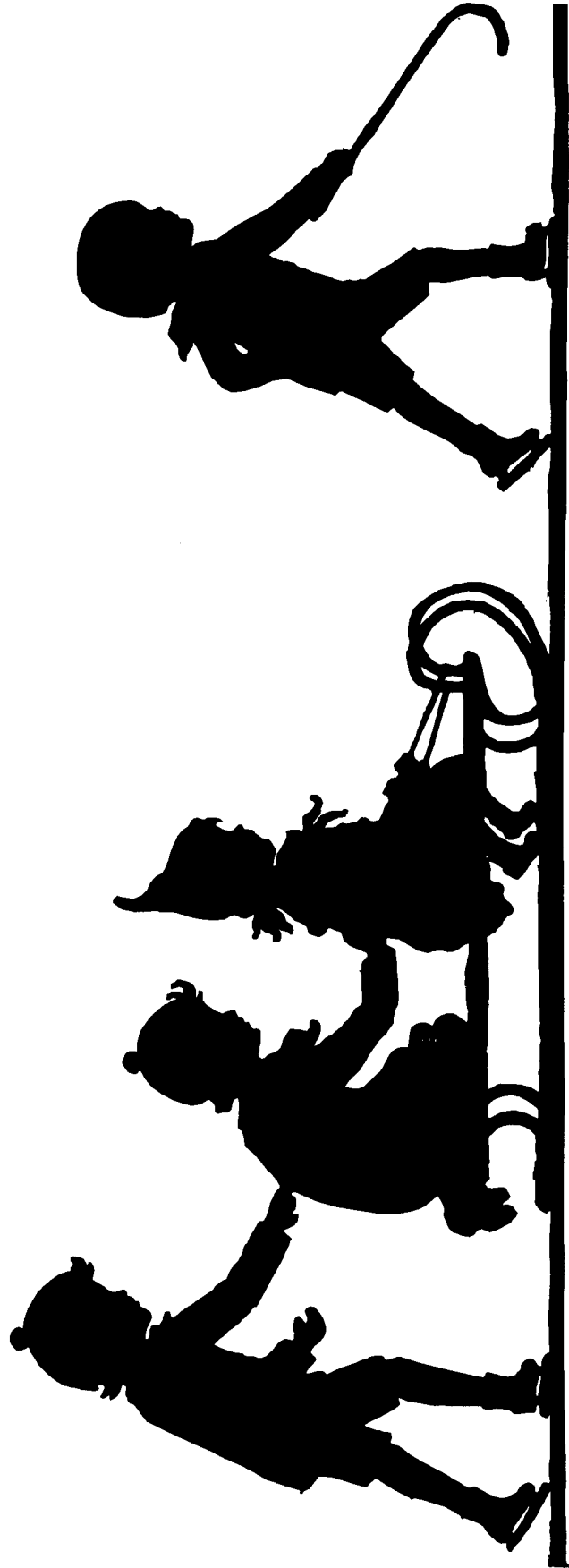
Survey period: Oct. 20, 2000; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Nov. '00 Base Rate	1st Yr. Bonus Amount	May '00 Base Rate	Nov. '99 Base Rate	May '99 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
Security Benefit 68675	Secur. Mark	0-75	5.60%	na	5.75%	5.25%	5.00%	na	3.50%	nr	8%	2%
Southwestern LIC 91391	Flex-Rite	0-75	5.65%	na	5.65%	5.65%	5.65%	na	4.00%	P	7%	2%
United Heritage 63983	Heritage	0-100	5.25%	1.00%	5.35%	nr	nr	1 Year	3.50%	P	8%	2%
United Heritage 63983	Originator	0-80	5.00%	na	5.00%	nr	nr	1 Year	3.50%	P	0%	0%
United of Omaha 69868	Bonus Flex.	0-85	6.00%	1.00%	6.00%	5.65%	4.50%	nr	4.00%	nr	10%	0%
United Teachers 63479	Flex-Bonus	0-75	nr	nr	7.25%	6.25%	6.25%	1 Year	4.00%	P	30%	8%
USG Annuity & Life 61247	Flex Builder	0-85	nr	nr	6.00%	5.75%	5.25%	1 Year	3.00%	I	12%	7%
USG Annuity & Life 61247	Flex 9	0-85	nr	nr	6.15%	nr	nr	1 Year	3.00%	I	9%	3%
USG Annuity & Life 61247	Flex 15	0-70	5.55%	2.00%	5.90	nr	nr	1 Year	3.00%	I	nr	nr
USG Annuity & Life 61247	Flex Guar	0-85	6.85%	na	nr	nr	nr	5 Years	3.00%	I	12%	7%

Survey period: Oct. 20, 2000; 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

Reporting Companies	Policy	Issue	5 Year Maturity Rates				7 Year Maturity Rates				
			Deferred Annuity	Annual Interest	Income Annuity	Monthly Income	Deferred Annuity	Annual Interest	Income Annuity	Monthly Income	
Columbia Universal	77720	Split Annuity	0-85	\$70,471	7.25%	\$29,529	\$563.43	na	na	na	na
Jefferson Pilot	67865	Split Annuity	nr	\$75,143	6.75%	\$24,856	\$462.44	\$76,947	6.35%	\$23,053	\$325.00
Lincoln Benefit	65595	Tactician Plus	0-90	\$74,027	6.00%	\$25,972	\$471.40	\$65,667	6.05%	\$34,332	\$468.21
London Pacific	68934	Split Annuity	0-100	\$71,633	6.90%	\$28,367	\$536.55	\$64,272	6.52%	\$35,728	\$513.47
Midland National	66044	Split Annuity	nr	\$74,035	6.20%	\$25,965	\$469.93	\$64,383	6.49%	\$35,617	\$490.54
Presidential (nq)	68039	Combi-annuity	0-85	\$72,988	6.50%	\$27,011	\$511.47	na	na	na	na
United Heritage	63983	Secure Value 5	0-85	\$72,138	6.75%	\$27,862	\$520.11	na	na	na	na
USG Annuity & Life	61247	Select Guarantee	nr	\$72,137	6.75%	\$27,863	\$523.98	\$64,351	6.50%	\$35,649	\$510.47

Survey period: Oct. 20, 2000

Equity Indexed Annuities Update

Equity index annuities ('EIAs') are generating widespread interest.

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

Guaranteed Interest

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

Index-linked Growth

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

When the EIA term ends (usually after 5 or 7 years), the account is credited the *greater of* the compounded Guaranteed Interest or the excess earnings attributable to Index-linked Growth. The latter is

usually calculated on 100% of premium (whereas minimum guaranteed account values often are based on 90% of premium).

