

Concerning Elders

What Constitutes A Transfer of Assets?

Pension Issues

Beneficiary Designations Require Greater Attention

Markets & Trends

Corporate Cash Flow Growth is Slowing

Plus Our Latest Updates on

- Immediate Annuity Factors
- Deferred Annuity Interest Rates
- Variable Annuity Performance
- Ratings of the Insurance Companies

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Hersh L. Stern
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When Is a “Non-Action” an “Action”? Answer: When the State’s Highest Court Says It Is

In an effort to qualify for Medicaid nursing home benefits, Medicaid recipients, their families, and their attorneys sometimes go to great lengths. Courts that have occasion to rule on some of these qualifying strategies sometimes demonstrate equal persistence and ingenuity in thwarting these efforts.

What happens, for instance, if a Medicaid recipient is entitled to receive an inheritance or is entitled to make a claim on a decedent’s estate for money owed? Is the failure to pursue receipt of such largesse an “uncompensated transfer of assets”—that is, a gift—that will disqualify him from Medicaid eligibility?

What is a Transfer of “Assets”?

The rule seems clear enough: If a person transfers assets for no compensation to another in order to qualify for Medicaid, the person will be ineligible for Medicaid for the number of months equal to the amount transferred divided by the state’s average monthly nursing home rate.

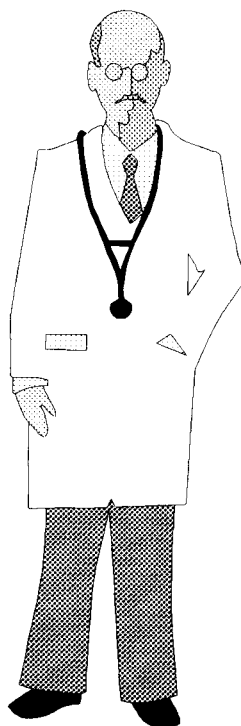
For instance, if John transfers \$90,000 to his daughter Jill, and his state’s monthly nursing home rate is \$3000, he’ll be disqualified from receiving Medicaid benefits for 30 months. In short, because he gave away 30 months’ worth of nursing home care, he’ll be disqualified for 30 months. (The 1997 rate in Tennessee, set by the State Comptroller, is \$2572.)

In fact, the federal Medicaid law defines the term “assets” to include “all ... resources of the individual.... including any resources which the individual ... is entitled to but does not receive because of action ... by the individual ... [or] by a person... with legal authority to act in place of or on behalf of the individual....”

Suppose John’s wife Mary left \$90,000 to John in her will. Now in a nursing home, John is receiving Medicaid, and Mary dies. Can John refuse to accept his inheritance? Is this refusal, technically called a disclaimer, a trans-

fer of assets, thereby disqualifying John from Medicaid eligibility?

This issue confronted a Maryland appeals court, which ruled that the Medicaid recipient’s disclaimer of his inheritance constitutes a “transfer of assets,” thereby disqualifying him from receiving benefits. The ruling obviously follows the Medicaid law: A disclaimer requires an affirmative action on the part of the Medicaid recipient to avoid getting assets to which he is entitled.



The Word Means What I Say It Means

Suppose, though, that John’s spouse Mary dies. And suppose that Mary’s will left everything not to her husband John, but to their children. Most states (if not all) have laws that prevent one spouse from leaving the surviving spouse destitute. Usually called the widow’s share, the surviv-

ing spouse is entitled in Tennessee to elect against the will and receive a child’s share or one-third of the estate, whichever is greater.

When Mary died, she left an estate valued at \$270,000. In order to receive his widow’s share, John must file a claim in the probate court. But John does nothing—takes no “action” to claim the share. Is this non-action a “transfer of assets,” thereby disqualifying John from Medicaid eligibility?

Faced with this issue last year, a trial court in Wisconsin said that under an ordinary, common sense reading of the federal Medicaid law, simply doing nothing is not an “action.” Failure to elect against the will is therefore not a transfer of assets, said this court.

The trial court was reversed, by Wisconsin’s Court of Appeals and by its Supreme Court. Both courts refused to indulge in a plain reading of the federal Medicaid law, and instead deferred to the Wisconsin Human Services’ policy manual, which interpreted “action” to include a failure to claim benefits to which one is entitled.

Meanwhile, what happens to John? If he has received Medicaid assistance wrongfully, how does he pay it back? Or must he?

The Maryland Court of Special Appeals fashioned a novel solution to this problem: The funds the Medicaid recipient disclaimed went instead to his sisters—and those funds in their hands were subject to the Medicaid benefits their brother had wrongfully received due to his disclaimer.

Troy v. Hart, 697 A.2d 113 (Md. App. 1997); *Tannler v. Wisconsin DHS* (Wis. 1997).

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Combining Life Insurance and Immediate Annuities—Beats CD Returns

Many retirees live off a combination of private pensions, Social Security, and savings.

Principal is sacred as people approach retirement, their risk tolerance decreases. Once retired, they tend to be very conservative with their investments. So, for many retirees the investment vehicle of choice is the CD, an FDIC-insured investment that can be used to create an income stream off the interest earned.

Many retirees also want to leave the principal intact so it can be passed on to their heirs. This can be accomplished through fixed deferred annuities (annuities offer competitive rates of interest compared with bank CDs). But there is the potential to go one step further in helping retirees accomplish their goals. How? By combining the benefits of life insurance with immediate annuities.

One example would be to set up a joint last-to-die universal life insurance with the premium on the life policy paid by a single premium immediate annuity (SPIA). The SPIA would also provide additional retirement income.

How does this product combo stack up against a bank CD? Table 1 shows a comparison based on quotes for a 65-year-old nonsmoking couple in the United States who have \$100,000 they wish to protect. The annuity provides a gross monthly income of \$634.44 payable while either or both are alive. Because it's a life annuity, a portion of each payment (52.54 percent in this case) is excludable from taxable income. This is why the tax on the annuity payments is less than on the interest from the CD (based on the national average for five-year CDs). Even after subtracting the cost of the insurance policy, the SPIA leaves the couple with \$91.13 more each month. But the benefits don't stop there. At death, the life insurance proceeds would be excluded from the insured's estate if the policy were owned by a trust or another person and the entire \$100,000 death benefit would pass to the beneficiary.

On the other hand, the principal in the CD is included in the estate (some states also levy inheritance taxes, which would further erode the value of the CD to the beneficiary).

The scenario works for a single life, too. Table 1 combines separate UL and SPIA quotes for a 65-year-old nonsmoking male. It compares even more favorably than the joint life example, providing more than \$100 per month than the bank CD.

There's more. Still another option involves paying for the life insurance with a single premium. If, in the joint life case above, the couple decided to purchase the life insurance with one payment instead of its being paid from the annuity income, they still come out ahead (maybe not as far as they do with the periodic pay case, but one benefit of this scenario is liquidity).

The \$21,451.79 single premium would come out of the couple's \$100,000; the remainder would be used to fund a joint-and-last-survivor annuity, providing a monthly income of \$501.92. The cash flow after tax would be \$445.76. While in every case shown the SPIA is illiquid, the single premium UL will have a cash value (over \$18,000 to start) that could be accessed. The theoretical cost of this liquidity is the difference between the net income from the single-pay and the periodic-pay examples.

In the case of the CD (or some of the newer immediate annuities with liquidity features), tapping the principal for emergency use could greatly decrease future income. Whereas with the single premium life example, drawing from the cash value would decrease the ultimate death benefit and leave the retirement income untouched.

LIFE AND SPIA VS. CD			
	<i>Two Lives</i>	<i>One Life (indef)</i>	<i>CD @5.45%*</i>
Initial Principal	\$100,000	\$100,000	
Monthly Income	\$634.44	\$746.98	\$454.17
Exclusion ratio	52.54%	55.8%	N/A
Income tax (@28%)	(\$84.31)	(\$92.45)	(\$127.17)
After-tax cash flow	\$550.13	\$654.53	\$327.00
Life Insurance premium	(\$132.00)	(\$227.00)	N/A
Net Cash flow	\$418.13	\$427.53	\$327.00
Upon death of last annuitant			
Proceeds payable	\$100,000	\$100,000	\$100,000
Estate tax	0	0	\$37,000**
After-tax benefit	\$100,000	\$100,000	\$63,000
*National average five-year CD rate of 5.59% as of 2/19/97, converted to monthly equivalent			
**If the deceased's estate is valued above \$600,000, estate taxes begin at 37 percent. Depending on the size of the total estate, the estate tax payable on the \$100,000 CD could be anywhere from no tax to \$55,000.			
Source: The two-life example is based on quotes from Fidelity & Guaranty Life; the one-life is based on quotes from First Colony Life. The CD rate is from "100 Highest Yields" Bank Rate Monitor.			

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Offering an increasing benefit annuitization where the monthly payments increase by 3 percent per year could be offered to help stave off the effects of inflation. Another idea is to fund the life insurance with a fixed immediate annuity and invest all or part of the rest in a variable annuity. Both of these ideas provide a lower initial benefit amount, but have the potential to grow to sizable amounts over time and more than likely would quickly surpass the income from the bank CD anyway.

WHAT ABOUT PERIOD CERTAIN? While the immediate annuities described in this article are straight life annuities, in reality few immediate annuities are of the straight life variety (see LIMRA's report *Annuityization: A Look at the Income Side of Annuities*, 1995). One reason is people want to get something for their money (i.e., if they were to die tomorrow), so life annuities with a period certain are more popular. The addition of the certain period doesn't decrease the income much either. In the two-lives example, the addition of a 10-year certain period would decrease the monthly payment by \$1.12. But, with the addition of life insurance for the initial principal amount, modifying the annuity to provide a refund or income for at least a certain time becomes less important.

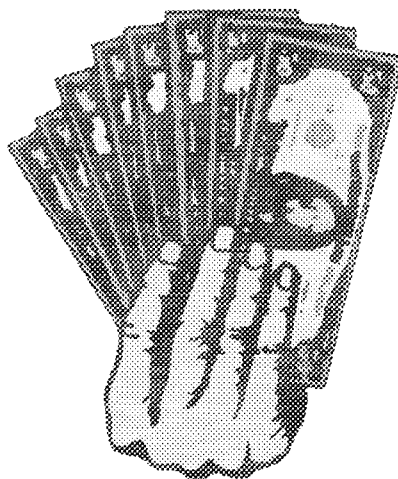
Here's another way to create an income while preserving principal. In the *split annuity* the lump sum deposit is split into two parts. The first is calculated so that it, will grow, with interest, to the original principal amount after, say, five years. The remaining amount is used to fund a first-year certain annuity (with no life contingency), which provides an income for the five years. The process can be repeated every five years (though with different tax treatment for the SPIA income). If the annuitant dies during the period, the beneficiary receives the amount invested in the deferred annuity and the remaining SPIA payments.

Insurance companies have been providing money-back guarantees with life annuities with refunds or periods certain as well as principal preservation with split annuities. But the life insurance and annuity concept can give all the money back, not just some of it.

CONCLUSION: Last July, the American Society of CLU & ChFC asked American adults how they plan to finance their retirement. Bank savings received the most votes (42 percent) and annuities the fewest (13 percent). Surprisingly, life insurance (35 percent) was third, between company pensions (38 percent) and 401(k) plans (33 percent).

While there are pros and cons, the benefits outweigh the costs in the insured annuity concept. That is, of course, if having income that cannot be outlived and passing principal to one's heirs are important objectives, and if liquidity is not an issue.

Adapted with permission from LIMRA's Market Facts, May/June 1997.



Impact of Capital Gains Tax Reduction on Variable Annuities

Much has been written regarding the effect on variable annuities of the Taxpayer Relief Act of 1997, which, among other things, reduces the maximum long-term capital gains tax rate from 28 percent to 20 percent. The passage of this act does not change the tax treatment of annuities. However, some feel that annuities are now a less viable investment vehicle because the poten-

tial maximum tax rate of competing products, such as mutual funds, has been lowered.

Many of the articles on this subject believe variable annuity sales will suffer as a result of this tax law change. However, to paraphrase Mark Twain, the death of the variable annuity has been greatly exaggerated.

A recent LIMRA survey shows nearly two thirds of variable annuity product heads feel the lower capital gains tax will have only a minor effect on the variable annuity industry.

LIMRA, like many in the industry, believes the capital gains tax rate change will not have a major effect on the annuity industry. We believe annuities are a viable product that has an appeal beyond the tax deferral. This is evident in that approximately 70 percent of variable annuity assets reside in qualified plans. People who invest qualified money in annuities are receiving the tax deferral from the qualified plan, not from the annuity. Therefore, their reasons for purchasing an annuity go beyond tax deferral.

Also, we believe many of the analyses comparing variable annuities and mutual funds are flawed.

Comparing variable annuities and mutual funds is a very tricky business. First, they are different products with different features and uses. An annuity is designed to be a long-term investment, while the time horizon for a mutual fund runs from short-term to long-term. Variable annuities offer the following features not available in mutual funds:

- all money within a nonqualified annuity grows on a tax-deferred basis.
- guaranteed death benefit
- guaranteed expense charges
- no front-end sales loads
- tax-free transfers among subaccounts
- the ability to provide a lifelong income stream that can not be outlived

Mutual funds, on the other hand, do not have back-end sales charges, making them more liquid than annuities.

Even by assuming a long-term time

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horizon for both products, the comparison is still difficult because of a number of factors. Some of these include a person's age and expected future income, future changes in income tax rates and capital gains rates, fees charged by both products, rates of returns, sales charges, internal turnover rate for mutual funds, the length of time the product is held, and, most importantly, the individual's goal for investing.

Specifically, it is important to consider the following factors when comparing mutual funds and variable annuities.

1. Many mutual funds have high rates of internal turnover. Fund managers are selling assets before they have been held 18 months. This results in ordinary income to the investor, which is taxed at ordinary income tax rates and not at the capital gains rate.

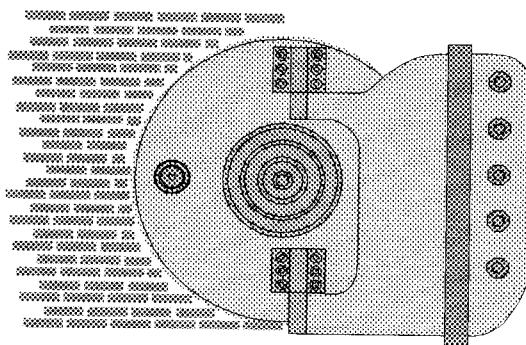
2. Many comparisons of the two products assume that after a certain holding period, an investor takes a full withdrawal from the account. In actuality, very few annuity holders fully surrender their account (not including people who transfer into another annuity, which does not trigger a taxable event). Annuity contract holders typically hold their annuities longer than do mutual fund owners. On average, no-load mutual fund buyers sell every two years, and loaded mutual fund buyers sell every four years.

3. Variable annuities do, on average, charge higher fees than mutual funds. However, a major point that is often overlooked is that variable annuity accounts have, at least in the past, generally outperformed their mutual fund counterparts. Variable annuity outflows are much more predictable than mutual funds, enabling fund managers to hold fewer assets in liquid investments. It is absolutely improper to assume an equal rate of return for both investments.

4. It is also improper to assume that the same amount of money would be invested in a mutual fund as a variable annuity. Assume a person has \$50,000 to invest. If that person bought a variable annuity, on average \$40,000 would

be invested in various subaccounts and \$10,000 would be invested in an account guaranteeing a fixed rate of return. Therefore, it is not accurate to assume that the same person would invest \$50,000 into a mutual fund. That person would more likely invest \$40,000 into a mutual fund and \$10,000 into a vehicle that offers a fixed rate of return, such as a CD. The returns from CDs and other fixed-rate investments are taxed as ordinary income.

5. Contrary to popular belief, annuity buyers are not super rich. This means that the typical buyer is



not in the highest tax bracket. And when most people begin withdrawing funds from an annuity, they tend to be retired and have a lower tax rate.

6. In the past 20 years, the maximum capital gains tax rate was decreased from 49 percent to 28 percent, then decreased to 20 percent. Regulations were later changed so capital gains were taxed as ordinary income (in effect, a significant increase in the maximum rate); then the maximum rate was changed back to 28 percent, and recently changed again to 20 percent. During this time, ordinary income tax rates have also undergone major changes.

Will future changes in capital gains and ordinary tax rates be more beneficial for mutual funds or annuities? No one knows the answer to this question, but based on recent history, the one thing we can be sure of is that rates

will change. It is wise to consider the current tax status when comparing annuities and mutual funds. However, due to the long-term nature of the investment, it is also wise to realize that the tax status will likely change.

7. Too many critics of variable annuities downplay the value of the death benefit. The death benefit is never the main reason a person would buy a variable annuity, but it does provide the heirs protection against a downturn in the market.

8. In comparing the products, how do you handle the issue of sales fees? Many mutual funds charge front-end sales charges while annuities do not. Is it best to compare an annuity with a loaded or a no-load mutual fund?

Mutual funds are an extremely valuable and flexible investment vehicle. They appeal to people saving for a home, a college education for their children, and for people saving for retirement. Annuities have a much more limited appeal—individuals saving for retirement.

It is prudent to compare mutual funds and annuities for the subset of investors saving for retirement. In comparing the two products, there are many factors to consider, with one factor being capital gains tax rates. With all other things being equal, the lower the capital gains tax rate versus ordinary income tax rates, the more the pendulum shifts towards mutual funds. However, all things are not equal between the products, making the analysis difficult. When comparing the products, one must ensure that the models accurately portray both products and they they use real-life scenarios.

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Smart Ways to Make Required IRA and 401(k) Withdrawals

You've been smart and resisted the urge to tap your 401(k) and IRA accounts before the IRS requires you to do so, allowing your money to grow tax deferred.

But when you turn 70½, you must begin withdrawals. To keep them low, you can base them on the joint life expectancy of you and your beneficiary. However, you must choose one of three withdrawal formulas. Notes Ridgewood, NJ Financial planner Paul Westbrook: "The method you choose will make only a little difference early on, but it'll make a huge difference once you or your beneficiary dies."

The two most common methods are known as **term certain** and **recalculation**. (You can use recalculation only with your spouse as beneficiary.) But you may also select a blend of the two known as the **hybrid** method.

Before you make a decision, keep these two points in mind:

1) You must notify your IRA custodian in writing about with method you're selecting. If you don't, the custodian may choose one for you—almost always recalculation. If neither of you cites a preference, the IRS will assign you the recalculation method.

2) Once a method is chosen, you're stuck with it for the rest of your life. Best advice: Make the decision yourself so that you can be sure it suits your long-term goals.

Here are the benefits and disadvantages of each method:

Term certain. You divide your retirement account balance by the joint life expectancy of you and your beneficiary. You must use the IRS mortality tables in Publication 590, available free by calling 800-829-3676 or on the Internet at <http://www.irs.ustreas.gov>. In each subsequent year, you subtract one from the previous year's divisor. For example, let's say you have an IRA worth

\$350,000, you're 70 and your beneficiary is 65. Since your joint life expectancy is 23.1 years, you divide \$350,000 by 23.1; the answer, \$15,152, is your minimum distribution for that year. The following year, you divide your account balance by 221. And so on.

Who benefits? If you feel that because of illness or heredity either you or your beneficiary stands a good



chance of dying sooner than the IRS mortality table predicts, you ought to consider term certain, says Mike Rahn, a researcher with the *IRA Reporter*, an industry publication in Breanerd, MN. That's because the IRS will allow the survivor to continue to subtract one year from your joint life expectancy divisor each year as if the other were still alive.

Downside: What if you live longer than the IRS predicts you will? Over the long run, term certain forces you to deplete more of your account than either of the other calculation meth-

ods. For example, if you're 70, your beneficiary is 65 and your tax-deferred account totals \$350,000, over 10 years you'll have to withdraw about \$206,978 in minimum distributions, assuming the account grows an average of 7% annually. That's about \$8,174 more than if you were to use the recalculation method, described below.

• **Recalculation.** In the first year, you compute your withdrawal as you would using term certain. The following year, however, instead of subtracting one from the divisor, you again use the IRS mortality tables to determine your joint life expectancy. For instance, in Year Two, our hypothetical couple in the previous example would have a joint life expectancy of 22.2 years.

Who benefits? Retirees whose primary concern is withdrawing as little as possible from their accounts. "As long as both of you are alive, this is clearly the best method, since you'll still have money in your account even after you turn 95," says Cincinnati financial planner Michael Chasnoff.

Downside: What if your beneficiary dies prematurely? Let's say you've been making mandatory withdrawals from an account that was worth \$350,000 when you were 70½. When you're 80, your spouse dies at 75. Using the recalculation formula, you'll be forced to refigure your annual withdrawals solely on the basis of your own life expectancy. The next year, when you're 81, you'll be forced to take out about \$45,377 under recalculation, compared with \$32,293 had you used term certain.

• **Hybrid.** This method uses the recalculation formulation but creates an artificial age for your beneficiary based on the IRS' tables. Sounds complicated, but it's all clearly explained in Publication 590.

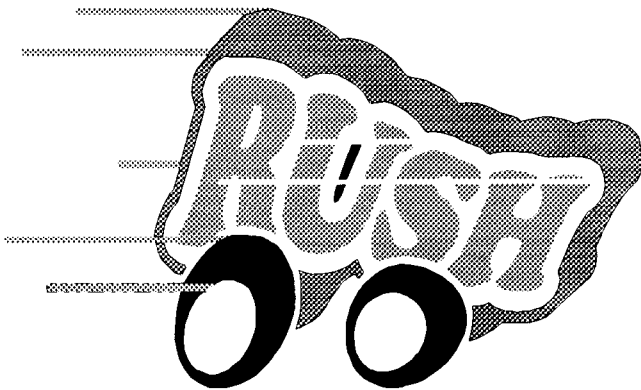
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Who benefits? Retirees who want to withdraw as little as possible but would also like some protection against the possibility that their beneficiaries might die prematurely.

Downside: Your withdrawals will be slightly higher than under term certain for the first few years. For instance, the couple in our example would withdraw a total of \$208,640 over 10 years, vs. \$206,978 under term certain. After the first decade, though, they'd begin withdrawing less each year than with term certain. In Year 16, for instance, they'd take out \$41,348, vs. \$43,512. The rule is, the older your beneficiary, the sooner you begin to see this method's benefits.



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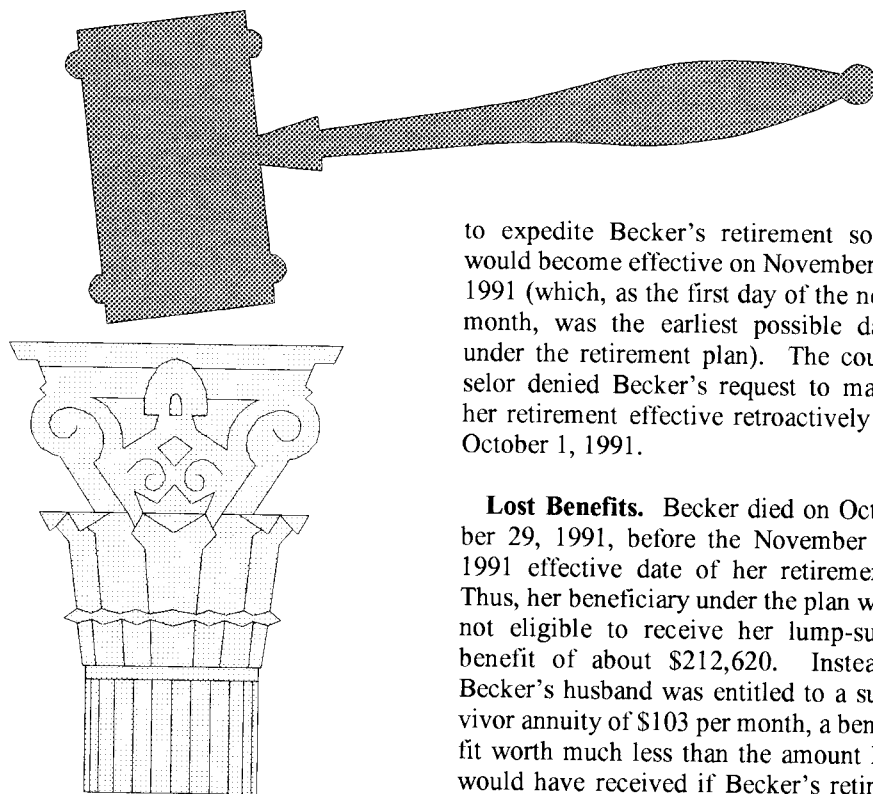
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Employer Will Be Liable for Lost Benefits if Failure to Provide Complete Information Was Cause

An employer breached its fiduciary duty to a disabled employee when the employer's summary plan description (SPD) and benefits counselor provided incomplete and misleading information about the plan's lump sum distribution option. The Second Circuit sent the case back to the district court to determine whether the employer's breach caused the loss of the lump-sum option when the employee died before her retirement election became effective. (*Estate of Carol W. Becker v. Eastman Kodak Company* (1997, CA2) 1997 US APP LEXIS 17937)

Retirement Dilemma. Carol W. Becker was an Eastman Kodak Employee and a participant in the Kodak Retirement Income Plan. In 1989, she became eligible for early retirement under the plan when she reached age 55 and had 16 years of service. The plan had paid retirement benefits only in the form of an annuity until Kodak amended the plan to allow retiring employees to elect to receive their benefits in a single lump-sum distribution, effective September 1, 1990. Kodak first announced the change in its employee newsletter in April, 1990—just about the time that Becker, suffering from cancer, took short-term disability leave. In August, 1990 Kodak mailed individual estimates of retirement benefits, both as an annuity and as a lump sum, to all employees eligible for retirement, including Becker.

By March, 1991, it had become apparent that Becker would not be able to return to work in April, 1991, when her short-term disability benefits ended. Becker and her daughter met with a Kodak benefits counselor to discuss whether Becker should retire or take long-term disability status. The counselor noted that Becker's monthly long-term disability benefit would be greater than her monthly retirement benefit. The counselor also noted that Becker's monthly retirement benefit would grow if she deferred retirement, and that it



would be appropriate to switch from disability to retirement when her retirement benefit became higher than her disability benefit.

When Becker asked if she would switch from disability to retirement at any time, the counselor simply said "Right," without mentioning the availability of the lump-sum retirement benefit. Thus, the counselor also failed to point out that Becker would forfeit her lump-sum death benefit if she died before retirement, i.e., while still on disability. After the meeting, Becker elected to postpone retirement and take long-term disability benefits, signing a form that compared the monthly disability and retirement benefits, but didn't mention the lump-sum option.

In October, 1991, Becker's condition worsened, and she asked the benefits counsel for information about the lump-sum option. The counselor told her that the lump-sum benefit would be about \$212,620, but it would not be payable to her (or her beneficiary) if she died before the effective date of her retirement. The counselor agreed

to expedite Becker's retirement so it would become effective on November 1, 1991 (which, as the first day of the next month, was the earliest possible date under the retirement plan). The counselor denied Becker's request to make her retirement effective retroactively to October 1, 1991.

Lost Benefits. Becker died on October 29, 1991, before the November 1, 1991 effective date of her retirement. Thus, her beneficiary under the plan was not eligible to receive her lump-sum benefit of about \$212,620. Instead, Becker's husband was entitled to a survivor annuity of \$103 per month, a benefit worth much less than the amount he would have received if Becker's retirement had become effective before her death.

Becker's estate and her husband sued Kodak in federal district court for breach of its fiduciary duty by failing to issue a statement of material modifications to the SPD describing the lump-sum option, and by failing to provide Becker with full and complete information about her options under the plan. The district court held that Kodak satisfied its fiduciary duty, reasoning that the SPD, read as a whole, adequately put participants and beneficiaries on notice that death before retirement could reduce benefits, and that Kodak had notified Becker of the lump-sum option. Kodak's benefits counselor did not give Becker incomplete or misleading information about her benefit options because the counselor was not required to provide personalized advice based on what she knew or suspected about Becker's condition said the district court.

Another Chance. The Second Circuit reversed, holding that Kodak, through the combination of its insufficient SPD and the incomplete explanation of retirement procedures by its benefits counselor, breached its fiduciary duty to pro-

vide Becker with complete and accurate information about her retirement options. Although the SPD arguably reveals that retirement benefits are payable only if the participant retires before dying, the SPD doesn't explicitly tell participants what constitutes retirement, or how to avoid the risk of losing vested retirement benefits.

The court noted that the SPD by itself may not have been so ambiguous and incomplete to constitute an insufficient SPD as a matter of law. However, the benefits counselor exacerbated the SPD's lack of clarity by merely stating that Becker was "Right" when Becker said that she could retire at any time under the plan. That statement could have led Becker to mistakenly believe that whenever she elected to retire, it would become effective immediately, or retroactively to the first day of the month. Thus, the combination of the confusing SPD and the incomplete response of the benefits counselor resulted in a breach of Kodak's fiduciary duty to Becker.

The Second Circuit, though, didn't order Kodak to pay Becker's death benefit. Instead, it sent the case back to the district court to determine whether Kodak's misleading communications *caused* Becker to delay electing her retirement.

Observation: The Second Circuit implied that the district court must award damages to Becker's beneficiaries if the court finds that Kodak's breach caused the loss of Becker's death benefit under the plan. Apparently, Becker's beneficiaries sued only for breach of fiduciary duty, and did not make a claim for *benefits* under the plan. Thus, the district court can not order the payment of Becker's death benefit unless it allows the beneficiaries to file an amended complaint for benefits (subject to Kodak's possible defenses such as exhaustion of plan remedies and the statute of limitations).

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Beneficiary Designations Require Greater Attention

Several weeks ago, the author had a telephone conversation with an officer of a company which provides information and other services to IRA holders. The answer was actually startling; the number one question was:

"If a beneficiary designated by the IRA owner dies prior to the distribution of the entire IRA to that beneficiary, who is entitled to the balance of the IRA?"

This question was not asked only by IRA holders, themselves, but also by practitioners representing IRA owners.

The answer to the question is obvious! What does the document provide?

This number one question was so startling because it is a question that should never have to be asked. For practitioners who routinely draft wills and trusts, it would be exceedingly rare to prepare a document which would not clearly identify the beneficiaries at any given time? Probably, never. Yet, this question continually arises for IRAs.

The purpose of this article is to discuss the fundamental concepts and provisions that should be used in naming beneficiaries for IRAs to avoid uncertainty about "who is entitled to what" from IRAs. Call it "IRA Beneficiary Designation 101".

To the author, there are three basic issues involved in naming the beneficiaries of an IRA, as follows:

- (1) Identifying the beneficiary(ies) who is(are) entitled to receive the balance of the IRA at the participant's death (the "primary beneficiary");
- (2) Identifying the contingent beneficiary(ies) who is(are) entitled to receive the balance (if any) in the IRA; (a) at the death of the primary beneficiary, or (b) at the death of a contingent beneficiary.

- (3) The determination of the annual minimum required distribution to any beneficiary under Code Sec. 401(a)(9).

Issue (1) usually does not present a problem. The IRA owner identifies the

beneficiary of the proceeds at the owner's death. However, what the IRA owner may not realize is that naming a primary beneficiary will, in accordance with the usual printed IRA form, give that primary beneficiary the right to take distributions of any part or all of the IRA during that beneficiary's lifetime. This is simply because most IRA forms give the beneficiary the same power to make distributions as the IRA owner had during his or her lifetime. The author believes, but admittedly can not know, that many IRA owners are not aware of that provision in the IRA which gives the beneficiary the right to take any part or all of the IRA. Of course, there are many instances where the IRA owner clearly wants to give the primary beneficiary, usually the surviving spouse, the right to take all of the IRA. In fact, there are many Private Letter Rulings which specifically deal with the issue of giving the surviving spouse the right to make a "spousal rollover".

The ability of a surviving spouse to make a spousal rollover may be appropriate where the children of the IRA owner are also the children of the surviving spouse. In a harmonious family relationship, this would not present a problem to most IRA owners and, therefore, the right of the surviving spouse to elect the spousal rollover would not seem to prejudice the children.

However, take the case of the IRA owner who has children from a prior marriage and is currently married to a spouse who has his or her own children. In this situation, it would be most usual for the IRA owner to want to have the balance of the IRA at the surviving spouse's death be payable to his or her own children, not to the stepchildren. Yet, the typical printed IRA beneficiary designation form may thwart this very normal desire on the part of the IRA owner. This situation arose in *Bank One, Milwaukee, N.A. v. Fueger*.² The

decedent, Emil, had two children from a previous marriage. He opened an IRA account with Bank One naming his current wife (who had three children) as the beneficiary and his two children as contingent beneficiaries for any remainder amount. Emil died in 1987 at age 73. The surviving wife, Gisele, "continued" to receive monthly payments of \$750 from the IRA account. In 1993—six years after Emil's death—Gisele withdrew the balance of \$63,000 from the IRA and deposited that amount on the same day to establish an IRA in her own name. When Gisele opened up "her own" IRA, she named her own children as beneficiaries. When Gisele died a year later, the balance of the IRA was approximately \$56,000.

What next happened was predictable. The decedent's children both claimed the proceeds. Emil's children argued that his will and a marital property agreement evidenced his *intent* for his children to receive the IRA balance. According to the opinion, the IRA "adoption agreement" signed by Emil "clearly permitted Gisele to treat the IRA as her own and name her own beneficiaries." Emil's will gave Gisele "all of the benefits from an individual retirement account adoption agreement." The opinion further stated that both the federal tax law and the adoption agreement "provide that a spouse beneficiary may treat a deceased spouse's IRA account as her own." The trial court held, and appeals court confirmed, that Gisele's children, not the decedent's children, were entitled to the balance of the IRA.

The opinion does not discuss the family relationship between Emil and his stepchildren. However, it would be quite an unusual situation for a parent to prefer stepchildren over his or her own children. Yet, this is precisely the result in *Bank One*.

The lesson of *Bank One*, whether the decision was or was not correct,³ is that

IRA beneficiary forms must be clearly understood by the IRA owner. If the printed IRA beneficiary form does not comport with the owner's desires, then the form has to be changed.

An alternative, which the author has used, is for a contract to be entered into between the IRA owner and his or her beneficiary (spouse or otherwise) which will restrict either or both of them with respect to the distribution of the IRA proceeds. Such an agreement would be enforceable by reason of the law of contracts and would, by its terms, explicitly control the distribution notwithstanding the content of the IRA. Such an agreement may not be

tion of IRA proceeds as between adverse claimants.

A recurring problem arises when (a) the IRA owner has executed a beneficiary designation which named his or her current spouse as the beneficiary, (b) there is a divorce, and (c) the IRA owner had not changed the pre-divorce beneficiary designation. Who is entitled to the proceeds? There has been extensive litigation involving this type of situation.⁴ It is not the purpose of this article to examine that line of cases, but to suggest a drafting solution which could eliminate the problem of the participant who forgets to change the prior beneficiary designation.⁵ This problem could

be averted if the IRA beneficiary designation executed by the IRA owner contained a provision which explicitly stated that the then beneficiary designation either shall, or shall not, continue to be valid if the participant and the then spouse are divorced. This type of a provision, similar to a prenuptial agreement,⁶ may be distasteful to the parties; but, it would go a

long way in eliminating extensive and expensive litigation when the participant fails to make a change in the IRA beneficiary designation following a divorce.

