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ANNUITY & LIFE INSURANCE SHOPPER

Jan.-Mar. 1994 (vol.9, no.4)

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Taxation of SPDA Benefits

How To Structure An SPDA Contract

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READER'S NOTE

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

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

If you are well-versed in annuities, you will probably want to start with our "News and Views" or "Update" sections at the front of the magazine. There you'll find our latest survey results on interest rates and policy performance. If you are a novice, may we suggest you begin by reading "All About Annuities" in the back of the magazine (p.54) and then proceed to the "Update" sections up front.

Research on the strength of annuity issuers can be found in the section titled "Insurance Company Ratings". We list data from the main rating agencies; A.M.Best, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Also shown is each company's surplus level, junk bonds, and problem real estate.

If you'd like to reach us, please call 800-872-6684. We welcome your comments and suggestions. Our brokerage representatives are also available to help you find the right annuity.

FEATURES

How to Structure an SPDA Contract

"Structuring" an SPDA contract simply means deciding who will be the owner, who will be the annuitant and who will be the beneficiary.

Annuity contracts, by their nature, allow for a great deal of flexibility. But this flexibility allows for so many possibilities that a potential buyer can become confused. The purpose of this article is to remove most if not all of the uncertainty, so that you can benefit from the flexibility that SPDAs offer. In large measure, our comments focus on non-qualified annuities sold after April 23, 1987.

Several fundamental aspects of SPDAs are not always clearly understood. Take the following questions:

1. What are the rights of an owner, annuitant, or beneficiary?

2. What happens when an owner, annuitant, or beneficiary dies?

3. Does death of an owner, annuitant, or beneficiary trigger a distribution and cause an income tax liability?

In order to meet your lifetime objectives and to insure an orderly transfer of annuity assets at death, it is important to know how to properly structure the contract.

THE OWNER

Rights of the Owner
The owner, while living, has the same rights in the annuity as in other types of property:

-He can use it as collateral for a loan.
-He can surrender it for cash.
-He can change the beneficiary.
-He can assign the contract.
-He can give it away.
-He can determine who the new owner will be at death.

Death of the owner
Death of the owner means there will be a new owner. The owner's death could also trigger a distribution and bring about a income taxable event.

At the death of the owner the new owner often is contingent owner as named in the contract. If there was no contingent owner, the annuity contract provisions will (not all companies are the same) determine a new owner. Usually the spouse or owner's estate would be the new owner.

Non-Spousal New Owner
If the now owner was not the spouse of the decedent, he or she would have the option either to elect a lump sum distribution or to annuitize the contract. If the latter choice is made, the annuity period may not exceed his/her life expectancy and payments must start within one year of the original owner's death.

If annuitization is not elected, distribution must be made within five years of death of the original owner.

Spousal New Owner
If the spouse of the decedent becomes the new owner, the surviving spouse can step into the shoes of the original owner with all of the rights of the original owner, including continuing tax deferral.

THE ANNUITANT

Rights of the Annuitant
The annuitant has no rights. The annuitant is the measuring life to determine benefits at maturity.

Death of the Annuitant
The death of an annuitant triggers a distribution and an income tax liability to the annuitant's beneficiary named in the con-tract. As already mentioned, the beneficiary of the annuitant may either elect a lump sum distribution or elect an annuitization settlement within 60 days of the annuitant's death. Annuitization spreads the tax liability equally over the term of the option elected.

BENEFICIARY

Rights of the Beneficiary
If the beneficiary is revocable, the owner of the contract can name a beneficiary at any time. If the beneficiary is irrevocable, the owner can make no change in the contract without the approval of the irrevocable beneficiary.

Death of the Beneficiary
If the beneficiary dies, the owner will name a new beneficiary.

Other Considerations
Age 59 1/2 Penalty - The IRS says the age 59 1/2 penalty rule applies to the "tax payor." The owner is the "tax payor" during deferral and the owner's age could trigger the 10 percent penalty. Upon annuitization the "tax payor" is the annuitant and the annuitant's

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How to Structure *(cont'd)*

age could trigger the 10 percent penalty (For exceptions to the 10 percent penalty, see companion article in this issue).

Federal Estate Tax
The value of the annuity at the time of the owner's death will be his/her estate.

Gift Tax
A gift of the contract, other than to a spouse will be subject to gift tax. Payments received by the annuitant or the beneficiary of the annuity will be considered a gift from the owner.

Income Tax
Those responsible for reporting gain in an annuity as income are the ones who receive the money. This could be the owner, the beneficiary of the owner, the annuitant, or the beneficiary of the annuitant. Their cost basis will be the same as the cost basis of the original owner.

Rights of Creditors
The protection of owners, annuitants, or beneficiaries is determined by state laws.

A basic understanding of how to properly structure an annuity, along with the associated tax consequences, is extremely important. The foregoing discussion is only intended to provide a basic understanding. In more complex situations, we urge you to seek adequate tax guidance from a trusted professional.

(Reprinted with permission from Broker World magazine, February 1993. Excerpted from article by T. Streiff and D.C. Brown.)

Stock Investors Take Heed

Stock market investors may want to proceed with caution as the red flags are out. Here's why: there is a reliable pattern in the direction of stock prices during the four years of a presidential term. About a year and a half before an election, the old administration usually manages to have the economy look like it's in good shape. Interest rates are low and any adverse economic policies are kept to a minimum. About this same time stocks begin to rally.

This stock boom usually lasts into the first year of the next 4-year term and typically peaks from the eighth to the twelfth month of the new term. The weak market that follows often lasts into the second year. This cycle has been on track since January 1, 1993, the Dow industrials have advanced 9.3%, a bit more of an upswing than seen in the first eleven months of the average cycle.

Some economists think that President Clinton's fiscal programs will trigger a stock market setback. With these patterns and indicators, a smart investor should focus on cheaply priced shares which others have passed over. The safest approach, when you realize some profit is to keep the proceeds in cash. Investors may want to keep their eyes on the trends and proceed with caution. These patterns are sure to be repeated with each new presidential term.

Revenue Ruling 90-24 Permits TSA Transfers

In Revenue Ruling 90-24, the IRS outlines procedures for tax-free exchanges between various TSA investments.

Before this ruling, the only authorized method of conducting an exchange was granted by Revenue Ruling 73-124 and made use of a binding transfer agreement signed by the TSA policyholder. Although Ruling 73-124 provided a means for tax-free transfers, it left many questions unanswered concerning TSA transfers. Revenue Ruling 90-24 replaces Ruling 73-124 and sets forth procedures for direct transfers between insurance carriers and other funding agents. The newer ruling also provides guidance on two other previously unanswered questions. First, the ruling permits partial transfers between TSA accounts. This means that you may transfer, tax-free, all or any portion of one TSA account. Previously, it was not clear that partial transfers were permitted.

Second, it sanctions tax-free transfers of TSA funds between mutual funds and annuities if certain minimum distribution restrictions are provided in the new account.

The increased flexibility created by Revenue Ruling 90-24 will benefit all policy holders.

Taxation of SPDA Benefits

The most significant feature of deferred annuities is the provision which allows for the deferral of income tax until annuity cash values are distributed. This is what sets the annuity apart from bank accounts and other forms of saving.

Distributions from an deferred annuity contract can occur in a variety of situations. The tax code make an important distinction between cash withdrawals that are arbitrary (both in time and amount) and "benefit payments" that are made at regular intervals over an extended period.

For those distributions which are cash withdrawals made before the annuity starting date, a further distinction must be drawn between qualified and non-qualified annuities. A qualified deferred annuity is a contract that is established with "pre-tax" funds, such as an IRA or a pension plan. This means that the original premium represents money for which no income taxes have yet been paid. Because of this, all withdrawals usually represent income that is fully taxable. More will be said about qualified annuities later.

With an non-qualified or "after-tax" annuity, the tax consequences for withdrawals depend on a number of factors. A non-qualified deferred annuity is a contract in which the original premium deposit was made with funds that have already been taxed. Put another way, a non-qualified deferred annuity is a contract that is purchased with "after-tax" money. If such an annuity was established before August 14, 1982, the contractholder is permitted to withdraw cash from his account tax-free until the total withdrawals equal the original investment in the contract. Any subsequent withdrawals are fully taxable, since they represent a return of credited interest or other earnings. This is commonly referred to as the "first in-first out" (FIFO) accounting method. The owner of such a deferred pre-August 14, 1982 annuity may even exchange it for another annuity contract and retain the right to make withdrawals tax-free up to his basis.

The rules governing how withdrawals from non-qualified annuities are to be taxed changed significantly in 1982. For contracts issued *after* August 13, 1982, the initial dollars withdrawn, borrowed, or used as security for a debt are viewed as taxable return of interest or other earnings credited. This is called the "last in-first out" (LIFO) method of accounting. Once all the interest earnings have been recognized, additional withdrawals represent the original cost basis and therefore can be received tax-free.

The above remarks apply to annuities owned by "natural" persons. When a corporation or a trust buys an annuity and retains ownership, the contract is said to be held by a "non-natural" person. If such an annuity was established after February 28, 1986, the benefits of tax deferral no longer apply. All earnings credited to the contract represent ordinary income, even if no withdrawals are made. This is not true, however, for interest earned on pre-February 28, 1986 contracts. Such annuities continue to receive the benefits of tax deferral.

There are also several situations in which an annuity held by a non-natural entity does retain tax-deferral status. Examples include contracts purchased to fund a qualified plan, to fund qualified plan benefits of a terminating employee, to purchase an immediate annuity, or to fund periodic payments for damages.

Premature distributions

The IRS regards deferred annuities as investment vehicles designed to provide income at retirement. Therefore, tax law discourages the use of an annuity as a short-term investment. If cash withdrawals are taken from the contract prior to age 59 1/2, a further tax penalty of 10% is likely to be imposed in addition to the regular income tax that would be due. The effect of this rule is to increase the levy on a withdrawal of credited interest. For example, if the annuity owner is in the 28% tax bracket, he will have to pay tax at a 38% rate for any portion of the withdrawal that represents income.

There are certain exceptions to the 10% premature withdrawal penalty. These permit distributions of credited interest without imposing the 10% penalty, even when the distributions occur before the owner most common examples include the following: (1) disability of the annuity owner, (2) a distri-

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Taxation *(cont'd)*

bution which is allocable to deposits made prior to August 14, 1982, (3) death of the annuity owner, (4) conversion of the contract to an immediate annuity with payments commencing within a year of purchase; and (5) a series of substantially equal periodic payments for the life or life expectancy of the owner or the joint lives or joint life expectancies of the owner and a designated beneficiary.

Substantially Equal Payments
Payments made under the last exception are subject to recapture if the payment schedule is changed prior to the owner's age 59 1/2 or within five years of the first payment. The rules for establishing substantially equal payments are, first, that you must make a withdrawal each year. Once you start taking annual payments, you cannot stop until the later of your age 59 1/2 or five years. Second, payments must be set up under one of three IRS-approved methods.

For payments associated with pre-tax or qualified monies, any of the three methods may be used. For non-qualified funds, only the so-called Life Expectancy method is acceptable. This method requires the determination of a "distribution amount" using the December 31 account balance and a life expectancy multiple. This amount can further be determined using either a so-called "recalculation" or a "nonrecalculation" method.

The IRS has specified in a private letter ruling that the series of substantially equal payments exception won't apply if the method the taxpayer selects doesn't create a fixed or determinable payment stream. The method elected can't be a discretionary withdrawal. Further details surrounding this issue are complex and beyond the scope of this brief article. For further clarification, you are advised to consult legal or tax counsel.

Benefit payments after the annuity starting date
In contrast to cash withdrawals, annuity benefit payments are fixed amounts paid at regular intervals for more than one year. In the case of non-qualified deferred annuities, these payments are made up of two components: (1) nontaxable return of premium and (2) taxable interest earnings. The two amounts are determined according to an "exclusion ratio." This ratio is applied to each payment to determine the portion that is excludable from income.

Changes in tax law have affected how the exclusion ratio is both calculated and applied. For instance, before enactment of the Tax Reform Act of 1986, the ratio was set at the annuity starting date. If the annuitant outlived his or her life expectancy, he could end up excluding from income an amount greater than his original premium deposit. For annuities with a starting date that occured after December 31, 1986, the exclusion ratio applies until the annuitant has excluded an amount equal to the principal. After that, any remaining payments are made up entirely of ordinary income. If the annuitant dies before the entire basis is recovered, the unrecovered amount can be claimed as a deduction in the annuitant's final tax return.

The exclusion ratio is calculated by dividing the original investment in the contract by the expected return. In the case of a life annuity, the expected return is the monthly payment amount times the annuitant's life expectancy. Separate calculations are made for joint and survivor and other types of immediate annuities.

Tax-free Exchanges
A non-qualified deferred annuity can be exchanged for a new contract held by the same or a different insurance company, without exposing the contract holder to any tax liability. This tax-free transaction is commonly referred to as a "1035 exchange," as the rules governing it are found in section 1035 of the Internal Revenue tax code.

Typically, the owner assigns the old annuity to the insurance company offering the new annuity. The insurance company surrenders the old policy on behalf of the owner and, when it receives the surrender proceeds, issues the new annuity.

For the exchange to qualify as tax-free, (1) the same person must be the annuitant on the new as on the old contract; (2) the entire balance of the old contract must be exchanged for the new one--partial exchanges aren't recognized; and (3) the new contract must carry the same maturity or retirement date as the old one.

Death benefits
Unlike life insurance, an annuity death benefit usually is not tax-free to the beneficiary. The gain, if any, is taxable as ordinary income. The gain is the death benefit, plus any dividends or other distributed amounts, that were ex-

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Taxation *(cont'd)*

cludable from income, minus the gross premiums.

If no settlement option was in effect at the time of the annuitant's death (i.e. the contract had not been "annuitized"), the beneficiary can defer tax on the gain by electing an annuity settlement option. The beneficiary's exclusion ratio is based on the premiums the original owner paid for the contract.

The Tax Reform Act of 1984 established distribution requirements that apply to contracts issued after January 18, 1985. If the contract had not been annuitized at the owner's death, the beneficiary can elect (1) to receive the proceeds within five years from the date of the owner's death, or (2) elect within one year of the owner's death to receive the proceeds for life or a fixed period not to exceed the beneficiary's life expectancy.

If an annuity distribution began before the owner's death, the remaining portion must be distributed to the beneficiary at least as rapidly as under the method used while the owner lived.

If the beneficiary is the annuitant's spouse, special treatment is accorded under the law. As with any beneficiary, the spouse may take the death benefit within five years or annuitize it within one year. But in addition, he or she may take over ownership of the contract and defer distribution until reaching the retirement age set forth in the decedent's annuity.

If the spouse elects the deferral option, he or she keeps the original annuity serial number and changes, usually by hand, the ownership of the policy to his or her name. By this action, the surrender charge period doesn't run anew.

QUALIFIED ANNUITIES

The tax treatment of distributions from qualified plan annuities varies depending on the type of qualified plan involved. Generally, distributions (that is, both cash withdrawals and annuity benefit payments) are subject to regular income tax rules. In certain cases, they are also subject to additional excise or penalty taxes.

Cash Withdrawals
Cash withdrawals from a qualified plan annuity received as part of a qualified plan distribution are taxed like withdrawals from non-qualified annuities. This means that withdrawals are treated as taxable income to the extent of interest earnings on the premium payments to the contract. This is significant only if the plan is contributory.

A contributory plan is one that allows an employee to contribute nondeductible amounts to his retirement account. Because taxes have already been paid on these contributory amounts, the employee is entitled to receive any nondeductible contributions tax-free.

Cash withdrawals taken prior to age 59 1/2 will also be subject to the same 10% premature distribution penalty as non-qualified annuities. This penalty can be avoided if distributions are the result of death, disability, or are part of a series of substantially equal periodic payments made at least annually for the life or joint life expectancy of the participant and his or her designated beneficiary.

Annuity Benefit Payments
In a contributory qualified plan, each distribution consists of a taxable and non-taxable portion based upon the "exclusion ratio." The exclusion ratio is calculated by dividing the employee's premium payments to the contract by the expected return. The result is multiplied by the total amount received during the year. This produces the benefit payment amount received tax-free. The remainder of each benefit payment is includable in gross income.

If the plan is non-contributory, the employee has made no personal premium payments to the contract and all distributions are fully taxable.

There is also a safe harbor method of calculating tax treatment of annuities. Certain conditions must be met to use the safe harbor method. When applicable, the safe harbor method eases the calculation of the amount to be excluded from taxation.

Lump Sum Distributions
This type of distribution is taxable as ordinary income. Cash withdrawals from a qualified plan annuity (other than an IRA) as part of a qualified lump-sum distribution may be eligible for five- or ten-year forward averaging. Forward-averaging is only available if the individual has been an active plan participant for at least five taxable years prior to the distribution. Distribution in excess of certain amounts may be subjected to a 15% excess distribution penalty.

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Taxation *(cont'd)*

Rollovers
An individual receiving an eligible rollover distribution from his or her employer's pension or profit-sharing plan can roll the distribution to an IRA or to another qualified plan. Also, rollovers can occur from one IRA to another, but only once a year. All monies rolled over avoid taxation until actual distribution from the IRA occurs.

Death Benefits
The beneficiary of a decedent is subject to income tax on death benefits payable from a qualified plan annuity. Payments of up to $5,000 may be exempt from income tax if they are distributed directly from the qualified plan.

The above remarks concerning qualified plan annuities are general in nature and are based on tax rules that cover a much more extensive range of factors than have been addressed here. It is extremely important, therefore, that you seek professional advice on the tax consequences of a qualified annuity in your own particular situation.

Tax Laws Prompt Smart Executive Comp. Moves

In a climate of increasing tax rates, deferring compensation can help executives retain more of their income in the long run. As most executives know, any benefits promised under the non-qualified plan must be subject to the claims of general creditors. Since a larger proportion of retirement and benefits, and deferral opportunities will be offered under such non-qualified plans, executives should take a closer look at the types of benefits and interest credited under such plans, as well as security devices used in conjunction with such plans.

Put your trust in the ultimate security device. With a major increase in the amount of benefits being provided under non-qualified programs, all opportunities should be explored to increase the security of the promises made to executives under such plans.

In recent years, a number of strategies have evolved to provide such additional security. In this regard, certain trust devices have been of primary importance in offering executives different forms of security for their benefits. The most common technique is known as a "Rabbi" trust.

The trust takes its name from an Internal Revenue Service private letter ruling requested by the rabbi of a congregation regarding a non-qualified benefit plan for its religious leader. The ruling provides that money can be set aside in a trust for funding a non-qualified benefit plan so long as the assets of the trust are still subject to the claims of general creditors.

While this does not offer protection from insolvency of the company, it does create a funded promise protected from the cash-flow needs of the company or a change in management following the executive's retirement.

In this way, should the company have a change of heart regarding promises made under a non-qualified benefit program, a funded trust would be available to continue the benefits promised to the executive.

A variation of the Rabbi trust is the so-called "Secular" trust. Recent IRS private letter rulings have also spelled out the tax ramifications of these arrangements. While not providing the income tax advantages of the Rabbi trust, the Secular trust offers full security for the executive's benefits. While some advisers have questioned the viability of these programs in light of the IRS rulings, the Secular trust still offers advantages which will be of increasing importance to executives after the enactment of the tax increases of the Deficit Reduction program.

As more benefits are funneled through non-qualified plans, at least a portion should go into a fully secured Secular trust arrangement.

Now is the time to develop the right executive compensation strategies. The IRS requires that a deferred compensation plan be in place prior to the time an executive performs the services to which the compensation to be deferred relates. Unless plans were in place prior to the 1993 tax year, a deferral opportunity may not be available.

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Term Life Insurance

Term Insurance is well suited to several types of business and personal insurance needs. Term coverage requires cash outlay and offers high face amount protection for limited periods.

Many start-up businesses struggle with the availability of credit. A buy/sell agreement is often used to plan for the sale of the business in the event of the death of one of the owners. If the bank knows the buy/sell agreement is funded by insurance, the business's credit line may be increased - which can benefit a new business tremendously. Any type of life insurance can by used to fund a buy/sell agreement, but for start-up companies, term may be the most affordable. As the business grows, the option to convert to cash value products can be appealing, especially if the health of any of the owners declines. A cash value product is also a good vehicle for funding non-qualified or qualified employee benefits.

Term insurance can also play an important role in personal protection. The greatest need for life insurance typically occurs during a family's child-rearing years, when the amount of income available for investment is often most limited. Low-cost term packaged with a step-rate disability income policy may be the best combination for a young family.

As the term market has evolved, it has also become more competitive. In choosing a term insurance product, or a term company for that matter, what factors should you consider? First, let's look at what's out there.

The most common types of competitive term products today are Annually Renewable Term (ART) and fixed-period level term (most companies have 10-year level term). ART generally has a very low entry premium, which rises every year. Premiums begin lower than with a fixed-period product and become more expensive than 10-year level in the fifth to sixth year. ART works well when conversion is likely within a few years.

Fixed-period level term products provide protection at a minimal, level cost for a fixed period. Thereafter, the costs begin to increase annually. The stability of premiums for a fixed-period policy can be a major benefit.

Pricing is another important consideration when choosing a term product. The best advice is to look beyond the first-year premium. Some companies use a much lower initial premium, but through premium increases over the years, the overall costs become much higher.

Probably the single most important feature of any term product is its convertibility option. You should look for a policy with the ability to convert to products in the regular product line sold by the company. If you can only convert to a specialized conversion policy, prices on that conversion policy may skyrocket. With that approach, it is often only the poorer risks who will accept the higher-priced conversion policies, driving costs even higher.

If you are about to enter into a long-term relationship with the insurance company, make sure it is a solid financial institution that offers a diverse product line.

There are several underwriting differences among companies. You should have a solid understanding of the various underwriting categories each company uses. For example, not all companies offer a preferred class, especially a preferred smoker class. One company's definition of preferred class will likely vary from another company's. Be sure to look at class differences when comparing rates. For example, some companies may require "never smoke" or "three year nonsmoking" to be preferred. Others only require one year.

If there is a chance you are not a preferred risk, make sure you are using the classification you think you are most likely to receive. Also, be sure you understand how the company uses birth dates to calculate premiums. The way of determining your "age" may differ from company to company, depending on whether the calculations is based on your age at your last birthday or on your age at your nearest birthday.

Finally, the cost of riders also varies. Be sure to consider the cost of the total package, not just the base policy premium. One key rider is waiver of premium. This rider allows coverage to continue when the insured is disabled and cannot pay. An unusual feature to look for is a waiver of premium that will change the term policy into a paid-up permanent contract at age 65 if disability occurs. Few term policies offer a waiver in this form. Most only waive premi-

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Term Insurance (*cont'd*)

ums to the end of the term period. After that, the insured has no coverage.

The accidental death benefit rider pays additional benefits. Often, there is a maximum of $250,000 per life.

The accelerated benefit rider allows an insured diagnosed with a terminal illness to obtain all or part of the benefits prior to death. But few companies offer this benefit on term products.

Given the scope of products, there's a great need to understand fully the nuances of the term products available.

(Excerpted with permission from *Life Association News*, April 1993)

Appeals Court Reverses Decision on Fiduciary Status of Insurance Agent

In an important decision regarding the fiduciary status of life insurance agents under ERISA, the Fifth Circuit Court of Appeals has reversed a prior court ruling that had held that such status existed. As a result, this case may become an important authority for protecting life insurance agents and other plan advisors against potential fiduciary liability under ERISA.

A 1992 Louisiana district court decision held that an insurance agent was a fiduciary to a profit-sharing plan to which he sold a whole life insurance policy. Because the primary purpose of a qualified retirement plan is to provide retirement benefits, the plan can provide life insurance death benefits only if those benefits are incidental to the retirement benefits. In determining what is incidental in the context of whole life insurance, the IRS allows premium payments that are less than 50% of the aggregate employer contributions and forfeitures allocated to the participant's account balance. In Schloegel v. Boswell, 800 F. Supp. 468 (D.C. La, 1992), the district court held that because the plan had purchased life insurance on a plan participant with premiums in excess of one-half of the contribution to that executive's account, the ERISA rule on incidental benefits had been violated, and, as such, the life insurance agent had violated the fiduciary requirements of ERISA.

The district court concluded that the agent, Mr. Boswell, was indeed a fiduciary after applying what it described as a "liberal construction" of ERISA. It pointed specifically to the strong relationship that the agent had with the bank involved, its management employees and the plan administrator, deciding that he was "...clearly more than a mere salesman." In the court's view, he had sufficient discretionary authority and control to be a plan fiduciary.

On appeal, the Fifth circuit agreed that it was possible for a plan consultant to become a fiduciary even though the consultant did not have the formal title. However, the appeals court found that Mr. Boswell failed to satisfy the regulatory requirements for becoming a fiduciary. Therefore, the appeals court reversed the district court decision.

Under one of the ERISA definitions of a fiduciary, the individual must have discretionary authority or discretionary control respecting management of the plan or must exercise any authority or control over management or the disposition of its assets. The appeals court held that Mr. Boswell did not have the necessary authority in this case, despite his close relationship with the bank and the plan administrator. It was clear that Mr. Boswell had made no decisions regarding the investments made by the plan; in fact, he made only presentations to the board of directors on the type of investments he would recommend. It was also clear that the plan trustees reviewed his recommendations and sought independent advice on those recommendations. Thus, the court felt that Mr. Boswell had made only an investment proposal, not an investment decision, and was not a fiduciary under this definition.