How to Compare EIAs

The biggest difficulty in comparing EIAs stems from the myriad ways companies credit interest earnings and index-linked returns. There are differences in how index calculation are made, how gains are counted, and in related features and benefits. It seems that no two EIAs are designed alike.

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

Caps

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

Participation Rates

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

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

Yield Spread

Another feature which limits returns is called a "yield spread." This is a fee (usually from 3.00% to 4.50%) which is deducted from the actual increase in the S&P index. Such contracts often have a 100% participation rate. However, the effect could be the same as having a lower participation rate and no yield offset.

Three main types of index annuities and how they calculate earnings

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

Equity Indexed Annuities Update

1. Long Term Point-to-Point Methods

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

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

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

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

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

In this method, each year's S&P Index gain is treated much like a traditional fixed annuity's interest is treated—it is credited annually and earnings are accumulated on a compounded basis. Most annual reset EIAs, however, feature a cap (usually from 12% to 15%) which limits the annual gain which may be credited to an account in any one year.

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

Here, the gain is the difference between the highest point an index reached (usually measured on each

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

High point EIAs typically feature participation rates of about 70%, but not caps. Because the high-point return may only be calculated once during the term, there may not be compounding of interest.

Market Volatility and Averaging Returns

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

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

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 gen-

erating 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 credited	Guar. Base/ Guar. Rate	Participation Rate	Cap	Yield Spread (admin. fee)
Conseco Annuity Assurance	60682 SPDA 500	8 yrs	12 Mo. Avg.	Annually	90%/3%	90%	none	none
Jackson National	65056 ELI Multi-Index	9 yrs	Point to Point	End of Term	100%/3%	65%	none	none
Jackson National	65056 ELI Multi-Index	7 yrs	Point to Point	End of Term	100%/3%	60%	none	none
Jackson National	65056 ELI Multi-Index	5 yrs	Point to Point	End of Term	100%/3%	55%	none	none
Jackson National	65056 ELI Multi-Index	3 yrs	Point to Point	End of Term	100%/3%	45%	none	none
Jefferson Pilot	67865 Choice Single	10 yrs	Point-to-Point	Daily Average	90%/3%	100%	12%	2.75%
Life Ins. Co. of Southwest	65528 Secure-S	6 yrs	Annual Reset	Annually	90%/3%	90%	10%/yr	none
Lincoln Benefit	65595 Saver's Index I	7 yrs	Annual Reset	Annually	nr	65% or 100%	14%/yr or 11.5%	none
Lincoln Benefit	65595 Saver's Index II	7 yrs	Annual Reset	Daily Average	nr	85%	none	none
Midland National Life	66044 Direct 10	9 yrs	Annual Reset	Daily Average	80%/3%	100%	none	1.20%
Midland National Life	66044 Direct 16	14 yrs	Annual Reset	Daily Average	70%/3%	100%	none	.60%
Midland National Life	66044 Direct Bonus	9 yrs	Annual Reset	Daily Average	85%/3%	100%	none	1.40%
Midland National Life	66044 MNL Legacy	9 yrs	Annual Reset	Daily Average	100%/2%	100%	none	2.35%
Midland National Life	66044 Annual P to P 10	9 yrs	Annual Reset	Daily Average	80%/3%	100%	15%	3.60%
Midland National Life	66044 Annual P to P 16	14 yrs	Annual Reset	Daily Average	70%/3%	100%	15%	3.05%
USG Annuity & Life	61247 Advantage Index	1 ys	Annual Reset	Monthly Average	100%/3%	100%	none	none
USG Annuity & Life	61247 Advantage Index	9 yrs	Point to Point	Monthly Average	100%/3%	100%	none	none
USG Annuity & Life	61247 Generation Pro	9 yrs	Point to Point	Monthly Average	90%/3%	100%	none	1.70%

Survey period: Oct. 20, 2000

Life & Health Guaranty Associations

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

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

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

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

State	Max. aggregate benefits for all lines of insurance	Max. death benefit with respect to any one life	Max. liability for cash or withdrawal value of life insurance policy	Max. liability for present value of an annuity contract	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(334) 269-3550
Alaska	\$300,000	\$300,000	\$100,000	\$100,000	(907) 465-2515
Arizona	\$300,000	-	\$100,000	\$100,000	(602) 912-8400
Arkansas	\$300,000	\$100,000	\$100,000	\$100,000	(501) 371-2600
California	\$250,000	\$250,000	\$100,000	\$100,000	(916) 492-3500
Colorado	\$300,000	\$300,000	\$100,000	\$100,000	(303) 894-7499
Connecticut	\$300,000	\$300,000	\$100,000	\$100,000	(860) 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	(850) 922-3101
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) 334-4250
Illinois	\$300,000	\$300,000	\$100,000	\$100,000	(217) 785-0116
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	(785) 296-7081
Kentucky	-	\$300,000	\$100,000	\$100,000	(502) 564-6027
Louisiana	\$300,000	\$300,000	\$100,000	\$100,000	(225) 342-5423
Maine	\$300,000	-	\$100,000	\$100,000	(207) 624-8475
Maryland	all contractual obligations				(410) 468-2090
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	(651) 296-6848
Mississippi	\$300,000	\$300,000	\$100,000	\$100,000	(601) 359-3569
Missouri	\$300,000	\$300,000	\$100,000	\$100,000	(573) 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	(775) 687-4270
New Hampshire	\$300,000	-	\$100,000	\$100,000	(603) 271-2261
New Jersey	\$500,000	\$500,000	\$100,000	\$500,000	(609) 292-5360
New Mexico	\$300,000	-	\$100,000	\$100,000	(505) 827-4601
New York	\$500,000	-	-	-	(212) 480-2289
No. Carolina	\$300,000	-	-	-	(919) 733-7349
North Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(701) 328-2440
Ohio	\$300,000	\$300,000	\$100,000	\$100,000	(614) 644-2658
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) 783-0442
Puerto Rico	-	\$300,000	-	-	(787) 722-8686
Rhode Island	\$300,000	\$300,000	\$100,000	\$100,000	(401) 222-2223
So. Carolina	\$300,000	-	-	-	(803) 737-6160
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) 538-3800
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	(360) 753-7301
West Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(304) 558-3394
Wisconsin	\$300,000	-	-	-	(608) 267-1233
Wyoming	\$300,000	\$300,000	\$100,000	\$100,000	(307) 777-7401

Insurance Company Ratings

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The five rating services presented here are A.M. Best's, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to junk bonds, bad mortgages or foreclosed real estate. Keep in mind, too,

that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than \$1 Billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

ALPHABETICAL RATINGS

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These alphabetical ratings may be confusing when making comparisons. For instance, a company rated "C" by Weiss has merely received an "average" grade. But a "C"

from S&P indicates the company is very close to liquidation. In the case of Weiss, an "A+" is the highest rating and assigned to only a few companies. For A.M. Best, an "A+" represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P and Duff & Phelps, an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for either Weiss or Best.