The author has also been told that one of the principal problems regarding the beneficiary designation arises when there is more than one primary beneficiary and one of the primary beneficiaries predeceases the other when there is still a balance in the IRA. The typical printed form of an IRA beneficiary designation that the author has seen provides that the balance at the IRA owner's death is distributable to the primary beneficiaries equally or entirely to the survivor. When Beneficiary "A" dies, is Beneficiary "B" entitled to the entire balance? Such a "survivor takes all" provision is probably just what the participant-decedent did not want in the common situation where the participant has, for example, named his two children as equal primary beneficiaries and both of his children have children. As



binding upon the IRA sponsor, but would, nonetheless, compel the beneficiary to comply with its terms. For example, in the *Bank One* case, there could have been a contract between Emil and Gisele that the proceeds of the IRA at her death would go only to Emil's children, not to her children, even if she did validly elect a spousal rollover. But if the surviving spouse, under the terms of the IRA, had the right to demand distribution of all of the IRA during his or her lifetime, then an agreement restricted to the distribution of the proceeds at death might be worthless for the intended purpose. What is needed is a contract which would also restrict the surviving spouse's right to withdraw to some ascertainable standard, even though the IRA, itself, does not have that restriction. The legal principles relating to an enforceable contract to make a will should be compelling authority for a contract controlling the disposi-

estate planning practitioners well know, the usual provision calls for a "per stirpes" distribution, i.e., the children of the deceased beneficiary would take the parent's share, so that the survivor of the decedent's children would not be entitled to the entire amount. A per stirpes provision is in virtually all testamentary documents, where the participant wants the grandchildren to take the deceased child's share. Practitioners must provide for the same result in the IRA beneficiary designation when the IRA printed form, itself, does not so provide.⁷

Issue (2) above, the author has been informed, is more troublesome than issue (1). What happens at the death of the contingent beneficiary? This issue apparently arises simply because the printed IRA beneficiary designation form usually does not provide for the disposition of the IRA balance upon the death of a contingent beneficiary. Let's take a very typical situation to illustrate the problem. The IRA owner named the surviving spouse, John, as the primary beneficiary; John has now died. The named contingent beneficiary was the participant's son, Harry, who died when the balance in the IRA was \$100,000. Typically, and unfortunately, the beneficiary designation form provided with the IRA did not go beyond the naming of the one contingent beneficiary. Who is entitled to the \$100,000 balance?

Let us add another common fact. In virtually all printed IRA forms, a beneficiary has the same right to withdraw any amount at any time, i.e., there is an *inter vivos* general power of appointment.⁸ However, these printed IRA forms typically do not give the contingent beneficiary a right to dispose of the balance at his or her death, i.e., there is no testamentary power of appointment. Does the existence of an *inter vivos* general power of appointment, by implication, create a testamentary power of appointment, so that the contingent beneficiary could name the beneficiary for the balance of the IRA?

These may be interesting questions, but questions which should never arise if the IRA beneficiary designation has been properly prepared. The beneficiary designation for the IRA must explicitly provide for the ultimate disposition of

the decedent's entire IRA account to an identifiable beneficiary. This will normally not be a problem for the disposition of the decedent's other assets; it will be a rare will or trust which would not ultimately provide "who gets what and when." Why is it, then, the number one question regarding IRAs?

This question arises, in the author's opinion, principally because many of the printed IRA beneficiary designation forms do not provide enough space to spell out what is to happen under various contingencies, or because the forms do not provide for sequential contingent beneficiaries. Too many clients and practitioners slavishly follow the form, perhaps because the clients do not want to pay for the practitioner's time and effort in changing a "free" printed form.

There are two ways of curing this problem. The method preferred by the author is to insert the words "See Beneficiary Designation Attached" in the usual limited space provided naming beneficiaries on the printed beneficiary designation form provided by the IRA sponsor. That attached beneficiary designation would provide the same type of distribution planning as the client's other testamentary documents provide, such as per stirpes distributions, cross-remainders and special powers of appointment held by the beneficiaries, whatever the client wants.⁹

A second method would be to name an existing trust as the beneficiary on the printed IRA beneficiary designation form. The issue involved in the use of an "outside" trust as the beneficiary of the IRA proceeds constitute a separate topic beyond the scope of this article. At the very least, a well-prepared trust will eliminate the question of "who gets what and when."

Issue (3) involves the mandatory maximum distribution period. Proper planning for IRA distributions necessarily involves two separate, but related, considerations, i.e., identifying the beneficiaries and obtaining the optimum distribution period for different beneficiaries. It is reasonable to assume that virtually all readers of this

article are familiar with the basic minimum required distribution rules for IRAs in Prop Reg § 1.40(a)(9)-1 and -2. For the purposes of this article, it is only important to point out that there is nothing in Code Sec. 401(a)(9), or under the Proposed Regulations, which limits the persons or entities which can be named as beneficiaries. The named beneficiaries will only affect the distribution period; and there is a way for both identifying the client's desired beneficiaries and providing for the annual minimum required distribution period for each beneficiary or group of beneficiaries.¹⁰

The author recognizes that his concepts of "customizing" IRAs may not be suitable or practicable for all clients, particularly when modest amounts are involved. But at the very least, every client is entitled to an IRA beneficiary designation which will clearly identify "who gets what and when." The litigation in *Bank One* involved "only" \$56,000. It is the responsibility of the practitioner to eliminate the "most asked" question about IRAs.

ENDNOTES

¹See article on spousal rollovers by author, *Pension & Benefits Week*, 8/26/96.

²201 Wis.2d 216, 549 N.W.2d 742, 1996 Misc. App. LEXIS 358 (Ct. App. 1996).

³The opinion relies on Reg. § 1.408-2(b)(7)(ii)(1980). Prop. Reg. § 1.408-8 Q&A-4(a) provides that the 1980 Regulation applies if the decedent died before January 1, 1984. However, both the 1980 Prop. Reg. § 1.408-8 Q&A-4(a) provide that the "election" of a surviving spouse to treat an IRA as her "own" will be considered to have been made if "any required amounts...have not been distributed within the time period applicable to the decedent under section 401(a)(9)(B)." (emphasis added) In *Bank One*, Gisele continued to receive the same \$750 per month as Emil had been receiving. Accordingly, it seems to the author that Gisele did not make her election in accordance with the Regulations, because of the continuation of the distribution of the same amounts to her previously made to Emil. A six-year hiatus between Emil's death and Gisele's rollover to her "own" IRA seems to violate the Regulations.

⁴See, e.g., cases and discussion at IRA Pension and Benefits Experts at ¶ 51,407 and ¶ 114,181.5. The cases cited involve the issue of determining the proper beneficiary from retirement plans, IRAs, qualified domestic relations orders ("QDRO") and welfare benefit plans. See, also *McCarty v. State Bank of Fredonia*, 14 Kan. App.2d 552, 795 P.2d 940, 1990 Kan. App. LEXIS 516, (effect of IRA beneficiary designation); *Shelstead v. Shelstead*, 58 Cal. Rptr.2d 522, 1996 Cal. App. LEXIS 1083 (Ct. App.) review granted Feb. 26, 1997, 61 Cal. Rptr.2d 809, 932 P.2d 756 (Sup. Ct.) (QDRO is-

sue).

⁵Of course, there can be a situation where the IRA owner might not want to change a pre-divorce beneficiary designation. See, *National Automobile Associates Retirement v. Arbeitman*, 89 F.3d 496 (8th Cir. 1996).

⁶There is no ERISA involvement, in any event, because IRAs are not subject to ERISA, except under rare circumstances. See Labor Reg. § 2510.3-2(d).

⁷House Counsel for a large mutual fund company recently told the author that the company's "new" printed IRA beneficiary designation form will provide a "per stirpes" distribution option, among other things, designed to make the IRA more "user friendly" for estate planning purposes.

⁸A general power of appointment may not be desirable for tax purposes. See discussion of this issue in the author's prior article on customizing IRAs, *Pension & Benefits* week, 5/27/97.

⁹The author prefers customizing an IRA which goes beyond just identifying the beneficiaries. At the least, every beneficiary designation must deal with the normal estate planning provisions. See article cited in note 8.

¹⁰See author's article on the use of "separate accounts" in *Pension & Benefits* Week, 12/23/96.

Reprinted with permission from Pension and Benefits Week, August 25, 1997 issue, Mervin M. Wilf, an attorney with offices in Philadelphia and Cambridge.



Corporate Cash Flow Growth Slowing

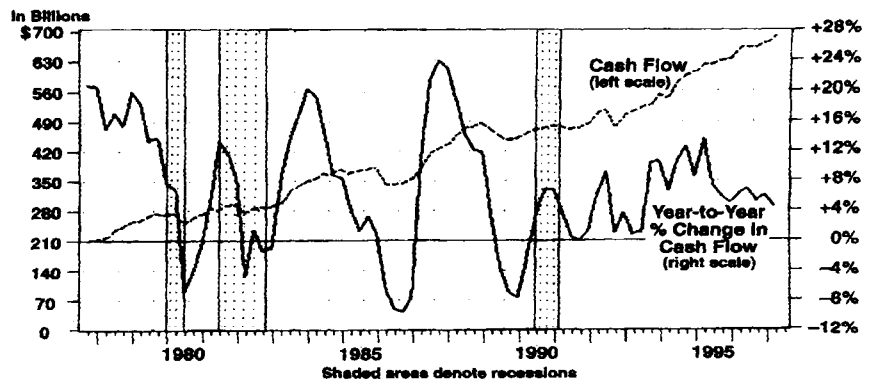
Richard F. Maloney, editor of *AIC Investment Bulletin*, analyzes the effect of slowing corporate cash flow on the market.

"The accompanying chart shows the trend of corporate cash flow (aftertax earnings plus depreciation and amortization) since mid-1977 and the percent change from a year earlier. The later curve rises above and drops below the 0% change line. Since late 1991, corporate cash flows rose at an average annual rate of slightly less than 6%. The most recent increases have been in

the 4%-to-5% range.

The significant lower rate of corporate cash flow growth should give pause to market observers. If a recession develops, corporate cash flows could be impacted to the downside. Any slowing in the growth in cash flows and earning, at rates much less than those currently being recorded, could do psychological damage to already nervous investors. Equity prices would follow, if not lead, the downturn."

Reprinted from AIC Investment Bulletin (8/18), Richard F. Maloney, Ed., 440 South Street, Pittsfield, MA 01201; 413-499-1111. 1 year, 24 issues, \$75. IDD Plan: 1 year, \$60; sample issue free.



Signs of Déjà Vu

If you want evidence that the economy will continue to grow at a robust pace, look no further than the most widely watched forecasting tool around, the Index of Leading Economic Indicators (LEI).

Compiled by the Conference Board, this venerable indicator consists of 10 components ranging from consumer expectations to money supply to stock prices. When LEI is rising, it usually means strong economic growth ahead. In the current economic cycle the LEI is not only rising, it's rising at the fastest rate in more than a decade.

By itself, strong projected growth is a good thing, but in the current economic environment it could be too much of a good thing. In post-war history there are very few cases in

which such a strong LEI number came in the context of strong ongoing economic growth.

Typically, when LEI is as strong as it is now, it's in the aftermath of a severe recession, when a strong economic rebound is ahead. The last time this kind of a reading occurred—during an ongoing economic expansion—was in the early 1970s. That's not a happy precedent: The early 1970s gave way to the highly inflationary late 1970s and the early 1980s.

We're not predicting an exact repeat. But with growth so certain and the economy's capacity ever more strained, we're sticking happily with all our inflation hedges.

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Terminal Funding Annuities

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

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

United States Annuities can help a plan sponsor or consultant obtain the best SPGAs for his terminating or ongoing plan. We represent more than 25 carriers in this

market—companies with the highest "AAA" and "A+" ratings. Our knowledge of the special underwriting considerations that are of particular importance to the insurance companies allows us to make sure that your plan is not rejected simply because no one was available to answer questions of a routine or, sometimes, technical nature. Our ability to effectively manage the flow of critical information helps you obtain the best contract available to fit the needs of your plan.

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also provide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain that no additional costs are imposed. When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement.

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

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

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

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

Terminal Funding Annuities

preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

MANAGING THE COMPETITIVE BIDDING PROCESS

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

In the weeks before the winning bid is selected, we provide written proposals from the insurers describing the plan provisions and

benefits they have agreed to cover. These proposals are carefully reviewed by the plan actuary and any revisions to the specs or other considerations that could influence the decision-making process are addressed.

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity products. Simply mail or fax (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.



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, i.e., 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, i.e., 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 (i.e., 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 annui-

tant'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 income 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 at age 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
American Heritage	0-85	\$ 7.13	\$ 6.54	\$ 6.66	\$ 7.94	\$ 7.16	\$ 7.32
Columbia Universal	0-85	\$ 6.71	\$ 6.10	-	\$ 7.58	\$ 6.77	-
Commercial Union LIC	0-85	\$ 6.80	\$ 6.28	\$ 6.52	\$ 7.54	\$ 6.83	\$ 7.16
Golden Rule	0-80	\$ 6.42	\$ 6.02	-	\$ 7.11	\$ 6.57	-
Jefferson Pilot LIC	15-85	\$ 6.55	\$ 6.03	-	\$ 7.24	\$ 6.53	-
Keyport Life	0-90	\$ 6.88	\$ 6.88	\$ 6.88	\$ 7.52	\$ 7.52	\$ 7.52
Lincoln Benefit Life Co.	1-99	\$ 6.53	\$ 6.08	\$ 6.17	\$ 7.20	\$ 6.58	\$ 6.70
London Pacific	45-85	\$ 7.10	\$ 6.60	-	\$ 7.72	\$ 7.04	-
Manufacturers LIC	0-100	\$ 6.20	\$ 5.46	\$ 5.83	\$ 7.14	\$ 6.04	\$ 6.64
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 6.26	\$ 5.79	\$ 6.04	\$ 7.44	\$ 6.62	\$ 6.70
Penn Ins. & Annuity Co.	0-85	\$ 7.35	\$ 6.48	\$ 6.92	\$ 8.30	\$ 7.09	\$ 7.70
Penn Mutual	0-85	\$ 7.35	\$ 6.48	\$ 6.92	\$ 8.30	\$ 7.09	\$ 7.70
Presidential LIC	0-85	\$ 7.25	\$ 6.82	\$ 6.82	\$ 7.97	\$ 7.38	\$ 7.38
Principal Mutual LIC	0-85	\$ 6.69	\$ 6.10	\$ 6.33	\$ 7.35	\$ 6.55	\$ 6.87
Provident Mutual	0-85	\$ 6.98	\$ 6.44	na	\$ 7.71	\$ 6.98	na
Prudential Ins. Co./America	0-89	\$ 6.58	\$ 6.03	\$ 6.29	\$ 7.35	\$ 6.58	\$ 6.94
SAFECO LIC	55-80	-	-	\$ 6.11	-	-	\$ 6.64
Security Benefit LIC	0-100	\$ 6.48	\$ 5.95	\$ 5.95	\$ 7.20	\$ 6.47	\$ 6.47
Security Mutual/NY	20-80	\$ 7.24	\$ 6.31	-	\$ 8.30	\$ 7.05	-
Southwestern Life	18-90	-	-	\$ 5.94	-	-	\$ 6.55
Standard Insurance	0-80	\$ 6.77	\$ 6.22	\$ 6.35	\$ 7.51	\$ 6.76	\$ 6.93
Trustmark Ins. Co.	0-70	\$ 6.81	\$ 6.23	-	\$ 7.63	\$ 6.85	-
United Life & Annuity	na	\$ 6.61	\$ 6.04	-	\$ 7.42	\$ 6.66	-
USAA Life Insurance Co.	1-100	\$ 6.69	\$ 6.18	\$ 6.64	\$ 7.56	\$ 6.83	\$ 7.45
USG Annuity & Life	35-85	\$ 7.07	\$ 6.39	\$ 6.39	\$ 7.96	\$ 7.04	\$ 7.04
WM Life Insur. Co.	0-95	\$ 6.92	\$ 6.29	\$ 6.80	\$ 7.80	\$ 6.95	\$ 7.63
Western National LIC	0-100	\$ 6.72	\$ 6.17	-	\$ 7.48	\$ 6.75	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

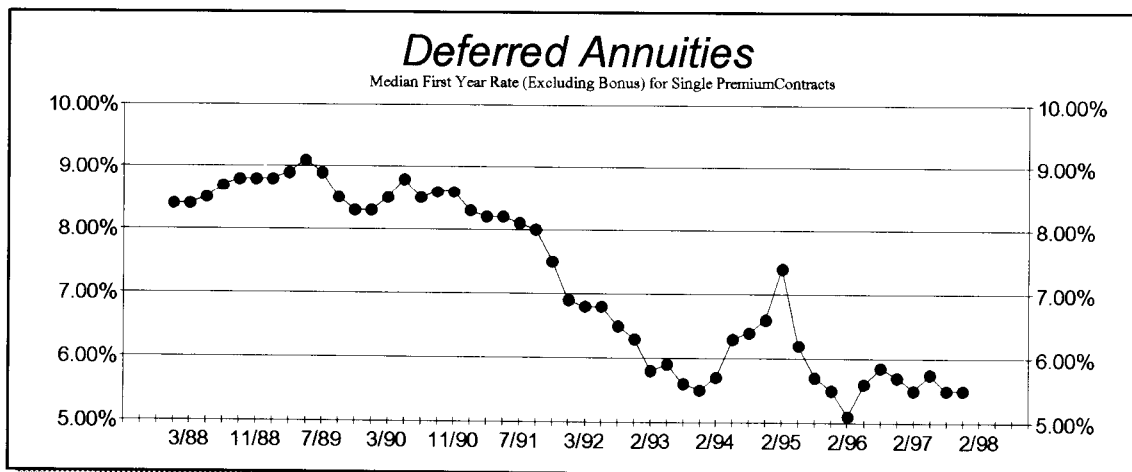
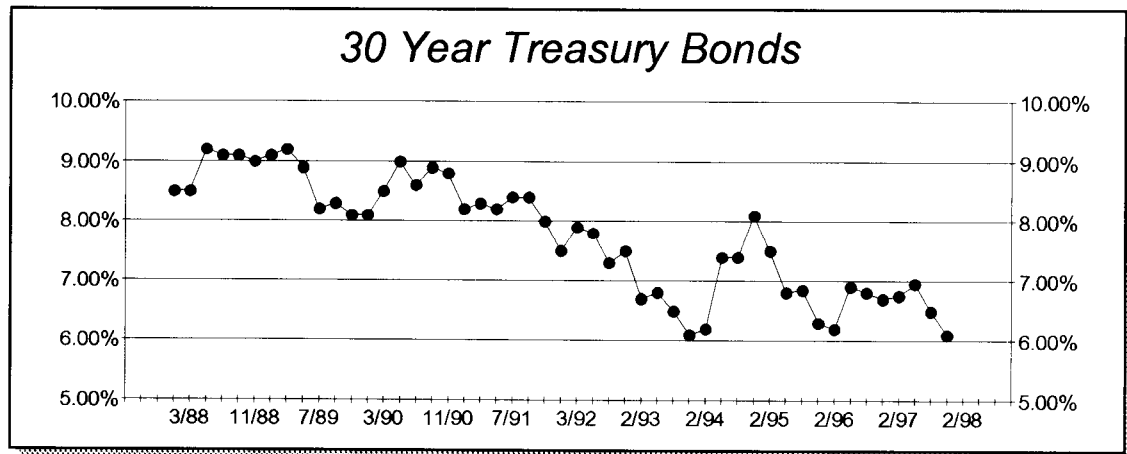
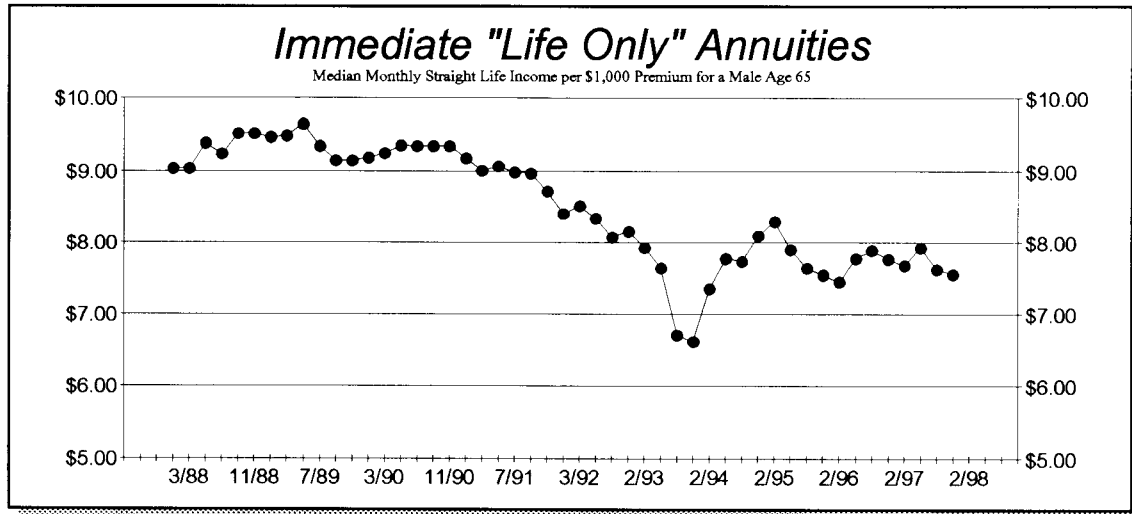
Immediate Annuities Update

Table 1b. Tax-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
American Heritage	0-85	\$ 9.10	\$ 8.05	\$ 8.27	\$10.74	\$ 9.39	\$ 9.67
Columbia Universal	0-85	\$ 8.81	\$ 7.73	-	\$10.55	\$ 9.17	-
Commercial Union LIC	0-85	\$ 8.58	\$ 7.63	\$ 8.05	\$10.06	\$ 8.84	\$ 9.36
Golden Rule	0-80	\$ 8.09	\$ 7.37	-	\$ 9.48	\$ 8.57	-
Jefferson Pilot LIC	15-85	\$ 8.24	\$ 7.24	-	\$ 9.64	\$ 8.36	-
Keyport Life	0-90	\$ 8.45	\$ 8.45	\$ 8.45	\$ 9.76	\$ 9.76	\$ 9.76
Lincoln Benefit	1-99	\$ 8.14	\$ 7.31	\$ 7.47	\$ 9.49	\$ 8.41	\$ 8.62
London Pacific	45-85	\$ 8.63	\$ 7.69	-	\$ 9.94	\$ 8.73	-
Manufacturers LIC	0-100	\$ 8.32	\$ 6.96	\$ 7.62	\$9.93	\$ 8.16	\$ 9.02
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 8.63	\$ 7.52	\$ 7.63	\$10.30	\$ 8.88	\$ 9.02
Penn Ins. & Annuity	0-85	\$ 9.63	\$ 8.01	\$ 8.82	\$11.52	\$ 9.33	\$10.42
Penn Mutual	0-85	\$ 9.63	\$ 8.01	\$ 8.82	\$11.52	\$ 9.33	\$10.42
Presidential LIC	0-85	\$ 8.99	\$ 8.19	\$ 8.19	\$10.47	\$ 9.40	\$ 9.40
Principal Mutual LIC	0-85	\$ 8.30	\$ 7.26	\$ 7.24	\$ 9.68	\$ 8.34	\$ 8.88
Provident Mutual	0-85	\$ 8.63	\$ 7.71	-	\$ 9.77	\$ 8.63	-
Prudential Ins. Co./America	0-89	\$ 8.47	\$ 7.41	\$ 7.89	\$10.07	\$ 8.70	\$ 9.29
SAFECO LIC	55-80	-	-	\$ 7.41	-	-	\$ 8.56
Security Benefit LIC	0-100	\$ 8.23	\$ 7.24	\$ 7.24	\$ 9.68	\$ 8.41	\$ 8.41
Security Mutual/NY	20-80	\$ 9.76	\$ 8.16	-	\$11.74	\$ 9.77	-
Southwestern Life	18-90	-	-	\$ 7.42	-	-	\$ 8.70
Standard Insurance	0-80	\$ 8.56	\$ 7.53	\$ 7.76	\$ 9.85	\$ 8.53	\$ 8.82
Trustmark Ins. Co.	0-70	\$ 8.79	\$ 7.75	-	\$10.43	\$ 9.09	-
United Life & Annuity	na	\$ 8.57	\$ 7.54	-	\$10.17	\$ 8.87	-
USAA Life Insurance Co.	1-100	\$ 8.85	\$ 7.80	\$ 8.63	\$ 10.83	\$ 9.33	\$ 10.44
USG Annuity & Life	35-85	\$ 9.16	\$ 7.93	\$ 7.93	\$10.73	\$ 9.22	\$ 9.22
WM Life Insur. Co.	0-95	\$ 9.05	\$ 7.91	\$ 8.82	\$10.83	\$ 9.37	\$10.53
Western National LIC	0-100	\$ 8.57	\$ 7.59	-	\$10.10	\$ 8.84	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Immediate Annuities Update



Immediate Annuities Update

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%
American Heritage	0-85	\$ 6.54	\$ 7.80	\$19.25	\$11.02	\$ 6.15	\$ 6.93
Columbia Universal	0-85	-	-	\$18.89	\$10.62	\$ 6.52	\$ 5.71
Commercial Union LIC	0-85	\$ 6.38	\$ 7.51	\$17.50	\$ 10.14	\$ 6.63	\$ 5.92
Golden Rule	0-80	-	-	-	\$10.34	-	\$ 5.66
Jefferson Pilot LIC	15-85	-	-	\$18.37	\$10.49	\$ 6.27	\$ 5.53
Keyport Life	0-90	\$ 6.74	\$ 7.92	\$18.38	\$10.67	-	\$ 6.23
Lincoln Benefit	1-99	\$ 6.08	\$ 7.12	\$17.84	\$10.50	\$ 6.38	\$ 5.73
London Pacific	45-85	-	-	\$18.47	\$10.41	-	-
Manufacturers LIC	0-100	\$ 5.70	\$ 7.08	\$17.56	\$ 9.95	\$ 5.95	\$5.16
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	na	na	na	\$ 5.95
Ohio National	0-85	\$ 5.93	\$ 7.20	\$18.12	\$10.38	\$ 6.34	\$ 5.52
Penn Ins. & Annuity Co.	0-85	\$ 6.73	\$ 8.06	\$18.36	\$10.63	\$ 7.12	\$ 6.18
Penn Mutual	0-85	\$ 6.73	\$ 8.06	\$18.36	\$10.63	\$ 7.12	\$ 6.18
Presidential LIC	0-85	\$ 6.71	\$ 7.80	\$18.55	\$10.83	\$ 7.12	\$ 6.43
Principal Mutual LIC	0-85	\$ 6.20	\$ 7.67	\$18.54	\$10.46	\$ 6.51	\$ 5.80
Provident Mutual	0-85	-	-	\$17.87	\$10.30	-	-
Prudential Ins. Co/America	0-89	\$ 6.14	\$ 7.31	\$17.72	\$10.13	\$ 6.63	\$ 5.68
SAFECO LIC	55-80	\$ 6.02	\$ 6.47	-	-	-	-
Security Benefit LIC	0-100	\$ 5.88	\$ 6.96	\$18.20	\$10.31	\$ 6.32	\$ 5.63
Security Mutual/NY	20-80	-	-	-	-	\$ 6.92	\$ 5.94
Southwestern LIC	18-90	\$ 5.83	\$ 6.99	\$18.27	\$10.14	\$ 5.94	\$ 5.44
Standard Insurance	0-80	\$ 6.24	\$ 7.36	\$17.79	\$10.36	\$ 6.60	\$ 6.15
Trustmark Insur. Co.	0-70	-	-	-	-	-	-
United Life & Annuity	na	-	-	\$16.96	\$10.62	-	-
USAA Life Insurance Co.	1-100	\$ 6.49	\$ 7.98	\$14.99	\$ 8.48	-	\$ 5.63
USG Annuity & Life	35-85	\$ 6.27	\$ 7.43	\$18.49	\$10.66	\$ 7.09	\$ 5.97
WM Life Insur. Co.	0-95	\$ 6.58	\$ 7.96	\$18.38	\$10.47	\$ 6.71	\$ 5.89
Western National LIC	0-100	-	-	\$18.56	\$10.42	\$ 6.54	\$ 5.80

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Immediate Annuities Update

Getting a Handle on Life Expectancy

"How long will my money last?" is a question that worries a lot of retirees and soon-to-be retirees. The answer hinges on a number of issues, including how much annual income you'll need, what inflation does in the future and, most importantly, how long you will live.

Although most people have no idea how long they will live, finding out their life expectancy is one way to fill in this blank in their retirement plans. But how is life expectancy calculated and should you put much reliance on it when planning for the future? Here's what we found out when we consulted with some experts on this matter.

A Moving target

Life expectancy can be roughly defined as the average age at which a group of people of the same age and gender are likely to die. Basically, it's determined by taking all the ages at which the people in a group are likely to die and then averaging them. Half will die by that age and half will live past it.

The most important thing to remember about life expectancy is that it doesn't lock in at birth. As you get older, the age to which you're expected to live gets higher because the people in your age group who have died are no longer counted in the equation. For that reason, you can't just check your life expectancy at age 65 and base your planning on

that for the rest of your life.

For example, the life expectancy at birth for males born in 1931 was 59. Those who lived to age 30 then had a life expectancy of 67. At 65, those remaining can no anticipate living not two but 12 more years to age 77. And once they



reach 70, their life expectancy increases to 79.

Life Expectancy Tables

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

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

For example, some companies still use the "83 GAM" table to calculate how much they need to provide their retirees with a lifetime of monthly pension payments. 83 GAM is based on 1966 data, which was updated with projections to 1983. Other companies use the newer UP-94 table, recommended by the Society of Actuaries, which shows significant increases in life expectancies at most ages.

The UP-94 table projects that men age 55 will live to age 80 and women to 84½. And someone who is 80, according to the table, can look forward to another eight to ten years of life.

Best Bet: Plan for Your 90s

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

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

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

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Life Expectancy Tables

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

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

tirement plans, and for determining the life expectancy of a beneficiary receiving a life income of death proceeds of life insurance. For these purposes, Table V is used without regard to the effective date of the contract.

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

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

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

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

Immediate Annuities Update

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
American Heritage	0-85	\$ 7.13	\$ 6.54	\$ 6.66	\$ 7.94	\$ 7.16	\$ 7.32
Columbia Universal	0-85	\$ 6.71	\$ 6.10	-	\$ 7.58	\$ 6.77	-
Commercial Union LIC	0-85	\$ 6.80	\$ 6.28	\$ 6.52	\$ 7.54	\$ 6.83	\$ 7.16
Golden Rule	0-80	\$ 6.42	\$ 6.02	-	\$ 7.11	\$ 6.57	-
Jefferson Pilot LIC	15-85	\$ 6.55	\$ 6.03	-	\$ 7.24	\$ 6.53	-
Keyport Life	0-90	\$ 7.13	\$ 6.60	\$ 6.88	\$ 7.88	\$ 7.16	\$ 7.52
Lincoln Benefit Life Co.	1-99	\$ 6.53	\$ 6.08	\$ 6.17	\$ 7.20	\$ 6.58	\$ 6.70
London Pacific	45-85	\$ 7.10	\$ 6.60	-	\$ 7.72	\$ 7.04	-
Manufacturers LIC	0-100	\$ 6.20	\$ 5.46	\$ 5.83	\$ 7.14	\$ 6.04	\$ 6.64
National Guardian LIC	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Ohio National	0-85	\$ 6.59	\$ 5.97	\$ 6.04	\$ 7.43	\$ 6.61	\$ 6.70
Penn Ins. & Annuity Co.	0-85	\$ 7.07	\$ 6.45	\$ 6.77	\$ 7.82	\$ 6.98	\$ 7.41
Penn Mutual	0-85	\$ 7.07	\$ 6.45	\$ 6.77	\$ 7.82	\$ 6.98	\$ 7.41
Presidential LIC	0-85	\$ 7.25	\$ 6.82	\$ 6.82	\$ 7.97	\$ 7.38	\$ 7.38
Principal Mutual	0-85	\$ 6.67	\$ 6.08	-	\$ 7.32	\$ 6.53	-
Provident Mutual	0-85	\$ 6.98	\$ 6.44	-	\$ 7.71	\$ 6.98	-
Prudential Ins. Co./America	0-89	\$ 6.58	\$ 6.03	\$ 6.29	\$ 7.35	\$ 6.58	\$ 6.94
SAFECO LIC	55-80	-	-	\$ 6.11	-	-	\$ 6.64
Security Benefit LIC	0-100	\$ 6.48	\$ 5.95	\$ 5.95	\$ 7.20	\$ 6.47	\$ 6.47
Security Mutual/NY	20-80	\$ 6.83	\$ 6.21	-	\$ 7.62	\$ 6.85	-
Southwestern LIC	18-90	\$ 6.21	\$ 5.69	-	\$ 6.91	\$ 6.20	-
Standard Insurance	0-80	\$ 6.77	\$ 6.22	\$ 6.35	\$ 7.51	\$ 6.76	\$ 6.93
Trustmark Ins. Co.	0-70	\$ 6.81	\$ 6.23	-	\$ 7.63	\$ 6.85	-
United Life & Annuity	na	\$ 6.61	\$ 6.04	-	\$ 7.42	\$ 6.66	-
USAA Life Insurance Co.	1-100	\$ 6.69	\$ 6.18	\$ 6.64	\$ 7.56	\$ 6.83	\$ 7.45
USG Annuity & Life	35-85	\$ 7.07	\$ 6.39	\$ 6.39	\$ 7.96	\$ 7.04	\$ 7.04
WM Life Insur. Co.	0-95	\$ 6.92	\$ 6.29	\$ 6.80	\$ 7.80	\$ 6.95	\$ 7.63
Western National LIC	0-100	\$ 6.72	\$ 6.17	-	\$ 7.48	\$ 6.75	-
Western United	0-105	\$ 7.05	\$ 6.42	\$ 6.72	\$ 7.93	\$ 7.10	\$ 7.49

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Immediate Annuities Update

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
American Heritage	0-85	\$ 9.10	\$ 8.05	\$ 8.27	\$10.74	\$ 9.39	\$ 9.67
Columbia Universal	0-85	\$ 8.81	\$ 7.73	-	\$10.55	\$ 9.17	-
Commercial Union LIC	0-85	\$ 8.58	\$ 7.63	\$ 8.05	\$10.06	\$ 8.84	\$ 9.36
Golden Rule	0-80	\$ 8.09	\$ 7.37	-	\$ 9.48	\$ 8.57	-
Jefferson Pilot LIC	15-85	\$ 8.24	\$ 7.24	-	\$ 9.64	\$ 8.36	-
Keyport Life	0-90	\$ 8.91	\$ 7.97	\$ 8.45	\$10.33	\$ 9.18	\$ 9.76
Lincoln Benefit	1-99	\$ 8.14	\$ 7.31	\$ 7.47	\$ 9.49	\$ 8.41	\$ 8.62
London Pacific	45-85	\$ 8.63	\$ 7.69	-	\$ 9.94	\$ 8.73	-
Manufacturers LIC	0-100	\$ 8.32	\$ 6.96	\$ 7.62	\$ 9.93	\$ 8.16	\$ 9.02
National Guardian LIC	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Ohio National	0-85	\$ 8.61	\$ 7.51	\$ 7.63	\$10.28	\$ 8.87	\$ 9.02
Penn Ins. & Annuity Co.	0-85	\$ 8.89	\$ 7.74	\$ 8.34	\$10.39	\$ 8.83	\$ 9.67
Penn Mutual	0-85	\$ 8.89	\$ 7.74	\$ 8.34	\$10.39	\$ 8.83	\$ 9.67
Presidential LIC	0-85	\$ 8.99	\$ 8.19	\$ 8.19	\$10.47	\$ 9.40	\$ 9.40
Principal Mutual LIC	0-85	\$ 8.28	\$ 7.23	-	\$ 9.65	\$ 8.32	-
Provident Mutual	0-85	\$ 8.63	\$ 7.71	-	\$ 9.77	\$ 8.63	-
Prudential Ins. Co./America	0-89	\$ 8.47	\$ 7.41	\$ 7.89	\$10.07	\$ 8.70	\$ 9.29
SAFECO LIC	55-80	-	-	\$ 7.41	-	-	\$ 8.56
Security Benefit LIC	0-100	\$ 8.23	\$ 7.24	\$ 7.24	\$ 9.68	\$ 8.41	\$ 8.41
Security Mutual/NY	20-80	\$ 8.77	\$ 7.83	-	\$10.45	\$ 9.36	-
Southwestern LIC	18-90	\$ 7.93	\$ 6.95	-	\$ 9.35	\$ 8.10	-
Standard Insurance	0-80	\$ 8.56	\$ 7.53	\$ 7.76	\$ 9.85	\$ 8.53	\$ 8.82
Trustmark Ins. Co.	0-70	\$ 8.79	\$ 7.75	-	\$10.43	\$ 9.09	-
United Life & Annuity	na	\$ 8.57	\$ 7.54	-	\$10.17	\$ 8.87	-
USAA Life Insurance Co.	1-100	\$ 8.85	\$ 7.80	\$ 8.63	\$10.83	\$ 9.33	\$10.44
USG Annuity & Life	35-85	\$ 9.16	\$ 7.93	\$ 7.93	\$10.73	\$ 9.22	\$ 9.22
WM Life Insur. Co.	0-95	\$ 9.05	\$ 7.91	\$ 8.82	\$10.83	\$ 9.37	\$10.53
Western National LIC	0-100	\$ 8.57	\$ 7.59	-	\$10.10	\$ 8.84	-
Western United Life	0-105	\$ 9.16	\$ 8.07	\$ 8.56	\$10.88	\$ 9.49	\$10.10

