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July - Sept. 1995 (vol.10, no.3)

A Primer on Family Limited Partnerships

Exceptions to Pre-59½ Penalty Tax

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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: AM Best, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Also, shown is each company's level of assets and net worth ratio.

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Features

A Primer on Family Limited Partnerships

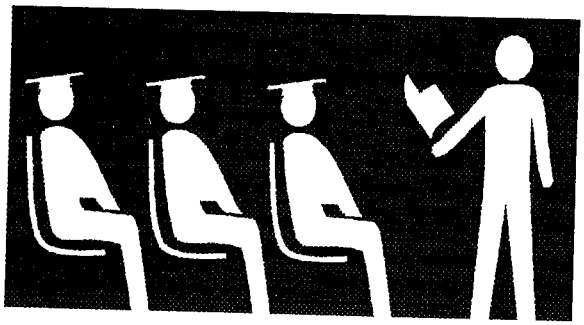
With the rising popularity of Family Limited Partnerships ("FLP"), we're presenting a basic FLP "genealogy" along with discussion on how a FLP can help with estate planning requirements.

Traditional Planning Methods

Since the introduction of the transfer tax system in 1916, planners have been looking for ways to convey the maximum allowable net estate to a taxpayer's heirs. Over the past decade, most planners have advocated using a credit shelter trust (to transfer the maximum amount allowed under the unified credit). This is combined with a direct transfer of the remaining property to the surviving spouse or a marital trust for the spouse's benefit and an annual gifting program to take advantage of the gift tax exclusion. These annual gifts would not go directly to the children or heirs of the transferor, but would go into an irrevocable trust. This irrevocable trust would often be set up to buy life insurance on the transferor's life, because life insurance leverages the value of the gifts and provides a way for the heirs to purchase the transferor's assets effectively while providing liquidity in the estate to pay estate taxes. These planning strategies work well overall, but have certain limitations.

Drawbacks to the Use of Trusts and Spousal Transfers

When the taxpayer's estate transfers its remaining assets to the surviving spouse, they escape taxation in the transferor's estate; however, they will be taxable in the surviving spouse's estate. This simply defers taxation of the estate, allowing it to appreciate, creating a larger taxable estate. Property gifted to an irrevocable trust may escape gift and estate taxes entirely but it is also removed from the transferor's control. Ownership of the property becomes vested in a trustee who has a fiduciary obligation to do what is best for the beneficiaries of the trust, guided by the powers and provisions granted in the trust document. However, what the trustee determines is best for the beneficiaries may not be what the transferor feels is best and the transferor is powerless to do anything about it. Enter the Family Limited Partnership.



The FLP Entity

The FLP is a legal entity formed under a state's limited liability partnership law. The FLP differs from other limited partnerships in that only family members, a family trust, or a wholly owned corporation are allowable partners. This entity has gained popularity in the past few years because of changes in state and federal laws that permit discounts for transfers of limited partnership interests as well as changes that limit creditors' rights to these interests. The changes in the law and the inherent flexibility of the limited partnership have made the FLP a valuable tool in estate and family business continuation planning.

When a family uses the FLP, parents transfer ownership of assets they eventually want to transfer to their children to the partnership. The partnership can be set up to own almost any type of tangible or intangible personal assets, insurance, real estate or even a family business. Family members will eventually own varying interests in the limited partnership, which will give them an undivided ownership in the assets of the FLP. These interests will have different rights, liabilities and protections associated with them. For example, the general partners have the right to maintain control over the properties and draw an income for their management activities while the limited partners are protected from the debts and obligations of the partnership.

In addition to transfering family wealth from one generation to the next, the FLP replace an Irrevocable Life Insurance Trust ("ILIT"). FLPs can also be used in conjunction with a Grantor Retained Annuity Trust ("GRAT") or Grantor Retained Unitrust ("GRUT"), or as a funding vehicle for a Charitable Remainder Trust ("CRT").

ILITs

For many years, Irrevocable Life Insurance Trusts have been the vehicle of choice to hold insurance policies on the lives of the older generation. The ILITs are designed to replace assets for the children or to allow the children to purchase the assets from the estate, thus providing the liquidity to pay estate taxes. The main advantage of an ILIT is its ability to keep the insurance proceeds out of the insured's estate where it could be taxed by as much as 55%.

While ILITs are a safe and effective way to accomplish these objectives, they face some disadvantages.

First, since the trust must be irrevocable, once the trust is drafted and funded with life insurance, the grantor (founder of the trust) is unable to make changes to the trust to account for changing circumstances. Therefore, either the

trustee must be given a large amount of discretion or the grantor risks some unforeseen and possibly negative results.

Second, an appropriate trustee needs to be found and an appropriate successor trustee or a process for finding one must be determined. This has become more and more of a problem due to the increasing liability that trustees face from the trust beneficiaries. Given these problems and the fact that ILITs have no income-producing assets with which to pay trustee fees, many corporate trustees are no longer willing to oversee an ILIT. Finally, ILITs have heavy administrative burdens. Beneficiaries must be notified of their right to withdraw funds from the trust each time a gift is made in order to qualify for the annual gift exclusion. The trustee must also account to the beneficiaries for all trust activity each year.

Using FLPs Rather Than ILITs to Hold Insurance Policies

ILITs remain an important tool in estate planning and in some situations are the only vehicle which makes sense. There are however, attributes that make the FLP a better entity to hold an insurance policy than an ILIT. The first is flexibility. Unlike an ILIT, the FLP can be amended to meet changing needs and family conditions. Second, the parents, as general partners, retain total control over the family business and the other assets owned by the FLP. Third, there is no need to appoint a trustee and then rely on the trustee's judgment or to give him or her overly broad powers to ensure the future viability of the estate plan. Fourth, since gifts of the limited partnership interests are present interest gifts, they qualify for the $10,000 annual gift tax exclusion per donee without the additional administrative burden that is required in an ILIT. Finally, since the proceeds from life insurance policies owned by the FLP are only taxed in the parents' estate to the extent of their ownership in the FLP, a well-thought-out, thoroughly executed gifting program should allow only minimal inclusion in the parents' estate.

FLPs and Family Business Transfers

Several characteristics of the FLP make it ideal for the transfer of a family business from one generation to the next. First, parents can transfer most of the limited partnership to their children as limited partnership interests and still retain total control over the business by retaining all general partnership interests. Second, by using management fees, income from the family business can be retained by the elder generation as compensation for running the business as a general partner. If, on the other hand, it is desirable to shift income from the older generation to the next, the FLP can accomplish this without additional gift tax cost. The partnership's income can simply be sprinkled among the younger generation according to their limited partnership interest. Finally, by discounting the value of limited partnership interests transferred to family members for lack of marketability and lack of control, the parents can increase the value (leverage) of their estate and gift tax exclusion and exemption. This allows parents to transfer most of the FLP during their lifetime without subjecting these transfers to the gift tax and avoiding taxation in their estate.

FLPs with GRATs and GRUTs

Those individuals attracted by the discounted gifting available with FLPs may also consider using one in conjunction with a Grantor Retained Unitrust or Grantor Retained Annuity Trust (GRAT or GRUT). Such a combination can provide a "super discount" to the value of the underlying property for gift tax purposes. This is how it might work:

The FLP is set up and property is contributed to it. The contributor receives both general and limited partnership interests.

A GRAT or GRUT is then established. This type of trust provides income to the grantor for a specified period. The amount paid to the grantor will be based upon either the initial value of the trust (GRAT) or the value of the trust as determined each year (GRUT). After the term expires, all trust property will automatically go to the trust beneficiaries.

The grantor transfers FLP interests to the GRAT or GRUT. Because the FLP interests are minority interests, they are discounted for gift tax purposes (as discussed above). Because the trust beneficiaries will not receive the FLP interests until the trust term expires, the gift receives a further discount. This second discount will vary depending upon the time period of the trust, the payout rate and market interest rates. The combination of the minority and marketability discounts and the GRAT/GRUT discount creates a super-discounted gift. Income tax must be paid on the annual income stream retained by the grantor.

Conclusion

There are many advantages to using an FLP in estate planning. Careful consideration should be given to its benefits and limitations compared with more traditional planning approaches. Be advised that the FLP is an area of law continuing to develop and that these issues should be reviewed by independent legal counsel. Future developments could restrict aspects of FLPs discussed in this article.

[*Adapted from* Hamilton Times, March 1995 *a publication of Alexander Hamilton Life, Authored by Steven M. Garvey, JD-MBA*]

Exceptions to Pre 59-½ Penalty Tax

From time to time we receive inquiries about exceptions to the 10% additional penalty tax on pre-59½ distributions from Qualified Plans, IRA's and non-qualified deferred annuities. The following should provide a quick reference guide.

1. Qualified Plan Distributions

IRS Publication 575 (Pensions and Annuity Income) defines a qualified plan as one of the following:

(a) Qualified employee retirement plan [including qualified cash or deferred arrangements (CODA's) under section 401(k)], (b) A qualified annuity plan, (c) A tax sheltered annuity plan for employees of public schools or tax-exempt organizations, or, (d) An individual retirement arrangement (IRA).

If payments begin from a qualified plan after an employee has separated from service [IRC Section 72(t)(3)(B)] then the 10% penalty does not apply if the distributions are either:

- Part of a series of substantially equal periodic payments ("SEPPs") not less frequently than annually, made for the life or life expectancy of the employee or the joint lives (or joint life expectancies) of such employees and his designated beneficiary [IRC Section 72(t)(2)(iv)]. The Payments under this exception must continue for at least 5 years or until taxpayer reaches age 59½, whichever is the longer period. If the payments under this exception are changed before the end of the required periods for any reason other than the death or disability of the owner, he or she will be subject to the 10% additional tax.
- Made after separation from service if separation occurred during or after the calendar year in which taxpayer attained age 55
- Paid to alternate payees under a qualified domestic relations order (QDROs)
- Paid to taxpayer to the extent there are deductible expenses for medical care (the amount that exceed 7-1/2% of AGI), whether or not deductions are itemized.
- Paid on account of death or total and permanent disability

2. IRA Distributions

Pre-59 1/2 distributions from an IRA can avoid a 10% penalty tax if they are:

- Received under the "SEPP" exception as described earlier,
- Paid to the IRA owner's total and permanent disability, or
- Paid to a beneficiary or to the IRA owner's estate after the death of the IRA owner.

3. Non-Qualified Annuity Distributions

Pre-59 1/2 distributions from a non-qualified annuity may be excepted from a penalty when they are paid under an immediate annuity contract. Immediate annuity is defined per IRC Section 72(u)(4) as purchased with a single premium or annuity consideration, the annuity starting date commences no later than 1 year the date of the purchase of the annuity, and it provides for a -series of substantially equal periodic payments (to be made not less frequently than annually) during the annuity period.

(Note: Rev. Rul. 92-95, 1992-2 CB43. Where a deferred annuity contract was exchanged for an immediate annuity contract, the purchase date of the new contract for purposes of the 10% penalty tax was considered to be the date the previous deferred annuity was purchased. Thus, payments from the replacement contract did not fall within the immediate annuity exception to the penalty tax.)

Other non-qualified annuity exceptions are for distribution which are either:

- Allocable to the cost or basis portion of a deferred annuity contract issued before August 14, 1982
- Paid from an annuity contract under a qualified personal injury settlement (so called "structured settlement")
- Paid under a deferred annuity contract purchased by an employer upon the termination of a qualified employee retirement plan or qualified annuity and that is held by the employer until the taxpayer separates from the service of the employer.

[*Adapted from* Technically Speaking, *No. 95-1, Jan 23, 1995; published by Canada Life Assurance Co. Author: Robert Hoffman, ChFC, CLU*]

Using Multiple IRA's in Pre 59-1/2 Withdrawals

A recent private letter ruling indicates that the IRS may be willing to allow a taxpayer to calculate the pre-age 59-½ election (assuming an appropriate method is used) for each IRA separately, and then take the distribution from one or a combination of all the taxpayer's IRAs.

Generally, withdrawals from an IRA prior to age 59-½ are subject to a 10%, nondeductible excise tax. Under one of the Code exceptions, withdrawals can be structured to escape this additional tax. IRS Notice 89-25 and a number of private letter rulings detail acceptable methods for structuring these distributions.

In PLR 9505022, a taxpayer maintained eight IRAs and started receiving monthly distributions at age 55. The taxpayer calculated the monthly distribution from each IRA separately using the taxpayers life expectancy as determined in 1994. The method of calculation used by the taxpayer was an acceptable method for meeting the pre-age 59-½ penalty tax exception. The taxpayer then wanted to withdraw the full amount payable each month from one of the IRAs in accordance with the alternative method provided in IRS notice 88-38. This Notice allows a taxpayer to satisfy the age 70-½ minimum distribution rules by taking from one IRA the amount required to satisfy the minimum distribution requirement for all other IRAs.

After review, the IRS ruled that the monthly distributions constitute a series of substantially equal periodic payments made for a period equal to the taxpayers life expectancy. As such, the distributions were structured in such a manner that they are not subject to a 10% excise tax.

This ruling, if applied on a larger scale, would permit taxpayers more flexibility in retirement planning because they may choose to take distributions from the IRAs providing a lesser rate of return and thus allow funds to stay in those accounts providing a better rate of return.

Note: IRS private letter rulings may only be relied upon by the taxpayer to which the ruling is issued. Private letter rulings should not be relied upon as precedent. They are, however, a good indication of the IRS's current position on specific tax issues.

[*Reprinted from* Perceptions, *a newsletter distributed by the Advanced Sales Dept. of Alexander Hamilton Life.*]

Supreme Court Upholds Ruling That Annuities Are Investments, Not Insurance

A national bank and its brokerage subsidiary applied to the Comptroller of the Currency, who is appointed by Congress to oversee national banks, to allow the subsidiary to act as an agent in the sale of annuities. Under the proposed plan, bank customers could purchase a "variable annuity," which invests payments in a designated way and yields income that varies with investment performance. By granting the application, the Comptroller labeled annuity sales as "incidental to the business of banking" under the National Bank Act, 12 U.S.C. Sec. 24. The Comptroller further concluded that annuities were not "insurance" within the meaning of Sec. 92. That provision, by expressly authorizing banks in towns of no more than 5,000 people to sell insurance, arguably implied that banks in larger towns could not sell insurance. An insurance company, which sells annuities, filed a lawsuit challenging the Comptroller's decision. A U.S.district court upheld the Comptroller's conclusions, and the U.S. Court of Appeals, Fifth Circuit, reversed, rejecting the conclusion that annuities were not insurance.

The case was then reviewed by the U.S. Supreme Court. The Court held that the Comptroller's determination that national banks may serve as agents in the sale of annuities was a reasonable one. The Court deferred to the Comptroller's determination that annuities were properly classified as investments, not insurance within the meaning of Sec. 92. A key feature of insurance is that it indemnifies loss, whereas annuities serve an important investment purpose and are functionally similar to other investments that banks typically sell. Although fixed annuities more closely resemble insurance than do variable ones, fixed annuities also have significant investment features and are similar to debt instruments. Therefore, it was reasonable for the Comptroller to classify the two together. The decision of the court of appeals was reversed. *Nations Bank North Carolina v. Variable Annuity Life Insurance Co., 115S.CT 810 (1995)*

[*Reprinted from* Legal Notes for Insurance, *May 1995 issue, with Permission of Data Research, Inc. To subscribe call 800-365-4900.*]

Agent Has No Duty to Advise Insured of Different Coverages

An Arkansas man purchased an industrial crane. The bank financing the purchase required that the crane be insured. The man called an insurance agency and claimed that he made it clear to the agent that he wanted coverage for the operation of the crane. The agent disagreed, stating that they discussed both an "all risk" policy which would cover operation of the crane and a more limited "named perils" policy. He said that the insured's main concerns were satisfying the bank's insurance requirement and paying a low premium. Eventually, a named perils policy was issued and sent to the insured who admitted to looking it over. Later, the agent called the insured and gave him an overview of the provisions in the policy. Several months later, the crane was heavily damaged in an accident which occurred while it was being operated. The insured made a claim under the policy which the insurer denied. Then the insured brought an action against the agent to recover for the negligence resulting in the crane not being covered. A verdict was issued in favor of the insured, and the agent appealed to the Supreme Court of Arkansas.

On appeal, the agent argued that he was not negligent in obtaining insurance for the insured. It was his contention that the insured had a duty to know the contents of his own policy. The supreme court agreed, noting that there was no merit to the insured's claim that the agent had a duty to advise him with respect to different coverages. That responsibility was placed on the insured to educate himself on matters of insurance coverage. In this case, the insured had had ample opportunity to read and review has policy, and to change it if coverage was not suitable. His failure to do so did not create a negligence cause of action against the agent. The verdict of the trial court was dismissed. *Scott-Huff Insurance Agency v. Sandusky, 887 S.W.2d 516 (Ark. 1994)*

[*Reprinted from* Legal Notes for Insurance, *May 1995 issue, with Permission of Data Research, Inc. To subscribe call 800-365-4900.*]

Pension Plans Must Report Underfunding Yearly

Employers with underfunded pension plans will now have to provide a new annual disclosure statement to participants explaining the funding level of their pension plans and an the limits of federal benefit guarantees if the plans are terminated.

The disclosure statement, which must be distributed by employers that have pension plans that are less than 90% funded, was mandated as part of sweeping legislation Congress passed last year that also tightens pension funding rules.

The details of the disclosure statements were unveiled last week by the Pension Benefit Guaranty Corp. and published in the March 28 Federal Reg-

ister.

Federal pension regulators say the new disclosure statements is needed to raise employee awareness of underfunded pension programs and that there are limits on federal benefit guarantees.

Employers may want to explain why the plan is underfunded and what they have been doing and intend to do to improve funding.

Rollover Back To Qualified Retirement Plan Permitted

In a recent private letter ruling, the Internal Revenue Service concluded that a taxpayer who had rolled over a distribution from his qualified retirement plan into an IRA could roll the same funds back into the same qualified retirement plan. After the initial rollover, the qualified retirement plan was amended to permit receipt of funds from IRAs and other qualified plans.

The taxpayer, whom we will label Mr. Green, worked for a company that had a defined contribution plan for its employees which accepts employee contributions on an after-tax basis. At the time of the letter ruling request, the plan was about to be amended to provide that a participant, even if not currently eligible to participate in the plan, could roll over a distribution from a qualified retirement plan or an IRA back into the company's plan, provided certain conditions were met. (If the distribution was coming from an IRA, the IRA must contain only funds rolled over from a qualified retirement plan.)

In effect, this plan amendment would permit participants like Mr. Green who received distributions at an earlier date and rolled the distributions into a conduit IRA to transfer the funds back into the employer's plan. (The term "conduit IRA" typically refers to an IRA used to receive only funds from a plan distribution which may be moved into another qualified plan at some point in future.) In view of the fact that even participants no longer eligible to participate in the plan could make such a rollover, former employees could take advantage of this opportunity. In reaching its conclusion, the Internal Revenue Service noted that nothing in the Code or the regulations prevents this rollover from a conduit IRA to the same qualified retirement plan from which the funds were originally distributed. The Service also stated that the term "employee" for purposes of Code section 402 and the term "individual" for purposes of Code section 408(d)(3) include a retired employee.

Thus, in this private letter ruling the Service concluded that a former plan participant like Mr. Green who received a distribution from the plan and properly rolled over the distribution to a conduit IRA may roll over all or part of the funds in the IRA to the same qualified retirement plan. One condition of making this rollover back to the qualified plan is that the participant may not have made any contributions to the conduit IRA other than the funds rolled over from the plan.

[Let. Rul. 9505023. ASRS: Sec 62, 920.6. Tax Facts 1 (1994,1995): Qs 344,351. *Taken from* Taxline, *April, 1995 Volume 95, No.4.*]

IRS Issues New Guidelines for Home-Office Deduction

The IRS has planned a new attack on write-offs for home-based business owners. And the amount of money at stake could be far greater than in the previous attack on home office deductions. Fortunately, you can beat this if you are prepared.

This new attack opened with the Supreme Court's decision on the *Soliman* case involving home office deductions. The court concluded that an anesthesiologist was not entitled to home office deductions—his principal place of business was not his home office. Instead, the hospitals in which he met patients and administered the anesthesia were his principal place of business.

The Supreme Court said two tests are used to determine if a home office is the principal place of business. In the first test you determine which are the most important tasks performed; these are the tasks for which clients and customers are actually paying. Then you determine the place where you perform those tasks. If the tasks performed at the home office are merely administrative or clerical in nature, then the home office probably is not your principal place of business.

The second test is used only if the first test does not give a clear answer, usually because you perform the important tasks at different locations. You count the hours during which the important tasks are performed at each location. The principal place of business is the location at which those tasks are performed most often.

Under *Soliman*, and especially in the IRS's interpretation of it, a number of business owners do not have a principal place of business. That is because their work is performed at the homes or offices of clients and customers.

Now the IRS is taking *Soliman* a step further and arguing that the same rules apply to deductions for business transportation. The IRS is denying vehicle expense deductions to business owners whose home offices do not qualify for deductions. The amount of money involved in the travel cases is far higher than the amount involved in home office cases. Usually only a small portions of the home is used for the home office,

and depreciation must be stretched over 30 years or so. But the travel expenses involve extensive distances, often in expensive vehicles that don't get good gas mileage. A taxpayer using the actual expense method to compute transportation expense deductions has a lot of money at stake.

The Tax Court shot down the IRS arguments in two key cases (Walker, 101 TC 537 [1993], and Stickup, TC Memo 1995-43). The court said that travel expenses are deductible under a different section of the tax code, so home office rules do not have to be satisfied for travel from the home office to a business location to be deductible. The Tax Court relied on an old IRS Revenue Ruling for this decision.

The IRS responded by issuing Rev. Rul. 94-47, which changed the old ruling and applied the home office rules to business transportation. Under the new ruling, if your home office does not qualify as the principal place of business, mileage between your home and work locations is not deductible.

