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How to Buy a Top Income Annuity

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## Where To Begin?

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

**ANNUITY SHOPPER** magazine helps you sort through the mysteries behind several different types of annuities. We report the current rates, account performance and features of many of the top contracts, plus their financial rankings.

Where should you begin?

If you are well-versed in annuities, you will probably want to start with our *Immediate Annuities Update* or *Deferred Annuities Update* sections. There you'll find our latest survey of annuity rates and policy performance. If you are new to annuities, may I suggest you read the article entitled *How to Buy A Top Income Annuity*. After reading the article, proceed to the *Update* sections.

Research on the strength of annuity issuers can be found in the section titled *Insurance Company Ratings*. Also shown is each company's asset level.

If you'd like to reach us, please call 800-872-6684. We welcome your comments and suggestions. Our brokerage representatives are also available to help you find the right annuity. Please also visit us our web site on the internet at **[www.annuityshopper.com](http://www.annuityshopper.com) or [www.immediateannuity.com](http://www.immediateannuity.com).**



Hersh L. Stern  
Publisher

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Send your questions and concerns, with your address and phone number, to Hersh Stern, Publisher, *Annuity Shopper*, 8 Talmadge Drive, Monroe Township, NJ 08831-2910.

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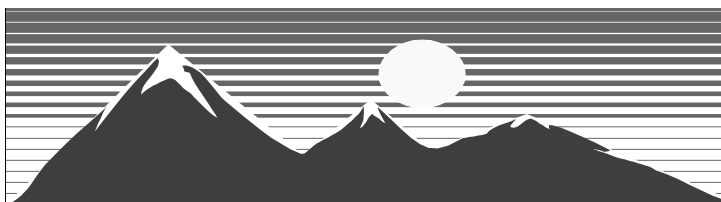
# How to Buy a Top Income Annuity

SINGLE PREMIUM IMMEDIATE ANNUITIES (SPIAs) are purchased with a single deposit, and usually commence regular income payments one month after you make your deposit. An immediate annuity can be purchased with funds from a variety of sources, such as a maturing Certificate of Deposit (CD), monies which have accumulated in a Deferred Annuity account (see below), funds from a tax-qualified defined benefit or profit-sharing plan, or from an IRA account. The key element to understand with an immediate annuity is the nature of the exchange that takes place between the insurance company and the purchaser: In return for a one-time, lump-sum payment, the insurance company agrees to pay an income stream according to a specified schedule of payments. Typically, this might be for the lifetime of an annuitant or for a definite number of years. Because each periodic payment includes a portion of the original deposit along with earnings, the purchaser does not retain the option of requesting the return of his deposit, or portion thereof, in a lump sum amount. In other words, once the “free-look” period has expired, the purchaser has no right to cash in the policy.

## Advantages of An Immediate Annuity

Some of the advantages of an immediate annuity are:

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



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# How to Buy a Top income Annuity

## Ideal Uses of an Immediate Annuity

SPIAs may be particularly suitable when providing a steady stream of income in the following situations:

- (1) Retirement (at the end of full- or part-time employment)
- (2) Annuitizing a deferred annuity policy (through a 1035 exchange to spread out deferred interest)
- (3) Planning for Medicaid eligibility
- (4) Settling an Estate or Divorce obligation
- (5) Guaranteeing pension plan or deferred compensation benefits
- (6) Settling a personal injury or wrongful death lawsuit.

## Forms of Annuity

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

When you extend the range of a life annuity by continuing payments to a second person ("Joint and Survivor" annuity) or for a guaranteed minimum

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

## Source of Funds— *Qualified vs. Non-Qualified*

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

*Non-qualified* immediate annuities are purchased with monies which have not enjoyed any tax-sheltered status and for which taxes have already been paid. **A part of each monthly payment is considered a return of previously**

**taxed principal and therefore excluded from taxation. The amount excluded from taxes is calculated by an Exclusion Ratio, which appears on most annuity quotation sheets.** Non-qualified annuities may be purchased by employers for situations such as deferred compensation or supplemental income programs, or by individuals investing their after-tax savings accounts or money market accounts, CD's, proceeds from the sale of a house, business, mutual funds, other investments, or from an inheritance or proceeds from a life insurance settlement. While most insurance companies apply their male/female (sex-distinct) tables to non-qualified annuities, some states require the use of unisex rates for both males and females.