Because he lacked the necessary authority and control over the plan investments, and because there was no underlying agreement that his advice would serve as the primary basis for investment decisions, Mr. Boswell was held not to be a plan fiduciary and not subject to the penalties under ERISA.

This decision is quite important in its recognition of the difference between investment proposals and investment decisions. In addition, mere presentations, even by well-placed friends of the employer or trustee, do not thus qualify the consultant as a plan fiduciary.

The annuity income rates in Tables 1 and 2 illustrate the amount of monthly immediate annuity income purchased for every $1,000 of premium. These calculations assume the first check is paid one month after the date of deposit and include all fees and commissions except state premium taxes, if applicable.

Tables 1a, 1b, and 1c give the rates for **QUALIFIED** immediate annuities, ie., for annuity policies which are purchased with funds that until now HAVE enjoyed tax-qualified status as defined by the Internal Revenue Code. These typically include company pension annuities and annuities purchased with pension distributions, IRA rollover accounts, and the like. Because no taxes have yet been paid on these qualified funds, each monthly check derived from such deposits are **fully** taxable as income when received. **Tables 2a, 2b, and 2c** below, give the rates for **NON-QUALIFIED** annuities, ie., for annuities which are purchased with after-tax proceeds, such as money from a CD or savings account. These funds **HAVE NOT** not enjoyed any tax-qualified status. Because these funds have already been taxed once before, that portion of each monthly check which is considered a return of the purchaser's investment (or principal) is not taxed again (ie., excluded from income). Since most insurance companies will pay a different income for the same dollar deposit depending on the tax status of the funds, it is important to consult the correct table (Qualified vs. Nonqualified) when estimating annuity income.

In addition to properly identifying the tax status of an annuity deposit to determine the income level, the annuitant's age and gender and the type of coverage selected, also known as the "form" of annuity, directly affects the payout. Age and sex predict life expectancy and ultimately the insurance company's cost to provide its guarantees. Younger female annuitants with longer life expectancies should expect to receive less annuity from their premium dollars than will older male annuitants, especially when insurance companies employ sex-distinct rates. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we've illustrated immediate annuity income at the most common age intervals: 60, 65, 70, and 75, for males and females, for certain "forms" of annuity described below. You may also call us toll-free, at 1-800-872-6684, to receive a calculation for an annuity not shown.

Each of the columns in Tables 1 and 2 identifies a particular age and sex and annuity "form." For example, the leftmost column in Table 1a is titled **Male 60 Life** and provides monthly income figures for a $1,000 premium for an annuity purchased by a 60 year old man on the Life Only form of annuity. A "Life" annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases. The columns headed **Female 60 Life** and **Unisex 60 Life** report similar data for a female age 60 and unisex rates for an individual age 60. The same information is also reported in the for persons ages 65, 70 and 75.

The column **10 Yr. ('CL') Certain and Life Unisex 60** reports unisex purchase rates for a 60 year old person in the form of a 10 Years Certain & Life annuity. A 10 Yr CL annuity is a life annuity with payments guaranteed for at least ten years regardless of whether the annuitant survives over that period. If he/she does not survive, the remainder of the 10-year payments is made to a beneficiary. If the annuitant does survive beyond the 10-year guarantee period, payments will continue for the duration of his/her lifetime and then cease. The column titled **10 Yr. CL Unisex 70** reports the same kind of unisex purchase rates, but for an individual 70 years old.

Columns **5 Yr. ('Pd. Cert.') Period Certain No Life** and **10 Yr. ('Pd. Cert.') Period Certain No Life** illustrate income levels for annuities which have no life contingency. These are simply installment payments which continue for a fixed period of 5 and 10 years, respectively, and then cease, without regard to the age or life of the annuitant.

The **M65 F60 J&S 50%** column reports on a Joint and 50% Survivor annuity priced against two lives--the primary annuitant a male age 65 and a female co-annuitant age 60. In a typical Joint and 50% survivor annuity, the initial (or higher) payment level is made during the life of the primary annuitant. Upon his death, payments of one half the original amount continue for the life of the co-annuitant (in this case a female age 60) if she is still living. The column headed **M65 F60 J&S 100%** is also a joint and survivor annuity with payments which do not reduce upon the first death; instead, they continue to the co-annuitant at 100% of the original amount.

Median Annuity Rates

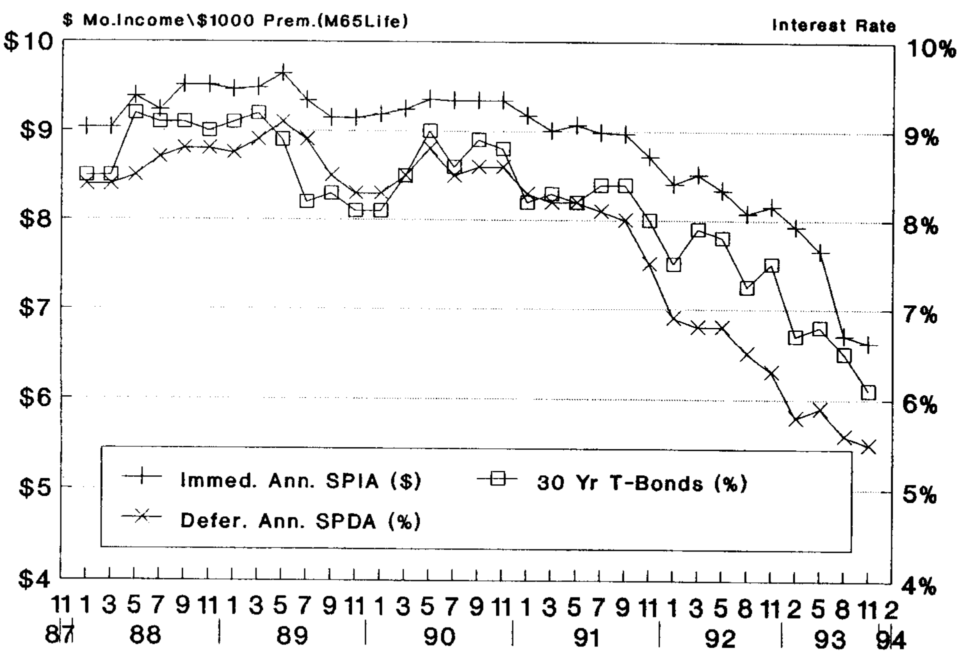

Table 1a. Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisx60 Life	Male65 Life	Femal65 Life	Unisx65 Life
Aetna	0-80	-	-	$ 6.33	-	-	$ 7.13
American Investors	0-85	$ 6.64	$ 6.09	$ 6.37	$ 7.42	$ 6.68	$ 7.05
Canada Life	18-80	$ 6.52	$ 5.97	$ 5.97	$ 7.33	$ 6.58	$ 6.54
Central Life Assur.	5-100	$ 6.36	$ 6.36	$ 6.36	$ 7.02	$ 7.02	$ 7.02
Columbia Universal	0-85	$ 6.47	$ 5.89	-	$ 7.29	$ 6.52	-
Delta Life & Annuity	0-75	$ 6.33	$ 5.67	$ 5.91	$ 7.25	$ 6.33	$ 6.67
Empire Life	0-114	$ 6.47	$ 5.85	$ 6.30	$ 7.36	$ 6.52	$ 6.93
Great American	18-70	$ 6.96	$ 6.30	$ 6.30	$ 7.81	$ 7.00	$ 7.00
Jackson National	0-99	$ 6.15	$ 5.59	$ 5.82	$ 6.94	$ 6.20	$ 6.49
Jefferson-Pilot	5-85	$ 6.28	$ 5.71	$ 5.77	$ 7.17	$ 6.40	$ 6.47
John Alden LIC	0-85	$ 7.09	$ 6.51	-	$ 7.88	$ 7.08	-
Keyport Life	no max	$ 6.29	$ 6.29	$ 6.29	$ 6.95	$ 6.95	$ 6.95
Life/Southwest	0-85	$ 6.07	$ 6.07	$ 6.07	$ 6.73	$ 6.73	$ 6.73
Lincoln Security	0-90	$ 6.28	$ 5.74	-	$ 7.06	$ 6.33	-
Manulife Financial	0-80	$ 6.17	$ 5.42	$ 5.79	$ 6.75	$ 6.02	$ 6.24
Midwestern Nat'l	0-70	$ 6.50	$ 5.96	$ 5.96	$ 7.26	$ 6.54	$ 6.54
Nat'l Guardian	20-90	$ 7.05	$ 6.36	$ 6.71	$ 7.99	$ 7.05	$ 7.52
Nat'l Heritage	0-85	$ 6.97	$ 6.39	-	$ 7.79	$ 7.01	-
New England Mutual	15-92	$ 6.39	$ 5.86	$ 6.13	$ 7.09	$ 6.38	$ 6.74
Penn Mutual	0-85	$ 6.79	$ 6.21	$ 6.65	$ 7.57	$ 6.77	$ 7.43
Presidential	0-85	$ 6.75	$ 6.20	$ 6.20	$ 7.51	$ 6.78	$ 6.78
Principal Finan.	0-85	$ 6.42	$ 5.81	$ 6.05	$ 7.05	$ 6.24	$ 6.56
Protective LIC	0-85	$ 6.83	$ 6.28	$ 6.56	$ 7.61	$ 6.87	$ 7.24
Provident Mutual	0-85	$ 6.73	$ 6.21	-	$ 7.46	$ 6.73	-
Reliance Standard	0-80	$ 6.85	$ 6.29	-	$ 7.62	$ 6.88	-
SAFECO	55-80	-	-	$ 5.87	-	-	$ 6.42
Security Benefit	0-100	$ 6.23	$ 6.23	$ 6.23	$ 6.86	$ 6.86	$ 6.86
Security Conn.	0-90	$ 6.38	$ 5.82	$ 5.97	$ 7.17	$ 6.42	$ 6.61
Security Mutual/NY	20-80	$ 7.30	$ 6.37	-	$ 8.35	$ 7.11	-
Southwestern Life	5-90	-	-	$ 5.80	-	-	$ 6.42
Standard Insurance	0-80	$ 6.84	$ 6.26	$ 6.40	$ 7.60	$ 6.82	$ 7.00
Sun Life of Amer.	0-85	$ 6.65	$ 6.65	$ 6.65	$ 7.32	$ 7.32	$ 7.32
Sunlife of Canada	0-85	-	-	$ 6.50	-	-	$ 7.20
USG Annuity/Life	35-85	$ 6.71	$ 6.10	-	$ 7.60	$ 6.76	-
United Companies LIC	0-95	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
United Presidential	0-69	$ 6.46	$ 5.91	$ 5.91	$ 7.23	$ 6.49	$ 6.49
United Services	0-85	$ 6.22	$ 5.62	$ 5.99	$ 7.09	$ 6.30	$ 6.77
WM Life Insur. Co.	0-114	$ 6.47	$ 5.85	$ 6.30	$ 7.36	$ 6.52	$ 6.93
Western National	0-100	$ 7.02	$ 6.47	-	$ 7.78	$ 7.05	-
Xerox Financial Life	0-85	-	-	$ 6.68	-	-	$ 7.40

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 1b. Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
Aetna	0-80	-	-	$ 8.27	-	-	$ 9.86
American Investors	0-85	$ 8.51	$ 7.52	$ 8.02	$10.07	$ 8.79	$ 9.42
Canada Life	18-80	$ 8.35	$ 7.36	$ 7.36	$ 9.84	$ 8.60	$ 8.60
Central Life Assur.	5-100	$ 7.95	$ 7.95	$ 7.95	$ 9.32	$ 9.32	$ 9.32
Columbia Universal	0-85	$ 8.46	$ 7.42	-	$10.09	$ 8.77	-
Delta Life & Annuity	0-75	$ 8.55	$ 7.25	$ 7.71	$ 9.99	$ 8.87	$ 9.21
Empire Life	0-114	$ 8.61	$ 7.48	$ 8.03	$10.38	$ 8.93	$ 9.64
Great American	18-70	$ 9.04	$ 8.05	$ 8.05	$10.83	$ 9.68	$ 9.68
Jackson National	0-99	$ 8.05	$ 7.06	$ 7.44	$ 9.60	$ 8.35	$ 8.84
John Alden LIC	0-85	$ 9.00	$ 7.92	-	$10.61	$ 9.21	-
Jefferson-Pilot	5-85	$ 8.33	$ 7.29	$ 7.38	$ 9.97	$ 8.64	$ 8.75
Keyport Life	no max	$ 7.89	$ 7.89	$ 7.89	$ 9.21	$ 9.21	$ 9.21
Life/Southwest	0-85	$ 7.69	$ 7.69	$ 7.69	$ 9.06	$ 9.06	$ 9.06
Lincoln Security	0-90	$ 8.16	$ 7.17	-	$ 9.70	$ 8.44	-
Manulife Financial	0-80	$ 7.96	$ 6.58	$ 7.26	$ 9.64	$ 7.84	$ 8.72
Midwestern Nat'l	0-70	$ 8.33	$ 7.39	$ 7.39	$ 9.84	$ 8.60	$ 8.60
Nat'l Guardian	20-90	$ 9.31	$ 8.02	$ 8.67	$11.15	$ 9.51	$10.33
Nat'l Heritage	0-85	$ 8.95	$ 7.90	-	$10.59	$ 9.25	-
New England Mutual	15-92	$ 8.07	$ 7.13	$ 7.60	$ 9.43	$ 8.25	$ 8.84
Penn Mutual Life	0-85	$ 8.67	$ 7.55	$ 8.57	$10.19	$ 8.65	$10.19
Presidential	0-85	$ 8.59	$ 7.61	$ 7.61	$10.12	$ 8.86	$ 8.86
Principal Finan. Grp.	0-85	$ 8.00	$ 6.94	$ 7.36	$ 9.40	$ 8.04	$ 8.59
Protective LIC	0-85	$ 8.72	$ 7.71	$ 8.22	$10.22	$ 8.94	$ 9.57
Provident Mutual LIC	0-85	$ 8.33	$ 7.46	-	$ 9.44	$ 8.33	-
Reliance Standard	0-80	$ 8.73	$ 7.73	-	$10.29	$ 9.01	-
SAFECO	55-80	-	-	$ 7.22	-	-	$ 8.43
Security Benefit	0-100	$ 7.75	$ 7.75	$ 7.75	$ 9.08	$ 9.08	$ 9.08
Security Conn.	0-90	$ 8.28	$ 7.28	$ 7.53	$ 9.85	$ 8.57	$ 8.89
Security Mutual/NY	20-80	$ 9.82	$ 8.22	-	$11.79	$ 9.83	-
Southwestern Life	5-90	-	-	$ 7.33	-	-	$ 8.66
Standard Insurance	0-80	$ 8.68	$ 7.63	$ 7.87	$ 9.80	$ 8.47	$ 8.76
Sun Life of Amer.	0-85	$ 8.14	$ 8.14	$ 8.14	$ 9.40	$ 9.40	$ 9.40
Sunlife of Canada	0-85	-	-	$ 8.17	-	-	$ 9.46
USG Annuity/Life	35-85	$ 8.86	$ 7.70	-	$10.71	$ 9.17	-
United Companies LIC	0-95	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
United Presidential	0-69	$ 8.32	$ 7.34	$ 7.34	$ 9.85	$ 8.60	$ 8.60
United Services	0-85	$ 8.28	$ 7.24	$ 7.86	$ 9.93	$ 8.61	$ 9.39
WM Life Insur. Co.	0-114	$ 8.61	$ 7.48	$ 8.03	$10.38	$ 8.93	$ 9.64
Western National	0-100	$ 8.86	$ 7.87	-	$10.39	$ 9.13	-
Xerox Financial Life	0-85	-	-	$ 8.43	-	-	$ 9.92

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 1c. Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	10YrCL Unisx60	10YrCL Unisx70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
Aetna	0-80	$ 6.17	$ 7.57	$18.75	$10.55	$ 6.32	$ 5.67
American Investors	0-85	$ 6.23	$ 7.47	$17.95	$10.24	$ 6.67	$ 5.83
Canada Life	18-80	$ 5.88	$ 7.03	$18.19	$10.25	$ 6.35	$ 5.66
Central Life Assur.	5-100	-	-	$18.44	$10.55	$ 6.35	$ 5.80
Columbia Universal	0-85	-	-	$18.80	$10.53	$ 6.28	$ 5.52
Commercial Union	0-80	$ 6.16	$ 7.31	$17.40	$10.00	$ 6.41	$ 5.70
Delta Life & Annuity	0-75	$ 5.77	$ 7.17	$18.38	$10.09	$ 6.18	$ 5.27
Empire	0-114	$ 6.00	$ 7.38	$18.07	$10.13	$ 6.27	$ 5.46
Great American	18-70	$ 6.18	$ 7.57	$18.32	$10.06	$ 6.98	$ 5.87
Jackson National	0-99	$ 5.70	$ 6.97	$17.93	$10.03	$ 5.97	$ 5.24
Jefferson-Pilot	5-85	$ 5.67	$ 7.01	$17.54	$ 9.95	$ 6.11	$ 5.33
John Alden LIC	0-85	-	-	$18.08	$10.60	$ 6.51	$ 6.02
Keyport Life	no max	$ 6.72	$ 7.40	$18.11	$10.36	-	-
Life/Southwest	0-85	$ 5.92	$ 7.12	$17.53	$ 9.88	$ 5.03	$ 4.59
Lincoln Security	0-90	-	-	$17.81	$10.01	$ 6.10	$ 5.38
Manulife Financial	0-80	$ 5.66	$ 6.71	$16.85	$ 9.74	$ 5.91	$ 5.10
Midwestern Nat'l	0-70	$ 5.87	$ 7.01	$ 4.69	$ 5.40	$ 6.32	$ 5.60
Nat'l Guardian	20-90	-	-	-	-	-	$ 5.95
Nat'l Heritage	0-85	-	-	$19.15	$10.90	$ 7.02	$ 6.00
New England Mutual	15-92	$ 6.08	$ 7.27	-	-	$ 6.20	$ 5.61
Penn Mutual Life	0-85	$ 6.48	$ 7.82	$17.74	$10.27	$ 6.60	$ 5.85
Presidential	0-85	$ 6.61	$ 7.23	$18.12	$10.30	$ 6.57	$ 5.83
Principal Finan. Grp.	0-85	$ 5.92	$ 6.92	$17.95	$10.00	$ 6.25	$ 5.53
Protective LIC	0-85	$ 6.41	$ 7.64	$18.21	$10.43	$ 6.65	$ 5.91
Provident Mutual	0-85	-	-	$17.67	$10.10	-	$ 5.36
Reliance Standard	0-80	-	-	$18.55	$10.61	$ 6.89	$ 5.92
SAFECO	55-80	$ 5.78	$ 6.88	-	-	-	-
Security Benefit	0-100	$ 6.14	$ 7.39	$18.60	$10.75	$ 5.88	$ 5.57
Security Conn.	0-90	$ 5.86	$ 7.09	$18.08	$10.16	$ 6.20	$ 5.46
Security Mutual/NY	20-80	-	-	-	-	$ 6.98	$ 5.99
Southwestern Life	5-90	$ 5.69	$ 6.87	$17.40	$ 9.98	-	-
Standard Insurance	0-80	$ 6.29	$ 7.45	$17.37	$10.14	$ 6.65	$ 5.92
Sun Life of America	0-85	$ 6.50	$ 7.58	$18.00	$10.35	$ 6.63	$ 6.06
Sunlife of Canada	0-85	$ 6.35	$ 7.63	$17.84	$10.56	-	$ 5.89
USG Annuity/Life	35-85	-	-	$18.26	$10.41	-	$ 5.57
United Companies LIC	0-95	-	-	$16.87	$10.51	-	$ 5.52
United Presidential	0-69	$ 5.82	$ 6.99	$18.09	$10.25	$ 6.50	$ 5.55
United Services	0-85	$ 5.84	$ 7.25	$17.43	$ 9.62	$ 6.22	$ 5.24
WM Life Insur. Co.	0-114	$ 6.00	$ 7.38	$18.07	$10.13	$ 6.27	$ 5.46
Western National	0-100	-	-	$19.18	$10.64	$ 6.84	$ 6.09
Xerox Financial Life	0-85	$ 6.53	$ 7.85	$17.95	$10.60	-	-

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 2a. Non-Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisx60 Life	Male65 Life	Femal65 Life	Unisx65 Life
American Heritage	20-80	$ 6.79	$ 6.13	-	$ 7.62	$ 6.71	-
American Investors	0-85	$ 6.64	$ 6.09	$ 6.37	$ 7.42	$ 6.68	$ 7.05
Canada Life	18-80	$ 6.52	$ 5.97	$ 5.97	$ 7.33	$ 6.58	$ 6.54
Central Life Assur.	5-100	$ 6.64	$ 6.10	-	$ 7.37	$ 6.64	-
Columbia Universal	0-85	$ 6.47	$ 5.89	-	$ 7.29	$ 6.52	-
Delta Life & Annuity	0-99	$ 6.71	$ 6.03	$ 6.28	$ 7.65	$ 6.71	$ 7.05
Empire Life	0-114	$ 6.47	$ 5.85	$ 6.30	$ 7.36	$ 6.52	$ 6.93
Federal Home Life	0-85	$ 6.33	$ 6.33	$ 6.33	$ 7.80	$ 7.00	$ 7.00
Financial Benefit LIC	0-85	$ 6.51	$ 5.92	-	$ 7.32	$ 6.55	-
Great American	18-65	$ 6.96	$ 6.30	$ 6.30	$ 7.81	$ 7.00	$ 7.00
Jackson National	0-99	$ 6.15	$ 5.59	$ 5.82	$ 6.94	$ 6.20	$ 6.49
Jefferson-Pilot	5-85	$ 6.28	$ 5.71	$ 5.77	$ 7.17	$ 6.40	$ 6.47
John Alden LIC	0-85	$ 7.09	$ 6.51	-	$ 7.88	$ 7.08	-
Keyport Life	no max	$ 6.56	$ 6.02	$ 6.29	$ 7.31	$ 6.59	$ 6.95
Life/Southwest	0-85	$ 6.28	$ 5.75	$ 6.07	$ 7.02	$ 6.31	$ 6.73
Lincoln Security	0-90	$ 6.26	$ 5.71	-	$ 7.03	$ 6.30	-
Manulife Financial	0-80	$ 6.17	$ 5.42	$ 5.79	$ 6.75	$ 6.02	$ 6.24
Midwestern Nat'l	0-70	$ 6.50	$ 5.96	$ 5.96	$ 7.26	$ 6.54	$ 6.54
Nat'l Guardian	20-90	$ 7.63	$ 6.94	$ 7.29	$ 8.56	$ 7.62	$ 8.90
Nat'l Heritage	0-85	$ 6.97	$ 6.39	-	$ 7.79	$ 7.01	$ -
New England Mutual	15-92	$ 6.44	$ 5.90	$ 6.17	$ 7.14	$ 6.42	$ 6.79
Penn Mutual Life	0-85	$ 6.79	$ 6.21	$ 6.49	$ 7.57	$ 6.77	$ 7.15
Presidential	0-85	$ 6.75	$ 6.20	$ 6.20	$ 7.51	$ 6.78	$ 6.78
Principal Finan. Grp.	0-85	$ 6.39	$ 5.79	-	$ 7.02	$ 6.22	-
Protective LIC	0-85	$ 6.83	$ 6.28	$ 6.56	$ 7.61	$ 6.87	$ 7.24
Provident Mutual	0-85	$ 6.73	$ 6.21	-	$ 7.46	$6.73	-
Reliance Standard	0-80	$ 6.85	$ 6.29	-	$ 7.62	$ 6.88	-
Security Benefit	0-100	$ 6.82	$ 6.23	$ 6.23	$ 7.63	$ 6.86	$ 6.86
Security Conn.	0-90	$ 6.35	$ 5.79	$ 5.94	$ 7.14	$ 6.39	$ 6.58
Security Mutual/NY	20-80	$ 6.89	$ 6.27	-	$ 7.68	$ 6.19	-
Southwestern Life	5-90	$ 6.07	$ 5.54	-	$ 6.80	$ 6.07	-
Standard Insurance	0-80	$ 6.84	$ 6.26	$ 6.40	$ 7.60	$ 6.82	$ 7.00
Sun Life of America	0-85	$ 6.92	$ 6.37	-	$ 7.69	$ 6.95	-
Sunlife of Canada	0-85	$ 6.71	$ 6.21	-	$ 7.47	$ 6.83	-
USG Annuity/Life	35-85	$ 6.71	$ 6.10	-	$ 7.60	$ 6.76	-
United Companies LIC	0-95	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
United Presidential	0-80	$ 6.46	$ 5.91	$ 5.91	$ 7.23	$ 6.49	$ 6.49
United Services	0-85	$ 6.22	$ 5.62	$ 5.99	$ 7.09	$ 6.30	$ 6.77
WM Life Insur. Co.	0-114	$ 6.47	$ 5.85	$ 6.30	$ 7.36	$ 6.52	$ 6.93
Western National	0-100	$ 7.02	$ 6.47	-	$ 7.78	$ 7.05	-
Xerox Financial Life	0-85	$ 6.97	$ 6.39	$ 6.68	$ 7.79	$ 7.01	$ 7.40