NUMERICAL RANKINGS

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

Distribution of Insurance Company Ratings

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

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Acacia Life Ins. Co.	60038	DC	\$ 1.0B	A [3]		AA [3]		-		withdrawn		B [5]	
Acacia Nat'l Life	85685	VA	\$ 0.7B	A [3]		AA [3]		-		withdrawn		B- [6]	▲8/99
Aetna LI & Annuity Co.	86509	CT	\$ 50.8B	A+ [2]	▼6/95	AA- [4]	▼7/96	Aa3 [4]	▼7/97	AA [3]		C+ [7]	
Aetna LIC	60054	CT	\$ 32.6B	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]		AA+ [2]	▼8/99	-	
AIG LIC	66842	DE	\$ 9.6B	A++ [1]	▲3/99	AAA [1]		Aaa [1]		-		B- [6]	
Alexander Hamilton LIC Amer.	94064	MI	\$ 6.3B	-		AAA [1]	▲10/95	Aa2 [3]	▲9/00	AAA [1]	▲10/95	B+ [4]	▲5/98
Allstate LIC	60186	IL	\$ 32.9B	A+ [2]	▲3/96	AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲7/97
Allstate LIC/ NY	70874	NY	\$ 2.6B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲8/97
American Centurian LAC	77798	NY	\$ 0.4B	A+ [2]	▲6/95	-		-		AAA [1]		C+ [7]	▼8/99
American Enterprise LIC	94234	IN	\$ 4.5B	A+ [2]		AA- [4]		Aa2 [3]		AAA [1]		B [5]	▲11/94
American Family LIC	60399	WI	\$ 2.3B	A+ [2]		withdrawn		-		-		A+ [1]	
American General Annuity Ins. Co.	70432	TX	\$ 16.9B	A [3]		AA- [4]	▲9/96	Aa3 [4]	▲4/98	AA+ [2]	▼8/99	B [5]	▲5/97
American General Life & Acc	66672	TN	\$ 8.6B	A+ [2]		AA+ [2]	▼6/97	Aa3 [4]		AAA [1]		B [5]	▲8/99
American General LIC	60488	TX	\$ 9.6B	A+ [2]		AA+ [2]		Aa3 [4]		AA+ [2]	▼8/99	B+ [4]	▼8/99
American Heritage LIC	60534	FL	\$ 1.3B	A+ [2]	▲7/98	AA+ [2]	▲11/99	Aa3 [4]	▲11/99	-		A- [3]	
American Int'l Life Assur. Co. NY	60607	NY	\$ 6.4B	A++ [1]	▲3/99	AAA [1]		Aaa [1]		-		B [5]	
American Investors LIC	60631	KS	\$ 3.1B	A- [4]	▼9/97	A [6]		Baa1 [8]	▲5/98	withdrawn		C [8]	

Continued . .

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

- ("dash" in rating columns) — Company may not be rated by that agency. Insurance companies must pay up to \$60,000 a year to be rated by some of the rating agencies. Many insurers, therefore, decline to be graded. While Weiss Research, Inc. does not charge insurers to be rated, it only grades U.S.-domiciled companies, not Canadian insurance companies.

Company Legal Name NAIC# — Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation, which may include subsidiaries with similar-sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating. The 5-digit 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 such factors 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 Insurance Co.	60690	DE	\$ 21.5B	-		AAA [1]		Aaa [1]		-		B+ [4]	▲2/98
American Life Insurance Co. / NY	60704	NY	\$ 1.4B	A+ [2]	▲9/94	AA+ [2]	▲12/97	-		AA [3]		B [5]	
American Maturity	81213	CT	\$ 0.3B	A+ [2]		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 [3]		B [5]	▲8/99
American National Ins.Co.	60739	TX	\$ 7.3B	A++ [1]		AA+ [2]		Aa2 [3]		-		A- [3]	▲5/98
American Partners LIC	93653	AZ	\$ 0.3B	A+ [2]		-		-		AAA [1]		C [8]	
American Skandia Life Assurance	86630	CT	\$ 29.7B	A- [4]		A [6]	▲6/97	-		AA- [4]		D+ [10]	▲7/97
American United LIC	60895	IN	\$ 9.5B	A+ [2]		AA [3]	▲10/96	A1 [5]		AA [3]	▼10/96	B [5]	
Ameritas LI Corp.	61301	NE	\$ 2.1B	A+ [2]		AA [3]		A1 [5]		-		A- [3]	▼8/98
AmerUs LIC	61689	IA	\$ 4.3B	A [3]		BBB [9]		Baa1 [8]	▼12/99	withdrawn		C+ [7]	
Anchor National LIC	60941	AZ	\$ 25.8B	A++ [1]	▲3/99	AAA [1]	▲8/99	Aaa [1]	▲8/99	AA [3]		C+ [7]	▲8/97
Aurora National LAC	61182	CA	\$ 4.3B	-		-		Baa1 [8]		A+ [5]	▲7/95	11 (D)	
AUSA LIC	70688	NY	\$ 11.6B	A [3]	▲6/94	AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B- [6]	▲11/99
Bankers Life/Cas. Co.	61263	IL	\$ 4.9B	B++ [5]	▲8/96	BBB [9]		Baa3 [10]	▼8/00	AA- [4]		C [8]	▼5/00
Bankers United Life Assurance	61387	IA	\$ 2.9B	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	-		C+ [7]	▼11/99
Beneficial Std LIC	61417	CA	\$ 2.2B	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	\$ 2.9B	A [3]	▼10/95	AA [3]		A1 [5]		AA [3]		B [5]	▼4/97
Canada Life Assurance		CN	\$ 28.4B	A+ [2]	▼6/99	AA [3]	▼10/00	Aa3 [4]	▼12/98	AA+ [2]	▼8/99	C [8]	▲7/00
Canada Life Ins.Co.(NY)	79359	NY	\$ 0.3B	A+ [2]	▼6/99	AA [3]	▼10/00	Aa2 [3]		AA+ [2]	▼8/99	B- [6]	▲5/98
Capitol Bankers LIC	62421	MI	\$ 0.1B	A- [4]		A- [7]		-		-		C [8]	
Central Benefits National Life Insurance	63541	OH	\$.04B	B++ [5]		-		-		withdrawn		-	
Central National LIC/Omaha	61700	DE	\$ 0.6B	A+ [2]		-		-		-		-	
Champlain LIC	93637	VT	\$ 0.8B	A [3]		-		-		-		-	
Chubb Colonial LIC of America	62057	NJ	\$ 0.5B	A [3]		AA [3]	▼8/97	-		-		-	
Chubb Sovereign LIC	80438	NH	\$ 0.4B	A+ [2]		AA [3]		-		-		B [5]	
Cigna LIC	93629	CT	\$ 0.1B	A+ [2]		AA [3]		-		AA+ [2]	▼1/98	-	
Columbia Universal Life Insurance Co.	77720	TX	\$ 0.5B	A- [4]		-		-		-		C [8]	▼5/00
Columbus LIC	99937	OH	\$ 1.9B	A+ [2]		AAA [1]		Aa2 [3]		AAA [1]		B- [6]	▼5/99