## How do you find the safest Insurer?

Most insurance companies are well-managed financial institutions. Many have been in existence for over a hundred years, and have prospered through good times and bad. Nevertheless, because annuities are generally held for relatively long periods, look for a company that enjoys strong financial ratings with at least two of the major ratings agencies. We recommend selecting a company that is rated at least A+ by A.M. Best, and AA or better by S&P and Moody's. You should also check the company's ratings periodically to remain confident that it continues on solid financial footing.

## Shopping for the Best Rate

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# THE NEW REGULATIONS ON MINIMUM REQUIRED PLAN DISTRIBUTIONS— A Look at Some of the Changes and Their Implications

On January 12, 2001, the Internal Revenue Service sent a pleasant surprise to tax practitioners in the form of newly proposed regulations that substantially simplify the minimum distribution rules of Sections 401 and other related areas of the Internal Revenue Code. The new regulations, which are intended to take effect immediately, are very favorable to taxpayers and are likely to cause tax professionals to reassess the advice given to many clients. This article will provide an overview of the new regulations and explain what individuals are most likely to be affected.

The overriding concept that the reader needs to keep in mind is that “simplification” does not mean “simple.” How individuals should be properly advised on minimum distributions from retirement plans still remains a minefield, but at least the new regulations are a step in the right direction. The IRS deserves to be commended on this.

## A Brief Summary Of The New Regulations

As to the owner/participant of an IRA or qualified plan, the new regulations simplify the minimum distribution (i.e., post-age 70½) rules while the owner/participant is alive. The advantages of naming younger beneficiaries to stretch out required minimum payments are largely gone. Likewise, the issues surrounding the election to recalculate have now totally disappeared. The new minimum distribution table will often allow the owner/participant a longer period to make payments, which will result in lower annual minimum distributions. As to the beneficiaries of IRAs and qualified plans (such as spouses, children, etc), the new regulations provide much more flexibility and are immeasurably easier to administer. In nearly all cases, the minimum distributions for beneficiaries

will be based on that particular beneficiary’s life expectancy—period. In this regard, the importance of the required beginning date is vastly diminished; the carved-in-stone aspect of the required beginning date is now a thing of the past. As a result, practitioners will now focus on who was named as beneficiary on the date of death



rather than the required beginning date.

For IRAs, the IRS intends to have these regulations take effect immediately. The preamble to the regulations state that it will likely be next year before the new regulations apply to such qualified plans as 401(k)s.

As I see it, the new regulations create six major changes that will have to be grappled with immediately. Here is my take on them:

## Big Change #1—Easier To Compute Minimum Lifetime Distributions

With the exception of certain spouses, there is now one, and only one, table used in computing the required minimum annual distribution for persons over 70½. That table is actually the MDIB table that has been used when a beneficiary was more than ten years younger than the owner/participant. In other words, **while the owner/participant is alive, it no longer matters who is named as beneficiary.** The only exception is an owner/participant who has a spouse that is more than ten years younger than the owner/participant. In that case, the joint life expectancy is used. The effect of using the MDIB table is that it has stretched out the life expectancy of the owner/participant. For instance, under the old rules, a 70-year-old owner/participant had a life expectancy of 16 years. Generally speaking, this meant that the plan had to be paid out within a 16-year time span. Under the new regulations, that time span is now 26.2 years. This is a very significant, and favorable, change.

