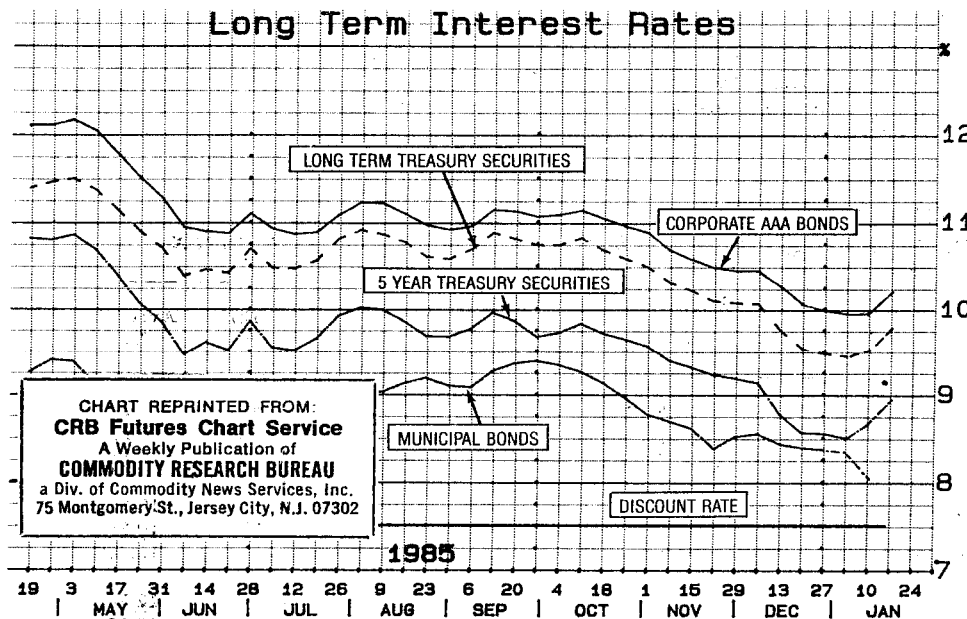


UNITED STATES ANNUITIES UPDATE

February, 1986

INTEREST RATES

We think interest rates will work higher from here (see chart) with recent lows remaining intact over the next few months. Annuity costs should remain steady to lower. Call our office for further details.



STOCK INDICES

Looking topy with increased likelihood of lower prices. Computer trends are "sideways" to "down". This may not be the final top, however; we expect a correction to the 195-197 support level in the S&P Index. Call our office for weekly updates.

GUARANTEED INTEREST CONTRACTS (INTEREST PAID ON "BULLET" GIC's)

Best's "A+" Rated Companies Only	\$500,000 Deposit				\$5,000,000 Deposit			
	Compound		Simple		Compound		Simple	
	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr
CANADA LIFE	8.90	9.72	8.90	9.72	9.27	9.91	9.27	9.91
NEW YORK LIFE	8.82		8.86					
PRUDENTIAL					9.24	10.24	9.24	10.24
TRANSAMERICA	9.04			9.26	9.22			9.44
UNITED OF OMAHA	9.15	10.30	8.85	9.88	9.10	10.20	8.80	9.80

Rates are subject to change and may be reduced by commissions and other expenses. Call Art Engle for current rates, amounts, and terms.

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SINGLE PREMIUM NON-PAR GROUP ANNUITY CONTRACTS

For terminating pensions and to reduce annual funding liability.

Rates are in the 10.2% to 10.7% area. Pricing here is fairly complex and depends, among other things, on the average age of plan participants, the ratio of immediate to deferred participants and the types of plan specifications included in the contract.

We represent 25 markets with capacity to issue non-par group annuities ranging in size from \$40,000 to \$200,000,000. Four to six weeks are needed to obtain competitive quotes. Most carriers are backed up by the recent rush to terminate defined benefits plans. Call Z. Wilson for further details.

SINGLE PREMIUM IMMEDIATE ANNUITIES - QUALIFIED FUNDS

Cost to guarantee \$100 of monthly immediate issue life income*. Quotes include fees and commissions, but not state premium tax.

Best's "A+" Rated

<u>Companies Only</u>	<u>Male 55</u>	<u>Male 65</u>	<u>Fem. 55</u>	<u>Fem. 65</u>
AID A. LUTHERANS	\$11,148	\$ 9,857	\$11,148	\$ 9,857
CANADA LIFE	11,010	9,610	11,570	10,430
KANSAS CITY LIFE	11,350	10,000	11,990	10,830
LINCOLN NATIONAL	11,300	9,880	11,870	10,700
MONARCH LIFE	12,930	11,510	12,930	11,510
N.A. LIFE/CASUALTY	12,800	10,330	13,980	11,890
PRUDENTIAL	12,390	10,430	13,500	11,850
SECURITY BENEFIT	12,030	10,493	12,658	11,352
STANDARD INS.	10,325	9,249	10,772	9,894
STATE MUTUAL	10,742	8,958	11,178	9,599
TRANSAMERICA	11,900	10,425	12,547	11,257
UNITED OF OMAHA	10,705	9,026	11,582	10,201
WASHINGTON NATIONAL	11,709	9,816	--	--
WESTERN (ST. PAUL)	11,106	9,775	11,662	10,582

* Companies listed responded to our survey by 1/19/86. Rates for additional forms of annuity and from "A" rated companies are available on request. Call Scott Olson for details.