What to do: The Tax Court has not yet considered a case under the new Revenue Ruling. Right now, there is enough Tax Court precedent that you should be able to deduct the mileage without incurring penalties even if the Tax Court eventually backs the new IRS position. To enhance your situation, take steps to show that your business is based in the home, even if it is not the principal place of business: Have a space reserved for business use. Keep your computer equipment, books and records there and receive business calls and business mail there.

These facts give you as many favorable points as possible and increase your odds of beating the IRS's latest attack on home-based business.

[Tax Wise Money, *April, 1995. Reprinted with permission of Agora Financial Publishing, 824 E. Baltimore St. Baltimore, MD 21202. Call 800-433-1528. Subscriptions $39.00/year*]

SEP Not Exempt From Bankruptcy Trustee

A bankruptcy court in Massachusetts held that a SEP ("Simplified Employee Pension") that did not cover common law employees was not exempt from the trustee in bankruptcy under ERISA's anti-alienation provision. (*In re Kellogg* (1995; Bankr D MA) 1995 Bankr LEXIS 374)

In February 1994, a self-employed contractor and his wife filed for bankruptcy. Six years earlier, the contractor had established a SEP under which he was the employer, sole employee, and sole participant. The SEP contained a provision that prohibited the assignment, pledge or attachment of a lien to the contractor's interest in the SEP.

The bankruptcy trustee claimed that the SEP was part of the bankruptcy estate and could not be excluded based on the reasoning in *Patterson v Shumate* (1992) 112 S Ct 2242 (ERISA anti-alienation provision provided exemption for ERISA-covered plan) because it did not satisfy the requirements of the Internal Revenue Code and ERISA. Specifically, the anti-alienation provision was not valid because the SEP permitted the contractor to withdraw funds or terminate the plan at any time. Further, the contractor was not an employee for ERISA purposes.

The Bankruptcy court held that the contractor was not an employee for ERISA purposes and because the SEP did not cover any employees, it was not an employee benefit plan under ERISA. Further, the SEP's anti-alienation provision was not enforceable under ERISA since ERISA Sec. 206(d) (ERISA's anti-alienation provision) did not apply to an individual retirement account under Code Sec. 408 and a SEP was an employer-funded individual retirement account. Inasmuch as the SEP's anti-alienation provision was no covered under ERISA, the holding of Patterson did not apply to exempt the SEP's assets from the bankruptcy trustee.

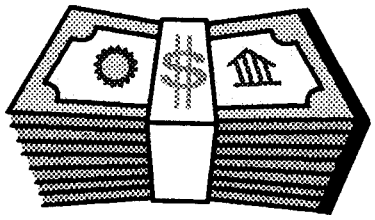
[RIA Pension & Benefits Week, *May 30, 1995. Subscriptions: 800-431-9025.*]

Distribution from Trust Treated as IRA Rollover

A taxpayer died survived by his wife. Before his death, he had established an IRA and a trust which was the beneficiary of the IRA. Under the terms of the trust, there were two subtrusts, E and F. Trust E was to be funded with the minimum amount necessary to produce the lowest Federal estate tax on the deceased's estate. The trustee intended to allocate enough proceeds of the IRA to fully fund trust E and allocate the remainder to trust F. The surviving spouse was entitled to all the principal allocated to trust E and intended to rollover all amounts in trust E to an IRA maintained in her behalf. (Editor's note: Ordinarily, if a trust is the beneficiary of an IRA, the distribtution would be taxable. Further, if the trust is the beneficiary of the IRA and the decedent's wife is the beneficiary of the trust, the distributions she receives from the trust do not represent a "conduit" IRA and the proceeds would be treated as a taxable distribution.) The IRA noted that if a trustee had no discretion with respect to either the allocation of IRA proceeds to a trust or to the payment of the IRA to a surviving spouse, the IRS would treat the surviving spouse as having acquired the IRA proceeds from the decedent and not from the trust. Inasmuch as the trustee was required to allocate a certain portion of the IRA proceeds to trust E and pay this amount to the surviving spouse if so requested, this amount could be rolled over to an IRA which would be treated as the spouse's IRA and would not be included in the spouse's gross income. (*IRS Letter Ruling 9510049*)

[RIA Pension & Benefits Week, *March 27, 1995. Subscriptions: 800-431-9025.*]

Four-Year Stock Market Cycles



"I believe in certain economic and stock-market cycles because history proves they have excellent predictive powers," exclaims Bill Staton's *Money Advisory*. One of the most dominant cycles for the stock market is the four-year cycle. A market low is recorded almost every four years. This cycle is so regular it's almost eerie.

Prior to 1958, four-year lows were irregular. There was a major low in 1932, but the next was in 1938, six years later. Four years after that there was a low in 1942, but the following one took seven years to arrive in 1949. There was another four-year low in 1953, with a five-year low in 1958.

Since 1958, however, there has been a low every four years without fail—1962, 1966, 1970, 1974, 1978, 1982, 1986, 1990, and 1994. What each of these years has in common is that it was a mid-term election year. Particularly since World War II, the first two years of a presidency have been bad to mediocre, while the second two (1995 and 1996 in this case) have been exceptional. They've been even more exceptional when one of the two years ended in a '5' as it does this year.

Last April, the Dow hit a low of 3520, while the S&P 500 reached a low of 435. While neither was a bear-market low by definition (at least 20% down from a high), most stocks did suffer. At least 25% of all stocks fell 30% or more from peak to trough while another 25% dropped between 21% and 30%. Half of all stocks were in a bear market, so the averages didn't reflect reality.

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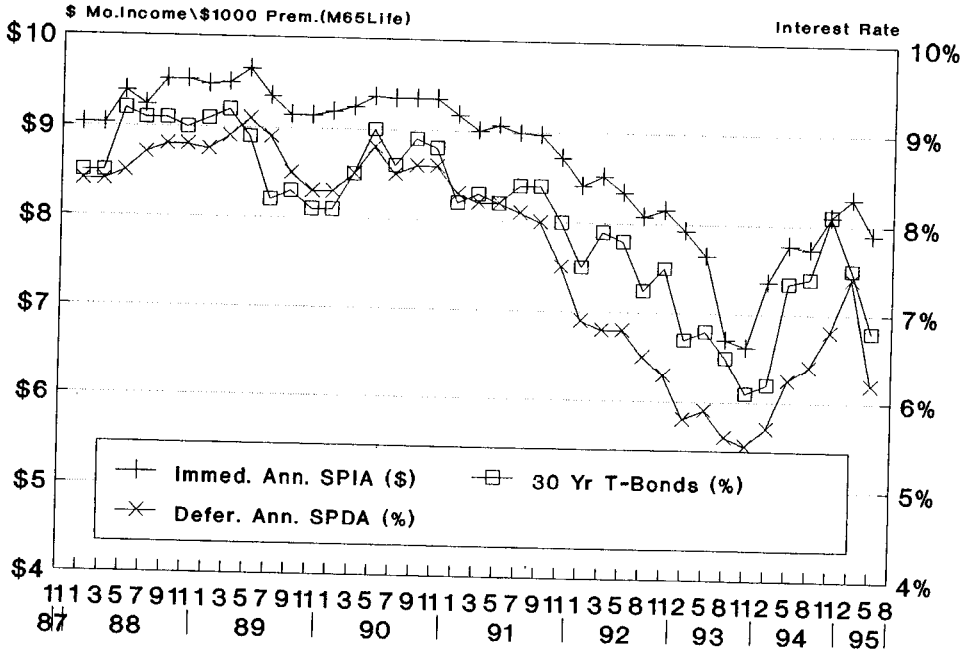
Annuities & Interest Rates



Immediate Annuities Update

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** 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 columns for persons age s 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.

Immediate Annuities Update

Table 1a. Tax-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG	0-84	$ 7.46	$ 6.88	-	$ 8.26	$ 7.49	-
American Heritage	0-85	$ 6.81	$ 6.23	-	$ 7.63	$ 6.86	-
American Investors	0-85	$ 6.64	$ 6.09	$ 6.37	$ 7.42	$ 6.68	$ 7.05
Amer. Life & Casualty	0-90	$ 7.06	$ 6.48	$ 6.48	$ 7.78	$ 7.03	$ 7.03
American Mutual	5-90	$ 7.05	$ 7.05	-	$ 7.75	$ 7.75	-
Canada Life Assur.	40-90	$ 7.10	$ 6.54	$ 6.54	$ 7.87	$ 7.13	$ 7.13
Columbia Universal	0-85	$ 7.28	$ 6.70	-	$ 8.08	$ 7.32	-
Commercial Union LIC	0-80	-	-	-	-	-	-
Cova Financial Svcs*	0-85	-	-	$ 6.68	-	-	$ 7.40
Delta Life & Annuity	0-75	$ 7.06	$ 6.39	$ 6.63	$ 7.98	$ 7.06	$ 7.39
Empire Life	0-114	$ 7.37	$ 6.75	$ 7.25	$ 8.25	$ 7.40	$ 8.08
Fidelity & Guar. LIC	0-70	$ 7.38	$ 7.38	$ 7.38	$ 8.02	$ 8.02	$ 8.02
Great American	18-65	$ 6.96	$ 6.30	$ 6.30	$ 7.81	$ 7.00	$ 7.00
Jefferson Pilot	15-85	$ 7.02	$ 6.38	$ 6.44	$ 7.89	$ 7.08	$ 7.16
Lincoln Security	0-90	$ 6.79	$ 6.23	-	$ 7.56	$ 6.82	-
London Pacific	0-85	$ 7.53	$ 7.01	-	$ 8.14	$ 7.44	-
Manulife Financial	0-100	$ 6.66	$ 5.83	$ 6.19	$ 7.49	$ 6.49	$6.99
Metropolitan Life	0-85	$ 7.78	$ 7.19	$ 7.48	$ 8.67	$ 7.82	$ 8.31
Nat'l Guardian	20-90	$ 7.05	$ 6.36	$ 6.71	$ 7.99	$ 7.05	$ 7.52
Ohio National	0-85	$ 7.31	$ 6.67	$ 6.74	$ 8.14	$ 7.31	$ 7.39
Presidential	0-85	$ 7.63	$ 7.08	$ 7.08	$ 8.39	$ 7.65	$ 7.65
Principal Mutual LIC	0-85	$ 7.28	$ 6.68	$ 6.92	$ 7.90	$ 7.10	$ 7.42
Provident Mutual	0-85	$ 7.55	$ 6.96	-	$ 8.34	$ 7.55	-
Reliance Standard	0-80	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
SAFECO	55-80	-	-	$ 6.58	-	-	$ 7.12
Savings Bank LIC/Mass.	0-80	-	-	$ 6.30	-	-	$ 7.06
Security Benefit	0-100	$ 7.00	$ 6.43	$ 6.43	$ 7.78	$ 7.00	$ 7.00
Security Conn.	0-90	$ 6.86	$ 6.30	$ 6.44	$ 7.64	$ 6.89	$ 7.08
Security Mutual/NY	20-80	$ 7.59	$ 6.65	-	$ 8.64	$ 7.39	-
Southwestern Life	5-90	-	-	$ 6.34	-	-	$ 6.94
Standard Insurance	0-80	$ 7.49	$ 6.90	$ 7.04	$ 8.24	$ 7.47	$ 7.65
Sunset Life	0-80	$ 7.04	$ 7.04	$ 7.04	$ 7.70	$ 7.70	$ 7.70
USG Annuity & Life	35-85	$ 7.83	$ 7.24	-	$ 8.72	$ 7.87	-
United Companies LIC	0-99	$ 6.77	$ 6.19	-	$ 7.57	$ 6.81	-
United Presidential LIC	20-80	$ 6.87	$ 6.32	$ 6.32	$ 7.63	$ 6.90	$ 6.90
United Services	0-85	$ 7.01	$ 6.42	$ 6.78	$ 7.85	$ 7.07	$ 7.54
WM Life Insur. Co.	0-114	$ 7.37	$ 6.75	$ 7.25	$ 8.25	$ 7.40	$ 8.08
Western National	1-100	$ 7.60	$ 7.05	-	$8.36	$ 7.62	-
Western United	0-105	$ 7.38	$ 6.74	$ 7.05	$ 8.29	$ 7.44	$ 7.84

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 16, 1995 thru May 19, 1995

* Formerly Xerox Financial Services

Table 1b. Tax-Qualified Monies (Ages 70 and 75)

Reporting Companies	Issue Ages	Male70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG	0-84	$ 9.42	$ 8.37	-	$11.04	$ 9.71	-
American Heritage	0-85	$ 8.80	$ 7.75	-	$10.44	$ 9.10	-
American Investors	0-85	$ 8.51	$ 7.52	$ 8.02	$10.07	$ 8.79	$ 9.42
Amer. Life & Casualty	0-90	$ 8.59	$ 7.69	$ 7.69	$ 9.80	$ 8.72	$ 8.72
American Mutual LIC	5-85	$8.77	$8.77	-	$10.28	$10.28	-
Canada Life Assur.	40-90	$ 8.95	$ 7.96	$ 7.96	$10.43	$ 9.20	$ 9.20
Columbia Universal	0-85	$ 9.26	$ 8.20	-	$10.90	$ 9.55	-
Commercial Union LIC	0-80	-	-	-	-	-	-
Cova Financial Svcs.*	0-85	-	-	$ 8.42	-	-	$ 9.92
Delta Life & Annuity	0-75	$ 9.27	$ 7.98	$ 8.44	$10.70	$ 9.59	$ 9.93
Empire Life	0-114	$ 9.50	$ 8.35	$ 9.27	$11.29	$ 9.81	$10.99
Fidelity & Guar. LIC	18-70	-	-	-	-	-	-
Great American LIC	18-65	$ 9.04	$ 8.05	$ 8.05	$10.83	$ 9.68	$ 9.68
Jefferson Pilot	15-85	$ 9.08	$ 7.99	$ 8.08	$10.76	$ 9.38	$ 9.49
Lincoln Security	0-90	$ 8.66	$ 7.67	-	$10.22	$ 8.94	-
London Pacific	0-85	$ 9.06	$ 8.11	-	$10.39	$ 9.16	-
Manulife Financial	0-100	$ 8.69	$ 7.30	$ 7.98	$10.34	$ 8.54	$ 9.42
Metropolitan Life	0-85	$ 9.90	$ 8.67	$ 8.67	$11.74	$10.18	$10.18
Nat'l Guardian	20-90	$ 9.31	$ 8.02	$ 8.67	$11.15	$ 9.51	$10.33
Ohio National	0-85	$ 9.32	$ 8.21	$ 8.31	$10.98	$ 9.55	$ 9.69
Presidential	0-85	$ 9.47	$ 8.47	$ 8.47	$11.02	$ 9.72	$ 9.72
Principal Mutual LIC	0-85	$ 8.85	$ 7.79	$ 8.21	$10.25	$ 8.90	$ 9.44
Provident Mutual LIC	0-85	$ 9.33	$ 8.34	-	$10.56	$ 9.33	-
Reliance Standard	0-80	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
SAFECO	55-80	-	-	$ 7.90	-	-	$ 9.08
Savings Bank LIC/Mass	0-80	-	-	$ 8.13	-	-	$ 9.69
Security Benefit	0-100	$ 8.90	$ 7.85	$ 7.85	$10.48	$ 9.14	$ 9.14
Security Conn.	0-90	$ 8.75	$ 7.74	$ 7.99	$10.33	$ 9.08	$ 9.35
Security Mutual/NY	20-80	$10.11	$ 8.50	-	$12.09	$10.12	-
Southwestern Life	5-90	-	-	$ 7.82	-	-	$ 9.11
Standard Insurance	0-80	$ 9.33	$ 8.27	$ 8.51	$10.57	$ 9.21	$ 9.52
Sunset Life	0-80	$ 8.65	$ 8.65	$ 8.65	$10.05	$10.05	$10.05
USG Annuity & Life	35-80	$ 9.97	$ 8.79	-	$11.83	$10.25	-
United Companies	0-99	$ 8.72	$ 7.69	-	$10.32	$ 9.01	-
United Presidential	20-80	$ 8.72	$ 7.73	$ 7.73	$10.25	$ 8.99	$ 8.99
United Services	0-99	$ 9.02	$ 7.97	$ 8.60	$10.65	$ 9.33	$10.12
WM Life Insur. Co.	0-114	$ 9.50	$ 8.35	$ 9.27	$11.29	$ 9.81	$10.99
Western National	1-100	$ 9.44	$8.45	-	$10.98	$9.70	-
Western United Life	0-105	$ 9.54	$ 8.43	$ 8.93	$11.29	$ 9.87	$10.49

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 16, 1995 thru May 19, 1995
*Fomerly Xerox Financial Services

Table 1c. Tax-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10Yr PC No Life	M65 F60 J&S 50%	M65F60 J&S 100%
AIG	0-84	-	-	$ 18.62	$ 10.87	$ 7.30	$ 6.54
American Heritage	0-85	-	-	-	-	$ 6.62	$ 5.85
American Investors	0-85	$ 6.23	$ 7.47	$17.95	$10.24	$ 6.56	$ 5.73
Amer. Life & Casualty	0-90	$ 6.38	$ 7.38	$18.25	$10.65	$ 7.06	$ 6.08
American Mutual	5-90	$ 6.87	$ 8.09	$13.78	$ 8.02	$ 7.39	$ 6.37
Canada Life Assur.	40-90	$6.44	$ 7.61	$18.47	$10.62	$ 6.93	$ 6.18
Columbia Universal	0-85	-	-	$19.37	$11.14	$ 7.09	$ 6.31
Commercial Union	0-80	$ 6.98	$ 8.07	$17.86	$10.58	$ 7.25	$ 6.53
Cova Financial Svcs.*	0-85	$ 6.53	$ 7.85	$17.95	$10.60	-	-
Delta Life & Annuity	0-75	$ 6.49	$ 7.87	$18.76	$10.90	$ 6.90	$ 5.99
Empire Life	0-114	$ 7.01	$ 8.36	$18.70	$10.81	$ 7.17	$ 6.33
Fidelity & Guar. LIC	18-70	$ 7.19	$ 8.36	$18.65	$11.03	$ 7.34	$ 6.76
Great American LIC	18-65	$ 6.17	$ 7.57	$18.65	$10.79	$ 6.98	$ 5.87
Jefferson Pilot	15-85	$ 6.32	$ 7.67	$18.56	$10.77	$ 6.81	$ 5.99
Lincoln Security	0-90	-	-	$18.23	$10.41	$ 6.60	$ 5.86
London Pacific	0-85	-	-	$18.83	$10.85	-	-
Manulife Financial	0-100	$ 6.44	$ 7.79	$17.76	$10.19	$ 6.41	$ 5.50
Metropolitan	0-85	$ 6.97	$ 8.09	$18.80	$11.07	$ 7.47	$ 6.71
Nat'l Guardian	20-90	$ 6.50	$ 7.82	-	-	-	$ 5.95
Ohio National	0-85	$ 6.62	$ 7.82	$18.61	$10.93	$ 7.10	$ 6.29
Presidential	0-85	$ 6.96	$ 8.05	$18.76	$10.99	$ 7.44	$ 6.69
Principal Mutual LIC.	0-85	$ 6.77	$ 7.73	$18.80	$10.75	$ 7.09	$ 6.37
Provident Mutual	0-85	-	-	$18.33	$10.80	-	$ 6.27
Reliance Standard	0-80	-	-	$18.74	$10.51	-	$ 5.52
SAFECO	55-80	$ 6.48	$ 7.53	-	-	-	-
Savings Bank LIC/Mass	0-80	$ 6.15	$ 7.53	-	$10.55	-	$ 5.69
Security Benefit	0-100	$ 6.33	$ 7.49	$18.40	$10.53	$ 6.81	$ 6.06
Security Conn.	0-90	$ 6.32	$ 7.53	$18.42	$10.52	$ 6.67	$ 5.92
Security Mutual/NY	20-80	-	-	-	-	$ 7.27	$ 6.27
Southwestern Life	5-90	$ 6.22	$ 7.35	$18.05	$10.46	$ 6.37	$ 5.85
Standard Insurance	0-80	$ 6.92	$ 8.06	$18.24	$10.89	$ 7.30	$ 6.55
Sunset Life	0-80	$ 6.90	$ 8.12	$18.93	$11.10	$ 7.03	$ 6.46
USG Annuity & Life	35-80	-	-	$19.04	$11.25	$ 7.86	$ 6.74
United Companies LIC	0-99	-	-	$17.06	$10.74	$ 6.81	$ 5.81
United Presidential	20-80	$ 6.23	$ 7.36	$17.92	$10.58	$ 6.69	$ 5.95
United Services	0-85	$ 6.61	$ 7.92	$18.27	$10.51	-	$ 6.01
WM Life Insur. Co.	0-114	$ 7.01	$ 8.36	$18.70	$10.81	$ 7.17	$ 6.33
Western National	1-100	-	-	$19.60	$11.08	$ 7.14	$ 6.39
Western United Life	0-105	-	-	$19.37	$11.74	-	-

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 16, 1995 thru May 19, 1995
* Formerly Xerox Financial Services

Life Expectancy Table

Ordinary Life Annuities — One Life — Expected Return Multiples in Years

Ages Male	Ages Female	Life Expectancy in Years	Ages Male	Ages Female	Life Expectancy in Years
6	11	65.0	59	64	18.9
7	12	64.1	60	65	18.2
8	13	63.2	61	66	17.5
9	14	62.3	62	67	16.9
10	15	61.4	63	68	16.2
11	16	60.4	64	69	15.6
12	17	59.5	65	70	15.0
13	18	58.6	66	71	14.4
14	19	57.7	67	72	13.8
15	20	56.7	68	73	13.2
16	21	55.8	69	74	12.6
17	22	54.9	70	75	12.1
18	23	53.9	71	76	11.6
19	24	53.0	72	77	11.0
20	25	52.1	73	78	10.5
21	26	51.1	74	79	10.1
22	27	50.2	75	80	9.6
23	28	49.3	76	81	9.1
24	29	48.3	77	82	8.7
25	30	47.4	78	83	8.3
26	31	46.5	79	84	7.8
27	32	45.6	80	85	7.5
28	33	44.6	81	86	7.1
29	34	43.7	82	87	6.7
30	35	42.8	83	88	6.3
31	36	41.9	84	89	6.0
32	37	41.0	85	90	5.7
33	38	40.0	86	91	5.4
34	39	39.1	87	92	5.1
35	40	38.2	88	93	5.1
36	41	37.3	89	94	4.8
37	42	36.5	90	95	4.5
38	43	35.6	91	96	4.2
39	44	34.7	92	97	4.0
40	45	33.8	93	98	3.7
41	46	33.0	94	99	3.5
42	47	32.1	95	100	3.3
43	48	31.2	96	101	2.9
44	49	30.4	97	102	2.7
45	50	29.6	98	103	2.5
46	51	28.7	99	104	2.3
47	52	27.9	100	105	2.1
48	53	27.1	101	106	1.9
49	54	26.3	102	107	1.7
50	55	25.5	103	108	1.5
51	56	24.7	104	109	1.3
52	57	24.0	105	110	1.2
53	58	23.2	106	111	1.0
54	59	22.4	107	112	.8
55	90	21.7	108	113	.7
56	61	21.0	109	114	6
57	62	20.3	110	115	.5
58	63	19.6	111	116	.0