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

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
American Heritage	0-85	\$ 6.54	\$ 7.80	\$19.25	\$11.02	\$ 6.15	\$ 6.93
Columbia Universal	0-85	-	-	\$18.89	\$10.62	\$ 6.52	\$ 5.71
Commercial Union	0-85	\$ 6.38	\$ 7.51	\$17.50	\$10.14	\$ 6.63	\$ 5.92
Golden Rule	0-80	-	-	-	\$10.34	-	\$ 5.66
Jefferson Pilot LIC	15-85	-	-	\$18.37	\$10.49	\$ 6.27	\$ 5.53
Keyport Life	0-90	\$ 6.74	\$ 7.92	\$18.38	\$10.67	-	\$ 6.17
Lincoln Benefit	1-99	\$ 6.08	\$ 7.12	\$17.84	\$10.50	\$ 6.38	\$ 5.73
London Pacific	45-85	-	-	\$18.47	\$10.41	-	-
Manufacturers LIC	0-100	\$ 5.70	\$ 7.08	\$17.56	\$ 9.95	\$ 5.95	\$5.16
National Guardian LIC	20-90	\$ 6.50	\$ 7.82	na	na	na	\$ 5.95
Ohio National	0-85	\$ 5.88	\$ 7.20	\$18.12	\$10.38	\$ 5.97	\$ 5.31
Penn Ins. & Annuity Co.	0-85	\$ 6.61	\$ 7.77	\$18.36	\$10.63	\$ 6.89	\$ 6.11
Penn Mutual	0-85	\$ 6.61	\$ 7.77	\$18.36	\$10.63	\$ 6.89	\$ 6.11
Presidential LIC	0-85	\$ 6.71	\$ 7.81	\$18.55	\$10.83	\$ 7.12	\$ 6.43
Principal Mutual LIC	0-85	-	-	\$18.48	\$10.43	\$ 6.49	\$ 5.78
Provident Mutual	0-85	-	-	\$17.87	\$10.30	-	-
Prudential Ins. Co./ America	0-89	\$ 6.14	\$ 7.31	\$17.72	\$10.13	\$ 6.63	\$ 5.68
SAFECO LIC	55-85	\$ 6.02	\$ 6.47	-	-	-	-
Security Benefit LIC	0-100	\$ 5.88	\$ 6.96	\$18.20	\$10.31	\$ 6.32	\$ 5.63
Security Mutual/NY	20-80	-	-	-	-	\$ 6.58	\$ 5.79
Southwestern LIC	18-90	-	-	\$18.27	\$10.14	\$ 6.05	\$ 5.38
Standard Insurance	0-80	\$ 6.24	\$ 7.36	\$17.79	\$10.36	\$ 6.60	\$ 6.15
Trustmark Ins. Co.	0-70	-	-	-	-	-	-
United Life & Annuity	na	-	-	\$16.96	\$10.62	-	-
USAA Life Insurance Co.	1-100	\$ 6.49	\$ 7.98	\$14.99	\$ 8.48	-	\$ 5.63
USG Annuity & Life	35-85	\$ 6.27	\$ 7.43	\$18.49	\$10.66	\$ 7.09	\$ 5.97
WM Life Insur. Co.	0-95	\$ 6.58	\$ 7.96	\$18.38	\$10.47	\$ 6.71	\$ 5.89
Western National LIC	0-100	-	-	\$18.56	\$10.42	\$ 6.54	\$ 5.80
Western United Life	0-105	-	-	\$19.04	\$11.38	-	-

Figures represent monthly income per \$1,000, assuming \$100,000 deposit. Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Deferred Annuities Update

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

"Escape" rate (see Table 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 **RnwI Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being 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	Nov '97 Base Rate	Additional 1st Yr. Bonus	Aug. '97 Base Rate	May '97 Base Rate	Rate Guar. Period	Bail-out Escape Rate	Guar. Rate	RnwI Mthd	Surrender Fees Yr 1 Yr 7	
AIG Life	SPDA	0-75	nr	nr	5.75%	nr	1 Year	4.75%	3.00%	I	6%	0%
American Heritage	SPDA-2	0-75	6.13%	-	6.13%	nr	1 Year	6.13%	5.00%	I	7%	1%
Franklin Life	President. IV	0-85	nr	nr	5.75%	nr	1 Year	5.75%	4.00%	I	9%	3%
Jefferson Pilot	SPDA	0-85	5.30%	-	5.45%	6.00%	na	na	na	I	5%	1%
Keyport Life	Key Addition	0-85	nr	nr	nr	5.90%	1 Year	nr	nr	I	7%	3%
Lincoln Benefit	Opportunist III	0-99	5.70%	-	5.70%	na	1 Year	4.95%	4.00%	I	7%	4%
National Life/Vermont	SPDA bonus	0-79	nr	nr	5.20%	na	1 Year	5.20%	4.50%	I	6%	0%
Ohio National	Choice Classic	0-80	5.70%	-	na	na	1 Year	1.00%	3.00%	P	8%	2%
Presidential Life	SPDA II	0-85	6.30%	-	6.50%	6.60%	2 Years	na	5.00%	I	6%	2%
Provident Mutual	SPDA I	0-75	5.85%	-	6.10%	6.35%	2 Years	4.85%	3.00%	I	7%	1%
Provident Mutual	SPDA II	0-75	5.60%	-	5.85%	6.10%	2 Years	4.60%	3.00%	I	7%	1%
Security Mutual/NY	SPDA	0-80	4.95%	-	5.15%	5.85%	1 Year	3.95%	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	5.20%	-	5.35%	6.10%	3 Years	4.20%	3.50%	I	5%	0%
Standard Insurance	SPDA	0-80	5.92%	-	6.02%	6.45%	1 Year	3.92%	3.00%	I	7%	1%
Sunset Life	Accumulator	0-80		.25%	6.00%	na	Cal Yr.	4.50%	4.50%	I	7%	1%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov. '97 Base Rate	Additional 1st Yr. Bonus	Aug. '97 Base Rate	May '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnw1 Mthd	Surrender Fees	
										Yr 1	Yr 7
AIG	SPDA	0-75	nr	nr	5.75%	6.00%	-	3.00%	I	6%	0%
Amer. Int'l Life/NY	SPDA	0-75	nr	nr	5.75%	6.00%	1 Year	3.00%	I	6%	0%
Canada Life Assurance	Security 1	0-80	nr	1%	5.40%	nr	1 Year	3.00%	I	7%	2%
Columbia Universal	Heritage	0-85	nr	nr	nr	5.45%	1 Year	3.50%	-	9%	2%
Columbia Universal	Pres. Choice	0-85	5.55%	1.00%	5.75%	6.00%	1 Year	4.50%	I	8%	0%
Commercial Union	Port. Secure	0-85	5.00%	1.00%	nr	6.75%	1 Year	-	P	6%	1%
Delta Life & Annuity	FYI	1-99	nr	nr	nr	5.75%	1 Year	4.00%	I	8%	2%
Delta Life & Annuity	SP Access 6	1-99	nr	nr	nr	6.50%	1 Year	5.00%	I	8%	0%
Delta Life & Annuity	SPDA-PS	1-99	nr	nr	nr	6.50%	1 Year	4.00%	I	6%	3%
Delta Life & Annuity	SPDA-PSII	1-99	nr	nr	nr	6.75%	1 Year	4.00%	I	6%	3%
Delta Life & Annuity	SPIA	1-99	nr	nr	nr	5.75%	1 Year	4.00%	I	8%	4%
Delta Life & Annuity	SPIA-PS	1-99	nr	nr	5.65%	6.50%	1 Year	4.00%	I	6%	3%
Empire LIC	IA Maximizer	0-80	nr	nr	5.50%	5.75%	1 Year	3.00%	I	6%	1.8%
Empire LIC	Yield Extender	0-80	nr	nr	5.50%	5.65%	3 Years	3.00%	I	8.1%	2.7%
Empire LIC	Yield Extender	0-80	nr	nr	5.40%	5.65%	5 Years	3.00%	I	8.1%	2.7%
Fidelity & Guar. Life	Optimum +	18-85	nr	nr	5.00%	5.50%	1 Year	3.00%	I	5%	0%
Fort Dearborn LIC	Asset Fort. 5	0-75	5.30%	1.50%	5.45%	5.65%	1 Year	4.00%	I	8%	1%
Fort Dearborn LIC	Capital Fort.	0-80	5.30%	2.00%	5.45%	5.65%	1 Year	3.00%	I	10%	2%
Fort Dearborn LIC	Finan. Fort. +	0-85	5.50%	1.00%	5.65%	5.65%	1 Year	4.00%	I	6%	2%
Fort Dearborn LIC	Gold. Fort 100	0-95	5.65%	1.50%	5.65%	na	1 Year	3.00%	I	9%	2%
Golden Rule	Ult. Bonus	0-72	5.60%	3.00%	5.60%	5.95%	1 Year	3.00%	I	8%	2%
Guarantee Life	Premier Plat.	0-85	nr	nr	5.45%	na	1 Year	3.50%	P	8%	3%
Jackson National	Action Two	0-85	4.95%	2.00%	5.45%	na	1 Year	3.50%	I	9%	3%
Jackson National	Bonus Max	0-85	5.75%	1.75%	nr	nr	1 Year	3.00%	I	9%	3%
Jackson National	Bonus Max 1	0-85	5.75%	3.75%	nr	nr	1 Year	3.00%	I	9%	3%
Jefferson Pilot	Flex Savers	0-85	5.45%	1.00%	nr	nr	1 Year	3.50%	na	7%	2%
Jefferson Pilot	Pilot Plus	0-85	5.60%	2.00%	nr	nr	1 Year	3.00%	na	9%	3.5%
Jefferson Pilot	Sec. Advant.	0-85	5.65%	-	nr	nr	1 Year	3.50%	na	7%	2%
Jefferson Pilot	Secure Plan	0-85	5.55%	.50%	nr	nr	1 Year	3.50%	na	5%	0%
Keyport Life	Key Annuity	0-85	5.40%	.20%	5.30%	6.15%	1 Year	3.50%	na	7%	0%
Lincoln Benefit	Opportunist III	0-99	5.95%	-	5.95%	na	1 Year	4.00%	I	7%	4%
Lincoln Benefit	Saver's Choice	0-99	5.70%	1.50%	nr	nr	1 Year	3.50%	I	7%	0%
Lincoln Benefit	Saver's Choice+	0-99	5.70%	2.50%	nr	nr	1 Year	3.50%	I	7%	3%
London Pacific	Opt. Income+	0-80	5.35%	1.15%	5.60%	5.75%	1 Year	3.00%	I	10%	4%
Manufacturers LIC	SPDA II	0-70	4.60%	-	4.60%	5.30%	5 Years	4.00%	P	no surrender	
National Guardian	SPDA	0-85	5.90%	-	6.40%	6.40%	1 Year	4.00%	P	7%	1%
National Guardian	Asset Guard	0-90	5.50%	2.00%	na	na	1 Year	3.00%	P	7%	3%
National Life of Vermont	Heritage	0-85	nr	nr	5.40%	na	1 Year	3.00%	I	7%	0%
National Life of Vermont	Privilege	0-85	nr	nr	5.50%	na	1 Year	3.00%	I	9%	3%
Ohio National	Choice	0-80	5.85%	-	nr	nr	1 Year	3.00%	P	6%	0%
Ohio National	Choice Legacy	81-90	5.70%	-	nr	nr	1 Year	3.00%	P	6%	0%
Ohio National	Choice II	0-80	nr	nr	6.15%	6.45%	1 Year	3.00%	P	6%	0%
Penn Mutual Life	Diversifier II	0-85	5.20%	-	5.30%	5.75%	1 Year	4.00%	I	7%	1%
Penn Mutual Life	Diversifier II	0-85	4.30%	-	4.60%	5.35%	3 Years	4.00%	I	7%	1%

continued...

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov '97 Base Rate	Additional 1st Yr. Bonus	Aug. '97 Base Rate	May '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1	Yr 7
Penn Mutual Life	Diversifier II	0-85	4.60%	-	4.90%	5.60%	5 Years	4.00%	I	7%	1%
Penn Mutual Life	Diversifier II	0-85	4.80%	-	5.00%	5.80%	7 Years	4.00%	I	7%	1%
Penn Mutual Life	Tradewind	0-85	5.35%	1.00%	5.60%	6.00%	1 Year	4.00%	I	9%	3%
Presidential	SPDA	0-85	6.70%	-	6.90%	7.00%	1 Year	5.00%	I	6%	2%
Principal Mutual	SPDA	0-95	5.90%	-	5.65%	6.20%	1 Year	3.00%	I	6%	2%
Principal Mutual	SPDA+	0-95	5.75%	1.00%	5.50%	6.05%	1 Year	3.00%	I	6%	2%
Provident Mutual	SPDA III	0-70	6.10%	-	6.35%	6.60%	2 Years	3.00%	I	3%	3%
Provident Mutual	SPDA IV	0-70	5.40%	1.40%	5.65%	5.90%	2 Years	3.00%	I	5%	5%
Provident Mutual	SPDA V	0-70	5.40%	1.00%	5.65%	5.90%	1 Year	3.00%	I	7%	0%
Reliance Standard	Apollo-MVA	0-85	5.00%	2.00%	5.25%	5.65%	1 Year	3.00%	P	9%	2%
Reliance Standard	Apollo-SP	0-85	4.70%	2.00%	4.95%	5.35%	1 Year	3.00%	P	9%	2%
Reliance Standard	Athena-MVA	0-85	5.00%	6.00%	5.25%	5.65%	1 Year	3.00%	P	9%	2%
Reliance Standard	Athena SP	0-85	4.70%	6.00%	4.95%	5.65%	1 Year	3.00%	P	9%	2%
SAFECO LIC	QPA III +	0-75	5.00%	1.25%	5.25%	5.75%	1 Year	4.34%	I	9%	4%
SAFECO LIC	QPA V +	0-75	5.05%	1.40%	5.30%	5.80%	1 Year	3.00%	I	8%	2%
Savings Bank LIC/MA	LifeSaver	0-80	nr	nr	5.40%	5.40%	1 Year	4.00%	I	7%	1%
Security Benefit	Sec. Premier	0-95	5.50%	1.00%	5.50%	nr	1 Year	3.50%	I	8%	0%
Security Benefit	Security	0-95	5.50%	-	5.50%	nr	1 Year	3.50%	I	9%	0%
Security Mutual/NY	SPDA	0-80	5.20%	-	5.40%	6.10%	1 Year	3.50%	I	5%	0%
Security Mutual/NY	SPDA	0-80	5.45%	-	5.65%	6.35%	3 Years	3.50%	I	5%	0%
Southwestern LIC	Advantage 7	0-80	4.85%	1.00%	5.05%	5.35%	1 Year	3.50%	I	8%	2%
Southwestern LIC	Golden Bonus	0-85	4.90%	2.50%	5.10%	5.40%	1 Year	3.00%	I	12%	9%
Southwestern LIC	Income Prov.	0-80	5.10%	1.00%	5.30%	5.75%	2 Years	4.00%	I	10%	7%
Standard Insurance	SPDA	0-80	5.92%	-	6.02%	nr	1 Year	3.00%	I	7%	1%
Trustmark Life	SPDA Plus	0-75	6.10%	.50%	6.10%	nr	1 Year	4.00%	P	7%	0%
USAA Life	SPDA	0-99	6.00%	.25%	5.95%	nr	Cal Yr.	4.00%	P	7%	0%
USG Annuity & Life	Advant. Gold	0-85	nr	nr	6.15%	6.35%	1 Year	3.00%	I	7%	3%
USG Annuity & Life	Advant Plat	0-85	6.15%	-	nr	nr	8 Years	3.00%	I	5%	3%
USG Annuity & Life	Interest Builder	0-85	5.00%	4.00%	5.15%	5.40%	1 Year	3.00%	I	10%	3%
USG Annuity & Life	Cornerstone	0-90	5.00%	3.00%	5.15%	5.00%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	MVA 3	0-85	5.00%	1.00%	5.25%	5.25%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	MVA 9	0-85	5.25%	2.00%	6.15%	6.00%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Select Guar	na	6.00%	3.00%	nr	nr	8 Years	3.00%	-	-	-
United Life & Annuity	United 5	0-85	5.3%	3.00%	5.30%	nr	5 Years	3.00%	P	7%	0%
United Presidential	Pacer SPDA	0-85	5.90%	-	6.00%	na	1 Year	4.00%	I	10.25%	5.25%
United Presidential	Pacer SPDA	0-85	5.90%	2.00%	6.00%	na	1 Year	4.00%	I	10.5%	6%
United Presidential	Pacer SPDA	0-85	5.90%	4.00%	6.00%	na	1 Year	4.00%	I	10.75%	6.25%
WM LIC	IA Maximizer	0-80	5.60%	.75%	5.50%	5.75%	1 Year	3.00%	I	6%	1.8%
WM LIC	Yield Extender	0-80	5.25%	-	5.50%	5.65%	3 Years	3.00%	I	8.1%	2.7%
WM LIC	Yield Extender	0-80	5.15%	-	5.40%	5.65%	5 Years	3.00%	I	8.1%	2.7%
Western National	Envision + II	0-85	5.75%	1.00%	5.75%	6.00%	1 Year	3.00%	I	9%	2%
Western National	SPDA +2	0-85	5.50%	-	5.50%	5.65%	1 Year	4.00%	I	7%	0%
Western National	Vision 1	0-85	5.75%	2.00%	5.75%	5.90%	1 Year	3.00%	I	9%	5%
Western National	Ultravision	0-85	5.50%	2.50%	5.50%	5.65%	1 Year	3.00%	I	9%	2%
Western United LAC	TD Max V	0-84	5.90%	-	nr	nr	5 Years	3.00%	I	5%	0%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov '97 Full Rate	Aug. '97 Full Rate	May '97 Full Rate	Rate Guar. Period	Penalty for Excess Withdrawals Taken Mid-Year (Non-Anniversary Date)								
							1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	0-100	5.05%	5.10%	5.20%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Commercial Union	Select Rate 1	0-85	4.20%	nr	4.55%	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Delta Life & Annuity	Guar. Interest	0-99	nr	4.55%	4.85%	1 Year	-	-	-	-	-	-	-	-	-
Federal Home Life	SPDA Preferred	0-80	nr	nr	5.00%	1 Year	7%	6%	5%	4%	3%	2%	1%	0%	0%
Lincoln Benefit	Tactician 10	0-99	nr	4.45%	na	1 Year	6%	6%	6%	6%	6%	6%	6%	6%	6%
Provident Mutual	Asset. Accumul.	0-75	4.94%	4.95%	5.37%	1 Year	3%	3%	3%	3%	3%	3%	3%	3%	1%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Fax all your annuity requests to:

732-521-5113

(or call 800-872-6684)



Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov '97	Aug. '97	May '97	Yield	Penalty for Excess Withdrawals Made Prior to Contract Maturity									
			Full Rate	Full Rate	Full Rate	Guar. Period	1	2	3	4	5	6	7	8	9	10
Comm. Union #	Select Rate 10	0-85	nr	nr	5.80%	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 7	0-85	5.15%	nr	5.85%	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 5	0-85	5.00%	nr	5.60%	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Comm. Union #	Select Rate 3	0-85	4.75%	nr	5.35%	3 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Delta Life & Annuity	Guar. Int. Ann.	0-99	nr	nr	5.10%	2 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	nr	nr	5.30%	3 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	nr	nr	5.40%	4 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Delta Life & Annuity	Guar. Int. Ann.	0-99	nr	nr	5.45%	5 Yrs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Lincoln Benefit	Tactician 10	0-99	8.00%	5.55%	na	10 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit	Tactician 10	0-99	7.95%	5.50%	na	9 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	na
Lincoln Benefit	Tactician 10	0-99	7.90%	5.40%	na	8 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	na	na
Lincoln Benefit	Tactician 10	0-99	7.85%	5.35%	na	7 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit	Tactician 10	0-99	7.70%	5.25%	na	6 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Lincoln Benefit	Tactician 10	0-99	7.50%	5.20%	na	5 Yrs	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
United Services Life	Cert. of Annuity	0-85	nr	5.75%	5.75%	5 Yrs.	not surrenderable until maturity									
Western United	CD-MAX V	0-84	nr	5.90%	6.15%	5 Yrs	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Western United	TD-MAX I	0-84	5.0%	5.10%	5.10%	3 Yrs	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity
Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

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

Reporting Companies	Policy Name	Issue Ages	Nov. '97	Additional	Aug. '97	May '97	Rate	Bail-out	Guar.	Rnw1	Surrender	
			Base Rate	1st Year Bonus	Base Rate	Base Rate	Guar. Period	Escape Rate	Rate	Mthod	Yr 1	Yr 7
Franklin LIC	Pres. Ann. IIA	0-75	nr	nr	5.75%	na	1 Year	5.75%	4.00%	I	10%	4%
Investors Insur. Corp.	Guaranteed Ann.	0-85	nr	nr	nr	11.00%	1 Year	4.00%	3.00%	I	15%	7%
Prudential Life	Discovery	0-85	5.45%	-	5.55%	6.10%	3 Years	4.45%	3.10%	I	7%	0%
Prudential Life	Discovery	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
Security Mutual/NY	FPA	0-80	4.95%	-	5.15%	5.85%	1 Year	inoperable	4.50%	P	7%	4%
Standard Insurance Co	FPDA	0-80	5.39%	-	5.55%	5.76%	1 Year	3.50%	3.00%	I	7%	3%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov '97 Base Rate	Additional 1st Yr. Bonus	Aug. '97 Base Rate	May '97 Base Rate	Rate Guar. Period	Guar. Rate	RnwI Mthd	Surrender Fees	
										Yr 1	Yr 7
AIG Life	FPDA	0-80	nr	nr	5.75%	6.00%	-	3.00%	I	10%	4%
American Heritage	PFPA	0-69	5.63%	-	5.63%	nr	-	4.00%	I	10%	2%
American Life & Casualty	FPDA 88	0-85	nr	nr	5.20%	na	1 Year	3.00%	I	12%	7%
Columbia Universal	FPDA II	0-75	5.75%	-	5.75%	5.75%	1 Year	4.50%	P	10%	4%
Commercial Union	Flex 10	0-85	nr	nr	nr	5.80%	1 month	3.50%	P	10%	4%
Commercial Union	Alliance Plus	0-85	nr	nr	nr	5.80%	1 month	3.50%	P	10%	4%
Delta Life & Annuity	Flex/No Load	0-99	nr	nr	5.90%	6.25%	1 Year	4.00%	I	8%	4%
Delta Life & Annuity	Front Load	0-99	nr	nr	5.90%	na	1 Year	4.00%	P	0%	0%
Empire LIC	FPA	0-85	nr	nr	5.15%	5.40%	1 Year	3.00%	I	8.1%	2.7%
Empire LIC	IA Classic	0-85	nr	nr	nr	5.25%	1 Year	3.00%	I	5%	0%
Federal Home Life	Premier Flex	15-75	nr	nr	nr	5.55%	1 Year	4.00%	I	10%	0%
Federal Home Life	Premier Ann. +	0-80	nr	nr	nr	5.00%	1 Year	4.00%	I	9%	2%
Fidelity & Guar. Life	F&G III	0-85	nr	nr	5.50%	na	3 Years	3.00%	I	5%	0%
Fidelity & Guar. Life	Resolute	0-80	nr	nr	nr	5.55%	1 Year	3.00%	I	9%	2%
Fort Dearborn Life	Fortifier II	0-85	6.00%	-	6.15%	6.25%	1 Year	4.00%	I	6%	0%
Golden Rule	Flex-Vantage	0-70	5.60%	1.00%	5.60%	5.95%	1 Year	3.00%	I	9%	4%
Jackson National LIC	Flex I	0-85	5.75%	-	nr	nr	1 Year	3.00%	I	12%	3%
Jefferson Pilot LIC	Flex. Bonus	0-85	nr	nr	5.60%	6.15%	1 Year	3.50%	I	7%	2%
Jefferson Pilot LIC	Pilot Plus	0-85	nr	nr	5.75%	na	1 Year	3.00%	I	9%	3.5%
Jefferson Pilot LIC	Prosperity	0-85	nr	nr	5.70%	6.30%	1 Year	3.00%	I	9%	3.5%
Jefferson Pilot LIC	Secure Advant.	0-85	nr	nr	5.80%	6.35%	1 Year	3.50%	I	7%	2%
Jefferson Pilot LIC	Secure Plan	0-85	nr	nr	5.70%	6.25%	1 Year	3.50%	I	5%	0%
London Pacific	Future Guard	no limit	6.10%	-	6.10%	6.35%	1 Year	3.00%	P	12%	8%
National Guardian	FPA	0-80	5.45%	-	5.85%	5.85%	6 mos.	4.00%	P	10%	3%
Ohio National	Prime I	0-75	6.00%	-	nr	nr	-	4.00%	P	7.8%	7.8%
Ohio National	Prime II	0-75	5.70%	-	nr	nr	-	4.00%	P	8%	3%
Ohio National	Top Tradition	no limit	nr	nr	6.00%	6.30%	-	3.25%	P	7.8%	7.8%
Penn Mutual Life	Divers. II	0-85	5.20%	-	5.30%	5.75%	1 Year	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. II	0-85	4.30%	-	4.60%	5.35%	3 Years	4.00%	I	7%	2.5%

continued...

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Deferred Annuities Update

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

Reporting Companies	Policy Name	Issue Ages	Nov '97 Base Rate	1st Yr. Bonus Amount	Aug. '97 Base Rate	May '97 Base Rate	Rate Guar. Period	Guar. Rate	Rnwl Mthd	Surrender Fees Yr 1 Yr 7	
Penn Mutual Life	Divers. II	0-85	4.60%	-	4.90%	5.60%	5 Years	4.00%	I	7%	2.5%
Penn Mutual Life	Divers. II	0-85	4.80%	-	5.00%	5.80%	7 Years	4.00%	I	7%	2.5%
Presidential	No Load Flex	0-85	6.55%	-	6.75%	6.85%	1 Cal. Yr.	5.00%	I	7%	4%
Presidential (q)	TSA-Loan	0-85	6.55%	-	6.75%	6.85%	1 Cal. Yr.	5.00%	I	7%	4%
Principal Mutual LIC	FPDA	0-85	5.75%	-	5.50%	6.05%	1 Year	4.00%	I	7%	3%
Provident Mutual	LTD	0-85	6.00%	1.00%	6.25%	7.00%	1 Year	3.00%	I	10%	4%
Prudential Ins Co. of Am.	Discover 6yr	0-85	4.95%	-	5.05%	5.60%	6 Years	3.10%	I	7%	0%
SAFECO LIC (q)	QPA III	0-75	5.00%	-	5.25%	5.75%	1 Year	4.34%	I	9%	4%
SAFECO LIC (q)	QPA V	0-75	4.80%	-	5.05%	5.55%	1 Year	3.00%	I	8%	2%
Security Benefit	Secur. Mark	0-75	5.50%	-	5.50%	nr	-	3.50%	I	8%	2%
Southwestern LIC	Flex-Rite	0-75	5.90%	-	5.90%	6.00%	-	4.00%	P	7%	2%
Standard Insur. Co.	FPDA	0-80	5.39%	-	5.55%	nr	1 Year	3.00%	I	7%	3%
SunAmerica LIC	Century 2000	0-85	6.30%	-	nr	nr	1 Year	4.00%	-	7%	3%
SunAmerica LIC	Century 5000	0-85	5.00%	-	nr	nr	5 Years	3.00%	-	6%	0%
SunAmerica LIC	Sterling Select	0-85	5.00%	-	nr	nr	3 Years	3.00%	-	6%	2%
SunAmerica LIC	Sterling Select II	0-85	4.80%	-	nr	nr	3 Years	3.00%	-	6%	2%
SunAmerica LIC	Sterling Select +	0-85	5.00%	-	nr	nr	3 Years	3.00%	-	6%	2%
Sunset Life	Flex 95	0-80	nr	nr	6.25%	nr	Cal. Yr.	3.00%	I	9%	3%
Sunset Life	FPA-82	0-80	nr	nr	5.65%	nr	Cal. Yr.	4.00%	I	0%	0%
Trustmark	FPDA Plus	0-85	nr	nr	5.85%	nr	1 Year	4.00%	P	10%	2%
Trustmark	Flex	0-75	6.00%	1.00%	nr	nr	1 Years	4.00%	P	10%	2%
USAA Life	FPDA	0-99	5.00%	1.00%	5.00%	nr	1 mo.	3.00%	P	7%	0%
USG Annuity & Life	Advant. Silver	0-85	5.40%	-	6.15%	6.00%	1 Year	3.00%	I	9%	2%
USG Annuity & Life	Flex 9	0-85	5.00%	2.00%	5.65%	5.75%	1 Year	3.00%	I	9%	3%
USG Annuity & Life	Flex 15	0-70	5.00%	2.00%	5.55%	5.60%	1 Year	3.00%	I	22%	13%
United Life & Annuity	Advantage	0-85	5.85%	1.00%	5.85%	nr	1 Year	3.00%	I	9%	3%
United Life & Annuity	Provider I	0-85	5.60%	1.00%	5.60%	nr	1 Year	3.00%	I	12%	6%
United Life & Annuity	Provider II	0-85	5.35%	1.00%	5.35%	nr	1 Year	3.00%	I	12%	6%
United Life & Annuity	Taxsaver II/III	0-85	5.75%	1.00%	5.75%	nr	1 Year	3.00%	I	10%	4%
United Presidential	Pacer Advant.	0-80	5.90%	-	6.00%	nr	1 Year	4.00%	I	10%	3%
United Presidential	Pacer One	0-80	5.55%	-	5.65%	nr	1 Year	4.00%	I	10%	3%
United Services LIC	Uslico Ann.	0-85	nr	nr	nr	6.00%	1 Year	4.00%	I	10%	4%
WM Life Ins. Co.	FPA	0-85	5.15%	.75%	5.15%	5.40%	1 Year	3.00%	I	8.1%	2.7%
WM Life Ins. Co.	IA Classic	0-85	5.00%	.25%	nr	5.25%	1 Year	3.00%	I	5%	0%
Western National	FPDA Plus II	0-70	5.75%	-	5.75%	6.00%	-	4.00%	I	8%	2%
Western National	Vision Flex	0-70	6.00%	-	6.00%	6.25%	-	3.00%	I	10%	6%
Western United	Uniflex III	0-84	6.25%	-	6.25%	6.50%	1 Year	4.50%	I	5%	3%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997; nr = product not reported for this issue.

Equity Indexed Annuities Update

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

Guaranteed Interest

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

Index-linked Growth

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

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

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

How to Compare EIAs

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

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

Caps

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

below).

Participation Rates

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

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

Yield Spread

Another feature which limits returns is called a "yield spread." This is a fee (usually from 1.00% to 2.50%) which is deducted from the actual increase in the S&P index. Such contracts often have a 100% participation rate. However, the effect could be the same as having a lower participation rate and no yield offset.

Three main types of index annuities and how they calculate earnings

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

Equity Indexed Annuities Update

1. Long Term Point-to-Point Methods

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

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

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

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

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

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

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

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

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

High point EIAs typically feature participation rates of about 70%, but not caps. Because the high-point return may only be calculated once during the term, there is no compounding of interest.

Market Volatility and Averaging Returns

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

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

Equity Indexed Annuities Update

EIAs.

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

Market Volatility and Annual Reset EIAs

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

Which EIA Method Performs Best?

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

ods of choppy or trendless market activity.

Liquidity

Although specific details vary, a few EIAs offer liquidity similar to traditional fixed deferred annuities. There is a provision for an annual withdrawal of 10% (of account value) free of surrender fees.

Contracts with higher participation rates, however, may limit annual penalty-free withdrawals only to the minimum guaranteed value of the policy (not permitting access to any of the earnings or growth during the term of the contract).

Other EIAs employ a vesting schedule to provide limited access to a portion of interest earnings.

In general, EIAs are not designed for maximum liquidity during the accumulation phase. Withdrawals may have an adverse effect on the crediting of interest. Some contracts forfeit any earnings that otherwise would have been attributable to the withdrawn funds. For example, if funds are withdrawn during the 4th policy year and earnings are credited only at the end of the complete term, no earnings will be attributed to the withdrawn funds even though the money was in the contract for 4 years. Some companies misleadingly advertise "no traditional surrender charge" or "100% access to your money." But in that case the only gain is the minimum guaranteed non-forfeiture value, which may be from 3% to 5% a year credited on 90% or 100% of the principal. A small gain, indeed.

Conclusion

Equity Index Annuities are generating a wave of interest because

they combine features of traditional fixed deferred annuities and variable annuities. Their appeal is that growth is tied to the stock market's performance while guaranteeing return of principal even if the market declines.

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

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

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

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

Equity Indexed Annuities Update

Table 9. Single Premium Equity Indexed Annuities

Reporting Companies	Policy Name	Term	Index Structure	When Potential Gains are Recognized, locked in and credited	Guar. Base/ Guar. Rate	Participation Rate	Cap	Yield Spread (admin. fee)	Performance if term had matured on 9/30/97
Delta Life & Annuity	Advantage	nr	nr	nr	nr	nr	nr	nr	nr
Jackson National	ELI Multi-Index	9 yrs.	Point to Point	End of term	100%/3%	85%	none	none	211.1%
Jackson National	ELI Multi-Index	7 yrs.	Point to Point	End of term	100%/3%	75%	none	none	157.1%
Jackson National	ELI Multi-Index	5 yrs.	Point to Point	End of term	100%/3%	65%	none	none	82.4%
Jackson National	ELI Multi-Index	3 yrs.	Point to Point	End of term	100%/3%	55%	none	none	57.6%
Jackson National	ELI Multi-Index	1 yrs.	Point to Point	End of term	100%/3%	25%	none	none	9.5%
Jefferson Pilot	Pilot 500	8 yrs.	Annual Reset	End of term	90%/3%	75%	none	none	na
Keyport Life	KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	75%	100%	none	100.0%
Keyport Life	KeyIndex	7 yrs.	High Water Mark	Annually (subject to vesting)	90%/3%	70%	none	none	147.0%
Lincoln Benefit	Saver's Index	7 yrs.	Annual Reset	Annually	90%/3%	100%	10%	none	74.6%
Lincoln Benefit	Saver's Index	7 yrs.	Annual Reset	Annually	90%/3%	60%	14%	none	82.4%
Lincoln Benefit	Saver's Index II	7 yrs.	Annual Reset	Annually	90%/3%	90%	none	0.0%	74.6%
Lincoln Benefit	Saver's Index III	ongoing	Annual Reset	Annually	90%/3%	60%	14%	none	82.4%
SunAmerica LIC	IndexAmerica	7 yrs.	Point to Point	End of term	100%/3%	85%	none	none	na
USG Annuity & Life	Choice	5 yrs.	Point to Point	End of term	100%/425%	60%	none	0.0%	23.1%
USG Annuity & Life	Choice	5 yrs.	Point to Point	End of term	100%/3%	70%	none	0.0%	15.9%
USG Annuity & Life	Choice	7 yrs.	Point to Point	End of term	100%/3%	80%	none	0.0%	135.1%
USG Annuity & Life	Choice	7 yrs.	Point to Point	End of term	100%/4.75%	70%	none	0.0%	118.2%
Union Central	FlexIndex	nr	nr	nr	nr	nr	nr	nr	nr
United Life & Annuity	Unidex	7 yrs.	Point to Point	End of term	100%/3%	80%	none	0.0%	123.0%

Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Split Annuities Update

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9

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

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

Table 10. Split ("Combination") Immediate and Deferred Annuities.