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 2b. Non-Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisx70 Life	Male75 Life	Femal75 Life	Unisx75 Life
American Heritage	20-80	$ 8.79	$ 7.54	-	$10.43	$ 8.78	-
American Investors	0-85	$ 8.51	$ 7.52	$ 8.02	$10.07	$ 8.79	$ 9.42
Canada Life	18-80	$ 8.35	$ 7.36	$ 7.36	$ 9.84	$ 8.60	$ 8.60
Central Life Assur.	5-100	$ 8.45	$ 7.45	-	$ 9.97	$ 8.67	-
Columbia Universal	0-85	$ 8.46	$ 7.42	-	$10.09	$ 8.77	-
Delta Life & Annuity	0-99	$ 8.96	$ 7.65	$ 8.11	$10.41	$ 9.28	$ 9.63
Empire Life	0-114	$ 8.61	$ 7.48	$ 8.03	$10.38	$ 8.93	$ 9.64
Federal Home Life	0-85	$ 9.00	$ 8.02	$ 8.02	$10.76	$ 9.62	$ 9.62
Financial Benefit LIC	0-85	$ 8.41	$ 7.37	-	-	-	-
Great American	18-65	$ 9.04	$ 8.05	$ 8.05	$10.83	$ 9.68	$ 9.68
Jackson National	0-99	$ 8.05	$ 7.06	$ 7.44	$ 9.60	$ 8.35	$ 8.84
Jefferson-Pilot	5-85	$ 8.33	$ 7.29	$ 7.38	$ 9.97	$ 8.64	$ 8.75
John Alden LIC	0-85	$ 9.00	$ 7.92	-	$10.61	$ 9.21	-
Keyport Life	no max	$ 8.35	$ 7.41	$ 7.89	$ 9.79	$ 8.63	$ 9.21
Life/Southwest	0-85	$ 8.07	$ 7.12	$ 7.69	$ 9.55	$ 8.34	$ 9.06
Lincoln Security	0-90	$ 8.13	$ 7.14	-	$ 9.67	$ 8.42	-
Manulife Financial	0-80	$ 7.96	$ 6.58	$ 7.26	$ 9.64	$ 7.84	$ 8.72
Midwestern Nat'l	0-70	$ 8.33	$ 7.39	$ 7.39	$ 9.84	$ 8.60	$ 8.60
Nat'l Guardian	20-90	$ 9.88	$ 8.58	$ 9.23	$11.72	$10.07	$10.90
Nat'l Heritage	0-85	$ 8.95	$ 7.90	-	$10.59	$ 9.25	-
New England Mutual	15-92	$ 8.14	$ 7.18	$ 7.66	$ 9.53	$ 8.32	$ 8.92
Penn Mutual Life	0-85	$ 8.67	$ 7.55	$ 8.07	$10.19	$ 8.65	$ 9.36
Presidential	0-85	$ 8.59	$ 7.61	$ 7.61	$10.12	$ 8.86	$ 8.86
Principal Finan. Grp.	0-85	$ 7.97	$ 6.91	-	$ 9.37	$ 8.02	-
Protective LIC	0-85	$ 8.72	$ 7.71	$ 8.22	$10.22	$ 8.94	$ 9.57
Provident Mutual	0-85	$ 8.33	$ 7.46	-	$ 9.44	$ 8.33	-
Reliance Standard	0-80	$ 8.73	$ 7.73	-	$10.29	$ 9.01	-
Security Benefit	0-100	$ 8.78	$ 7.75	$ 7.75	$10.37	$ 9.08	$ 9.08
Security Conn.	0-90	$ 8.25	$ 7.25	$ 7.50	$ 9.82	$ 8.55	$ 8.85
Security Mutual/NY	20-80	$ 8.83	$ 7.89	-	$10.51	$ 9.41	-
Southwestern Life	5-90	$ 7.83	$ 6.84	-	$ 9.32	$ 8.03	-
Standard Insurance	0-80	$ 8.68	$ 7.63	$ 7.87	$ 9.80	$ 8.47	$ 8.76
Sun Life of America	0-85	$ 8.64	$ 7.64	-	$10.05	$ 8.77	-
Sunlife of Canada	0-85	$ 8.54	$ 7.67	-	$ 9.97	$ 8.79	-
USG Annuity/Life	35-85	$ 8.86	$ 7.70	-	$10.71	$ 9.17	-
United Companies LIC	0-95	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
United Presidential	0-80	$ 8.32	$ 7.34	$ 7.34	$ 9.85	$ 8.60	$ 8.60
United Services	0-85	$ 8.28	$ 7.24	$ 7.86	$ 9.93	$ 8.61	$ 9.39
WM Life Insur. Co.	0-114	$ 8.61	$ 7.48	$ 8.03	$10.38	$ 8.93	$ 9.64
Western National	0-100	$ 8.86	$ 7.87	-	$10.39	$ 9.13	-
Xerox Financial Life	0-85	$ 8.95	$ 7.90	$ 8.42	$10.59	$ 9.25	$ 9.91

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 2c. Non-Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY

Reporting Companies	Issue Ages	10YrCL Unisx60	10YrCL Unisx70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
American Heritage	20-80	-	-	$19.04	$10.79	-	$ 5.81
American Investors	0-85	$ 6.23	$ 7.47	$17.95	$10.24	$ 6.67	$ 5.83
Canada Life	18-80	$ 5.88	$ 7.03	$18.19	$10.25	$ 6.35	$ 5.66
Central Life Assur.	5-100	-	-	$18.44	$10.55	$ 6.67	$ 5.74
Columbia Universal	0-85	-	-	$18.80	$10.53	$ 6.28	$ 5.52
Commercial Union	0-80	$ 6.16	$ 7.31	$17.40	$10.00	$ 6.41	$ 5.70
Delta Life & Annuity	0-99	$ 6.13	$ 7.54	$18.38	$10.45	$ 6.06	$ 5.63
Empire Life	0-114	$ 6.00	$ 7.38	$18.07	$10.13	$ 6.27	$ 5.46
Federal Home Life	0-85	$ 6.19	$ 7.53	$17.75	$10.24	$ 6.72	$ 5.90
Financial Benefit LIC	0-85	-	-	$18.38	$10.09	$ 6.55	$ 5.55
Great American	18-65	$ 6.18	$ 7.57	$18.32	$10.06	$ 6.98	$ 5.87
Jackson National	0-99	$ 5.70	$ 6.97	$17.93	$10.03	$ 5.97	$ 5.24
Jefferson-Pilot	5-85	$ 5.67	$ 7.01	$17.54	$ 9.95	$ 6.11	$ 5.33
John Alden LIC	0-85	-	-	$18.08	$10.60	$ 6.51	$ 6.02
Keyport Life	no max	$ 6.70	$ 7.40	$18.11	$10.36	-	-
Life/Southwest	0-85	$ 5.92	$ 7.12	$17.53	$ 9.88	$ 5.71	$ 4.96
Lincoln Security	0-99	-	-	$17.79	$ 9.98	$ 6.07	$ 5.35
Manulife Financial	0-80	$ 5.66	$ 6.71	-	-	$ 5.91	$ 5.10
Midwestern Nat'l	0-70	$ 5.87	$ 7.01	$ 4.69	$ 5.40	$ 6.32	$ 5.60
Nat'l Guardian	20-90	-	-	-	-	-	$ 6.52
Nat'l Heritage	0-85	-	-	$19.15	$10.90	$ 7.02	$ 6.00
New England Mutual	15-92	$ 6.12	$ 7.32	-	-	$ 6.24	$ 5.64
Penn Mutual LIC	0-85	$ 6.34	$ 7.55	$17.74	$10.27	$ 6.60	$ 5.85
Presidential	0-85	$ 6.10	$ 7.23	$18.12	$10.30	$ 6.57	$ 5.83
Principal Finan. Grp.	0-85	-	-	$17.89	$ 9.96	$ 6.23	$ 5.51
Protective LIC	0-85	$ 6.41	$ 7.64	$18.21	$10.43	$ 6.65	$ 5.91
Provident Mutual	0-85	-	-	$17.67	$10.10	-	$ 5.36
Reliance Standard	0-80	-	-	$18.55	$10.61	$ 6.89	$ 5.92
Security Benefit	0-100	$ 6.14	$ 7.39	$18.60	$10.75	$ 6.51	$ 5.71
Security Conn.	0-90	$ 5.83	$ 7.06	$18.06	$10.14	$ 6.17	$ 5.43
Security Mutual/NY	20-80	-	-	-	-	$ 6.64	$ 5.85
Southwestern Life	5-90	-	-	$17.40	$ 9.98	-	$ 5.22
Standard Insurance	0-80	$ 6.29	$ 7.45	$17.37	$10.14	$ 6.65	$ 5.92
Sun Life of America	0-85	-	-	$18.00	$10.35	-	$ 5.99
Sunlife of Canada	0-85	-	-	$17.84	$10.56	-	$ 5.81
USG Annuity/Life	35-85	-	-	$18.26	$10.41	-	$ 5.57
United Companies LIC	0-95	-	-	$16.87	$10.51	-	$ 5.52
United Presidential	0-80	$ 5.82	$ 6.99	$18.09	$10.25	$ 6.50	$ 5.55
United Services	0-85	$ 5.84	$ 7.25	$17.43	$ 9.62	$ 6.22	$ 5.24
WM Life Insur. Co.	0-114	$ 6.00	$ 7.38	$18.07	$10.13	$ 6.27	$ 5.46
Western National	0-100	-	-	$19.18	$10.64	$ 6.84	$ 6.09
Xerox Financial Life	0-85	$ 6.53	$ 7.84	$17.95	$10.60	-	$ 6.00

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

In a deferred annuity your premium is credited with a fixed interest rate (see **Current Rate** column). The length of time for which this rate is guaranteed is shown in the **Yield Guar. Period** column. 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 **Rnwl Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being credited on new monies. **I** stands for "Investment Year" method (aka "Banded" or "Bucket" method). This means that renewal rates are set at different rates for monies received at different times. Old monies (i.e. existing annuities) may earn higher or lower rates than new annuities. Some insurers offer protection against low renewal rates with a feature known as a "Bailout" or "Escape" rate (see Table 3 column with **Bailout Escape Rates** heading). The column headed **Surrender Fees / Year** reports the penalties in effect for the sample years indicated. **20 Yr Proj. Cash Accum. Based on Curr. Rate** indicates what the value of the contract would be after twenty years, assuming that the initial credit rate remained constant over the entire period and no withdrawals were made. The 20-Year Projected Cash Accumulation figures are based a single deposit of $100,000 (for SPDAs and Certificates of Annuity) or 20 annual deposits of $10,000 each (for FPDAs) in qualified funds on behalf of a 45 year-old male who annuitizes his account value on a Single Life income after 20 years (age 65). Quotes include all fees and commissions but not premium taxes, if applicable. The column **Mo. Income per $1,000 M 65 Life Only** shows each company's current conversion rates per $1,000 of account value for a male age 65. Divide accumulated account value by 1000 and multiply by the monthly factor to arrive at projected monthly income after 20 years deferral.

Table 3. Single Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Current (Guar.) Rate (Rate)	Rnwl Mthd	Yield Guar. Period	Bail-out Escape Rate	Surrender Fees/Year 1	Surrender Fees/Year 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per $1,000 M 65 Life Only
Amer. Heritage	SPDA	0-75	6.35% (5.0%)	P	1 Year	5.00%	7%	1%	$344,185	$7.07
Amer. Investors	SPDA I-B	0-85	6.75% (4.0%)	I	1/14/95	4.25%	10%	4%	$369,282	$7.73
Chubb Sovereign	SPDA	0-80	5.25% (4.5%)	I	1 Year	4.24%	7%	1%	$278,254	$7.42
Commercial Union	Maximizer I	0-85	5.25% (3.5%)	I	1 Year	na	6%	0%	$242,902	$6.68
Jefferson-Pilot	SPDA	0-85	5.00% (4.5%)	I	1 Year	4.50%	5%	1%	$265,329	$7.34
Life/Southwest	SPA 1	0-80	4.50% (3.0%)	I	1/15/95	3.50%	7%	0%	$241,171	$7.34
Mass. General	General II	0-80	6.00% (3.0%)	P	1 Year	4.75%	14%	8%	$320,714	$6.69
New England	Asset Builder	0-75	4.00% (3.0%)	I	1 Year	3.00%	7%	1%	$219,112	$7.09
Provident Mutual	SPDA I	0-70	5.00% (4.50)	I	2 Yrs	4.00%	7%	1%	$265,330	$7.71
Reliance Standard	SPDA	0-78	6.00% (4.5%)	I	1 Year	4.50%	7%	3%	$320,713	$8.97
Secur. Mutual/NY	SPDA	0-80	4.75% (4.5%)	P	1 Year	na	4%	0%	$252,977	$8.35
Standard Insurance	SPDA	0-80	4.76% (4.0%)	I	1 Year	4.25%	7%	1%	$253,460	$7.00

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Table 4. Single Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1	7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per $1,000 M 65 Life Only
American Investors	SPDA VII-D	0-85	7.40%	(4.0%)	I	1 Year	10%	4%	$416,952	$7.73
Canada Life	Security One	0-80	4.50%	(4.0%)	-	1 Year	7%	2%	$241,171	$6.52
Central Life Assurance	Guarantee 5	0-80	5.00%	(4.0%)	P	5 Years	6%	0%	$265,330	$7.33
Central Life Assurance	Advantage Plus	0-85	5.40%	(3.0%)	I	1 Year	9%	0%	$286,294	$7.33
Central Life Assurance	Advant. Bonus	0-85	6.20%	(3.0%)	I	1 Year	9%	0%	$278,243	$7.33
Central Life Assurance	Advant. MVA	0-85	6.50%	(3.0%)	I	1 Year	9%	3%	$294,541	$7.33
Columbia Universal	Pres. Choice	0-85	6.00%	(4.5%)	I	1 Year	8%	0%	$267,857	$8.41
Columbian Mutual	Vintage	0-100	6.75%	(3.0%)	I	1 Year	8%	2%	$369,281	$6.69
Delta Life & Annuity	SPDA psII	0-99	5.15%	(4.0%)	P	1 Year	6%	3%	$291,776	$7.25
Federal Home Life	SPDA II	0-80	5.20%	(4.0%)	I	1 Year	7%	1%	$275,623	$8.13
Federal Home Life	Premier Ann.+	0-80	5.75%	(4.0%)	I	1 Year	9%	2%	$233,198	$8.13
Financial Benefit	Champion	0-75	6.25%	(3.0%)	P	1 Year	15%	7%	$336,185	$6.69
Financial Benefit	Bonus Champ. 1	0-75	7.00%	(3.0%)	P	1 Year	15%	7%	$309,535	$6.69
Financial Benefit	Bonus Champ. 2	0-75	8.50%	(3.0%)	P	1 Year	15%	7%	$313,875	$6.69
Financial Benefit	Bonus Champ. 3	0-75	10.00%	(3.0%)	P	1 Year	15%	7%	$318,214	$6.69
Financial Benefit	Sr. Advantage	0-100	5.90%	(3.0%)	P	1 Year	8%	2%	$314,716	$6.69
Fort Dearborn	Asset Fort/5	0-85	6.60%	(4.0%)	P	1 Year	8%	0%	$274,289	$7.58
Golden Rule (q)	Pension + 1	20-70	5.05%	(3.0%)	I	1 Year	8%	2%	$267,868	$7.36
Golden Rule (q)	Pension + 2	20-80	5.05%	(3.0%)	I	1 Year	8%	3.5%	$267,868	$7.36
Golden Rule	Foundation	0-75	5.15%	(3.0%)	I	1 Year	8%	4%	$273,014	$7.36
Golden Rule	Premier Advtg	0-75	5.55%	(3.0%)	I	1 Year	7%	0%	$269,143	$7.36
Golden Rule	Auto Withdrwl	0-80	5.05%	(3.0%)	I	1 Year	8%	2%	$267,868	$7.36
Golden Rule	Ultimate Bonus	0-70	8.05%	(3.0%)	I	1 Year	8%	2%	$275,518	$7.36
Golden Rule	Classic Bonus	0-70	6.05%	(3.0%)	I	1 Year	8%	2%	$270,418	$7.36
Golden Rule	Elite Bonus	0-70	7.05%	(3.0%)	I	1 Year	8%	2%	$272,968	$7.36
Great American	SP 10-2	18-65	7.00%	(4.0%)	I	2 Yrs	10%	4%	$386,968	$8.27
Jackson National	Super Max	0-70	5.25%	(3.0%)	I	1 Cal Yr.	9%	3%	$278,362	$7.99
Jackson National	Max	0-80	5.25%	(3.0%)	I	1 Cal Yr.	6%	0%	$278,362	$7.99
John Alden	Advantage +	0-85	4.80%	(4.0%)	I	1 Cal Yr.	7%	3%	$255,403	$7.88
Keyport	Keyannuity 1Yr	0-85	4.75%	(3.5%)	I	1 Year	7%	0%	$252,976	$7.60
Keyport	Keyannuity 3Yr	0-85	4.50%	(3.5%)	I	3 Years	7%	0%	$241,171	$7.60
Life/Southwest	SPA 1	0-80	4.75%	(4.0%)	I	1/15/95	7%	0%	$252,977	$7.34
Lincoln Security	SPDA I	0-85	5.10%	(4.0%)	I	1 Year	7%	0%	$270,430	$7.06
Lincoln Security	SPDA 3	0-85	4.45%	(4.0%)	I	3 Years	7%	0%	$238,874	$7.06
ManuLife Financial	SPDA II	0-70	5.00%	(4.0%)	P	5 Years	na	na	$265,329	$6.76
Midwestern National	Flex. Retire.	0-80	6.75%	(4.5%)	P	na	6%	1%	$369,282	$7.73
National Guardian	SPDA	0-85	5.80%	(4.0%)	P	1 Year	7%	1%	$308,826	$8.39
National Heritage	Captl Bldr +	0-85	6.75%	(3.0%)	P	1 Cal Yr.	16%	4%	$310,065	$7.79
National Heritage	Captl Bonus	0-85	9.25	(3.0%)	P	1 Cal Yr.	16%	0%	$320,502	$7.79
Penn Mutual	Diversifier II	0-85	5.25%	(4.0%)	I	7 Years	7%	1%	$278,254	$7.57
Penn Mutual	Diversifier II	0-85	5.10%	(4.0%)	I	5 Years	7%	1%	$270,430	$7.57
Penn Mutual	Diversifier II	0-85	4.85%	(4.0%)	I	3 Years	7%	1%	$257,851	$7.57
Penn Mutual	Diversifier II	0-85	4.60%	(4.0%)	I	1 Years	7%	1%	$245,829	$7.57
Presidential	SPDA	0-85	5.80%	(5.5%)	I	1 Year	7%	1%	$308,826	$7.51
Principal Finan. Grp.	SPDA	0-85	5.05%	(4.0%)	I	1 Year	8%	2%	$267,868	$6.96
Provident Mutual	SPDA III	0-75	5.15%	(4.5%)	I	2 Years	3%	3%	$273,014	$7.71
Provident Mutual	SPDA IV	0-75	5.65%	(4.5%)	I	2 Year	5%	5%	$300,186	$7.71
SAFECO (q)	QPA III Plus	0-75	6.00%	(4.25%)	I	6-12 mos.	9%	4%	$255,957	$6.42
SAFECO (q)	QPA V Plus	0-75	4.75%	(4.25%)	I	6-12 mos.	8%	2%	$255,957	$6.42
Security Benefit	Security Prem.	0-80	6.15%	(3.5%)	I	1 Year	8%	0%	$275,611	$7.63

continued...

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1	7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per $1,000 M 65 Life Only
continued...										
Security Benefit	Security Prov.	0-80	5.15%	(3.5%)	I	1 Year	9%	0%	$273,014	$7.63
Security Conn. (q)	SPDA-1	0-85	5.10%	(4.0%)	I	1 Year	7%	0%	$270,430	$7.17
Security Conn. (q)	SPDA-3	0-85	4.45%	(4.0%)	I	3 Years	7%	0%	$238,874	$7.17
United Companies	Maxsaver I15	0-80	5.35%	(4.0%)	P	1 Year	8%	0%	$283,590	$7.27
United Presidential	Pacer Advant.	0-80	5.60%	(4.0%)	I	1 Year	10%	3%	$297,357	$7.57
United Services	Index	0-85	5.00%	(4.0%)	I	1 Year	9%	3%	$242,325	$7.09
USG Annuity & Life	MVA 3	0-85	6.15%	(3.0%)	I	1 Year	9%	2%	$229,851	$6.79
Western National	SPDA +II	0-85	5.00%	(4.0%)	I	1 Year	7%	0%	$265,330	$7.78

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

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

Reporting Companies	Policy Name	Issue Age	Initial Creditd Rate%	Yield Guarantee Period	Surrender penalties by Year 1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	no max	4.50%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Federal Home Life	SPDA Preferred	0-80	4.25%	1 Year	7%	6%	5%	4%	3%	2%	1%	-	-
Jackson National	Ann.Renew.	no max	3.25%	1 Year	5%	4%	3%	2%	1%	-	-	-	-
Protective LIC	Prosaver +	0-94	3.00%	1 Year	6 mos. interest + MVA								
Protective LIC	Prosaver MGA	0-94	3.00%	1 Year	6 mos. interest + MVA								
Provident Mutual	Asset Accumul.	0-75	4.50%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%
Xerox Finan. Svcs	Acct4KeepsI	0-84	4.00%	1 Year	2%	1%	1%	1%	1%	1%	1%	1%	1%

*Entire value of contract may be surrendered without penalty on each anniversary date
Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Reporting Companies	Policy Name	Issue Age	Initial Credited Rate	Yield Guar. Period	Surrender penalties by Year 1	2	3	4	5	6	7	8	9	10
Crown Life #	SPDA	0-75	5.48%	10 Years	9.0%	8.1%	7.2%	6.3%	5.4%	4.5%	3.6%	2.7%	1.8%	0.9%
Crown Life #	SPDA	0-75	5.37%	9 Years	9.0%	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	-
Crown Life #	SPDA	0-75	5.17%	8 Years	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	4.85%	7 Years	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	4.54%	6 Years	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	4.22%	5 Years	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	CD Annuity	0-99	4.65%	5 Years	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	CD Annuity	0-99	4.35%	4 Years	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	CD Annuity	0-99	4.05%	3 Years	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Protective LIC	Prosaver +	0-94	4.30%	5 Years	6 mos. interest + MVA									
Protective LIC	Prosaver +	0-94	4.50%	6 Years	6 mos. interest + MVA									
Protective LIC	Prosaver +	0-94	4.95%	7 Years	6 mos. interest + MVA									
Protective LIC	Prosaver +	0-94	5.15%	8 Years	6 mos. interest + MVA									
Protective LIC	Prosaver +	0-94	5.20%	9 Years	6 mos. interest + MVA									
Protective LIC	Prosaver +	0-94	5.25%	10 Years	6 mos. interest + MVA									
Xerox Finan. Svcs	Acct4KeepsIII	0-82	4.50%	3 Years	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Xerox Finan. Svcs	Acct4KeepsV	0-80	5.00%	5 Years	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Xerox Finan. Svcs	Acct4KeepsVII	0-85	5.35%	7 Years	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: Oct. 26, 1993 thru Oct. 29, 1993

Table 7. Flexible Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Bail-out Escape Rate	Surrender Fees/Year 1	Surrender Fees/Year 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per $1,000 M 65 Life Only
Commercial Union	MaximizerII	0-85	4.00%	(3.5%)	I	1 Year	na	9%	0%	$309,692	$6.68
Secur.Mutual/NY	Flex Plus	0-80	4.50%	(4.5%)	P	1 Year	na	7%	4%	$327,831	$8.35
Standard	FPDA	0-80	4.50%	(4.0%)	I	1 Year	4.25%	7%	3%	$327,831	$7.00