Immediate Annuities Update

Table 2a. Non-Qualified Monies (Ages 60 and 65)

Reporting Companies	Issue Ages	Male 60 Life	Female 60 Life	Unisex 60 Life	Male 65 Life	Female 65 Life	Unisex 65 Life
AIG	0-84	$ 7.46	$ 6.88	-	$ 8.26	$ 7.49	-
American Heritage		$ 6.81	$ 6.23	-	$ 7.63	$ 6.86	-
American Investors	0-85	$ 6.64	$ 6.09	$ 6.37	$ 7.42	$ 6.68	$ 7.05
Amer. Life & Casualty	0-90	$ 7.06	$ 6.48	$ 6.48	$ 7.78	$ 7.03	$ 7.03
Amer. Mutual Life	5-90	$ 7.34	$ 6.76	-	$ 8.15	$ 7.36	-
Canada Life Assur.	40-90	$ 7.09	$ 6.52	$ 6.52	$ 7.86	$ 7.11	$ 7.11
Columbia Universal	0-85	$ 7.28	$ 6.70	-	$ 8.08	$ 7.32	-
Commercial Union	0-80	-	-	-	-	-	-
Cova Financial Svcs.*	0-85	$ 6.97	$ 6.39	$ 6.68	$ 7.79	$ 7.01	$ 7.40
Delta Life & Annuity	0-99	$ 7.06	$ 6.39	$ 6.63	$ 7.98	$ 7.06	$ 7.39
Empire Life	0-114	$ 7.37	$ 6.75	$ 7.25	$ 8.25	$ 7.40	$ 8.08
Fidelity & Guar. LIC	18-70	$ 7.73	$ 7.02	$ 7.38	$ 8.47	$ 7.57	$ 8.02
Great American	0-85	$ 6.96	$ 6.30	$ 6.30	$ 7.81	$ 7.00	$ 7.00
Jackson National	0-99	$ 7.12	$ 6.57	$ 6.79	$ 7.89	$ 7.15	$ 7.44
Jefferson Pilot	15-85	$ 7.02	$ 6.38	$ 6.44	$ 7.89	$ 7.08	$ 7.16
Lincoln Security	0-90	$ 6.76	$ 6.20	-	$ 7.53	$ 6.79	-
London Pacific	45-85	$ 7.53	$ 7.01	-	$ 8.14	$ 7.44	-
Manulife	0-100	$ 6.66	$ 5.83	$ 6.19	$ 7.49	$ 6.49	$ 6.99
Nat'l Guardian	20-90	$ 7.05	$ 6.36	$ 6.71	$ 7.99	$ 7.05	$ 7.52
Ohio National	0-85	$ 7.31	$ 6.67	-	$ 8.14	$ 7.31	-
Presidential	0-85	$ 7.63	$ 7.08	$ 7.08	$ 8.39	$ 7.65	$ 7.65
Principal Mutual	0-85	$ 7.25	$ 6.66	-	$ 7.88	$ 7.08	-
Provident Mutual	0-85	$ 7.55	$ 6.96	-	$ 8.34	$ 7.55	-
Reliance Standard	0-80	$ 6.46	$ 5.89	-	$ 7.27	$ 6.51	-
Savings Bank LIC/Mass.	0-80	-	-	$ 6.30	-	-	$ 7.06
Security Benefit	0-100	$ 7.00	$ 6.43	$ 6.43	$ 7.78	$ 7.00	$ 7.00
Security Conn.	0-90	$ 6.83	$ 6.27	$ 6.41	$ 7.61	$ 6.86	$ 7.05
Security Mutual/NY	20-80	$ 7.18	$ 6.56	-	$ 7.97	$ 7.19	-
Southwestern Life	5-90	$ 6.61	$ 6.08	-	$ 7.31	$ 6.59	-
Standard Insurance	0-80	$ 7.49	$ 6.90	$ 7.04	$ 8.24	$ 7.47	$ 7.65
Sunset Life	0-80	$ 7.38	$ 6.80	$ 7.04	$ 8.24	$ 7.47	$ 7.65
USG Annuity & Life	35-85	$ 7.31	$ 6.71	$ 6.71	$ 8.17	$ 7.35	$ 7.35
United Companies LIC	0-99	$ 6.77	$ 6.19	-	$ 7.57	$ 6.81	-
United Presidential	20-80	$ 6.72	$ 6.18	$ 6.18	$ 7.49	$ 6.75	$ 6.75
United Services	0-85	$ 7.01	$ 6.42	$ 6.78	$ 7.85	$ 7.07	$ 7.54
WM Life Insur. Co.	0-114	$ 7.37	$ 6.75	$ 7.25	$ 8.25	$ 7.40	$ 8.08
Western National	1-100	$ 7.60	$ 7.05	-	$ 8.36	$ 7.62	-
Western United	0-105	$ 7.38	$ 6.74	$ 7.05	$ 8.29	$ 7.44	$ 7.84

Figures represent monthly income per $1,000, assuming $100,000. Survey period: May 16, 1995 thru May 19, 1995
* Formerly Xerox Financial Services

Table 2b. Non-Qualified Monies (Ages 70 and 75)

Reporting Companies	Issue Ages	Male 70 Life	Female 70 Life	Unisex 70 Life	Male 75 Life	Female 75 Life	Unisex 75 Life
AIG	0-84	$ 9.42	$ 8.37	-	$ 11.04	$ 9.71	-
American Heritage		$ 8.80	$ 7.75	-	$10.44	$ 9.10	-
American Investors	0-85	$ 8.51	$ 7.52	$ 8.02	$10.07	$ 8.79	$ 9.42
Amer. Life & Casualty	0-90	$ 8.59	$ 7.69	$ 7.69	$ 9.80	$ 8.72	$ 8.72
American Mutual Life	5-90	$ 9.31	$ 8.23	-	$10.98	$ 9.58	-
Canada Life Assur.	45-90	$ 8.94	$ 7.95	$ 7.95	$10.42	$ 9.19	$ 9.19
Columbia Universal	0-85	$ 9.26	$ 8.20	-	$10.90	$ 9.55	-
Commercial Union	0-80	-	-	-	-	-	-
Cova Financial Svcs.*	0-85	$ 8.96	$ 7.91	$ 8.43	$10.60	$ 9.25	$ 9.92
Delta Life & Annuity	0-99	$ 9.27	$ 7.98	$ 8.44	$10.70	$ 9.59	$ 9.93
Empire Life	0-114	$ 9.50	$ 8.35	$ 9.27	$11.29	$ 9.81	$10.99
Fidelity & Guar. LIC	18-70	-	-	-	-	-	-
Great American	18-65	$ 9.04	$ 8.05	$ 8.05	$10.83	$ 9.68	$ 9.68
Jackson National	0-99	$ 8.99	$ 7.99	$ 8.39	$10.54	$ 9.26	$ 9.76
Jefferson Pilot	15-85	$ 9.08	$ 7.99	$ 8.08	$10.76	$ 9.38	$ 9.49
Lincoln Security	0-85	$ 8.63	$ 7.64	-	$10.19	$ 8.91	-
London Pacific	45-85	$ 9.06	$ 8.11	-	$10.39	$ 9.16	-
Manulife	0-100	$ 8.69	$ 7.30	$ 7.98	$10.34	$ 8.54	$ 9.42
Nat'l Guardian	20-90	$ 9.31	$ 8.02	$ 8.67	$11.15	$ 9.51	$10.33
Ohio National	0-85	$ 9.32	$ 8.21	-	$10.98	$ 9.55	-
Presidential	0-85	$ 9.47	$ 8.47	$ 8.47	$11.02	$ 9.72	$ 9.72
Principal Mutual LIC	0-85	$ 8.82	$ 7.76	-	$10.22	$ 8.88	-
Provident Mutual	0-85	$ 9.33	$ 8.34	-	$10.56	$ 9.33	-
Reliance Standard	0-80	$ 8.41	$ 7.39	-	$10.02	$ 8.72	-
Savings Bank LIC/Mass	0-80	-	-	$ 8.13	-	-	$ 9.69
Security Benefit	0-100	$ 8.90	$ 7.85	$ 7.85	$10.48	$ 9.14	$ 9.14
Security Conn.	0-90	$ 8.72	$ 7.71	$ 7.97	$10.30	$ 9.00	$ 9.32
Security Mutual/NY	20-80	$ 9.11	$ 8.16	-	$10.79	$ 9.69	-
Southwestern Life	5-90	$ 8.32	$ 7.34	-	$ 9.76	$ 8.49	-
Standard Insurance	0-80	$ 9.33	$ 8.27	$ 8.51	$10.57	$ 9.21	$ 9.52
Sunset Life	0-80	$ 9.30	$ 8.22	$ 8.65	$10.87	$ 9.50	$10.05
USG Annuity & Life	35-85	$ 9.40	$ 8.25	$ 8.25	$11.23	$ 9.69	$ 9.69
United Companies	0-99	$ 8.72	$ 7.69	-	$10.32	$ 9.01	-
United Presidential	20-80	$ 8.57	$ 7.59	$ 7.59	$10.10	$ 8.84	$ 8.84
United Services	0-85	$ 9.02	$ 7.97	$ 8.60	$10.65	$ 9.33	$10.12
WM Life Insur. Co.	0-114	$ 9.50	$ 8.35	$ 9.27	$11.29	$ 9.81	$10.99
Western National	1-100	$ 9.44	$ 8.45	-	$10.98	$ 9.70	-
Western United Life	0-105	$ 9.54	$ 8.43	$ 8.93	$11.29	$ 9.87	$10.49

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 16, 1995 thru May 19, 1995

* Formerly Xerox Financial Services

Immediate Annuities Update

Table 2c. Non-Qualified Monies (Miscellaneous Forms)

Reporting Companies	Issue Ages	10Yr CL Unisex 60	10Yr CL Unisex 70	5Yr PC No Life	10YrPC No Life	M65 F60 J&S 50%S	M65 F60 J& 100%S
AIG	0-84	-	-	$ 18.62	$ 10.87	$ 7.30	$ 6.54
American Heritage		-	-	-	-	$ 6.62	$ 5.85
American Investors	0-85	$ 6.23	$ 7.47	$17.95	$10.24	$ 6.56	$ 5.73
Amer. Life & Casualty	0-90	$ 6.38	$ 7.38	$18.25	$10.65	$ 7.06	$ 6.08
American Mutual Life	5-90	-	-	$13.78	$ 8.02	$ 7.39	$ 6.37
Canada Life Assurance	45-90	$ 6.43	$ 7.60	$18.46	$10.61	$ 6.91	$ 6.17
Columbia Universal	0-85	-	-	$19.37	$11.14	$ 7.09	$ 6.31
Commercial Union	0-80	$ 6.98	$ 8.07	$17.86	$10.58	$ 7.25	$ 6.53
Cova Financial Svcs.*	0-85	$ 6.53	$ 7.85	$17.95	$10.60	-	-
Delta Life & Annuity	0-99	$ 6.49	$ 7.87	$18.76	$10.90	$ 6.90	$ 5.99
Empire Life	0-114	$ 7.01	$ 8.36	$18.70	$10.81	$ 7.17	$ 6.33
Fidelity & Guar. LIC	18-70	$ 7.19	$ 8.36	$18.65	$11.03	$ 7.47	$ 6.67
Great American	18-65	$ 6.17	$ 7.57	$18.65	$10.79	$ 6.98	$ 5.87
Jackson National	0-99	$ 6.65	$ 7.84	$18.47	$10.71	$ 7.17	$ 6.20
Jefferson Pilot	15-85	$ 6.32	$ 7.67	$18.56	$10.77	$ 6.81	$ 5.99
Lincoln Security	0-90	-	-	$18.21	$10.39	$ 6.58	$ 5.83
London Pacific	45-85	-	-	$18.83	$10.85	-	-
Manulife	0-100	$ 6.44	$ 7.79	$17.76	$10.19	$ 6.41	$ 5.50
Nat'l Guardian	20-90	$ 6.50	$ 7.82	-	-	-	$ 5.95
Ohio National	0-85	-	-	-	-	$ 7.10	$ 6.29
Presidential	0-85	$ 6.96	$ 8.05	$18.76	$10.99	$ 7.44	$ 6.69
Principal Mutual LIC	0-85	-	-	$18.75	$10.72	$ 7.07	$ 6.35
Provident Mutual	0-85	-	-	$18.33	$10.80	-	$ 6.27
Reliance Standard	0-80	-	-	$18.74	$10.51	-	$ 5.52
Savings Bank LIC/Mass	0-80	$ 6.15	$ 7.53	-	$10.55	-	$ 5.69
Security Benefit	0-100	$ 6.33	$ 7.49	$18.40	$10.53	$ 6.81	$ 6.06
Security Conn.	0-90	$ 6.29	$ 7.50	$18.39	$ 9.89	$ 6.64	$ 5.89
Security Mutual/NY	20-80	-	-	-	-	$ 6.93	$ 6.13
Southwestern Life	5-90	-	-	$ 18.05	$10.46	$ 6.49	$ 5.80
Standard Insurance	0-80	$ 6.92	$ 8.06	$18.24	$10.89	$ 7.30	$ 6.55
Sunset Life	0-80	$ 6.90	$ 8.12	$18.93	$11.10	$ 7.20	$ 6.43
USG Annuity & Life	35-85	$ 6.58	$ 7.77	$18.77	$10.96	$ 7.33	$ 6.24
United Companies LIC	0-95	-	-	$17.06	$10.74	$ 6.81	$ 5.81
United Presidential	20-80	$ 6.08	$ 7.23	$17.81	$10.47	$ 6.54	$ 5.81
United Services	0-85	$ 6.61	$ 7.92	$18.27	$10.51	-	$ 6.01
WM Life Insur. Co.	0-114	$ 7.01	$ 8.36	$18.70	$10.81	$ 7.17	$ 6.33
Western National	1-100	-	-	$19.60	$11.08	$ 7.14	$ 6.39
Western United Life	0-100	-	-	$19.37	$11.74	-	-

Figures represent monthly income per $1,000, assuming $100,000 deposit. Survey period: May 16, 1995 thru May 19, 1995

* Formerly Xerox Financial Services

Deferred Annuities Update

In a deferred annuity your premium is credited with a fixed interest rate (see column with heading for rate on current issue'a date). The length of time for which this rate is guaranteed is shown in the **Rate Guar. Period** column. The column with the heading of last issue's date indicates the crediting rate that was in effect at the time of our prior issue. Some insurers offer protection against low renewal rates with a feature known as a "Bailout" or "Escape" rate (see Table 3 column with **Bailout Escape Rate** heading). Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **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. The column headed **Surrender Fees Yr 1** and **Yr 7** reports the penalties in effect for the two sample years indicated. Quotes include all fees and commissions but not premium taxes, if applicable.

Table 3. Single Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Full Rate	Feb. '95 Full Rate	Oct. '94 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
AIG	SPDA	0-75	6.05%	6.80%	6.15%	1 Year	5.05%	3.00%	I	6%	0%
Amer. Investors	SPDA-I	0-85	7.75%	8.00%	8.50%	1/14/97	5.25%	4.00%	I	10%	4%
Lincoln Security	SPDA-1	0-85	6.10%	6.60%	5.85%	1 Year	4.10%	3.00%	I	7%	0%
Ohio National	Choice I	0-80	6.70%	7.20%	7.00%	Cal. Yr.	5.70%	4.00%	I	8%	1%
Ohio National	Choice II	0-80	6.85%	-	-	1 Year	5.85%	4.00%	I	6%	0%
Presidential Life	SPDA II	0-85	6.75%	7.00%	6.75%	2 Yrs	4.75%	5.00%	I	6%	2%
Provident Mutual	SPDA I	0-75	6.00%	6.90%	6.65%	2 Yrs	5.00%	3.00%	I	7%	1%
Security CT Life	SPDA 1	0-85	5.35%	5.60%	5.60%	1 Year	4.35%	4.00%	I	7%	0%
Security Mutual/NY	SPDA	0-80	6.00%	-	-	1 Year	5.00%	3.50%	P	7%	1%
Security Mutual/NY	SPDA	0-80	6.00%	-	-	3 Years	5.00%	3.50%	P	7%	1%
Standard Insurance	SPDA	0-80	6.29%	7.04%	6.61%	1 Year	4.29%	3.00%	I	7%	1%
Sunset Life	Accumulator	0-80	6.50%	-	-	2 Cal yrs	5.00%	4.50%	I	7%	1%
Transamerica	Power + I	0-85	6.05%	6.80%	na	1 Year	5.04%	3.50%	I	7%	3%

Survey period: May 16, 1995 thru May 19, 1995

Table 4. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Base Rate	1st Yr. Bonus Amount	Feb. '95 Base Rate	Oct. '94 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
American Investors	SPDA 2000	0-85	6.75%	-	7.25%	8.40%	1 Year	4.00%	I	10%	4%
Amer.Life & Casualty	SPDA 8+	0-85	6.05%	3.35%	6.80%	6.55%	1 Year	4.00%	I	10%	3%
Amer.Life & Casualty	SPDA 9+	0-85	5.90%	4.00%	-	-	1 Year	4.00%	I	12%	6%
Amer.Life & Casualty	SPDA 123	0-85	5.60%	1.00%	6.35%	6.10%	1 Year	3.00%	I	10%	4%
Amer.Life & Casualty	SPDA X	0-85	5.60%	1.00%	6.35%	6.10%	1 Year	3.00%	I	10%	2%
American Mutual Life	Adv. Bonus	0-85	6.30%	1.00%	-	-	1 Year	3.00%	I	9%	0%
Canada Life Assurance	Security 1	0-80	6.30%	-	6.50%	6.00%	1 Year	4.00%	I	7%	2%
Columbia Universal	Pres. Choice	0-85	6.50%	1.00%	7.05%	6.80%	1 Year	4.50%	I	8%	0%
Commercial Union	Savers Adv. 3	0-85	5.45%	3.00%	6.25%	na	1 Year	3.00%	I	10%	5%
Commercial Union	Maximizer I	0-85	5.90%	0.75%	6.75%	na	1 Year	3.50%	I	6%	0%
Delta Life & Annuity	SPDA psII	0-99	7.00%	-	7.50%	6.90%	1 Year	4.00%	P	6%	3%
Federal Home Life	SPDA II	0-80	6.50%	-	7.55%	6.95%	1 Year	4.00%	I	7%	1%
Fidelity & Guar. LIC	Optimum +	18-85	6.15%	2.00%	6.80%	6.55%	1 Year	3.00%	I	5%	0%
Fidelity & Guar. LIC	Intrepid	18-85	6.00%	-	6.65%	6.40%	1 Year	3.00%	I	3.3%	0%
Fidelity & Guar. LIC	Resolute +	18-85	6.05%	3.00%	6.70%	6.65%	1 Year	3.00%	I	9%	3%
Golden Rule	Ult. Bonus	0-70	6.50%	3.00%	7.15%	na	1 Year	3.00%	I	8%	2%
Great American	SP 10-ST	0-85	5.50%	2.00%	6.00%	na	1 Year	3.00%	I	10%	4%
Great American	GTSA 6-SS	18-65	6.45%	(call)	7.00%	7.00%	none	4.00%	I	12%	6%
Great American	SP7R+6-2	0-85	7.20%	-	7.70%	7.70%	1 Year	3.00%	I	7%	1%
Great American	Money Max	0-85	5.75%	(call)	6.25%	6.20%	1 Year	3.00%	I	10%	4%
Great American	Secure 15	0-70	6.20%	(call)	6.70%	6.70%	1 Year	3.00%	I	12%	6%
Jackson National	Max	0-80	6.25%	-	7.25%	na	1 Year	3.00%	I	6%	0%
Jackson National	Bonus Max 1	0-75	6.50%	3.00%	7.25%	4.18%	1 Year	3.00%	I	9%	3%
Jackson National	Super Max	0-70	6.25%	-	7.25%	na	1 Year	3.00%	I	9%	3%
Jefferson Pilot	Sec. Advant.	0-85	6.35%	-	7.15%	6.40%	1 Year	3.50%	I	7%	2%
Lincoln Security	SPDA 1	0-85	5.60%	1.00%	6.10%	5.60%	1 Year	3.00%	I	7%	0%
London Pacific Life	Opt. Income	0-80	6.50%	-	7.01%	na	1 Year	3.00%	I	10%	4%
Manulife	SPDA II	0-70	4.80%	-	-	-	5 Yrs	4.00%	P	no surrender	
National Guardian	SPRA	0-85	6.54%	-	6.54%	6.00%	6 mos.	4.00%	P	7%	1%
Presidential	SPDA	0-85	7.15%	-	7.40%	7.15%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	6.25%	-	7.20%	6.50%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	6.10%	1.00%	7.05%	6.35%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-75	6.25%	-	7.15%	6.90%	2 Years	3.00%	I	5%	5 %
Reliance Standard	Apollo-MVA	0-85	5.50%	2.00%	6.10%	na	1 Year	3.00%	P	9%	2%

continued...