## Big Change #2 - Forget About Recalculation

One of the great raging debates in retirement planning has been whether the owner/participant should elect to: a) recalculate, b) not recalculate by using the “term certain” method, or c) use a combined or “hybrid” method in determining the minimum required annual distribution. The people engaged in this debate are now going to have to find something else to talk about because, under the new regulations, recalculation is now automatic.

The concept of recalculation is pretty simple. Under the old tables, a 70½-year-old person had a life expectancy of 16 years. This meant that, in the first year after reaching 70½, 1/16th of the

*(Continued on page 9)*



Premium	Interest Rate for 10 Policy Years	Interest Rate for 8 Policy Years	Interest Rate for 6 Policy Years	Interest Rate for 5 Policy Years
\$250,000+	6.75%	6.25%	5.80%	5.50%
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(Continued from page 6)

plan had to be distributed. The question was what about the following years? One year later, under the "term certain" method, the owner/participant must receive 1/15th of the plan and, the year after that, 1/14th. But with recalculation, the life expectancy one year later is not 15 years but rather 15.3 years. The owner/participant must take 1/15.3 of the plan in year two, which is less than 1/15th. Recalculation allowed for a longer stretch-out of the distributions. This now happens automatically under the new regulations.

Under the old rules, there was a huge disadvantage to recalculation that has now been eliminated. The danger under the old rules was that in many cases, upon the death of an owner/participant who had been recalculating, the entire balance of the plan had to be paid out by December 31<sup>st</sup> of the year following the date of death. A huge opportunity of tax-deferral by the beneficiary was lost. This trap is now gone.

The effect of the automatic recalculation is to extend the life expectancy over which distributions must be made. This lessens the required annual minimum distribution, which will result in a major benefit to the taxpayer.

### **Big Change #3—It Is Date of Death, Not Required Beginning Date, That Is Critical In Naming A Beneficiary**

Under the old rules, the required beginning date was the critical date for naming a beneficiary, since the minimum required distributions were based on the joint life expectancies of the owner/participant and whoever was named as beneficiary as of the required beginning date (i.e., when the owner/participant reached 70½). While the owner/participant could always later change or add beneficiaries, the owner/participant was stuck with using the joint life expectancy of the beneficiary named as of the required beginning date. In other words, the owner/participant was locked into that initial determination made at the required beginning date.

This is now gone. As stated earlier, there is now basically one table that is used to determine minimum distribution

while the owner/participant is alive. And, as discussed below, the person who actually inherits the plan will use his or her own life expectancy rather than the life expectancy of whoever was named as beneficiary at the required beginning date. It is now the date of death, not the required beginning date, that matters for a beneficiary.

### **Big Change #4—Greatly Increased Flexibility After Death**

In a post-death setting, you must first determine who the beneficiaries are before you can compute the annual minimum distribution. Practitioners will now have until December 31<sup>st</sup> of the year following death to determine who those beneficiaries are. This is a great opportunity for taxpayers and their advisors. In my view, this may be the most significant change of all.

The planning opportunities are threefold. First, the use of disclaimers now looms larger than ever. The new regulations make it clear that disclaimers will be given effect in determining beneficiaries. It appears that the nine month period for disclaimers, beginning with the date of death, remains intact. That is, my reading of the new regulations is that you cannot wait until December 31<sup>st</sup> to disclaim. As a practical matter, **it is now more important than ever to name contingent beneficiaries, and preferably several of them in order to have maximum post-mortem flexibility.**

Secondly, you can now establish separate accounts **after** the death of the owner/participant. For instance, if three children are named as beneficiaries, you can now split the IRA or plan into three separate accounts with each beneficiary taking distributions based on their own life expectancy. Under the old rules, this had to be done pre-death. Otherwise, all three beneficiaries had to use the life expectancy of the oldest beneficiary (ie, the shortest life expectancy).