Reporting Companies	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount	Deferred Annuity Premium	Annual Interest Rate	Income Annuity Premium	Monthly Income Amount
Columbia Universal	Split Annuity	0-85	\$75,613	5.75%	\$24,387	\$460.67	\$67,614	5.69%	\$32,386	\$458.26
Manulife	SPDAIL/SPIA	0-70	\$79,862	4.60%	\$20,137	\$350.40	\$72,264	4.75%	\$27,736	\$365.11
Penn Mutual	Div. II/SPIA	0-85	\$79,862	4.60%	\$20,138	\$366.50	\$72,023	4.80%	\$27,977	\$387.11
Presidential (nq)	Combi-nnuity	0-85	\$74,374	6.10%	\$25,625	\$475.26	na	na	na	na
Provident Mutual	SPDA II/SPIA	0-75	\$77,059	5.35%	\$22,940	\$407.00	na	na	na	na
USG Ann. & Life	Advant./SPIA	0-85	\$75,257	5.85%	\$24,743	\$457.42	na	na	na	na
USG Ann. & Life	Multi Yr./SPIA	0-85	\$76,332	5.55%	\$23,668	\$437.54	\$67,465	7.5%/5.5%	\$32,535	\$455.17
WM Life	IA Classic	0-85	\$84,416	3.45%	\$15,583	\$286.47	\$79,570	3.32%	\$20,429	\$282.79
Western United Life	TD Max 5	0-84	\$75,079	5.90%	\$24,921	\$474.00	na	na	na	na

Survey period: Oct. 20, 1997 thru Nov. 7, 1997

Structured Settlement Update

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 tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

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 after the date of issue.

All fees and commissions, but not state premium taxes, if applicable, are included. Note that all monthly payments within a single year are for the same amount. The COLA increase takes place only at the beginning of each year. The **"Male 15 0% COLA"** column reports the cost of \$1,000 of monthly income for life purchased for a 15 year old male, assuming a 0% cost of living adjustment. **"Male 15 3% COLA"** reports the cost of an escalating lifetime annuity for a male age 15. The annuity 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
Canada LAC	\$191,964	\$327,924	\$157,752	\$222,150	\$196,856	\$345,800	\$169,194	\$246,549	\$250
Comm. Union	\$196,998	\$328,332	\$156,153	\$213,581	\$200,450	\$342,799	\$168,867	\$240,277	\$500
Penn Mutual/ Penn Insur. & Ann.	\$198,048	\$357,483	\$162,533	\$235,137	\$200,616	\$371,914	\$173,300	\$260,145	na
Presidential	\$185,106	\$317,197	\$154,573	\$218,016	\$188,008	\$329,648	\$162,343	\$234,758	\$100
SAFECO	\$179,100	\$300,726	\$147,955	\$205,970	\$182,984	\$316,698	\$160,279	\$233,300	\$500
WM Life	\$211,596	\$366,738	\$169,566	\$240,949	\$214,606	\$380,188	\$181,421	\$266,119	na

Survey period: Oct. 20, 1997 thru Nov. 7, 1997

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 12a. Variable Annuities - Contract Features (as of 9/30/1997)

Reporting Companies	Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1 Yr 7
Anchor National	Seasons	\$ 175.1	4	AG,B,G	4.30%	1 Year	7% 2%
Anchor National	Polaris/Polaris II	\$7,160.6	25	AG,B,B,G,G,GI,HI,IB,IS,MM,NR,RP	6.50%	1 Year	7% 1%
Anchor National	Anchor Advisor	\$ 142.9	19	AG,B,CB,G,GI,HI,IB,IS,MM,NR,S	4.30%	1 Year	0% 0%
Anchor National	American Pathway II	\$2,623.2	7	B,CB,G,GI,HI,IS,MM	4.25%	1 Year	5% 0%
Anchor National	ICAP II	\$1,113.4	12	AG,B,CB,G,GI,HI,IS,MM,NR	4.25%	1 Year	5% 0%
Anchor National	Vista Capital Advantage	\$48,039.0	6	B,GB,G,GI,IS,MM	6.50%	1 Year	6% 2%
Canada Life	VariFund	\$ 111.0	20	B,G,GI,HI,IS,MM,S,SI	4.75%	1 Year	6% 0%
Charter National	Scudder Horizon	\$ 458.3	9	B,CB,G,GI,IS,MM	4.00%	1 Year	0% 0%
Equitable Life of Iowa	Equi-Select	\$ 634.0	10	GB,G,GI,HI,IB,IS,MM	na	na	8% 2%
Fortis Benefits Life	Opportunity	\$1,656.2	15	AG,B,CA,FI,G,GS,MM,SI	4.90%	1 Year	5% 0%
Fortis Benefits Life	Masters	\$1,311.9	15	AG,B,CA,FI,G,GS,MM,SI	4.75%	1 Year	7% 0%
Jackson National	Perspective	\$1,077.3	18	AG,B,GB,G,GI,HI,IB,IS,MM	3.95%	1 Year	7% 0%
Lincoln Benefit Life	Investor's Select	\$ 324.8	19	AA,AG,B,CB,GB,G,IS,MM,SP	5.70%	none	7% 2%
London Pacific	Regency	\$ 22	8	AG,B,G,GB,I,MM	6.00%	1 Year	7% 2%
Manulife Financial	Lifestyle	nr	nr	AG,B,G,GI,IS,MM,RP	nr	nr	nr nr
National Life Insur. Co. of VT	Sentinel Advantage	nr	nr	AG,B,CB,G,GI,HI,IB,IS,MM,SI	nr	nr	nr nr
Nationwide	Best of Amer. IV	\$11,383.2	38	AG,B,CB,GB,G,GI,HI,IB,IS,MM,NR,SP	7.00%	1 Year	7% 1%
Nationwide	America's Vision	\$7,959.0	38	AG,B,CB,GB,G,GI,HI,IB,IS,MM,NR,SP	7.00%	1 Year	7% 1%
AG Aggressive Growth	GB Govt. Bond	High Yield	MM	Money Market	G	IB	Int'l Bond
NR Natural Resources	CB Corporate Bond	Growth & Income	IS	Int'l Stock	Specialty Funds		

na= data not available; nr=did not report for this issue

Variable Annuities Update

Table 12a. Variable Annuities - Contract Features (as of 9/30/1997)

Reporting Companies	Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)	Fixed Acct Rate	Rate Guar Period	Surrender Fees Yr 1 Yr 7
Nationwide	Best of Amer. IV	\$11,383.2	38	AG,B,CB,GB,G,GI,HY,IB,IS,MM,NR,SP	7.00%	1 Year	7% 1%
Nationwide	America's Vision	\$7,959.0	38	AG,B,CB,GB,G,GI,HY,IB,IS,MM,NR,SP	7.00%	1 Year	7% 1%
Ohio National	TOP	na	14	AG,B,CA,FI,G,GS,I,MM,S,SI	6.00%	1 Year	7.8% 7.8%
Ohio National	Top Explorer	na	17	AG,B,CB,G,GI,HY,IS,MM,SI,SP	5.80%	1 Year	7% 0%
Ohio National	TOP Plus	na	13	AG,B,CB,G,GI,HY,IS,MM,SI,SP	6.10%	Cal. Yr.	6% 0%
Ohio National	TOP Spectrum	na	na	AG,B,CB,G,GI,HY,IS,MM,SI,SP	6.25%	Cal. Yr.	7% 0%
Pacific Life	Pacific One	nr	14	AA,AG,B,GB,G,GI,HY,IS,MM,	5.00%	1 Year	0% 0%
Pacific Life	Pacific Portfolios	nr	18	AA,AG,B,GB,G,GI,HY,IS,MM,	5.00%	1 Year	7% 0%
Penn Mutual	Diversifier II	\$2,006	18	AG,B,CB,G,GI,HY,IS,MM,SI	5.20%	1 Year	7% 1%
Penn Ins. & Ann.	Pennant	\$235.0	18	AG,B,CB,G,GI,HY,IS,MM,SI	5.00%	1 Year	6% 1%
Phoenix Home Life	Big Edge Choice	\$ 344.0	16	AG,B,CB,G,GI,IS,MM,SP	4.90%	1 Year	6% 0%
Phoenix Home Life	Big Edge Plus	\$2,454.02	16	AG,B,CB,G,GI,IS,MM,SP	4.90%	1 Year	5% 0%
Principal Mutual	Variable Annuity	\$1,215.0	10	AG,B,CB,GB,G,GB,GI,IS,MM	5.60%	1 Year	6% 2%
Provident Mutual	Options VIP	na	23	AG,B,CB,G,GB,GI,HY,IB,IS,MM,NR	5.50%	Cal. Yr.	7% 1%
Provident Mutual	VIP/2	na	23	AG,B,CB,G,GB,GI,HY,IB,IS,MM,NR	5.50%	Cal. Yr.	6% 0%
Prudential LIC	Discovery Plus	\$6,588.6	14	AG,B,CB,G,GB,GI,IS,MM,RP,S,SI	5.35%	1 Year	7% 0%
Prudential LIC	Discovery Preferred	\$ 652.9	12	AG,B,CB,G,GI,HY,IS,MM,NR,SI	5.00%	1 Year	7% 1%
Prudential LIC	VIP	\$7,795.9	14	AG,B,CB,G,GB,GI,MM,IS,RP,S,SI	5.60%	1 Year	8% 2%
Prudential LIC	Discovery Select	\$ 1,173.1	21	AG,B,CB,G,GI,HY,IS,MM,RP,S,SI	5.00%	1 Year	7% 1%
Reliastar LIC	Variable Annuity III	nr	nr	AG,B,CB,GB,G,GI,HY,IS,MM	nr	nr	nr nr
SAFECO	Variable Acct. B	\$ 252.2	7	AG,B,CB,GI,IS,MM,NR,SP	na	na	9% 4%
SAFECO	Spinnaker Plus	\$ 94.9	14	AG,B,CB,GI,HY,IS,MM,NR,SP	6.60%	1 Year	8% 2%
SAFECO	Spinnaker	\$ 258.0	14	AG,B,CB,GI,HY,IS,MM,NR,SP	5.40%	1 Year	8% 2%
SAFECO	Mainsail	\$ 16.2	12	AG,B,CB,GI,HY,IS,MM,NR,SP	5.05%	1 Year	7% 0%
Security Benefit	Variflex	\$2,931.0	11	AG,B,EL,FI,G,HY,I,MM,I,SA	5.50%	na	8% 2%
Security Benefit	Variflex LS	\$ 259.0	11	AG,B,EL,FI,G,HY,I,MM,I,SA	4.00%	1 Year	0% 0%
Security Benefit	Variflex Signature	\$ 11.0	13	AG,B,CB,GB,G,GI,HY,IB,IS,MM	5.00%	1 Year	6% 0%
SAA Life	Variable	\$ 339.1	9	AG,B,CB,G,GI,IS,MM	na	na	- -
United Life & Annuity	Spectra Direct	\$ 40.0	11	AG,B,CA,EL,FI,G,GS,MM,S	7.00%	1 Year	8.5% 5%
United Life & Annuity	Spectra Select	\$ 4.7	11	AG,B,CA,EL,FI,G,GS,MM,S	7.00%	1 Year	7% 1%
Western National	Elite Plus	na	8	AG,B,CB,G,GB,GI,IS,MM	5.50%	na	5% 1%
WM Life Insur. Co.	Cascade	\$ 96.2	6	GB,GI,IS,MM,SP	5.25%	1 Year	7% 1%
AG Aggressive Growth	Govt. Bond	HY	MM	Money Market	G	Balanced	IB Int'l Bond
NR Natural Resources	Corporate Bond	GI	IS	Int'l Stock	SP	Specialty Funds	

na=not available; nr=did not report for this issue

Variable Annuities Update

Table 12b. Corporate Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	Assets \$ Mil	Performance YTD	Returns thru 1 Yr	3 Yr	9/30/97 5 Yr	Total Expenses
Anchor National	Polaris/Polaris II	Corporate Bond	Sun America Asset Mgt.	\$12.35	\$ 54.2	6.8%	10.2%	8.4%	na	2.49%
Anchor National	Polaris/Polaris II	Govt./Qual. Bond	SunAmerica Asset Mgt.	\$12.35	\$ 54.2	6.8%	10.2%	8.4%	na	2.23%
Anchor National	Anchor Advisor	Corporate Bond	Sun America Asset Mgt.	\$12.35	\$ 1.5	6.8%	10.2%	8.5%	na	2.49%
Anchor National	Anchor Advisor	Govt./Qual. Bond	Sun America Asset Mgt.	\$12.44	\$ 2.0	5.3%	8.1%	8.1%	4.9%	2.23%
Anchor National	ICAP II	Fixed Income	Sun America Asset Mgt.	\$27.18	\$ 18.9	5.6%	8.2%	7.7%	4.6%	2.20%
Anchor National	ICAP II	Govt./Qual. Bond	SunAmerica Asset Mgt.	\$28.44	\$ 65.8	5.4%	8.3%	8.1%	4.9%	2.10%
Canada Life	VariFund	Bond	C.L. Capital Mgt.	\$16.08	\$ 2.0	4.3%	6.9%	7.5%	5.0%	2.30%
Charter National	Scudder Horizon	Scudder Bond	Scudder, Stevens, & Clark	\$24.34	\$17.4	5.9%	9.1%	8.4%	6.1%	1.32%
Fortis Benefits	Opportunity	Diver. Income	Fortis Advisers	\$1.92	\$40.1	4.0%	9.5%	8.2%	5.5%	1.90%
Fortis Benefits	Masters	Diver. Income	Fortis Advisers	\$1.92	\$57.5	4.0%	9.5%	8.2%	5.5%	1.90%
London Pacific	Regency	U.S. Qual. Bond	Salomon Brothers	\$10.68	\$1,083	5.2%	7.5%	na	na	2.49%
Manulife Financial	Lifestyle	Cap. Gwth Bond	Manufacturers Adviser	nr	nr	nr	nr	nr	nr	nr
National Life/VT	Sentel Advantage	Mkt. St. Bond	Sentinel Advisers	nr	nr	nr	nr	nr	nr	nr
Nationwide	Best of America IV	Bond Fund	Oppenheimer	\$18.25	\$126.9	5.2%	8.0%	7.5%	6.2%	2.08%
Nationwide	America's Vision	Bond Fund	Oppenheimer	\$12.19	\$126.4	5.1%	7.9%	7.4%	6.1%	2.18%
Ohio National	TOP	Bond	Ohio Nat'l Investments	\$12.15	\$ 31.8	6.2%	9.3%	8.8%	6.0%	0.77%
Ohio National	TOP Plus	Bond	Ohio Nat'l Investments	\$26.64	\$ 6.6	6.0%	8.9%	8.4%	5.7%	0.79%
Ohio National	TOP Explorer	Bond	Ohio Nat'l Investments	\$12.14	\$ 0.1	5.9%	8.8%	8.3%	5.6%	0.79%
Ohio National	TOP Spectrum	Bond	Ohio Nat'l Investments	\$10.60	\$ 0.04	5.8%	8.7%	8.2%	5.5%	0.79%
Pacific Life	Pacific One	Managed Bond	PIMCO	\$10.82	\$397.0	6.4%	10.0%	9.7%	7.2%	2.11%
Pacific Life	Pacific One	Bond & Income	Greenwich St. Advisors	\$10.53	\$105.2	8.7%	14.9%	13.6%	9.1%	2.11%
Pacific Life	Pacific Portfolios	Managed Bond	PIMCO	\$10.82	\$397.0	6.4%	10.0%	9.7%	7.2%	2.11%
Pacific Life	Pacific Portfolios	Bond & Income	Greenwich St. Advisors	\$10.53	\$105.2	8.7%	14.9%	13.6%	9.1%	2.11%
Penn Mutual	Diversifier II	Quality Bond	Indep. Capital Mgt.	\$19.98	\$ 29.7	5.2%	8.1%	8.8%	5.8%	2.02%
Penn Mutual	Diversifier II	Ltd. Matur. Bond	Neuberger & Berman	\$11.84	\$ 5.2	4.5%	6.5%	5.6%	4.0%	2.03%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12b. Corporate Bond Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance YTD	Returns 1 Yr	3 Yr	5 Yr	9/30/97	Total Expenses*
Penn Ins. & Ann.	Pennant	Ltd. Matur. Bond	Neuberger & Berman	\$11.47	\$ 2.7	4.4%	6.3%	5.4%	3.9%	3.9%	2.18%
Penn Ins. & Ann.	Pennant	Quality Bond	Indep. Capital Mgt.	\$12.12	\$ 4.5	5.1%	7.9%	8.6%	5.7%	5.7%	2.17%
Phoenix Home Life	Big Edge Choice	Multi-Sector	Phoenix Invest. Council	\$ 1.26	\$ 30.3	7.8%	12.3%	12.7%	9.2%	9.2%	1.95%
Phoenix Home Life	Big Edge Plus	Multi-Sector	Phoenix Invest. Council	\$ 3.96	\$118.5	8.1%	12.7%	13.1%	9.6%	9.6%	1.90%
Principal Mutual	Variable Annuity	Bond	Princor Management	\$13.07	\$ 60.2	na	10.3%	9.4%	6.5%	6.5%	1.78%
Provident Mutual	Options VIP	Invest. Gr. Bond	Fidelity Mgt. & Research	\$554.47	na	4.9%	7.5%	6.9%	4.8%	4.8%	1.98%
Provident Mutual	Options VIP	Mkt. St. Bond	Sentinel Advisors	\$581.33	na	4.8%	7.2%	7.7%	4.7%	4.7%	1.96%
Provident Mutual	VIP 2	Mkt. St. Bond	Sentinel Advisors	\$581.33	na	4.8%	7.2%	7.7%	4.7%	4.7%	1.96%
Provident Mutual	VIP 2	Scudder Bond	Scudder, Stevens & Clark	\$582.77	na	5.1%	8.0%	7.3%	5.1%	5.1%	2.01%
Prudential	Discovery Plus	Diversified Bond	Prudential	\$3.20	\$180.9	6.9%	10.5%	na	6.4%	6.4%	1.65%
Prudential	Discovery Preferred	Diversified Bond	Prudential	\$1.13	\$24.7	6.7%	10.3%	na	na	na	1.85%
Prudential	VIP	Diversified Bond	Prudential	\$3.20	\$163.0	6.7%	10.2%	na	6.2%	6.2%	1.65%
Prudential	Discovery Select	Diversified Bond	Prudential	\$1.13	\$ 47.8	6.7%	na	na	na	na	1.85%
Reliastar	Variable Ann. III	Multi-Sector	Northstar Investment Mgt.	nr	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Investment Grade	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Diversified Income	Putnam Investment Mgt.	nr	nr	nr	nr	nr	nr	nr	nr
SAFECO	Variable Account B	Bond	SAFECO Asset Mgt.	\$18.77	\$ 8.5	4.3%	5.5%	6.4%	4.5%	4.5%	1.98%
SAFECO	Spinnaker Plus	Bond	SAFECO Asset Mgt.	\$18.77	\$ 0.7	4.3%	5.5%	6.4%	4.5%	4.5%	1.98%
SAFECO	Spinnaker	Bond	SAFECO Asset Mgt.	\$18.65	\$ 2.5	4.1%	5.3%	6.3%	4.3%	4.3%	2.13%
SAFECO	Mainsail	Bond	SAFECO Asset Mgt.	\$18.65	\$ 0.1	4.1%	5.3%	6.3%	4.3%	4.3%	2.13%
Security Benefit	Variflex	Hi. Gr. Income	Security Mgt.	\$22.96	\$107.0	5.9%	6.4%	6.8%	4.6%	4.6%	2.03%
Security Benefit	Variflex LS	Hi. Gr. Income	Security Mgt.	\$11.95	\$16.0	5.7%	6.0%	6.6%	4.3%	4.3%	2.23%
Security Benefit	Variflex Signature	Hi. Gr. Income	Security Mgt.	\$11.95	\$0.3	5.7%	6.0%	6.6%	4.3%	4.3%	2.23%
USAA Life	Variable	Income	USAA Invest. Mgt. Co.	\$12.54	\$25.9	7.6%	8.6%	na	na	na	1.50%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12c. Government Bond Funds, Performance & Fees

Insurance Company	Contract Name	Fund Name	Advisor	Accum. Unit Value	Account Assets \$ Mil	Performance Returns thru YTD	1 Yr	3 Yr	5 Yr	Total Expenses
Anchor National	ICAP II	Target '98	Wellington Mgt.	\$19.70	\$ 8.0	2.9%	4.4%	5.5%	3.8%	2.30%
Anchor National	Vista	U.S.Treas.Income	Chase Manhattan Bank	\$11.67	\$ 1.2	4.2%	6.7%	na	na	2.20%
Anchor National	Amer. Pathway II	U.S. Gov't	Capital Research & Mgt.	\$22.23	\$ 83.2	4.2%	7.0%	8.7%	4.8%	1.89%
Equitable Life/IA	Equi-Select	Mtg. Secur.	Equitable Investment Svcs.	na	\$ 15.4	5.6%	6.5%	na	na	1.40%
Fortis Benefits	Opportunity	U.S. Gov't	Fortis Advisers	\$16.75	\$47.3	2.9%	7.8%	7.5%	4.2%	1.88%
Fortis Benefits	Masters	U.S. Gov't	Fortis Advisers	\$16.75	\$87.1	2.9%	7.8%	7.5%	4.2%	1.88%
Jackson National	Perspective	U.S. Gov't Bond	Salomon Bros. Asset Mgt.	\$10.81	\$17.4	5.8%	-0.2%	na	na	2.10%
Lincoln Benefit	Investor's Select	U.S. Gov't Secur.	Federated Advisers	\$11.64	\$ 2.8	4.6%	7.1%	na	na	0.80%
Nationwide	Best of America IV	Gov't Bond	Nationwide Finan. Svc.	\$31.96	\$193.9	5.5%	8.3%	8.1%	5.2%	1.81%
Nationwide	America's Vision	Gov't Bond	Nationwide Finan. Svc.	\$12.04	\$76.0	5.4%	8.2%	8.0%	5.1%	1.91%
Pacific Life	Pacific One	Gov't Securities	PIMCO	\$10.62	\$111.1	5.8%	9.3%	9.1%	6.4%	2.12%
Pacific Life	Pacific Portfolios	Gov't Securities	PIMCO	\$10.62	\$111.1	5.8%	9.3%	9.1%	6.4%	2.12%
Principal Mutual	Variable Annuity	Gov't Securities	Princor Mgt. Corp.	\$12.72	\$ 72.2	na	9.5%	8.4%	5.4%	1.77%
Provident Mutual	Options VIP	Ltd. Matur. Bond	Neuberger & Berman Mgt.	\$541.74	na	4.1%	6.0%	5.2%	3.6%	2.18%
Provident Mutual	VIP 2	Gov't Securities	Federated Advisers	\$570.66	na	\$ 4.7%	7.1%	5.0%	na	2.06%
Prudential	Discovery Plus	Gov't Income	Prudential	\$ 1.83	\$183.8	5.2%	8.1%	na	5.4%	1.66%
Prudential	VIP	Gov't Income	Prudential	\$ 1.83	\$125.2	5.0%	7.8%	na	5.2%	1.66%
Reliastar	Variable Ann. III	Ltd. Marity Bond	Neuberger & Berman	nr	nr	nr	nr	nr	nr	nr
United Life & Ann.	Spectra Direct	U.S. Gov't Bond	Federated Advisers	\$10.87	\$ 1.2	4.7%	7.1%	2.9%	na	0.80%
United Life & Ann.	Spectrum Select	U.S. Gov't. Bond	Federated Advisers	\$10.89	\$ 0.2	4.7%	7.2%	3.0%	na	0.80%
Western National	Elite Plus	U.S. Gov't Sec.	Salomon Bros. Asset Mgt.	\$10.69	\$ 3.6	5.2%	7.7%	na	na	0.60%
WM Life	Cascade	Income	Composite Res. & Mgt.	\$30.70	\$ 18.0	5.9%	8.9%	8.2%	5.3%	1.90%

na= data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12d. High Yield Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97				Total Expenses*
						YTD	1 Yr	3 Yr	5 Yr	
Anchor National	Polaris/Polaris II	Hi Yield Bond	SunAmerica Asset Mgt.	\$14.66	\$ 177.9	11.4%	16.2%	na	na	2.29%
Anchor National	Anchor Advisor	Hi Yield Bond	SunAmerica Asset Mgt.	\$14.66	\$ 5.0	11.4%	16.2%	11.9%	na	2.29%
Anchor National	Amer. Pathway	Hi Yield Bond	SunAmerica Asset Mgt.	\$44.36	\$ 120.8	9.4%	14.0%	12.3%	9.5%	1.88%
Anchor National	ICAP II	Hi Yield	SunAmerica Asset Mgt.	\$25.18	\$ 38.0	8.7%	12.0%	11.4%	9.1%	2.30%
Canada Life	Varifund	High Income	Fidelity Mgt. & Research	\$35.42	\$ 7.1	15.3%	17.4%	14.9%	12.3%	2.11%
Equitable Life/IA	Equi-select	Advantage	Equitable Investment Svcs.	na	\$17.6	4.4%	4.4%	na	na	1.40%
Fortis Benefits	Opportunity	High Yield	Fortis Advisers	\$13.11	\$22.8	5.2%	10.7%	9.9%	na	2.37%
Fortis Benefits	Masters	High Yield	Fortis Advisers	\$13.11	\$29.9	5.2%	10.7%	9.9%	na	2.37%
Jackson National	Perspective	JNL High Yield	PPM America	\$12.54	\$45.0	12.8%	9.5%	na	na	2.30%
Lincoln Benefit	Investor's Select	Hi Income Bond	Federated	\$14.04	\$ 8.3	10.4%	14.8%	na	na	0.80%
National Life/VT	Sentinel Advantage	High Income	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr	nr
Nationwide	Best of America IV	High Income	Fidelity Mgt. & Research	\$28.34	\$422.7	15.4%	17.5%	15.1%	12.4%	2.01%
Nationwide	America's Vision	High Income	Fidelity Mgt. & Research	\$15.18	\$376.2	15.3%	17.4%	14.9%	12.3%	2.11%
Ohio National	TOP Explorer	High Income	Fidelity Mgt. & Research	\$11.62	\$ 0.4	15.8%	17.9%	15.2%	12.5%	.71%
Pacific Life	Pacific One	High Yield Bond	Pacific Life	\$11.79	\$282.1	8.7%	13.1%	12.9%	11.9%	2.11%
Pacific Life	Pacific Portfolios	High Yield Bond	Pacific Life	\$11.79	\$282.1	8.7%	13.1%	12.9%	11.9%	2.11%
Penn Mutual	Diversifier II	High Yield Bond	T. Rowe Price	\$32.81	\$ 40.0	12.1%	15.7%	11.6%	9.8%	2.09%
Penn Ins. & Ann.	Pennant	High Yield Bond	T. Rowe Price	\$13.79	\$ 6.7	12.0%	15.5%	11.4%	9.6%	2.24%
Provident Mutual	Options VIP	High Income	Fidelity Mgt. & Research	\$783.23	na	15.1%	17.1%	14.7%	12.1%	2.11%
Provident Mutual	VIP 2	High Income	Fidelity Mgt. & Research	\$783.23	na	15.1%	17.1%	14.7%	12.1%	2.11%
Prudential	Discovery Plus	High Yield Bond	Prudential	\$2.28	\$174.1	11.3%	12.7%	na	10.4%	1.83%
Prudential	Discovery Preferred	High Yield Bond	Prudential	\$1.25	\$ 23.0	11.1%	12.5%	na	na	2.03%
Prudential	VIP	High Yield Bond	Prudential	\$2.28	\$103.8	11.0%	12.4%	na	10.1%	1.83%
Prudential	Discovery Select	High Yield Bond	Prudential	\$1.25	\$ 66.3	11.0%	na	na	na	2.03%
Reliastar	Variable Ann. III	High Income	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr	nr
SAFECO	Spinnaker Plus	Hi Inc. Bond II	Federated Investors	\$12.08	\$ 0.4	10.5%	14.9%	13.4%	na	2.05%
SAFECO	Spinnaker	Hi Inc. Bond II	Federated Investors	\$12.03	\$ 2.1	10.4%	14.8%	13.0%	na	2.20%
SAFECO	Mainsail	Hi Inc. Bond II	Federated Investors	\$12.03	\$ 0.2	10.4%	14.8%	13.0%	na	2.20%
Security Benefit	Variflex LS	High Yield	Security Mgt.	\$11.57	\$ 0.7	9.3%	13.2%	na	na	1.68%
Security Benefit	Variflex Signature	High Yield	Security Mgt.	\$11.57	\$ 0.4	9.3%	13.2%	na	na	1.68%
United Life & Ann	Spectra Direct	Hi Income Bond II	Federated Advisers	\$12.58	\$ 2.7	10.2%	14.4%	9.1%	na	0.80%
United Life & Ann	Spectra Select	Hi Income Bond II	Federated Advisers	\$12.60	\$ 0.4	10.2%	14.5%	9.1%	na	0.80%

na= data not available; nr= did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12e. Aggressive Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97 YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Anchor National	Polaris/Polaris II	Aggr. Growth	SunAmerica Asset Mgt.	\$12.59	\$104.3	20.6% 26.7% na na	2.57%
Anchor National	Polaris/Polaris II	Cap. Apprec.	SunAmerica Asset Mgt.	\$22.13	\$609.1	26.1% 25.7% 25.9% 22.4%	2.27%
Anchor National	Anchor Advisor	Cap. Apprec.	SunAmerica Asset Mgt.	\$22.13	\$10.3	26.1% 25.7% 26.0% 22.5%	2.27%
Anchor National	Anchor Advisor	Aggr. Growth	SunAmerica Asset Mgt.	\$12.59	\$4.2	20.6% 26.7% na na	2.57%
Anchor National	ICAP II	Cap. Apprec.	SunAmerica Asset Mgt.	\$44.66	\$190.7	26.2% 25.8% 26.1% 22.5%	2.20%
Canada LIC	VariFund	Small Cap	Fred Alger Mgt.	\$48.15	\$5.3	17.6% 12.9% 20.8% 16.6%	2.35%
Fortis Benefits	Masters	Aggr. Growth	Fortis Advisers	\$13.60	\$41.8	9.5% -8.8% 12.2% na	2.02%
Fortis Benefits	Opportunity	Aggr. Growth	Fortis Advisers	\$13.60	\$45.9	9.5% -8.8% 12.2% na	2.02%
Jackson National	Perspective	Aggr. Growth	Warren Lammet	\$13.79	\$66.4	16.7% 8.6% na na	2.50%
Lincoln Benefit	Investor's Select	Aggr. Growth	Janus Capital	\$17.00	\$22.4	9.5% 6.1% na na	0.76%
Manulife Financial	Lifestyle	Emerg. Growth	Warburg Pincus Counsellors	nr	nr	nr nr nr nr	nr
National Life	Sentinel Advantage	Aggr. Growth	Sentinel Advisors	nr	nr	nr nr nr nr	nr
Nationwide	Best of America IV	Small Co. Fund	Neuberger & Berman	\$17.10	\$144.5	23.6% 26.7% na na	2.40%
Nationwide	America's Vision	Small Co. Fund	Neuberger & Berman	\$17.07	\$143.6	23.5% 26.6% na na	2.50%
Nationwide	Best of America IV	Capital Apprec.	Nationwide	\$23.13	\$171.8	28.7% 40.1% 26.0% 17.5%	1.82%
Nationwide	America's Vision	Capital Apprec.	Nationwide	\$20.48	\$128.8	28.6% 39.9% 25.9% 17.4%	1.92%
Ohio National	TOP Explorer	Capital Apprec.	T. Rowe Price	\$14.92	\$0.7	12.1% 17.4% 15.4% na	0.97%
Ohio National	TOP Explorer	Core Growth	Pilgrim Baxter & Assoc.	\$10.66	\$0.5	6.7% na na na	1.55%
Ohio National	TOP Explorer	Small Cap	Founders Asset Mgt.	\$17.61	\$1.0	17.5% 19.8% 21.8% na	0.96%
Ohio National	TOP Explorer	Aggr. Growth	Strong Capital Mgmt.	\$13.53	\$0.2	21.3% 25.0% na na	1.01%
Ohio National	TOP	Capital Apprec.	T. Rowe Price	\$16.28	\$2.1	12.4% 17.8% 15.8% na	0.97%
Ohio National	TOP	Small Cap.	Founders Asset Mgmt.	\$21.84	\$13.4	17.9% 20.3% 22.2% na	0.96%
Ohio National	TOP	Aggr. Growth	Strong Capital Mgmt.	\$15.32	\$3.6	21.6% 26.1% na na	1.01%
Ohio National	TOP	Core Growth	Pilgrim Baxter	\$10.70	na	7.0% na na na	1.55%
Ohio National	TOP Plus	Cap. Apprec.	T. Rowe Price	\$16.28	\$13.2	12.1% 17.5% 15.5% na	0.97%