Survey period: May 16, 1995 thru May 19, 1995

Table 4. Single Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Base Rate	1st Yr. Bonus Amount	Feb. '95 Base Rate	Oct. '94 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
American Investors	SPDA 2000	0-85	6.75%	-	7.25%	8.40%	1 Year	4.00%	I	10%	4%
Amer.Life & Casualty	SPDA 8+	0-85	6.05%	3.35%	6.80%	6.55%	1 Year	4.00%	I	10%	3%
Amer.Life & Casualty	SPDA 9+	0-85	5.90%	4.00%	-	-	1 Year	4.00%	I	12%	6%
Amer.Life & Casualty	SPDA 123	0-85	5.60%	1.00%	6.35%	6.10%	1 Year	3.00%	I	10%	4%
Amer.Life & Casualty	SPDA X	0-85	5.60%	1.00%	6.35%	6.10%	1 Year	3.00%	I	10%	2%
American Mutual Life	Adv. Bonus	0-85	6.30%	1.00%	-	-	1 Year	3.00%	I	9%	0%
Canada Life Assurance	Security 1	0-80	6.30%	-	6.50%	6.00%	1 Year	4.00%	I	7%	2%
Columbia Universal	Pres. Choice	0-85	6.50%	1.00%	7.05%	6.80%	1 Year	4.50%	I	8%	0%
Commercial Union	Savers Adv. 3	0-85	5.45%	3.00%	6.25%	na	1 Year	3.00%	I	10%	5%
Commercial Union	Maximizer I	0-85	5.90%	0.75%	6.75%	na	1 Year	3.50%	I	6%	0%
Delta Life & Annuity	SPDA psII	0-99	7.00%	-	7.50%	6.90%	1 Year	4.00%	P	6%	3%
Federal Home Life	SPDA II	0-80	6.50%	-	7.55%	6.95%	1 Year	4.00%	I	7%	1%
Fidelity & Guar. LIC	Optimum +	18-85	6.15%	2.00%	6.80%	6.55%	1 Year	3.00%	I	5%	0%
Fidelity & Guar. LIC	Intrepid	18-85	6.00%	-	6.65%	6.40%	1 Year	3.00%	I	3.3%	0%
Fidelity & Guar. LIC	Resolute +	18-85	6.05%	3.00%	6.70%	6.65%	1 Year	3.00%	I	9%	3%
Golden Rule	Ult. Bonus	0-70	6.50%	3.00%	7.15%	na	1 Year	3.00%	I	8%	2%
Great American	SP 10-ST	0-85	5.50%	2.00%	6.00%	na	1 Year	3.00%	I	10%	4%
Great American	GTSA 6-SS	18-65	6.45%	(call)	7.00%	7.00%	none	4.00%	I	12%	6%
Great American	SP7R+6-2	0-85	7.20%	-	7.70%	7.70%	1 Year	3.00%	I	7%	1%
Great American	Money Max	0-85	5.75%	(call)	6.25%	6.20%	1 Year	3.00%	I	10%	4%
Great American	Secure 15	0-70	6.20%	(call)	6.70%	6.70%	1 Year	3.00%	I	12%	6%
Jackson National	Max	0-80	6.25%	-	7.25%	na	1 Year	3.00%	I	6%	0%
Jackson National	Bonus Max 1	0-75	6.50%	3.00%	7.25%	4.18%	1 Year	3.00%	I	9%	3%
Jackson National	Super Max	0-70	6.25%	-	7.25%	na	1 Year	3.00%	I	9%	3%
Jefferson Pilot	Sec. Advant.	0-85	6.35%	-	7.15%	6.40%	1 Year	3.50%	I	7%	2%
Lincoln Security	SPDA 1	0-85	5.60%	1.00%	6.10%	5.60%	1 Year	3.00%	I	7%	0%
London Pacific Life	Opt. Income	0-80	6.50%	-	7.01%	na	1 Year	3.00%	I	10%	4%
Manulife	SPDA II	0-70	4.80%	-	-	-	5 Yrs	4.00%	P	no surrender	
National Guardian	SPRA	0-85	6.54%	-	6.54%	6.00%	6 mos.	4.00%	P	7%	1%
Presidential	SPDA	0-85	7.15%	-	7.40%	7.15%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	6.25%	-	7.20%	6.50%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	6.10%	1.00%	7.05%	6.35%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-75	6.25%	-	7.15%	6.90%	2 Years	3.00%	I	5%	5 %
Reliance Standard	Apollo-MVA	0-85	5.50%	2.00%	6.10%	na	1 Year	3.00%	P	9%	2%

continued...

Survey period: May 16, 1995 thru May 19, 1995

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

Reporting Companies	Policy Name	Issue Ages	May '95 Base Rate	1st Yr. Bonus Amount	Feb. '95 Base Rate	Oct. '94 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Reliance Standard	Apollo-SP	0-85	5.15%	2.00%	5.40%	na	1 Year	3.00%	P	9%	2%
SAFECO (q)	QPA III Plus	0-75	7.00%	1.25%	7.75%	7.75%	6-12 mos.	4.25%	-	9%	4%
SAFECO (q)	QPA V	0-75	5.75%	-	-	-	6-12 mos.	3.00%	-	8%	2%
SAFECO (q)	QPA V Plus	0-75	5.75%	1.25%	5.50%	5.50%	6-12 mos.	3.00%	-	8%	2%
Savings Bank LIC/MA	LifeSaver	0-80	5.25%	-	6.40%	6.25%	1 Year	4.00%	I	7%	1%
Security Benefit	Sec. Premier	0-80	6.20%	1.00%	6.75%	6.20%	1 Year	3.50%	I	8%	0%
Security Benefit	Security Prov.	0-80	6.20%	-	6.75%	6.20%	1 Year	3.50%	I	9%	0%
Security Conn. (q)	SPDA-1	0-85	5.60%	-	6.10%	6.10%	1 Year	4.00%	I	7%	0%
Security Conn. (q)	SPDA-Classic	0-85	5.70%	2.00%	6.10%	6.85%	1 Year	4.00%	I	9%	3%
Security Mutual/NY	SPDA	0-80	6.25%	-	-	-	1 Year	3.50%	P	7%	1%
Security Mutual/NY	SPDA	0-80	6.25%	-	-	-	3 Year	3.50%	P	7%	1%
Southwestern Life	Flex Rite	0-75	6.45%	-	6.45%	6.20%	none	4.00%	P	7%	2%
Southwestern Life	Inc. Prov. Adv.	0-80	6.00%	1.00%	-	-	2 Years	4.00%	I	10%	7%
Southwestern Life	Gold. Bonus	0-85	6.10%	2.50%	6.60%	5.05%	1 Year	3.00%	I	12%	9%
Transamerica	Gold. Power+	75-90	5.75%	-	-	-	1 Year	3.50%	I	7%	3%
USG Annuity & Life	SPA 1	0-85	5.40%	1.00%	6.11%	na	1 Year	3.00%	I	5%	0%
USG Annuity & Life	MVA Corner.	0-90	5.40%	2.00%	6.00%	na	1 Year	3.00%	I	9%	3%
USG Annuity & Life	MVA 3	0-85	5.70%	1.00%	6.25%	na	1 Year	3.00%	I	9%	2%
USG Annuity & Life	MVA 9	0-85	6.05%	2.00%	6.60%	5.80%	1 Year	3.00%	I	9%	3%
United Companies	Maxsaver	0-80	5.70%	-	6.40%	6.15%	1 Year	3.00%	P	8%	0%
United Presidential	SPDA 4	0-85	6.66%	4.00%	7.02%	na	1 Year	4.00%	I	10.75%	6.25%
United Presidential	SPDA 2	0-85	6.53%	2.00%	8.88%	na	1 Year	4.00%	I	10.5%	6%
United Presidential	SPDA	0-85	6.40%	-	6.75%	na	1 Year	4.00%	I	10.25%	5.25%
United Services	Index	0-85	6.25%	0.50%	6.90%	6.50%	1 Year	4.00%	I	9%	3%
Western National	SPDA +2	0-85	6.00%	-	6.40%	na	1 Year	4.00%	I	7%	0%
Western National	Vision 1	0-85	6.27%	2.00%	4.60%	na	1 Year	3.00%	I	9%	5%
Western United	CD MAX V	0-84	6.55%	-	7.15%	6.75%	5 Years	4.50%	I	5%	0%

Survey period: May 16, 1995 thru May 19, 1995

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

Reporting Companies	Policy Name	Issue Ages	May '95 Full Rate	Feb. '95 Full Rate	Oct. '94 Full Rate	Rate Guar. Period	Surrender Penalties by Year 1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	0-100	5.65%	6.00%	5.05%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Cova Finan. Svcs *	Acct 4 Keeps I	0-84	5.50%	6.50%	4.75%	1 Year	2%	1%	1%	1%	1%	1%	1%	1%	1%
Fidelity & Guar. LIC	Intrepid LQ	18-85	4.50%	5.50%	4.25%	1 Year	5%	5%	5%	5%	5%	5%	5%	5%	5%
Federal Home Life	SPDA Preferred	0-80	5.25%	6.00%	5.40%	1 Year	7%	6%	5%	4%	3%	2%	1%	-	-
Ohio National	CD Annuity	0-80	3.25%	3.25%	3.25%	1 Year	1%	1%	1%	1%	1%	1%	1%	1%	1%
Provident Mutual	Asset Accumul.	0-75	5.44%	6.24%	5.82%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%

Survey period: May 16, 1995 thru May 19, 1995
* Formerely Xerox Financial Services

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

Reporting Companies	Policy Name	Issue Ages	May '95 Full Rate	Feb. '95 Full Rate	Oct. '94 Full Rate	Yield Guar. Period	Surrender Penalties by Year 1	2	3	4	5	6	7	8	9	10
Cova Finan. Svcs	Acct4KeepsVII	0-85	6.30%	7.05%	6.55%	7 Yrs	5%	5%	5%	5%	5%	5%	5%	-	-	-
Cova Finan. Svcs	Acct4KeepsV	0-80	6.25%	7.00%	6.50%	5 Yrs	6%	6%	6%	6%	6%	-	-	-	-	-
Cova Finan. Svcs	Acct4KeepsIII	0-82	5.75%	6.50%	5.25%	3 Yrs	5%	5%	5%	-	-	-	-	-	-	-
Crown Life #	SPDA	0-75	6.15%	7.00%	7.60%	10 Yrs	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	6.10%	7.00%	7.55%	9 Yrs	9.0%	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	-
Crown Life #	SPDA	0-75	6.00%	6.90%	7.35%	8 Yrs	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	5.80%	6.80%	7.20%	7 Yrs	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	5.60%	6.60%	6.95%	6 Yrs	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	5.40%	6.45%	6.75%	5 Yrs	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	SP Guar.Ann.	0-99	5.05%	6.55%	6.50%	5 Yrs	3%	3%	3%	3%	3%	-	-	-	-	-
United Services	Cert/Annuity	0-85	5.75%	6.50%	6.00%	5 Yrs	cannot be surrendered before maturity									
United Services	Cert/Annuity	0-85	5.25%	6.00%	5.50%	3 Yrs	cannot be surrendered before maturity									
Western United	CD-MAX 1	0-84	5.70%	6.25%	6.00%	3 Yrs	2%	-	-	-	-	-	-	-	-	-

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: May 16, 1995 thru May 19, 1995

Table 7. Flexible Premium Fixed Interest Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Full Rate	Feb. '95 Full Rate	Oct. '94 Full Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	Rnwl Mthod	Surrender Fees Yr 1	Yr 7
Security Mutual/NY	FPA	0-80	5.75%	6.50%	6.50%	1 Year	na	4.50%	P	7%	4%
Standard Insurance Co	FPDA	0-80	6.02%	6.50%	6.34%	1 Year	4.02%	3.00%	I	7%	3%
United Services LIC	Conservation	0-85	6.75%	7.40%	7.00%	1 Year	3.50%	3.00%	I	7%	0%

Survey period: May16, 1995 thru May 19, 1995

Table 8. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Base Rate	1st Yr. Bonus Amount	Feb. '95 Base Rate	Oct. '95 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
AIG	FPDA	0-80	6.11%	1.00%	6.86%	6.20%	1 Cal. Yr.	3.00%	I	10%	4%
American Investors	FPDA-P2	0-85	8.00%	-	8.50%	8.00%	1 Year	3.50%	I	12%	6%
American Life & Cas.	FPDA-8	0-85	5.65%	2.00%	6.40%	6.15%	1 Year	4.00%	I	12%	6%
American Life & Cas.	FPDA-6+	0-85	5.45%	1.00%	6.20%	5.95%	1 Year	3.00%	I	10%	2%
American Mutual	Flex 30	0-80	6.35%	-	-	-	1 Year	3.5%	P	6%	0%
Columbia Universal	FPDA II	0-75	6.30%	-	6.30%	5.65%	1 Year	4.50%	P	10%	4%
Commercial Union	Max Rewards	0-85	5.40%	2.00%	6.25%	na	1 Year	3.00%	I	9%	2%
Commercial Union	Max. II	0-85	5.40%	-	6.25%	na	1 Year	3.00%	I	9%	0%
Delta Life & Annuity	No Load	0-99	6.50%	-	-	-	1 Year	4.00%	P	8%	4%
Empire LIC	FPA	0-85	5.75%	0.50%	6.50%	5.25%	1 Year	3.00%	I	8.1%	2.7%
Federal Home Life	Prem. Ann.+	0-80	5.50%	1.50%	6.40%	5.75%	1 Year	4.00%	I	9%	2%
Federal Home Life	Flexi III	15-75	6.00%	-	7.00%	na	1 Year	4.00%	I	10%	0%
Fidelity & Guar. LIC	Optimum	18-85	6.15%	1.00%	6.25%	6.00%	1 Year	3.00%	I	5%	0%
Fidelity & Guar. LIC	Resolute	18-85	6.05%	-	6.15%	6.10%	1 Year	3.00%	I	12%	6%
Golden Rule	Flex-Vant.	0-60	6.50%	1.00%	7.15%	na	1 Year	3.00%	I	9%	4%
Great American (q)	GTSA VI	18-65	6.45%	(call)	7.00%	7.00%	-	4.00%	I	30%	0%
Great American (q)	TSA VIII	18-65	6.45%	(call)	7.00%	7.00%	-	3.00%	I	varies by age	
Great American (q)	GALIC 2003	18-85	6.20%	-	6.80%	6.55%	-	4.00%	I	5%	0%
Jackson National	Flex I	0-70	6.25%	-	7.25%	7.00%	1 Year	3.00%	I	12%	3%
Jackson National (q)	Q-Flex	0-65	6.25%	-	7.25%	na	1 Year	3.00%	I	8%	4%
London Pacific	Sec.Growth II	0-77	6.4%	-	6.90%	na	1 Year	3.00%	P	12%	6%
National Guardian	FPRA	0-80	5.50%	-	5.50%	5.25%	6 mos.	4.00%	P	10%	3%
Ohio National	Prime II	0-75	6.70%	-	6.70%	6.00%	1 Cal. Yr.	4.00%	I	8%	2%
Ohio National	Prime I	0-75	7.00%	-	7.00%	6.30%	1 Cal. Yr.	4.0%	I	7.8%	7.8%
Presidential	No Load	0-85	7.00%	-	7.25%	6.25%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q)	TSA-LOAN	0-85	7.00%	-	7.25%	6.35%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC	FPDA	0-85	6.10%	-	7.05%	6.35%	1 Year	4.00%	I	7%	3%
Provident Mutual	LTD	0-85	5.90%	1.00%	6.80%	na	2 Year	3.00%	I	10%	4%
Reliance Standard	FPDA II	0-78	6.00%	-	6.00%	6.00%	1 Year	4.50%	P	7%	7%
SAFECO	QPA III	0-75	5.75%	-	6.50%	6.50%	6-12mos.	4.25%	-	9%	4%

continued...

Survey period: May 16, 1995 thru May 19, 1995

Table 8. Cont'd. Flexible Premium Fixed Interest Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	May '95 Base Rate	1st Yr. Bonus Amount	Feb. '95 Base Rate	Oct. '94 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Surrender Fees Yr 7
Security Benefit	Secur. Mark	0-75	6.20%	-	6.75%	6.20%	-	3.50%	P	8%	2%
Southwestern Life	Flex-Rite	0-75	6.10%	-	6.10%	-	-	4.00%	P	7%	2%
Sunset Life	FPA 82	0-80	5.50%	-	-	-	1 cal. yr.	4.00%	I	0%	0%
Sunset Life	FPA 89	0-70	6.75%	-	-	-	1 cal yr.	4.00%	I	10%	4%
Transamerica	Flex. Power +	0-80	6.05%	-	6.60%	na	1 Year	3.50%	I	7%	3%
Transamerica	Con. Power +	0-85	6.05%	-	-	-	1 Year	3.50%	I	7%	3%
Transamerica	Power Plus	0-85	6.25%	-	-	-	1 Year	3.50%	I	7%	3%
USG Annuity & Life	Flex 3/MVA	0-85	5.70%	1.00%	6.23%	na	1 Year	3.00%	I	9%	2%
USG Annuity & Life	Flex 9	0-85	6.00%	2.00%	6.58%	5.50%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Flex 15	0-70	5.80%	2.00%	6.35%	na	1 Year	3.00%	I	varies by age	
United Cos. Life	Advantage	0-80	6.50%	1.00%	7.10%	6.75%	1 Year	3.00%	P	9%	3%
United Presidential	Pacer Advant.	0-80	6.40%	-	6.75%	na	1 Year	4.00%	I	10%	3%
United Presidential	Pacer One	0-70	6.05%	-	6.40%	na	1 Year	4.00%	I	10%	3%
United Services	USLICO Ann.	0-85	5.75%	1.00%	6.40%	6.00%	1 Year	4.00%	I	10%	4%
United Services	Flex Seven	0-85	5.75%	1.00%	6.40%	6.00%	1 Year	3.00%	I	8%	2%
United Services	Flex Pay	0-85	5.75%	1.00%	6.40%	6.00%	1 Year	4.00%	I	9%	4%
WM Life Ins. Co.	FPA	0-85	5.75%	0.50%	6.50%	5.50%	1 Year	3.00%	I	8.1%	2.7%
Western National	FPDA Plus	0-85	6.50%	-	-	-	none	4.00%	I	6%	0%
Western National	FPDA Plus II	0-85	6.75%	-	7.15%	-	none	4.00%	I	8%	2%
Western National	Vision Flex	0-70	6.90%	-	7/40%	-	none	3/00%	I	10%	6%
Western United	Uniflex III	0-84	6.75%	-	6.75%	6.75%	1 Year	4.5%	I	5%	3%

Survey period: May 16, 1995 thru May 19, 1995

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.

Split Annuities Update

Table 9. Split ("Combination") Immediate and Deferred Annuities

Reporting Companies	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium
Columbia Universal	Split Annuity	0-85	6.70%	$72,309	$543.43	$27,691	6.64%	$63,572	$529.57	$36,248
Empire Life	FPA	0-85	3.64%	$83,622	$306.26	$16,378	3.46%	$78,822	$300.07	$21,178
Federal Home Life	SPDAII/SPIA	0-80	6.00%	$77,037	$418.76	$22,963	na	na	na	na
Lincoln Security	SPDA 1	0-85	na	na	na	na	3.51%	$78,563	$293.00	$21,437
Manulife	SPDAII/SPIA	0-69	4.80%	$79,103	$368.00	$20,897	5.25%	$69,895	$403.48	$30,105
Presidential (nq)	Combi-nnuity	0-85	6.55%	$72,817	$510.01	$27,183	na	na	na	na
Provident Mutual	SPDA/SPIA	0-75	5.75%	$75,613	$444.00	$24,387	na	na	na	na
Security Connecticut	SPDA 1	0-85	na	na	na	na	4.23%	$74,840	$348.00	$25,160
Sunset Life	Split Annuity	0-80	na	na	na	na	6.50%	$64,351	$513.33	$35,649
USG Ann. & Life	Multi.Yr./SPIA	0-85	6.50%	$72,988	$507.01	$27,012	6.65%	$63,720	$518.07	$36,280
United Services LIC	Split Annuity	0-85	6.25%	$73,851	$461.31	$26,149	na	na	na	na
WM Life	FPA	0-85	3.64%	$83,622	$306.26	$16,378	3.46%	$78,822	$300.07	$21,730
Western United	CD Max V	0-84	6.55%	$72,817	$527.00	$27,183	na	na	na	na

Survey period: May 16, 1995 thru May 19, 1995

Structured Settlement Update

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 (i.e., in the first year at $1,000; in year 2 at $1,030; in year 3 at $1,060.90; etc.) Quotes assume (1) normal life expectancy (i.e. plaintiff's injury is not life impairing), (2) that the cost of any third-party assignment is extra, and (3) that the first payment date is one month af there 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 states 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

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
Comm. Union	$181,757	$302,206	$145,982	$197,265	$184,894	$316,374	$156,964	$220,964	$500
Empire Life	$190,258	$313,718	$157,014	$219,078	$192,420	$322,894	$167,047	$239,837	na
Fidel.& Guar	$172,962	$288,915	$138,139	$187,161	$177,750	$309,876	$152,007	$216,080	$500
Presidential	$170,275	$269,616	$134,711	$178,639	$174,303	$283,886	$146,972	$202,503	$100
Standard	$197,166	$355,091	$158,734	$224,940	$200,529	$372,779	$168,724	$247,124	$500
WM Life	$190,258	$313,718	$157,014	$219,078	$192,420	$322,894	$167,047	$239,837	na