STRUCTURED SETTLEMENT ANNUITIES

Cost to guarantee \$1000 of immediate monthly life income without period certain and assuming no life impairment. Tax qualified in personal injury applications. Cost of third-party assignment extra.

<u>EQUITABLE LIFE</u>	<u>Male 15</u>	<u>Male 30</u>	<u>Male 45</u>	<u>Male 60</u>
0% COLA*	\$130,800	\$127,000	\$116,100	\$ 95,300
3% COLA*	190,300	177,400	152,600	116,200
6% COLA*	331,000	281,400	217,000	147,400

* Cost of Living Adjustment is a fixed annual increase in benefits.

SINGLE PREMIUM (PARTICIPATING) DEFERRED ANNUITIES (SPDA's)
 Tax-deferred accumulation contracts available for qualified rollovers.

<u>Best's "A+" Rated Companies Only</u>	<u>Effect. Annual Yield</u>	<u>Yield Guarantee Period</u>	<u>Bail-Out (Escape/ Floor)</u>	<u>Surrender Charges</u>		
				<u>Year 1</u>	<u>Year 4</u>	<u>Year 7</u>
AID A. LUTHERANS	9.40%	Rvd Qtrly	-	7%	4%	1%
ALEX HAMILTON	9.10	Cal Qtr	T-Bill-2%	5	2	0
CROWN LIFE	9.28	7 Years	9.20%	8.4	4.8	1.2
EQUITABLE LIFE	9.00	5 Years	8.00%	6	4	1
EXECUTIVE (5 + 5)	9.50	5 Years	6.00%	6	6	6
KANSAS CITY LIFE	9.00	Cal Yr	-	10	7	4
L. SOUTHWEST (Base)	10.00	1 Year	9.50%	5	5	0
LINCOLN NATIONAL	9.70	End Cal Yr	-	7	4	1
LUTHERAN BROTHERHD	9.25	1 Year	8.25%	6	6	4
MANULIFE	8.40	5 Years	8.40%	8	4	0
MONARCH LIFE	9.50	2 Years	8.50%	9	6	3
N.A. LIFE/CASUALTY	9.25	1 Year	Below issue	9	8	6
SECURITY BENEFIT	9.10	5 Years	T-Bond-1%	10	10	7
STANDARD INS.	9.50	-	6.25%	4	4	4
STATE MUTUAL	9.50	1 Year	T-Bill-1%	5	5	0
TRANSAMERICA	10.00	End Cal Yr	9.00%	8	5	2
WASHINGTON NATIONAL	9.05	1 Year	-	5% of 90%		0
WESTERN NATIONAL	10.25	Daily	4.00	5	5	0
WESTERN (ST. PAUL)	10.00	3 Years	9.00%	6	4	0

Most companies permit a 10% free annual withdrawal. Surrender charges often waived if proceeds applied to a lifetime income annuity option. Few of these contracts have sales charges or annual fees. Interest rate history and other contract information available upon request.

CERTIFICATES OF DEPOSIT (CD's)

	<u>Highest Yield</u>	<u>Average Yield</u>
Money Market Account	8.84%	6.73%
1 Year CD	9.69%	7.89%
2-1/2 Year CD	10.89%	8.98%
5 Year CD	13.66%	10.91%

Source: 100 Highest Yields, Bank Rate Monitor National Index

NEWS NOTES

FINAL IRS RULES ON REA, CHANGE SPOUSAL CONSENT

The IRS announced that final regulations on conforming pension plans to the spousal consent provisions of REA will permit plans to provide that a married participant who retires may elect, without spousal consent, to begin receiving a QJSA before attaining the later of age 62 or NR age. The temporary regulations required consent.

Source: Employee Benefit Plan Review, January 1986, p. 24.

NEWS NOTES (cont.)

ASSET REVERSIONS COVERED IN PBGC LETTERS

The splitting of a plan into plans for salaried and non-union hourly employees, the termination of the salaried employees plan with recovery of excess assets by the employer, and the re-establishment of a salaried employees plan providing the same benefits as before is not subject to the spin-off/termination provisions of the Reagan Administration's asset reversion guidelines (PBGC Opinion 85-11).

The split up of the annuity plan into the salaried and hourly plan, followed by the proposed termination of the salaried plan, would not trigger vesting and annuitization for the hourly plan.

In another letter involving a split-up and proposed termination of a pension plan, PBGC concluded that the split-up of the retirement plan and creation of a new plan, followed by the termination of the old plan with a reversion of excess assets to the plan sponsor, is not a transaction to which the spin-off/termination requirements of paragraph four of the guidelines applies (PBGC Opinion 85-21).

PBGC will recognize the termination and proposed reestablishment of the plan without the necessity of vesting and annuitization of benefits under the new plan, the letter further stated. Source: BNA Pension Reporter, January 6, 1986, pp. 8-9.

MISCELLANEOUS

Contact our office for complimentary copies of the following:

- * New PBGC forms and instructions for the actuarial certification of a terminating plan's sufficiency
- * July, 1985 IRS Letter Ruling on Recovery of Excess Assets
- * Notice of Rollover Treatment for Qualifying Distributions

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