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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
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]		-	
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]		-		-		-	
Conseco Annuity Assurance	60682	IL	\$ 8.2B	B++ [5]		BBB [9]		Baa1 [8]	▼8/00	AA- [4]		C [8]	▲11/99
Constitution LIC	62359	TX	\$ 0.2B	B++ [5]		-		-		-		D [11]	▼7/95
Continental General Insurance Co.	71404	NE	\$ 0.3B	A- [4]		-		-		BBB+ [8]		C [8]	▼8/99
Continental Western LIC	62510	IA	\$ 0.4B	-		-		-		-		-	
Cova Financial Services LIC	93513	MO	\$ 4.3B	A [3]		B [15]	▼8/99	Ba1 [14]	▼8/99	-		D+ [10]	▼11/99
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	\$ 2.2B	A [3]		-		-		AA [3]		C+ [7]	▼8/99
CUNA Mutual LIC	65749	IA	\$ 4.9B	A [3]	▼3/97	-		-		AA [3]		B+ [4]	▲11/95
Delta Life & Annuity	65145	TN	\$ 1.7B	A [3]	▼6/96	BBB [9]		Baa1 [8]	▼12/99	withdrawn		C [8]	▼6/00
Empire General LAC	94285	TN	\$.1B	A+ [2]	▲2/94	AA [3]		-		AA [3]		B [5]	
Empire LIC	62820	WA	\$ 0.03B	A- [4]	▲6/95	-		-		-		-	
Equitable Life Assurance Society	62944	NY	\$ 94.9B	A [3]	▲5/95	AA [3]	▲12/99	Aa3 [4]	▲6/96	AA- [4]	▲12/95	C+ [7]	▲8/99
Equitable Life/IOWA	62979	IA	\$ 5.7B	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	\$ 4.7B	A+ [2]		-		Aa3 [4]		AA [3]		A- [3]	▼4/97
Federal Home LIC	67695	IN	\$ 2.3B	A+ [2]	▲4/96	-		Aa2 [3]		AA [3]	▲8/96	B [5]	▲8/99
Federal Kemper Life Assurance	63207	IL	\$ 2.3B	A [3]	▲1/96	AA+ [2]	▲8/99	Aa3 [4]	▲1/96	AA [3]	▲1/96	B- [6]	▲5/97
Fidelity & Guar. LIC	63274	MD	\$ 4.5B	A- [4]		AA [3]	▲8/99	A3 [7]	▲6/98	AA [3]	▲8/99	C [8]	▲1/96
Financial Benefit LIC	98213	KS	\$ 0.4B	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	\$ 7.6B	A [3]		AA- [4]	▲10/97	A1 [5]		AA [3]		C [8]	
First Colony LIC	63401	VA	\$ 11.3B	A++ [1]		AA [3]	▲12/96	Aa2 [3]	▲4/97	AA [3]		B [5]	▼7/00
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	-	