Survey period: May 16, 1995 thru May 19, 1995

Variable Annuities Update

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 currently 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. This figure represents the actual return to the investor and is net of all management fees and insurance expenses. **"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	Rate Guar Period	Surrender Fees Yr 1	Surrender Fees Yr 7
Cova Finan. Svcs.	Performance	$ 412.6	6	AA,EI(2),FI(2),MM,SI	6.00%	Cal.Yr.	5%	0%
Jefferson Pilot	Alpha	na	9	AA,EI,FI,G,MM,SI	6.00%	1 Year	6%	0%
Lincoln National	Multi-Fund III	$ 8,339	11	AA,AG,B,CA,FI,G,GS,I,MM,SA	6.75%	1 Year	7%	0%
Manulife Financial	Lifestyle	$171.2	8	AG,B,FI,G,I(2),MM,RP	3.00%	na	8%	0%
Nationwide	Best of Amer. IV	$ 6,042	24	AA,AG,B,CA,G,GS,FI,GS,I,EI,SA,SI	6.50%	1 Year	7%	1%
Nationwide	Best of Amer. (NQ/IRA)	$1,000	24	AA,AG,B,CA,G,GS,FI,GS,I,EI,SA,SI	6.50%	1 Year	7%	1%
Ohio National	TOP	$ 192.5	7	B,CA,FI,G(2),I,MM	7.00%	Cal.Yr.	7.8%	7.8%
Ohio National	TOP Plus	$ 192.5	9	AG,B,FI,G(2),GS,I(2),MM	7.00%	Cal.Yr.	6%	0%
Pacific Mutual	Select	$ 380.5	12	B,EI,FI(2),G,GS,HY,I,MM,SI	6.00%	1 Year	6%	0%
Phoenix Home Life	Big Edge Plus	$ 1,437	6	AA,B,FI,G,I,MM	5.25%	1 Year	6%	0%
Principal Mutual	Variable Annuity	na	10	AA,AG,B,CA,FI,G,GS,I,MM	5.80%	1 Year	6%	0%
Provident Mutual	Market Street VIP/2	$ 106.9	23	AG,B,EI,FI,G,GS,I,MM,S	5.50%	Cal.Yr.	6%	0%
SAFECO	Resource Var.Acct.B	$ 84.4	7	B,EI,FI,G,I,MM,S	na	na	9%	4%
SAFECO	Spinnaker (NQ Flex)	$ 4.5	7	B,EI,FI,G,I,MM,S	5.75%	6 mos.	8%	2%
SAFECO	Spinnaker (Q)	$ 14.9	7	B,EI,FI,G,I,MM,S	6.50%	6 mos.	8%	2%
SAFECO	Spinnaker Plus	$ 17.4	7	B,EI,FI,G,I,MM,S	6.95%	1 Year	8%	2%
Security Benefit	Variflex	$1,576	11	AA,AG,B,EI,FI,G,MM,I,SA	6.50%	na	8%	2%

AA Asset Allocation
AG Aggressive Growth
B Balanced
CA Capital Apprec.
EI Equity/Income
FI Fixed Income
G Growth
GS Govt Securities
HY High Yield
I International
MM Money Market
RP Real Property
S Sectors
SA Social Awareness
SI Stock Index
na=data not available

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

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/95 YTD	1 Yr	3 Yr	5 Yr
Cova Finan. Svcs./Acct. for Perform./Quality Income	$13.71	$ 33.8	4.1%	1.9%	5.1%	6.8%
Lincoln National/Multi Fund III/Bond Fund	$3.74	$218.3	4.4%	2.9%	6.4%	8.1%
Manulife Financial/Lifestyle/Capital Growth Bond	$16.83	$11.9	5.3%	4.3%	6.3%	8.1%
Nationwide/Best of America IV/High Income	$19.33	$233.8	5.5%	3.1%	9.6%	14.9%
Nationwide/Best of America (NQ/IRA)/High Income	$10.38	$39.7	5.4%	3.0%	9.5%	14.8%
Ohio National/TOP Annuity /Bond	$21.78	$6.5	4.6%	3.2%	4.0%	6.4%
Ohio National/Top Plus/Bond	$9.89	-	4.7%	3.6%	5.3%	6.7%
Pacific Mutual/Select/Managed Bond	$14.39	$33.1	5.2%	3.8%	5.6%	-
Phoenix Home Life/Big Edge Plus/Bond	$2.80	$ 73.0	3.5%	0.9%	6.0%	8.2%
Principal Mutual/Variable Annuity/Bond	$10.59	$4.5	5.2%	4.5%	6.5%	7.8%
Provident Mutual/Market St. VIP 2/Mkt. Street Bond	$481.97	$1.9	20.6%	1.9%	3.8%	5.8%
SAFECO/Resource Variable Account B/Bond	$16.07	$ 7.0	3.3%	2.4%	5.0%	6.2%
SAFECO/Spinnaker (NQ Flex)/Bond	$16.03	$ 0.1	3.3%	2.2%	4.8%	6.1%
SAFECO/Spinnaker (Q)/Bond	$16.02	$ 0.2	3.3%	2.2%	4.8%	6.1%
SAFECO/Spinnaker Plus/Bond	$16.07	$ 0.1	3.3%	2.4%	5.0%	6.2%
Security Benefit/Variflex/High Grade Income	$19.71	$ 107.0	4.5%	0.9%	4.9%	7.0%

na=data not available

Table 10c. Variable Annuities-Growth (Equity), Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 3/31/95 YTD	1 Yr	3 Yr	5 Yr
Cova Finan. Svcs./Acct. for Perform./Stock Index	$12.76	$ 39.0	9.3%	12.6%	7.7%	-
Lincoln National/Multi Fund III/Growth & Income	$5.01	$1,314	9.1%	13.3%	9.3%	8.1%
Manulife Financial/Lifestyle/Emerging Growth	$39.54	$60.1	11.4%	10.7%	14.1%	19.5%
Nationwide/Best of America IV/Growth	$26.86	$659.7	5.5%	7.9%	9.3%	11.5%
Nationwide/Best of America (NQ/IRA)/Growth	$10.64	$79.7	5.5%	7.8%	9.2%	11.4%
Ohio National/TOP Annuity/Equity	$31.85	$79.2	6.5%	6.5%	7.9%	7.7%
Ohio National/TOP Plus/Equity	$10.84	-	6.6%	6.9%	8.2%	8.0%
Pacific Mutual/Select/Growth LT	$11.88	$44.8	6.5%	15.2%	-	-
Phoenix Home Life/Big Edge Plus/Growth	$6.60	$583.0	5.4%	7.6%	10.7%	15.0%
Principal Mutual/Variable Annuity/Growth	$11.11	$13.7	6.1%	11.1%	-	-
Provident Mutual/Market St. VIP 2/Fidelity Growth	$519.89	$11.4	23.6%	7.5%	8.9%	11.2%
SAFECO/Resource Variable Account B/Growth	$15.44	$ 6.9	3.7%	16.0%	-	-
SAFECO/Spinnaker (NQ Flex)/Growth	$15.40	$ 1.1	3.6%	15.8%	-	-
SAFECO/Spinnaker (Q)/Growth	$15.40	$ 2.5	3.6%	15.8%	-	-
SAFECO/Spinnaker Plus/Growth	$15.44	$ 0.9	3.7%	16.0%	-	-
Security Benefit/Variflex/Growth	$ 30.41	$ 391.0	8.8%	9.9%	8.9%	10.3%

na=data not available

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

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$30	.15%	1.25%	.50%	.10%	2.00%	Cova Finan. Svcs./Acct. for Perform./Quality Income
$0	na	1.00%	.47%	.03%	1.50%	Lincoln National/Multi Fund III/Bond Fund
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Capital Growth Bond
$30	.05%	1.25%	.51%	.13%	1.94%	Nationwide/Best of America IV/High Income
$0	.15%	1.25%	.51%	.13%	2.04%	Nationwide/Best of America (NQ/IRA)/High Income
$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/Bond
$0	.15%	.65%	.60%	.18%	1.68%	Ohio National/Top Plus/Bond
$30	.15%	1.25%	.60%	.22%	2.22%	Pacific Mutual/Select/Managed Bond
$35	.20%	1.25%	.50%	-	1.90%	Phoenix Home Life/Big Edge Plus/Bond
$30	-	1.25%	.50%	.09%	1.84%	Principal Mutual/Variable Annuity/Bond
$30	.15%	1.25%	.35%	.40%	2.15%	Provident Mutual/Market St. VIP 2/Mkt. St. Bond
$30	.0%	1.25%	.74%	0%	1.99%	SAFECO/Resource Variable Account B/Bond
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (NQ Flex)/Bond
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (Q)/Bond
$30	0%	1.25%	.74%	0%	1.99%	SAFECO/Spinnaker Plus/Bond
$30	na	1.20%	.75%	.10%	2.05%	Security Benefit/Variflex/High Grade Income

na=data not available

Table 10c. Variable Annuities-Growth (Equity), Performance & Fees

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$30	.15%	1.25%	.50%	.10%	2.00%	Cova Finan. Svcs./Acct. for Perform./Stock Index
$0	na	1.00%	.35%	.02%	1.37%	Lincoln National/Multi Fund III/Growth & Income
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Emerging Growth
$30	.05%	1.25%	.63%	.08%	2.01%	Nationwide/Best of America IV/Growth
$0	.15%	1.25%	.63%	.08%	2.11%	Nationwide/Best of America (NQ/IRA)/Growth
$30	.25%	.85%	.58%	.17%	1.85%	Ohio National/TOP Annuity/Equity
$0	.25%	.65%	.58%	.17%	1.65%	Ohio National/TOP Plus/Equity
$30	.15%	1.25%	.75%	.26%	2.41%	Pacific Mutual/Select/Growth LT
$35	.15%	1.25%	.65%	-	2.05%	Phoenix Home Life/Big Edge Plus/Growth
$30	-	1.25%	.50%	.15%	1.90%	Principal Mutual/Variable Annuity/Growth
$30	.15%	1.25%	.63%	.12%	2.15%	Provident Mutual/Market St. VIP 2/Fidelity VIP Growth
$30	0%	1.25%	.74%	0%	1.99%	SAFECO/Resource Variable Account B/Growth
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (NQ Flex)/Growth
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (Q)/Growth
$30	0%	1.25%	.74%	0%	1.99%	SAFECO/Spinnaker Plus/Growth
$30	na	1.20%	.75%	.09%	2.04%	Security Benefit/Variflex/Growth

na=data not available

Table 10d. Variable Annuities - Total Return (Equity Income), Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 12/31/94 YTD	1 Yr	3 Yr	5 Yr
Cova Finan. Svcs./Acct. for Perform./Growth & Income	$18.22	$ 128.9	9.5%	15.4%	11.8%	13.1%
Lincoln National/Multi Fund III/Equity-Income	$1.13	$111.0	8.7%	15.4%	na	na
Nationwide/Best of America IV/Equity-Income	$20.27	$706.1	8.7%	18.3%	14.5%	12.4%
Nationwide/Best of America (NQ/IRA)/Equity-Income	$10.76	$60.6	5.6%	5.6%	12.4%	9.0%
Ohio National/TOP Annuity/OMNI	$25.54	$55.38	5.7%	6.3%	7.5%	7.9%
Ohio National/Top Plus/OMNI	$10.57	-	5.8%	6.7%	7.8%	8.3%
Pacific Mutual/Select/Equity-Income	$15.44	$43.2	9.6%	13.6%	6.5%	-
Phoenix Home Life/Big Edge Plus/Total Return	$3.09	$274.0	5.1%	4.8%	7.0%	10.7%
Principal Mutual/Variable Annuity/Asset Allocation	$10.37	$0.5	4.0%	3.8%	-	-
Provident Mutual/Market St. VIP 2/Fidelity Equity-Income	$580.05	$11.3	39.2%	17.8%	14.2%	12.0%
SAFECO/Resource Variable Account B/Equity	$26.59	$ 59.7	4.6%	13.5%	14.4%	13.2%
SAFECO/Spinnaker (NQ Flex)/Equity	$25.53	$ 1.4	4.6%	13.3%	12.6%	12.1%
SAFECO/Spinnaker (Q)/Equity	$26.53	$ 4.5	4.6%	13.3%	12.6%	12.1%
SAFECO/Spinnaker Plus/Equity	$26.59	$ 1.8	4.6%	13.5%	14.4%	13.2%
Security Benefit/Variflex/Income-Growth	$32.94	$ 637.0	6.2%	5.2%	5.4%	8.7%

na=data not available

Table 10e. Variable Annuities - International, Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 12/31/94 YTD	1 Yr	3 Yr	5 Yr
Lincoln National/Multi Fund III/International	$1.25	$316.7	-2.0%	-0.1%	10.0%	na
Manulife Financial/Lifestyle/International	$9.74	$1.9	0.4%	-	-	-
Nationwide/Best of America IV/Overseas	$13.53	$423.1	-1.3%	-2.5%	7.0%	4.2%
Nationwide/Best of America (NQ/IRA)/Overseas	$10.40	$53.9	-1.3%	-2.6%	6.9%	4.1%
Ohio National/TOP Annuity/International	$13.39	$ 42.7	1.0%	2.0%	-	-
Ohio National/Top Plus/International	$11.72	-	1.0%	2.4%	-	-
Pacific Mutual/Select/International	$11.21	$50.5	-2.1%	1.4%	7.8%	-
Phoenix Home Life/Big Edge Plus/International	$1.21	$106.0	-3.5%	-5.6%	5.5%	-
Principal Mutual/Variable Annuity/World	$9.43	$13.6	-1.6%	-5.8%	-	-
Provident Mutual/Market St. VIP 2/Mkt. St. International	$546.02	$8.8	13.8%	2.5%	9.4%	-
SAFECO/Resource Variable Account B/International	$ 10.24	$ 4.8	-2.6%	-3.8%	9.1%	4.3%
SAFECO/Spinnaker (NQ Flex)/International	$10.21	$ 0.3	-2.7%	-4.0%	8.9%	4.2%
SAFECO/Spinnaker (Q)/International	$10.21	$ 1.5	-2.7%	-4.0%	8.9%	4.2%
SAFECO/Spinnaker Plus/International	$10.24	$ 0.8	-2.6%	-3.8%	9.1%	4.3%
Security Benefit/Variflex/Worldwide Equity	$11.27	$ 162.0	-1.3%	-0.3%	8.9%	-

na=data not available

Table 10d. Variable Annuities - Total Return (Equity Income), Performance & Fees

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$30	.15%	1.25%	.50%	.15%	2.05%	Cova Finan. Svcs./Acct. for Perform./Growth & Income
$0	na	1.00%	.94%	.32%	2.26%	Lincoln National/Multi Fund III/Equity-Income
$30	.05%	1.25%	.53%	.09%	1.92%	Nationwide/Best of America IV/Equity-Income
$0	.15%	1.25%	.53%	.09%	2.02%	Nationwide/Best of America IV (NQ/IRA)/Equity-Income
$30	.25%	.85%	.60%	.18%	1.88%	Ohio National/TOP Annuity/OMNI
$0	.25%	.65%	.60%	.18%	1.68%	Ohio National/Top Plus/OMNI
$30	.15%	1.25%	.65%	.22%	2.27%	Pacific Mutual/Select/Equity-Income
$35	.15%	1.25%	.60%	-	2.00%	Phoenix Home Life/Big Edge Plus/Total Return
$30	-	1.25%	.80%	.15%	2.20%	Principal Mutual/Variable Annuity/Asset Allocation
$30	.15%	1.25%	.53%	.12%	2.05%	Provident Mutual/Market St. VIP 2/Fidelity VIP Equiy-Income
$30	0%	1.25%	.74%	.04%	2.03%	SAFECO/Resource Variable Account B/Equity
$30	.15%	1.25%	.74%	.04%	2.18%	SAFECO/Spinnaker (NQ Flex)/Equity
$30	.15%	1.25%	.74%	.04%	2.18%	SAFECO/Spinnaker (Q)/Equity
$0	0%	1.25%	.74%	.04%	2.03%	SAFECO/Spinnaker Plus/Equity
$30	na	1.20%	.75%	.09%	2.04%	Security Benefit/Variflex/Income-Growth

na=data not available

Table 10e. Variable Annuities - International, Performance & Fees

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$0	na	1.00%	.89%	.35%	2.24%	Lincoln National/Multi Fund III/International
$30	na	1.45%	1.35%		2.80%	Manulife Financial/Lifestyle/International
$30	.05%	1.25%	.77%	.26%	2.33%	Nationwide/Best of America IV/Overseas
$0	.15%	1.25%	.77%	.26%	2.43%	Nationwide/Best of America (NQ/IRA)/Overseas
$30	.25%	.85%	.90%	.15%	2.15%	Ohio National/TOP Annuity/International
$0	.25%	.65%	.90%	.15%	1.95%	Ohio National/Top Plus/International
$30	.15%	1.25%	.85%	.33%	2.58%	Pacific Mutual/Select/International
$35	.35%	1.25%	.75%	-	2.35%	Phoenix Home Life/Big Edge Plus/International
$30	-	1.25%	.75%	.15%	2.15%	Principal Mutual/Variable Annuity/World
$30	.15%	1.25%	.75%	.75%	2.90%	Provident Mutual/Market St. VIP 2/Mkt. St. International
$30	0%	1.25%	.88%	.32%	2.45%	SAFECO/Resource Variable Account B/International
$30	.15%	1.25%	.88%	.32%	2.60%	SAFECO/Spinnaker (NQ Flex)/International
$30	.15%	1.25%	.88%	.32%	2.60%	SAFECO/Spinnaker (Q)/International
$0	0%	1.25%	.88%	.32%	2.45%	SAFECO/Spinnaker Plus/International
$30	na	1.20%	1.00%	.34%	2.54%	Security Benefit/Variflex/Worldwide Equity

na=data not available

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 12/31/94 YTD	1 Yr	3 Yr	5 Yr
Lincoln National/Multifund III/Capital Appreciation	$1.08	$72.7	6.3%	8.5%	-	-
Lincoln National/Multifund III/Aggressive Growth	$0.97	$77.1	8.4%	3.0%	-	-
Lincoln National/Multifund III/Social Awareness	$2.21	$188.7	10.2%	11.8%	9.7%	-
Lincoln National/Multifund III/Special Opportunities	$4.74	$365,0	10.1%	10.5%	11.1%	11.5%
Lincoln National/Multifund III/Global Asset Allocation	$1.72	$212.3	4.8%	5.3%	8.2%	8.3%
Lincoln National/Multifund III/Managed	$2.93	$488.3	6.7%	7.3%	6.9%	8.2%
Manulife Financial/Lifestyle/Real Estate Securities	$21.76	$26.3	-1.5%	-7.6%	9.7%	14.1%
Manulife Financial/Lifestyle/Common Stock	$21.27	$18.0	6.1%	6.9%	8.1%	9.5%
Ohio National/Top/Capital Appreciation	$10.64	na	6.8%	-	-	-
Ohio National/Top/Small Cap	$12.91	na	7.9%	-	-	-
Ohio National/Top Plus/Capital Appreciation	$11.09	na	6.7%	-	-	-
Ohio National/Top Plus/Small Cap	$13.00	na	7.9%	-	-	-
Pacific Mutual/Select/Growth	$17.01	$ 27.0	6.3%	1.1%	9.1%	-
Pacific Mutual/Select/High Yield Bond	$16.85	$ 27.0	5.1%	6.5%	10.2%	-
Pacific Mutual/Select/Multi Strategy	$15.29	$ 31.0	7.0%	9.1%	5.8%	-
Pacific Mutual/Select/Gov't Securities	$14.02	$ 19.0	5.0%	4.0%	4.9%	-
Pacific Mutual/Select/Equity Index	$14.25	$14.9	9.4%	15.7%	8.5%	-
Pacific Mutual/Select/Bond & Income	$10.75	$1.4	7.5%	6.8%	7.2%	9.5%
Pacific Mutual/Select/Equity	$10.26	$1.9	2.6%	0.7%	5.5%	8.2%
Phoenix Mutual/Big Edge Plus/Balanced	$1.16	$151.0	4.5%	3.2%	-	-
Principal Mutual/Variable Annuity/Aggressive Growth	$10.14	$6.5	9.4%	11.4%	-	-
Principal Mutual/Variable Annuity/Capital Accumulation	$10.99	$13.3	7.4%	11.4%	7.0%	9.3%
Principal Mutual/Variable Annuity/Gov't Securities	$10.51	$8.9	5.4%	3.7%	5.3%	7.6%
Principal Mutual/Variable Annuity/Balanced	$10.53	$6.5	5.6%	6.1%	6.8%	9.7%
Principal Mutual/Variable Annuity/Emerging Growth	$10.71	$17.4	6.0%	7.6%	10.8%	13.1%
Provident Mutual/Market St. VIP 2/Fidelity Asset Manager	$501.90	$15.2	7.6%	-0.8%	6.3%	9.5%
SAFECO/Resource Variable Account B/Northwest	$10.47	$ 1.1	3.1%	3.0%	-	-
SAFECO/Resource Variable Account B/Balanced	$10.74	$ 1.3	6.7%	7.8%	6.1%	7.9%
SAFECO/Spinnaker (NQ Flex)/Northwest	$10.44	$ 0.1	3.1%	2.9%	-	-
SAFECO/Spinnaker (NQ Flex)/Balanced	$10.65	$ 0.1	6.7%	7.6%	5.7%	7.6%
SAFECO/Spinnaker (Q)/Northwest	$10.44	$ 0.2	3.1%	2.9%	-	-
SAFECO/Spinnaker (Q)/Balanced	$10.65	$ 0.5	6.7%	7.6%	5.7%	7.6%
SAFECO/Spinnaker Plus/Northwest	$10.47	$ 0.2	3.1%	3.0%	-	-
SAFECO/Spinnaker Plus/Balanced	$10.74	$ 0.3	6.7%	7.8%	6.1%	7.9%
Security Benefit/Variflex/Emerging Growth	$13.46	$ 83.0	2.8%	3.9%	-	-
Security Benefit/Variflex/Social Awareness	$13.36	$ 26.0	5.6%	3.8%	6.7%	-