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

Table 8. Flexible Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1	Surrender Fees/Year 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per $1,000 M 65 Life Only
American Heritage	PFPA	0-69	5.88%	(4.0%)	P	1 Year	10%	2%	$384,274	$7.62
American Investors	Alliance I	0-85	6.05%	(3.5%)	I	1 Year	12%	6%	$349,454	$7.42
American National	Benchmark	1-100	5.50%	(3.0%)	P	none	10%	4%	-	-
Columbia Universal	FPDA II	0-75	6.55%	(4.5%)	P	1 Year	10%	4%	$415,932	$8.41
Delta Life & Annuity	Flex Premium	0-99	4.65%	(4.0%)	P	1 Year	8%	4%	$346,783	$7.25
Federal Home Life	Premier Ann.+	0-80	5.75%	(4.0%)	I	1 Year	9%	2%	$318,945	$8.13
Federal Home Life	Flexi III	15-75	4.75%	(4.0%)	I	5 Years	10%	0%	$337,354	$8.13
Fort Dearborn LIC	Forti-Flex	0-85	5.85%	(5.0%)	P	1 Year	5%	0%	$383,155	$7.58
Golden Rule	FPDA	0-60	5.15%	(3.0%)	I	1 Year	11%	5%	$352,411	$7.36
Great American	TSA IV (A104)	18-65	7.00%	(4.0%)	I	-	20%	0%	$438,652	$8.27
Jackson National	Flex I	0-70	5.25%	(3.0%)	I	1 Cal Yr.	12%	3%	$357,496	$7.99
Jackson National	Flex II	0-65	5.25%	(3.0%)	I	1 Cal Yr.	35%	5%	$357,496	$7.99
Jefferson-Pilot	FPDA	0-72	5.00%	(3.5%)	I	1 Year	9%	5%	$347,192	$7.34
John Alden	All-Purpose	0-85	5.30%	(4.0%)	I	1 Cal Yr.	9%	1%	$359,431	$7.88
John Alden	All-Purpose +	0-85	6.50%	(4.0%)	I	1 Cal Yr.	9%	2%	$347,572	$7.88
John Alden	Income Advantage	0-80	6.00%	(4.0%)	I	1 Cal Yr.	9%	2%	$347,445	$7.88
John Alden	Six Flex	0-80	6.00%	(4.0%)	I	1 Cal Yr.	7%	3%	$347,445	$7.88
Life/Southwest	Flex 3000	0-80	5.75%	(3.0%)	I	1 Year	7%	1%	$343,315	$7.34
Midwestern National	Flex Retire.	0-80	6.75%	(4.5%)	P	na	6%	1%	$425,864	$7.73
National Guardian	FPDA	0-80	6.00%	(4.0%)	P	6 mos.	10%	4%	-	$8.99
National Heritage	CapRetAccum	0-79	5.75%	(3.0%)	P	1 Cal Yr.	16%	10%	$378,713	$7.79
New England Mutual	FRA+	0-75	3.25%	(3.0%)	B	1 Year	10%	4%	$206,745	$7.09
Penn Mutual	Diversif. II	0-85	5.25%	(4.0%)	I	7 Years	7%	2.5%	$357,358	$7.57
Penn Mutual	Diversif. II	0-85	5.10%	(4.0%)	I	5 Years	7%	2.5%	$351,219	$7.57
Penn Mutual	Diversif. II	0-85	4.85%	(4.0%)	I	3 Years	7%	2.5%	$341,251	$7.57
Penn Mutual	Diversif. II	0-85	4.60%	(4.0%)	I	1 Years	7%	2.5%	$331,603	$7.57
Presidential	FPDA	0-85	5.70%	(5.5%)	I	12/31/93	7%	4%	$376,514	$7.51
Presidential	TSA-LOAN	0-85	5.80%	(5.5%)	I	12/31/93	7%	4%	$380,927	$7.51
Protective Life	FPDA	0-80	5.75%	(3.0%)	I	1 Year	6%	0%	$340,575	$7.45
Reliance Standard	FPA II	0-78	6.50%	(4.5%)	P	1 Cal.Yr.	7%	7%	$413,489	$8.97
SAFECO (q)	QPA III	0-75	4.75%	(4.25%)	I	6-12 mos	9%	4%	$337,354	$6.42
SAFECO (q)	QPA V	0-75	4.75%	(3.00%)	I	6-12 mos	8%	2%	$337,354	$6.42
Security Benefit	Security Mark	0-75	5.10%	(4.5%)	I	-	8%	2%	$375,336	$7.63
Southwestern LIC	Flex-Rite	0-75	5.45%	(4.0%)	P	-	7%	2%	$382,339	$7.22
Sunlife of Canada	Horizon Plus	0-80	5.00%	(4.0%)	-	5 Years	5%	0%	$347,193	$7.88
USG Annuity/Life	Flex 9	0-85	6.50%	(3.0%)	I	1 Year	9%	3%	$328,293	$7.49
United Cos. Life	Taxsaver II	0-80	6.70%	(4.0%)	P	1 Year	10%	4%	$423,356	$7.27
United Presidential	Pacer One	0-75	5.25%	(4.0%)	I	1 Year	10%	3%	$278,254	$7.57
United Services	USLICO Annuity	0-85	5.50%	(4.0%)	I	1 Year	10%	4%	$367,861	$7.09
Western National (q)	FPDA Plus II	0-85	5.75%	(4.0%)	I	none	8%	2%	$378,713	$7.78
Western National (q)	FPDA Plus	0-85	5.50%	(4.0%)	I	none	6%	0%	$367,861	$7.78
WM/Empire	FPA	0-85	4.50%	(3.0%)	I	1 Year	8.1%	2.7%	$327,831	$7.60

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

SPLIT ANNUITIES UPDATE

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9 are based on an investment of $100,000. Column headed "**Annual Interest Rate**" indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). "**Deferred Annuity Premium**" column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred annuity to grow back to the full amount of the original investment. Column headed "**Monthly Income Amount**" lists the monthly income which is generated by the immediate annuity portion of the contract and payable each month until the contract matures (either 5 or 7 years). "**Income Annuity Premium**" column reports the amount of the original investment which is allocated to the immediate annuity portion of the contract.

Table 9. Split ("Combination") Immediate and Deferred Annuities
(Not Ranked by Top Quartile)

			5 Year Maturity Rates				7 Year Maturity Rates			
Reporting Companies	Policy Name	Issue Ages	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium
Col. Universal	Combo	0-85	5.20%	$77,613	$420.87	$22,387	5.14%	$70,398	$416.20	$29,602
Empire Life	FPA	0-85	3.30%	$85,023	$270.60	$14,977	3.21%	$80,142	$263.45	$19,858
Federal Home	SPDA/SPIA	0-80	na	na	na	na	5.00%	$71,786	$375.48	$28,214
Jefferson-Pilot	Split Annuity	5-85	na	na	na	na	5.00%	$71,714	$367.58	$28,286
Midwestern Nat'l	Split Annuity	0-80	na	na	na	na	4.50%	$73,556	$352.83	$26,444
Penn Mutual	Diversifier II	0-80	na	na	na	na	5.25%	$69,895	$398.13	$30,105
Presidential	Combi-nuity	0-85	5.50%	$76,513	$425.49	$23,486	na	na	na	na
Prov. Mutual	SPDA II/SPIA	0-75	4.50%	$80,245	$346.32	$19,755	na	na	na	na
Sun Life/Can.	Regatta	0-80	na	na	na	na	4.45%	$73,907	$354.61	$26,093
WM Life Ins. Co.	FPA	0-85	3.40%	$84,618	$271.48	$15,382	3.28%	$79,760	$264.95	$20,240

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

Canada Life,
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Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. Like a fixed annuity, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, VAs offer many more investment options (see column headed "**Types of Accounts**") not available in single-account fixed annuities.

With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general interest account (GIA), which affords the same advantages as are fcurrently available in the fixed general account. Transfers can usually be directed from this fixed account to the various "mutual-fund" type accounts. The "Yield Guar. Period" **column lists the period for** which the initial GIA rate remains unchanged. "**Surrender Fees/Year**" column reports the withdrawal penalties in effect in the sample years indicated. "**Total** Assets $ Mil" **gives in millions of dollars** the total amount of assets under management (excluding funds in fixed general accounts). "**# of Accts**" indicates the number of separate accounts that represent different investment options from which to choose.

In the PERFORMANCE TABLES "**Accum. Unit Value**" reports the dollar value per share of fixed - income type account. "**YTD**" reports the year-to-date rate of return for the account listed. "**1 Yr" reports the 1 year rate of return for** the account listed. "**3 Yr**" reports the cumulative 3-year rate of return for the account listed. "**5 Yr**" reports the cumulative 5-year rate of return for the account listed.

Note: Many companies offer more than one variable annuity contract. Often, different contracts will offer many of the same optional accounts; yet the investment returns may show slight variations. This difference reflects the fact that separate variable annuity contracts may have different fee structures.

Table 10a. Variable Annuities - Contract Features

Reporting Companies	Policy Name	Total Assets $ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Yield Guar. Period	Surrender Fees/Year 1	7
Ameritas	Overture II	na	13	AA,AG,B,CA,EI,FI,G,I,MM,SI	4.50%	1 Year	6%	0%
Anchor National	ICAP II	$1,870	15	AA,AG,B,CA,EI,FI(2),G,GS,I	4.25%	1 Year	5%	0%
Canada Life (U.S.)	Varifund	$ 34	5	B,EI,FI,G,MM	4.90%	1 Year	6%	0%
Connecticut Mutual	Panorama Plus	na	4	AA,FI,G,MM	na	na	5%	4%
Fortis Benefits	Masters Annuity	$ 953	15	B,FI,G,GS,MM	4.00%	1 Year	7%	1%
Guardian Life	Investor	na	7	B,FI,G(2),I,MM,RP	5.00%	1 Year	6%	1%
Jefferson Pilot	Variable Annuity	$ 102	3	FI,G,MM	no fixed account			
John Hancock	Accomodator 2000	na	7	AG,FI(2),G,I,MM,RP	4.65%	1 Year	8%	6%
Kemper Investors	Advantage III (NQ)	na	6	B,FI,G,GS,MM,I	5.00%	1 Year	6%	0%
Keyport Life	Preferred Advisor	$ 543	10	AA,CA,G,B,EI,FI,G,GS,MM,	3.80%	3 Yrs	7%	1%
Lincoln National	Multi-Fund III	$2,161	8	AA,AG,B,FI,G,I,MM	6.10%	1 Year	7%	0%
Manulife Financial	Variable Annuity	$ 72	6	AG,B,FI,G,MM,RP	4.00%	1 Year	7%	1%
Metropolitan	Preference +	na	7	AG,B(3),G,I,SI	4.75%	1 Year	7%	1%
Nationwide	Best of America IV	$3,897	22	AG,B,CA,G,GS,FI,GS,I,EI	4.75%	1 Year	7%	1%
New England Mutual	Zenith Accumulator	$ 611	9	AG,B,EI,FI,G,I,MM,SI	4.00%	1 Year	6.5%	3.5%
Pacific Mutual	Select	$ 69	10	B,EI,FI(2),G,GS,I,MM,SI	4.75%	1 Year	6%	0%
Penn Mutual	Diversifier II	$1,206	10	B(2),EI,FI(2),G(2),MM,I	5.10%	5 Years	7%	1%
Phoenix Home Life	Big Edge Plus	$ 652	6	AA,B,FI,G,I,MM	4.25%	1 Year	5%	0%
Prudential	Discovery Plus	$1,429	12	AG,EI(2),FI(3),G(2),I,MM,RP,SI	4.00%	3 Yrs	7%	0%
SAFECO	Variable Account B	$ 37	5	EI,FI,G,MM,S	na	na	9%	4%
Security Benefit	Variflex	$1,201	7	AG,B,FI,G,MM,I	5.10%	na	8%	2%
State Mutual	Exec.Annuity+	na	12	AG,EI(3),FI(3),G(3),I,MM	5.25%	1 Year	na	na
SunLife/Canada	Regatta Gold	na	8	B,CA,FI,G,GS,I,MM,S	4.15%	5 Yrs	6%	3%
Travelers	Universal Annuity	$1,697	21	AA,AG,CA,FI,GS,I	5.00%	1 Year	5%	0%
Union Central	Variable Annuity	$ 175	7	AA,CA,FI,G,I,MM	5.40%	1 Year	7%	2%
Xerox Finan. Svcs.	Performance	$ 225	6	AA,EI(2),FI(2),MM,SI	5.50%	1 Year	5%	0%

AG	Aggressive Growth	EI	Equity/Income	GS	Govt Securities	RP	Real Property
B	Balanced	FI	Fixed Income	I	International	SI	Stock Index
CA	Capital Appreciation	G	Growth	MM	Money Market		

na= data not available

Table 10b. Variable Annuities - Bond (Fixed Income) Performance

Reporting Companies	Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 9/30/93 YTD	1 Yr	3 Yr	5 Yr
Ameritas	High Income	$18.09	$ 13.72	13.7%	14.2%	23.0%	11.3%
Anchor National	Govt./Qual. Bond	$23.71	$251.00	7.2%	6.6%	11.5%	9.9%
Canada Life	Bond	$13.76	$ 4.80	9.4%	9.5%	11.8%	na
Connecticut Mutual	Income	$ 1.18	na	11.3%	11.1%	na	na
Fortis Benefits	Divers. Income	$ 1.60	$ 71.60	9.8%	9.2%	10.7%	9.4%
Guardian Life	Bond	$14.26	na	9.4%	8.6%	11.6%	na
Jefferson Pilot	Income Fund	$34.73	$ 29.00	10.1%	9.9%	11.2%	9.3%
John Hancock	Bond	$17.16	na	9.9%	9.6%	18.1%	15.5%
Kemper Investors (NQ)	High Yield	$ 4.01	na	11.7%	12.3%	23.0%	10.1%
Keyport Life	Mtg. Securities	$14.48	$ 83.70	4.5%	4.4%	8.6%	na
Lincoln National	Bond	$ 3.84	na	12.0%	11.4%	13.1%	10.7%
Manulife Financial	Cap. Gwth. Bond	$17.05	na	10.2%	9.4%	11.6%	9.8%
Metropolitan	Income	$14.21	na	9.5%	9.5%	12.4%	na
Nationwide	Fidel. Hi Income	$18.02	$126.10	13.7%	14.1%	22.9%	11.2%
New England Mutual	Bond Income	$ 2.66	$103.40	11.1%	10.1%	12.9%	10.3%
Pacific Mutual	Managed Bond	$14.51	na	10.3%	10.7%	13.0%	na
Penn Mutual	Quality Bond	$16.57	$ 29.60	9.8%	10.1%	11.4%	9.5%
Phoenix Home Life	Bond	$ 2.84	na	12.2%	12.1%	14.5%	10.4%
Prudential	Bond	$ 2.56	na	9.7%	9.4%	17.2%	13.0%
SAFECO	Resource Bond	$16.40	$ 7.15	10.2%	8.8%	10.2%	8.9%
Security Benefit	Hi Grade Income	$20.91	$107.00	13.4%	13.2%	12.9%	10.4%
State Mutual	Fidel. Hi Income	$ 1.44	na	13.6%	14.0%	na	na
Sun Life Canada	Gov't Securities	na	$ 96.10	8.0%	7.1%	na	na
Travelers	Quality Bond	$ 4.39	na	8.3%	7.8%	10.5%	9.2%
Union Central	Carillon Bond	$20.81	na	9.5%	8.8%	11.9%	9.7%
Xerox Finan. Svcs.	VKM Qual. Income	$14.09	$ 46.09	10.4%	10.1%	9.4%	na

na - data not available

Table 10c. Variable Annuities - Bond (Fixed Income) Fees

Reporting Companies	Fund Name	Contract Fee	Admin. Fee	Mortality & Expense	Mgt. Fee	Other	Total
Ameritas	High Income	$ 30	.20%	1.25%	.67%	na	na
Anchor National	Govt./Qual. Bond	$ 30	.15%	1.25%	.60%	.20%	2.20%
Canada Life	Bond	$ 30	na	1.25%	.50%	.75%	2.50%
Connecticut Mutual	Income	$ 40	na	.73%	.72%	na	1.45%
Fortis Benefits	Divers. Income	$ 0	.10%	1.25%	.50%	.12%	1.97%
Guardian Life	Bond	na	na	na	na	na	na
Jefferson Pilot	Income Fund	$ 30	na	0.99%	.50%	.17%	1.66%
John Hancock	Bond	na	na	na	na	na	na
Kemper Investors (NQ)	High Yield	na	na	na	na	na	na
Keyport Life	Mtg. Securities	$ 30	na	1.25%	.55%	.15%	1.95%
Lincoln National	Bond	$ 0	na	1.00%	.48%	.04%	1.52%
Manulife Financial	Cap. Gwth. Bond	$ 30	na	1.00%	.50%	na	1.50%
Metropolitan	Income	na	na	na	na	na	na
Nationwide	Fidel. Hi Income	$ 30	.05%	1.25%	.52%	.15%	1.97%
New England Mutual	Bond Income	$ 30	.40%	.95%	.40%	.04%	1.79%
Pacific Mutual	Managed Bond	$ 30	.15%	1.25%	.50%	na	1.90%
Penn Mutual	Quality Bond	$ 30	0.0%	1.25%	.48%	.40%	2.13%
Phoenix Home Life	Bond	$ 35	na	1.25%	.50%	.15%	1.90%
Prudential	Bond Portfolio	$ 0	.20%	1.00%	.40%	.07%	1.67%
SAFECO	Resource Bond	$ 30	na	1.25%	.74%	na	1.99%
Security Benefit	Hi Grade Income	$ 30	na	1.20%	.75%	.11%	2.06%
State Mutual	Fidel. Hi Income	na	na	na	na	na	na
Sun Life Canada	Gov't Securities	$ 30	.15%	1.25%	.55%	.11%	2.06%
Travelers	Quality Bond	$ 30	na	1.25%	.32%	na	1.57%
Union Central	Carillon Bond	$ 30	.25%	1.20%	.50%	.16%	2.11%
Xerox Finan. Svcs.	VKM Quality Inc.	$ 30	.15%	1.25%	.50%	.10%	2.00%

na= data not available

Table 10d. Variable Annuities - Growth (Equity) Performance

Reporting Companies	Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 9/30/93 YTD	1 Yr	3 Yr	5 Yr
Ameritas	Fidelity Growth	$24.52	na	17.9%	34.3%	25.1%	15.7%
Anchor National	Capital Apprec.	$22.98	$316.10	20.4%	42.4%	36.6%	19.1%
Canada Life	Capital	$10.81	$ 2.38	8.1%	na	na	na
Connecticut Mutual	Growth	$ 1.26	na	18.8%	30.8%	na	na
Fortis Benefits	Growth Stock	$ 2.15	$233.10	7.7%	19.9%	20.6%	16.4%
Guardian Life	Stock	$17.21	na	21.7%	38.3%	26.7%	na
Jefferson Pilot	Growth Fund	$75.13	$ 53.00	3.6%	11.1%	14.8%	12.3%
John Hancock	Aggressive Stock	$23.46	na	10.8%	16.8%	18.1%	15.5%
Kemper Investors (NQ)	Equity	$ 3.49	na	15.7%	28.3%	26.4%	18.1%
Keyport Life	Capital Apprec.	$17.57	$ 81.10	23.3%	45.5%	25.1%	na
Lincoln National	Growth Fund	$ 4.46	na	9.1%	13.7%	16.4%	11.5%
Manulife Financial	Emerg. Growth	$37.05	na	21.3%	51.7%	36.1%	24.6%
Metropolitan	Growth	$14.05	na	12.6%	24.6%	19.4%	na
Nationwide	Fidelity Growth	$24.26	$412.70	17.9%	34.2%	25.0%	15.6%
New England Mutual	Capital Growth	$ 8.84	$343.30	10.8%	20.6%	18.3%	13.5%
Pacific Mutual	Growth	$17.35	na	14.9%	30.6%	17.8%	na
Penn Mutual	Growth Equity	$28.43	$ 76.70	8.9%	17.3%	17.0%	12.4%
Phoenix Home Life	Growth	$ 6.11	na	15.7%	24.4%	14.5%	10.4%
Prudential	Common Stock	$ 3.54	na	16.0%	22.3%	11.8%	10.0%
SAFECO	Resource Equity	$22.50	$ 27.05	20.3%	35.1%	20.0%	14.0%
Security Benefit	Growth	$27.96	$328.00	9.3%	21.1%	19.3%	14.4%
State Mutual	Fidel. Growth	$ 1.44	na	17.8%	34.0%	na	na
Sun Life Canada	Cons. Growth	na	$ 49.20	7.1%	12.7%	na	na
Travelers	Agg. Stock Trust	$ 1.93	na	15.7%	30.1%	25.2%	13.6%
Union Central	Carillon Equity	$25.90	na	9.4%	16.5%	23.7%	10.4%
Xerox Finan. Svcs.	VKM Stock Index	$11.65	$ 78.72	5.3%	9.3%	na	na

na - data not available

Table 10e. Variable Annuities - Growth (Equity) Fees

Reporting Companies	Fund Name	Contract Fee	Admin. Fee	Mortality & Expense	Mgt. Fee	Other	Total
Ameritas	Fidelity Growth	$ 30	.20%	1.25%	.75%	na	na
Anchor National	Capital Apprec.	$ 30	.15%	1.25%	.70%	.20%	2.30%
Canada Life	Capital	$ 30	na	1.25%	.50%	.75%	2.50%
Connecticut Mutual	Growth	$ 40	na	0.73%	.72%	na	1.45%
Fortis Benefits	Growth Stock	$ 0	.10%	1.25%	.65%	.11%	2.11%
Guardian Life	Stock	na	na	na	na	na	na
Jefferson Pilot	Growth Fund	$ 30	na	0.99%	.50%	.13%	1.62%
John Hancock	Aggressive Stock	na	na	na	na	na	na
Kemper Investors (NQ)	Equity	na	na	na	na	na	na
Keyport Life	Capital Apprec.	$ 30	na	1.25%	.65%	.15%	2.05%
Lincoln National	Growth Fund	na	.00%	1.00%	.38%	.03%	1.41%
Manulife Financial	Emerg. Growth	$ 30	na	1.00%	.50%	na	1.50%
Metropolitan	Growth	na	na	na	na	na	na
Nationwide	Fidelity Growth	$ 30	.05%	1.25%	.63%	.12%	2.05%
New England Mutual	Capital Growth	$ 30	.40%	.95%	.68%	.02%	2.05%
Pacific Mutual	Growth	$ 30	.15%	1.25%	.50%	na	1.90%
Penn Mutual	Growth Equity	$ 30	0.0%	1.25%	.45%	.44%	2.13%
Phoenix Home Life	Growth	$ 35	na	1.25%	.85%	0%	2.10%
Prudential	Common Stock	$ 0	.20%	1.00%	.45%	.08%	1.73%
SAFECO	Resource Equity	$ 30	na	1.25%	.74%	na	1.99%
Security Benefit	Growth	$ 30	na	1.20%	.75%	.11%	2.06%
State Mutual	Fidel. Growth	na	na	na	na	na	na
Sun Life Canada	Cons. Growth	$ 30	.15%	1.25%	.75%	.10%	2.25%
Travelers	Aggr. Stock Trust	$ 15	na	1.25%	.75%	.27%	2.27%
Union Central	Carillon Equity	$ 30	.25%	1.20%	.63%	.09%	2.17%
Xerox Finan. Svcs.	VKM Stock Index	$ 30	.15%	1.25%	.50%	.10%	2.00%

na= data not available

Table 10f. Variable Annuities - Total Return (Equity/Income) Performance

Reporting Companies	Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 9/30/93 YTD	1 Yr	3 Yr	5 Yr
Ameritas	Equity Income	$19.00	na	15.5%	24.1%	22.7%	11.1%
Canada Life	Managed	$13.68	$ 16.29	4.7%	10.0%	13.5%	na
Connecticut Mutual	Total Return	$ 1.21	na	14.1%	19.8%	na	na
Fortis Benefits	Asset Allocation	$ 1.78	$168.10	6.9%	9.4%	13.7%	11.7%
Guardian Life	Strat.Asset Mgt.	$18.33	na	11.6%	23.9%	25.5%	na
John Hancock	Total Return	$19.15	na	9.1%	11.6%	14.6%	11.4%
Kemper Investors (NQ)	Total Return	$ 3.80	na	10.4%	18.7%	17.3%	14.6%
Keyport Life	Managed Assets	$15.57	$150.50	6.3%	10.1%	14.2%	na
Lincoln National	Managed	$ 2.80	na	9.6%	10.7%	12.9%	10.3%
Manulife Financial	Balanced Assets	$18.61	na	10.4%	14.2%	14.1%	11.6%
Metropolitan	Diversified	$14.12	na	11.2%	17.4%	16.1%	na
Nationwide	Fid. Equity Income	$17.45	$351.60	15.4%	24.0%	22.6%	11.0%
New England	Zenith Managed	$ 1.73	$ 98.70	8.8%	11.2%	13.2%	10.5%
Pacific Mutual	Equity Income	$14.09	na	5.3%	11.7%	15.2%	na
Penn Mutual	Value Equity	$17.98	$ 65.40	5.3%	8.4%	17.3%	9.0%
Phoenix Home Life	Total Return	$ 2.99	na	8.3%	12.9%	16.8%	13.5%
Prudential	Cnsrv.Managed	$ 2.71	na	10.6%	14.1%	22.0%	14.9%
SAFECO	Growth	$12.87	$ 0.31	28.7%	na	na	na
Security Benefit	Income/Growth	$32.40	$569.00	8.4%	14.9%	16.1%	13.7%
State Mutual	Fidel. Eq.Income	$ 1.40	na	15.3%	23.9%	na	na
Sun Life/Canada	Total Return	na	$257.90	12.6%	15.2%	na	na
Travelers	Fidel.Asset Mgr.	$ 1.22	na	12.4%	16.5%	na	na
Union Central	Carillon Capital	$13.96	na	7.2%	9.3%	14.7%	na
Xerox Finan. Svcs.	LA Gwth & Income	$16.10	$ 68.56	11.0%	18.5%	13.3%	na

na - data not available

Table 10g. Variable Annuities - Total Return (Equity/Income) Fees

Reporting Companies	Fund Name	Contract Fee	Admin. Fee	Mortality & Expense	Mgt. Fee	Other	Total
Ameritas	Equity Income	$ 30	.20%	1.25%	.65%	na	na
Canada Life	Managed	$ 30	na	1.25%	.50%	.75%	2.50%
Connecticut Mutual	Total Return	$ 40	na	0.73%	.72%	na	1.45%
Fortis Benefits	Asset Allocation	$ 0	.10%	1.25%	.50%	.10%	1.95%
Guardian Life	Strat.Asset Mgt.	na	na	na	na	na	na
John Hancock	Total Return	na	na	na	na	na	na
Kemper Investors (NQ)	Total Return	na	na	na	na	na	na
Keyport Life	Managed Assets	$ 30	na	1.25%	.60%	.15%	2.00%
Lincoln National	Managed	$ 0	na	1.00%	.45%	.04%	1.49%
Manulife Financial	Balanced Assets	$ 30	na	1.00%	.50%	na	1.50%
Metropolitan	Diversified	na	na	na	na	na	na
Nationwide	Fid. Equity Income	$ 30	.05%	1.25%	.53%	.12%	1.95%
New England	Zenith Managed	$ 30	.40%	0.95%	.50%	.04%	1.89%
Pacific Mutual	Equity Income	$ 30	.15%	1.25%	.50%	na	1.90%
Penn Mutual	Value Equity	$ 30	0.0%	1.25%	.49%	.40%	2.14%
Phoenix Home Life	Total Return	$ 35	na	1.25%	.75%	0%	2.00%
Prudential	Cnsrv.Managed	$ 0	.20%	1.00%	.55%	.07%	1.82%
SAFECO	Growth	$ 30	na	1.25%	.74%	na	1.99%
Security Benefit	Income/Growth	$ 30	na	1.20%	.75%	.11%	2.06%
State Mutual	Fidel. Eq.Income	na	na	na	na	na	na
Sun Life Canada	Total Return	$ 30	.15%	1.25%	.75%	.25%	2.40%
Travelers	Fidel. Asset Alloc.	$30	na	1.25%	.73%	.18%	2.16%
Union Central	Carillon Capital	$ 30	.25%	1.20%	.74%	.14%	2.36%
Xerox Finan. Svcs.	LA Gwth & Income	$ 30	.15%	1.25%	.50%	.15%	2.05%

na= data not available

The following quotations represent the total premium amount required to guarantee $1,000 of monthly life income, assuming a 0% or 3% per annum cost of living adjustment (COLA). The COLA adjustment is made at the beginning of each year with monthly payments during the year remaining at a constant level (ie., in the first year at $1000; in year 2 at $1030; in year 3 at $1060.90; etc.) Quotes assume (1) normal life expectancy (i.e. plaintiff's injury is not life impairing), (2) that the cost of any third-part assignment is extra, and (3) that the first payment date is one month after the date of issue. All fees and commissions, but not state premium taxes, if applicable, are included. Note that all monthly payments within a single year are for the same amount. The COLA increase takes place only at the beginning of each year. The **"Male 15 0% COLA" column reports the cost of $1,000** of monthly income for life purchased for a 15 year old male, assuming a 0% cost of living adjustment. **"Male 15 3% COLA"** reports the cost of an escalating lifetime annuity for a male age 15. The annuity starts at $1,000 a month and increases by 3% on each policy anniversary. Remaining columns show similar figures for male age 50, and for females ages 15 and 50. **"Add'l** Cost Assignment" **indicates the availability** and cost of a third-party assignment.