Thirdly, you can cash out a beneficiary at any time prior to December 31<sup>st</sup> of the year following death. This effectively eliminates that beneficiary when computing the life expectancy of the remaining beneficiaries. We will see this used most often with charities that have

been named as a beneficiary. As many planners have learned, a charity can never qualify for the special status of "designated beneficiary." This caused all kinds of problems, not the least of them being the accelerated taxation of IRA or plan assets. Working around this has now been made immeasurably easier by simply cashing out the charity before December 31<sup>st</sup>. For instance, suppose a charity and a child were named as beneficiaries. If the charity receives its 50 percent distribution prior to December 31<sup>st</sup> of the year following death, then the child can take his or her distribution over that child's life expectancy.

You could also use the second option mentioned above by establishing a separate account for the charity but it appears that simply cashing out the charity will always be the better option.

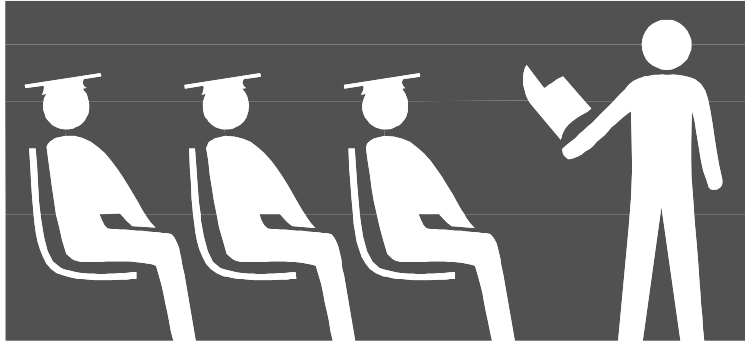
The other scenario where cashing out may be widely used is when there is no beneficiary named by the owner/participant or where the estate is named as the beneficiary. The new regulations specifically state that an estate can never qualify for the special status of designated beneficiary. (In fact, the new regulations do not appear to change or otherwise effect the requirements of who will qualify for the special status.) In such situations, cashing out the estate will be the best procedure in order to obtain the maximum tax-deferral for the remaining beneficiaries. The thought here is to have the personal representative of the estate assign the rights to the IRA or plan distribution to a particular person prior to December 31<sup>st</sup>. I am told that there is already at least one private letter ruling in the works seeking IRS approval of this maneuver.

### **Big Change #5—For Beneficiaries, Use The Life Expectancy Of The Person Who Is Receiving The Distributions**

Once again, the rules have been greatly simplified. In most situations under the old regulations, the period over which distributions had to be made was based on the life expectancy of the oldest beneficiary of those named as of the required beginning date (i.e., age 70½). As mentioned earlier, the owner/

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participant could always change a beneficiary after the required beginning date but the owner/participant was usually locked into the life expectancies of those beneficiaries named as of the required beginning date.

This headache is now gone. As long as the beneficiary has the special status of a designated beneficiary, such as being an individual, you simply use the life expectancy of that beneficiary. In this regard, the importance of the required beginning date has now been eliminated.

If, however, a beneficiary does not qualify as a designated beneficiary (such as an estate, a charity or certain trusts), then the distributions are based on the life expectancy of the decedent as of the decedent's date of death.

### **Big Change #6—Big Changes Mean Big Fees**

There have been major changes to the form 1099 reporting requirements for IRA custodians and plan administrators. Unfortunately, this is the one change that may not work to the taxpayer's benefit.

There have always been reporting requirements for the amount distributed to a payee as well as the year-end balance of the account. The new regulations take this a step further and require that the custodians and administrators state the amount of required minimum distributions for the year. This, as already pointed out, is a vastly simplified computation. But do not be surprised if the banks and brokerage houses use this as an excuse to jack up their fees. There is

no need for this, so be on the lookout for it.

### **When Does This Take Effect?**

For IRAs, the new rules take effect immediately. It should be noted that while there is no requirement that the custodial agreement with the trustee be amended, in my opinion an amendment is the preferred course of action.

The situation is different for qualified plans, such as 401(k)s or 403(b)s. The new proposed regulations will not apply to those plans until the regulations become final, which is at least a year or so away. It also appears that, unlike IRAs, these plans will have to be amended to take advantage of the new regulations.