na=data not available

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
-	-	1.00%	.80%	.38%	2.18%	Lincoln National/Multifund III/Capital Appreciation
-	-	1.00%	.75%	.36%	2.11%	Lincoln National/Multifund III/Aggressive Growth
-	-	1.00%	.48%	.05%	1.53%	Lincoln National/Multifund III/Social Awareness
-	-	1.00%	.45%	.03%	1.48%	Lincoln National/Multifund III/Special Opportunities
-	-	1.00%	.75%	.37%	2.24%	Lincoln National/Multifund III/Global Asset Allocation
-	-	1.00%	.42%	.02%	1.44%	Lincoln National/Multifund III/Managed
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Real Estate Securities
$30	na	1.45%	.50%	na	1.95%	Manulife Financial/Lifestyle/Common Stock
$0	.25%	.85%	.80%	.13%	2.03%	Ohio National/Top/Capital Appreciation
$0	.25%	.85%	.80%	.12%	2.02%	Ohio National/Top/Small Cap
$0	.25%	.65%	.80%	.13%	1.83%	Ohio National/Top Plus/Capital Appreciation
$0	.25%	.65%	.80%	.12%	1.82%	Ohio National/Top Plus/Small Cap
$30	.15%	1.25%	.65%	.19%	2.24%	Pacific Mutual/Select/Growth
$30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select/High Yield Bond
$30	.15%	1.25%	.65%	.25%	2.30%	Pacific Mutual/Select/Multi Strategy
$30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select/Gov't Securities
$30	.15%	1.25%	.25%	.24%	1.89%	Pacific Mutual/Select/Equity Index
$30	.15%	1.25%	.60%	.24%	2.24%	Pacific Mutual/Select/Bond & Income
$30	.15%	1.25%	.65%	.24%	2.29%	Pacific Mutual/Select/Equity
$35	.15%	1.25%	.55%	-	1.95%	Phoenix Mutual/Big Edge Plus/Balanced
$30	-	1.25%	.80%	.15%	2.20%	Principal Mutual/Variable Annuity/Aggressive Growth
$30	-	1.25%	.49%	.02%	1.76%	Principal Mutual/Variable Annuity/Capital Accumulation
$30	-	1.25%	.50%	.05%	1.80%	Principal Mutual/Variable Annuity/Gov't Securities
$30	-	1.25%	.60%	.09%	1.94%	Principal Mutual/Variable Annuity/Balanced
$30	-	1.25%	.80%	.15%	2.20%	Principal Mutual/Variable Annuity/Emerging Growth
$30	.15%	1.25%	.73%	.18%	2.31%	Provident Mutual/Market St. VIP 2/Fidelity Asset Manager
$30	0%	1.25%	.74%	0%	1.99%	SAFECO/Resource Variable Account B/Northwest
$30	0%	1.25%	.48%	.27%	2.00%	SAFECO/Resource Variable Account B/Balanced
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (NQ Flex)/Northwest
$30	.15%	1.25%	.48%	.27%	2.15%	SAFECO/Spinnaker (NQ Flex)/Balanced
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (Q)/Northwest
$30	.15%	1.25%	.48%	.27%	2.15%	SAFECO/Spinnaker (Q)/Balanced
$0	0%	1.25%	.74%	0%	1.99%	SAFECO/Spinnaker Plus/Northwest
$0	0%	1.25%	.48%	.27%	2.00%	SAFECO/Spinnaker Plus/Balanced
$30	na	1.20%	.75%	.13%	2.08%	Security Benefit/Variflex/Emerging Growth
$30	na	1.20%	.75%	.15%	2.10%	Security Benefit/Variflex/Social Awareness

na=data not available

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees, cont'd

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets $ Mil	Performance Returns thru 12/31/94 YTD	1 Yr	3 Yr	5 Yr
Ohio National/Top/Capital Appreciation	$10.64	na	6.8%	-	-	-
Ohio National/Top/Small Cap	$12.91	na	7.9%	-	-	-
Ohio National/Top Plus/Capital Appreciation	$11.09	na	6.7%	-	-	-
Ohio National/Top Plus/Small Cap	$13.00	na	7.9%	-	-	-
Pacific Mutual/Select/Growth	$17.01	$ 27.0	6.3%	1.1%	9.1%	-
Pacific Mutual/Select/High Yield Bond	$16.85	$ 27.0	5.1%	6.5%	10.2%	-
Pacific Mutual/Select/Multi Strategy	$15.29	$ 31.0	7.0%	9.1%	5.8%	-
Pacific Mutual/Select/Gov't Securities	$14.02	$ 19.0	5.0%	4.0%	4.9%	-
Pacific Mutual/Select/Equity Index	$14.25	$14.9	9.4%	15.7%	8.5%	-
Pacific Mutual/Select/Bond & Income	$10.75	$1.4	7.5%	6.8%	7.2%	9.5%
Pacific Mutual/Select/Equity	$10.26	$1.9	2.6%	0.7%	5.5%	8.2%
Phoenix Mutual/Big Edge Plus/Balanced	$1.16	$151.0	4.5%	3.2%	-	-
Principal Mutual/Variable Annuity/Aggressive Growth	$10.14	$6.5	9.4%	11.4%	-	-
Principal Mutual/Variable Annuity/Capital Accumulation	$10.99	$13.3	7.4%	11.4%	7.0%	9.3%
Principal Mutual/Variable Annuity/Gov't Securities	$10.51	$8.9	5.4%	3.7%	5.3%	7.6%
Principal Mutual/Variable Annuity/Balanced	$10.53	$6.5	5.6%	6.1%	6.8%	9.7%
Principal Mutual/Variable Annuity/Emerging Growth	$10.71	$17.4	6.0%	7.6%	10.8%	13.1%
Provident Mutual/Market St. VIP 2/Fidelity Asset Manager	$501.90	$15.2	7.6%	-0.8%	6.3%	9.5%
SAFECO/Resource Variable Account B/Northwest	$10.47	$ 1.1	3.1%	3.0%	-	-
SAFECO/Resource Variable Account B/Balanced	$10.74	$ 1.3	6.7%	7.8%	6.1%	7.9%
SAFECO/Spinnaker (NQ Flex)/Northwest	$10.44	$ 0.1	3.1%	2.9%	-	-
SAFECO/Spinnaker (NQ Flex)/Balanced	$10.65	$ 0.1	6.7%	7.6%	5.7%	7.6%
SAFECO/Spinnaker (Q)/Northwest	$10.44	$ 0.2	3.1%	2.9%	-	-
SAFECO/Spinnaker (Q)/Balanced	$10.65	$ 0.5	6.7%	7.6%	5.7%	7.6%
SAFECO/Spinnaker Plus/Northwest	$10.47	$ 0.2	3.1%	3.0%	-	-
SAFECO/Spinnaker Plus/Balanced	$10.74	$ 0.3	6.7%	7.8%	6.1%	7.9%
Security Benefit/Variflex/Emerging Growth	$13.46	$ 83.0	2.8%	3.9%	-	-
Security Benefit/Variflex/Social Awareness	$13.36	$ 26.0	5.6%	3.8%	6.7%	-

na=data not available

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees, cont'd

Contract Fee	Admin. Fee	Mortality+ Expenses	Mgt. Fee	Other	Total	Insurance Company/Contract/Fund Name
$0	.25%	.85%	.80%	.13%	2.03%	Ohio National/Top/Capital Appreciation
$0	.25%	.85%	.80%	.12%	2.02%	Ohio National/Top/Small Cap
$0	.25%	.65%	.80%	.13%	1.83%	Ohio National/Top Plus/Capital Appreciation
$0	.25%	.65%	.80%	.12%	1.82%	Ohio National/Top Plus/Small Cap
$30	.15%	1.25%	.65%	.19%	2.24%	Pacific Mutual/Select/Growth
$30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select/High Yield Bond
$30	.15%	1.25%	.65%	.25%	2.30%	Pacific Mutual/Select/Multi Strategy
$30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select/Gov't Securities
$30	.15%	1.25%	.25%	.24%	1.89%	Pacific Mutual/Select/Equity Index
$30	.15%	1.25%	.60%	.24%	2.24%	Pacific Mutual/Select/Bond & Income
$30	.15%	1.25%	.65%	.24%	2.29%	Pacific Mutual/Select/Equity
$35	.15%	1.25%	.55%	-	1.95%	Phoenix Mutual/Big Edge Plus/Balanced
$30	-	1.25%	.80%	.15%	2.20%	Principal Mutual/Variable Annuity/Aggressive Growth
$30	-	1.25%	.49%	.02%	1.76%	Principal Mutual/Variable Annuity/Capital Accumulation
$30	-	1.25%	.50%	.05%	1.80%	Principal Mutual/Variable Annuity/Gov't Securities
$30	-	1.25%	.60%	.09%	1.94%	Principal Mutual/Variable Annuity/Balanced
$30	-	1.25%	.80%	.15%	2.20%	Principal Mutual/Variable Annuity/Emerging Growth
$30	.15%	1.25%	.73%	.18%	2.31%	Provident Mutual/Market St. VIP 2/Fidelity Asset Manager
$30	0%	1.25%	.74%	0%	1.99%	SAFECO/Resource Variable Account B/Northwest
$30	0%	1.25%	.48%	.27%	2.00%	SAFECO/Resource Variable Account B/Balanced
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (NQ Flex)/Northwest
$30	.15%	1.25%	.48%	.27%	2.15%	SAFECO/Spinnaker (NQ Flex)/Balanced
$30	.15%	1.25%	.74%	0%	2.14%	SAFECO/Spinnaker (Q)/Northwest
$30	.15%	1.25%	.48%	.27%	2.15%	SAFECO/Spinnaker (Q)/Balanced
$0	0%	1.25%	.74%	0%	1.99%	SAFECO/Spinnaker Plus/Northwest
$0	0%	1.25%	.48%	.27%	2.00%	SAFECO/Spinnaker Plus/Balanced
$30	na	1.20%	.75%	.13%	2.08%	Security Benefit/Variflex/Emerging Growth
$30	na	1.20%	.75%	.15%	2.10%	Security Benefit/Variflex/Social Awareness

na=data not available

Life Insurance Update

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
Columbia Universal	T-90 ART	$ 273	$ 1,435	$ 328	$ 1,897	$ 463	$ 2,639
Commercial Union	1 Yr R &C Term	$ 305	$ 1,690	$ 403	$ 2,335	$ 578	$ 3433
Federal Home Life	Term Saver	$ 463	$ 2,418	$ 518	$ 2,890	$ 680	$ 3,965
Fidel. & Guar. LIC	1 Yr R&C Term	$ 208	$ 1,471	$ 233	$ 1,953	$ 278	$ 2,663
Golden Rule	Valu Term 1	$ 228	$ 1,360	$ 255	$1,808	$ 265	$2,410
Jackson National	YRT-100	$ 300	$ 1,575	$ 348	$1,863	$ 410	$2,243
Lincoln Security	Lifeline - 1	$ 258	$ 1,698	$ 270	$ 2,080	$ 350	$ 2,982
National Guardian	ART	$ 388	$ 2,220	$ 543	$ 3,118	$ 748	$ 4,210
Ohio National	YRT-99	$ 338	$ 1,425	$ 438	$ 1,890	$ 566	$ 2,445
Principal Mutual	ART	$ 288	$ 1,562	$ 355	$ 2,096	$ 440	$ 2,853
Savings Bank LIC/MA	YRT	$ 218	$ 1,135	$ 243	$ 1,388	$ 345	$ 2,038
Security Benefit	YRT-100	$ 283	$ 1,405	$ 428	$ 2,228	$ 658	$ 3,403
Security CT LIC	Lifeline - 1	$ 258	$ 1,698	$ 270	$ 2,080	$ 322	$ 2,955
Secur.Mutual/NY	Prime Select ART	$ 190	$ 1,480	$ 233	$ 1,935	$ 245	$ 2,530
Southwestern LIC	ART 100	$ 350	$ 1,843	$ 403	$ 2,235	$ 545	$ 3,298
Sunset Life	Select Term/ 95 +	$ 325	$ 2,003	$ 363	$ 2,565	$ 418	$ 3,600

Survey period: May 16, 1994 thru May 19, 1995

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
Columbia Universal	T-90 ART	$ 630	$ 3,577	$ 868	$ 5,122	$ 1,313	$ 7,952
Commercial Union	1 Yr R&C Term	$ 865	$ 4,753	$ 1,130	$ 6,423	$ 1,540	$ 9,508
Federal Home Life	Term Saver	$ 945	$ 5,248	$ 1,323	$ 8,068	$ 2,128	$13,415
Fidelity & Guaranty	1 Yr R&C Term	$ 380	$ 3,412	$ 565	$ 5,522	$ 1,120	$ 9,401
Golden Rule	Value Term 1	$ 385	$ 3,650	$ 660	$ 5,743	$ 1,045	$ 8,795
Jackson National	YRT-100	$ 528	$3,040	$ 743	$ 4,305	$1,068	$6,593
Lincoln Security	Lifeline - 1	$ 470	$ 4,140	$ 710	$ 6,385	$ 1,070	$10,343
National Guardian	ART	$ 1,013	$ 5,978	$ 1,530	$ 9,140	$2,340	$14,253
Ohio National	YRT-99	$ 741	$ 3,320	$ 1,146	$ 5,035	$ 1,556	$ 7,090
Principal Mutual	ART	$ 555	$ 4,103	$ 763	$ 6,009	$1,370	$10,226
Savings Bank LIC/MA	YRT	$ 525	$ 3,168	$ 868	$ 5,255	$ 1,410	$ 8,485
Security Benefit LIC	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
Sunset Life	Select Term/ 95 +	$ 605	$ 5,283	$ 850	$ 7,820	$ 1,375	$12,315

Survey period: May 16, 1994 thru May 19, 1995

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
Columbia Universal	T-90 ART	$ 263	$ 1,339	$ 278	$ 1,490	$ 353	$ 2,032
Commercial Union	R&C Term to 70	$ 270	$ 1,480	$ 348	$ 2,008	$ 488	$ 2,833
Federal Home Life	Term Saver	$ 393	$ 2,008	$ 415	$ 2,180	$ 473	$ 2,550
Fidelity & Guaranty	1 Yr R&C Term	$ 208	$ 1,398	$ 215	$ 1,634	$ 250	$ 2,241
Golden Rule	Valu Term 1	$ 188	$ 1,118	$ 230	$ 1,475	$ 248	$ 1,783
Jackson National	YRT-100	$ 285	$ 1,445	$ 298	$ 1,539	$ 335	$ 1,800
Lincoln Security	Lifeline - 1	$ 222	$ 1,452	$ 267	$ 1,938	$ 338	$ 2,435
National Guardian	ART	$ 370	$ 2,118	$ 520	$ 2,993	$ 725	$ 4,085
Ohio National	YRT-99	$ 321	$ 1,300	$ 348	$ 1,495	$ 461	$ 1,987
Principal Mutual LIC	ART	$ 283	$ 1,496	$ 293	$ 1,644	$ 370	$ 2,224
Savings Bank LIC/MA	YRT	$ 218	$ 1,135	$ 243	$ 1,388	$ 345	$ 2,038
Security Benefit LIC	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 Select ART	$ 148	$ 1,143	$ 183	$ 1,485	$ 188	$ 1,923
Southwestern LIC	ART 100	$ 323	$ 1,713	$ 378	$ 2,110	$ 510	$ 2,978
Sunset Life	Select Term/95 +	$ 250	$ 1,625	$ 325	$ 2,190	$ 363	$ 2,753

Survey period: May 16, 1994 thru May 19, 1995

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
Columbia Universal	T-90 ART	$ 495	$ 2,806	$ 668	$ 3,815	$ 935	$ 5,567
Commercial Union	R&C Term to 70	$ 700	$ 3,888	$ 883	$ 4,713	$ 1,035	$ 6,228
Federal Home Life	Term Saver	$ 590	$ 3,315	$ 848	$ 5,238	$1,395	$ 8,668
Fidelity & Guaranty	1 Yr R&C Term	$ 315	$ 2,953	$ 423	$ 3,999	$ 758	$ 6,894
Golden Rule	Valu Term 1	$ 318	$ 2,630	$ 418	$ 3,865	$ 573	$ 5,070
Jackson National	YRT-100	$ 398	$ 2,145	$ 495	$ 2,843	$ 693	$ 4,008
Lincoln Security	Lifeline - 1	$ 403	$ 3,320	$ 465	$ 4,315	$ 780	$ 6,600
National Guardian	ART	$ 965	$ 5,418	$1,285	$ 7,265	$1,723	$ 9,750
Ohio National	YRT-99	$ 596	$ 2,575	$ 793	$ 3,605	$ 1,221	$ 5,347
Principal Mutual LIC	ART	$ 460	$ 3,064	$ 585	$ 4,418	$ 828	$ 6,596
Savings Bank LIC/MA	YRT	$ 525	$ 3,168	$ 868	$ 5,255	$ 1,410	$ 8,485
Security Benefit LIC	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 Select ART	$ 245	$ 2,603	$ 360	$ 3,770	$ 508	$ 5,448
Southwestern LIC	ART 100	$ 735	$ 4,180	$ 985	$ 5,400	$1,238	$ 6,952
Sunset Life	Select Term/ 95 +	$ 438	$ 3,688	$ 568	$ 5,098	$ 813	$ 7,438

Survey period: May 16, 1994 thru May 19, 1995

Life Insurance Update

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
Amer.Life&Casualty	Protector	$ 333	$ 463	$ 705	$ 1,113	$ 1,563	$ 2,125
Canada Life Assur.	Total Protection	$ 388	$ 488	$ 775	$ 1,208	$ 1,763	$ 2,563
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
Fidelity & Guar.	10 Yr. R&C Term	$ 288	$ 410	$ 563	$ 823	$ 1,235	$ 1,840
Golden Rule	Valu Term 2	$ 268	$ 370	$ 512	$ 810	$ 1,325	$ 2,098
Jackson National	10-Yr. R&C Term	$ 375	$ 533	$ 725	$ 1,073	$ 1,615	$ 2,508
Manulife	Manulife 10	$ 248	$ 350	$ 480	$ 698	$ 1,005	$ 1,463
Nat'l Guardian	10 Yr Level Term	$ 393	$ 480	$ 653	$ 940	$ 1,600	$ 2,383
Ohio National	Q-10 Ultra	$ 245	$ 338	$ 455	$ 663	$ 988	$ 1,450
Presidential	10-Year Term	$ 340	$ 420	$ 575	$ 823	$ 1,183	$ 1,823
Principal Mutual	10-Yr Level Term	$ 315	$ 433	$ 618	$ 920	$ 1,390	$ 2,193
Security Benefit LIC	Security 10 LT	$ 400	$ 540	$ 763	$1,063	$ 1,525	$ 2,323
Security Conn.	Lifeline - 10	$ 392	$ 538	$ 748	$1,112	$1,673	$2,635
Security Mutual/NY	Prime 10	$ 393	$ 480	$ 583	$ 790	$1,195	$1,815
Southwestern LIC	10-Year Term	$ 410	$ 540	$ 718	$1,030	$1,485	$2,415
Sunset Life	10 Yr. R&C Plus	$ 370	$ 570	$ 750	$ 1,055	$ 1,605	$ 2,560
United Presidential	$ UT-10	$ 398	$ 545	$ 743	$ 985	$ 1,383	$ 2,205

Survey period: May 16 thru May 19, 1995

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
Amer.Life&Casualty	Protector	$ 268	$ 395	$ 528	$ 803	$ 1,085	$ 1,730
Canada Life	Total Protection	$ 350	$ 470	$ 675	$ 950	$ 1,325	$ 1,838
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
Fidelity & Guar.	10 Yr. R&C Term	$ 273	$ 288	$ 410	$ 563	$ 823	$ 1,235
Golden Rule	Valu Term 2	$ 225	$ 298	$ 380	$ 570	$ 830	$ 1,128
Jackson National	10-Yr. R&C Term	$ 298	$ 403	$ 540	$ 770	$ 1,010	$ 1,403
Manulife	Manulife 10	$ 235	$ 283	$ 395	$ 555	$ 808	$ 1,145
Nat'l Guardian	10 Yr Level Term	$ 390	$ 503	$ 630	$ 878	$ 1,308	$ 1,833
Ohio National	Q-10 Ultra	$ 203	$ 288	$ 390	$ 528	$ 758	$ 1,080
Presidential	10-Year Term	$ 290	$ 333	$ 405	$ 490	$ 683	$ 1,065
Principal Mutual	10-Yr Level Term	$ 303	$ 330	$ 465	$ 665	$ 995	$ 1,515
Security Benefit LIC	Security 19 LT	$ 350	$ 463	$ 613	$ 845	$ 1,175	$ 1,688
Security Conn.	Lifeline - 10	$ 328	$ 447	$ 675	$ 833	$1,045	$ 1,815
Security Mutual/NY	Prime 10	$ 340	$ 415	$ 508	$ 738	$ 988	$ 1,330
Southwestern LIC	10-Year Term	$ 398	$ 500	$ 638	$ 880	$ 1,220	$ 1,655
Sunset Life	10 Yr. R&C Plus	$ 328	$ 418	$ 583	$ 815	$ 1,060	$ 1,508
United Presidential	UT-10	$ 363	$ 498	$ 675	$ 845	$ 1,118	$ 1,563

Survey period: May 16, 1994 thru May 19, 1995

Life Insurance Update

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 iindicated.