Table 11. Structured Settlement Annuities

ISSUE AGES AND FORMS OF ANNUITY

Reporting Companies	Male 15 0% COLA	Male 15 3% COLA	Male 50 0% COLA	Male 50 3% COLA	Fem. 15 0% COLA	Fem. 15 3% COLA	Fem. 50 0% COLA	Fem. 50 3% COLA	Add'l Cost Assignment
Commercial Union	$207,387	$356,951	$162,298	$224,442	$211,217	$374,203	$176,122	$254,231	$500
Empire Life	$237,762	$436,205	$183,799	$266,666	$241,954	$456,388	$197,958	$297,360	na
Presidential	$204,275	$344,527	$154,214	$210,119	$210,229	$367,207	$170,497	$242,805	$100
Standard	$206,781	$370,048	$167,086	$235,759	$210,253	$388,293	$177,426	$258,681	$500
WM Life	$237,763	$436,205	$183,799	$266,666	$241,954	$456,388	$197,958	$297,360	na

Survey period: Oct. 26, 1993 thru Oct. 29, 1993.

GICS UPDATE

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are fixed-income assets offering high rates of return combined with low market volatility. GICs are almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors. GICs are usually backed by the general account assets of the insurers. The "Bullet" GICs illustrated below do not permit withdrawals before maturity (and are quoted without commissions).

Table 12. Bullet GICs

Reporting Companies	Date of Quote	$500,000 Deposit Compound 3 Yr	$500,000 Deposit Compound 7 Yr	$500,000 Deposit Simple 3 Yr	$500,000 Deposit Simple 7 Yr	$2,000,000 Deposit Compound 3 Yr	$2,000,000 Deposit Compound 7 Yr	$2,000,000 Deposit Simple 3 Yr	$2,000,000 Deposit Simple 7 Yr
Allmerica	12/03	4.83%	6.12%	4.79%	5.96%	4.61%	5.89%	4.59%	5.78%
Canada Life	12/02	na	na	na	na	na	na	4.85%	5.92%
Hartford	12/02	4.96%	6.24%	3.91%	6.06%	4.96%	6.24%	4.91%	6.06%
Lincoln Nat'l	12/02	4.65%	5.87%	4.66%	5.80%	5.00%	6.02%	5.03%	5.98%
Penn Mutual	12/02	4.82%	5.92%	4.65%	5.54%	4.89%	5.95%	4.72%	5.58%
Principal Mutual	12/03	4.74%	5.91%	4.69%	5.76%	4.93%	6.07%	4.88%	5.92%
Provident Life/Accid.	12/02	4.86%	5.83%	4.80%	5.77%	5.01%	5.98%	4.95%	5.92%
Transamerica	12/02	4.51%	5.75%	4.40%	5.55%	4.70%	5.84%	4.59%	5.64%

qnq= available for qualified and non-qualified funds; q = qualified funds only

The premiums illustrated below are for a male or female, both nonsmokers, who purchase a yearly renewable term policy with a face amount of $250,000--at various ages; 35, 40, 45, 50, 55, and 60--and who continue to renew the policy every year for a total of 5 years. Premiums are paid annually and include all costs and commissions. The **"Age 35," "Age 40," and "Age 45"** columns show the initial premium for entry at that age. The columns headed **"Ages 35-39 inclusive," etc.**, show the aggregate cost for the five years indicated.

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

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Chubb Sovereign	GPL-1	$ 238	$ 1,450	$ 245	$ 1,825	$ 348	$ 2,463
Columbia Universal	T-90 ART	$ 273	$ 1,435	$ 328	$ 1,897	$ 463	$ 2,639
Commercial Union	ART to 70	$ 305	$ 1,690	$ 403	$ 2,335	$ 578	$ 3,433
Federal Home Life	Term Saver	$ 325	$ 1,710	$ 373	$ 2,103	$ 508	$ 3,028
Golden Rule	ValueTerm 1	$ 238	$ 1,435	$ 258	$ 1,828	$ 300	$ 2,750
Jackson National	YRT 100	$ 255	$ 1,548	$ 298	$ 2,038	$ 348	$ 2,693
Life/Southwest	ART 100	$ 350	$ 1,905	$ 450	$ 2,693	$ 708	$ 4,365
Lincoln Security	Lifeline - 1	$ 258	$ 1,698	$ 270	$ 2,080	$ 350	$ 2,982
Midwestern National	Anyone A	$ 319	$ 2,102	$ 338	$ 2,538	$ 409	$ 3,456
National Guardian	ART	$ 388	$ 2,220	$ 543	$ 3,118	$ 748	$ 4,210
Principal Finan.	ART	$ 288	$ 1,562	$ 355	$ 2,096	$ 440	$ 2,853
Reliance Std.	ART	$ 340	$ 1,860	$ 428	$ 2,392	$ 570	$ 3,275
Security Benefit	YRT-100	$ 283	$ 1,405	$ 428	$ 2,228	$ 658	$ 3,403
Security Conn.	Lifeline - 1	$ 258	$ 1,698	$ 270	$ 2,080	$ 322	$ 2,955
Secur.Mutual/NY	Prime Life	$ 268	$ 1,565	$ 323	$ 2,068	$ 328	$ 2,725
Southwestern LIC	ART 100	$ 350	$ 1,843	$ 403	$ 2,235	$ 545	$ 3,298

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Chubb Sovereign	GPL-1	$ 385	$ 3,595	$ 560	$ 5,045	$ 893	$ 8,225
Columbia Universal	T-90 ART	$ 630	$ 3,577	$ 868	$ 5,122	$1,313	$ 7,952
Commercial Union	ART to 70	$ 865	$ 4,753	$1,130	$ 6,423	$1,540	$ 9,508
Federal Home Life	Term Saver	$ 745	$ 4,185	$1,078	$ 6,800	$1,865	$11,990
Golden Rule	ValueTerm 1	$ 403	$ 3,825	$ 613	$ 5,325	$ 963	$ 8,085
Jackson National	YRT 100	$ 430	$ 3,678	$ 600	$ 5,300	$ 875	$ 7,638
Life/Southwest	ART 100	$1,165	$ 7,043	$1,865	$11,868	$3,248	$20,348
Lincoln Security	Lifeline - 1	$ 470	$ 4,140	$ 710	$ 6,385	$1,070	$10,343
Midwestern National	Anyone A	$ 519	$ 4,370	$ 738	$ 6,449	$ 989	$10,122
National Guardian	ART	$1,013	$ 5,978	$1,530	$ 9,140	$2,340	$14,253
Principal Finan.	ART	$ 555	$ 4,103	$ 763	$ 6,009	$1,370	$10,226
Reliance Std.	ART	$ 810	$ 4,800	$1,223	$ 7,285	$1,855	$10,948
Security Benefit	YRT-100	$ 993	$ 5,185	$1,445	$ 7,520	$2,248	$11,875
Security Conn.	Lifeline - 1	$ 470	$ 4,140	$ 710	$ 6,385	$1,070	$10,343
Secur.Mutual/NY	Prime Life	$ 408	$ 3,613	$ 580	$ 5,160	$ 825	$ 7,843
Southwestern LIC	ART 100	$ 863	$ 5,095	$1,273	$ 7,423	$1,875	$11,395

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Chubb Sovereign	GPL-1	$ 228	$ 1,410	$ 240	$ 1,718	$ 265	$ 1,975
Columbia Universal	T-90 ART	$ 263	$ 1,339	$ 278	$ 1,490	$ 353	$ 2,032
Commercial Union	ART to 70	$ 207	$ 1,480	$ 348	$ 2,008	$ 488	$ 2,833
Federal Home Life	Term Saver	$ 313	$ 1,610	$ 333	$ 1,693	$ 355	$ 1,960
Golden Rule	ValueTerm 1	$ 190	$ 1,140	$ 225	$ 1,445	$ 275	$ 2,000
continued...							

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Jackson National	YRT 100	$ 248	$ 1,380	$ 253	$ 1,500	$ 288	$ 1,925
Life/Southwest	ART 100	$ 308	$ 1,605	$ 350	$ 1,905	$ 450	$ 2,693
Lincoln Security	Lifeline - 1	$ 222	$ 1,452	$ 267	$ 1,938	$ 338	$ 2,435
Midwestern National	Anyone A	$ 293	$ 1,901	$ 329	$ 2,403	$ 387	$ 3,000
National Guardian	ART	$ 370	$ 2,118	$ 520	$ 2,993	$ 725	$ 4,085
Principal Finan.	ART	$ 283	$ 1,496	$ 293	$ 1,644	$ 370	$ 2,224
Reliance Std.	ART	$ 298	$ 1,595	$ 355	$ 1,915	$ 428	$ 2,298
Security Benefit	YRT-100	$ 225	$ 1,115	$ 338	$ 1,765	$ 520	$ 2,693
Security Conn.	Lifeline - 1	$ 208	$ 1,343	$ 242	$ 1,737	$ 300	$ 2,147
Secur.Mutual/NY	Prime Life	$ 208	$ 1,208	$ 248	$ 1,588	$ 253	$ 2,073
Southwestern LIC	ART 100	$ 323	$ 1,713	$ 378	$ 2,110	$ 510	$ 2,978

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

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

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Chubb Sovereign	GPL-1	$ 340	$ 3,018	$ 480	$ 3,908	$ 643	$ 5,690
Columbia Universal	T-90 ART	$ 495	$ 2,806	$ 668	$ 3,815	$ 935	$ 5,567
Commercial Union	ART to 70	$ 700	$ 3,888	$ 883	$ 4,713	$1,035	$ 6,228
Federal Home Life	Term Saver	$ 470	$ 2,668	$ 690	$ 4,320	$1,175	$ 7,445
Golden Rule	ValueTerm 1	$ 325	$ 2,685	$ 388	$ 3,563	$ 525	$ 4,625
Jackson National	YRT 100	$ 338	$ 2,545	$ 410	$ 3,423	$ 558	$ 4,908
Life/Southwest	ART 100	$ 708	$ 4,365	$1,165	$ 7,043	$1,865	$11,788
Lincoln Security	Lifeline - 1	$ 403	$ 3,320	$ 465	$ 4,315	$ 780	$ 6,600
Midwestern National	Anyone A	$ 454	$ 3,640	$ 554	$ 4,805	$ 730	$ 6,725
National Guardian	ART	$ 965	$ 5,418	$1,285	$ 7,265	$1,723	$ 9,750
Principal Finan.	ART	$ 460	$ 3,064	$ 585	$ 4,418	$ 828	$ 6,596
Reliance Std.	ART	$ 520	$ 3,038	$ 788	$ 4,915	$1,310	$ 7,750
Security Benefit	YRT-100	$ 785	$ 4,100	$1,143	$ 5,948	$1,778	$ 9,388
Security Conn.	Lifeline - 1	$ 370	$ 3,042	$ 445	$ 4,122	$ 745	$ 6,298
Secur.Mutual/NY	Prime Life	$ 313	$ 2,748	$ 443	$ 3,908	$ 623	$ 5,820
Southwestern LIC	ART 100	$ 735	$ 4,180	$ 985	$ 5,400	$1,238	$ 6,952

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

The premiums illustrated below assume that a non-smoker male or female purchases a 10-year level term policy with a face amount of $250,000 beginning at various ages: 35, 40, 45, 50, 55, and 60.

Table 14a. Ten-Year Level Term Life Ins. - Male Non-Smoker Rates $250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	10 Year R&C	$ 343	$ 538	$ 845	$1,333	$1,970	$3,058
Canada Life	Total Protection	$ 388	$ 488	$ 775	$1,208	$1,763	$2,563
Chubb Sovereign	GPL-10	$ 273	$ 383	$ 530	$ 790	$1,180	$1,863
Columbia Universal	T-90 Level	$ 290	$ 403	$ 563	$ 780	$1,160	$1,860
Federal Home Life	Diamond 10	$ 485	$ 630	$ 865	$1,238	$1,820	$2,820
Golden Rule	Valu Term 2	$ 325	$ 438	$ 613	$ 850	$1,238	$1,888
Jackson National	10-Year R&C	$ 278	$ 373	$ 513	$ 750	$1,060	$1,612
Life of SW	LSW Term 10	$ 307	$ 385	$ 535	$ 772	$1,160	$1,735
Lincoln Security	Lifeline - 10	$ 392	$ 538	$ 748	$1,112	$1,673	$2,635
Manhattan National	Super Saver	$ 273	$ 365	$ 495	$ 720	$1,045	$1,545

continued...

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

Table 14a. Cont'd. Ten-Year Level Term Life Ins. - Male Non-Smoker Rates $250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
continued...							
Midwestern Nat'l	AnyOne A	$ 465	$ 586	$ 822	$1,117	$1,712	$2,582
National Guardian	10-Year Term	$ 393	$ 480	$ 653	$ 940	$1,600	$2,383
Presidential	10-Year Term	$ 340	$ 420	$ 575	$ 823	$1,183	$1,823
Principal Finan.	10-Yr Level Term	$ 315	$ 433	$ 618	$ 920	$1,390	$2,193
Reliance Standrd	10-Yr Term	$ 392	$ 507	$ 712	$1,050	$1,575	$2,357
Security Benefit	Ten LT	$ 400	$ 540	$ 763	$1,063	$1,525	$2,323
Security Conn.	Lifeline - 10	$ 392	$ 538	$ 748	$1,112	$1,673	$2,635
Southwestern LIC	10-Year Term	$ 410	$ 540	$ 718	$1,030	$1,485	$2,415
United Pres. LIC	UT-10	$ 338	$ 485	$ 683	$ 925	$1,323	$2,145

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

Table 14b. Ten-Year Level Term Life Ins. - Female Non-Smoker Rates $250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	10 Year R&C	$ 285	$ 408	$ 643	$1,020	$1,555	$2,338
Canada Life	Total Protection	$ 350	$ 470	$ 675	$ 950	$1,325	$1,838
Chubb Sovereign	GPL-10	$ 265	$ 338	$ 405	$ 635	$ 820	$1,248
Columbia Universal	T-90 Level	$ 268	$ 305	$ 433	$ 600	$ 838	$1,268
Federal Home Life	Diamond 10	$ 400	$ 490	$ 588	$ 825	$1,175	$1,608
Golden Rule	Valu Term 2	$ 263	$ 350	$ 450	$ 575	$ 763	$1,063
Jackson National	10-Year R&C	$ 238	$ 300	$ 395	$ 530	$ 700	$ 975
Life of SW	LSW Term 10	$ 260	$ 330	$ 412	$ 560	$ 735	$1,000
Lincoln Security	Lifeline - 10	$ 328	$ 447	$ 675	$ 833	$1,045	$1,815
Manhattan National	Super Saver	$ 263	$ 273	$ 365	$ 495	$ 720	$1,045
Midwestern Nat'l	AnyOne A	$ 432	$ 562	$ 722	$ 920	$1,240	$1,732
National Guardian	10-Year Term	$ 390	$ 503	$ 630	$ 878	$1,308	$1,833
Presidential	10-Year Term	$ 290	$ 333	$ 405	$ 490	$ 683	$1,065
Principal Finan.	10-Yr Level Term	$ 303	$ 330	$ 465	$ 665	$ 995	$1,515
Reliance Standard	10-Year Term	$ 330	$ 370	$ 475	$ 720	$1,082	$1,557
Security Benefit	Ten LT	$ 350	$ 463	$ 613	$ 845	$1,175	$1,688
Security Conn.	Lifeline - 10	$ 328	$ 447	$ 675	$ 833	$1,045	$1,815
Southwestern LIC	10-Year Term	$ 398	$ 500	$ 638	$ 880	$1,220	$1,655
United Pres.	UT-10	$ 303	$ 438	$ 615	$ 785	$1,058	$1,503

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

The illustrations below are based on a single premium deposit of $100,000 and reflect the rates for a male age 45 who is a non-smoker. The "**Initial Credit %**" column shows the current rate offered for initial deposits. "**Yield Guarantee Period**" is the period for which the initial credit rate will remain unchanged. "**Surrender Fees/Year**" reports the penalties in effect for the sample years indicated.

Table 15. Single Premium Life Insurance

Reporting Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees/Year 1	5	10	Net Cash Value Age 65	Net Death Benefit at Age 65
American Nat'l	WL	1-85	5.50%	1 Year	10%	6%	1%	$243,697	$425,292
Federal Home Life	XL-1	0-75	5.50%	1 Year	7%	4%	0%	$291,775	$466,000
Golden Rule	Asset-Care I (WL)	40-72	5.30%	1 Year	11%	7%	2%	$217,919	$383,538
Jackson National	SPWL-I (WL)	0-80	4.75%	1 Year	9%	5%	0%	$252,977	$433,850
National Guardian	SPWL (WL)	0-80	na	na	na	na	na	$316,419	$608,427
Presidential	Taxbreaker II (UL)	0-75	6.00%	1 Year	7%	4%	0%	$320,714	$512,423
Principal Financial	SPWL	20-75	4.00%	1 Year	7%	5%	0%	$219,112	$434,744
Southwestern LIC	SPWL	0-70	7.00%	-	-	-	-	$209,786	$504,293
USG Annuity & Life	Life 3 (UL)	30-85	6.00%	1 Year	9%	5%	0%	$183,217	$320,630

Survey period: Oct. 26, 1993 thru Oct. 29, 1993

LIFE & HEALTH GUARANTY ASSOCIATIONS

Most states have guaranty funds to help pay claims of financially impaired or insolvent insurance carriers. Coverage is for individual policyholders and their beneficiaries; and often extends to persons insured under group policies. Most associations limit their protection to policyholders who are **residents** ("R" under Coverage) of their own state. It does not matter where the policyowner's beneficiaries live. Other states protect all the policyholders of an **insurance company** ("I" under Coverage) domiciled in their state; extending coverage without regard to the state in which policyholders reside. Association laws also differ as to amount of coverage. Typically, states protect life insurance death benefits to $300,000, cash values to $100,000, and $100,000 in present value of annuity benefits. Often there is an additional limit of $300,000 for all benefits combined, per policyholder.

There are many other issues, too numerous to describe here, which determine the type and extent of coverage available. Consult your state insurance department for details. Another source is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided the information summarized below:

		LIABILITY LIMITS				Insurance
State	Coverage	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Commissioners' Phone Numbers
Alabama	**I**	**$300K**	-	**$100K**	-	**(205) 269-3554**
Alaska	R	$300K	$300K	$100K	$100K	(907) 465-2515
Arizona	**R**	**$300K**	-	**$100K**	**$100K**	**(602) 255-5400**
Arkansas	R	$300K	$100K	$100K	$100K	(501) 371-1325
California	**R**	**$250K**	**$250K**	**$100K**	**$100K**	**(213) 736-2551**
Colorado	R	$300K	$300K	$100K	$100K	(303) 866-6400
Connecticut	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(203) 566-5275**
Delaware	R	$300K	$300K	$100K	$100K	(302) 739-4251
Dist. of Col.	**R**	**$300K**	**$300K**	**$100K**	**$300K**	**(202) 727-8000**
Florida	R	$300K	-	$100K	-	(800) 342-2762
Georgia	**R**	**$300K**	-	**$100K**	-	**(404) 656-2056**
Hawaii	R	$300K	$300K	$100K	$100K	(808) 586-2790
Idaho	**R**	**$300K**	-	**$100K**	-	**(208) 334-2250**
Illinois	R	$300K	$300K	$100K	$100K	(217) 782-4515
Indiana	**R**	**$300K**	-	**$100K**	-	**(317) 232-2385**
Iowa	R	$300K	-	$100K	-	(515) 281-5705
Kansas	**R**	**$200K**	**$100K**	**$100K**	**$100K**	**(913) 296-3071**
Kentucky	R	-	$300K	$100K	$100K	(502) 564-3630
Louisiana	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(504) 342-5900**
Maine	R	$300K	-	$100K	-	(207) 582-8707
Maryland	**R**		**all contractual obligations**			**(301) 333-6300**
Massachusetts	R	$300K	$300K	$100K	$100K	(617) 727-3333
Michigan	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(517) 373-9273**
Minnesota	R	$300K	-	$100K	-	(612) 296-6907
Mississippi	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(601) 359-3569**
Missouri	R	$300K	$300K	$100K	$100K	(314) 751-4126
Montana	**R**	-	**$300K**	-	-	**(406) 444-2040**
Nebraska	R	$300K	$300K	$100K	$100K	(402) 471-2201
Nevada	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(702) 687-4270**
New Hampshire	I	$300K	-	$100K	-	(603) 271-2261
New Jersey	**R**	**$500K**	**$500K**	**$100K**	**$500K**	**(609) 292-5363**
New Mexico	I	$300K	-	$100K	-	(505) 827-4535
New York	**R**	**$500K**	-	-	-	**(212) 602-0492**
North Carolina	R	$300K	-	-	-	(919) 733-7343
North Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(701) 224-2440**
Ohio	R	$300K	$300K	$100K	$100K	(614) 644-2658
Oklahoma	**R**	**$300K**	**$300K**	**$100K**	**$300K**	**(405) 521-2828**
Oregon	R	$300K	$300K	$100K	$100K	(503) 378-4271
Pennsylvania	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(215) 687-6222**
Puerto Rico	R	-	$300K	-	-	(809) 722-8686
Rhode Island	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(401) 277-2246**
South Carolina	I	$300K	-	-	-	(803) 737-6117
South Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(605) 773-3563**
Tennessee	R	$300K	$300K	$100K	$100K	(615) 741-2241
Texas	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(512) 463-6464**
Utah	R	$300K	$300K	$100K	$100K	(801) 530-6400
Vermont	**I**	-	**$300K**	-	-	**(802) 828-3301**
Virginia	R	$300K	-	$100K	-	(804) 786-3741
Washington	**R**	**$500K**	**$500K**	-	**$500K**	**(206) 753-7301**
West Virginia	R	-	$300K	-	-	(304) 558-3386
Wisconsin	**R**	**$300K**	-	-	-	**(608) 266-0102**
Wyoming	R	$300K	$300K	$100K	$100K	(307) 777-7401

LEGEND: Column titled "Coverage"

R (Residents Only) means that the state's guaranty fund covers only its own residents, regardless of where the failed insurer is domiciled. Some of these states (the ones that adopted relevant language in the 1987 version of the NAIC Model Act) also provide coverage to nonresidents under special conditions. Many states have not adopted this language.

I (Domiciled Insurers Only) means that the state's guaranty associations covers a failed company only if it is domiciled in that state. If the insurer is domiciled there, then the guaranty fund will meet the claims of policy holders in all 50 states.

LEGEND: Columns under "Liability Limits"

Aggregate Benefits This coverage applies to the aggregate benefits for all lines of insurance.

Death Benefits Maximum liability with respect to any one life.

Cash Values Maximum liability for cash or withdrawal value of life insurance.

PV of Annuities Maximum liability for the present value of an annuity contract.

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

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The five rating services presented here are A.M. Best's, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to junk bonds, bad mortgages or foreclosed real estate. Keep in mind, too, that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than $1 Billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

ALPHABETICAL RATINGS

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These alphabetical ratings may be confusing when making comparisons. For instance, a company rated "C" by Weiss has merely received an "average" grade. But a "C" from S&P indicates the company is very close to liquidation. In the case of Weiss, an "A+" is the highest rating and assigned to only a few companies. For A.M. Best, an "A+" represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P and Duff & Phelps, an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for either Weiss or Best.