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Variable Annuities Update

Table 12e. Aggressive Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD	1 Yr	3 Yr	5 Yr	Total Expenses*
Ohio National	TOP Plus	Small Cap.	Founders Asset Mgmt.	\$21.61	\$ 14.1	17.6%	19.9%	21.9%	na	0.96%
Ohio National	TOP Plus	Aggr. Growth	Strong Capital Mgmt.	\$15.20	\$ 3.4	21.4%	25.7%	na	na	1.01%
Ohio National	TOP Plus	Core Growth	Pilgrim Baxter	\$10.67	\$ 2.5	6.7%	na	na	na	1.55%
Ohio National	TOP Spectrum	Aggr. Growth	Strong Capital Mgmt.	\$12.18	\$ 0.04	21.2%	25.5%	na	na	1.01%
Ohio National	TOP Spectrum	Cap. Apprec.	T. Rowe Price	\$11.20	\$ 0.4	12.0%	17.2%	15.2%	na	0.97%
Ohio National	TOP Spectrum	Small Cap.	Founders Asset Mgmt.	\$11.92	\$ 0.1	17.4%	19.6%	21.6%	na	0.97%
Ohio National	TOP Spectrum	Stellar	Star Bank	\$10.91	\$ 0.01	9.1%	na	na	na	1.35%
Pacific Life	Pacific One	Aggr. Equity	Columbus Circle Investors	\$11.9	\$127.6	12.7%	11.9%	na	na	2.42%
Pacific Life	Pacific Portfolios	Aggr. Equity	Columbus Circle Investors	\$11.9	\$127.6	12.7%	11.9%	na	na	2.42%
Penn Mutual	Diversifier II	VP Cap. Apprec.	American Century	\$14.62	\$ 23.6	10.1%	-0.03%	10.8%	8.7%	2.25%
Penn Mutual	Diversifier II	Emerg. Growth	Independence Capital	\$15.47	\$ 2.5	na	na	na	na	2.40%
Penn Ins. & Ann.	Pennant	VP Cap. Apprec.	American Century	\$13.30	\$ 4.2	10.0%	-0.2%	10.6%	8.6%	2.40%
Penn Ins. & Ann.	Pennant	Emerg. Growth	Independence Capital	\$15.46	\$ 1.4	na	na	na	na	2.55%
Phoenix Mutual	Big Edge Choice	U.S. Small Cap	Wanger Asset Mgmt.	\$1.79	\$55.0	30.4%	39.9%	na	na	2.46%
Phoenix Mutual	Big Edge Plus	U.S. Small Cap	Wanger Asset Mgmt.	\$2.18	\$173.2	30.7%	40.4%	na	na	2.46%
Principal Mutual	Variable Annuity	Aggr. Growth	Morgan Stanley	\$22.92	\$126.8	na	35.1%	30.7%	28.3%	2.10%
Principal Mutual	Variable Annuity	Emerg. Growth	Princor Mgt.	\$19.61	\$179.3	na	35.1%	24.0%	21.3%	1.91%
Provident Mutual	Options VIP	Aggr. Growth	Sentinel Advisors	\$827.06	na	18.4%	22.7%	16.7%	12.7%	2.08%
Provident Mutual	Options VIP	Capital Apprec.	Amer. Century Invest. Mgt.	\$532.08	na	9.8%	-0.5%	10.4%	8.5%	2.40%
Provident Mutual	VIP 2	Aggr. Growth	Sentinel Advisors	\$827.06	na	18.4%	22.7%	16.7%	12.7%	2.08%
Provident Mutual	VIP 2	Quest Small Cap	OpCap Advisors	\$830.59	\$19.19	23.7%	31.2%	17.6%	na	2.33%
Prudential	Discovery Plus	Small Cap.	Prudential	\$1.80	\$ 88.6	27.8%	34.3%	na	na	1.76%
Prudential	Discovery Plus	Jennison	Prudential	\$1.88	\$ 116.8	33.9%	38.9%	na	na	1.86%
Prudential	Discovery Preferred	Jennison	Prudential	\$1.52	\$ 46.7	33.7%	38.6%	na	na	2.06%
Prudential	Discovery Preferred	Small Cap	Prudential	\$1.57	\$ 25.3	27.7%	34.1%	na	na	1.96%
Prudential	VIP	Small Cap	Prudential	\$1.80	\$ 57.6	27.6%	34.0%	na	na	1.76%

na—data not available; nr—did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12e. Aggressive Growth Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	V/A Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Prudential	VIP	Jennison	Prudential	\$1.88	\$ 80.6	33.6% 38.6% na na	1.86%
Prudential	Discovery Select	Emerg. Grwth	Mass. Finan. Svc.	\$1.19	\$ 40.8	24.6% na na na	2.40%
Prudential	Discovery Select	Jennison	Prudential	\$1.52	\$ 59.6	33.6% na na na	2.06%
Prudential	Discovery Select	Small Cap.	OpCap Advisors	\$1.30	\$ 28.3	23.9% na na na	2.42%
Reliastar	Variable Ann. III	Voyager	Putnam Investment Mgt.	nr	nr	nr nr nr	nr
Reliastar	Variable Ann. III	Aggress. Gwth	Janus Capital	nr	nr	nr nr nr	nr
Reliastar	Variable Ann. III	Small Cap	OpCap Advisors	nr	nr	nr nr nr	nr
Reliastar	Variable Ann. III	Amer. Small Cap. Fred Alger Management		nr	nr	nr nr nr	nr
Reliastar	Variable Ann. III	New Opportun.	Putnam Investment Mgt.	nr	nr	nr nr nr	nr
SAFECO	Variable Account B	Growth	SAFECO Mgt.	\$37.69	\$ 66.0	39.2% 50.8% 37.5% na	2.04%
SAFECO	Spinnaker Plus	Growth	SAFECO Mgt.	\$37.69	\$ 11.7	39.2% 50.8% 37.5% na	2.04%
SAFECO	Spinnaker	Growth	SAFECO Mgt.	\$37.44	\$ 67.3	39.0% 50.6% 37.3% na	2.19%
SAFECO	Mainsail	Growth	SAFECO Mgt.	\$37.44	\$ 4.5	39.0% 50.6% 37.3% na	2.19%
SAFECO	Mainsail	U.S. Small Cap	Wanger Asset. Mgt.	\$21.85	\$ 2.0	30.4% 39.9% na na	2.61%
Security Benefit	Variflex	Emerging Growth	Security Management Co.	\$21.84	\$196.0	21.1% 20.1% 19.0% 16.9%	2.04%
Security Benefit	Variflex LS	Emerging Growth	Security Management Co.	\$16.74	\$18.0	21.0% 19.8% 18.8% 16.7%	2.24%
Security Benefit	Variflex Signature	Emerging Growth	Security Management Co.	\$16.74	\$0.60	21.0% 19.8% 18.8% 16.7%	2.24%
United Life & Ann	Spectra Direct	Emerging Growth	Mass. Financial Services	\$14.60	\$ 6.9	24.4% 21.8% na na	1.00%
United Life & Ann	Spectra Select	Emerging Growth	Mass. Financial Services	\$14.62	\$ 0.8	24.5% 21.9% na na	1.00%
USAA Life	Variable	Aggr. Gwth	USAA Invest. Mgt. Co.	\$13.47	\$ 48.3	25.6% na na na	1.85%
Western National	Elite Plus	Emerg. Gwth	Van Kampen Amer. Cap.	\$14.70	\$ 5.0	25.7% 20.7% na na	0.87%

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Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD	1 Yr	3 Yr	9/30/97 5 Yr	Total Expenses*
Anchor National	Seasons	Gwth Strategy	SunAmerica Asset Mgt.	\$12.01	\$ 30.1	20.1%	na	na	na	2.65%
Anchor National	Polaris/Polaris II	Federated Value	Federated Investors	\$13.67	\$ 49.2	27.3%	35.7%	na	na	2.57%
Anchor National	Polaris/Polaris II	Venture Value	Davis Selected Advs.	\$21.75	\$1,058.4	32.2%	46.4%	na	na	2.37%
Anchor National	Polaris/Polaris II	Alliance Growth	Alliance Capital Mgt.	\$25.45	\$683.4	33.3%	48.5%	34.5%	na	2.23%
Anchor National	Polaris/Polaris II	Growth	Wellington	\$20.33	\$213.1	27.1%	35.0%	23.9%	16.4%	2.33%
Anchor National	Polaris/Polaris II	Growth	Phoenix Invest. Counsel	\$17.74	\$217.5	20.9%	27.3%	20.8%	na	2.26%
Anchor National	Polaris/Polaris II	Growth	Putnam Investment Mgt.	\$18.16	\$222.0	26.8%	29.5%	21.7%	na	2.42%
Anchor National	Anchor Advisor	Growth	Alliance Capital Mgt.	\$25.45	\$ 13.8	33.3%	48.5%	34.6%	na	2.23%
Anchor National	Anchor Advisor	Federated Value	Federated Investors	\$13.67	\$ 2.9	27.3%	35.7%	na	na	2.57%
Anchor National	Anchor Advisor	Venture Value	Davis Selected Advs.	\$21.75	\$ 24.9	32.2%	46.4%	na	na	2.37%
Anchor National	Anchor Advisor	Growth	Wellington	\$20.33	\$ 5.3	27.1%	35.0%	24.0%	16.5%	2.33%
Anchor National	Amer. Pathway II	Growth	Capital Research & Mgt.	\$81.93	\$862.2	30.0%	36.9%	24.6%	20.6%	1.85%
Anchor National	ICAP II	Growth	Wellington	\$53.48	\$247.0	27.3%	35.2%	24.1%	16.5%	2.20%
Anchor National	Vista	Capital Gwth	Chase Manhattan Bank	\$18.40	\$ 9.5	20.4%	25.7%	na	na	2.30%
Canada Life	VariFund	Growth	Fidelity Mgt. & Research	\$43.92	\$ 9.9	23.2%	25.3%	23.8%	19.7%	2.19%
Canada Life	VariFund	Growth	Montgomery Asset Mgt.	\$12.23	\$ 0.2	16.0%	17.4%	na	na	2.85%
Canada Life	VariFund	Value Equity	CL Capital Mgt.	\$22.83	\$ 5.1	25.0%	30.2%	17.2%	12.8%	2.30%
Canada Life	VariFund	Capital	J & W Seligman	\$18.75	\$ 3.6	21.2%	20.8%	20.6%	na	2.30%
Canada Life	VariFund	Frontier	J & W Seligman	\$20.58	\$ 5.3	21.5%	19.3%	na	na	2.35%
Canada Life	VariFund	Leveraged Allcap	Fred Alger Mgt.	\$23.89	\$ 0.6	25.6%	25.2%	na	na	2.40%
Canada Life	VariFund	Growth	Fred Alger Mgt.	\$45.18	\$ 1.5	28.9%	33.0%	25.8%	21.7%	2.30%
Canada Life	VariFund	Midcap Growth	Fred Alger Mgt.	\$25.74	\$ 1.5	22.7%	24.3%	25.9%	na	2.30%
Canada Life	VariFund	Soc. Resp. Gwth	Dreyfus	\$27.06	\$ 1.3	27.4%	33.1%	26.4%	na	2.67%
Charter National	Scudder Horizon	Capital Growth	Scudder, Stevens & Clark	\$46.39	\$131.2	37.0%	46.2%	27.0%	19.6%	1.23%

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Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Equitable Life/IA	Equi-Select	OTC	Mass. Financial Services	na	\$ 96.3	28.5% 21.3% na na	1.40%
Equitable Life/IA	Equi-Select	Research	Mass. Financial Services	na	\$ 203.4	28.9% 26.6% na na	1.40%
Equitable Life/IA	Equi-Select	Value & Gwth	Robertson, Stephens Inv. Mgt.	na	\$ 66.1	46.6% 40.7% na na	1.40%
Fortis Benefits	Opportunity	Blue Chip Stock	Fortis Advisers	\$14.09	\$ 24.2	7.2% 30.5% na na	2.22%
Fortis Benefits	Opportunity	Growth	Fortis Advisers	\$3.51	\$277.6	11.0% 19.2% 19.3% 14.4%	2.55%
Fortis Benefits	Opportunity	Value Series	Fortis Advisers	\$13.24	\$ 18.0	6.3% 27.0% na na	2.14%
Fortis Benefits	Masters	Blue Chip Stock	Fortis Advisers	\$14.09	\$ 22.7	7.2% 30.5% na na	2.22%
Fortis Benefits	Masters	Growth	Fortis Advisers	\$3.51	\$279.3	11.0% 19.2% 19.3% 14.4%	2.55%
Fortis Benefits	Masters	Value Series	Fortis Advisers	\$13.24	\$ 19.8	6.3% 27.0% na na	2.14%
Jackson National	Perspective	Capital Growth	Janus Capital	\$13.25	\$64.9	12.8% -1.6% na na	2.50%
Jackson National	Perspective	Growth	Fred Alger Mgt.	\$14.34	\$74.0	30.5% 25.7% na na	2.53%
Jackson National	Perspective	Midcap Growth	T. Rowe Price	\$14.76	\$105.5	18.5% 14.3% na na	2.50%
Jackson National	Perspective	Value Equity	PPM America	\$15.69	\$ 80.0	22.1% 24.6% na na	2.30%
Jackson National	Perspective	Estab. Growth	T. Rowe Price	\$15.59	\$ 96.2	25.8% 24.1% na na	2.40%
Lincoln Benefit	Investor's Select	Growth	Fidelity Mgt. & Research	\$18.13	\$ 31.2	22.8% 25.4% na na	0.69%
London Pacific	Regency	Divers. Gwth	Robertson Stephens & Co.	\$12.46	\$ 2.4	20.4% 6.0% na na	2.89%
London Pacific	Regency	Growth	Strong Capital Mgt.	\$15.99	\$ 2.1	26.7% 28.7% na na	2.79%
London Pacific	Regency	Value	Harris Associates	\$15.13	\$ 2.1	24.8% 38.8% na na	2.79%
London Pacific	Regency	Corp. Leaders	Lexington Mgt. Corp.	\$14.16	\$ 1.6	23.0% 31.9% na na	2.79%
National Life	Sentinel Advantage	Growth	Fred Alger Mgmt.	nr	nr	nr nr nr nr	nr
Nationwide	Best of America IV	Growth	Neuberger & Berman	\$38.86	\$369.8	30.6% 36.1% 21.6% 14.5%	2.22%
Nationwide	America's Vision	Growth	Neuberger & Berman	\$17.25	\$110.7	30.5% 35.9% 21.4% 14.3%	2.32%
Ohio National	TOP Explorer	Equity	Ohio Nat'l Investments	\$17.40	\$ 1.3	22.2% 28.3% 21.2% 16.7%	0.74%
Ohio National	TOP Explorer	Growth	Fidelity Mgt. & Research	\$12.63	\$ 0.5	22.8% 24.9% 23.8% 19.7%	0.69%

na = data not available; nr = did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	V/A Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Ohio National	TOP	Equity	Ohio Nat'l Investments	\$18.44	\$ 20.9	22.6% 28.8% 21.7% 17.1%	0.74%
Ohio National	TOP Plus	Equity	Ohio Nat'l Investments	\$53.96	\$135.0	22.3% 28.4% 21.3% 16.7%	0.74%
Ohio National	Top Spectrum	Equity	Ohio Nat'l Investments	\$12.16	\$ 0.4	22.1% 28.2% 21.1% 16.5%	0.74%
Pacific Life	Pacific One	Equity	Greenwich St. Advisors	\$15.38	\$330.8	23.4% 24.4% 25.0% 19.7%	2.14%
Pacific Life	Pacific Portfolios	Equity	Greenwich St. Advisors	\$15.38	\$330.8	23.4% 24.4% 25.0% 19.7%	2.14%
Pacific Life	Pacific One	Growth LT	Janus	\$13.12	\$649.3	14.2% 14.7% 23.8% na	2.27%
Pacific Life	Pacific Portfolios	Growth LT	Janus	\$13.12	\$649.3	14.2% 14.7% 23.8% na	2.27%
Penn Mutual	Diversifier II	Growth Equity	Independence Capital	\$48.64	\$ 117.6	26.2% 32.2% 23.6% 15.1%	2.05%
Penn Mutual	Diversifier II	Growth	Fidelity Mgt. & Research	\$17.27	\$ 52.3	23.3% 25.5% 24.0% 19.9%	1.92%
Penn Mutual	Diversifier II	AMT Partners	Neuberger & Berman	\$12.53	\$ 4.2	31.0% 45.1% 30.7% na	2.20%
Penn Mutual	Diversifier II	Small Cap.	OpCap Advisors	\$16.48	\$ 16.3	24.8% 31.9% na na	2.24%
Penn Ins. & Ann.	Pennant	Growth Equity	Independence Capital	\$17.48	\$ 5.8	26.0% 32.0% 23.4% 15.0%	2.20%
Penn Ins. & Ann.	Pennant	Growth	Fidelity Mgt. & Research	\$18.22	\$ 23.3	23.2% 25.2% 23.8% 19.7%	2.07%
Penn Ins. & Ann.	Pennant	Small Cap.	OpCap Advisors	\$16.40	\$ 9.7	24.6% 31.7% na na	2.39%
Phoenix Home Life	Big Edge Choice	Growth	Phoenix Invest. Council	\$1.43	\$ 99.9	19.3% 24.4% 18.6% 16.2%	1.97%
Phoenix Home Life	Big Edge Choice	Strategic Theme	Phoenix Invest. Council	\$1.34	\$11.5	24.4% 23.1% na na	2.25%
Phoenix Home Life	Big Edge Choice	Templeton Stock	Phoenix Invest. Council	\$ 1.15	\$ 3.7	21.6% 32.2% 19.8% 18.6%	2.13%
Phoenix Home Life	Big Edge Plus	Growth	Phoenix Invest. Council	\$10.74	\$1,056.7	19.6% 24.9% 19.0% 17.2%	1.97%
Phoenix Home Life	Big Edge Plus	Strategic Theme	Phoenix Invest. Council	\$ 1.35	\$ 29.4	24.0% 22.7% na na	2.25%
Phoenix Home Life	Big Edge Plus	Templeton Stock	Phoenix Invest. Council	\$ 1.17	\$ 6.3	21.9% 32.7% 20.2% 19.1%	2.13%
Principal Mutual	Variable Annuity	Capital Accum.	Princor	\$19.86	\$170.1	na 31.3% 23.4% 16.8%	1.74%
Principal Mutual	Variable Annuity	Growth	Princor	\$17.84	\$132.2	na 27.7% 19.4% 18.5%	1.77%
Provident Mutual	Options VIP	Mkt. St. Gwth	Sentinel Advisors	\$917.38	na	18.1% 29.2% 20.5% 14.0%	1.90%
Provident Mutual	Options VIP	Growth	Fidelity Mgt. & Research	\$916.35	na	23.0% 25.0% 23.6% 19.6%	2.07%
Provident Mutual	VIP 2	Growth	Fidelity Mgt. & Research	\$917.38	na	18.1% 29.2% 20.5% 14.0%	1.90%
Provident Mutual	VIP 2	Mkt. St. Gwth	Sentinel Advisors	\$916.35	na	23.0% 25.0% 23.6% 19.6%	2.07%
Prudential	Discovery Plus	Equity	Prudential	\$7.11	\$1,179.3	25.1% 35.7% na 19.7%	1.70%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12f. Growth Funds, Performance & Fees, Cont'd.

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru			Total Expenses*
						YTD	1 Yr	3 Yr	5 Yr
Prudential	Discovery Preferred	Equity	Prudential	\$1.51	\$ 123.5	24.9%	23.4%	na	na
Prudential	VIP	Equity	Prudential	\$7.11	\$1,349.9	24.9%	35.4%	na	19.4%
Prudential	Discovery Select	Growth	Janus Aspen	\$1.24	\$ 39.6	22.7%	na	na	na
Prudential	Discovery Select	Research Series	Mass. Finan. Svc.	\$1.25	\$ 30.8	21.5%	na	na	na
Prudential	Discovery Select	Equity	Prudential	\$1.51	\$ 118.1	24.9%	na	na	na
Prudential	Discovery Select	AIM VI Value	AIM Advisors	\$1.30	\$ 34.7	24.3%	na	na	na
Prudential	Discovery Select	Post Vent. Capital	Warburg Pincus	\$1.12	\$ 10.0	17.3%	na	na	na
Reliastar	Variable Ann. III	Growth	Northstar Invest. Mgt.	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Growth	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Contrafund	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Growth	Janus Capital	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Amer. Growth	Fred Alger Management	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Amer. Midcap	Fred Alger Management	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Partners	Neuberger & Berman	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Equity	Opcap Advisors	nr	nr	nr	nr	nr	nr
Security Benefit	Variflex	Growth	Security Management Co.	\$57.38	\$895.0	25.4%	31.8%	26.4%	19.9%
Security Benefit	Variflex LS	Growth	Security Management Co.	\$20.00	\$ 57.0	25.2%	31.5%	26.2%	19.7%
Security Benefit	Variflex Signature	Growth	Security Management Co.	\$20.00	\$ 2.0	25.2%	31.5%	26.2%	19.7%
Security Benefit	Variflex LS	Value	Security Management Co.	\$12.95	\$ 0.5	28.6%	na	na	na
Security Benefit	Variflex Signature	Value	Security Management Co.	\$12.95	\$ 0.6	28.6%	na	na	na
USAA Life	Variable	Capital Gwth	Scudder, Stevens & Clark	\$20.34	\$ 20.4	29.9%	36.7%	na	27.0%
USAA Life	Variable	American Gwth	Fred Alger Mgt. Co.	\$18.94	\$ 32.4	22.7%	25.6%	na	23.8%
United Life & Ann	Spectra Direct	American Gwth	Fred Alger Advisors	\$14.41	\$ 5.4	28.6%	32.6%	23.9%	18.5%
United Life & Ann	Spectra Select	American Gwth	Fred Alger Advisors	\$14.43	\$ 0.7	28.7%	32.7%	24.0%	18.6%
Western National	Elite Plus	Growth Equity	State St. Global Advisors	\$15.92	\$ 6.3	29.0%	39.4%	na	na

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Variable Annuities Update

Table 12g. Growth & Income Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance YTD	Returns thru 1 Yr	3 Yr	9/30/97 5 Yr	Total Expenses*
Anchor National	Seasons	Mod. Gwth Strategy	SunAmerica Asset Mgt.	\$11.84	\$ 29.3	18.4%	na	na	na	2.61%
Anchor National	Seasons	Bal. Gwth Strategy	SunAmerica Asset Mgt.	\$11.49	\$ 21.8	14.9%	na	na	na	2.57%
Anchor National	Seasons	Cons. Gwth Strategy	SunAmerica Asset Mgt.	\$11.29	\$ 15.7	12.9%	na	na	na	2.52%
Anchor National	Polaris/Polaris II	Gwth & Income	Alliance Capital Mgt.	\$21.56	\$582.4	30.7%	43.5%	27.7%	na	2.24%
Anchor National	Anchor Advisor	Gwth & Income	Alliance Capital Mgt.	\$21.56	\$ 15.5	30.7%	43.5%	27.8%	na	2.24%
Anchor National	Amer. Pathway II	Gwth & Income	Capital Research & Mgt.	\$69.81	\$972.2	24.8%	32.8%	23.9%	17.4%	1.85%
Anchor National	ICAP II	Gwth & Income	Wellington Mgt.	\$28.16	\$ 42.2	24.1%	30.6%	16.4%	14.2%	2.30%
Anchor National	Vista	Gwth & Income	Chase Manhattan Bank	\$18.27	\$ 13.5	26.9%	33.9%	na	na	2.30%
Canada Life	VariFund	Gwth & Income	Dreyfus Corp.	\$26.04	\$ 5.6	15.4%	16.6%	27.2%	na	2.32%
Canada Life	VariFund	Index 500	Fidelity Mgt. & Research	\$119.48	\$ 5.3	27.8%	37.9%	27.8%	18.8%	1.68%
Charter National	Scudder Horizon	Gwth & Income	Scudder, Stevens & Clark	\$26.64	\$103.9	28.6%	39.2%	25.7%	na	1.31%
Equitable Life/IA	Equi-Select	Growth & Income	Robertson Stephens	na	\$ 107.1	37.9%	36.2%	na	na	1.40%
Equitable Life/IA	Equi-Select	Total Return	Mass. Financial Services	na	\$ 138.1	22.4%	22.8%	na	na	1.40%
Fortis Benefits	Opportunity	Gwth & Income	Fortis Advisers	\$18.92	\$ 114.6	7.3%	33.0%	22.9%	na	1.89%
Fortis Benefits	Opportunity	S&P 500	Fortis Advisers	\$14.45	\$ 34.8	7.0%	37.3%	na	na	2.48%
Fortis Benefits	Masters	Gwth & Income	Fortis Advisers	\$18.92	\$ 86.3	7.3%	33.0%	22.9%	na	1.89%
Fortis Benefits	Masters	S&P 500	Fortis Advisers	\$14.45	\$ 29.6	7.0%	37.3%	na	na	2.48%
Jackson National	Perspective	Growth	JNL/Putnam	\$15.43	\$ 66.7	18.0%	13.5%	na	na	2.30%
Manulife Financial	Lifestyle	Quant. Equity	Manufacturers Adviser	nr	nr	nr	nr	nr	nr	nr
National Life/VT	Sentinel Advantage	Mkt. St. Comm. Ssk.	Sentinel Advisers, Inc.	nr	nr	nr	nr	nr	nr	nr
Nationwide	Best of America IV	Total Return	Nationwide Finan. Svc.	\$79.77	\$604.7	27.2%	37.5%	23.8%	17.4%	1.82%
Nationwide	America's Vision	Total Return	Nationwide Finan. Svc.	\$19.55	\$356.5	27.1%	37.4%	23.6%	17.3%	1.92%
Nationwide	Best of America IV	Equity Income	Fidelity Mgt. & Research	\$34.87	\$1,513.0	24.4%	32.2%	22.7%	19.9%	1.88%
Nationwide	America's Vision	Equity Income	Fidelity Mgt. & Research	\$20.07	\$974.2	24.3%	32.1%	22.6%	19.8%	1.98%
Ohio National	TOP	Gwth & Income	Robertson Stephens	\$13.68	\$ 2.5	36.8%	na	na	na	1.40%
Ohio National	TOP	S&P 500	Ohio Nat'l Investments	\$12.79	\$ 2.8	27.9%	na	na	na	0.60%
Ohio National	TOP Plus	Gwth & Income	Robertson Stephens	\$ 13.68	\$ 2.4	36.5%	na	na	na	1.40%
Ohio National	TOP Plus	S&P 500	Ohio Nat'l Investments	\$ 12.79	\$ 2.1	27.6%	na	na	na	0.60%

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Variable Annuities Update

Table 12g. Growth & Income Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	V/A Assets \$ Mil	Performance Returns thru 9/30/97	Total Expenses*
						YTD 1 Yr 3 Yr 5 Yr	
Ohio National	TOP Explorer	Equity Income	Fidelity Mgt. & Research	\$13.64	\$ 1.1	23.9% 31.8% 22.3% 19.7%	0.58%
Ohio National	TOP Explorer	Gwth & Income	Robertson Stephens	\$13.64	\$ 0.7	36.4% na na na	1.40%
Ohio National	TOP Explorer	S&P 500	Ohio Nat'l Investments	\$12.75	\$ 0.1	31.8% na na na	0.60%
Ohio National	TOP Spectrum	Relative Value	Star Bank	\$12.30	\$ 0.1	23.0% na na na	1.15%
Ohio National	TOP Spectrum	Strategic Income	Star Bank	\$10.55	\$ 0.1	5.5% na na na	1.15%
Pacific Life	Pacific One	Equity Income	J.P. Morgan Investment	\$15.02	\$752.0	30.2% 41.4% 25.8% 18.7%	2.15%
Pacific Life	Pacific Portfolios	Equity Income	J.P. Morgan Investment	\$15.02	\$752.0	30.2% 41.4% 25.8% 18.7%	2.15%
Pacific Life	Pacific One	Equity Index	Bankers Trust Co.	\$15.31	\$749.0	29.3% 39.9% 29.4% 20.2%	1.71%
Pacific Life	Pacific Portfolios	Equity Income	Bankers Trust Co.	\$15.31	\$749.0	29.3% 39.9% 29.4% 20.2%	1.71%
Penn Mutual	Diversifier II	Equity Income	Fidelity Mgt. & Research	\$16.74	\$ 52.7	24.4% 32.2% 22.5% 19.8%	1.81%
Penn Mutual	Diversifier II	Value Equity	OpCap Advisors	\$37.15	\$198.1	20.6% 28.8% 25.6% 17.5%	2.03%
Penn Mutual	Diversifier II	Index 500	Fidelity Mgt. & Research	\$11.87	\$ 5.1	28.2% 38.4% 28.3% 19.3%	1.53%
Penn Ins. & Ann.	Pennant	Equity Income	Fidelity Mgt. & Research	\$17.64	\$ 27.9	24.3% 32.0% 22.3% 19.6%	1.96%
Penn Ins. & Ann.	Pennant	Value Equity	OpCap Advisors	\$18.79	\$ 30.1	20.4% 28.6% 25.4% 17.3%	2.18%
Penn Ins. & Ann.	Pennant	Index 500	Fidelity Mgt. & Research	\$11.86	\$ 2.7	28.1% 38.2% 28.2% 19.2%	1.68%
Provident Mutual	Options VIP	Equity Income	Fidelity Mgt. & Research	\$95.49	na	24.0% 31.8% 22.4% 19.7%	1.96%
Provident Mutual	Options VIP	Index 500	Fidelity Mgt. & Research	\$1,062.86	na	27.6% 37.6% 27.6% 18.6%	1.68%
Provident Mutual	VIP 2	Equity Income	Fidelity Mgt. & Research	nr	nr	nr nr nr nr	nr
Provident Mutual	VIP 2	Gwth & Income	Dreyfus Corp.	\$890.86	na	15.1% 16.3% 28.0% na	2.06%
Provident Mutual	VIP 2	Gwth & Income	Scudder, Stevens & Clark	\$908.44	na	27.7% 37.9% 24.7% na	2.06%
Prudential	Discovery Plus	Equity Income	Prudential	\$4.11	\$821.6	35.0% 48.9% na 19.7%	1.65%
Prudential	Discovery Plus	Stock Index	Prudential	\$3.72	\$459.2	28.1% 38.2% na 18.9%	1.60%
Prudential	Discovery Preferred	Equity Income	Prudential	\$1.66	\$ 50.3	34.8% 48.6% na na	1.85%
Prudential	Discovery Preferred	Stock Index	Prudential	\$1.45	\$ 42.6	27.9% 37.9% na na	1.80%
Prudential	VIP	Equity Income	Prudential	\$4.11	\$401.3	34.7% 48.6% na 19.4%	1.65%
Prudential	VIP	Stock Index	Prudential	\$3.72	\$459.0	27.9% 37.9% na 18.7%	1.60%
Prudential	Discovery Select	Equity Income	T. Rowe Price	\$1.28	\$ 70.9	34.7% na na na	2.25%
Prudential	Discovery Select	Equity Income	Prudential	\$1.66	\$ 70.9	34.7% na na na	1.85%

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Variable Annuities Update

Table 12g. Growth & Income Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance YTD	Returns thru 1 Yr	3 Yr	5 Yr	Total Expenses*
Prudential	Discovery Select	AIM VI G & I	AIM Advisors	\$1.32	\$ 30.1	27.2%	na	na	na	2.18%
Prudential	Discovery Select	Stock Index	Prudential	\$1.45	\$ 108.8	27.8%	na	na	na	1.80%
Reliastar	Variable Ann. III	Income & Gwth	Northstar	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Equity Income	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Index 500	Fidelity Mgt. & Research	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Gwth & Income	Putnam	nr	nr	nr	nr	nr	nr	nr
Reliastar	Variable Ann. III	Utilities G & I	Putnam	nr	nr	nr	nr	nr	nr	nr
SAFECO	Variable Account B	Equity	SAFECO Asset Mgt.	\$48.47	\$ 150.9	21.7%	32.2%	23.8%	23.8%	1.97%
SAFECO	Spinnaker Plus	Equity	SAFECO Asset Mgt.	\$48.47	\$ 15.9	21.7%	32.2%	23.8%	23.8%	1.97%
SAFECO	Spinnaker	Equity	SAFECO Asset Mgt.	\$48.18	\$ 75.5	21.6%	32.0%	23.6%	23.6%	2.12%
SAFECO	Mainsail	Equity	SAFECO Asset Mgt.	\$48.18	\$ 4.4	21.6%	32.0%	23.6%	23.6%	2.12%
Security Benefit	Variflex	Gwth & Income	Security Mgt. Co.	\$56.34	\$1,116.0	21.0%	24.5%	21.9%	14.8%	2.04%
Security Benefit	Variflex LS	Gwth & Income	Security Mgt. Co.	\$17.88	\$ 38.0	20.8%	24.3%	21.7%	14.6%	2.24%
Security Benefit	Variflex Signature	Gwth & Income	Security Mgt. Co.	\$17.88	\$ 1.0	20.8%	24.3%	21.7%	14.6%	2.24%
Security Benefit	Variflex	Equity Income	T. Rowe Price & Assoc.	\$16.86	\$ 83.0	22.4%	30.9%	na	na	2.35%
Security Benefit	Variflex LS	Equity Income	T. Rowe Price & Assoc.	\$16.78	\$ 45.0	22.1%	30.7%	na	na	2.55%
Security Benefit	Variflex Signature	Equity Income	T. Rowe Price & Assoc.	\$16.78	\$ 1.0	22.1%	30.7%	na	na	2.55%
USAA Life	Variable	Growth & Income	USAA Invest. Mgt. Co.	\$19.31	\$ 80.7	19.9%	27.4%	na	na	1.50%
United Life & Ann.	Spectra Direct	Stock Index	Dreyfus	\$15.63	\$ 5.6	27.8%	37.7%	25.5%	10.9%	0.30%
United Life & Ann.	Spectra Direct	Gwth & Income	Dreyfus	\$14.32	\$ 3.4	15.1%	16.3%	26.4%	na	0.83%
United Life & Ann.	Spectra Select	Stock Index	Dreyfus	\$15.65	\$ 0.4	na	na	na	na	na
United Life & Ann.	Spectra Select	Gwth & Income	Dreyfus	\$14.34	\$ 0.2	15.2%	16.4%	26.5%	na	0.83%
Western National	Elite Plus	Gwth & Income	BEA Associates	\$14.21	\$ 6.8	19.3%	23.7%	na	na	0.87%
WM Life	Cascade	Gwth & Income	Composite Research & Mgt.	\$47.47	\$ 56.9	26.8%	35.7%	25.6%	17.8%	1.79%
WM Life	Cascade	Capital Growth	Scudder, Stevens & Clark	\$18.76	\$ 0.5	na	na	na	na	na