The IRS has also afforded protection for those IRA holders who undertake immediate action. In the preamble to the new regulations, the IRS has stated that any changes to the proposed regulations will not have a retroactive effect.

As of this writing (late-January 2001), it is not clear what the impact will be of President Bush's moratorium on all newly issued federal regulations. The new regulations come within the terms of the 60-day moratorium. However, the initial response of the commentators that I have seen is that they are not too worried about this since there is no reason why the White House would not want these regulations to take effect after the moratorium expires.

In its forthcoming Announcement #2001-18, the IRS addresses the issue of whether the new regulations will apply to distributions required to be made by April 1, 2001 for the calendar year 2000—in other words, a 2000-year required distribution that is not actually

paid until 2001. The Announcement, to be released on March 5, 2001, says the new regulations will not apply to those situations.

### **Who is Most Immediately Affected by the New Regulations?**

As I see it, there are three groups of clients that are immediately impacted by the new regulations. First, there are those persons who have reached age 70½ and are taking required annual distributions. Since the life expectancy tables have now been lengthened, these individuals should be apprised that they may be able to reduce the amount of their annual required distributions by using a longer life expectancy that is authorized under the new regulations.

The second group is those individuals who may wish to change their beneficiaries. For instance, a child rather than a spouse may have been named as the beneficiary in order to get a longer joint life expectancy. This may no longer be the case, so the choice of beneficiaries may need to be revisited.

The third group is those individuals who have been named as a beneficiary of an owner/participant who died in the year 2000. That beneficiary can now take advantage of the December 31<sup>st</sup> rule by disclaiming, cashing out other beneficiaries, or establishing separate accounts.

### **Need More Information?**

Natalie Choate, a Boston attorney, is widely recognized as the foremost authority on planning for retirement benefits. Her extensive and insightful comments are available in a 26-page article that is on the web at [http://www.ataxplan.com/articles\\_fr/dist\\_rules.htm](http://www.ataxplan.com/articles_fr/dist_rules.htm). Another excellent source is Mr. Noel Ice, a Fort Worth tax attorney, who has posted an article at <http://www.trustsandestates.net/MRDRegs/IceMRDRegsArt.htm>.

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*Milliman & Robertson, Seabury & Smith, to name a few*

...have called on ASBS to help them transact more than **One Billion Dollars** in qualified and non-qualified annuities. In our competitive industry, that kind of performance is your best recommendation.

So when it comes to terminal funding or group annuities, it doesn't matter whether you're a newcomer or a pro. Our group annuity team will help you find the right contracts at the right price. To learn more, just call 800-872-6684. You'll reach dedicated annuity professionals eager to bring you the best group annuity services available. Call today.