Continued ...
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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
First Safeco National of NY	78417	NY	\$ 0.03B	A+ [2]	▼8/99	AA [4]	▼8/99	-	▼8/00	-	-	-	-
First SunAmerica LIC	92495	NY	\$ 2.5B	A++ [1]	▲3/99	AAA [1]	▼8/99	Aaa [1]	▼8/99	-	-	B- [6]	▼10/98
First UNUM LIC	64297	NY	\$ 0.7B	A+ [2]	▼8/99	AA- [4]	▼8/99	A2 [5]	▼8/99	-	-	C+ [7]	▼8/99
First Variable LIC	77984	AR	\$ 0.5B	A- [4]	▼8/99	A+ [5]	▼8/99	-	▼8/99	AA- [4]	▼8/99	C+ [7]	▼8/99
Fort Dearborn LIC	71129	IL	\$ 0.7B	A [3]	▲1/97	A+ [5]	▲1/97	-	▼11/99	-	-	B [5]	▼11/94
Fortis Benefits LIC	70408	MN	\$ 9.2B	A [3]	▼4/96	AA- [4]	▼8/99	A1 [5]	▼8/99	-	-	B [5]	▼5/00
Franklin LIC	63622	IL	\$ 6.3B	A+ [2]	▲6/96	AA+ [2]	▲6/97	Aa3 [4]	▼12/98	AA+ [2]	▼12/98	B+ [4]	▼8/99
GE Capital LAC/NY	72990	NY	\$ 1.7B	A+ [2]	▼8/99	AA [3]	▼8/99	Aa2 [3]	▼8/99	AA [3]	▼8/99	B+ [4]	▲2/97
General American LIC	63665	MO	\$ 12.0B	A+ [2]	▼8/99	-	▼8/99	B1 [14]	▼8/99	-	-	-	-
General Electric CAP	70025	DE	\$ 17.6B	A+ [2]	▲6/95	AA [3]	▲6/95	Aa2 [3]	▲4/97	AA [3]	▲8/96	B [5]	▲5/97
Glenbrook Life & Annuity Co.	70092	IL	\$ 1.7B	A+ [2]	▼5/95	AA+ [2]	withdrawn	Aa2 [3]	▲8/97	-	-	B+ [4]	▲5/00
Globe Life & Accident IC	91472	DE	\$ 1.3B	A+ [2]	▼5/95	AA+ [2]	withdrawn	-	▼10/98	-	-	B- [6]	▼10/98
Golden America LIC	80942	DE	\$ 8.6B	A+ [2]	▼5/95	AA+ [2]	▼5/95	-	▲8/99	AAA [1]	▲8/99	B- [6]	▲8/99
Golden Rule Insurance Co.	62286	IL	\$ 1.6B	A [3]	▼5/95	AA- [4]	▼5/95	-	▼5/98	-	▼5/98	B [5]	▼5/00
Grand Pacific LIC	63975	HI	\$ 0.1B	B+ [6]	▼5/95	-	▼5/95	-	▼5/98	BBB [9]	▼5/98	C- [9]	▼5/00
Great American LIC	63312	OH	\$ 6.0B	A [3]	▼5/95	A+ [5]	▼5/95	A3 [7]	▼8/99	AA- [4]	▲11/95	C [8]	▼5/98
Great American Reserve Insurance	64017	TX	\$ 2.5B	A [3]	▲8/96	A+ [5]	▼11/97	Baa2 [9]	▼11/98	AA- [4]	▲11/97	-	-
Great Northern Insurance Ann.	94366	WA	\$ 6.7B	A+ [2]	▼10/97	AA [3]	▼10/97	Aa2 [3]	▲4/97	AA [3]	▼4/97	B [5]	▲3/95
Great Southern LIC	90212	TX	\$ 1.3B	A [3]	▼10/95	A [6]	▼10/95	-	▼11/99	-	-	C [8]	▼5/98
Great-West Life & Annuity	68322	CO	\$ 26.4B	A++ [1]	▼11/97	AA+ [2]	▼11/97	Aa2 [3]	▼9/96	AAA [1]	▼9/96	A- [3]	▲8/98
Guardian Insurance/Annuity Co	78778	DE	\$ 11.9B	A+ [2]	▼10/97	AA+ [2]	▼10/97	Aa1 [2]	▼9/96	AAA [1]	▼9/96	A- [3]	▲5/00
Guardian LIC of America	64246	NY	\$ 16.9B	A+ [2]	▼10/95	AA+ [2]	▼10/95	Aa1 [2]	▼1/97	AAA [1]	▼1/97	A [2]	▼8/99
Hartford LIC	88072	CT	\$ 80.4B	A+ [2]	▲4/96	AA [3]	▼9/96	Aa3 [4]	▼1/97	AA+ [2]	▼10/95	B+ [4]	▼9/95
Harvest LIC	79421	OH	\$ 1.2B	A+ [2]	▼11/95	-	▼11/95	Aa2 [3]	▼11/99	AA [3]	▼11/99	B- [6]	▲2/97
Horace Mann LIC	64513	IL	\$ 3.4B	A [3]	▼11/95	AA- [4]	▼11/95	A3 [7]	▼11/99	AA [3]	▼11/99	B [5]	▲5/00
IDS LIC	65005	MN	\$ 54.2B	A+ [2]	▼11/95	-	▼11/95	Aa2 [3]	▼11/99	AAA [1]	▼11/99	B [5]	-
IDS Life/NY	80594	NY	\$ 3.2B	A+ [2]	▼11/95	-	▼11/95	Aa2 [3]	▼11/99	AAA [1]	▼11/99	B [5]	-
Indianapolis LIC	64645	IN	\$ 1.8B	A [3]	▼6/96	A [6]	▼6/96	A2 [6]	▼11/99	AA [3]	▼11/99	C+ [7]	▼11/99
Integrity LIC	74780	OH	\$ 3.5B	A [3]	▲10/95	B [15]	▼11/99	B3 [16]	▼11/99	-	-	-	▼11/99

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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	\$ 1.4B	A [3]	▲5/94	A+ [5]	▼8/99	-		AA- [4]	▼8/99	B- [6]	▲2/96
Investors Insurance Corp.	64939	DE	\$ 0.2B	-		-		-		-		-	
Investors LIC of NE	86975	SD	\$ 0.3B	-		withdrawn		-		-		B+ [4]	▲10/95
Jackson National LIC	65056	MI	\$ 39.4B	A+ [2]		AA [3]		Aa3 [4]	▲1/98	AA+ [2]	▲6/98	C+ [7]	▲10/95
Jefferson-Pilot LIC	67865	NC	\$ 9.2B	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		A [2]	▼4/98
John Alden LIC	65080	MN	\$.7B	A- [4]	▼3/96	AA- [4]	▲8/99	A2 [6]	▲12/98	-		C [8]	▼4/97
John Hancock	65099	MA	\$ 60.7B	A++ [1]		AA+ [2]	▼4/95	Aa2 [3]		AAA [1]		A- [3]	▲5/97
Kansas City LIC	65129	MO	\$ 2.6B	A [3]		A+ [5]	▼3/94	A3 [7]	▼9/00	-		B- [6]	▼5/00
Kemper Investors LIC	90557	IL	\$ 13.9B	A [3]	▲1/96	AA+ [2]	▲8/99	Aa3 [4]	▲2/96	AA [3]	▲1/96	B- [6]	
Keyport LIC	65234	RJ	\$ 16.6B	A+ [2]	▲11/94	AA- [4]	▼12/99	A2 [6]	▼4/98	AA- [4]		B [5]	
Keystone State LIC	90344	PA	\$.03B	B [7]	▲11/95	-		-		A- [7]		-	
Knights of Columbus	58033	CT	\$ 6.9B	A++ [1]		AAA [1]		Aa3 [4]		-		-	
Lafayette LIC	65242	IN	\$ 1.0B	A [3]	▼5/95	A [6]		-		A+ [5]	▼1/98	B- [6]	▼5/00
Lamar LIC	65250	MS	\$ 0.7B	A [3]		A+ [5]		-		AA- [4]	▲11/97	C+ [7]	▼8/98
Liberty LIC	65323	SC	\$ 1.4B	A [3]		-		-		AA- [4]	▼2/97	C+ [7]	▼4/97
Liberty National LIC	65331	AL	\$ 3.4B	A+ [2]	▼4/95	withdrawn		A2 [6]		-		B [5]	▼11/97
Life Insurance Co./Georgia	65471	GA	\$ 2.5B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B [5]	▼5/00
Life Insurance Co./Southwest	65528	TX	\$ 2.4B	A [3]	▼6/94	-		Baa1 [8]		AA- [4]		C+ [7]	▼8/99
Life Insurance Co./Virginia	65536	VA	\$ 10.6B	A+ [2]		AA [3]		Aa2 [3]	▲4/97	AA [3]	▼8/96	-	
Life Investors Ins. Co.	64130	IA	\$ 7.4B	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B [5]	▲10/96
LifeUSA Insur. Co.	92509	MN	\$ 2.6B	A- [4]		A+ [5]	▲10/99	A1 [5]	▲10/99	-		C+ [7]	▲2/98
Lincoln Benefit Life	65595	NE	\$ 1.6B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▲10/98
Lincoln National LIC	65676	IN	\$ 79.1B	A+ [2]		AA- [4]		Aa3 [4]	▲7/94	AA+ [2]	▼11/95	B- [6]	▼5/00
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]		AAA [1]		-	
London Pacific Life & Annuity	68934	NC	\$ 1.7B	B+ [6]	▲5/96	-		-		-		C- [9]	
Lutheran Brotherhood	57126	MN	\$ 1.9B	A++ [1]		AA+ [2]	▼7/96	Aa2 [3]		AA+ [2]	▼8/99	-	
Manhattan National	67083	IL	\$ 0.4B	B++ [5]		BBB [9]		-		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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Continued . . .