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Variable Annuities Update

Table 12h. Balanced Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Anchor National	Polaris/Polaris II	Balanced	Sun America Asset Mgt.	\$13.26	\$ 35.1	21.1% 28.2% na na	2.52%
Anchor National	Polaris/Polaris II	Balanced	Phoenix Investment Counsel	\$15.50	\$ 93.8	14.5% 19.5% na na	2.36%
Anchor National	Polaris/Polaris II	Asset Allocation	SunAmerica Asset Mgt.	\$18.38	\$500.3	22.1% 32.8% na na	2.26%
Anchor National	Anchor Advisor	Balanced	SunAmerica Asset Mgt.	\$13.26	\$ 3.1	21.1% 28.2% na na	2.52%
Anchor National	Anchor Advisor	Asset Allocation	SunAmerica Asset Mgt.	\$18.38	\$ 11.9	22.1% 32.8% 19.9% na	2.26%
Anchor National	Amer. Pathway II	Asset Allocation	Capital Research & Mgt.	\$26.58	\$160.6	19.0% 24.9% 20.3% 13.9%	1.88%
Anchor National	ICAP II	Multi-Asset	Wellington Mgt.	\$26.51	\$145.6	16.9% 22.1% 16.9% 11.6%	2.50%
Anchor National	ICAP II	Strat. Multi-Asset	Wellington Mgt.	\$23.85	\$ 54.9	14.8% 19.4% 15.3% 12.2%	2.80%
Anchor National	Vista	Asset Allocation	Chase Manhattan Bank	\$14.92	\$ 2.9	15.8% 20.7% na na	2.25%
Canada Life	VariFund	Managed	CL Capital Management	\$19.80	\$ 10.3	14.9% 17.6% 13.0% 9.7%	2.30%
Canada Life	VariFund	Asset Manager	Fidelity Mgt. & Research	\$23.71	\$ 8.0	16.9% 23.5% 13.7% 11.8%	2.14%
Charter National	Scudder Horizon	Balanced	Scudder, Stevens, & Clark	\$34.06	\$50.0	20.3% 23.2% 18.7% 13.1%	1.29%
Fortis Benefits	Opportunity	Asset Allocation	Fortis Advisers	\$2.78	\$196.6	6.9% 21.3% 16.0% 11.3%	1.98%
Fortis Benefits	Masters	Asset Allocation	Fortis Advisers	\$2.78	\$236.5	6.9% 21.3% 16.0% 11.3%	1.98%
Jackson National	Perspective	Balanced	PPM America	\$12.94	\$ 49.8	15.8% 11.7% na na	2.45%
Lincoln Benefit	Investor's Select	Asset Manager	Fidelity Mgt. & Research	\$13.85	\$ 14.4	16.9% 23.5% na na	0.74%
London Pacific	Regency	Total Return	Mass. Financ. Services	\$12.89	\$ 4.7	16.8% 22.8% na na	2.79%
Manulife Financial	Lifestyle	Balanced	Founders Asset Mgt.	nr	nr	nr nr nr nr	nr
National Life/VT	Sentinel Advantage	Mkt. St. Mgd. Port.	Sentinel Advisors, Inc.	nr	nr	nr nr nr nr	nr
Nationwide	Best of America IV	Asset Manager	Fidelity Mgt. & Research	\$23.89	\$796.8	17.0% 23.7% 13.8% 11.9%	2.04%
Nationwide	America's Vision	Asset Manager	Fidelity Mgt. & Research	\$14.58	\$264.3	16.9% 23.5% 13.7% 11.8%	2.14%
Ohio National	TOP	OMNI	Ohio Nat'l Investments	\$16.70	\$ 19.3	19.9% 26.3% 18.8% 14.1%	0.77%
Ohio National	TOP Plus	OMNI	Ohio Nat'l Investments	\$40.14	\$ 93.4	19.6% 25.9% 18.4% 13.7%	0.77%
Ohio National	TOP Explorer	OMNI	Ohio Nat'l Investments	\$12.02	\$ 1.9	19.5% 25.8% 18.3% 13.6%	0.77%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12h. Balanced Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97				Total Expenses*
						YTD	1 Yr	3 Yr	5 Yr	
Ohio National	TOP Spectrum	OMNI	Ohio Nat'l Investments	\$11.90	\$ 0.6	19.5%	25.1%	18.2%	13.5%	0.77%
Pacific Life	Pacific One	Multi Strategy	J.P. Morgan Investment	\$12.94	\$329.5	18.6%	25.9%	18.0%	13.2%	2.18%
Pacific Life	Pacific Portfolios	Multi Strategy	J.P. Morgan Investment	\$12.94	\$329.5	18.6%	25.9%	18.0%	13.2%	2.18%
Penn Mutual	Diversifier II	Flexibly Mgd	T. Rowe Price	\$55.50	\$334.2	12.7%	18.3%	15.5%	13.3%	2.02%
Penn Mutual	Diversifier II	VIP II Asset Mgr.	Fidelity Mgt. & Research	\$14.77	\$ 8.0	17.0%	23.7%	13.9%	11.9%	1.98%
Penn Mutual	Diversifier II	AMT Balanced	Neuberger & Berman	\$15.78	\$ 22.8	19.7%	23.5%	15.0%	10.4%	2.34%
Penn Ins. & Ann.	Pennant	Flexibly Mgd.	T. Rowe Price	\$15.04	\$ 65.9	12.5%	18.1%	15.4%	13.1%	2.17%
Penn Ins. & Ann.	Pennant	VIP II Asset Mgr.	Fidelity Mgt. & Research	\$15.16	\$ 3.9	16.9%	23.5%	13.7%	11.8%	2.13%
Penn Ins. & Ann.	Pennant	AMT Balanced	Neuberger & Berman	\$14.68	\$ 4.2	19.5%	23.3%	14.9%	10.2%	2.49%
Penn Ins. & Ann.	Pennant	AMT Partners	Neuberger & Berman	\$12.52	\$ 1.7	30.9%	44.9%	30.6%	na	2.35%
Phoenix Home Life	Big Edge Choice	Balanced	Phoenix Invest. Council	\$ 1.32	\$ 11.3	15.5%	20.6%	14.9%	10.4%	1.93%
Phoenix Home Life	Big Edge Choice	Templeton Alloc.	Phoenix Invest. Council	\$ 1.15	\$ 3.6	23.0%	32.2%	18.8%	15.7%	2.03%
Phoenix Home Life	Big Edge Choice	Strategic Alloc.	Phoenix Invest. Council	\$ 1.33	\$ 24.9	18.8%	21.6%	13.9%	10.6%	1.95%
Phoenix Home Life	Big Edge Plus	Balanced	Phoenix Invest. Council	\$ 1.72	\$191.0	15.8%	21.1%	15.3%	10.8%	1.93%
Phoenix Home Life	Big Edge Plus	Templeton Alloc.	Phoenix Invest. Council	\$ 1.16	\$ 4.0	23.3%	32.7%	19.3%	16.1%	2.03%
Phoenix Home Life	Big Edge Plus	Strategic Alloc.	Phoenix Invest. Council	\$ 4.41	\$287.3	19.1%	22.0%	14.4\$	11.0%	1.95%
Principal Mutual	Variable Annuity	Balanced	Princor	\$15.67	\$ 95.4	na	20.2%	15.1%	11.9%	1.88%
Principal Mutual	Variable Annuity	Asset Alloc.	Morgan Stanley Asset Mgt.	\$15.54	\$ 45.1	na	23.0%	15.3%	14.2%	2.12%
Provident Mutual	Options VIP	Balanced	Neuberger & Berman	\$625.42	na	19.3%	23.0%	14.7%	10.0%	2.49%
Provident Mutual	Options VIP	Mkt. St. Mgd.	Sentinel Advisors	\$757.95	na	15.7%	21.3%	15.6%	12.0%	2.00%
Provident Mutual	VIP 2	Mkt. St. Mgd.	Sentinel Advisors	\$757.95	na	15.7%	21.3%	15.6%	12.0%	2.00%
Provident Mutual	VIP 2	OpCap Mgd.	OpCap Advisors	\$1,057.17	na	20.3%	28.8%	26.8%	na	2.24%
Prudential	Discovery Plus	Cons. Balanced	Prudential	\$3.86	\$1,090.0	12.9%	18.7%	na	10.3%	1.79%
Prudential	Discovery Plus	Flex. Managed	Prudential	\$4.61	\$613.7	18.4%	23.7%	na	13.3%	1.84%

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Variable Annuities Update

Table 12h. Balanced Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97	Total Expenses*
						YTD 1 Yr 3 Yr 5 Yr	
Prudential	Discovery Preferred	Cons. Balanced	Prudential	\$1.29	\$ 122.5	12.7% 18.4% na na	1.99%
Prudential	Discovery Preferred	Flex. Managed	Prudential	\$1.36	\$ 74.4	18.2% 23.5% na na	2.04%
Prudential	VIP	Cons. Balanced	Prudential	\$3.86	\$1,453.6	12.6% 18.4% na 10.0%	1.79%
Prudential	VIP	Flex. Managed	Prudential	\$4.61	\$1,423.1	18.2% 23.4% na 13.0%	1.84%
Prudential	Discovery Select	Acc. Trust Mgd.	OpCap Advisors	\$1.27	\$ 96.9	20.5% na na na	2.30%
Reliastar	Variable Ann. III	Managed Port.	OpCap Advisors	nr	nr	nr nr nr nr	nr
Reliastar	Variable Ann. III	Asset Mgr.	Fidelity Mgt. & Reseach	nr	nr	nr nr nr nr	nr
SAFECO	Variable Account B	Balanced	Scudder Stevens & Clark	\$16.67	\$ 7.9	19.8% 22.5% 18.1% 12.6%	1.86%
SAFECO	Spinnaker Plus	Balanced	Scudder Stevens & Clark	\$16.67	\$ 3.1	19.8% 22.5% 18.1% 12.6%	1.86%
SAFECO	Spinnaker Plus	Balanced	American Century VP	\$ 8.25	\$ 0.1	15.3% 19.2% 15.2% 10.5%	2.25%
SAFECO	Spinnaker	Balanced	Scudder Stevens & Clark	\$16.48	\$ 12.9	19.7% 22.4% 17.9% 12.4%	2.01%
SAFECO	Spinnaker	Balanced	Amer. Century VP	\$ 9.08	\$ 0.9	15.2% 19.0% 15.4% 10.6%	2.40%
SAFECO	Mainsail	Balanced	American Century VP	\$ 9.08	\$ 0.6	15.2% 19.0% 15.4% 10.6%	2.40%
Security Benefit	Variflex	Spec. Asset Alloc.	Meridian Investment Mgt.	\$13.48	\$32.0	12.2% 18.0% nr nr	2.54%
Security Benefit	Variflex LS	Spec. Asset Alloc.	Meridian Investment Mgt.	\$13.42	\$19.0	12.2% 17.8% nr nr	2.74%
Security Benefit	Variflex Signature	Spec. Asset Alloc.	Meridian Investment Mgt.	\$13.42	\$ 0.1	12.2% 17.8% na na	2.74%
Security Benefit	Variflex	Mgd. Asset Alloc.	T. Rowe Price Assoc.	\$13.73	\$19.0	15.7% 21.8% na na	2.65%
Security Benefit	Variflex LS	Mgd Asset Alloc.	T. Rowe Price Assoc.	\$13.66	\$13.0	15.4% 21.5% na na	2.85%
Security Benefit	Variflex Signature	Mgd Asset Alloc.	T. Rowe Price Assoc.	\$13.66	\$0.7	15.4% 21.5% na na	2.85%
USAA Life	Variable	Diversified Assets	USAA Invest. Mgt. Co.	\$16.13	\$ 44.6	15.0% 17.9% na na	1.50%
United Life & Ann.	SpectraDirect	Total Return	Mass. Financial Services	\$13.41	\$ 5.1	16.4% 22.7% na na	1.00%
United Life & Ann.	Spectra Select	Total Return	Mass. Financial Services	\$13.43	\$ 0.5	16.5% 22.8% na na	1.00%
Western National	Elite Plus	Asset Allocation	OpCap Advisors	\$14.92	\$ 8.0	19.9% 30.9% na na	0.77%

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Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Anchor National	Polaris/Polaris II	Int'l Gwth & Inc.	Putnam Investment Mgt.	\$10.89	\$ 30.8	na na na	3.12%
Anchor National	Polaris/Polaris II	Global Equities	Alliance Capital Mgt.	\$18.04	\$358.7	20.0% 25.4% 15.3%	2.55%
Anchor National	Polaris/Polaris II	Int'l Div. Equities	Morgan Stanley Asset Mgt.	\$12.48	\$251.0	10.7% 12.5% na	3.11%
Anchor National	Polaris/Polaris II	Emerging Mkts.	Putnam Investment Mgt.	\$ 9.82	\$ 18.9	na na na	3.42%
Anchor National	Anchor Advisor	Global Equities	Alliance Capital Mgt.	\$18.04	\$ 4.8	20.0% 25.4% 15.4%	2.55%
Anchor National	Anchor Advisor	Int'l Div. Equities	Morgan Stanley Asset Mgt.	\$12.48	\$ 8.3	10.7% 12.5% na	3.11%
Anchor National	Amer. Pathway II	International	Capital Research & Mgt.	\$21.39	\$261.7	21.4% 32.1% 16.2%	2.32%
Anchor National	ICAP II	Foreign Securities	Wellington Mgt.	\$15.65	\$ 44.2	8.5% 13.6% 8.5%	2.80%
Anchor National	Vista	Int'l Equity	Chase Manhattan Bank	\$12.29	\$ 3.0	8.1% 9.7% na	2.50%
Canada Life	VariFund	Overseas	Fidelity Mgt. & Research	\$21.86	\$ 2.3	18.3% 23.4% 11.5%	2.33%
Canada Life	VariFund	Emerg. Mkts	Montgomery Asset Mgt.	\$12.23	\$ 2.4	16.0% 17.4% na	3.15%
Canada Life	VariFund	International	Berger	\$10.25	\$ 0.3	na na na	2.60%
Canada Life	VariFund	Int'l Equity	CL Capital Mgt.	\$14.57	\$ 2.2	18.1% 24.4% na	2.60%
Charter National	Scudder Horizon	International	Scudder, Stevens & Clark	\$35.64	\$92.6	15.0% 20.7% 11.5%	1.73%
Charter National	Scudder Horizon	Glob. Discov.	Scudder, Stevens & Clark	\$15.15	\$15.1	15.4% 17.1% na	2.20%
Equitable Life/IA	Equi-Select	Int'l Equity	Warburg Pincus Counsellors	na	na	16.4% 14.7% na	1.40%
Fortis Benefits	Opportunity	Glob. Gwth	Fortis Advisers	\$21.02	\$142.1	7.2% 13.8% 18.8%	2.11%
Fortis Benefits	Opportunity	Gl. Asset Alloc.	Fortis Advisers	\$14.39	\$ 21.5	3.6% 17.3% na	2.14%
Fortis Benefits	Opportunity	Int'l Stock	Fortis Advisers	\$14.70	\$ 29.5	3.6% 22.8% na	2.13%
Fortis Benefits	Masters	Global Growth	Fortis Advisers	\$21.02	\$151.2	7.2% 13.8% 18.8%	2.11%
Fortis Benefits	Masters	Gl. Asset Alloc.	Fortis Advisers	\$14.39	\$ 18.7	3.6% 17.3% na	2.14%
Fortis Benefits	Masters	Int'l Stock	Fortis Advisers	\$14.70	\$ 29.9	3.6% 22.8% na	2.13%
Jackson National	Perspective	Int'l Equity	T. Rowe Price	\$12.95	\$ 52.2	11.1% 6.7% na	2.65%
Jackson National	Perspective	Global Equities	Janus Capital Corp.	\$16.71	\$136.0	24.5% 21.9% na	2.55%

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Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru YTD 1 Yr 3 Yr 5 Yr	Total Expenses*
Lincoln Benefit	Investor's Select	Worldwide	Janus Capital Corp.	\$19.38	\$ 49.1	25.4% na na	0.80%
London Pacific	Regency	Int'l Stock	Strong Capital Mgt.	\$10.66	na	0.8% na na	2.99%
Manulife Financial	Lifestyle	Int'l Stock	T. Rowe Price-Fleming Int'l	nr	nr	nr nr nr	nr
Manulife Financial	Lifestyle	Pac. Rim Em. Mkt	Manufacturers Adviser Corp.	nr	nr	nr nr nr	nr
National Life/VT	Sentinel Advantage	Overseas	Fidelity Mgt. & Research	nr	nr	nr nr nr	nr
Nationwide	Best of America IV	International	American Century	\$14.32	\$ 95.7	22.0% 28.7% 12.7%	2.80%
Nationwide	America's Vision	International	American Century	\$14.28	\$100.7	21.9% 28.5% 12.5%	2.90%
Ohio National	Top Explorer	International	Societe Generale	\$13.88	\$ 1.6	9.2% 12.8% 9.9%	1.15%
Ohio National	Top Explorer	Global Contrarian	Societe Generale	\$13.72	\$ 0.3	15.2% 18.1% na	1.29%
Ohio National	Top Explorer	Em. Markets	Montgomery Asset Mgt.	nr	nr	nr nr nr	nr
Ohio National	TOP	International	Societe Generale	\$16.02	\$ 26.5	9.6% 13.2% 10.3%	1.15%
Ohio National	TOP	Global Contrarian	Societe Generale	\$13.88	\$ 5.3	15.5% 18.6% na	1.29%
Ohio National	TOP Plus	International	Societe Generale	\$16.02	\$ 67.5	9.3% 12.9% 9.9%	1.15%
Ohio National	TOP Plus	Global Contrarian	Societe Generale	\$16.02	\$ 2.8	15.2% 18.2% na	1.29%
Ohio National	TOP Spectrum	International	Societe Generale	\$10.96	\$ 0.4	9.1% 12.7% 9.7%	1.15%
Ohio National	TOP Spectrum	Emerging Mkts.	Montgomery Asset Mgmt.	\$11.58	\$ 0.1	15.8% 19.7% na	1.45%
Ohio National	TOP Spectrum	Global Contrarian	Societe Generale	\$11.58	\$ 0.04	15.1% 18.0% na	1.29%
Pacific Life	Pacific One	International	Morgan Stanley	\$13.87	\$761.0	18.3% 28.2% 15.5%	2.47%
Pacific Life	Pacific Portfolios	International	Morgan Stanley	\$13.87	\$761.0	18.3% 28.2% 15.5%	2.47%
Pacific Life	Pacific One	Emerging Mkts	Blairlogie	\$10.14	\$ 94.0	7.1% 5.5% na	3.58%
Pacific Life	Pacific Portfolios	Emerging Mkts	Blairlogie	\$10.14	\$ 94.0	7.1% 5.5% na	3.58%
Penn Mutual	Diversifier II	Int'l Equity	Vontobel USA	\$19.08	\$ 79.8	14.6% 21.6% 11.6%	2.42%
Penn Mutual	Diversifier II	Emerg. Mkt.	Morgan Stanley Asset Mgt.	\$11.06	\$ 2.0	22.1% 19.3% na	3.00%
Penn Ins. & Ann.	Pennant	Int'l Equity	Vontobel USA	\$15.66	\$ 12.9	14.4% 21.4% 11.4%	2.57%
Penn Ins. & Ann.	Pennant	Emerg. Mkt.	Morgan Stanley Asset Mgt.	\$11.05	\$ 1.1	21.9% 19.1% na	3.15%

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Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance YTD	Returns thru 1 Yr	3 Yr	5 Yr	Total Expenses*
Phoenix Home Life	Big Edge Choice	Aberd. New Asia	Phoenix-Aberdeen Int'l Advisors	\$ 0.88	\$ 2.5	-12.1%	-12.4%	na	na	2.50%
Phoenix Home Life	Big Edge Choice	Int'l Small Cap	Wanger Asset Mgt.	\$ 1.53	\$ 29.0	8.0%	12.2%	na	na	3.04%
Phoenix Home Life	Big Edge Choice	Templeton Int'l	Phoenix Invest. Council	\$ 1.17	\$ 2.65	21.6%	33.1%	17.3%	18.9%	2.13%
Phoenix Home Life	Big Edge Choice	Temp. Dev. Mkts.	Phoenix Invest. Council	\$ 0.96	\$ 1.8	0.7%	1.0%	na	na	3.03%
Phoenix Home Life	Big Edge Plus	Aberd. New Asia	Phoenix-Aberdeen Int'l Advisors	\$ 0.88	8.7%	-11.9%	-12.1%	na	na	2.50%
Phoenix Home Life	Big Edge Plus	International	Wanger Asset. Mgt.	\$ 1.88	\$ 91.9	8.3%	12.6%	na	na	3.04%
Phoenix Home Life	Big Edge Plus	Templeton Int'l	Wanger Asset Mgt.	\$ 1.17	\$ 5.7	21.7%	33.3%	17.3%	19.0%	2.13%
Phoenix Home Life	Big Edge Plus	Temp. Dev. Mkts.	Phoenix Invest. Council	\$ 0.96	\$ 3.7	1.0%	1.4%	na	na	3.03%
Principal Mutual	Variable Annuity	World	Princor	\$16.10	\$ 110.4	na	31.5%	16.7%	15.0%	2.15%
Provident Mutual	Options VIP	Mkt. St. Int'l	Provident Mutual	\$754.78	na	15.7%	20.1%	11.5%	12.4%	2.45%
Provident Mutual	Options VIP	Overseas	Fidelity Mgt. & Research	\$621.62	na	18.0%	23.1%	11.3%	12.7%	2.32%
Provident Mutual	Options VIP	Emerging Mkts	Van Eck Associates	\$618.92	na	17.6%	20.9%	na	na	2.90%
Provident Mutual	VIP 2	International	Scudder Stevens & Clark	\$682.21	na	14.2%	19.5%	10.5%	12.5%	2.45%
Provident Mutual	VIP 2	Mkt. St. Int'l	Provident Mutual	\$754.78	na	15.7%	20.1%	11.5%	12.4%	2.45%
Prudential	Discovery Plus	Global	Prudential	\$2.10	\$259.9	15.9%	22.4%	na	16.1%	2.12%
Prudential	Discovery Preferred	Global	Prudential	\$1.38	\$ 19.3	15.7%	22.1%	na	na	2.32%
Prudential	VIP	Global	Prudential	\$2.10	\$156.1	15.7%	22.1%	na	15.9%	2.12%
Prudential	Discovery Select	Global	Prudential	\$1.38	\$ 17.8	15.7%	na	na	na	2.32%
Prudential	Discovery Select	Int'l Growth	Janus Aspen	\$1.30	\$ 66.0	23.0%	na	na	na	1.66%
Prudential	Discovery Select	Int'l Stock	T. Rowe Price	\$1.14	\$ 20.2	9.8%	na	na	na	2.45%
SAFECO	Variable Account B	International	Scudder Stevens & Clark	\$14.99	\$ 14.8	14.6%	20.0%	11.0%	12.9%	2.30%
SAFECO	Spinnaker Plus	International	Amer. Century VP	\$ 7.07	\$ 0.3	22.1%	28.8%	12.6%	na	2.75%
SAFECO	Spinnaker Plus	International	Scudder, Stevens & Clark	\$14.99	\$ 2.9	14.6%	20.0%	11.0%	12.9%	2.30%

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Variable Annuities Update

Table 12i. International Stock Funds, Performance & Fees, Cont'd

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97	Total Expenses*
						YTD 1 Yr 3 Yr 5 Yr	
SAFECO	Spinnaker Plus	Int'l Equity II	Federated Investors	\$12.47	\$ 0.3	12.8% 15.9% na na	2.50%
SAFECO	Spinnaker Plus	Emerg. Mkt.	Lexington Mgt. Corp	\$10.99	\$ 0.4	10.3% 7.5% -0.3% na	2.89%
SAFECO	Spinnaker	Int'l Equity II	Federated Investors	\$12.46	\$ 1.3	12.7% 15.7% na na	2.65%
SAFECO	Spinnaker	International	Scudder Stevens & Clark	\$14.91	\$ 9.7	14.5% 19.9% 10.8% 12.7%	2.45%
SAFECO	Spinnaker	International	Amer. Century VP	\$ 7.33	\$ 1.5	21.9% 28.6% 12.4% na	2.90%
SAFECO	Spinnaker	Emerg. Markets	Lexington Mgt. Corp	\$10.95	\$ 1.7	10.1% 7.4% -0.5% na	3.04%
SAFECO	Variable Account B	International	Scudder Stevens & Clark	\$14.99	\$ 14.8	14.6% 20.0% 11.0% 12.9%	2.30%
SAFECO	Spinnaker Plus	International	Amer. Century VP	\$ 7.07	\$ 0.3	22.1% 28.8% 12.6% na	2.75%
SAFECO	Spinnaker Plus	International	Scudder, Stevens & Clark	\$14.99	\$ 2.9	14.6% 20.0% 11.0% 12.9%	2.30%
SAFECO	Spinnaker Plus	Int'l Equity II	Federated Investors	\$12.47	\$ 0.3	12.8% 15.9% na na	2.50%
SAFECO	Spinnaker Plus	Emerg. Mkt.	Lexington Mgt. Corp	\$10.99	\$ 0.4	10.3% 7.5% -0.3% na	2.89%
SAFECO	Spinnaker	Int'l Equity II	Federated Investors	\$12.46	\$ 1.3	12.7% 15.7% na na	2.65%
SAFECO	Spinnaker	International	Scudder Stevens & Clark	\$14.91	\$ 9.7	14.5% 19.9% 10.8% 12.7%	2.45%
SAFECO	Spinnaker	International	Amer. Century VP	\$ 7.33	\$ 1.5	21.9% 28.6% 12.4% na	2.90%
SAFECO	Spinnaker	Emerg. Markets	Lexington Mgt. Corp	\$10.95	\$ 1.7	10.1% 7.4% -0.5% na	3.04%
SAFECO	Mainsail	International	American Century VP	\$ 7.33	\$ 0.6	21.9% 28.6% 12.4% na	2.90%
SAFECO	Mainsail	Emerg. Markets	Lexington Mgt. Corp	\$10.95	\$ 0.3	10.1% 7.4% -0.5% na	3.04%
Security Benefit	Variflex	World. Equity	Security Mgt. Co.	\$16.78	\$289.0	15.6% 18.6% 12.3% 14.8%	2.50%
Security Benefit	Variflex LS	World. Equity	Security Mgt. Co.	\$15.27	\$25.0	15.4% 18.3% 12.1% 14.6%	2.70%
Security Benefit	Variflex Signature	World. Equity	Security Mgt. Co.	\$15.27	\$1.0	15.4% 18.3% 12.1% 14.6%	2.70%
USAA Life	Variable	International	USAA Invest. Mgt. Co.	\$11.13	\$ 23.5	3.7% na na na	2.25%
USAA Life	Variable	World Growth	USAA Invest. Mgt. Co.	\$17.30	\$ 41.0	13.6% 20.5% na na	1.80%
Union Central	Variable Annuity	Int'l Portfolio		nr	nr	nr nr nr	2.33%
United Life & Ann.	Spectra Direct	International	Scudder, Stevens & Clark	\$13.04	\$ 2.7	14.2% 19.5% 10.2% 11.4%	1.05%
United Life & Ann.	Spectra Select	International	Scudder, Stevens & Clark	\$13.05	\$ 0.3	14.3% 19.6% 10.3% 11.5%	1.05%
WM Life	Cascade	International	Scudder, Stevens & Clark	\$16.67	\$ 0.3	na na na na	na
Western National	Elite Plus	Int'l Equity	Credit Suisse Invest. Mgt.	\$13.71	\$ 4.5	15.3% 18.6% na na	1.02%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 12j. International Bond Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 9/30/97				Total Expenses*
						YTD	1 Yr	3 Yr	5 Yr	
Anchor National	Polaris/Polaris II	Global Bond	SunAmerica Asset Mgt.	\$12.95	\$ 82.3	6.1%	9.3%	10.0%	na	2.41%
Anchor National	Polaris/Polaris II	World Hi Income	Morgan Stanley Asset Mgt.	\$16.77	\$121.2	16.7%	23.3%	na	na	2.70%
Anchor National	Anchor Advisor	Global Bond	SunAmerica Asset Mgt.	\$12.95	\$ 2.1	6.1%	9.3%	10.1%	na	2.41%
Anchor National	Anchor Advisor	World Hi Income	Morgan Stanley Asset Mgt.	\$16.77	\$ 4.7	16.7%	23.3%	na	na	2.70%
Equitable Life/IA	Equi-select	Int'l Fixed Income	Credit Suisse Invest. Mgt.	na	\$11.7	0.1%	2.6%	na	na	1.40%
Fortis Benefits	Opportunity	Global Bond	Fortis Advisors	\$11.81	\$ 5.5	1.1%	1.6%	na	na	2.49%
Fortis Benefits	Masters	Global Bond	Fortis Advisors	\$11.81	\$ 7.6	1.1%	1.6%	na	na	2.49%
Jackson National	Perspective	Global Bond	Salomon Bros.	\$12.72	\$28.5	9.6%	4.0%	na	na	2.40%
National Life/VT	Sentinel Advantage	Worldwide Bond	Van Eck Associates	nr	nr	nr	nr	nr	nr	nr
Nationwide	Best of America IV	Worldwide Bond	Van Eck Associates	\$14.61	\$63.4	0.0%	2.6%	5.8%	2.4%	2.38%
Nationwide	America's Vision	Worldwide Bond	Van Eck Associates	\$11.59	\$34.8	-0.1%	2.5%	5.7%	2.3%	2.48%
Provident Mutual	Options VIP	Worldwide Bond	Van Eck Associates	\$524.13	na	-0.3%	2.2%	5.5%	2.1%	2.56%
Security Benefit	Variflex	Global Aggr. Bond	Lexington Mgt. Co.	\$12.54	\$ 8.0	4.5%	8.4%	na	na	2.04%
Security Benefit	Variflex LS	Global Aggr. Bond	Lexington Mgt. Co.	\$12.48	\$ 4.0	4.4%	8.2%	na	na	2.24%
Security Benefit	Variflex Signature	Global Aggr. Bond	Lexington Mgt. Co.	\$12.48	\$ 0.2	4.4%	8.2%	nr	nr	2.24%

na= data not available; nr= did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Table 12k. Natural Resources, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/97				Total Expenses
						YTD	1 Yr	3 Yr	5 Yr	
Anchor National	Polaris/Polaris II	Natural Resources	Wellington Mgt.	\$13.39	\$ 41.1	9.5%	15.8%	9.2%	13.0%	2.46%
Anchor National	Anchor Advisor	Natural Resources	Wellington Mgt.	\$13.39	\$ 1.6	9.5%	15.8%	9.4%	13.1%	2.46%
Anchor National	ICAP II	Natural Resources	Wellington Mgt.	\$21.50	\$15.5	9.6%	15.9%	9.3%	13.0%	2.30%
Nationwide	Best of America IV	Worldwide Assets	Van Eck Associates	\$18.39	\$121.0	13.2%	21.0%	9.0%	15.3%	2.38%
Nationwide	America's Vision	Worldwide Assets	Van Eck Associates	\$15.07	\$ 59.7	13.1%	20.1%	8.9%	15.2%	2.48%
Provident Mutual	Options VIP	Worldwide Assets	Van Eck Associates	\$591.24	na	12.9%	20.6%	8.7%	15.1%	2.63%
Prudential	Discovery Plus	Nat. Resources	Prudential	\$3.17	\$122.6	11.8%	20.2%	na	15.6%	1.72%
Prudential	Discovery Preferred	Nat. Resources	Prudential	\$1.53	\$12.0	11.6%	20.0%	na	na	1.92%
Prudential	VIP	Nat. Resources	Prudential	\$3.17	\$118.8	11.6%	19.9%	na	15.3%	1.72%
SAFECO	Spinnaker Plus	Nat. Resources	Lexington Mgt. Corp.	\$17.35	\$ 0.8	22.4%	36.7%	17.9%	12.4%	2.67%
SAFECO	Spinnaker	Nat. Resources	Lexington Mgt. Corp.	\$17.30	\$ 3.9	22.3%	36.5%	17.7%	12.3%	2.82%
SAFECO	Mainsail	Nat. Resources	Lexington Mgt. Corp.	\$17.30	\$ 0.5	22.3%	36.5%	17.7%	12.3%	2.82%
United Life & Ann.	Spectra Direct	Wrld. Hard Assets	Van Eck Associates	\$13.29	\$0.3	12.9%	20.5%	7.9%	14.3%	1.23%
United Life & Ann.	Spectra Select	Wrld. Hard Assets	Van Eck Associates	\$13.30	na	12.9%	20.6%	7.9%	14.4%	1.23%

na= data not available; nr= did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Variable Annuities Update

Table 121. Specialty Funds, Performance & Fees

Insurance Company	Contract	Fund Name	Advisor	Accum. Unit Value	V.A. Assets \$ Mil	Performance Returns thru 9/30/97	Total Expenses*
						YTD 1 Yr 3 Yr 5 Yr	
Anchor National	Polaris/Polaris II	Utility	Federated Investors	\$11.93	\$ 15.8	10.2% 20.3% na na	2.57%
Anchor National	Polaris/Polaris II	Real Estate	Davis Selected Advisors	\$11.62	\$ 20.2	na na na na	2.77%
Anchor National	Anchor Advisor	Utility	Federated Investors	\$11.93	\$ 1.1	10.2% 20.3% na na	2.57%
Canada Life	VariFund	Comm. & Info.	J & W Seligman	\$21.10	\$ 6.9	38.4% 43.4% na na	2.35%
Manulife Financial	Lifestyle	Real Estate	Manufact. Adviser Corp.	nr	nr	nr nr nr nr	nr
Ohio National	TOP	Social Aware.	Ohio Nat'l Investments	\$13.22	\$ 0.3	32.2% na na na	0.85%
Ohio National	TOP Plus	Social Aware.	Ohio Nat'l Investments	\$13.22	\$ 0.2	31.9% na na na	0.85%
Ohio National	TOP Explorer	Social Aware.	Ohio Nat'l Investments	\$13.18	\$ 0.5	6.6% na na na	0.85%
Phoenix Mutual	Big Edge Choice	Real Estate	Phoenix Realty Securities	\$1.65	\$ 10.4	19.6% 40.2% na na	2.25%
Phoenix Mutual	Big Edge Plus	Real Estate	Phoenix Realty Securities	\$1.84	\$ 34.0	19.9% 40.7% na na	2.25%
Provident Mutual	VIP 2	Soc. Responsible	Dreyfus	\$924.33	na	27.2% 32.8% 26.2% na	2.36%
SAFECO	Variable Account B	Northwest	SAFECO Asset Mgt.	\$15.64	\$ 2.9	30.7% 32.9% 14.5% na	1.95%
SAFECO	Spinnaker Plus	Utility Fund II	Federated Investors	\$13.45	\$ 0.5	11.1% 21.6% 14.1% na	2.10%
SAFECO	Spinnaker Plus	Northwest	SAFECO Asset Mgt.	\$15.64	\$ 1.1	30.7% 32.9% 14.5% na	1.95%
SAFECO	Spinnaker	Utility Fund II	Federated Investors	\$13.44	\$ 2.5	10.9% 21.4% 14.0% na	2.25%
SAFECO	Spinnaker	Northwest	SAFECO Asset Mgt.	\$15.54	\$ 4.3	30.5% 32.7% 14.4% na	2.10%
SAFECO	Mainsail	Utility Fund II	Federated Investors	\$13.44	\$ 0.2	10.9% 21.4% 14.0% na	2.25%
SAFECO	Mainsail	Northwest	SAFECO Asset Mgt.	\$15.54	\$ 0.7	30.5% 32.7% 14.4% na	2.10%
Security Benefit	Variflex	Social Aware.	Security Management Co.	\$22.23	\$75.0	18.6% 16.9% 20.3% 17.2%	2.04%
Security Benefit	Variflex LS	Social Aware.	Security Management Co.	\$17.42	\$ 7.0	18.4% 16.6% 20.0% 17.0%	2.24%
Security Benefit	Variflex	Social Aware.	Security Management Co.	\$17.42	\$ 0.5	18.4% 16.6% 20.0% 17.0%	2.24%
United Life & Ann.	Spectra Direct	Utility Fund II	Federated Advisers	\$12.51	\$ 1.3	10.7% 21.1% 11.6% na	0.85%
United Life & Ann.	Spectra Select	Utility Fund II	Federated Advisers	\$12.53	\$ 0.2	10.8% 21.1% 11.7% na	0.85%
WM Life	Cascade	Northwest	Composite Research & Mgt.	\$31.57	\$20.5	37.9% 50.1% 26.6% na	1.89%

na=data not available; nr=did not report for this issue. *Total expenses include all funds' administration, mortality insurance, management, and other fees.

Long Term Care Insurance

Long-term care insurance is designed to provide a wide variety of coverages for people with a prolonged physical illness, disability or cognitive disorder (such as Alzheimer's disease) who are no longer able to function independently. These coverages can include skilled care provided at a nursing home, help at home with daily activities such as bathing, eating, and dressing, or custodial care at an assisted living facility such as an adult day care center.

The first thing to realize is that providing long-term care services can be very expensive. A year's stay in a nursing home currently averages around \$38,000. Skilled nursing care visits in your home three times a week will cost about \$12,300 per year. The annual bill for personal care visits from a home health aide of the same frequency will total about \$8,400.

Long-term care insurance is meant to defray these costs so that an individual may avoid depleting lifelong savings. However, not everyone is a good candidate for buying long-term insurance. You should not purchase a long-term care policy if doing so would force you to forego more basic financial needs. On the other hand, you may not need long-term care insurance if your income from retirement plans and investments can cover the annual cost of nursing home care. Financial planners generally recommend you spend less than 5% of your annual income on LTC insurance premiums.

Although the cost of a long-term care policy is lower if pur-

chased prior to age 60, the likelihood of needing LTC benefits then is also smaller. Premiums typically double from ages 60 to 70.

The coverages provided in long-term care policies are not standardized. Insurance companies offer multiple combinations of benefits and services. You should shop among companies in order to find the package which best fits your needs.

Some policies only pay benefits to cover a period of stay in a nursing home. Others cover nursing home and home care. Many also cover services in adult day care centers or other community facilities.

All policies contain provisions that determine when benefits are payable. Commonly referred to as "benefit triggers," these are usually described in a section of the policy entitled "Eligibility of Benefits." The most common trigger events are based on the inability to perform various Activities of Daily Living ("ADLs"), such as bathing, continence, dressing, eating, toileting, and transferring. Insurance companies typically agree to pay benefits when the insured is unable to perform a certain number of these ADLs—for example, two out of six.

There are a range of conditions which are not covered in long-term care policies. These include mental disorders, alcohol or drug addiction, and intentionally self-inflicted injuries. Most policies do, however, cover Alzheimer's disease under a provision described as "cognitive impairment" or "mental incapacity." Benefits are provided if the insured is unable to pass certain tests designed

to assess his or her mental function.