NUMERICAL RANKINGS

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

DISTRIBUTION OF RATINGS

A.M.Best Rank/Grade	#Co. 844	S & P Rank/Grade	#Co. 257	Moody's Rank/Grade	#Co. 97	Duff & Phelps Rank/Grade	#Co. 157	Weiss Research Rank/Grade	#Co. 1478
1 (A++)	58	1 (AAA)	67	1 (AAA)	9	1 (AAA)	40	1 (A+)	10
2 (A+)	169	2 (AA+)	48	2 (Aa1)	7	2 (AA+)	18	2 (A)	21
3 (A)	210	3 (AA)	44	3 (Aa2)	23	3 (AA)	41	3 (A-)	22
4 (A-)	98	4 (AA-)	51	4 (Aa3)	16	4 (AA-)	27	4 (B+)	38
5 (B++)	38	5 (A+)	26	5 (A1)	21	5 (A+)	21	5 (B)	107
6 (B+)	106	6 (A)	7	6 (A2)	5	6 (A)	8	6 (B-)	113
7 (B)	83	7 (A-)	2	7 (A3)	4	7 (A-)	1	7 (C+)	72
8 (B-)	20	8 (BBB+)	3	8 (Baa1)	4	8 (BBB+)	0	8 (C)	228
9 (C++)	7	9 (BBB)	3	9 (Baa2)	2	9 (BBB)	0	9 (C-)	192
10 (C+)	12	10 (BBB-)	1	10 (Baa3)	1	10 (BBB-)	0	10 (D+)	98
11 (C)	15	11 (BB+)	0	11 (Ba1)	2	11 (BB+)	0	11 (D)	113
12 (C-)	5	12 (BB)	1	12 (Ba2)	1	12 (BB)	0	12 (D-)	27
13 (D)	8	13 (BB-)	0	13 (Ba3)	0	13 (BB-)	0	13 (E+)	30
14 (E)	14	14 (B+)	0	14 (B1)	0	14 (B+)	0	14 (E)	21
15 (F)	1	15 (B)	0	15 (B2)	0	15 (B)	0	15 (E-)	4
(as of 9/93)		16 (B-)	0	16 (B3)	0	16 (B-)	0	16 (F)	16
		17 (CCC)	0	17 (Caa)	2	17 (CCC+)	0	17 (U)	366
		18 (R)	4	18 (Ca)	0	18 (CCC)	1	(as of 9/93)	
		(as of 9/93)		19 (C)	0	19 (CCC-)	0		
				(as of 9/93)		(as of 9/93)			

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Acacia Nat'l Life 85685	VA	1974	$ 0.41B	5.6%	8.1%	0.0%	-	-	-	4 (AA-)	7 (SC+)
Aetna LI & Ann. Co. 86509	CT	1954	$ 15.18B	3.4%	3.0%	0.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	7 (C+)
Aetna LIC 60054	CT	1853	$ 50.89B	4.3%	2.7%	3.0%	3 (A)	4 (AA-)	4 (Aa3)	2 (AA+)	9 (C-)
Aid Assoc. Lutherans 56014	WI	1902	$ 11.26B	7.4%	2.7%	0.4%	1 (A++)	1 (AAA)	-	1 (AAA)	-
AIG Life Insur. Co. 66842	DE	1962	$ 1.43B	4.7%	4.9%	0.0%	2 (A+)	1 (AAA)	-	-	9 (C-)
Alex. Ham. LIC Amer. 88358	MI	1963	$ 5.48B	3.7%	3.4%	0.2%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	8 (C)
Allstate LIC 60186	IL	1957	$ 20.32B	5.0%	5.5%	0.7%	2 (A+)	2 (AA+)	4 (Aa3)	-	5 (B)
Amer. Enterprise LIC 94234	IN	1981	$ 1.29B	4.29%	5.6%	0.0%	2 (A+)	-	-	1 (AAA)	8 (C)
Amer. Family LIC 60399	WI	1957	$ 1.34B	11.9%	1.4%	0.1%	2 (A+)	-	-	-	1 (A+)
Amer. Fidel. Assur. 60410	OK	1956	$ 0.84B	12.6%	0.0%	0.2%	2 (A+)	-	-	-	3 (A-)
Amer. General LIC 60488	TX	1917	$ 4.14B	24.9%	3.8%	0.3%	1 (A++)	1 (AAA)	-	1 (AAA)	4 (B+)
Amer. Heritage LIC 60534	FL	1956	$ 0.86B	9.0%	5.4%	0.0%	3 (A)	9 (BBB)	-	-	6 (B+)
Amer. Int'l Life/NY 60607	NY	1962	$ 3.54B	4.2%	6.0%	0.0%	3 (A)	1 (AAA)	-	-	9 (C-)
Amer. Investors LIC 60631	KS	1965	$ 1.83B	4.0%	4.8%	0.0%	4 (A-)	9 (BBB)	-	6 (A)	9 (C-)
Amer. Life/Cas.Ins. 60682	IA	1951	$ 3.41B	5.7%	1.7%	0.1%	3 (A)	6 (A)	-	-	8 (C)
Amer. LIC 60690	DE	1928	$ 7.76B	8.0%	0.7%	0.0%	(NA-4)	1 (AAA)	-	-	7 (C+)
Amer. LIC/ NY 60704	NY	1955	$ 1.10B	5.1%	0.0%	0.0%	2 (A+)	-	-	2 (AA+)	5 (B)
Amer. Mayflw LIC/NY 60712	NY	1957	$ 0.69B	5.5%	2.1%	0.0%	2 (A+)	2 (AA+)	-	2 (AA+)	6 (B-)
Amer. Mutual LIC 60720	IA	1897	$ 1.13B	10.27%	6.3%	0.1%	2 (A+)	-	-	-	7 (C+)
Amer. Nat'l Ins.Co. 60739	TX	1905	$ 4.18B	25.7%	1.1%	2.40	1 (A++)	-	3 (Aa2)	-	5 (B)
Amer. Skandia L Assur 86630	CT	1969	$ 0.51B	7.1%	0.0%	0.0%	(NA-3)	9 (BBB)	-	4 (AA-)	10(SD)
American United LIC 60895	IN	1877	$ 5.02B	4.3%	1.3%	0.3%	2 (A+)	4 (AA-)	5 (A1)	2 (AA+)	5 (B)
Ameritas LI Corp. 61301	NE	1887	$ 1.49B	9.5%	1.2%	0.0%	2 (A+)	3 (AA)	-	-	2 (A)
Amex Life Assur. Co. 67962	CA	1958	$ 1.41B	21.1%	2.7%	0.0%	2 (A+)	-	-	-	5 (B)
Anchor Nat'l LIC 60941	CA	1965	$ 5.20B	2.8%	6.7%	0.0%	3 (A)	3 (AA)	6 (A2)	3 (AA)	9 (C-)

Continued . . .

Agency Ratings are current as of the date of this issue. Disclaimer: While **ANNUITY SHOPPER** attempts to list the ratings which are now 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.

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

Company Legal Name NAIC# -- Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation which may include subsidiaries with similar sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating. The 5-digit number following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary. Canadian carriers are not assigned NAIC numbers.

State Dom. -- State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters. Most companies are licensed in all 50 states. Some state guaranty funds only protect policyholders of companies **domiciled** (not just licensed) in that state.

Admitted Assets is the dollar value of all assets reported in a company's statutory annual statement and admitted or accepted by state regulators. Includes invested assets plus amounts receivable and separate account assets.

C&S / Assets (Ratio of Capital & Surplus to Assets). This compares a company's net worth to its unpaid obligations. 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%. This ratio will depend on factors such as the types of risk and products with which a company is involved.

NIGB / Assets (Ratio of Non-Investment Grade Bonds to Assets). This measures exposure to "Junk Bonds" as a percent of assets and provides an indication of risk due to bond portfolio losses. Our measure of NIGB includes NAIC classes 3,4,5, and 6 bonds. The usual range for this test is 4% to 7%. NIGB data is not available for Canadian companies.

DFM / Assets (Ratio of Delinquent & Foreclosed Mortgages to Assets). This is the percent of a company's portfolio comprised of mortgages more than 90 days past due, mortgages in process of foreclosure, or properties acquired by foreclosure (real estate) as a percentage of company assets. A DFM/Assets ratio above 3% is above the industry norm for this measure.

INSURANCE COMPANIES RATINGS

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Bankers Life/Cas. Co. 61263	IL	1880	$ 1.87B	8.2%	3.7%	0.0%	3 (A)	-	-	4 (AA-)	9 (C-)
Bankers Sec. LI Soc. 61360	NY	1917	$ 0.76B	8.1%	2.8%	0.1%	3 (A)	5 (A+)	-	-	7 (C)
Bankers Uni. Life Ass. 61387	IA	1936	$ 1.94B	4.5%	4.0%	0.4%	3 (A)	2 (AA+)	4 (Aa3)	4 (AA+)	6 (B-)
Beneficial Std LIC 61417	CA	1940	$ 2.16B	4.5%	4.4%	0.2%	3 (A)	-	-	5 (A+)	8 (C)
Berkshire LIC 61433	MA	1851	$ 0.95B	5.7%	1.4%	0.5%	2 (A+)	3 (AA)	-	3 (AA)	7 (C+)
Bradford Nat'l LIC 86371	LA	1947	$ 0.15B	5.5%	0.1%	0.0%	(NA-1)	-	-	-	7 (SC+)
Calfarm LIC 61514	CA	1950	$ 0.70B	7.8%	4.8%	0.5%	2 (A+)	-	-	-	5 (B)
Canada Life Assur. Co. n/a	CD	1849	$ 15.14B	7.2%	1.4%	0.9%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Canada Life Ins.Co.(NY)79359	NY	1971	$ 0.18B	7.1%	3.7%	1.0%	1 (A++)	1 (AAA)	-	1 (AAA)	7 (SC+)
Capitol Bankers LIC 62421	MN	1963	$ 0.41B	6.3%	0.0%	1.5%	(NA-4)	3 (AA)	-	-	8 (C)
Central Life Assur. 61689	IA	1896	$ 2.39B	6.7%	4.8%	0.1%	3 (A)	5 (A+)	-	6 (A+)	7 (C+)
Cen Nat LIC/Omaha 61700	NE	1953	$ 0.98B	18.5%	0.5%	0.0%	2 (A+)	3(AA)	-	-	5 (B)
Century Life of Amer. 65749	IA	1879	$ 2.07B	4.8%	3.8%	0.5%	2 (A+)	-	-	4 (AA-)	6 (B-)
Champlain LIC 93637	VT	1981	$ 0.75B	na	na	na	2 (A+)	4 (AA-)	-	3 (AA)	8 (SC)
Charter National LIC 61808	MO	1955	$ 1.08B	21.5%	1.6%	0.0%	3 (A)	-	-	-	8 (C)
Chubb Sovereign LIC 80438	CA	1962	$ 3.59B	13.9%	5.9%	0.08%	3 (A)	1 (AAA)	-	-	5 (B)
Colonial LIC of Amer. 62057	NJ	1897	$ 0.60B	14.2%	6.5%	0.1%	3 (A)	1 (AAA)	-	-	6 (B-)
Columbia Universal LIC 67954	TX	1983	$ 0.13B	9.4%	7.5%	0.0%	7 (B)	-	-	7 (A-)	8 (SC)
Columbus LIC 99937	OH	1906	$ 1.43B	7.6%	6.5%	0.1%	2 (A+)	3 (AA)	-	-	6 (B)
Commc'l Un. LIC/Am. 62898	DE	1958	$ 0.97B	8.2%	2.2%	0.0%	2 (A+)	-	-	4 (AA-)	4 (B+)
CU Life Ins Co. NY 92665	NY	1981	$ 0.18B	6.3%	1.2%	0.0%	2 (A+)	-	-	4 (AA-)	7 (SC+)
Commonwealth LIC 62227	KY	1904	$ 4.94B	5.5%	4.7%	0.7%	2 (A+)	1 (AAA)	5 (A1)	2 (AA+)	7 (C+)
Confederation LIC n/a	CD	1871	$ 23.98B	6.1%	2.0%	3.7%	3 (A)	4 (AA-)	-	3 (AA)	-
Conn. General LIC 62308	CT	1865	$ 44.08B	3.95%	6.8%	0.8%	2 (A+)	1 (AAA)	4 (Aa3)	1 (AAA)	7 (C+)
Conn. Mutual LIC 62316	CT	1846	$ 11.16B	5.4%	1.8%	1.3%	2 (A+)	4 (AA-)	3 (Aa2)	3 (AA)	6 (B-)
Constitution LIC 62359	KY	1929	$ 0.78B	13.4%	14.7%	0.0%	3 (A)	8 (BBB+)	-	5 (A+)	7 (C)
Continental Assur. Co. 62413	IL	1911	$ 11.23B	8.8%	3.4%	0.0%	2 (A+)	2 (AA+)	4 (Aa3)	1 (AAA)	3 (A-)
Contin. Western LIC 62510	IA	1966	$ 0.35B	7.4%	0.1%	0.2%	3 (A)	8 (BBB+)	-	3 (AA)	5 (SB)
Country LIC 62553	IL	1928	$ 2.43B	16.4%	1.0%	0.3%	2 (A+)	-	-	-	1 (A+)
Covenant LIC 68012	PA	1759	$ 0.59B	8.3%	2.7%	0.0%	3 (A)	-	-	-	5 (B)
Crown LIC n/a	CD	1900	$ 8.70B	0.0%	0.8%	0.0%	4 (A-)	4 (AA-)	9 (Baa2)	-	-
CUNA Mutual Ins. Soc. 62626	WI	1935	$ 1.48B	14.5%	0.4%	0.0%	3 (A)	-	-	4 (AA-)	8 (C)
Delta Life & Ann. 65145	TN	1955	$ 0.87B	4.8%	0.0%	0.2%	2 (A+)	-	-	4 (AA-)	6 (B-)
Empire LIC 62820	NE	1962	$ 0.19B	10.3%	0.0%	0.0%	5 (B++)	-	-	4 (AA-)	9 (SC-)
Empire Gen. LAC 94285	TN	1981	$ 0.05B	-	-	-	(NA-4)	3 (AA)		3 (AA)	-
Equit. L. Assur.Soc. 62944	NY	1859	$ 46.62B	3.5%	6.0%	1.7%	4 (A-)	5 (A+)	7 (A3)	6 (A+)	11 (D)
Equit.L./IOWA 62979	IA	1867	$ 2.02B	13.78%	5.3%	0.4%	4 (A+)	3 (AA)	5 (A1)	3 (AA)	5 (B)
Equit. Variable LIC 81361	NY	1972	$ 10.40B	5.0%	6.1%	1.4%	4 (A-)	5 (A+)	7 (A3)	6 (A+)	10 (D+)
FB Annuity Co. 92401	MI	1980	$ 0.33B	4.3%	1.6%	0.0%	3 (A)	-	-	-	8 (SC)
FBL Insur. Co. 90646	IA	1979	$ 0.47B	7.1%	8.4%	0.0%	3 (A)	-	-	-	7 (C+)
Federal Home LIC 67695	IN	1910	$ 1.62B	9.4%	2.4%	0.1%	2 (A+)	-	-	4 (AA-)	6 (B-)
Fed. Kemper L. Assur. 63207	IL	1905	$ 2.91B	6.6%	7.9%	0.7%	4 (A-)	-	8 (Baa1)	4 (AA-)	8 (C)
Fidelity & Guar. LIC 63274	MD	1959	$ 4.39B	7.0%	9.3%	0.4%	4 (A-)	8 (BBB+)	10 (Baa3)	6 (A)	9 (C-)
Fidelity Union LIC 92509	TX	1927	$ 0.99B	13.9%	1.2%	0.2%	2 (A+)	-	-	-	4 (B+)
Financial Benefit LIC 98213	FL	1983	$ 0.69B	3.9%	9.0%	0.0%	8 (B-)	-	-	-	9 (C-)
First Alex. Ham. LIC 71510	NY	1986	$ 0.25B	8.4%	0.1%	0.0%	2 (A+)	-	-	3 (AA)	8 (SC)
First Colony LIC 63401	VA	1955	$ 6.01B	4.9%	3.5%	0.0%	1 (A++)	2 (AA+)	4 (Aa3)	2 (AA+)	5 (B)
First GNA LIC/NY 72990	NY	1988	$ 0.59B	10.7%	0.3%	0.0%	3 (A)	4 (AA-)	-	3 (AA)	7 (C+)
First Rel. Std. LIC 71005	NY	1983	$ 0.05B	na	na	na	3 (A)	7 (A-)	-	4 (AA-)	8 (C)
First SunAmerica LIC 92495	NY	1978	$ 0.09B	26.7%	0.0%	0.0%	3 (A)	-	-	-	8 (SC)
First UNUM LIC 64297	NY	1959	$ 0.62B	16.5%	1.1%	0.4%	2 (A+)	2 (AA+)	3 (Aa2)	-	5 (B)
First Var. LIC 77984	AR	1968	$ 0.33B	8.9%	2.8%	0.0%	(NA-5)	-	-	-	11 (D)
Ford LIC 63576	MI	1966	$ 1.00B	11.4%	0.0%	0.0%	3 (A)	3 (AA)	-	3 (AA)	5 (B)
Fort Dearborn LIC 71129	IL	1966	$ 0.14B	21.8%	0.0%	0.0%	3 (A)	-	-	-	5 (B)
Fortis Benefits LIC 70408	MN	1910	$ 2.70B	8.8%	1.9%	0.1%	2 (A+)	3 (AA)	-	-	5 (B)
Franklin LIC 63622	IL	1884	$ 5.58B	11.9%	3.9%	0.1%	1 (A++)	2 (AA+)	3 (Aa2)	1 (AAA)	2 (A)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ toC&S	DFM/ toC&S	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
General Amer. LIC 63665	MO	1933	$ 7.22B	4.1%	2.9%	0.7%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	7 (C+)
General Services LIC 63762	IA	1954	$ 0.84B	4.1%	10.0%	0.0%	(NA-3)	2 (AA+)	-	4 (AA-)	8 (C)
Globe Life/Accid. IC 91472	DE	1951	$ 0.79B	35.2%	1.0%	0.0%	1 (A++)	1 (AAA)	-	-	3 (A-)
Golden Rule Ins. Co. 62286	IL	1940	$ 8.96B	15.6%	6.5%	0.0%	2 (A+)	4 (AA-)	-	-	6 (B-)
Great American LIC 63312	OH	1916	$ 4.37B	4.9%	8.4%	0.0%	3 (A)	-	-	5 (A+)	7 (C+)
Great Amer. Res. Ins. 64017	TX	1937	$ 1.17B	4.8%	8.1%	0.0%	3 (A)	-	-	5 (A+)	10 (D+)
Gr. Nrthrn Insur. Ann. 94366	WA	1980	$ 5.19B	4.5%	0.4%	0.3%	2 (A+)	3 (AA)	4 (Aa3)	3 (AA)	6 (B-)
Great Southern LIC 90212	TX	1909	$ 0.81B	20.6%	0.0%	0.4%	3 (A)	6 (A)	-	-	7 (C+)
Great-West Life Assur. n/a	CD	1891	$ 12.72B	0.0%	0.0%	0.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	-
Guar. Mutual Life Co. 64181	NE	1901	$ 0.88B	9.0%	5.9%	0.1%	3 (A)	-	-	-	3 (A-)
Guardian LIC of Amer. 64246	NY	1860	$ 7.86B	10.1%	2.9%	0.2%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	2 (A)
Gulf LIC 64270	TN	1911	$ 3.15B	12.7%	3.4%	0.3%	2 (A+)	1 (AAA)	-	-	5 (B)
Hartford LIC 88072	CT	1902	$ 20.75B	3.0%	0.2%	0.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	3 (A-)
Harvest LIC 79421	OH	1972	$ 0.67B	6.8%	0.3%	0.0%	4 (A-)	-	-	4 (AA-)	7 (C+)
Horace Mann LIC 64513	IL	1949	$ 2.05B	5.4%	6.6%	1.0%	2 (A+)	4 (AA-)	-	-	5 (B)
IDS LIC 65005	MN	1972	$ 23.27B	3.1%	8.3%	0.2%	2 (A+)	-	3 (Aa2)	1 (AAA)	6 (B-)
IL Mut. Life/Cas. 64580	IL	1912	$ 0.41B	11.5%	1.2%	1.4%	4 (A-)	-	-	-	5 (B)
Indianapolis LIC 64645	IN	1905	$ 1.16B	8.1%	0.9%	0.4%	2 (A+)	-	-	3 (AA)	5 (B)
Investors LIC of NE 86975	SD	1961	$ 0.27B	11.8%	2.4%	0.0%	2 (A+)	2 (AA+)	-	-	6 (B-)
Integrity LIC 74780	AZ	1954	$ 1.44B	4.0%	4.5%	1.3%	(NA-3)	5 (A+)	-	5 (A+)	10 (D)
Investors Ins. Corp. 64939	DE	1956	$ 0.12B	5.0%	0.0%	0.0%	(NA-3)	-	-	-	10 (SC-)
ITT Hartford L.Ann LIC 71153	WI	1956	$ 0.09B	45.0%	0.0%	0.0%	1 (A++)	1 (AAA)	-	1 (AAA)	5 (B)
Jackson Nat'l LIC 65056	MI	1961	$ 14.77B	5.7%	9.7%	0.0%	2 (A+)	3 (AA)	5 (A1)	-	7 (C+)
Jefferson Nat'l LIC 65064	IN	1937	$ 0.98B	5.2%	9.2%	0.0%	3 (A)	-	-	5 (A+)	8 (C)
Jefferson-Pilot LIC 67865	NC	1890	$ 4.54B	20.4%	2.7%	0.3%	1 (A++)	1 (AAA)	-	-	1 (A+)
John Alden LIC 65080	MN	1961	$ 3.79B	6.0%	0.2%	0.9%	2 (A+)	-	-	-	9 (C-)
John Deere LIC 97128	IL	1937	$ 0.36B	13.3%	1.7%	0.0%	3 (A)	-	-	-	3 (A-)
John Hancock Mut'l 65099	MA	1862	$ 39.14B	4.4%	6.5%	1.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	5 (B)
Kansas City LIC 65129	MO	1895	$ 1.80B	8.4%	1.6%	0.5%	2 (A+)	3 (AA)	-	-	5 (B)
Kemper Investors LIC 90557	IL	1947	$ 6.51B	3.8%	8.4%	1.4%	4 (A-)	-	8 (Baa1)	6 (A+)	8 (C)
KY Home Mutual 65218	KY	1932	$ 0.41B	na	na	na	5 (B++)	-	-	6 (A+)	8 (SC)
Keyport LIC 65234	RI	1957	$ 9.34B	4.0%	6.7%	0.0%	2 (A+)	5 (A+)	5 (A1)	4 (AA-)	5 (B)
Knights of Columbus 58033	CT	1882	$ 3.97B	na	na	na	1 (A++)	1 (AAA)	-	-	na
Lamar LIC 65250	MS	1906	$ 0.50B	14.8%	6.1%	0.4%	2 (A+)	-	-	-	2 (A)
Lafayette LIC 65242	IN	1905	$ 0.55B	7.4%	0.6%	0.1%	2 (A+)	-	-	3 (AA)	5 (B)
Liberty LIC 65323	SC	1905	$ 1.05B	12.3%	1.7%	0.2%	3 (A)	-	-	3 (AA)	3 (A-)
Liberty Nat'l LIC 65331	AL	1929	$ 2.46B	13.3%	1.0%	0.0%	1 (A++)	1 (AAA)	-	-	3 (A-)
Life Ins.Co./Georgia 65471	GA	1891	$ 2.33B	9.1%	1.6%	0.4%	2 (A+)	1 (AAA)	-	1 (AAA)	4 (B+)
Life Ins.Co./S'west 65528	TX	1955	$ 1.35B	4.9%	1.9%	1.2%	2 (A+)	-	-	4 (AA-)	5 (B)
Life Ins.Co./Virginia 65536	VA	1871	$ 5.96B	6.0%	3.4%	0.3%	2 (A+)	3 (AA)	5 (A1)	2 (AA+)	5 (B)
Life Investors Ins. Co.64130	IA	1930	$ 2.84B	10.2%	5.2%	0.7%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
LifeUSA Ins. Co. 63339	CO	1961	$ 0.45B	5.3%	0.0%	0.0%	(NA-3)	-	-	-	8 (SC)
Lincoln Benefit Life 65595	NE	1938	$ 0.96B	43.4%	0.3%	0.0%	2 (A+)	2 (AA+)	-	-	4 (B+)
Lincoln Nat'l LIC 65676	IN	1905	$ 28.80B	4.2%	4.0%	1.2%	2 (A+)	4 (AA-)	5 (A1)	1 (AAA)	6 (B-)
Lincoln Security LIC 61620	CT	1984	$ 0.18B	6.4%	1.6%	0.0%	2 (A+)	4 (AA-0	-	-	8 (SC)
London Pac. Life/Ann. 68934	NC	1927	$ 0.68B	4.6%	29.6%	0.0%	(NA-3)	-	-	-	11 (D)
Lutheran Brotherhood 57126	MN	1917	$ 7.97B	na	na	na	1 (A++)	1 (AAA)	-	1 (AAA)	5 (SB)
Manufacturers LIC n/a	CD	1887	$ 32.73B	6.5%	2.96%	2.27%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Massach. General LIC 65900	MA	1962	$ 1.08B	6.1%	3.4%	0.2%	3 (A)	-	-	6 (A+)	6 (B-)
Massach. Mutual LIC 65935	MA	1851	$ 31.26B	4.9%	5.4%	0.7%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	4 (B+)
Merrill Lynch LIC 79022	AR	1986	$ 11.45B	4.0%	5.5%	0.8%	(NA-3)	4 (AA-)	5 (A1)	-	8 (C)
Metropolitan LIC 65978	NY	1868	$ 118.0B	4.3%	2.0%	1.4%	1 (A++)	1 (AAA)	2 (Aa1)	1 (AAA)	4 (B+)
Midland Mutual LIC 66035	OH	1905	$ 1.13B	4.3%	1.8%	1.6%	3 (A)	-	-	-	8 (C)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Midland Nat'l LIC 66044	SD	1906	$ 1.43B	17.8%	2.5%	0.1%	2 (A+)	2 (AA+)	-	-	2 (A)
Ministers Life 66133	MN	1900	$ 0.26B	5.8%	3.3%	0.2%	3 (A)	-	-	1 (AAA)	8 (SC)
Minnesota Mutual LIC 66168	MN	1880	$ 6.84B	3.8%	3.9%	0.1%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	6 (B-)
Modern Wood./Amer. 57541	IL	1884	$ 2.19B	na	na	na	2 (A+)	-	-	2 (AA+)	-
Monumental LIC 66281	MD	1858	$ 2.85B	6.4%	3.4%	0.4%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Mutual of Amer. LIC 88668	NY	1945	$ 5.52B	6.2%	0.0%	0.6%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	4 (B+)
Mutual LIC/NY.MONY 66370	NY	1842	$ 16.89B	3.7%	7.6%	1.8%	4 (A-)	5 (A+)	8 (Baa1)	6(A)	12(D-)
Mutual Trust LIC 66427	IL	1904	$ 0.62B	8.0%	3.2%	0.3%	2 (A+)	-	-	4 (AA-)	4 (B+)
Nat'l Guardian LIC 66583	WI	1909	$ 0.54B	7.3%	0.4%	0.0%	3 (A)	-	-	-	1 (A+)
Nat'l Heritage LIC 97284	DE	1981	$ 0.29B	7.2%	2.3%	1.4%	6 (B+)	12 (BB)	-	-	10 (SD+)
Nat'l Home Life Asr. 66605	MO	1920	$ 6.98B	5.8%	3.1%	0.4%	2 (A+)	3 (AA)	6 (A2)	3 (AA)	3 (B)
Nat'l Integrity LIC 75264	NY	1968	$ 0.53B	5.7%	4.0%	0.0%	(NA-3)	5 (A+)	-	5 (A+)	8 (C)
National LIC of VT 66680	VT	1969	$ 4.34B	4.9%	2.7%	0.2%	2 (A+)	4 (AA-)	-	4 (AA-)	6 (B-)
Nat'l Travelers Life 66828	IA	1907	$ 0.38B	10.1%	1.6%	0.7%	3 (A)	-	-	-	5 (B)
National Western LIC 66850	CO	1956	$ 2.39B	5.6%	0.9%	0.3%	4 (A-)	-	-	-	7 (C+)
Nationwide LIC 66869	OH	1929	$ 19.25B	3.3%	1.8%	0.4%	2 (A+)	1 (AAA)	2 (Aa1)	-	6 (B-)
New England Mutual L 66893	MA	1835	$ 16.35B	3.7%	4.1%	0.7%	3 (A)	4 (AA-)	7 (A3)	3 (AA)	8 (C)
New York LIC 66915	NY	1841	$ 46.92B	6.1%	3.5%	0.3%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	2 (A)
No.Am.Co./L.& Hlth 66974	IL	1886	$ 2.07B	5.7%	5.7%	0.0%	3 (A)	-	-	-	8 (C)
N Amer. Secur. LIC 90425	DE	1979	$ 2.02B	1.7%	0.4%	0.9%	3 (A)	3 (AA)	-	-	7 (C+)
N. Atlantic LIC/Am. 67024	NY	1961	$ 0.88B	4.2%	6.6%	0.5%	3 (A)	-	-	3 (AA)	10 (D+)
N W Life Assur./Can.	CD	1967	$ 0.48B	0.0%	0.0%	0.0%	3 (A)	-	-	-	-
Northbrook LIC 88528	IL	1960	$ 0.93B	4.4%	0.0%	0.0%	1(A++)	2 (AA+)	-	-	6 (B-)
Northern LIC 87734	WA	1906	$ 3.01B	4.6%	4.7%	0.5%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	8 (C)
N'western Mutual LIC 67091	WI	1857	$ 39.76B	4.6%	4.4%	0.3%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	1 (A+)
N'western Nat'l LIC 67105	MN	1885	$ 4.49B	9.8%	9.7%	1.4%	3 (A)	5 (A+)	6 (A2)	3 (AA)	8 (C)
Ohio Nat'l Life Assur. 89206	OH	1979	$ 0.36B	13.8%	5.9%	0.2%	2 (A+)	3 (AA)	-	3 (AA)	5 (B)
Ohio Nat'l LIC 67172	OH	1909	$ 3.34B	4.6%	4.3%	0.3%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	6 (B-)
Ohio State LIC 67180	OH	1906	$ 0.64B	15.3%	0.9%	0.4%	2 (A+)	-	-	-	5 (B)
PFL Life Ins Co. 86231	IA	1961	$ 4.37B	7.2%	4.1%	0.1%	3 (A)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Pacific Mutual LIC 67466	CA	1868	$ 11.54B	3.2%	2.3%	0.2%	2 (A+)	2 (AA+)	5 (A1)	2 (AA+)	5 (B)
Pan-American LIC 67539	LA	1911	$ 1.99B	7.4%	7.0%	0.5%	2 (A+)	3 (A)	5 (A1)	4 (AA-)	7 (C+)
Paragon LIC 93564	MO	1981	$ 0.05B	na	na	na	2 (A+)	4 (AA-)	-	3 (AA)	-
Paul Revere LIC 67598	MA	1930	$ 2.38B	11.7%	4.4%	0.3%	2 (A+)	4 (AA-)	-	-	6 (B-)
Penn Insur. & Annuity 93262	DE	1980	$ 0.67B	5.4%	3.9%	1.5%	2 (A+)	5 (A+)	-	4 (AA-)	8 (C)
Penn Mutual LIC 67644	PA	1847	$ 6.24B	3.4%	4.5%	0.2%	2 (A+)	5 (A+)	5 (A1)	4 (AA-)	7 (C+)
Peoples Security LIC 64475	NC	1916	$ 3.36B	8.5%	4.5%	0.5%	2 (A+)	1 (AAA)	5 (A1)	2 (AA+)	7 (C+)
PHF LIC 84808	FL	1974	$ 0.34B	12.8%	2.4%	0.0%	6 (B+)	2 (AA+)	-	2 (AA+)	8 (C)
Philadelphia LIC 97047	PA	1906	$ 1.38B	8.3%	8.5%	0.2%	3 (A)	-	-	6 (A+)	8 (C+)
Phoenix Home Life 67814	NY	1851	$ 10.44B	5.1%	3.4%	1.9%	3 (A)	4 (AA-)	5 (A1)	3 (AA)	8 (C)
Pioneer LIC/IL 68330	IL	1946	$ 0.41B	15.9%	1.8%	0.0%	7 (B)	-	-	-	8 (C)
Presidential LIC 68039	NY	1965	$ 1.99B	10.6%	15.0%	0.0%	5 (B++)	-	12 (Ba1)	-	13 (D-)
Principal Mutual LIC 61271	IA	1879	$ 35.12B	4.1%	7.6%	0.8%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	5 (B)
Protective LIC 68136	TN	1907	$ 3.71B	5.5%	4.6%	0.0%	2 (A+)	3 (AA)	-	3 (AA)	4 (B+)
Provident Life/Accid. 68195	TN	1887	$ 10.02B	7.58%	3.4%	0.3%	2 (A+)	3 (AA)	4 (Aa3)	3 (AA)	6 (B-)
Provident Mutual LIC 68225	PA	1865	$ 3.28B	5.8%	3.1%	0.5%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	7 (C+)
Provident Nat'l Assur. 70866	TN	1967	$ 4.96B	3.4%	2.5%	0.5%	3 (A)	3 (AA)	4 (Aa3)	3 (AA)	8 (C)
Prudential Ins.Co. 68241	NJ	1873	$154.77B	4.7%	7.6%	1.8%	1 (A++)	2 (AA+)	3 (Aa2)	2 (AA+)	5 (B)
Reliance Standard LIC 68381	IL	1907	$ 1.80B	7.0%	2.5%	0.0%	3 (A)	6 (A-)	-	4 (AA-)	8 (C)
Royal Maccabees LIC 65765	MI	1885	$ 1.75B	6.2%	0.7%	0.3%	4 (A-)	-	-	-	7 (C+)
SAFECO LIC 68608	WA	1957	$ 7.35B	5.0%	2.3%	0.1%	2 (A+)	3 (AA)	3 (Aa2)	-	6 (B-)
Savings Bank LI/MA 70435	MA	1907	$ 0.90B	11.3%	0.0%	0.5%	2 (A+)	4 (AA-)	-	3 (AA)	8 (C)
Secur. Bene. LIC 68675	KS	1892	$ 3.28B	3.2%	3.2%	0.1%	2 (A+)	4 (AA-)	-	-	7 (C+)
Secur.-Conn. LIC 91588	CT	1955	$ 1.24B	10.2%	4.4%	0.7%	2 (A+)	4 (AA-)	-	-	5 (B)
Secur. First LIC 61050	DE	1960	$ 1.40B	4.5%	8.6%	0.0%	3 (A)	4 (AA-)	-	-	7 (C+)
Secur. Mut'l LIC/NY 68772	NY	1886	$ 1.08B	4.0%	2.1%	0.2%	3 (A)	5 (A+)	-	4 (AA-)	6 (B-)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Shenandoah LIC 68845	VA	1914	$ 0.57B	6.4%	2.8%	0.2%	3 (A)	-	-	-	5 (B)
Southland LIC 68950	TX	1908	$ 1.03B	13.2%	2.9%	0.2%	2 (A+)	1 (AAA)	-	1 (AAA)	3 (A-)
Southwestern LIC 91391	TX	1903	$ 1.56B	18.9%	3.6%	0.9%	5 (B++)	10 (BBB-)	13 (Ba2)	7 (A)	9 (C-)
Standard Insur. Co. 69019	OR	1906	$ 2.70B	7.2%	0.8%	0.1%	2 (A+)	4 (AA-)	6 (A2)	3 (AA)	5 (B)
State Bond/Mortgage 69086	MN	1966	$ 0.68B	5.0%	0.0%	0.4%	4 (A-)	-	-	-	6 (B-)
State Farm LIC 69108	IL	1929	$ 15.36B	10.9%	0.5%	0.4%	1 (A++)	1 (AAA)	1 (Aaa)	-	1 (A+)
State LIC 69116	IN	1894	$ 0.25B	8.3%	1.6%	0.2%	4 (A-)	-	-	-	6 (SB-)
State Mutual L Assur. 69140	MA	1844	$ 6.75B	6.5%	4.3%	0.5%	3 (A)	3 (AA)	4 (Aa3)	3 (AA)	8 (C)
Sun Life of America 69256	MD	1897	$ 5.65B	7.6%	7.1%	0.7%	2 (A)	3 (AA)	6 (A2)	3 (AA)	7 (C+)
Sun Life Assur./Canada n/a	CD	1865	$ 26.49B	12.4%	0.4%	0.0%	1 (A++)	1 (AAA)	-	-	-
Sun Life /Canada (US) 79065	DE	1970	$ 7.49B	5.5%	2.2%	0.4%	1 (A++)	1 (AAA)	-	-	7 (C+)
Sunset LIC/America 69272	WA	1937	$ 0.37B	12.5%	1.6%	0.0%	2 (A+)	3 (AA)	-	-	2 (A)
TIAA of Amer. 69345	NY	1918	$ 61.77B	5.2%	7.6%	2.7%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	6 (B-)
Time Insur. Co. 69477	WI	1910	$ 1.16B	36.7%	2.1%	0.4%	2 (A+)	3 (AA)	-	-	3 (A-)
TMG LIC (W'tn States) 70491	ND	1930	$ 0.87B	11.5%	0.9%	1.7%	2 (A+)	1 (AAA)	-	-	6 (B-)
Transam. Life & Ann. 69507	CA	1966	$ 9.70B	3.7%	4.0%	0.0%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Transam. Occidental 67121	CA	1906	$ 9.85B	6.8%	4.9%	0.0%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	5 (B)
Travelers Insur. Co. 87726	CT	1863	$ 34.20B	4.6%	2.9%	5.0%	4 (A-)	5 (A+)	8 (Baa1)	6 (A+)	10 (D+)
Travelers Life/Annu. 80950	CT	1973	$ 1.73B	13.6%	5.6%	2.8%	4 (A-)	5 (A+)	-	-	10 (D+)
Union Central LIC 80837	OH	1867	$ 3.33B	5.1%	3.4%	0.4%	3 (A)	6 (A)	-	5 (A+)	8 (C)
United Companies 69876	LA	1955	$ 1.33B	5.1%	2.2%	1.0%	4 (A-)	-	-	6 (A)	7 (C+)
Union Labor LIC 69744	MD	1925	$ 1.88B	6.2%	2.2%	0.1%	6 (B+)	8 (BBB+)	-	5 (A+)	10 (D+)
United Amer. Insur. Co. 92916	DE	1947	$ 0.70B	29.4%	2.2%	0.0%	2 (A+)	1 (AAA)	-	-	1 (A)
United Fidelity LIC 87645	TX	1920	$ 0.34B	7.4%	1.3%	0.6%	(NA-4)	-	-	-	11 (D)
United Investors LIC 94099	MO	1961	$ 0.91B	16.5%	1.8%	0.0%	1 (A++)	1 (AAA)	-	-	2 (A)
United of Omaha 69868	NE	1926	$ 5.40B	7.0%	3.0%	0.4%	2 (A+)	3 (AA)	3 (Aa2)	3 (AA)	5 (B)
United Pacific LIC 70025	WA	1956	$ 5.40B	7.0%	13.5%	0.0%	4 (A-)	9 (BBB)	12 (Ba1)	6 (A+)	10 (D+)
United Presidential 70033	IN	1965	$ 0.85B	7.9%	4.1%	0.2%	4 (A-)	-	-	-	5 (B)
United Services 70084	VA	1937	$ 2.03B	5.8%	1.7%	0.1%	3 (A)	5 (A+)	-	-	7 (C+)
Unity Mutual LIC 70114	NY	1903	$ 0.62B	3.0%	1.8%	0.0%	7 (B)	-	-	-	9 (C-)
UNUM LIC 62235	ME	1966	$ 8.89B	6.6%	3.3%	0.6%	1 (A++)	2 (AA+)	2 (Aa1)	-	5 (B)
USAA LIC 69663	TX	1963	$ 4.16B	6.3%	3.6%	0.0%	1 (A++)	1 (AAA)	2 (Aa1)	-	3 (A-)
USG Ann.& Life Co. 61247	OK	1957	$ 2.79B	6.1%	5.3%	0.0%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	7 (C+)
USLife Ins.Co.(NY) 70106	NY	1850	$ 2.18B	8.5%	7.1%	0.1%	2 (A+)	2 (AA+)	-	-	7 (C+)
Variable Ann. LIC 70238	TX	1968	$ 17.26B	3.5%	2.0%	0.4%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	4 (B+)
Vermont LIC 93645	VT	1981	$ 0.49B	5.0%	2.0%	1.3%	2 (A+)	4 (AA-)	-	4 (AA-)	8 (SC)
WM (Wash. Mut'l) LIC 85952	AZ	1975	$ 0.58B	6.8%	0.0%	0.2%	5(B++)	-	-	-	9 (C-)
Wash. Nat'l Ins. 70319	IL	1923	$ 1.58B	11.3%	5.1%	0.5%	3 (A)	-	-	-	7 (C+)
West Coast LIC 70335	CA	1915	$ 0.40B	22.9%	3.2%	0.0%	2 (A+)	-	5 (A1)	-	5 (B)
Western Nat'l LIC 70432	TX	1944	$ 5.80B	6.7%	8.6%	0.0%	3 (A)	5 (A+)	9 (Baa2)	4 (AA-)	8 (C)
W'tern Reserve LAC 91413	OH	1957	$ 1.39B	3.1%	7.0%	0.0%	2 (A+)	2 (AA+)	-	2 (AA+)	7 (C+)
W'tern United LAC 77925	WA	1963	$ 0.73B	5.5%	0.0%	2.9%	6 (B+)	-	-	-	10 (D+)
Wm Penn LIC of NY 66230	NY	1962	$ 0.90B	6.3%	0.0%	0.0%	3 (A)	-	-	-	5 (B)
Wisconsin Nat'l LIC 70580	WI	1908	$ 0.34B	9.9%	0.7%	0.2%	2 (A+)	-	-	-	3 (A-)
Xerox Finan. Svcs. LIC 93513	MO	1981	$ 3.83B	2.9%	8.5%	0.8%	(NA-3)	5 (A+)	6 (A2)	-	9 (C-)
Zurich Amer. LIC 70661	IL	1960	$ 0.21B	13.3%	0.0%	0.0%	4 (A-)	4 (AA-)	4 (Aa3)	-	8 (C)