Table 15. Single Premium Life Insurance

Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees Yr 1	Yr 5	Yr 10	Net Cash Value Age 65	Net Death Benefit at Age 65
Amer. Life/Casualty	SPL (UL)	20-75	5.80%	na	10%	6%	1%	$274,753	$475,874
Golden Rule	Asset-Care (WL)	40-80	6.75%	1 Year	11%	7%	1.5%	$286,474	$504,195
London Pacific	Regal Return (UL)	0-80	6.50%	1 Year	5%	4%	0%	$284,696	$481,670
Presidential	Taxbreaker II (UL)	0-80	6.50%	1 Year	7%	4%	0%	$352,365	$514,840
Southwestern LIC	SPWL (WL)	0-80	6.00%	-	-	-	-	$197,566	$426,709
USG Annuity &Life	Life 3 (UL)	30-85	7.75%	1 Year	9%	5%	0%	$256,380	$448,666
USG Annuity &Life	Life 7 (UL)	0-85	6.25%	na	varies by age			$289,301	$509,754
Western United	Freedom III (WL)	0-80	5.15%	1 Year	10%	7%	2%	$277,990	$425,242

Survey period: May 16, 1995 thru May 19, 1995

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	Compound 7 Yr	Simple 3 Yr	Simple 7 Yr	$3,000,000 Deposit Compound 3 Yr	Compound 7 Yr	Simple 3 Yr	Simple 7 Yr
AIG	6/6	5.59%	6.19%	5.59%	6.19%	5/.67%	6.25%	5.66%	6.23%
Hartford	6/6	5.65%	6.37%	5.63%	6.29%	5.65%	6.37%	5.63%	6.29%
Lincoln National	6/6	5.25%	16.26%	5.30%	6.23%	5.54%	6.39%	5.62%	6.39%
Principal Mutual	6/6	5.45%	6.05%	5.44%	5.98%	5.55%	6.15%	5.54%	6.08%
Transamerica	6/6	5.70%	6.14%	5.65%	6.12%	5.78%	6.19%	5.73%	6.17%

Life & Health Guaranty Associations

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

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

LIABILITY LIMITS

State	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commisioners' Phone Numbers
Alabama	**$300,000**	-	**$100,000**	**$100,000**	**(205) 269-3550**
Alaska	$300,000	$300,000	$100,000	$100,000	(907) 465-2515
Arizona	**$300,000**	-	**$100,000**	**$100,000**	**(602) 912-8420**
Arkansas	$300,000	$100,000	$100,000	$100,000	(501) 686-2900
California	**$250,000**	**$250,000**	**$100,000**	**$100,000**	**(916) 445-5544**
Colorado	$300,000	$300,000	$100,000	$100,000	(303) 894-7499
Connecticut	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(203) 297-3802**
Delaware	$300,000	$300,000	$100,000	$100,000	(302) 739-4251
Dist. of Col.	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(202) 727-8000**
Florida	$300,000	-	$100,000	$100,000	(904) 922-3100
Georgia	**$300,000**	-	**$100,000**	**$100,000**	**(404) 656-2056**
Hawaii	$300,000	$300,000	$100,000	$100,000	(808) 586-2790
Idaho	**$300,000**	-	**$100,000**	**$100,000**	**(208) 334-2250**
Illinois	$300,000	$300,000	$100,000	$100,000	(217) 782-4515
Indiana	**$300,000**	-	**$100,000**	**$100,000**	**(317) 232-2385**
Iowa	$300,000	-	$100,000	$100,000	(515) 281-5705
Kansas	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(913) 296-7801**
Kentucky	-	$300,000	$100,000	$100,000	(502) 564-3630
Louisiana	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(504) 342-5900**
Maine	$300,000	-	$100,000	$100,000	(207) 582-8707
Maryland	**all contractual obligations**				**(410) 333-6300**
Massachusetts	$300,000	$300,000	$100,000	$100,000	(617) 521-7794
Michigan	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(517) 373-9273**
Minnesota	$300,000	$300,000	$100,000	$100,000	(612) 296-6848
Mississippi	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(601) 359-3569**
Missouri	$300,000	$300,000	$100,000	$100,000	(314) 751-4126
Montana	-	**$300,000**	-	-	**(406) 444-2040**
Nebraska	$300,000	$300,000	$100,000	$100,000	(402) 471-2201
Nevada	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(702) 687-4270**
New Hampshire	$300,000	-	$100,000	$100,000	(603) 271-2261
New Jersey	**$500,000**	**$500,000**	**$100,000**	**$500,000**	**(609) 292-5363**
New Mexico	$300,000	-	$100,000	$100,000	(505) 827-4500
New York	**$500,000**	-	-	-	**(212) 602-0492**
No. Carolina	$300,000	-	-	-	(919) 733-7343
North Dakota	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(701) 224-2440**
Ohio	$300,000	$300,000	$100,000	$100,000	(614) 644-2651
Oklahoma	**$300,000**	**$300,000**	**$100,000**	**$300,000**	**(405) 521-2828**
Oregon	$300,000	$300,000	$100,000	$100,000	(503) 378-4271
Pennsylvania	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(717) 787-5173**
Puerto Rico	-	$300,000	-	-	(809) 722-8686
Rhode Island	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(401) 277-2223**
So. Carolina	$300,000	-	-	-	(803) 737-6117
South Dakota	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(605) 773-3563**
Tennessee	$300,000	$300,000	$100,000	$100,000	(615) 741-2241
Texas	-	**$300,000**	**$100,000**	**$100,000**	**(512) 463-6464**
Utah	$300,000	$300,000	$100,000	$100,000	(801) 530-3800
Vermont	**$300,000**	**$300,000**	**$100,000**	**$100,000**	**(802) 828-3301**
Virginia	$300,000	$300,000	$100,000	$100,000	(804) 371-9741
Washington	**$500,000**	**$500,000**	-	**$500,000**	**(206) 753-7301**
West Virginia	$300,000	$300,000	$100,000	$100,000	(304) 558-3394
Wisconsin	**$300,000**	-	-	-	**(608) 266-0102**
Wyoming	$300,000	$300,000	$100,000	$100,000	(307) 777-7401

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.

Insurance Company Ratings

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

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

ALPHABETICAL RATINGS

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

NUMERICAL RANKINGS

To level the alphabetical rating field we include a NUMERICAL RANK in 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. This numerical ranking will help you to recognize that the same letter grade may carry very different relative value with the different rating agencies.

Distribution of Ratings

A.M.Best			S & P			Moodys			Duff &Phelps			Weiss Research		
Rank	Grade	# Co. 881	Rank	Grade	#Co. 256	Rank	Grade	# Co. 106	Rank	Grade	# Co. 170	Rank	Grade	# Co. 1774
1	(A++)	58	1	(AAA)	64	1	(AAA)	10	1	(AAA)	51	1	(A+)	12
2	(A+)	169	2	(AA+)	46	2	(Aa1)	9	2	(AA+)	19	2	(A)	19
3	(A)	214	3	(AA)	42	3	(Aa2)	20	3	(AA)	42	3	(A-)	31
4	(A-)	120	4	(AA-)	53	4	(Aa3)	21	4	(AA-)	25	4	(B+)	44
5	(B++)	57	5	(A+)	28	5	(A1)	24	5	(A+)	21	5	(B)	129
6	(B+)	118	6	(A)	6	6	(A2)	9	6	(A)	10	6	(B-)	120
7	(B)	76	7	(A-)	3	7	(A3)	2	7	(A-)	1	7	(C+)	124
8	(B-)	17	8	(BBB+)	2	8	(Baa1)	3	8	(BBB+)	0	8	(C)	245
9	(C++)	11	9	(BBB)	3	9	(Baa2)	2	9	(BBB)	0	9	(C-)	217
10	(C+)	7	10	(BBB-)	2	10	(Baa3)	3	10	(BBB-)	0	10	(D+)	157
11	(C)	11	11	(BB+)	1	11	(Ba1)	0	11	(BB+)	0	11	(D)	208
12	(C-)	3	12	(BB)	1	12	(Ba2)	1	12	(BB)	0	12	(D-)	48
13	(D)	2	13	(BB-)	1	13	(Ba3)	0	13	(BB-)	0	13	(E+)	52
14	(E)	13	14	(B+)	0	14	(B1)	0	14	(B+)	0	14	(E)	43
15	(F)	5	15	(B)	0	15	(B2)	0	15	(B)	0	15	(E-)	0
	(as of 9/94)		16	(B-)	0	16	(B3)	0	16	(B-)	0	16	(F)	54
			17	(CCC)	0	17	(Caa)	2	17	(CCC+)	0	17	(U)	271
			18	(R)	4	18	(Ca)	0	18	(CCC)	1		(as of 9/94)	
				(as of 9/94)		19	(C)	0	19	(CCC-)	0			
							(as of 9/94)			(as of 9/94)				

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Acacia Nat'l Life	85685	VA	$ 0.41B	5.4%	3(A)	-	-	4 (AA-)	7 (SC+)
Aetna LI & Ann. Co.	86509	CT	$ 17.64B	3.2%	1(A++)	3 (AA) ▼8/94	3 (Aa2) 9/94	2 (AA+) 2/95 ▼10/94	7 (C+)
Aetna LIC	60054	CT	$ 51.54B	3.3%	3 (A)	5 (A+) 9/94	4 (Aa3) 9/94	3 (AA) 8/94	9 (C-)
Aid Assoc. Lutherans	56014	WI	$ 11.26B	7.4%	1 (A++)	1 (AAA) 10/94	-	1 (AAA) 11/94	-
AIG Life Insur. Co.	66842..	DE	$ 1.80B	5.64	2(A+)	1 (AAA)	-	-	8 (C) ▲2/95
Alex. Ham. LIC Amer.	88358	MI	$ 6.40B	3.5%	2 (A+)	3 (AA) 10/94	5 (A1) 12/94	3 (AA) 6/95	7 (C+) ▲11/94
Allstate LIC	60186	IL	$ 21.23B	5.5%	2 (A+)	2 (AA+) 3/95	4 (Aa3) 4/95	-	6 (B-)
Amer. Enterprise LIC	94234	IN	$ 1.87B	6.03%	2(A+)	-	-	1 (AAA)	6(B-) ▲11/94
Amer. General LIC	60488	TX	$ 5.51B	22.8%	1 (A++) 6/95	1 (AAA)	4 (Aa3) 12/94	1 (AAA) 7/94	3 (A-) ▲10/94
Amer. Heritage LIC	60534..	FL	$ 0.97B	12.5%	3(A)	9 (BBB)	-	-	3 (A-)
Amer. Int'l Life/NY	60607	NY	$ 3.96B	5.3%	2(A+)	1 (AAA)	-	-	8 (C)
Amer. Investors LIC	60631..	KS	$ 1.84B	4.7%	4(A-)	-	-	5 (A+)	10(C)
Amer. Life/Cas.Ins.	60682..	IA	$ 4.06B	5.2%	4(A-)	7 (A-) ▼9/94	-	-	8 (C)
Amer. LIC	60690	DE	$ 8.63B	8.2%	(FPR-8)	1 (AAA)	-	-	6 (B-)
Amer. LIC/ NY	60704	NY	$ 1.22B	5.0%	2(A+)	4 (AA-) 5/95▼12/94	-	2 (AA+)	5 (B)
Amer. Mayflw LIC/NY	60712	NY	$ 0.79B	5.6%	2(A+)	2 (AA+)	4 (Aa3) 12/94	2 (AA+) 7/94	6 (B-)
Amer. Mutual LIC 60720	60720	IA	$ 1.24B	10.60%	3 (A)	6 (A) ▼4/95	6 (A2)	5(A+)	5 (B)
Amer. Nat'l Ins.Co.	60739	TX	$ 4.33B	25.7%	1 (A++)	-	3 (Aa2)	-	5 (B)
Amer. Skandia L Assur	86630	CT	$ 1.46B	4.1%	4 (A-)	8 (BBB+) ▲12/94	-	4 (AA-) 8/94	10(SD)
American United LIC	60895	IN	$ 5.48B	4.1%	2 (A+)	4 (AA-) 3/95	5 (A1)	2 (AA+) 6/95	5 (B)

Continued . .

Legend: ▲ = date upgraded; ▼ = date downgraded. Ratings current as of June 1995.

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

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

State Dom. — State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters. 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 assets. The ratio indicates the degree to which a company has leveraged its capital and surplus. The normal industry range for C&S/Assets is from 5% to 10% (the higher, the better). This ratio will depend on factors such as the types of risk and products with which a company is involved.

Disclaimer: While we attempt to list the ratings currently in effect, we are not to be held liable for the reliability of this information. You are strongly advised to directly contact the rating agencies and insurance companies for verification of ratings and additional details.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Ameritas LI Corp.	61301	NE	$ 1.58B	10.2%	2 (A+)	3 (AA) 1/95	-	-	2 (A)
Anchor Nat'l LIC	60941	CA	$ 6.03B	3.3%	3 (A)	3 (AA) 7/94	6 (A2) 10/94	3 (AA) 10/94	8 (C)
Bankers Life/Cas. Co.	61263	IL	$ 2.68B	12.1%	3 (A)	-	-	4 (AA-)	8 (C)
Bankers Sec. LI Soc.	61360	NY	$ 0.88B	7.3%	3 (A)	5 (A+) 9/94	-	-	7 (C)
Bankers Uni. Life Ass.	61387	IA	$ 3.24B	4.2%	3 (A)	2 (AA+) 5/94	4 (Aa3)	4 (AA+) 2/95	7 (C+)
Beneficial Std LIC	61417	CA	$ 2.24B	4.6%	3 (A)	-	9(Baa2)	5 (A+)	8 (C)
Berkshire LIC	61433	MA	$ 1.02B	5.7%	2 (A+)	3 (AA) 12/94	-	3 (AA) 7/94	7 (C+)
Canada Life Assur.	80659..	CD	$ 15.14B	7.2%	1 (A++)	1 (AAA) 1/95	3 (Aa2) 10/94	1 (AAA)	-
Canada Life Ins.Co.(NY)	79359	NY	$ 0.20B	6.6%	1(A++)	1 (AAA) 6/95	-	1 (AAA) 5/95	7 (SC+)
Capitol Bankers LIC	62421	MN	$ 0.42B	6.1%	4(A-)	3 (AA)	-	-	8 (C)
Cen Nat LIC/Omaha	61700	NE	$ 1.17B	16.7%	2 (A+)	3(AA)	-	-	5 (B)
Century Life of Amer.	65749	IA	$ 2.27B	5.7%	2 (A+)	-	-	4 (AA-) 1/95	5 (B) ▲11/94
Champlain LIC	93637	VT	$ 0.75B	na	-	4 (AA-)	-	3 (AA)	8 (SC)
Chubb Sovereign LIC	80438..	CA	$ 0.38B	13.1%	2 (A+)	1 (AAA)	-	-	5 (B)
Colonial LIC of Amer.	62057	NJ	$ 0.69B	13.5%	3 (A)	1 (AAA)	-	-	5 (B)
Columbia Univ. LIC	67954..	TX	$ 0.16B	6.7%	7 (B)	-	-	7 (A-) 6/95	9 (SC-)
Columbus LIC	99937	OH	$ 1.53B	7.6%	2 (A+)	1 (AAA)	-	1 (AAA)	6 (B)
Commc'l Un. LIC/Am.	62898..	DE	$ 1.14B	7.3%	2 (A+)	-	-	4 (AA-) 6/95	4 (B+)
CU Life Ins Co. NY	92665	NY	$ 0.25B	6.3%	2 (A+)	-	-	4 (AA-) 6/95	7 (SC+)
Commonwealth LIC	62227	KY	$ 5.21B	5.6%	2 (A+)	1 (AAA) 3/95	4 (Aa3) 1/95	2 (AA+) 8/94	8 (C)
Conn. General LIC	62308	CT	$ 48.37B	4.2%	2 (A+) 6/95	3 (AA) ▼12/94	5 (A1) R12/94▼8/94	1 (AAA) 6/95	7 (C+)
Conn. Mutual LIC	62316	CT	$ 11.52B	5.6%	3 (A) ▼11/94	5 (A+) ▼5/95	5 (A1) ▼8/94	4 (AA-) ▼12/94	5 (B) ▲12/94
Constitution LIC	62359	KY	$ 0.56B	8.9%	5 (B++)	8 (BBB+)	-	5 (A+)	10(D+)
Continental Assur. Co.	62413	IL	$ 11.01B	9.2%	3 (A) ▼5/94	2 (AA+)	4 (Aa3)	3 (AA) ▼5/95	5 (B)
Contin. Western LIC	62510	IA	$ 0.34B	7.3%	3 (A)	8 (BBB+)	-	3 (AA)	5 (SB)
Cova Finan. Svcs. LIC	93513..	MO	$ 3.91B	2.7%	(FPR-7)	6 (A) 1/95	6 (A2) ▲1/95	-	9 (C-) ▲10/94
Crown LIC	n/a	CD	$ 8.70B	-	4 (A-)	8 (BBB+) ▼9/94	12 (Ba1) ▼8/94	-	-
CUNA Mutual Ins. Soc.	62626	WI	$ 1.62B	14.5%	3 (A)	-	-	3 (AA)	8 (C)
Delta Life & Ann.	65145..	TN	$ 1.07B	4.6%	2 (A+)	-	-	5 (A+) ▼6/95	6 (B-)
Empire LIC	62820..	NE	$ 0.19B	10.3%	5 (B++)	-	-	4 (AA-)	9 (SC-)
Empire Gen. LAC	94285	TN	$ 0.05B	-	2 (A+)	3 (AA)	-	3 (AA)	-

Continued . . .

Legend: ▲ = date upgraded; ▼ = date downgraded. Ratings current as of June 1995.

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Equit. L. Assur.Soc.	62944	NY	$ 47.31B	3.8%	3 (A) ▲5/95	5 (A+) 11/94▼10/94	6 (A2) 9/94	5 (A+) 10/94	10 (D+)
Equit.L./IOWA	62979	IA	$ 2.26B	17.4%	4 (A-)	3 (AA) 3/95	5 (A1) 2/95	3 (AA) 9/94	5 (B)
Equit. Variable LIC	81361	NY	$ 11.22B	6.3%	3 (A) ▲5/95	5 (A+)	6 (A2) ▲12/94	5 (A+)	10 (D+)
Federal Home LIC	67695..	IN	$ 1.91B	9.5%	3 (A) 6/95	-	-	4 (AA-)	6 (B-)
Fed. Kemper L. Assur.	63207	IL	$ 3.06B	6.8%	4 (A-)	-	8 (Baa1) 7/94	4 (AA-)	8 (C)
Fidelity & Guar. LIC	63274..	MD	$ 4.52B	7.0%	4 (A-)	8 (BBB+) 7/94	8 (Baa1) ▲5/95	6 (A) R4/95	9 (C-)
Fidelity Union LIC	92509	TX	$ 0.99B	13.9%	NA-4	-	-	-	4 (B+)
Financial Benefit LIC	98213..	FL	$ 0.58B	5.3%	7 (B)	-	-	-	9 (C-)
First Alex. Ham. LIC	71510	NY	$ 0.31B	7.1%	2 (A+)	-	-	3 (AA)	8 (SC)
First Colony LIC	63401	VA	$ 6.79B	4.7%	1 (A++)	2 (AA+) 4/95	4 (Aa3)	2 (AA+)	5 (B)
First GNA LIC/NY	72990	NY	$ 1.33B	11.1%	2 (A+)	3 (AA)	-	3 (AA)	7 (C+)
First Rel. Std. LIC	71005	NY	$ 0.05B	na	4 (A-)	7 (A-)	-	4 (AA-)	8 (C)
First Safeco Nat'l NY	78417	NY	$ 0.02B	10.6%	2 (A+)	3 (AA)	3 (Aa2)	-	5 (SB) ▲3/95
First UNUM LIC	64297	NY	$ 0.65B	17.6%	2 (A+)	2 (AA+)	3 (Aa2)	-	4 (B+)
Ford LIC	63576	MI	$ 1.90B	6.1%	3 (A)	5 (A+) ▼4/95	6 (A2) 9/94	3 (AA) 11/94	5 (B)
Fort Dearborn LIC	71129..	IL	$ 0.21B	14.1%	3 (A)	-	-	-	6 (B-) ▼11/94
Fortis Benefits LIC	70408	MN	$ 3.35B	7.7%	2 (A+)	3 (AA)	-	-	5 (B)
Franklin LIC	63622	IL	$ 6.27B	9.8%	1 (A++)	5 (AA) ▼4/95	4 (Aa3)	2 (AA+) ▼4/95	2 (A)
General Amer. LIC	63665..	MO	$ 7.61B	5.8%	2 (A+)	4 (AA-)	5 (A1) 2/95	3 (AA) 1/95	7 (C+)
General Electric CAP	70025	DE	$ 5.40B	5.8%	3 (A) 6/95	3 (AA) 10/94▲9/94	4 (Aa3) 12/94	4 (AA-) 10/94	10 (D+)
General Services LIC	63762	IA	$ 0.84B	4.1%	NA-4	2 (AA+)	-	4 (AA-)	8 (C)
Globe Life/Accid. IC	91472	DE	$ 0.68B	14.2%	2 (A+) ▼5/95	1 (AAA)	-	-	4 (B+)
Golden Rule Ins. Co.	62286..	IL	$ 1.08B	16.0%	3 (A) ▼5/95	4 (AA-)	-	-	5 (B)
Great American LIC	63312..	OH	$ 4.76B	5.2%	3 (A)	-	10(Baa3)	5 (A+)	7 (C+)
Great Amer. Res. Ins.	64017	TX	$ 1.34B	6.2%	3 (A)	-	9(Baa2)	5 (A+)	9 (C-)
Gr. Nrthrn Insur. Ann.	94366	WA	$ 5.66B	5.1%	2 (A+) 6/95	3 (AA)	4 (Aa3)	3 (AA)	5 (B) ▲3/95
Great Southern LIC	90212	TX	$ 0.90B	19.8%	3 (A)	6 (A)	-	-	7 (C+)
Great-West Life Assur.	n/a	CD	$ 13.57B	4.6%	1 (A++)	1 (AAA) 4/95	3 (Aa2) 8/94	1 (AAA) 4/95	6 (B-)
Guardian LIC of Amer.	64246	NY	$ 9.07B	10.8%	1 (A++)	1 (AAA) R10/94	1 (Aaa) 10/94	1 (AAA)	1 (A+)
Gulf LIC	64270	TN	$ 3.07B	10.6%	2 (A+)	1 (AAA)	-	-	5 (B)
Hartford LIC	88072	CT	$ 28.97B	2.8%	1 (A++)	2 (AA+) ▼4/95	3 (Aa2) 1/95	1 (AAA) 12/94	3 (A-)

Continued . . .