Another feature of long-term care policies addresses the point at which benefits begin. Most policies specify an "elimination period," which can be 0, 20, 30, 60, 90, or 100 days after you enter a nursing home. Choosing a policy with a zero-day elimination period will cost the most. During the elimination period, the insured must cover the cost of long-term care services out of his own resources.

Long-term care policies offer a number of optional provisions which may be selected, such as protection from inflation. For example, a nursing home stay which costs \$86 a day today may cost as much as \$228 a day in 20 years if inflation were to average 5% a year. How your policy measures inflation can dramatically impact your future benefits. The rate of increase may be calculated as a simple percentage per year or it may be compounded. The difference is significant. If an \$86 daily benefit is increased by a simple 5% per year, it will provide \$172 in daily benefits in 20 years. But if the inflation provision is calculated on a compound basis the same 5% factor increases the daily coverage to \$230. That's a one-third improvement in benefits!

When shopping for LTC insurance, take note of the types of facilities you must be in to receive coverage, as well as the limitations and exclusions of coverage. Most states require that you be provided with an outline of the coverage offered by the policy. Read it carefully.

Long Term Care Insurance

Reporting Companies/ Policy Name	Issue Ages	Maximum Daily Benefit	Available Elimination Periods in days	Available Benefit Periods	Annual Premium for \$120/day Nursing Home Benefit with 30-day Elimination Period and 3 yr Maximum Benefit Period Age 65 Age 70 Age 75	Levels of Care Covered by Policy	Conditions that Trigger Benefits
American Heritage BSC - LTC - 1/95	na	\$200	0, 20, 90	2, 3, 4, 5 yrs and lifetime	\$737 \$1,262 \$2,105 (20 day elimination period)	nursing home and assisted living	1 or more ADLs; medical necessity; cognitive impairment
Federal Home Life FCLTC94	40-85	\$200	0, 20, 100, 180	2, 3, 4, 5 yrs and lifetime	\$2,508 \$4,080 \$6,624 (0 day nursing home and 20 day home health care elimination periods)	all levels	2 of 5 ADLs; medical necessity; cognitive impairment
Great Republic Life The Perennial	50-89	\$120	20, 90	2 and 4 yrs	\$904 \$1,807 \$3,292 (20 day elimination period, 4 yr benefit period, no home health care)	skilled, intermediate & custodial	medical necessity; cognitive impairment
John Hancock Mutual Life Protect Care Advantage	40-84	\$ 250	20, 60, 100, & 180 days	2, 3, 5 yrs; lifetime	\$1,730 \$2,762 \$4,542 (20 day elimination period)	all levels	cognitive impairment; 2 of 5 ADLs
Transamerica Occidental TransCare Companion	18-84	\$250	0, 30, 60, 90, 180, & 365 days	1, 2, 3, 4, & 5 years; lifetime	\$2,064 \$3,201 \$5,335	all levels	cognitive impairment; 2 of 5 ADLs
The Travelers Independent Care	40-79	\$250	20, 60, & 100 days	2, 3, & 5 years; lifetime	\$1,677 \$2,725 \$4,776 (20 day elimination period)	all levels	cognitive impairment; 2 of 5 ADLs

Life Insurance Update

Yearly renewable term life insurance 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.

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.

Yearly Renewable Term premiums are priced according to several methods. One, called Select and Ultimate, sets rates more favorably during the first few years, but tends to raise them more rapidly in later years. Another, known as Attained Life, fixes premiums according to the risk of a person's age and rate group (smoker, nonsmoker, etc.), regardless of when the policy went into force. Thus, a prospective buyer should look beyond the

first year or two when comparing prices of different policies.

For instance, the premiums that are typically advertised for a Select and Ultimate policy at a range of different ages actually indicate first year premiums only. The premium in the fifth year of a YRT policy that was bought by someone at age 30 would be significantly higher than the same policy first bought by a different person at age 35.

On the other hand, Select and Ultimate Policies do offer an advantage you may want to consider. If you remain healthy and are willing to take a new medical exam, some insurers will allow you to requalify for the lower “entry” rate and issue a completely new policy. In this case, it's important to know whether and how often you have the opportunity to requalify.

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	18-75	SU	\$ 258	\$ 1,445	\$ 283	\$ 1,848	\$ 363	\$ 2,530
Ameritas LIC	ART	20-75	SU	\$ 250	\$ 1,480	\$ 278	\$ 1,760	\$ 348	\$ 2,410
Columbia Universal	Term Choice-ART	20-75	AL	\$ 210	\$ 1,388	\$ 228	\$ 1,718	\$ 260	\$ 2,263
Commercial Union	Annual R&C Term	22-65	AL	\$ 305	\$ 1,690	\$ 403	\$ 2,335	\$ 578	\$ 3,433
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 248	\$ 2,065	\$ 290	\$ 2,458	\$ 363	\$ 3,148
Franklin Life	Level Term 90-1	25-70	SU	\$ 243	\$ 1,490	\$ 255	\$ 1,635	\$ 295	\$ 2,080
Golden Rule	ValuTerm 1	25-70	SU	\$ 228	\$ 1,360	\$ 255	\$ 1,808	\$ 265	\$ 2,410
Guarantee Life	Term Builder 1	18-70	SU	\$ 255	\$ 1,550	\$ 280	\$ 1,975	\$ 318	\$ 2,588
Jackson National	Prime YRT 100	18-70	SU	\$ 245	\$ 1,515	\$ 278	\$ 1,918	\$ 363	\$ 2,615
Manulife	ART Select	20-75	SU	\$ 283	\$ 1,540	\$ 325	\$ 1,983	\$ 378	\$ 2,588
National Guardian	Term Guard IV	18-75	SU	\$ 220	\$ 1,425	\$ 238	\$ 1,765	\$ 270	\$ 2,313
National Life/VT	ART	20-75	AL	\$ 220	\$ 1,123	\$ 245	\$ 1,398	\$ 350	\$ 2,045
Ohio National	YRT-99	18-70	AL	\$ 320	\$ 1,794	\$ 438	\$ 2,589	\$ 565	\$ 2,118
Phoenix Home Life	Term Life Success	18-70	SU	\$ 205	\$ 1,333	\$ 218	\$ 1,738	\$ 280	\$ 2,370
Principal Finan. Group	ART	20-75	SU	\$ 220	\$ 1,168	\$ 250	\$ 1,459	\$ 280	\$ 1,841
SAFECO	Expert-ART	20-75	SU	\$ 228	\$ 1,478	\$ 263	\$ 1,880	\$ 298	\$ 2,517
Savings Bank LIC/MA	YRT	18-65	AL	\$ 185	\$ 995	\$ 220	\$ 1,205	\$ 285	\$ 1,740
Security Benefit	YRT-100	na	na	\$ 283	\$ 1,405	\$ 428	\$ 2,228	\$ 658	\$ 3,403
Secur. Mutual/NY	Select-A-Term	18-75	SU	\$ 193	\$ 1,473	\$ 193	\$ 1,910	\$ 215	\$ 2,378
Trustmark LIC	Termnet 1	0-70	SU	\$ 218	\$ 1,416	\$ 240	\$ 1,778	\$ 260	\$ 2,401
USAA Life	ART Indeterminate	0-65	AL	\$ 260	\$ 1,378	\$ 313	\$ 1,810	\$ 460	\$ 2,933
USG Annuity & Life	Vision Term	18-75	SU	\$ 198	\$ 1,438	\$ 208	\$ 1,753	\$ 225	\$ 2,395

Survey period: Oct. 20, 1997 thru Nov. 7, 1997. *SU = “Select & Ultimate” pricing basis; AL = “Attained Life” pricing basis.

Life Insurance Update

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	18-75	SU	\$ 508	\$ 3,745	\$ 710	\$ 5,253	\$ 1,105	\$ 8,248
Ameritas LIC	ART	20-75	SU	\$ 448	\$ 3,295	\$ 605	\$ 4,745	\$ 918	\$ 7,043
Columbia Universal	Term Choice-ART	20-75	AL	\$ 363	\$ 3,198	\$ 503	\$ 4,550	\$ 785	\$ 7,088
Commercial Union	Annual R&C Term	22-65	AL	\$ 865	\$ 4,753	\$ 1,130	\$ 6,423	\$ 1,540	\$ 9,508
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 494	\$ 4,325	\$ 715	\$ 6,320	\$ 1,027	\$ 9,158
Franklin Life	Level Term 90-1	25-70	SU	\$ 400	\$ 2,865	\$ 570	\$ 4,125	\$ 935	\$ 6,600
Golden Rule	ValuTerm 1	na	na	\$ 385	\$ 3,650	\$ 660	\$ 5,743	\$ 1,045	\$ 8,795
Guarantee Life	Term Builder 1	18-70	SU	\$ 428	\$ 3,638	\$ 588	\$ 5,313	\$ 980	\$ 8,525
Jackson National	Prime YRT 100	18-70	SU	\$ 485	\$ 3,388	\$ 698	\$ 4,920	\$ 1,030	\$ 7,888
Manulife	ART Select	20-75	SU	\$ 510	\$ 3,603	\$ 695	\$ 5,235	\$ 1,135	\$ 8,370
National Guardian	Term Guard IV	18-75	SU	\$ 370	\$ 3,245	\$ 513	\$ 4,600	\$ 795	\$ 7,138
National Life	ART	20-75	AL	\$ 498	\$ 2,915	\$ 763	\$ 4,665	\$ 1,213	\$ 7,718
Ohio National	YRT-99	18-70	AL	\$ 740	\$ 7,039	\$ 1,145	\$ 11,157	\$ 1,555	\$ 18,015
Phoenix Home Life	Term Life Success	18-70	SU	\$ 398	\$ 3,245	\$ 560	\$ 4,670	\$ 905	\$ 8,468
Principal Finan. Group	ART	20-75	SU	\$ 388	\$ 2,704	\$ 550	\$ 4,055	\$ 1,020	\$ 7,001
SAFECO	Expert-ART	20-75	SU	\$ 413	\$ 3,745	\$ 548	\$ 5,572	\$ 925	\$ 9,485
Savings Bank LIC/MA	YRT	18-65	AL	\$ 460	\$ 2,715	\$ 670	\$ 3,980	\$ 1,020	\$ 6,205
Security Benefit LIC	YRT-100	na	na	\$ 993	\$ 5,185	\$ 1,445	\$ 7,520	\$ 2,248	\$ 11,875
Secur.Mutual/NY	Select-A-Term	18-75	SU	\$ 288	\$ 3,048	\$ 423	\$ 4,653	\$ 560	\$ 6,888
Trustmark LIC	Termnet 1	0-70	SU	\$ 375	\$ 3,256	\$ 550	\$ 4,773	\$ 998	\$ 7,512
USAA Life	ART Indeterminate	0-65	AL	\$ 820	\$ 4,718	\$ 1,123	\$ 6,525	\$ 1,688	\$ 10,828
USG Annuity & Life	Vision Term	18-75	SU	\$ 340	\$ 3,310	\$ 488	\$ 4,893	\$ 778	\$ 6,965

Survey period: Oct. 20, 1997 thru Nov. 7, 1997. *SU = "Select & Ultimate" pricing basis; AL = "Attained Life" pricing basis.

Life Insurance Update

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
American Heritage Life	Patriot I	18-75	SU	\$ 250	\$ 1,385	\$ 263	\$ 1,528	\$ 293	\$ 1,958
Ameritas LIC	ART	20-75	SU	\$ 213	\$ 1,245	\$ 225	\$ 1,410	\$ 270	\$ 1,835
Columbia Universal	Term Choice-ART	20-75	AL	\$ 188	\$ 1,200	\$ 208	\$ 1,440	\$ 258	\$ 1,803
Commercial Union	Annual R&C Term	22-65	AL	\$ 270	\$ 1,480	\$ 348	\$ 2,008	\$ 488	\$ 2,833
Fidelity & Guaranty	Super Saver Term	18-70	SU	\$ 233	\$ 1,920	\$ 270	\$ 2,270	\$ 313	\$ 2,705
Franklin Life	Level Term 90-1	25-70	SU	\$ 215	\$ 1,325	\$ 233	\$ 1,480	\$ 273	\$ 1,845
Golden Rule	ValuTerm 1	25-70	SU	\$ 188	\$ 1,118	\$ 230	\$ 1,475	\$ 248	\$ 1,783
Guarantee Life	Term Builder 1	18-70	SU	\$ 233	\$ 1,363	\$ 245	\$ 1,650	\$ 268	\$ 2,063
Jackson National	Prime YRT 100	18-70	SU	\$ 203	\$ 1,198	\$ 238	\$ 1,548	\$ 295	\$ 1,983
Manulife	ART Select	20-75	SU	\$ 268	\$ 1,465	\$ 300	\$ 1,683	\$ 345	\$ 2,200
National Guardian	Term Guard IV	18-75	SU	\$ 198	\$ 1,245	\$ 218	\$ 1,490	\$ 258	\$ 1,843
National Life	ART	20-75	AL	\$ 195	\$ 1,005	\$ 220	\$ 1,228	\$ 295	\$ 1,658
Ohio National	YRT-99	18-70	AL	\$ 320	\$ 2,077	\$ 348	\$ 3,083	\$ 460	\$ 4,262
Phoenix Home Life	Term Life Success	18-70	SU	\$ 175	\$ 1,188	\$ 215	\$ 1,630	\$ 248	\$ 1,933
Principal Finan. Group	ART	20-75	SU	\$ 213	\$ 1,125	\$ 225	\$ 1,218	\$ 258	\$ 7,529
SAFECO	Expert-ART	20-75	SU	\$ 223	\$ 1,383	\$ 263	\$ 1,255	\$ 273	\$ 2,068
Savings Bank LIC/MA	YRT	18-65	AL	\$ 185	\$ 995	\$ 220	\$ 1,205	\$ 285	\$ 1,740
Security Benefit LIC	YRT-100	na	na	\$ 225	\$ 1,115	\$ 338	\$ 1,765	\$ 520	\$ 2,693
Secur.Mutual/NY	Select-A-Term	18-75	SU	\$ 150	\$ 1,138	\$ 150	\$ 1,458	\$ 178	\$ 1,790
Trustmark LIC	Termnet 1	0-70	SU	\$ 193	\$ 1,196	\$ 218	\$ 1,521	\$ 228	\$ 1,943
USAA Life	ART Indeterminate	0-65	AL	\$ 245	\$ 1,315	\$ 295	\$ 1,635	\$ 393	\$ 2,218
USG Annuity & Life	Vision Term	18-75	SU	\$ 215	\$ 1,358	\$ 215	\$ 1,705	\$ 213	\$ 2,193

Survey period: Oct. 20, 1997 thru Nov. 7, 1997. *SU = "Select & Ultimate" pricing basis; AL = "Attained Life" pricing basis.

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

Company	Policy Name	Issue Ages	Pricing Basis*	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
American Heritage Life	Patriot I	18-75	SU	\$ 390	\$ 2,768	\$ 543	\$ 4,023	\$ 765	\$ 5,733
Ameritas LIC	ART	20-75	SU	\$ 320	\$ 2,303	\$ 405	\$ 3,100	\$ 588	\$ 4,433
Columbia Universal	Choice Term-ART	20-75	AL	\$ 290	\$ 2,330	\$ 350	\$ 3,045	\$ 523	\$ 4,575
Commercial Union	Annual R&C Term	22-65	AL	\$ 700	\$ 3,888	\$ 883	\$ 4,713	\$ 1,035	\$ 6,228
Fidelity & Guaranty	Super Saver Term	18-75	SU	\$ 398	\$ 3,433	\$ 505	\$ 4,393	\$ 650	\$ 5,715
Franklin Life	Level Term 90-1	20-75	SU	\$ 330	\$ 2,258	\$ 435	\$ 3,000	\$ 568	\$ 4,415
Golden Rule	ValuTerm 1	25-70	SU	\$ 318	\$ 2,630	\$ 418	\$ 3,865	\$ 573	\$ 5,070
Guarantee Life	Term Builder 1	18-75	SU	\$ 330	\$ 2,650	\$ 440	\$ 3,700	\$ 648	\$ 5,488
Jackson National	Prime YRT 100	18-70	SU	\$ 368	\$ 2,498	\$ 498	\$ 3,470	\$ 675	\$ 5,000
Manulife	ART Select	20-75	SU	\$ 425	\$ 2,970	\$ 578	\$ 4,223	\$ 845	\$ 6,310
National Guardian	Term Guard IV	18-75	SU	\$ 300	\$ 2,380	\$ 360	\$ 3,095	\$ 533	\$ 4,610
National Life	ART	20-75	AL	\$ 385	\$ 2,153	\$ 530	\$ 3,125	\$ 773	\$ 4,760
Ohio National	YRT-99	18-70	AL	\$ 595	\$ 5,934	\$ 793	\$ 8,507	\$ 1,220	\$ 12,263
Phoenix Home Life	Term Life Success	18-70	SU	\$ 313	\$ 2,505	\$ 398	\$ 3,355	\$ 538	\$ 4,745
Principal Finan Group	ART	20-75	SU	\$ 298	\$ 1,983	\$ 418	\$ 2,932	\$ 623	\$ 4,521
SAFECO	Expert-ART	20-75	SU	\$ 328	\$ 2,762	\$ 398	\$ 3,763	\$ 610	\$ 6,043
Savings Bank LIC/MA	YRT	18-65	AL	\$ 460	\$ 2,715	\$ 670	\$ 3,980	\$ 1,020	\$ 6,205
Security Benefit LIC	YRT-100	na	na	\$ 785	\$ 4,100	\$ 1,143	\$ 5,948	\$ 1,778	\$ 9,388
Secur. Mutual/NY	Select-A-Term	18-75	SU	\$ 223	\$ 2,318	\$ 320	\$ 3,545	\$ 433	\$ 4,970
Trustmark LIC	Termnet 1	0-70	SU	\$ 290	\$ 2,353	\$ 383	\$ 3,139	\$ 640	\$ 4,620
USAA Life	ART Indeterminate	0-65	AL	\$ 525	\$ 3,088	\$ 813	\$ 4,803	\$ 1,193	\$ 7,495
USG Annuity & Life	Vision Term	18-75	SU	\$ 308	\$ 2,900	\$ 418	\$ 4,118	\$ 693	\$ 6,075

Survey period: Oct. 20, 1997 thru Nov. 7, 1997. *SU = "Select & Ultimate" pricing basis; AL = "Attained Life" pricing basis.

Life Insurance Update

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. 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. Each policy is guaranteed renewable for the next nine years at the same initial

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

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	Patriot X	\$ 278	\$ 343	\$ 530	\$ 828	\$ 1,228	\$ 1,888
Ameritas LIC	10-Year Term	\$ 293	\$ 353	\$ 535	\$ 815	\$ 1,158	\$ 1,808
Columbia Universal	Term Choice 10 Yr	\$ 250	\$ 325	\$ 460	\$ 680	\$ 985	\$ 1,515
Federal Home Life	Ideal Term 10 Yr	\$ 260	\$ 345	\$ 470	\$ 650	\$ 925	\$ 1,393
Franklin LIC	Level Term 90-10	\$ 273	\$ 350	\$ 463	\$ 678	\$ 968	\$ 1,620
Golden Rule	ValuTerm 10	\$ 260	\$ 348	\$ 478	\$ 708	\$ 1,125	\$ 1,770
Guarantee Life	Termbuilder 10	\$ 260	\$ 330	\$ 425	\$ 613	\$ 895	\$ 1,390
Jackson National	Prime 10 R&C	\$ 298	\$ 390	\$ 588	\$ 883	\$ 1,280	\$ 1,990
Lincoln Benefit	Level Best Ten	\$ 220	\$ 290	\$ 385	\$ 550	\$ 798	\$ 1,268
Manulife	Manulife 10	\$ 230	\$ 285	\$ 390	\$ 563	\$ 808	\$ 1,238
National Guardian	Term Guard IV	\$ 248	\$ 318	\$ 445	\$ 650	\$ 935	\$ 1,430
National Life	T-10	\$ 225	\$ 295	\$ 410	\$ 575	\$ 860	\$ 1,330
Ohio National	Q-10 Ultra	\$ 200	\$ 267	\$ 335	\$ 510	\$ 753	\$ 1,097
Phoenix Home Life	Term Choice	\$ 205	\$ 265	\$ 373	\$ 500	\$ 780	\$ 1,265
Presidential	10-Year Term	\$ 308	\$ 403	\$ 528	\$ 753	\$ 1,078	\$ 1,725
Principal Financial	10 Yr Term	\$ 230	\$ 303	\$ 405	\$ 588	\$ 868	\$ 1,465
Reliastar	Term Advantage 10	\$ 255	\$ 345	\$ 475	\$ 665	\$ 983	\$ 1,485
SAFECO	Expert 10/10	\$ 283	\$ 388	\$ 523	\$ 733	\$ 1,118	\$ 1,828
Savings Bank Life/MA	10 Yr Term	\$ 210	\$ 265	\$ 330	\$ 480	\$ 755	\$ 1,195
Security Benefit LIC	Security 10 LT	\$ 400	\$ 540	\$ 763	\$ 1,063	\$ 1,525	\$ 2,323
Security Mutual/NY	Select-A-Term	\$ 315	\$ 408	\$ 565	\$ 765	\$ 1,158	\$ 1,260
Southwestern LIC	Term 15	\$ 350	\$ 455	\$ 688	\$ 1,048	\$ 1,478	\$ 2,220
Sunset Life	Term 10	\$ 238	\$ 308	\$ 435	\$ 640	\$ 925	\$ 1,420
Trustmark Life	Level Term	\$ 288	\$ 368	\$ 523	\$ 768	\$ 1,183	\$ 1,833
USAA Life	Series III	\$ 275	\$ 300	\$ 353	\$ 478	\$ 735	\$ 1,188
USG Annuity & Life	Vision Term	\$ 333	\$ 420	\$ 600	\$ 840	\$ 1,265	\$ 1,748
United Presidential	SmartStep	\$ 298	\$ 370	\$ 468	\$ 670	\$ 1,000	\$ 1,493

Survey period: Oct. 20, 1997 thru Nov. 7, 1997.

Life Insurance Update

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

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	Patriot X	\$ 268	\$ 283	\$ 370	\$ 580	\$ 895	\$ 1,330
Ameritas LIC	10-Year Term	\$ 293	\$ 353	\$ 535	\$ 815	\$ 1,158	\$ 1,808
Columbia Universal	Term Choice 10 yr	\$ 220	\$ 273	\$ 368	\$ 490	\$ 665	\$ 990
Federal Home Life	Ideal Term 10 Yr	\$ 228	\$ 285	\$ 375	\$ 480	\$ 635	\$ 895
Franklin LIC	Level Term 90-10	\$ 243	\$ 320	\$ 430	\$ 560	\$ 733	\$ 963
Golden Rule	ValuTerm 10	\$ 220	\$ 283	\$ 370	\$ 503	\$ 723	\$ 960
Guarantee Life	Termbuilder 10	\$ 240	\$ 278	\$ 355	\$ 475	\$ 628	\$ 920
Jackson National	Prime 10 R&C	\$ 253	\$ 325	\$ 450	\$ 630	\$ 860	\$ 1,265
Lincoln Benefit	Level Best Ten	\$ 193	\$ 248	\$ 325	\$ 435	\$ 595	\$ 835
Manulife	Manulife 10	\$ 208	\$ 245	\$ 315	\$ 415	\$ 555	\$ 783
National Guardian	TermGuard IV	\$ 220	\$ 270	\$ 358	\$ 473	\$ 635	\$ 940
National Life	T-10	\$ 203	\$ 258	\$ 333	\$ 425	\$ 588	\$ 835
Ohio National	Q-10 Ultra	\$ 160	\$ 220	\$ 292	\$ 390	\$ 550	\$ 780
Phoenix Home Life	Choice	\$ 188	\$ 248	\$ 295	\$ 388	\$ 553	\$ 810
Presidential	10-Year Term	\$ 275	\$ 330	\$ 398	\$ 513	\$ 668	\$ 1,035
Principal Financial	10-Yr Term	\$ 223	\$ 243	\$ 320	\$ 435	\$ 635	\$ 963
Reliastar	Term Advantage 10	\$ 220	\$ 290	\$ 368	\$ 495	\$ 668	\$ 950
SAFECO	Expert 10/10	\$ 268	\$ 350	\$ 448	\$ 588	\$ 830	\$ 1,275
Savings Bank Life/MA	10 Yr Term	\$ 210	\$ 265	\$ 330	\$ 480	\$ 755	\$ 1,195
Security Benefit LIC	Security 10 LT	\$ 350	\$ 463	\$ 613	\$ 845	\$ 1,175	\$ 1,688
Security Mutual/NY	Select-A-Term	\$ 258	\$ 353	\$ 493	\$ 688	\$ 715	\$ 1,288
Southwestern LIC	Term 15	\$ 303	\$ 403	\$ 533	\$ 675	\$ 870	\$ 1,235
Sunset Life	Term 10	\$ 210	\$ 260	\$ 348	\$ 463	\$ 625	\$ 930
Trustmark Life	Level Term	\$ 240	\$ 313	\$ 420	\$ 523	\$ 775	\$ 1,140
USAA Life	Series II	\$ 330	\$ 340	\$ 360	\$ 490	\$ 745	\$ 1,138
USG Annuity & Life	Vision Term	\$ 303	\$ 400	\$ 540	\$ 735	\$ 1,055	\$ 1,510
United Presidential	SmartStep	\$ 260	\$ 335	\$ 375	\$ 510	\$ 668	\$ 905

Survey period: Oct. 20, 1997 thru Nov. 7, 1997.

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 indicated.

Table 15. Single Premium Life Insurance

Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees			Net Cash Value Age 65	Net Death Benefit at Age 65
					Yr 1	Yr 5	Yr 10		
Fidelity & Guaranty	UL 7 (UL)	na	6.50%	-	.45%	.18%	0%	\$ 213,706	\$ 317,653
Golden Rule	Asset-Care (WL)	40-80	5.85%	1 Year	11%	7%	1.5%	\$ 241,856	\$ 425,668
Jackson National	SPWL	0-80	5.00%	1 Year	9%	5%	0%	\$ 168,421	\$ 414,333
National Guardian	SPWL (WL)	0-80	na	na	na	na	na	\$ 241,554	\$ 464,474
Phoenix Mutual	Phoenix Edge (UL)	0-75	4.85%	1 Year	na	na	na	\$ 146,396	\$ 281,802
Presidential	Taxbreaker II (UL)	0-80	6.25%	1 Year	7%	4%	0%	\$ 336,185	\$ 513,631
Southwestern	Classic Provider (UL)	0-85	6.50%	1 Year	15.7%	8.4%	2.9%	\$ 205,072	\$ 445,152
USG Annuity & Life	Life 3 (UL)	30-85	6.00%	1 Year	9%	5%	0%	\$ 222,393	\$ 389,188
Western United	Freedom III (WL)	0-80	5.00%	1 Year	10%	7%	2%	\$ 265,330	\$ 406,842

Survey period: Oct. 20, 1997 thru Nov. 7, 1997.

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. These products 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 almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors.

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 ex-

cept 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 and do not permit withdrawals before maturity. They are also quoted net of expenses and with no commission fees.

Table 16. Bullet GICs (Net of Expenses, Without Commissions)

Reporting Companies	Date of Quote	\$1,000,000 Deposit				\$5,000,000 Deposit			
		Compound		Simple		Compound		Simple	
		3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr
AIG/AI Life	11/18	5.86%	6.25%	5.82%	6.22%	5.96%	6.28%	5.94%	6.27%
Canada Life	11/18	5.88%	6.07%	5.88%	6.07%	6.02%	6.18%	6.02%	6.18%
Hartford Life	11/18	5.98%	6.18%	5.94%	6.14%	5.98%	6.18%	5.94%	6.14%
New York Life	11/19	6.10%	6.30%	6.10	6.30%	6.10%	6.30%	6.10%	6.30%
SAFECO	11/18	6.08%	na	6.08%	na	6.09%	na	6.09%	na
Transamerica	11/18	6.05%	6.22%	6.01%	6.24%	6.10%	6.27%	6.06%	6.29%

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

LIABILITY LIMITS

State	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commissioners' 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

Distribution of Ratings

A.M. Best			S & P			Moody's			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++)	51	1	(AAA)	40	1	(Aaa)	6	1	(AAA)	59	1	(A+)	11
2	(A+)	147	2	(AA+)	47	2	(Aa1)	9	2	(AA+)	28	2	(A)	15
3	(A)	232	3	(AA)	83	3	(Aa2)	36	3	(AA)	56	3	(A-)	38
4	(A-)	168	4	(AA-)	59	4	(Aa3)	47	4	(AA-)	31	4	(B+)	58
5	(B++)	94	5	(A+)	37	5	(A1)	34	5	(A+)	26	5	(B)	193
6	(B+)	116	6	(A)	32	6	(A2)	12	6	(A)	7	6	(B-)	128
7	(B)	54	7	(A-)	10	7	(A3)	11	7	(A-)	5	7	(C+)	125
8	(B-)	22	8	(BBB+)	6	8	(Baa1)	8	8	(BBB+)	1	8	(C)	233
9	(C++)	10	9	(BBB)	1	9	(Baa2)	6	9	(BBB)	na	9	(C-)	115
10	(C+)	7	10	(BBB-)	2	10	(Baa3)	2	10	(BBB-)	na	10	(D+)	105
11	(C)	14	11	(BB+)	na	11	(Ba1)	na	11	(BB+)	na	11	(D)	141
12	(C-)	na	12	(BB)	na	12	(Ba2)	1	12	(BB)	na	12	(D-)	49
13	(D)	na	13	(BB-)	na	13	(Ba3)	na	13	(BB-)	na	13	(E+)	29
14	(E)	na	14	(B+)	1	14	(B1)	na	14	(B+)	na	14	(E)	25
15	(F)	na	15	(B)	na	15	(B2)	na	15	(B)	na	15	(E-)	na
(as of 8/97)			16	(B-)	na	16	(B3)	na	16	(B-)	na	16	(F)	na
			17	(CCC)	na	17	(Caa)	na	17	(CCC+)	na	17	(U)	na
			18	(R)	na	18	(Ca)	na	18	(CCC)	na	(as of 8/97)		
			(as of 8/97)			19	(C)	na	19	(CCC-)	na			
						(as of 8/97)			(as of 8/97)					

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Acacia Mutual LIC	60038	DC	\$ 0.9B	10%	3 (A)		-		-		4 (AA-)		5 (B)	
Acacia Nat'l Life	85685	VA	\$ 0.5B	5%	3 (A)		-		-		4 (AA-)		8 (C)	
Aetna LI & Ann. Co.	86509	CT	\$24.3B	2%	2 (A+)	▼6/95	4 (AA-)	▼7/96	4 (Aa3)	▼7/97	2 (AA+)		7 (C+)	
Aetna LIC	60054	CT	\$46.1B	3%	3 (A)		7 (A+)	▲7/97	5 (A1)	▼7/97	4 (AA-)	▼7/95	8 (C)	▲8/97
AID Assoc. Lutherans	56014	WI	\$14.1B	6%	1 (A++)		2 (AA)		3 (Aa2)		1 (AAA)		-	
AIG LIC	66842	DE	\$ 5.8B	3%	2 (A+)	▲6/92	1 (AAA)		1 (Aaa)		-		6 (B-)	
Alex. Ham. LIC Amer.	94064	MI	\$ 7.3B	4%	1 (A++)	▲8/96	1 (AAA)	▲10/95	4 (Aa3)	▲3/96	1 (AAA)	▲10/95	5 (B)	▲2/96
Allstate LIC	60186	IL	\$24.9B	6%	2 (A+)	▲3/96	2 (AA+)		3 (Aa2)	▲8/97	-		4 (B+)	▲7/97
Allstate LIC/ NY	70874	NY	\$ 1.6B	9%	2 (A+)		2 (AA+)		3 (Aa2)	▲8/97	-		5 (B)	
Amer. Centurian LAC	77798	NY	\$ 0.1B	13%	2 (A+)	▲6/95	-		-		1 (AAA)		6 (B-)	
Amer. Enterprise LIC	94234	IN	\$ 3.4B	5%	2 (A+)		-		3 (Aa2)		1 (AAA)		5 (B)	▲11/94
Amer. Family LIC	60399	WI	\$ 1.8B	12%	2 (A+)		3 (AA)		-		-		1 (A+)	
Amer. General LIC	60488	TX	\$ 6.6B	19%	1 (A++)		2 (AA+)		4 (Aa3)		1 (AAA)		3 (A-)	▲10/94
Amer. General Life & Acc	66672	TN	\$ 2.6B	13%	1 (A++)		2 (AA+)	▼6/97	4 (Aa3)		1 (AAA)		5 (B)	
Amer. Heritage LIC	60534	FL	\$ 1.0B	11%	3 (A)		3 (AA)		-		-		3 (A-)	
Amer. Int'l Life Assur. Co. NY	60607	NY	\$ 5.0B	5%	2 (A+)	▲6/92	1 (AAA)		1 (Aaa)		-		6 (B-)	▲2/96
Amer. Investors LIC	60631	KS	\$ 2.1B	4%	4 (A-)	▼9/97	-		10 (Baa3)		4 (A)	▼11/96	8 (C)	
Amer. Life/Cas. Ins.	60682	IA	\$ 5.2B	4%	3 (A)	▲6/97	7 (A-)	▼9/94	9 (Baa2)	▲10/96	-		9 (C-)	

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

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

Company Legal Name NAIC# — Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation which may include subsidiaries with similar sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating. The