# 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



Allied Medical Group \$836,000 • Amalgamated Steel Company \$728,000 • American Capital Corp \$3,533,000 • American Int'l Container \$112,000 • American Paper Products \$2,253,000 • American Technical Industries \$668,000 • American Trust & Savings \$227,000 • Argo Delta Marine \$520,000 • Armstrong Industries, Inc. \$3,000,000 • Astronet \$324,000 • Ayres Corporation \$314,000 • Auburn Memorial Hospital \$5,049,000 • Barco Banking Corporation \$1,846,000 • Bayer Clothing \$543,000 • Berks Products Corp \$163,000 • Boca Raton Comm. Church \$351,000 • Brent Chemicals \$300,000 • Brostrom \$101,000 • Bruce-Rogers Company \$1,003,000 • Bulova Watch Company \$56,153,000 • C. M. Smillie \$350,000 • California Microwave \$433,000 • Canaan National Bank \$644,000 • Carl Svenson \$846,000 • Carter Ledyard \$600,000 • Charles Jourdan Boutique \$310,900 • Children's Hospital \$132,000 • City of Ada Retirement Plan \$419,000 • City of Tarpon Springs \$1,225,000 • City of Canyon City \$377,000 • City of Treasure Island \$148,000 • Claxton Manufacturing \$241,000 • Coastal Iron Works \$370,000 • Cohn-Daniel \$218,000 • Consolidated Lumber \$511,000 • Conway Memorial Hospital \$329,000 • Cornell Young \$434,000 • Coulter Corporation \$16,035,000 • Courier \$108,000 • Cummins \$1,474,000 • D & B Steel Corporation \$245,000 • Delaware Mutual Insurance Co. \$382,000 • Dispatch Printing \$122,000 • Ear Nose & Throat Clinic \$872,000 • Dyco Petroleum \$3,391,000 • Easter Seals of Washington \$529,000 • El Dia, Inc. \$156,200 • Electrographic \$1,204,000 • Electronic Associates, Inc. \$10,000,000 • Facile Holdings, Inc. \$246,000 • Family Services of Philadelphia \$425,000 • Farmers National Bank \$243,000 • Faxton Children's Hospital \$3,187,000 • Fenestra Corporation \$1,561,000 • First City Bank Corporation \$2,669,000 • First Federal of Charleston \$2,162,000 • First Natl Bank of Dubuque \$341,000 • First Natl Bank of New Boston \$1,055,000 • First Natl Bank of Okmulgee \$836,000 • First Philson \$227,000 • Fishburn Dry Cleaners \$1,361,000 • Foodhaven \$1,301,000 • Freeman Manufacturing \$235,000 • Fuller Group \$642,000 • Gates Albert, Inc. \$336,000 • Geo. Spengler \$315,000 • Gerlach \$976,000 • Gratiot Hospital \$1,150,000 • Gray & Sons \$1,312,000 • Ground Pat'i \$199,000 • Gumps \$1,038,000 • Hamm Sanitation \$184,000 • Harris O. Machus \$237,000 • Harte Hanks Radio, Inc. \$940,000 • Hawkeye Chemical Corp \$3,292,000 • Henry Vale \$1,275,000 • Hills & Dales

Hospital  
Hoche, Inc.  
Holstein  
\$5,535,000 •  
Clinic  
Huntington  
I B E W  
Retire. Plan  
I B E W  
Retire. Plan

**Who did these top 500 corporations rely on for help with finding the safest, most competitive group annuities? They all contacted Annuity Shopper Brokerage Services. To learn more about our group**

G e n ' l  
\$445,000 •  
\$569,000 •  
Association  
Holt Krock  
\$8,161,000 •  
\$201,000 •  
# 7 8 0 7 0  
\$2,200,000 •  
# 7 8 0 7 1  
\$700,000 •