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 arranty 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 appropriates 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

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 Scale uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The ratings from AA to B may be modified by the addition of a plus or minus sign to show relative standing within those grades. "AAA" Claims-paying ability represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companys 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 Categories

AAA	Superior financial security. Highest safety.
AA	Excellent financial security. Highly safe.
A	Good financial security. More susceptible to enconomic change than highly rated companies.
BBB	Adequate financial security. More vulnerable to economic changes than highly rated companies.
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) 208-1996.

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 adds a numerical modifier, from 1 (at high end of category) to 3 (at the lower end) to indicate the approximate ranking of a company in the particular classification.

Rating Categories

Aaa Exceptional security. Unlikely to be affected by change.

Aa Excellent security. Lower than Aaa because long-term risks appear somewhat larger.

A Good Security. Possibly susceptible to future impairment.

Baa Adequate security. Certain protective to future impairment.

Ba Questionable security. Ability to meet obligations may be moderate.

B Poor security. Assurance of punctual payment of obligations is small over the long run.

Caa Very poor security. There may be elements of danger regarding the payment of obligations.

Ca Extremely poor security. Companies are often in default.

C Lowest security. Extremely poor prospects of offering financial security.

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

Duff & Phelps' Ratings

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

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

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

Rating Categories

AAA Highest claims paying ability. Negligible risk.

AA+
AA
AA- Very high claims paying ability. Modest risk.

A+
A
A- High claims paying ability. Variable risk over time.

BBB+
BBB
BBB- Below average claims paying ability.

BB+
BB
BB- Uncertain claims paying ability. Protective factors are subject to change to change with adverse economy.

CCC Substantial risk regarding claims paying ability. Likely to be placed under state insurance department supervision.

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

Weiss' Ratings

Weiss Research, Inc. a recent entrant in the insurance rating business, began offering its **Safety Index Rating** in 1990. Weiss analyzes a company's future ability to pay its claims under difficult economic conditions when the potential for liquidity problems is increased. The most important indicators used are risk-adjusted capital ratios, which evaluate a company's exposure to investment, liquidity, and insurance risk in relation to the capital that the company has to cover those risks during periods of average and severe recession. Contact Weiss Research, Inc.; P.O. Box 2923; West Palm Beach, FL 33402; or telephone (407) 684-8100.

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

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

A **Excellent.** This company offers excellent financial security. It has maintained a conservative stance in its investment strategies business operations and underwriting commitments. While the financial position of any company is subject to change, we that has the resources necessary to deal with severe economic conditions.

B **Good.** This company offers good financial security and has the resources to deal with a variety of adverse economic conditions. However, in the event of a severe recession or major financial crisis, we feel that this assessment should be reviewed to make sure that the firm is still maintaining adequate financial strength.

Important note: Carriers with a B+ rating are included in our Recommended List because they have met almost all of the requirements for an A rating.

C **Fair.** This company offers fair financial security and is currently stable. But during an economic downturn or other financial pressures, we feel it may encounter difficulties in maintaining its financial stability.

D **Weak.** This company currently demonstrates what we consider to be significant weaknesses which could negatively impact policyholders. In an unfavorable economic environment, these weaknesses could be magnified.

E **Very Weak.** This company currently demonstrates what we consider to be significant weaknesses and has also failed some of the basic tests that we use to identify fiscal stability. Therefore, even in a favorable economic environment, it is our opinion that policyholders could incur significant risks.

F **Failed.** Companies under the supervision of state insurance commissioners.

+/- **Plus** is an indication that, with new data, there is a modest possibility that this company could be upgraded. **Minus** is an indication that, with new data, there is a modest possibility that this company could be downgraded. The A+ rating is an exception since no higher grade exists.

S The **S** prefix indicates a smaller sized company with less that $25 million in capital and surplus, but does not reduce or diminish the letter grades A through E. The S is simply a reminder that consumers may want to limit the size of their policy with this company so that the policy's maximum benefits do not exceed 1% of the company's capital and surplus.

U **Unrated.** This symbol indicates that a company is unrated for one or more of the following reasons: (1) total assets of less than $1 million, (2) premium income for the current year less than $100 thousand, or (3) the company functions almost exclusively as a holding company rather than as an underwriter.

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Annuities may accept either a one-time deposit ("Single Premium" annuity) or unlimited periodic investments ("Flexible Premium" annuity). Some annuities offer a choice of investment options ("Variable" annuity) where the value of your account fluctuates with changes in stock or bond prices. Other annuities credit a guaranteed interest rate ("Fixed" annuity).

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Immediate Annuities

Single Premium Immediate Annuities (SPIAs) are purchased by a single deposit, and usually commence regular income payments a month after you make your investment. An immediate annuity can be purchased with funds from a variety of possible sources, such as: a maturing Certificate of Deposit (CD); monies which have accumulated in a Deferred Annuity account (see below); or funds from a tax-qualified defined benefit or profit-sharing plan, or from an IRA account. The key ingredient for an immediate annuity is the exchange which takes place between the insurance company and the investor. The company promises to pay a monthly income for the life of the annuitant and the buyer gives up his rights to ever receiving his deposit back in a lump sum. Once an immediate annuity makes its first payment, it can not be cashed in.

Advantages of An Immediate Annuity

Advantages of an immediate annuity are its: (1) Simplicity -- the annuitant does not have to manage his investments, watch markets, report interest or dividends, or compete against professional investors; (2) Security -- the annuity provides stable lifetime income which can never be outlived or which may be guaranteed for a specified period; (3) High Returns -- the interest rates used by insurance companies to calculate SPIA income are generally higher than CD or Treasury rates, and since part of the principal is returned with each payment, greater amounts are received than would be provided by interest alone; (4) Preferred Tax Treatment -- it lets you postpone paying taxes on some of the earnings you've accrued in a "tax-deferred" annuity when rolled into an immediate annuity (only the portion attributable to interest is taxable income, the bulk of the payments are nontaxable return of principal); (5) Safety of Principal -- funds are guaranteed by assets of insurer and not subject to the fluctuations of financial markets; and (6) No sales or administrative charges.

SPIAs are particularly suitable for providing income in the following situations: (1) Retirement from Employment; (2) Terminal Funding or Pension Terminations (including deferred commencements); (3) Retired Life Buyouts; (4) Structured Settlements for Personal Injury, Estate or Divorce cases; (5) Professional Sports Contracts; and (6) Credit Enhancement and Loan Guarantee Transactions.

Forms of Annuity

In its simplest form--the Straight Life or Non-refund immediate annuity--payments are guaranteed over the lifetime of one person. This form of annuity insures the recipient against outliving his financial resources and is an important instrument in planning for retirement. Given a fixed deposit amount, the monthly payments which derive from a "Life" annuity are always greater than those derived from other forms of immediate annuity, such as the "Life with Period Certain" annuity, or the "Joint and Survivor" annuity. The insurer of a single life annuity calculates its obligation only until the last regular payment preceding the annuitant's death. With other more extended forms of annuity, the insurer calculates its risk over a longer period than the one life expectancy, and reduces accordingly the monthly payment amount. However, because the payments on a single life annuity expire when you do, selecting this form of annuity is, in a sense, a bet that you expect to live longer than the average person.

When you extend the range of a

life annuity by continuing payments to a second person ("Joint and Survivor" annuity) or for a guaranteed minimum period of time ("Period Certain" annuity), the extra coverage may reduce the monthly payment by about 5% to 15%. Several situations where these "extended" forms of immediate annuity would be most suitable are: (1) when the income needs to be guaranteed over the lifetimes of a husband and wife ("Joint and Survivor" annuity); (2) when payments must continue for a specified period (e.g. 5 or 10 years or more) to a designated beneficiary ("Certain and Continuous" annuity); or (3) when the annuitant wants to make sure that, if he should die before his full investment has been distributed in monthly payments, an amount equal to the balance of the deposit will continue to a named beneficiary ("Installment Refund" annuity).

Forms of Annuity Definitions

<u>Life Only, No Refund:</u> Level payments are received for the annuitant's lifetime and cease upon the annuitant's death.

<u>Life with Period Certain:</u> Level payments are received for the annuitant's lifetime. However, if the annuitant should die before the end of the specified certain period (usually from 5 to 25 years), payments will be paid to the designated beneficiary until the end of the certain period.

<u>Life with Installment Refund:</u> Level payments are received for the annuitant's lifetime. However, if the annuitant should die before receiving an amount equal to the original premium, payments will be paid to the designated beneficiary until the total payments made (annuitant and beneficiary) equal the original premium (without interest).