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

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

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Amer. LIC	60690	DE	\$12.4B	11%	(FPR-8)		1 (AAA)		-		-		5 (B)	▲10/95
Amer. LIC/ NY	60704	NY	\$ 1.3B	5%	2 (A+)		4 (AA-)	▼12/94	-		2 (AA+)		5 (B)	
American Maturity	81213	CT	\$ 0.2B	98%	2 (A+)	▲9/94	3 (AA)	▼9/96	-		2 (AA+)		5 (B)	
Amer. Mayflower LIC/NY	60712	NY	\$ 0.9B	6%	2 (A+)		3 (AA)	▲12/96	3 (Aa2)	▲4/97	2 (AA+)		6 (B-)	
Amer. Nat'l Ins. Co.	60739	TX	\$ 5.8B	22%	1 (A++)		2 (AA+)		3 (Aa2)		-		5 (B)	
American Partners LIC	93653	AZ	\$ 0.1B	12%	2 (A+)	4/96	-		-		1 (AAA)		8 (C)	
Amer. Skandia L Assur	86630	CT	\$ 4.7B	2%	4 (A-)		6 (A)	▲6/97	-		4 (AA-)		10 (D+)	▲7/97
American United LIC	60895	IN	\$ 6.5B	4%	2 (A+)		3 (AA)	▲10/96	5 (A1)		3 (AA)	▼10/96	5 (B)	
Ameritas LI Corp.	61301	NE	\$ 1.7B	12%	2 (A+)		3 (AA)		-		-		2 (A)	
AmerUs LIC	61689	IA	\$ 4.0B	10%	3 (A)		6 (A)	▼4/95	6 (A2)	▼8/97	4 (AA-)		7 (C+)	
Anchor Nat'l LIC	60941	CA	\$ 7.4B	4%	2 (A+)	▲6/95	4 (AA-)	▼9/95	6 (A2)		3 (AA)		7 (C+)	▲8/97
Aurora Nat'l LAC	61182	CA	\$ 5.1B	8%	(FPR-6)		-		8 (Baa1)		5 (A+)	▲7/95	11 (D)	
AUSA LIC	70688	NY	\$ 7.7B	2%	3 (A)	▲6/94	1 (AAA)	▲10/96	4 (Aa3)		2 (AA+)		8 (C)	
Bankers Life/Cas. Co.	61263	IL	\$ 3.4B	10%	3 (A)	▲8/96	-		9 (Baa2)	▲4/97	4 (AA-)		8 (C)	
Bankers Uni. Life Ass.	61387	IA	\$ 3.5B	4%	3 (A)		1 (AAA)	▲9/96	4 (Aa3)		4 (AA+)		6 (B-)	▲4/97
Banner LIC	94250	MD	\$ 0.8B	11%	2 (A+)		-		6 (A2)	▼6/97	-		6 (B-)	
Beneficial Std LIC	61417	CA	\$ 2.4B	5%	3 (A)	▲8/96	-		9 (Baa2)	▲4/97	4 (AA-)	▲11/97	8 (C)	
Berkshire LIC	61433	MA	\$ 1.2B	5%	3 (A)	▼12/96	4 (AA-)	▼2/96	-		4 (AA-)	▼9/97	7 (C+)	
Business Mens Assurance	61492	MD	\$ 1.9B	18%	3 (A)	▼10/95	3 (AA)		5 (A1)		3 (AA)		5 (B)	▼4/97
Canada Life Assurance	80659	CD	\$ 19.6B	11%	1 (A++)		2 (AA+)	▼8/95	3 (Aa2)		1 (AAA)		-	
Canada Life Ins Co.(NY)	79359	NY	\$ 0.2B	5%	1 (A++)		2 (AA+)	▼8/95	3 (Aa2)		1 (AAA)		7 (C+)	▲11/96
Capitol Bankers LIC	62421	MN	\$ 0.4B	8%	4 (A-)		7 (A-)		-		-	withdrawn	8 (C)	
Cen Benefits Nat'l LIC	63541	OH	\$ 0.4B	52%	4 (A-)	▲6/94	-		-		-		5 (B)	▼4/97
Cen Nat LIC/Omaha	61700	DE	\$ 1.4B	15%	2 (A+)		-		-		-		8 (C)	
Champlain LIC	93637	VT	\$ 0.8B	-	-		-		-		-		-	
Chubb Colonial LIC of Am.	62057	NJ	\$ 0.7B	16%	3 (A)		3 (AA)		-		1 (AAA)		5 (B)	▼9/95
Chubb Sovereign LIC	80438	CA	\$ 0.4B	13%	2 (A+)		3 (AA)	▼8/97	-		-		5 (B)	
Cigna LIC	93629	CT	\$ 0.1B	49%	2 (A+)		3 (AA)		-		1 (AAA)		8 (C)	▲10/96
Columbia Universal	77720	TX			4 (A-)		-		-		-		-	
Columbus LIC	99937	OH	\$ 1.8B	9%	2 (A+)		1 (AAA)		3 (Aa2)		1 (AAA)		4 (B+)	▲2/97

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Comme'l Un. LIC/Am.	62898	DE	\$ 1.4B	8%	2 (A+)		-		-		4 (AA-)		4 (B+)	▲1/96
Commonwealth LIC	62227	KY	\$ 4.6B	4%	2 (A+)		1 (AAA)	▲8/97	4 (Aa3)		2 (AA+)		7 (C+)	9/95
Companion LIC	62243	NY	\$ 0.3B	14%	3 (A)		-		-		3 (AA)		5 (B)	
Comm. General LIC	62308	CT	\$ 57.9B	3%	2 (A+)	▼6/92	3 (AA)	▼12/94	4 (Aa3)	▲10/96	1 (AAA)		7 (C+)	
Conn Nat'l LIC	93769	IL	\$ 0.3B	8%	4 (A-)	▼3/95	-		-		4 (AA-)	▲11/97	8 (C)	
Constitution LIC	62359	TX	\$ 0.2B	31%	5 (B++)		-		-		-		11 (D)	▼7/95
Continental Assur. Co.	62413	IL	\$ 11.3B	10%	3 (A)	▼5/95	3 (AA)	▼2/96	5 (A1)		3 (AA)	▼6/95	5 (B)	▲9/95
Continental General	71404	NE	\$ 0.3B	15%	4 (A-)		-		-		1 (AAA)		5 (B)	
Contin. Western LIC	62510	IA	\$ 0.4B	6%	NR-3		-		-		-		6 (B-)	▼8/97
Cova Finan. Svcs. LIC	93513	MO	\$ 1.0B	5%	3 (A)	▲1/95	4 (AA-)		5 (A1)	▲10/95	3 (AA)		8 (C)	▲10/95
Crown LIC	n/a	CN	\$ 8.7B	6%	4 (A-)		7 (A-)	▲9/96	10 (Baa3)	▼7/96	-		-	
CU Life Ins Co. NY	92665	NY	\$ 0.3B	6%	2 (A+)		-		-		4 (AA-)		6 (B-)	▲1/97
CUNA Mutual Ins. Soc.	62626	WI	\$ 1.7B	14%	3 (A)		-		-		3 (AA)		8 (C)	
CUNA Mutual LIC	65749	IA	\$ 2.7B	5%	3 (A)	▼3/97	-		-		3 (AA)		4 (B+)	▲11/95
Delta Life & Annuity	65145	TN	\$ 1.6B	4%	3 (A)	▼6/96	-		-		5 (A+)	▼6/95	6 (B-)	
Empire General LAC	94285	TN	\$ 1.0B	98%	2 (A+)	▲2/94	3 (AA)		-		3 (AA)		9 (C-)	
Empire LIC	62820	WA	\$ 0.3B	20%	4 (A-)	▲6/95	-		-		-		7 (C+)	
Equitable L. Assur. Society	62944	NY	\$ 51.4B	4%	3 (A)	▲5/95	4 (AA-)	▲10/95	4 (Aa3)	▲6/96	4 (AA-)	▲12/95	9 (C-)	▲9/95
Equitable Life/IOWA	62979	IA	\$ 2.9B	18%	2 (A+)		3 (AA)		5 (A1)	▲11/95	2 (AA+)	▲11/97	5 (B)	
Equitable Variable LIC	81361	NY	\$ 12.4B	5%	3 (A)	▲5/95	3 (AA)	▲10/95	withdrawn		-		9 (C-)	▲9/95
Farmers N. World LIC	63177	WA	\$ 4.4B	19%	2 (A+)		-		4 (Aa3)		-		3 (A-)	▼4/97
Federal Home LIC	67695	IN	\$ 2.2B	8%	2 (A+)	▲4/96	-		3 (Aa2)		3 (AA)	▲8/96	6 (B-)	
Federal Kemper L. Assur.	63207	IL	\$ 2.4B	7%	3 (A)	▲1/96	4 (AA-)		4 (Aa3)	▲1/96	3 (AA)	▲1/96	6 (B-)	▲5/97
Fidelity & Guar. LIC	63274	MD	\$ 4.1B	7%	4 (A-)		6 (A)	▲2/96	8 (Baa1)	▲5/95	5 (A+)	▲3/97	8 (C)	▲1/96
Financial Benefit LIC	98213	FL	\$ 0.5B	6%	6 (B+)	▲6/96	12 (BB)		-		-		8 (C)	▲2/97
First Alex. Ham. LIC	71510	NY	\$ 0.4B	6%	1 (A++)	▲11/96	6 (A)		-		1 (AAA)	▲10/95	8 (C)	
First Allamerica Financial Life	69140	MA	\$ 6.6B	9%	3 (A)		5 (A+)		5 (A1)		3 (AA)		8 (C)	
First Colony LIC	63401	VA	\$ 8.5B	4%	1 (A++)		3 (AA)	▲12/96	3 (Aa2)	▲4/97	2 (AA+)		4 (B+)	▲6/96
First GNA LIC/NY	72990	NY	\$ 1.4B	10%	2 (A+)		-		-		-		5 (B)	▲10/95
First Rel. Std. LIC	71005	NY	\$ 0.05B	17%	4 (A-)		6 (A)	▲3/97	-		5 (A+)	▼12/95	8 (C)	

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Continued . . .

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
First Safeco Nat'l NY	78417	NY	\$ 0.02B	10%	2 (A+)		3 (AA)		-		-		5 (B)	▲3/95
First Sun/America LIC	92495	NY	\$ 0.1B	13%	2 (A+)		-		-		-		8 (C)	
First UNUM LIC	64297	NY	\$ 0.7B	14%	2 (A+)		3 (AA)		3 (Aa2)		-		4 (B+)	
First Variable LIC	77984	AR	\$ 0.4B	7%	4 (A-)		4 (AA-)		-		3 (AA)		8 (C)	▲3/96
Fort Dearborn LIC	71129	IL	\$ 0.4B	12%	3 (A)		5 (A+)	▲1/97	-		-		5 (B)	▼11/94
Fortis Benefits LIC	70408	MN	\$ 4.9B	7%	3 (A)	▼4/96	3 (AA)		5 (A1)		-		4 (B+)	▲9/95
Franklin LIC	63622	IL	\$ 6.7B	5%	1 (A++)	▲6/96	2 (AA+)	▲6/97	4 (Aa3)		1 (AAA)	▲8/97	3 (A-)	▼10/95
GE Capital LAC/NY	72990	NY	\$ 1.5B	11%	2 (A+)		3 (AA)		3 (Aa2)		3 (AA)		4 (B+)	▲2/97
General American LIC	63665	MO	\$ 9.6B	6%	2 (A+)		4 (AA-)		5 (A1)		3 (AA)		7 (C+)	
General Electric CAP	70025	DE	\$ 5.9B	17%	2 (A+)	▲6/95	3 (AA)		3 (Aa2)	▲4/97	3 (AA)	▲8/96	5 (B)	▲5/97
Glenbrook Life/Annuity	70092	IL	\$ 0.1B	91%	2 (A+)		2 (AA+)		3 (Aa2)	▲8/97	-		5 (B)	▲4/97
Globe Life/Accid. IC	91472	DE	\$ 0.8B	8%	2 (A+)	▼5/95	withdrawn		-		-		5 (B)	▼1/96
Golden America LIC	80942	DE	\$ 1.1B	6%	3 (A)	▲8/96	-		-		3 (AA)	▲5/96	8 (C)	
Golden Rule Ins. Co.	62286	IL	\$ 1.3B	15%	3 (A)	▼5/95	4 (AA-)		-		-		5 (B)	
Grand Pacific LIC	63975	HI	\$ 0.2B	4%	6 (B+)		-		-		8 (BBB+)		8 (C)	▲6/96
Great American LIC	63312	OH	\$ 5.4B	5%	3 (A)		-		8 (Baa1)	▲10/96	4 (AA-)	▲11/95	7 (C+)	
Great Amer. Res. Ins.	64017	TX	\$ 2.5B	6%	3 (A)	▲8/96	-		9 (Baa2)	▲4/97	4 (AA-)	▲11/97	8 (C)	▲4/97
Great Nthm Insur. Ann.	94366	WA	\$ 6.5B	5%	2 (A+)		3 (AA)		3 (Aa2)	▲4/97	3 (AA)		5 (B)	▲3/95
Great Southern LIC	90212	TX	\$ 1.0B	18%	3 (A)		6 (A)		-		-		7 (C+)	
Great-West Life Annuity	68322	CN	\$ 16.7B	3%	1 (A++)		2 (AA+)		3 (Aa2)		1 (AAA)		5 (B)	▲9/95
Guardian Insur/Annuity Co Inc	78778	DE	\$ 5.0B	3%	1 (A++)		2 (AA+)	▼1/97	2 (Aa1)	▼9/96	1 (AAA)		2 (A)	▲7/97
Guardian LIC of Amer.	64246	NY	\$ 11.0B	10%	2 (A+)	▼10/97	2 (AA+)	▼1/97	2 (Aa1)	▼9/96	1 (AAA)		1 (A+)	
Hartford LIC	88072	CT	\$ 46.6B	2%	2 (A+)	▼10/95	3 (AA)	▼9/96	4 (Aa3)	▼1/97	2 (AA+)	▼10/95	4 (B+)	▼9/95
Harvest LIC	79421	OH	\$ 1.0B	7%	2 (A+)	▲4/96	-		3 (Aa2)		3 (AA)	▲8/96	6 (B-)	▲2/97
Horace Mann LIC	64513	IL	\$ 2.6B	5%	3 (A)	▼11/95	4 (AA-)		7 (A3)		3 (AA)		5 (B)	
IDS LIC	65005	MN	\$ 35.1B	3%	2 (A+)		-		3 (Aa2)		1 (AAA)		5 (B)	
IDS Life/NY	80594	NY	\$ 2.1B	6%	2 (A+)		-		3 (Aa2)		1 (AAA)		5 (B)	
Indianapolis LIC	64645	IN	\$ 1.5B	7%	3 (A)	▼6/96	4 (AA-)		6 (A2)		3 (AA)		5 (B)	
Integrity LIC	74780	OH	\$ 2.6B	5%	3 (A)	▲10/95	6 (A)		8 (Baa1)		5 (A+)		8 (C)	▲5/96
Interstate Assurance Co.	64807	IA	\$ 1.0B	7%	3 (A)	▲5/94	-		-		3 (AA)		6 (B-)	▲2/96

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Continued . . .

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	*C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Investors Ins. Corp.	64939	DE	\$ 0.2B	3%	FPR-3	▲5/95	-		-		-		12 (D-)	
Investors LIC of NE	86975	SD	\$ 0.3B	12%	NR-3		3 (AA)		-		-		4 (B+)	▲10/95
Jackson National LIC	65056	MI	\$ 24.1B	4%	3 (A)	▼11/94	3 (AA)		5 (A1)		3 (AA)		7 (C+)	▲10/95
Jefferson-Pilot LIC	67865	NC	\$ 6.6B	12%	1 (A++)		1 (AAA)		3 (Aa2)		1 (AAA)		1 (A+)	
John Alden LIC	65080	MN	\$ 4.9B	6%	4 (A-)	▼3/96	7 (BBB+)	▼3/96	9 (Baa2)	▼4/97	-		8 (C)	▼4/97
John Hancock Mut'l	65099	MA	\$50.8B	4%	1 (A++)		2 (AA+)	▼4/95	3 (Aa2)		1 (AAA)		3 (A-)	▲5/97
Kansas City LIC	65129	MO	\$ 2.0B	10%	3 (A)		5 (A+)	▼3/94	6 (A2)		-		5 (B)	
Kemper Investors LIC	90557	IL	\$ 6.7B	5%	3 (A)	▲1/96	4 (AA-)		4 (Aa3)	▲2/96	3 (AA)	▲1/96	8 (C)	
Kentucky Home Mutual	65218	KY	\$ 0.4B	40%	6 (B+)	▼11/95	-		-		8 (A-)	▼5/94	8 (SC)	
Keyport LIC	65234	RI	\$ 1.6B	4%	2 (A+)	▲11/94	4 (AA-)		5 (A1)		4 (AA-)		5 (B)	
Keystone State LIC	90344	PA	\$ 0.3B	25%	7 (B)	▲11/95	-		-		8 (A-)		9 (C-)	▲3/95
Knights of Columbus	58033	CT	\$ 3.9B	12%	1 (A++)		1 (AAA)		4 (Aa3)		-		-	
Lafayette LIC	65242	IN	\$ 0.8B	7%	3 (A)	▼5/95	-		-		4 (AA-)	▼10/95	5 (B)	
Lamar LIC	65250	MS	\$ 0.7B	9%	3 (A)		-		-		4 (AA-)	▲11/97	6 (B-)	2/97
Liberty LIC	65323	SC	\$ 1.3B	10%	3 (A)		-		-		4 (AA-)	▼2/97	7 (C+)	▼4/97
Liberty National LIC	65331	AL	\$ 3.0B	11%	2 (A+)	▼4/95	withdrawn		-		-		4 (B+)	▼9/95
Life Ins. Co. Georgia	65471	GA	\$ 2.8B	5%	2 (A+)		3 (AA)	▼2/96	3 (Aa2)		1 (AAA)		2 (A)	▲9/95
Life Ins. Co. S'west	65528	TX	\$ 1.6B	5%	3 (A)	▼6/94	-		-		4 (AA-)		5 (B)	
Life Ins. Co. Virginia	65536	VA	\$ 7.4B	4%	2 (A+)		3 (AA)		3 (Aa2)	▲4/97	3 (AA)	▼8/96	6 (B-)	▼10/95
Life Investors Ins. Co.	64130	IA	\$ 5.2B	9%	2 (A+)		1 (AAA)	▲10/96	4 (Aa3)		2 (AA+)		5 (B)	▲10/96
LifeUSA Insur. Co.	92509	MN	\$ 0.9B	5%	5 (B++)		7 (BBB+)		10 (Baa3)		-		7 (C+)	
Lincoln Benefit Life	65595	NE	\$ 0.3B	46%	2 (A+)		2 (AA+)		3 (Aa2)	▲8/97	-		5 (B)	
Lincoln Nat'l LIC	65676	IN	\$43.3B	4%	2 (A+)		4 (AA-)		5 (Aa3)	▲7/94	2 (AA+)	▼11/95	5 (B)	▲2/97
Lincoln Security LIC	61620	NY	\$ 0.3B	5%	3 (A)	▼11/96	4 (AA-)	▲7/97	-		-		8 (C)	▼7/97
London LIC	na	CN	\$14.5B	9%	1 (A++)		2 (AA+)	▼8/95	3 (Aa2)		-		-	
Lutheran Brotherhood	57126	MN	\$ 1.9B	2%	1 (A++)		2 (AA+)	▼2/96	3 (Aa2)		1 (AAA)		5 (B)	
Manhattan National	67083	IL	\$0.3B	13%	4 (A-)		-		-		4 (AA-)	▲11/97	8 (C)	▼7/97
Manufacturers LIC	n/a	CN	\$ 29.5B	10%	1 (A++)		2 (AA+)	▼10/94	4 (Aa3)		1 (AAA)		-	
Massachusetts General LIC	65900	MA	\$ 1.5B	4%	3 (A)		-		-		4 (AA-)	▲11/97	6 (B-)	
Massachusetts Mutual LIC	65935	MA	\$ 38.0B	4%	1 (A++)		1 (AAA)	▲6/94	2 (Aa1)		1 (AAA)		3 (A-)	

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

Continued ...

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Medeco Containment LIC	63762	IA	\$ 0.8B	4%	NR-2		-		-		-		8 (C)	
Mega Life & Health	97055	OK	\$ 0.6B	19%	3 (A)		-		-		(A+)		7 (C+)	▲2/97
Merrill Lynch LIC	79022	AR	\$ 12.0B	2%	3 (A)		4 (AA-)	▲12/96	4 (Aa3)		-		7 (C+)	
Metropolitan LIC	65978	NY	\$ 142.1B	4%	2 (A+)	▼12/94	3 (AA)	▼12/96	3 (Aa2)	▼3/96	2 (AA+)	▼9/96	3 (A-)	
Midland LIC	66036	OH	\$ 1.2B	7%	4 (A-)	▼7/94	5 (A)		-		-		8 (C)	
Midland National LIC	66044	SD	\$ 2.1B	13%	2 (A+)		3 (AA)	▼6/96	6 (A2)		-		2 (A)	
Ministers Life	93742	MN	\$ 0.26B	5%	2 (A+)		-		-		1 (AAA)		7 (SB)	▲10/94
Minnesota Mutual LIC	66168	MN	\$ 10.1B	5%	1 (A+)		2 (AA+)		3 (Aa2)	▼8/95	1 (AAA)		3 (A-)	▲10/95
Modern Wood./Amer.	57541	IL	\$ 2.19B	na	2 (A+)		-		-		3 (AA)	▼11/95	-	
Monumental LIC	66281	MD	\$ 3.7B	6%	2 (A+)	▲10/94	1 (AAA)		4 (Aa3)		2 (AA+)		6 (B-)	
Mutual Life Assurance	81914	CN	\$ 16.92		1 (A+)		2 (AA+)		3 (Aa2)		-		-	
Mutual LIC of NY (MONY)	66370	NY	\$ 11.4B	6%	4 (A-)		6 (A)	▼1/95	7 (A3)	▲5/96	5 (A+)		8 (C)	▲2/97
Mutual of Amer. LIC	88668	NY	\$ 7.0B	6%	2 (A+)		2 (AA+)		4 (Aa3)		2 (AA+)		4 (B+)	
Mutual Trust LIC	66427	IL	\$ 0.8B	7%	3 (A)		5 (A+)		-		4 (AA-)		4 (B+)	
National Guardian LIC	66583	WI	\$ 0.7B	7%	4 (A-)	▼7/94	-		-		-		2 (A)	▼6/97
National Integrity LIC	75264	NY	\$ 1.0B	3%	3 (A)	▲10/95	6 (A)		8 (Baa1)		5 (A+)		8 (C)	
National LIC of VT	66680	VT	\$ 5.8B	5%	3 (A)	▼9/95	5 (A+)		6 (A2)	▼3/96	4 (AA-)		6 (B-)	
Nationwide LIC	66869	OH	\$ 35.7B	21%	2 (A+)		2 (AA+)	▼3/96	3 (Aa2)	▼5/96	-		4 (B+)	
New England Life	66893	MA	\$ 16.3B	3%	3 (A)		3 (AA)	▼12/96	3 (Aa2)		2 (AA+)	▲9/96	4 (B+)	▲8/97
New York LIC	66915	NY	\$ 59.4B	6%	1 (A+)		2 (AA+)	▼1/97	2 (Aa1)	▼8/96	1 (AAA)		2 (A)	
North America Co./L&H	66974	IL	\$ 1.6B	8%	3 (A)		5 (A+)		-		-		8 (C)	▼8/97
North America Secur. LIC	90425	DE	\$ 5.0B	1%	1 (A+)	▲5/96	2 (AA+)	▲1/96	4 (Aa3)		1 (AAA)		7 (C+)	
Northbrook LIC	88528	IL	\$ 3.5B	2%	2 (A+)		2 (AA+)		3 (Aa2)	▲8/97	-		5 (B)	
Northern LIC	87734	WA	\$ 4.7B	5%	2 (A+)		4 (AA-)		5 (A1)		3 (AA)		7 (C+)	
Northwestern Mutual LIC	67091	WI	\$ 54.9B	5%	1 (A+)		1 (AAA)		1 (Aaa)		1 (AAA)		1 (A+)	
Ohio National Life Assur.	89206	OH	\$ 0.7B	10%	2 (A+)		3 (AA)		5 (A1)		3 (AA)		5 (B)	▲2/96
Ohio National LIC	67172	OH	\$ 4.2B	5%	2 (A+)		3 (AA)		5 (A1)		3 (AA)		5 (B)	▼4/97
Old Line LIC of Amer.	67245	WI	\$ 1.3B		2 (A+)		2 (AA+)		4 (Aa3)	▲6/97	-		5 (B)	
Pacific LIC	67466	CA	\$ 17.6B	4%	2 (A+)	▲6/95	2 (AA+)		6 (Aa3)	▲9/94	2 (AA+)		3 (A-)	▲5/97
Pan-American LIC	67539	LA	\$ 1.8B	10%	4 (A-)	▼6/96	-		7 (A3)	▼8/97	5 (A+)	▼4/95	6 (B-)	

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Continued ...

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std. & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Paragon LIC	93564	MO	\$ 0.1B	8%	2 (A+)		4 (AA-)		-		3 (AA)		8 (C)	
Paul Revere LIC	67598	MA	\$ 3.3B	11%	3 (A)	▼4/95	5 (A+)	▼11/96	5 (A1)		4 (AA-)		8 (C)	▼7/97
Penn Insurance & Annuity	93262	DE	\$0.8B	7%	3 (A)	▼1/95	4 (AA-)		7 (A3)	▼6/97	4 (AA-)		7 (C+)	
Penn Mutual LIC	67644	PA	\$ 6.6B	5%	3 (A)	▼1/95	4 (AA-)		7 (A3)	▼6/97	4 (AA-)		7 (C+)	
Peoples Security LIC	64475	NC	\$ 5.1B	5%	2 (A+)		1 (AAA)	▲8/97	4 (Aa3)		2 (AA+)		7 (C+)	▼4/97
PFL Life Ins Co.	86231	LA	\$ 7.2B	5%	2 (A+)	▲6/95	1 (AAA)	▲10/96	4 (Aa3)		2 (AA+)		6 (B-)	
PHF LIC	84808	FL	\$ 0.2B	20%	6 (B+)		-		-		-		7 (C+)	▲4/97
Philadelphia LIC	97047	PA	\$ 1.5B	7%	3 (A)		-		-		4 (AA-)	▲11/97	6 (B-)	▼2/97
Phoenix Home Life	67814	NY	\$12.8B	5%	3 (A)		3 (AA)	▲11/95	4 (Aa3)		3 (AA)		6 (B-)	
Physicians Mutual Ins. Co.	80578	NE	\$0.8B	45%	3 (A)	▼6/95	3 (AA)	▲7/95	-		-		1 (A+)	
Pioneer LIC of IL	68330	IL	\$ 0.4B	17%	5 (B++)	▲6/96	-		-		4 (AA-)	▲11/97	7 (C+)	▲8/96
Presidential LIC	68039	NY	\$ 2.2B	9%	4 (A-)	▲11/94	-		9 (Baa2)	▲8/97	-		8 (C)	▲10/95
Primerica LIC	65919	MA	\$ 2.5B	27%	3 (A)	▲12/96	3 (AA)		4 (Aa3)		3 (AA)		5 (B)	
Principal Mutual LIC	61271	IA	\$51.3B	4%	2 (A+)	▼3/96	2 (AA+)		2 (Aa1)		1 (AAAA)		4 (B+)	
Protective LIC	68136	TN	\$ 5.7B	5%	2 (A+)		3 (AA)		5 (A1)		3 (AA)		5 (B)	
Provident Life/Accid.	68195	TN	\$11.8B	4%	3 (A)		5 (A+)	▼10/94	5 (A1)		4 (AA-)		6 (B-)	
Provident Mutual LIC	68225	PA	\$ 4.6B	4%	3 (A)	▼6/96	4 (AA-)		6 (A2)		3 (AA)		7 (C+)	▼7/97
Provident National Assurance	70866	TN	\$ 2.5B	6%	3 (A)		5 (A+)	▼10/94	5 (A1)		4 (AA-)	▼12/94	8 (C)	
Provident Life & Health IC	66605	MO	\$10.1B	5%	2 (A+)		1 (AAA)	▲8/97	4 (Aa3)	▲6/97	2 (AA+)		5 (B)	
Prudential Ins.Co./Amer	68241	NJ	\$179.7B	4%	3 (A)	▼4/95	4 (AA-)		5 (A1)	▼2/97	3 (AA)	▼11/94	6 (B-)	
Reliance Standard LIC	68381	IL	\$ 1.8B	9%	4 (A-)	▼12/95	6 (A)	▲3/97	-		5 (A+)	▼12/95	8 (C)	
ReliaStar Bankers Security Life	61360	NY	\$ 1.0B	7%	3 (A)		4 (AA-)	▲3/96	-		3 (AA)		8 (C)	▼5/96
Royal Maccabees LIC	65765	MI	\$ 2.0B	7%	4 (A-)	▲7/96	-		8 (Baa1)		6 (A)	▼4/95	8 (C)	
SAFECO LIC	68608	WA	\$10.5B	4%	1 (A++)	▲6/95	3 (AA)		5 (A1)	▼7/97	3 (AA)		3 (A-)	▲2/96
Savings Bank LI/MA	70435	MA	\$ 1.1B	12%	2 (A+)		4 (AA-)		-		3 (AA)		4 (B+)	▲7/97
Security Benefit LIC	68675	KS	\$ 4.7B	4%	2 (A+)		5 (A+)	▼8/96	6 (A2)		4 (AA-)		7 (C+)	
Security Connecticut LIC	91588	CT	\$ 1.5B	8%	3 (A)	▼11/96	4 (AA-)	▲7/97	6 (A2)	▲8/97	3 (AA)		6 (B-)	▼9/95
Security First LIC	61050	DE	\$ 2.2B	4%	3 (A)		3 (AA)		6 (A2)		-		8 (C)	
Security Life of Denver	68713	CO	\$ 3.5B	7%	2 (A+)		3 (AA)	▼2/96	3 (Aa2)		1 (AAAA)		3 (A-)	▼10/95
Security Mutual LIC/NY	68772	NY	\$ 1.2B	4%	3 (A)		5 (A+)		-		5 (A+)	▼9/95	6 (B-)	

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Continued . . .

Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Southland LIC	68950	TX	\$ 1.2B	6%	2 (A+)	▼1/96	3 (AA)	▼2/96	3 (Aa2)	▲7/96	1 (AAA)		4 (B+)	▼5/96
Southwestern LIC	91391	TX	\$ 1.4B	5%	5 (B++)		-		11 (Ba2)		7 (A-)	▲3/96	11 (D)	▲10/96
Standard Insurance Co.	69019	OR	\$ 3.7B	6%	3 (A)	▼4/94	5 (A+)	▼6/96	6 (A2)		4 (AA-)		5 (B)	
State Farm LIC	69108	IL	\$ 20.3B	10%	1 (A++)		1 (AAA)		1 (Aaa)		1 (AAA)		1 (A+)	
State LIC	69116	IN	\$ 0.3B	6%	2 (A+)	▲10/94	3 (AA)	▲9/96	-		3 (AA)	▼11/96	8 (S)	▼6/96
Sun Life Assur./Canada	n/a	CN	\$ 28.1B	14%	1 (A++)		1 (AAA)		2 (Aa1)		1 (AAA)		-	
Sun Life/Canada (US)	79065	DE	\$ 12.3B	6%	1 (A++)		1 (AAA)		-		1 (AAA)		6 (B-)	▲2/95
Sunamerica LIC	69256	AZ	\$ 6.5B	12%	2 (A+)	▲6/95	4 (AA-)	▼8/95	6 (A2)		3 (AA)		6 (B-)	
Sunset LIC/America	69272	WA	\$ 0.4B	13%	3 (A)	▼11/94	5 (A+)	▼4/95	-		-		5 (B)	▼1/96
Teachers I Annuity (TIAA)	69345	NY	\$ 79.8B	5%	1 (A++)		1 (AAA)		1 (Aaa)		1 (AAA)		3 (A-)	▲5/97
Time Insurance Co.	69477	WI	\$ 1.4B	35%	4 (A-)	▼4/96	6 (A)	▼11/95	-		-		4 (B+)	▼5/97
TMG LIC (Wtn States)	70491	ND	\$ 1.2B	14%	1 (A++)	▲11/94	2 (AA+)	▼8/96	-		-		6 (B-)	
Transam. Life & Ann.	69507	NC	\$ 13.9B	3%	2 (A+)		3 (AA)		4 (Aa3)		2 (AA+)		5 (B)	
Transam. Occidental	67121	CA	\$ 14.1B	7%	2 (A+)		3 (AA)		4 (Aa3)		2 (AA+)		4 (B+)	▲2/97
Travelers Insurance Co.	87726	CT	\$ 31.2B	10%	2 (A+)	▲7/97	4 (AA-)	▲11/96	4 (Aa3)	▲4/97	4 (AA-)		7 (C+)	▲10/95
Travelers Life/Annuity	80950	CT	\$ 1.9B	13%	2 (A+)	▲7/97	4 (AA-)	▲11/96	4 (Aa3)	▲4/97	4 (AA-)		7 (C+)	▲10/95
Union Central LIC	80837	OH	\$ 4.1B	4%	3 (A)		5 (A+)		7 (A3)		5 (A+)		8 (C)	
Union Labor LIC	69744	MD	\$ 2.3B	6%	5 (B++)		withdrawn		-		withdrawn		10 (D+)	
United American Insur. Co.	92916	DE	\$ 0.7B	22%	2 (A+)		withdrawn		-		-		3 (A-)	
United Investors LIC	94099	MO	\$ 1.7B	8%	2 (A+)	▼5/95	3 (AA)	▼9/96	-		-		2 (A)	
United Life & Annuity IC	69876	LA	\$ 1.6B	6%	4 (A-)		-		-		5 (A+)		7 (C+)	▼8/97
United of Omaha	69868	NE	\$ 7.5B	6%	3 (A)	▼6/96	3 (AA)		4 (Aa3)	▼7/95	3 (AA)		4 (B+)	
United Presidential	70033	IN	\$ 1.1B	7%	4 (A-)		-		-		-		5 (B)	
UNUM LIC	62235	ME	\$ 9.9B	6%	1 (A++)		3 (AA)	▼1/95	2 (Aa2)	▼4/95	-		5 (B)	
USAA LIC	69663	TX	\$ 5.8B	6%	1 (A++)		1 (AAA)		2 (Aa1)		-		2 (A)	▲7/97
U.S. Life Ins. Co. (NY)	70106	NY	\$ 2.5B	5%	2 (A+)		2 (AA+)		4 (Aa3)	▲6/97	-		6 (B-)	▲7/97
USG Annuity & Life Co.	61247	OK	\$ 6.1B	6%	2 (A+)		3 (AA)		5 (A1)		2 (AA+)	▲11/97	6 (B-)	▲9/95
Variable Annuity LIC	70238	TX	\$ 22.1B	3%	1 (A++)		2 (AA+)		3 (Aa2)		1 (AAA)		4 (B+)	
West Coast LIC	70335	CA	\$ 0.7B	21%	3 (A)	▼4/97	-		7 (A3)	▼2/97	3 (AA)		5 (B)	
Western National LIC	70432	TX	\$ 8.6B	4%	3 (A)		4 (AA-)	▲9/96	6 (A2)		4 (AA-)		5 (B)	▲5/97

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Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	C&S/ Assets	A.M. Best's		Std & Poors		Moody's Invest.		Duff & Phelps		Weiss Research	
					Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend	Rating	Trend
Western Reserve LAC	91413	OH	\$ 2.9B	3%	2 (A+)		1 (AAA)	▲10/96	4 (Aa3)		2 (AA+)		5 (B)	▲7/97
Western & Southern LIC	70483	OH	\$ 4.1B	19%	1 (A++)		-		3 (Aa2)		1 (AAA)		3 (A-)	
Western United LAC	77925	WA	\$ 0.9B	5%	7 (B)	▼6/95	-		-		-		11 (D)	▼9/95
William Penn LIC/NY	66230	NY	\$ 1.1B	4%	3 (A)		-		6 (A2)	▼6/97	-		6 (B-)	▼5/96
WM Life	85952	AZ	\$ 1.3B	8%	4 (A+)	▲6/95	-		-		-		7 (C+)	▲6/96
Woodmen of the World	57320	NE	\$ 3.0B	-	2 (A+)		3 (AA)		-		-		-	
Zurich LIC of America	70661	IL	\$ 0.3B	9%	3 (A)	▲6/94	4 (AA-)		4 (Aa3)		3 (AA)		8 (C)	

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Rating Agencies

A.M. Best's Ratings

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

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

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

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

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

Rating Categories

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

Rating Modifiers

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

"Not Assigned" Categories

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

Financial Performance Rating (FPR)

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

Secure Ratings

9,8	Strong
7,6	Above Average
5	Average

Vulnerable Ratings

4	Average
3,2	Below Average

No Rating Opinion

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

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

Standard & Poor's Ratings

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

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

S&P's rating scheme uses a letter grade scale that ranges from AAA (highest) to R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The "AAA" rating, for example, represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companies offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.

As a group, the claims-paying ability ratings are divided into two broad classifications. Rating categories from 'AAA' to 'BBB' are classified as "secure" and

Rating Agencies

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

RATING CATEGORIES

Secure Range:

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

Vulnerable Range:

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

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

Moody's Ratings

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

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

Rating Categories

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

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

Duff & Phelps' Ratings

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

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

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

Rating Categories

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

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

Weiss Ratings

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

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

To achieve a top Weiss rating, a company must be adequately prepared to withstand the worst-case scenario, without impairing its current operations. It must also achieve an acceptable level in all five components of the Weiss Safety Rating: equity, investment safety, profitability, leverage, and size. A company that has a very weak investment component but does well in all other categories would still rate poorly. This means that companies rated less than B can remain viable provided the economic environment remains relatively stable. A detailed description of Weiss' rating scale follows below. For further information contact Weiss Research, 4176 Burns Rd., Palm Beach Gardens, FL 33410; by telephone (800) 289-9222 or fax (407) 625-6685.

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

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

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

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

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

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

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

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

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

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