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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	\$ 65.1B	A++ [1]		AAA [1]	▲6/94	Aa1 [2]		AAA [1]		A [2]	▲8/99
Medco Containment LIC	63762	PA	\$ 0.4B	-		-		-		-		-	
Mega Life & Health	97055	OK	\$ 0.8B	A [3]		-		-		A+ [5]	▼8/99	C+ [7]	▲2/97
Merrill Lynch LIC	79022	AR	\$ 16.6B	A [3]		AA- [4]	▲12/96	Aa3 [4]		-		B [5]	▲8/99
Metropolitan LIC	65978	NY	\$183.9B	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	\$ 3.5B	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	\$ 17.4B	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	\$ 19.8B	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	Aa3 [4]	▼8/99	-		-	
Mutual LICNY (MONEY)	66370	NY	\$ 12.4B	A [3]	▲8/99	AA [4]	▲12/99	A2 [6]	▲11/99	AA- [4]	▲10/99	C [8]	▲2/97
Mutual of America LIC	88668	NY	\$ 9.6B	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	-	
National Guardian LIC	66583	WI	\$ 0.8B	A- [4]		-		-		-		A- [3]	▲8/99
National Integrity LIC	75264	NY	\$ 1.4B	A [3]	▲10/95	B [15]	▼12/99	B3 [16]	▼12/99	-	▼8/99	-	
National LIC of VT	66680	VT	\$ 6.2B	A [3]	▼9/95	A+ [5]		A3 [7]	▼5/98	AA- [4]		B- [6]	
Nationwide LIC	66869	OH	\$ 86.6B	A++ [2]		AA+ [2]	▼3/96	Aa2 [3]	▼5/96	AA+ [2]		A- [3]	▲8/99
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	\$ 68.8B	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]		AA [3]	▲8/99	A2 [6]	▲8/99	-		B- [6]	▲8/99
North America Security LIC	90425	DE	\$ 5.0B	-		AA [3]	▲8/99	-		-		-	
Northbrook LIC	88528	AZ	\$ 8.3B	A+ [2]		AA+ [2]		Aa2 [3]	▲8/97	-		B+ [4]	▼8/99
Northern LIC	87734	WA	\$ 7.1B	A+ [2]		AA [3]	▲8/99	Aa2 [3]	▲9/00	AA [3]		C+ [7]	▼8/99
Northwestern Mutual LIC	67091	WI	\$ 86.0B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	
Ohio National Life Assurance	89206	OH	\$ 1.2B	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	
Ohio National LIC	67172	OH	\$ 6.0B	A+ [2]		AA [3]		A1 [5]		AA [3]		B [5]	▲2/96
Old Line LIC of America	67245	WI	\$ 1.4B	A+ [2]		AA+ [2]		Aa3 [4]	▲6/97	AA+ [2]		B [5]	▼4/97
Pacific LIC	67466	CA	\$ 48.2B	A+ [2]	▲6/95	AA+ [2]		Aa3 [4]	▲9/94	AA+ [2]		A [2]	▲5/98
Pan-American LIC	67539	LA	\$ 2.1B	A- [4]	▼6/96	-		Baa1 [8]	▼2/98	A [6]	▼8/99	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	\$ 0.4B	A+ [2]	▼8/99	B [15]	▼8/99	-		-		C [8]	▲7/00
Paul Revere LIC	67598	MA	\$ 5.3B	A [3]	▼4/95	AA- [4]	▲8/99	A1 [5]	▼8/99	AA- [4]		C+ [7]	▲8/99
Penn Insurance & Annuity	93262	DE	\$ 1.3B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97	AA- [4]		C+ [7]	
Penn Mutual LIC	67644	PA	\$ 7.6B	A [3]	▼1/95	AA- [4]		A3 [7]	▼6/97	AA- [4]		B- [6]	▲5/00
Peoples Benefit LIC ¹	66605	IA	\$ 13.2B	A+ [2]	▲8/97	AAA [11]	▲8/97	Aa3 [4]	▲6/97	AA+ [2]		C+ [7]	▼5/00
Peoples Security LIC	64475	NC	\$ 6.0B	A+ [2]		AAA [11]	▲8/97	Aa3 [4]		withdrawn		C+ [7]	▼4/97
PFL Life Ins Co.	86231	IA	\$ 11.6B	A+ [2]	▲6/95	AAA [11]	▲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	\$ 17.7B	A [3]		AA [3]	▲11/95	Aa3 [4]		AA [3]		B- [6]	▼5/98
Physicians Mutual Ins. Co.	80578	NE	\$ 1.0B	A [3]	▼6/95	AA [3]	▲7/95	-		-		A [2]	▼8/99
Pioneer LIC of IL	68330	IL	\$ 0.7B	B++ [5]	▲6/96	BBB [9]		-		AA- [4]	▲11/97	C- [9]	▼7/00
Presidential LIC	68039	NY	\$ 2.5B	A- [4]	▲11/94	-		Baa1 [8]	▲10/00	-		C [8]	▲10/95
Primerica LIC	65919	MA	\$ 3.9B	A [3]	▲12/96	AA [3]		Aa3 [4]		AA [3]		B+ [4]	▲10/99
Principal Mutual LIC	61271	IA	\$ 76.0B	A+ [2]	▼3/96	AA [3]	▼10/98	Aa2 [3]	▼6/98	AA+ [2]	▼8/99	A- [3]	▲8/98
Protective LIC	68136	TN	\$ 9.2B	A+ [2]		AA [3]		A1 [5]		AA [3]		B- [6]	▼11/97
Provident Life/Accid.	68195	TN	\$ 10.2B	A [3]		AA- [4]	▲8/99	A2 [6]	▼8/00	AA- [4]		C [8]	▼4/98
Provident Mutual LIC	68225	PA	\$ 6.8B	A [3]	▼6/96	AA- [4]		A2 [6]		AA [3]		B- [6]	
Provident National Assurance	70866	TN	\$.8B	A [3]		withdrawn		A1 [5]	▼12/99	AA- [4]	▼12/94	C [8]	
Prudential Ins. Co./Amer	68241	NJ	\$191.5B	A [3]	▼4/95	A+ [5]	▼8/97	A2 [6]	▼8/00	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	\$ 2.7B	A+ [2]		AA [3]	▲10/98	Aa2 [3]	▲9/00	AA [3]		B- [6]	▼8/99
Royal Maccabees LIC	65765	MI	\$ 2.0B	A- [4]	▲7/96	-		withdrawn		A [6]	▼4/95	-	
SAFECO LIC	68608	WA	\$ 16.4B	A+ [2]		AA- [4]	▼3/98	A1 [5]	▼7/97	AA [3]		B [5]	▼8/99
Savings Bank LI/MA	70435	MA	\$ 1.3B	A+ [2]		AA- [4]		-		AA [3]		B+ [4]	▲7/97
Security Benefit LIC	68675	KS	\$ 8.1B	A+ [2]		AA- [4]	▲5/98	A2 [6]		AA- [4]		B- [6]	
Security Connecticut LIC	91588	CT	\$ 1.7B	A [3]	▼11/96	AA [3]	▲10/98	Aa2 [3]	▲9/00	AA [3]		B- [6]	
Security First LIC	61050	DE	\$ 4.4B	A [3]		AA [3]		Aa3 [4]	▲2/98	AA+ [2]		B- [6]	▲6/98
Security Life of Denver	68713	CO	\$ 6.7B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B [5]	▼8/99