<u>Joint and Full Survivor (100%):</u> Level payments are made for as long as either the annuitant or joint annuitant is alive. Joint and Survivor (100%) with Certain Period: same as above except, if both the annuitant and joint annuitant should die before the end of the specified certain period (5-25 years), payments will be paid to the designated beneficiary until the end of the certain period.
<u>Joint and Survivor (50%..75%) reducing on FIRST or EITHER death:</u> Full level payments are made as long as both the annuitant and joint annuitant are alive. Upon the death of either the annuitant or joint annuitant, reduced (50%...75%) level payments will continue to the survivor for as long he/she is alive.

Adding a <u>Period Certain</u> provision to a Joint and Survivor (50%...75%) annuity accomplishes the following: even if the annuitant or joint annuitant dies before the end of the certain period, payments to the survivor will not reduce until after the end of the certain period (5-25 years). If both the annuitant and joint annuitant die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

<u>Joint and Survivor (50%..75%) reducing ONLY ON DEATH OF PRIMARY ANNUITANT:</u> Full level payments will be made for as long as both the annuitant and contingent annuitant lives. Payments are never reduced to the Primary Annuitant. Payments are reduced to the Contingent annuitant should the Primary Annuitant predecease the Contingent Annuitant. (Note: This form is sometimes called Joint and **Contingent** annuity. However, be careful, many companies interchange their definitions for Joint and Survivor and Joint and Contingent forms. Verify your company's interpretation of survivor annuity to be what you have in mind to purchase.)

Adding a <u>Period Certain</u> provision to a Joint and Contingent (50%..75) annuity does this: if the annuitant dies before the end of the certain period, payments to the contingent annuitant will not reduce until after the end of the certain period (5-25 years). If both annuitants die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

<u>Annuity Certain (Without Life Contingency):</u> Level payments are received for a specific period (5-25 years). If the annuitant should die before the end of the certain period, payments will be paid to the designated beneficiary. NO payments are made to the annuitant after the end of the specified period. (You <u>may</u> outlive this type of annuity.)

Immediate Annuity Rate Tables

<u>Source of Funds - Qualified vs. Non-Qualified</u>

The term **<u>Qualified</u>** (in the heading of Immediate Annuities Update Tables) refers to the tax status of the source of funds used for purchasing the annuity. These are premium dollars which until now have "qualified" for IRS exemption from income taxes. **The whole payment received each month from a qualified annuity is taxable as income (since income taxes has not yet been paid on these funds).** **<u>Qualified</u>** annuities may either come from corporate-sponsored retirement plans (such as Defined Benefit or Defined Contribution Plans), Lump Sum distributions from such retirement plans, or from such individual retirement arrangements as IRAs, SEPs, and Section 403(b) tax-sheltered annuities, or Section 1035 annuity or life insurance exchanges. Generally speaking, insurance companies use male/female (sex-distinct) rates when pricing qualified annuities where the purchaser and/or owner is a corporation. Where the annuity is purchased by an individual, annuity rates are generally unisex. Some states, however, require that unisex rates be used for all qualified annuities.

Non-qualified immediate annuities are purchased with monies which have not enjoyed any tax-sheltered status and for which taxes have already been paid. **A part of each monthly payment is considered a return of previously taxed principal and therefore EXCLUDED from taxation as income this year. The amount excluded from taxes is calculated by an EXCLUSION RATIO which appears on most annuity quotation sheets.** Non-qualified annuities may be purchased by employers for situations such as deferred compensation or supplemental income programs or by individuals investing their after-tax savings accounts or money market accounts, CD's, proceeds from the sale of a house, business, mutual funds, other investments, or from an inheritance or proceeds from a life insurance settlement. While most insurance companies apply their male/female (sex-distinct) tables to non-qualified annuities, some states require the use of unisex rates for both males and females. The income figures in the immediate annuity tables represent monthly payment for a $1,000 deposit with the first check received one month after the date of deposit. Columns identified as "Life" (for male, female, or unisex at ages 65 and 70) illustrate how much in monthly income a $1,000 deposit will purchase if payment are received over the lifetime of one person.

"Unisex 10C&C" rates show monthly income for 10 Years Certain and Continuous, which means that payments are guaranteed for at least ten years even if the annuitant should die before that period has elapsed. Of course, with the 10C&C annuity, monthly payments continue to be received at the stated rate even after the 10 year period for as long as the annuitant lives.

"Pd. Cert. 10 Yr. Only" rates cover payments for only a fixed 10 Year Period Certain. Such period certain annuities are not priced to reflect the age or life expectancy of the purchaser since payments cease after 120 monthly payments without regard to whether the annuitant is living.

"M65 F60 J&50%S" column illustrates rates payable on the Joint and 50% Survivor form of annuity. In our example the **primary** annuitant is a male age 65 and his coannuitant is a female age 60. This annuity guarantees payments over the lifetimes of two individuals, with the payments reducing by one half if the primary annuitant (male) should predecease the coannuitant (female). Variations on this type of annuity are also available.

Fixed Deferred Annuities

A Deferred Annuity is a tax-favored accumulation contract. Its chief advantage over a Certificate of Deposit or Mutual Fund is that the yearly earnings in an annuity contract are not taxed when earned (except in the case of a corporation). The cash value builds in the account each year on a tax-deferred basis. These contracts can also be used for Qualified "rollover" funds (lump sum distributions from a Qualified Pension Plan prior to retirement).

In this section, we explore issues related to "Fixed" deferred annuities (which are different than "Variable" deferred annuities reviewed in a separate section below). A fixed annuity is one where the insurance company credits your account with a fixed rate. Interest earned on fixed deferred annuities is usually credited at a declared rate, which can remain constant for periods ranging anywhere from a calendar quarter to as much as ten years. Fixed annuities only offer the interest-earning account, whereas "Variable" annuities may offer several accounts where returns fluctuate with stock and bond prices.

Advantages of A Deferred Annuity

1. Compound Earnings Without Paying Taxes

Annuity interest is tax-deferred. There are no IRS forms to file nor earned-interest entries on your 1040. People saving for retirement or investors with large money market or CD balances **must** consider annuities for the extra earnings which only this kind of tax deferral can provide. That's because tax-free compounding over a reasonable period of time produces a substantially greater retirement benefit after taxes are paid than taxable investing. Some studies find from 15% to 40% more money is available. So why would anyone want to warehouse their excess cash in a taxable CD when they could avoid the annual tax bite and even earn **additional** interest on each year's unpaid taxes year after year? What's more, if they wait to receive annuity income until retirement, when they're likely to be in a lower tax bracket, they'll further increase the value of their original investment.

2. Earning Higher Interest Rates
Annuities credit interest which is close to **long-term** bond rates and a lot higher than **short-term** money market rates. Add that to the power of tax deferral and you can see why each year annuities earn a substantially higher yield than CDs. Compare the **7.98%** equivalent yield from a typical 6% annuity (for an investor in the 33% tax bracket) to the **2.48%** net return from a 3.50% taxable CD or money market account. That's THREE times the earnings power of a CD. Plus, when long-term rates finally do turn up again, annuities will earn the higher interest rates then available.

3. Unlimited Tax-Deferral
Even persons who have maximized their yearly IRA and pension contributions may still invest any amount they wish into a tax-deferred annuity. There are no annual investment ceilings (no $30,000 limits) on this tax-advantaged plan. Investors may even continue to shelter their funds in annuities with many insurance companies to age 90 and older.

4. Principal Safety Without Market Fluctuations
When interest rates begin to trend up again (which they most certainly will do sometime during the next 10-20 years) annuity accounts will be protected from the kind of losses in principal which will hit bonds and bond funds. Annuities will credit future high interest rates without losses in principal. In an annuity 100% of your accumulated principal and interest is always in the account no matter what direction interest rates take.

5. Worry-Free Investing
The value of a fixed rate annuity is guaranteed and will not vary with "today's closing averages." The accumulated principal and interest is never subject to market losses. The interest or income continues regardless of what happens to bond rates or stock market performance. Investors are advised to regularly monitor the financial condition of their issuing company.

6. Retire Early Without Penalty
Annuities can offer valuable tax-savings for under age 59-1/2 employees who accept large cash sums from their 401k profit-sharing plans as part of an early retirement or severance package. For example, a young couples' 401k rollover can be invested in an annuity with "Substantial and Equal Payments" (IRS requirement) to cover their monthly mortgage payments. And this from monies they thought couldn't be touched until retirement!

7. Avoid the 50% Penalty on Minimum Required Withdrawals
Wealthy investors or retirees over age 70-1/2 who are now required to take minimum withdrawals from their IRA or Pension plans can avoid the hefty 50%(!) IRS penalty on amounts they should have withdrawn which they didn't, by simply annuitizing their accounts and turning over responsibility for income calculations to the insurance companies. They will also save the annual fees their accountant or attorney normally charges for making these calculations (and it may even be difficult finding one who knows how to do it correctly).

8. Retire With Lifetime Income
Retirees concerned about making their profit sharing plan and money market savings last "forever" can protect themselves with a guaranteed income stream, no matter how long they live. Nowadays, the possibility of outliving one's savings is high. A healthy male age 65 has a 25% chance of living beyond age 90, and women live longer still. With annuities, the monthly retirement check is guaranteed for life, regardless of swings in the economy.

9. Probate-Free Inheritance
Investors seeking to protect their beneficiaries from the onerous two- and three-year delays and associated costs of probate, can spare them the hassles with annuities. Annuity cash values are paid directly and quickly to named beneficiaries as soon as the insurance company is notified of the policyholder's death.

ANNUITY & LIFE INSURANCE SHOPPER reports both on "Single Premium" deferred annuities ("SPDA"), which accept only one deposit, and "Flexible Premium" deferred annuities ("FPA"), which have all the features of SPDAs with the added flexibility that they accept multiple deposits over the life of the contract. Flexible premium annuities, however, oven charge greater surrender penalties.

Deferred Annuity Rate Tables

The deferred annuity rate tables (in the earlier DEFERRED ANNUITIES UPDATE sections) begin with the name of the insurance company and the policy name of the contract described, since some companies issue more than one contract for each product category. The next category shows the minimum and maximum issue ages for non-qualified annuities. Age limits for qualified contracts are governed by IRS regulations and thus do not vary among different companies.

Interest Crediting

The Initial Credit% (Interest Rate) and the length of time for which this rate is guaranteed ("Yield Guarantee Period") are shown in the next two columns. Most insurance companies compound interest on a "day of deposit to day of withdrawal" basis. The cash accumulation figures in the tables below illustrate the growth of a single deposit of $100,000 (for SPDAs and CoAs) or 20 annual deposits of $10,000 (for FPAs), assuming the current interest rate remains in effect for 20 years.

Almost all annuities set a minimum or Floor Rate below which the annual interest rate is guaranteed never to drop. These floor rates are contractually guaranteed by the companies and are usually around 4%. To interpret a policy's floor rates check the letter code ("d" thru "g") against the legend for that table. Keep in mind that floor rates are not to be confused with "Bailout or Escape" rates, which only some companies offer (and which are discussed below).
Some insurers offer "bonus" interest rates which tack on as much as eight percentage points to the current interest rate, boosting the first-year yield to 15% or higher. As alluring as these bonus rates may seem, they can also be somewhat deceptive. Often, you'll only receive the bonus on your accrued earnings if you eventually annuitize with that company and take the money in monthly installments over a period of at least 10 years. If you want to withdraw your money in a lump sum, the insurer will retroactively subtract the 8% bonus, plus the interest that compounded on the bonus--<u>and</u> charge you a 15% penalty on your original investment. So be wary!

Tiered-rate annuities--so named because they have two levels of interest rates--are similar to bonus-rate annuities in that the "extra" accrued earnings in your account are available only if you annuitize with that company. Take a straight withdrawal of cash and your crediting rate will be knocked down to a "surrender value" rate as low as 6% for every year you've invested.

Some insurers offer lofty initial rates that are lowered at renewal time. Consequently, by gravitating toward annuities paying above-average rates, you may risk investing in an annuity which is a poor performer over the long haul.

Bailout Rates

Many insurers offer protection against low renewal rates with a contract feature that's known as a "Bailout" or "Escape" rate. A bailout rate lets you get out of an annuity without having to incur surrender charges if the renewal rate slips by, say, one percentage point or more below your initial rate (see column heading "Bailout Escape Rates" in deferred annuities tables). Annuities with bailouts typically pay initial rates of a half to a full percentage point below those without escape clauses. What's more, a bailout really protects you only against a company which arbitrarily lowers its rates. If interest rates drop in the overall economy, you probably won't be able to reinvest in another company's annuity product at a higher rate anyway.

Withdrawals, Fees, and Charges

Expense charges for deferred annuities fall into three categories: Front End Loading, Maintenance Fees, and Surrender Fees. Very few "Fixed" annuity contracts have any front end charges. (This is different than "Variable" annuities where front-end charges may exist.) This means that 100% of your deposit without any deductions goes directly to work for you in your account. Of course, your salesman is paid a commission (usually from 3% to 8%). But his fee is not deducted from your deposit. It's actually advanced to him by his insurance company, which figures to recoup this expense a little each year, through the **spread** between the interest rate it earns on your money and the rate it credits to your account.

It is not common for fixed annuities to charge maintenance fees. Most insurance companies also let you withdraw up to 10% of your account value (principal plus accumulated interest) each year, without paying a surrender penalty. However, EXCEPT for certain Certificate of Annuity policies, if you want to withdraw more than 10% of your contract value or surrender it for its full value before the insurance company has had time to recoup its sales expenses-- typically during the first 7 years or so--then you will be charged a penalty (in other words, a "back-end load"). These surrender charges usually approximate the unearned expenses a company has advanced. (These penalties are in addition to whatever IRS tax penalties may occur if you are making a withdrawal from an SPDA and you are not yet 59-1/2 years old.) Surrender penalties vary from company to company, but may be as high as 15% in the first contract year (see "Surrender Fees/Year" tables). As a rule, surrender charges are reduced by about 1% per year and usually disappear completely by the 5th through 10th policy year. Fees may also be waived when the contract is "annuitized" into an immediate life annuity or in the event of the policyholder's death. Recently, some companies have waived penalties when the policyholder was confined to a nursing home.

Contract Maturity and Annuitization

When a deferred annuity matures (ie., the year that the surrender penalties subside), it's essential to understand your withdrawal options. You may reinvest your money with the same company at the rate then offered or switch your account to another insurer (called a tax-free or "Section 1035 Exchange"). Or, you can simply pull your money out of the annuity in a lump sum, but then you'll immediately owe federal income tax on ALL the earnings (at one time)--plus, if you're younger than 59-1/2 at withdrawal, you'll owe an additional 10% tax penalty.

There are two ways, however, to postpone that tax bite while still turning your annuity account into a reliable income stream. One is by "annuitizing" your policy--where you irrevocably convert the accumulated value of your deferred annuity into an "immediate annuity" (see section above). You can either annuitize your account with your present company or transfer the account to a different insurer under a "Section 1035" exchange. It's a good idea to "shop the market" before annuitizing, since your present company may very well not be the one offering the most generous payments for the amount of money you can deposit. You can verify this discrepancy by comparing different companies' crediting rates to their settlement rates (see column titled "Mo. Income/$1000 for Male Age 65 for Life," which shows the current and guaranteed purchase rates per $1,000 of account value used by each company to convert cash values into monthly income). Also, consult tables entitled "Immediate Annuities."

Annuitizing may have a distinct tax advantage, such as letting you postpone paying taxes on some of the earnings you've accrued. However, this is true only for annuities which were originally purchased with so-called "non-qualified" or after-tax dollars (that is, monies which were not previously exempt from taxes). If your immediate or deferred annuity represents a "qualified" or pre-tax investment, such as an IRA or IRA "rollover" or Pension Plan funds, then the whole monthly income check will be taxable.

In addition to annuitizing, the other option is to set up a systematic withdrawal plan. With this method, you tell the insurance company how much cash to send you from your account each month. The main advantage of systematic withdrawal is flexibility; you can raise, lower, or stop the payments at any time, as well as annuitize. Unlike the annuitization option, though, your account could eventually run out of money if you withdraw more than the annual interest earnings each year. What's more, cash paid out in a systematic plan is usually fully taxable until you have drained all your earnings from the account. However, because the tax law governing annuities can be quite complex, you should consult a financial planner or tax adviser before going ahead with either withdrawal option.

Combination Annuities - Split Annuities

Combination annuities (also called split annuities) are essentially a hybrid product combining the features of a certificate of annuity with those of a temporary or period-certain-only immediate annuity. They are designed to provide immediate cash-flow with a guarantee that the initial purchase amount will be returned in full at the end of a specified period of time. The illustrations in our table on Split annuities show maturity periods of five and seven years.

What makes combination annuities different from other cash accumulation programs is how they are taxed. Payments from an immediate annuity have unique taxation: a portion of each payment is recognized by the IRS as a return of principal, with the remainder representing taxable income in the year received. The amounts are determined by a percentage factor, known as the "exclusion ratio," and in a combination annuity the results are very favorable. This feature can be viewed as an important advantage over bank CDs, for instance, because it reduces the amount of tax paid by the investor. A simple example will help illustrate this point. Suppose a semi-retired individual has a $50,000 investment coming up for renewal this month. The aim of this person is to use the monthly interest earnings to supplement his income. A local bank is offering a 6% fixed rate for an 84 month account where interest may be withdrawn without a charge each month. From the bank certificate of deposit, then, our investor would get $250.00 in interest income each month. After taxes, at 15%, he would receive $212.50 in net income. But he can do significantly better with a combination annuity.

By allocating his $50,000 into a combination annuity that uses both an SPIA and a deferred annuity, here's how our investor could increase his after-tax income. Based on current interest rates, he would deposit approximately $32,500 into the deferred annuity portion of a combination annuity. In 84 months, this deposit will have grown to a value of $50,000. He would then use the remaining $17,500 of his original $50,000 to purchase an SPIA, which at current rates would generate approximately $254.00 over the next 84 months. Of that amount, $208.02 is received tax free, because it represents a return of principal. This leaves $45.98 as taxable income. Assuming the same 15% tax bracket as before, $39.09 of this amount would constitute after-tax income. So, in this example, our investor would be receiving a total of $247.10 ($208.02 plus $39.08) in after-tax income. And, he would also have his full $50,000 investment returned in seven years.

The result is an increase in monthly income by more than 16% over what would have be provided through a bank certificate of deposit. The investor should also note that the income generated inside the deferred annuity portion of his combination annuity would be come taxable income if he takes a withdrawal. He can avoid this taxation, however, simply by rolling over the money into another tax deferred investment.

Some tax consultants advise investors to "custom build" their own combination annuity by simply purchasing an immediate annuity and a deferred annuity from separate insurance companies. This has the potential of providing more competitive returns and also avoids the unfavorable implications of certain IRS revenue rulings concerning combination annuities where the immediate annuity and deferred annuity portions are issued by the same company.

Variable Annuities

Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. If you own a favorite "taxable" mutual fund, you may wish to own a fund of similar structure overseen by the same fund manager in a tax-deferred manner. The advantages are straightforward.

Like fixed annuities, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, variables offer many more investment options not available in single-account fixed annuities. With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general interest account (GIA), which affords the same advantages as an SPDA account. Moreover, you can switch among these stock, bond, and money-market funds without tax consequences. (Mutual fund holders by contrast pay taxes on income, capital gains distributions, and profits from selling fund shares.) Later, you can surrender the annuity and take a lump sum payout over time ("annuitization") similar to an SPDA.

Almost all VAs offer a death benefit. Some guarantee the premium less withdrawals or the value of the account at death. Some step-up the death benefit every five or seven years. Still others guarantee 5% per year compounded on the original deposit.

A side benefit is that money held in a VA's mutual funds is kept apart from the insurer's General accounts. This safety feature is not available in SPDAs. (But money invested in the GIA of a VA is commingled with the insurer's assets and could be at risk if the company fails.) And, of course, with a variable annuity there are no guarantees that your account will increase in value if your stock or bond funds perform poorly.

Fees and Performance

Most VAs can be purchased on a no-load basis (that is, without a "front-end" load). Therefore, virtually all of your Variable Annuity deposit will be put to work for you (on a tax-advantaged basis to boot). VAs sometimes have annual contract fees - typically $30. In addition, there are fees for managing the assets in each fund. These are akin to mutual fund expense fees and range from 0.3% to 2.5% of your investment annually. There's also an assessment of about 1.25% annually to cover mortality and expense risk (called "M&E") and administration. Remember, most VAs return to your beneficiary an amount at least equal to your initial investment if you die and your account value is less than what you started with. The M&E fee offsets the cost of this coverage.

The Total Return Performance calculations in our tables are based on the Accumulation Unit Values (AUV). The AUV does not usually include the deduction of the annual records maintenance fee. This particular fee is most often deducted at calendar year's end from a contract owner's account. You may see contracts where fund performance with higher fees is better than some whose fees are less. The fee structure alone should never be the primary feature for selecting a VA. Remember also that if a VA is called a no-load, this does not mean that it is free of charges. "No-load" usually means that the annuity has no before or after (deferred) sales charges. As most no-load variable annuities are marketed directly with no outside sales force, internal costs may be lower. In addition, always keep in mind when reviewing the account performance tables that past performance is never a guarantee of future results. VAs are sold by agents licensed with the National Association of Securities Dealers (NASD) and with an accompanying prospectus or offering memorandum.

Structured Settlement Annuities

Periodic payment annuities, commonly known as structured settlements, are a popular means of providing compensation to personal injury and tort victims that offer significant advantages to all parties concerned. The greatest benefits accrue to the plaintiff, since the IRS code excludes from gross income any damages he receives through such a settlement annuity on account of personal injuries or sickness. For such a settlement to be valid, however, the method of funding cannot be part of the agreement, and the annuity cannot be obtained at the election of the plaintiff, since either of these conditions might constitute constructive receipt. Additionally, the inherent flexibility of annuities provides life-long security for the plaintiff, lower costs to the insurance company or defendant who pays the damages, and the tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

GICs & Insured Financial Guarantees

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are an integral part of many qualified and non-qualified plans' investment portfolios. They provide the highest rates of return and lowest market volatility of any fixed-income asset. GICs are backed by the general account assets of the insurance companies, who in turn employ immunization strategies to match the duration of their assets with their GIC/GFA obligations.

While each GIC/GFA contract is negotiated individually to meet the specific needs of the buyer, the following brief description covers nearly all the different types of GICs currently in use: (1) Bullet Deposit contracts effectively compete with CDs of similar durations. Bullets provide a current interest rate guarantee on a one-time deposit for a specified maturity period (1 to 10 years). (2) Window or Flexible or Recurring Deposit contracts are similar to bullets except that they provide a current interest rate guarantee which covers all deposits received over a 12-month period. These instruments are attractive for employee contributions in 401(k) plans. (3) Benefit Responsive contracts provide interest accumulation (as with "bullets") and scheduled or non-scheduled withdrawals to meet a plan's or contractholder's cash flow needs. The rates in the GICs table are for Bullet GICs in qualified plan situations; they are also quoted net of expenses and with no commission fees.

Annual Renewable Term Life Insurance

Annual renewable term life insurance is a very simple product. It is essentially a bet on your life. If you die while the policy is still in force, the insurance company will pay your beneficiary the face value. If you survive, the insurance company has no obligation to pay anything to anyone. Renewal of the policy from one year to the next is also guaranteed by the issuing insurance company, without any need for the policyholder to prove continued insurability. Moreover, the insurance company cannot increase premiums because the policyholder has developed an adverse physical condition. Premiums do increase each year; however, they do so only in relation to the higher risk carried by the insurance company as the policyholder's life expectancy decreases.

Term insurance rates are reported in tables for males and females who purchase a policy with a face value of $250,000 beginning at age 35 and then renew the policy for the next four years. The first column thus provides the rate for age 35, and the second column provides the aggregate premium for the five-year period from ages 35 to 39. The remaining columns provide the same infor
mation for ages 40, 45, 50, 55, and 60, followed by the aggregate premiums for each succeeding five-year interval.

Ten-Year Level Term Life Insurance

Ten-year level term has the same basic contractual obligations as annual renewable term. The main difference is one of pricing. For Ten-year level term, the premium is guaranteed to remain constant for a period of ten years, unlike annual renewable term where the premiums gradually increase each year.

Annuity Shopper reports annual premium amounts, including all fees and commissions, for a male and female, each of whom purchases a 10-Year level term policy with a face amount of $250,000 beginning at the ages indicated. Thus, each policy is guaranteed renewable for the next nine years at the same initial premium amount.

Pension Plan Termination and 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 c sometimes, technical nature. Ou 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 hav special needs on how the contra 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 than 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 deter mined to insure that they are sufficient to cover the estimated cost of annuities. A bond portfolio hedging strategy may be employed to protect the assets until the final distribution is made. (During periods of declining interest rates, the present value or cost of annuities generally increases. In the absence of a defensive investment strategy, significant erosion of assets may occur.)

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

We market your plan by submitting specifications and data to those carriers best suited to underwrite your liability. The presentation of complete specifications and clean data (especially on diskette or mag tape) reassures the carriers that everything is "in order" and serves as an extra inducement, not only for them to accept the case for pricing, but also to calculate the annuity premiums using their most competitive cost factors. With respect to preparing these documents, you 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 contracts. Simply mail or fax (908-521-5113) the plan specifications and census data and we'll prepare documents for quoting by the carriers. We can provide this service on either a commission or fee basis. Simply call our toll-free number 1-800-872-6684 and we'll discuss details with you. We invite your inquiries.

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