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Harvest LIC	79421	OH	$ 0.82B	8.2%	4 (A-)	-	-	4 (AA-)	7 (C+)
Horace Mann LIC	64513	IL	$ 2.24B	5.5%	2 (A+)	4 (AA-)	-	-	5 (B)
IDS LIC	65005	MN	$ 28.04B	4.1%	2 (A+)	-	3 (Aa2) 2/95	1 (AAA) 12/94	5 (B)
Indianapolis LIC	64645	IN	$ 1.27B	8.0%	2 (A+)	-	-	3 (AA)	5 (B)
Insurance Co. of the West						7 (A-) 5/95			
Integrity LIC	74780	AZ	$ 1.70B	0.51%	4 (A-)	6 (A)	-	5 (A+)	10 (D+)
Investors Ins. Corp.	64939..	DE	$ 0.14B	4.8%	(FPR -4)	-	-	-	12 (SD-)
Investors LIC of NE	86975..	SD	$ 0.31B	12.3%	2 (A+)	2 (AA+)	-	-	5 (B)
Jackson Nat'l LIC	65056..	MI	$ 16.95B	5.5%	3 (A) ▼11/94	3 (AA) 9/94	5 (A1)	3 (AA) 9/94	7 (C+)
Jefferson Nat'l LIC	65064	IN	$ 1.10B	6.3%	3 (A)	-	-	5 (A+)	8 (C)
Jefferson-Pilot LIC	67865..	NC	$ 4.89B	19.3%	1 (A++)	1 (AAA)	-	-	1 (A+)
John Alden LIC	65080	MN	$ 4.24B	6.8%	2 (A+)	5 (A+) ▲1/95	-	-	7 (C+)
John Hancock Mut'l	65099	MA	$ 43.69B	4.1%	1 (A++)	2 (AA+) ▼4/95	3 (Aa2)	1 (AAA) 8/94	5 (B)
Kansas City LIC	65129..	MO	$ 1.88B	8.0%	3 (A)	5 (A+) ▼3/94	-	-	5 (B)
Kemper Investors LIC	90557	IL	$ 7.03B	4.7%	4 (A-)	-	8 (Baa1)	6 (A+)	8 (C)
KY Home Mutual	65218	KY	$ 0.41B	na	5 (B++)	-	-	8 (A-) ▼5/94	8 (SC)
Keyport LIC	65234	RI	$ 9.72B	5.3%	2 (A+) ▲11/94	4 (AA-)	5 (A1)	4 (AA-) 6/95	5 (B)
Keystone State LIC	90344	PA						8 (A-) 5/94	9 (SC-) ▲3/95
Knights of Columbus	58033	CT	$ 3.97B	na	1 (A++) 6/95	1 (AAA)	-	-	-
Lamar LIC	65250	MS	$ 0.61B	12.7%	3 (A)	-	4 (Aa3)	5 (A+) 6/95	2 (A)
Lafayette LIC	65242	IN	$ 0.62B	7.9%	2 (A+)	-	-	3 (AA)	5 (B)
Liberty LIC	65323	SC	$ 1.09B	11.9%	3 (A)	-	-	3 (AA)	5 (B)
Liberty Nat'l LIC	65331	AL	$ 2.71B	14.9%	1 (A++)	1 (AAA)	-	-	3 (A-)
Life Ins.Co./Georgia	65471	GA	$ 2.37B	8.8%	2 (A+)	1 (AAA) 4/95	-	1 (AAA) 2/95	3 (A-)
Life Ins.Co./S'west	65528	TX	$ 1.46B	5.4%	3 (A)	-	-	4 (AA-)	5 (B)
Life Ins.Co./Virginia	65536	VA	$ 6.90B	5.4%	2 (A+)	3 (AA) 8/94	5 (A1) 11/94	2 (AA+) 4/95	5 (B)
Life Investors Ins. Co.	64130	IA	$ 3.55B	9.9%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Lincoln Benefit Life	65595	NE	$ 0.12B	65.6%	2 (A+)	2 (AA+)	4 (Aa3) 5/95	-	6 (B-)
Lincoln Nat'l LIC	65676	IN	$ 34.04B	3.8%	2 (A+)	4 (AA-) 4/95	5 (Aa3) 4/95 ▲7/94	1 (AAA) 10/94	6 (B-)
Lincoln Security LIC	61620..	NY	$ 0.20B	5.3%	2 (A+)	4 (AA-)	-	-	8 (SC)
Lutheran Brotherhood	57126	MN	$ 7.97B	na	1 (A++) 6/95	1 (AAA)	-	1 (AAA)	5 (SB)

Continued . . .

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Manufacturers LIC	n/a..	CD	$ 32.73B	6.5%	1 (A++)	2 (AA+) 2/95 ▼10/94	4 (Aa3) 8/94	1 (AAA) 1/95	-
Mass. General LIC	65900..	MA	$ 1.27B	5.5%	NA-9	-	-	6 (A+)	6 (B-)
Mass. Mutual LIC	65935	MA	$ 34.31B	5.3%	1 (A++)	1 (AAA) ▲6/94	2 (Aa1) 12/94	1 (AAA) 4/95	3 (A-)
Merrill Lynch LIC	79022	AR	$ 11.80B	0.3%	3 (A)	4 (AA-)	5 (A1) 12/94	-	7 (C+)
Metropolitan LIC	65978	NY	$ 128.23B	5.0%	2 (A+)	2 (AA+) ▼11/94	2 (Aa1)	1 (AAA) 9/94	3 (A-)
Midland Nat'l LIC	66044	SD	$ 1.61B	16.6%	2 (A+)	2 (AA+)	-	-	2 (A)
Ministers Life	66133	MN	$ 0.26B	5.8%	2 (A+)	-	-	1 (AAA)	7 (SB) ▲10/94
Minnesota Mutual LIC	66168	MN	$ 7.80B	4.4%	1 (A++)	2 (AA+) R4/95	2 (Aa1)	1 (AAA) 8/94	4 (B+) ▲2/95
Modern Wood./Amer.	57541	IL	$ 2.19B	na	2 (A+)	-	-	2 (AA+)	-
Monumental LIC	66281	MD	$ 3.32B	5.5%	2 (A+) ▲10/94	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Mutual of Amer. LIC	88668	NY	$ 6.28B	5.3%	2 (A+)	2 (AA+) 5/95	4 (Aa3)	2 (AA+)	4 (B+)
Mutual LIC.NY (MONY)	66370	NY	$ 14.68B	4.1%	4 (A-) 6/95	6 (A) ▼1/95	8 (Baa1) ▼12/94	5(A+) 6/95	11(D) ▲10/94
Mutual Trust LIC	66427	IL	$ 0.68B	7.9%	3 (A)	4 (AA-) 5/95	-	4 (AA-) 6/95	4 (B+)
Nat'l Guardian LIC	66583..	WI	$ 0.61B	7.4%	4 (A-) ▼10/94	-	-	-	1 (A+)
Nat'l Home Life Asr.	66605	MO	$ 7.74B	5.8%	2 (A+)	3 (AA) 3/95	6 (A2)	3 (AA) 8/94	3 (B)
Nat'l Integrity LIC	75264	NY	$ 0.69B	4.7%	4 (A-)	6 (A)	-	5 (A+) 3/95	8 (C)
National LIC of VT	66680	VT	$ 5.06B	4.8%	2 (A+)	4 (AA-)	-	3 (AA) 6/95	6 (B-)
Nationwide LIC	66869..	OH	$ 23.05B	4.3%	2 (A+)	1 (AAA) 11/94	2 (Aa1)	-	5 (B) ▲11/94
New England Mutual L	66893..	MA	$ 16.24B	2.4%	4 (A-) ▼6/95	5 (A+) 2/95 ▼11/94	7 (A3) 12/94	3 (AA) 9/94	7 (C+)
New York LIC	66915	NY	$ 53.57B	6.4%	1 (A++)	1 (AAA) 5/95	1 (Aaa) 2/95	1 (AAA) 8/94	2 (A)
N. Amer. Co./L&H	66974	IL	$ 1.92B	0.6%	3 (A)	-	-	-	8 (C)
N Amer. Secur. LIC	90425	DE	$ 3.42B	1.5%	3 (A)	3 (AA)	-	-	7 (C+)
N. Atlantic LIC/Am.	67024	NY	$ 0.96B	5.7%	3 (A)	-	-	3 (AA) 6/95	9 (C-) ▲10/94
Northbrook LIC	88528	IL	$ 2.14B	2.0%	2 (A+)	2 (AA+)	4 (Aa3)	-	7 (C+)
Northern LIC	87734	WA	$ 3.59B	5.3%	2 (A+)	4 (AA-) 9/94	5 (A1) 9/94	3 (AA) 5/95	7 (C+)
N'western Mutual LIC	67091	WI	$ 44.06B	4.6%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	1 (A+)
N'western Nat'l LIC	67105	MN	$ 4.66B	11.1%	3 (A) 6/95	5 (A+) 1/95	6 (A2) 1/95	3 (AA) 6/95	7 (C+)
Ohio Nat'l Life Assur.	89206..	OH	$ 0.42B	12.5%	2 (A+)	3 (AA)	-	3 (AA)	5 (B)
Ohio Nat'l LIC 67172	67172	OH	$ 3.64B	4.6%	2 (A+)	3 (AA)	5 (A1) 9/94	3 (AA) 1/95	6 (B-)
PFL Life Ins Co. 86231	86231	IA	$ 5.02B	6.0%	3 (A)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Pacific Mutual LIC	67466..	CA	$ 13.35B	4.3%	2 (A+)	2 (AA+) 8/94	6 (Aa3)10/94 ▲9/94	2 (AA+) 10/94	4 (B+) ▲3/95

Continued . . .

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Pan-American LIC	67539	LA	$ 1.91B	9.0%	3 (A)	3 (A)	7 (A3) ▼6/95	5 (A+) ▼4/95	7 (C+)
Paragon LIC	93564	MO	$ 0.05B	na	2 (A+)	4 (AA-)	-	3 (AA)	-
Paul Revere LIC	67598	MA	$ 2.78B	1.3%	2 (A+)	4 (AA-)	-	-	5 (B) ▲10/94
Penn Insur. & Annuity	93262	DE	$ 0.69B	6.7%	2 (A+)	4 (AA-) 5/95	5(A1) 12/94 ▲7/94	4 (AA-) 6/95	7 (C+)
Penn Mutual LIC	67644..	PA	$ 6.31B	4.4%	2 (A+)	4 (AA-) 5/95	5 (A1)	4 (AA-) 6/95	7 (C+)
Peoples Security LIC	64475	NC	$ 4.10B	6.6%	2 (A+)	1 (AAA)	4 (Aa3)	2 (AA+) 8/94	7 (C+)
PHF LIC	84808	FL	$ 0.37B	12.8%	3 (A)	2 (AA+)	-	4 (AA-)	8 (C)
Philadelphia LIC	97047	PA	$ 1.56B	6.7%	3 (A)	-	-	6 (A+)	7 (B-) ▲3/95
Phoenix Home Life	67814..	NY	$ 11.29B	5.1%	3 (A)	4 (AA-) 12/94	4 (Aa3) 6/95	3 (AA) 12/94	7 (B-) ▲2/95
Presidential LIC	68039..	NY	$ 2.16B	7.6%	4 (A-) ▲11/94	-	12 (Ba1)	-	10 (D+) ▲10/94
Primerica LIC	65919	MA	$ 2.10B	26.2%	4 (A-)	-	-	-	5 (B)
Principal Mutual LIC	61271..	IA	$ 40.07B	4.0%	1 (A++)	2 (AA+)	2 (Aa1) 8/94	1 (AAA) 10/94	5 (B)
Protective LIC	68136	TN	$ 4.54B	5.8%	2 (A+)	3 (AA)	5 (A1) 1/95	3 (AA)	5 (B)
Provident Life/Accid.	68195	TN	$ 11.06B	7.20%	3 (A)	5 (A+) 1/95 ▼10/94	5 (A1) 6/95	4 (AA-) 2/95	6 (B-)
Provident Mutual LIC	68225..	PA	$ 3.85B	5.4%	2 (A+)	4 (AA-) 11/94	5 (A1) 11/94	3 (AA) 8/94	7 (C+)
Provident Nat'l Assur.	70866	TN	$ 4.60B	3.2%	3 (A)	5 (A+) 12/94 ▼10/94	5 (A1) 6/95	4 (AA-) ▼12/94	8 (C)
Prudential Ins.Co./Amer	68241	NJ	$165.74B	4.8%	3 (A) ▼5/95	3 (AA) ▼12/94	4 (Aa3) ▼4/95	3 (AA) 3/95 ▼11/94	6 (B-)
Reliance Standard LIC	68381..	IL	$ 1.89B	7.2%	3 (A)	6 (A-) 3/95	-	4 (AA-) 10/94	8 (C)
Royal Maccabees LIC	65765	MI	$ 1.93B	6.0%	5 (B++)	-	-	7 (A-) 4/95 ▼4/95	8 (C)
SAFECO LIC	68608	WA	$ 8.33B	4.5%	1 (A++) ▲6/95	3 (AA) 3/95	3 (Aa2) 3/95	3 (AA) 4/95	4 (B+) ▲12/94
Savings Bank LI/MA	70435	MA	$ 0.96B	11.8%	2 (A+)	4 (AA-)	-	3 (AA)	6 (B-)
Secur. Bene. LIC	68675..	KS	$ 3.74B	3.4%	2 (A+)	4 (AA-) 8/94	6(A2) 8/94	4 (AA-) 11/94	7 (C+)
Secur. Conn. LIC	91588..	CT	$ 1.24B	9.2%	2 (A+)	4 (AA-)	-	-	5 (B)
Secur. First LIC	61050	DE	$ 1.72B	5.2%	3 (A)	4 (AA-)	-	-	8 (C)
Secur. Life Denver	68713	CO	$ 2.51B	9.7%	2 (A+)	1 (AAA) 12/94	3 (Aa2)	1 (AAA) 9/94	1 (A+)
Secur. Mut'l LIC/NY	68772..	NY	$ 1.15B	4.4%	3 (A) 5/95	5 (A+) 3/95	-	4 (AA-)	6 (B-)
Southland LIC	68950	TX	$ 1.13B	13.5%	2 (A+)	1 (AAA) 4/95	3(Aa2)	1 (AAA) 2/95	3 (A-)
Southwestern LIC	91391..	TX	$ 1.30B	11.0%	5 (B++)	10 (BBB-) 12/94	12 (Ba2)	8 (BBB+) ▼10/94	12(D-)
Standard Insur. Co.	69019..	OR	$ 3.05B	6.6%	3 (A)	5 (A+) ▼4/95	6 (A2)	4 (AA-) 5/95	5 (B)
State Farm LIC	69108	IL	$ 17.09B	10.9%	1 (A++)	1 (AAA)	1 (Aaa)	-	1 (A+)
State LIC	69116	IN	$ 0.27B	8.0%	2 (A+)	-	-	2 (AA+) 6/95	6 (SB-)

Continued . . .

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
State Mutual L Assur.	69140	MA	$ 6.99B	7.5%	3 (A)	5 (A+) ▼4/95	4 (Aa3)	3 (AA) 5/95	8 (C)
Sun Life of America	69256	MD	$ 6.00B	9.6%	2 (A+) ▲6/95	3 (AA)	6 (A2)	3 (AA) 9/94	6 (B-)
Sun Life Assur./Canada	n/a	CD	$ 26.49B	12.4%	1 (A++)	1 (AAA) 1/95	2 (Aa1) 4/95	1 (AAA) 11/94	-
Sun Life /Canada (US)	79065	DE	$ 9.20B	5.2%	1 (A++) 5/94	1 (AAA) 1/95	2 (Aa1) 4/95	1 (AAA) 11/94	6 (B-) ▲2/95
Sunset LIC/America	69272	WA	$ 0.40B	12.2%	3 (A)	5 (A+) ▼4/95	-	-	3 (A-) ▼12/94
TIAA of Amer.	69345	NY	$ 67.48B	4.7%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	5 (B)
Time Insur. Co.	69477	WI	$ 1.31B	35.7%	3 (A) ▼11/94	3 (AA)	-	-	3 (A-)
TMG LIC (W'tn States)	70491	ND	$ 0.98B	10.1%	1 (A++) ▲11/94	1 (AAA)	-	-	6 (B-)
Transam. Life & Ann.	69507..	CA	$ 11.01B	3.6%	2 (A+)	2 (AA+) 11/94	4 (Aa3) 2/95	2 (AA+) 12/94	5 (B)
Transam. Occidental	67121	CA	$ 11.46B	6.9%	2 (A+)	2 (AA+) 11/94	4 (Aa3)	2 (AA+) 12/94	5 (B)
Travelers Insur. Co.	87726	CT	$ 32.67B	5.5%	3 (A) ▲5/95	5 (A+) 10/94	6 (A2) 12/94	6 (A+) 10/94	9 (C-) ▲12/94
Travelers Life/Annu.	80950	CT	$ 1.96B	11.2%	3 (A) ▲5/95	5 (A+)	-	-	9 (C-)
Union Central LIC	80837	OH	$ 3.53B	5.0%	3 (A)	5 (A+)	7 (A3) 11/94	5 (A+) 9/94	8 (C)
United Companies	69876..	LA	$ 1.51B	5.6%	4 (A-)	-	-	5 (A+) 10/94	7 (C+)
Union Labor LIC	69744	MD	$ 1.86B	6.5%	5 (B++)	8 (BBB+) 12/94 ▲11/94	-	5 (A+) 10/94	10 (D+)
United Amer. Insur. Co.	Co. 92916	DE	$ 0.70B	26.0%	2 (A+)	1 (AAA)	-	-	1 (A)
United Investors LIC	94099	MO	$ 1.21B	11.7%	2 (A+) ▼5/95	1 (AAA)	-	-	2 (A)
United of Omaha	69868	NE	$ 5.71B	6.6%	2 (A+)	3 (AA)	3 (Aa2)	3 (AA)	4 (B+)
United Presidential	70033..	IN	$ 0.95B	8.3%	4 (A-)	-	-	-	5 (B)
United Services LIC	70084..	VA	$ 2.17B	5.8%	3 (A) 6/95	5 (A+)	-	-	8 (C) ▼10/94
UNUM LIC	62235	ME	$ 9.06B	7.4%	1 (A++)	3 (AA) ▼1/95	2 (Aa2) ▼4/95	-	5 (B)
USAA LIC	69663..	TX	$ 4.75B	6.3%	1 (A++)	1 (AAA)	2 (Aa1)	-	3 (A-)
USG Ann.& Life Co.	61247..	OK	$ 3.88B	5.9%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	7 (C+)
U.S.Life Ins.Co.(NY)	70106	NY	$ 2.44B	7.4%	2 (A+)	2 (AA+)	-	-	7 (C+)
Variable Ann. LIC	70238	TX	$ 19.94B	3.8%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	4 (B+)
West Coast LIC	70335	CA	$ 0.44B	20.9%	2 (A+)	-	5 (A1)	-	5 (B)
Western Nat'l LIC	70432..	TX	$ 7.91B	4.7%	3 (A)	5 (A+)	6 (A2)	4 (AA-)	8 (C) ▲10/94
W'tern Reserve LAC	91413	OH	$ 1.87B	2.6%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	7 (C+)
W'tern United LAC	77925..	WA	$ 0.76B	5.6%	6 (B+)	-	-	-	10 (D+)
Woodmen of the World	57320	NE	$ 3.03B	-	2 (A+)	3 (AA)	-	-	-
Zurich Amer. LIC	70661	IL	$ 0.27B	11.0%	3 (A)	4 (AA-)	4 (Aa3)	-	8 (C)

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Insurance Company Ratings

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 guarranty 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.

Insurance Company Ratings

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) 208-1527.

Moody's Ratings

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

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

Rating Categories

Aaa Exceptional security. Unlikely to be affected by change.

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

A Good Security. Possibly susceptible to future impairment.

Baa Adequate security. Certain protective to future impairment.

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

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

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

Ca Extremely poor security. Companies are often in default.

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

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

Duff & Phelps' Ratings

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

Insurance Company Ratings

Rating Categories

AAA	Highest claims paying ability. Negligible risk.
AA+	Very high claims paying ability.
AA	Modest risk.
AA-	
A+	High claims paying ability.
A	Variable risk over time.
A-	
BBB+	Below average claims paying
BBB	ability.
BBB-	
BB+	Uncertain claims paying ability.
BB	Protective factors are subject to
BB-	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 (800) 289-9222.

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.

All About Immediate Annuities

Annuities are simple investments. You deposit a sum of money, usually $5,000 or more, with an insurance company and instruct it to apply your funds either: (1) as an "Immediate Annuity"—where you immediately start receiving a monthly income for your lifetime—or (2) as a "Deferred Annuity"—where the company credits your deposit with tax-deferred earnings until you withdraw those funds from your account.

Annuities may accept either a one-time deposit ("Single Premium" annuity) or unlimited periodic investments ("Flexible Premium" annuity). Some annuities allow you to allocate your money among a choice of investment options ("Variable" annuity), and the value of your annuity fluctuates with the value of the underlying funds. Other annuities credit a fixed interest rate ("Fixed" annuity), which is determined each year by the insurance company.

ANNUITY & LIFE INSURANCE SHOPPER will help you sort out what type of annuity may be right for you. You'll learn about the investment and insurance features of each of these types of annuities so you can use these valuable retirement vehicles effectively. We'll help you take the mystery out of annuities. Our annuity brokerage service is available to you at no extra cost and we can help you find companies which offer high quality and attractive rates. Questions? Call 1-800-872-6684 to speak with an annuity specialist.

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 deposit. 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 purchaser. 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: (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—pay-ments 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

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

Life with Period Certain: 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.

Life with Installment Refund: 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).

Joint and Full Survivor (100%): 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.

Joint and Survivor (50%..75%) reducing on FIRST or EITHER death: 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 Period Certain 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.

Joint and Survivor (50%..75%) reducing ONLY ON DEATH OF PRIMARY ANNUITANT: 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 Period Certain 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.

Annuity Certain (Without Life Contingency): 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 may outlive this type of annuity.)

Immediate Annuity Rate Tables

Source of Funds -
Qualified vs. Non-Qualified

The term **Qualified** (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). Qualified** 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—and 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 information 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.

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 un-funded liability, or increase the reversion available from an overfunded plan.

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

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

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also pro-

vide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain 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 determined to insure that they are sufficient to cover the estimated cost of annuities. A bond portfolio hedging strategy may be employed to protect the assets until the final distribution is made. (During periods of declining interest rates, the present value or cost of annuities generally increases. In the absence of a defensive investment strategy, significant erosion of assets may occur.)

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

We market your plan by submiting 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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