Continued . . .

¹ Formerly Provident Life & Health.

Insurance Company Ratings

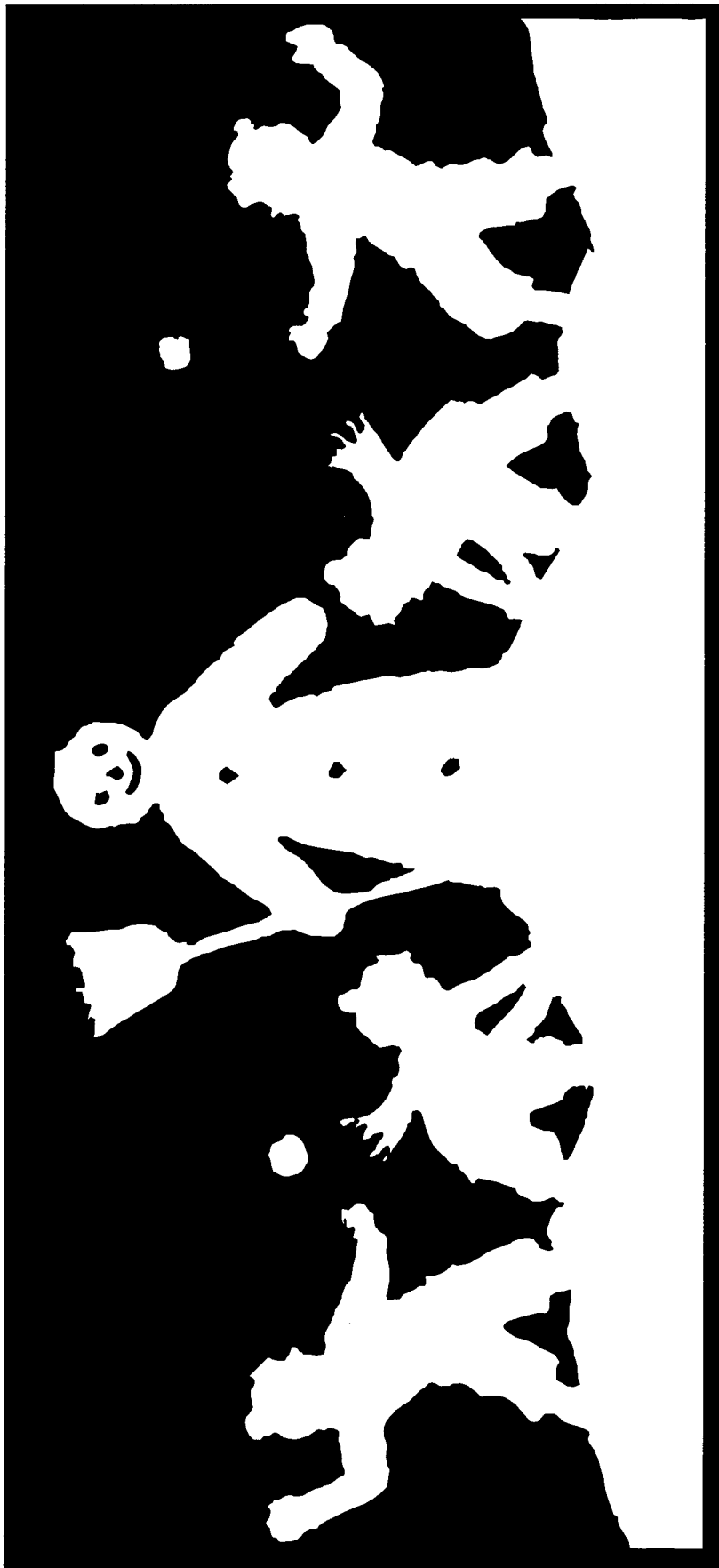
Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Security Mutual LIC/NY	68772	NY	\$ 1.4B	A [3]		A+ [5]		Baa1 [8]	▼9/99	A+ [5]	▼9/95	B- [6]	
Southland LIC	68950	TX	\$ 2.0B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]		AAA [1]		B [5]	▼8/99
Southwestern LIC	91391	TX	\$ 1.6B	B++ [5]	▼1/96	BB [12]	▼8/99	B2 [15]		BB- [13]	▼12/98	D+ [10]	▲11/97
Standard Insurance Co.	69019	OR	\$ 5.7B	A [3]	▼4/94	A+ [5]	▼6/96	A2 [6]		AA- [4]		B- [6]	▼8/98
State Farm LIC	69108	IL	\$ 27.0B	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	-	
Sun Life Assurance/Canada		CN	\$ 41.8B	A++ [1]		AA+ [2]	▼8/99	Aa1 [2]		AAA [1]		-	
Sun Life/Canada (US)	79065	DE	\$ 19.9B	A++ [1]		AA+ [2]	▼8/99	Aa2 [3]	▼12/98	AAA [1]		B [5]	▲5/98
SunAmerica LIC	69256	AZ	\$ 22.8B	A++ [1]	▲3/99	AAA [1]	▲8/99	Aaa [1]	▲8/99	AA [3]		B- [6]	▲6/00
Sunset LIC/America	69272	MO	\$.05B	A [3]	▼11/94	A+ [5]	▼4/95	-		-		B [5]	▼1/96
Teachers Insurance & Annuity (TIAA)	69345	NY	\$110.5B	A++ [1]		AAA [1]		Aaa [1]		AAA [1]		A+ [1]	▲8/99
Time Insurance Co.	69477	WI	\$ 1.4B	-		A [6]	▼11/95	-		-		-	
TMG LIC (Wm States)	70491	ND	\$ 1.6B	A++ [1]	▲11/94	AA [3]	▼8/98	-		-		-	
Transamerica Life & Annuity	69507	NC	\$ 20.4B	A+ [2]		AAA [1]	▲8/99	Aa3 [4]		AA+ [2]		B [5]	
Transamerica Occidental	67121	CA	\$ 21.8B	A+ [2]		AAA [1]	▲8/99	Aa3 [4]		AA+ [2]		B+ [4]	▲2/97
Travelers Insurance Co.	87726	CT	\$ 46.4B	A+ [2]	▲7/97	AA [3]	▲9/98	Aa3 [4]	▲4/97	AA [3]	▲11/97	B [5]	▲5/00
Travelers Life/Annuity	80950	CT	\$ 7.1B	A [3]		AA [3]	▲9/98	Aa3 [4]	▲4/97	AA [3]	▲11/97	B [5]	▲11/99
Union Central LIC	80837	OH	\$ 5.6B	A [3]		A+ [5]		A3 [7]		A+ [5]		C+ [7]	▲8/99
Union Labor LIC	69744	MD	\$ 2.7B	B++ [5]		withdrawn		-		withdrawn		C- [9]	▲5/98
United American Insurance Co.	92916	DE	\$ 0.8B	A+ [2]		withdrawn		-		-		A- [3]	
United Heritage Mutual LIC	63983	ID	\$ 0.3B	A- [4]		-		-		-		B [5]	
United Investors LIC	94099	MO	\$ 4.4B	A+ [2]	▼5/95	AA [3]	▼9/96	A3 [7]		-		B+ [4]	▼10/98
United Life & Annuity IC	69876	TX	\$ 1.2B	B++ [5]		-		-		AAA [1]	▲8/99	C [8]	▼6/98
United of Omaha	69868	NE	\$ 10.7B	A [3]	▼6/96	AA- [4]	▼8/99	Aa3 [4]	▼7/95	AA [3]		B+ [4]	
United Presidential	70033	IN	\$ 1.2B	A [3]		-		-		-		C [8]	▼5/00
UNUM LIC	62235	ME	\$ 8.2B	A++ [1]		AA- [4]	▼8/99	A1 [5]	▼12/99	-		C+ [7]	▼5/00
USAA LIC	69663	TX	\$ 7.1B	A++ [1]		AAA [1]		Aa1 [2]		-		A- [3]	▼5/00
U.S. Life Ins. Co. (NY)	70106	NY	\$ 2.5B	A+ [2]		-		Aa3 [4]	▲6/97	AA+ [2]		-	
USG Annuity & Life Co.	61247	OK	\$ 7.0B	A+ [2]		AA+ [2]	▲8/98	Aa2 [3]	▲2/98	AAA [1]	▲2/99	B [5]	▲10/98
Variable Annuity LIC	70238	TX	\$ 46.3B	A+ [2]		AA+ [2]		Aa2 [3]		AA+ [2]	▼12/98	B+ [4]	

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

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best's		S&P		Moody's Invest.		Duff & Phelps		Weiss Research	
				Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
West Coast LIC	70335	CA	\$ 1.3B	A [3]	▼4/97	AA [3]		A1 [5]	▲2/98	AA [3]		C [8]	▼5/00
Western Reserve Life Assurance of OH	91413	OH	\$12.0B	A+ [2]		AAA [1]	▲10/96	Aa3 [4]		AA+ [2]		B- [6]	▼10/98
Western & Southern Life Insurance	70483	OH	\$ 7.5B	A++ [1]		AAA [1]		Aa2 [3]		AAA [1]		B+ [4]	▼10/98
Western United LAC	77925	WA	\$ 0.9B	B+[6]	▲8/99	-		-		-		C- [9]	▲5/00
William Penn LIC/NY	66230	NY	\$ 1.0B	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+ [2]	▲8/99	Aa3 [4]		AA [3]		C [8]	

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



Rating Agencies

A.M. Best's Ratings

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

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

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

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

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

Rating Categories

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

Rating Modifiers

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

"Not Assigned" Categories

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

Financial Performance Rating (FPR)

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

Secure Ratings

9,8	Strong
7,6	Above Average
5	Average

Vulnerable Ratings

4	Average
3,2	Below Average

No Rating Opinion

1	Not Assigned
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Ratings and reports on individual companies are available from A.M. Best. The cost of the report, which includes the company's rating, is \$20. You can also receive just the letter rating

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

Standard & Poor's Ratings

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

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

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

Rating Agencies

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

RATING CATEGORIES

Secure Range:

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

Vulnerable Range:

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

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

Moody's Ratings

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

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

Rating Categories

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

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

Duff & Phelps' Ratings

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

Rating Agencies

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

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

Rating Categories

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

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

Weiss Ratings

Weiss Ratings, Inc. a recent entrant in the insurance rating business, began offering its **Weiss Safety Rating** in 1990. Weiss analyzes a company's future ability to pay its claims under difficult economic conditions when the potential for liquidity problems is increased. The most important indicators used are risk-adjusted capital ratios, which evaluate a company's exposure to investment, liquidity, and insurance risk in relation to the capital that the company has to cover those risks during periods of average and severe recession.

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

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