ITT Grinnell, Inc. \$684,000 • Independent Bankshares \$2,300,000 • Isabella Nursing Home \$128,000 • J. Gus Lallande \$677,000 • Jersey Mortgage Company \$2,800,000 • John Hassall \$2,800,000 • Joyce Dayton \$303,000 • KAL Equipment \$219,000 • Kaye International \$842,000 • Kiefaber \$394,000 • Klaus Radio \$763,000 • LA County Retirement Plan \$657,000 • Largent Roofing \$611,000 • Lark Luggage, Inc. \$399,000 • Laurentian Capital \$2,152,000 • Liberty Glass \$273,000 • Lindell Trust Co. \$263,000 • Lion Ribbon Company \$2,279,000 • Lorden Distributing \$241,000 • Louis G. Freeman Co. \$303,000 • Madison Community Hospital \$118,000 • Mahoning Valley \$431,000 • Malabar-Art Mall \$1,008,000 • Mansfield Screw, Inc. \$222,000 • Marine Bank Wisconsin West \$450,000 • McCabe Powers \$2,358,000 • McCall Pattern, Inc. \$5,906,000 • Michigan Hospital \$384,000 • Microdot \$20,682,000 • Mid-Dakota Clinic \$120,000 • Midwest Body \$961,000 • Milwaukee Jewish Home \$230,000 • Mosley Manufacturing \$319,000 • NH Distributors \$1,191,000 • National Mutual Benefit \$705,000 • Nationwide Advertising Co. \$1,318,000 • Nelson Pontiac \$407,000 • No. Amer. Brass & Aluminum \$684,000 • No. Chicago Hebrew Congreg. \$567,000 • Northern Pump Company \$1,698,000 • O.K. Feed Co. \$836,000 • Pandora, Inc. \$2,829,000 • Panola General Hospital \$260,000 • Pasadena Refinishing \$206,000 • Penn Ventilator \$438,000 • Pennock Hospital \$1,170,000 • Peoples Bank \$559,000 • Pennsylvania Shipbuilding \$1,213,000 • Phillip Brothers \$3,220,000 • Pittsburgh Tube \$4,711,000 • Platt Saco Lowell, Inc. \$7,700,000 • Plyfiber \$273,000 • Printing Industries of America \$457,000 • Prior Chemical \$812,000 • Queens Steinway \$776,000 • RTC Transport \$1,270,000 • Ranken-Jordan Home \$422,000 • Richardson Vicks \$491,000 • Riverside \$136,000 • Rock Island Bank \$461,000 • SIA America \$3,768,000 • SMACNA \$312,000 • Sager Spuck \$206,000 • Saint Therese Hospital \$6,075,000 • Samuel Bingham Company \$3,762,000 • Schneller \$533,000 • Schumacher & Co. \$1,806,000 • Servend \$544,000 • Sharpsville \$418,000 • South Jersey Hospitals \$583,000 • Star Manufacturing \$1,285,000 • Stephan Company \$5,302,000 • Stonewall Jackson Hospital \$270,000 • Struthers Dunn, Inc. \$3,843,000 • Suit-Kote \$304,000 • Supermercados Co-op \$335,000 • Tokio Marine \$942,000 • Union National Bank \$2,933,000 • United Hospitals of Newark \$6,497,000 • Velcro Corporation \$737,000 • \$2,476,000 • Virgin Islands Rum Co. \$191,000 • Waber-Odell \$832,000 • Walker Art Center \$102,000 • Warren Hospital \$550,000 • Wickes Furniture Company \$18,000,000 • Woonsocket Fogarty Hosp. \$7,315,000 • Work-O-Lite \$675,000 • YMCA of Metropolitan Dallas \$393,900 • Youngstown Welding Corp. \$7,953,000



# Terminal Funding Annuities

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

## MANAGING THE COMPETITIVE BIDDING PROCESS

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

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

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

## ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

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

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

## TAKEOVER PROCEDURE/ CONTRACT ISSUANCE

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

## HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity products. Simply mail or fax (732-521-5113) the plan specifications and census data and we'll prepare documents for quoting by the carriers. We can provide this service on either a commission or fee basis. Simply call our toll-free number 1-800-872-6684 and we'll discuss details with you. We invite your inquiries.



# Life Expectancy

## Understanding Life Expectancy

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

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

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



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

vulnerable at age 122 when virtually everyone has been "harvested."

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

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



# IMMEDIATE ANNUITY REQUESTS



Fax to 732-521-5113

Call 800-872-6684

**From:** Name \_\_\_\_\_ Firm \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

*Please complete below with as much detail as possible.*

Annuitant's Name (optional) \_\_\_\_\_ State of Residence \_\_\_\_\_

Primary's Date of Birth \_\_\_\_\_ Sex \_\_\_\_\_ \*Smoker? Circle if YES  
\*Smoker is someone who smokes at least 10 cigarettes a day for last 10 years

Secondary's Date of Birth \_\_\_\_\_ Sex \_\_\_\_\_ \*Smoker? Circle if YES

Re: Medical Underwriting— Is there a life impairing condition? Details: \_\_\_\_\_

Date annuity will be purchased \_\_\_\_\_ ( ) Not for actual purchase.

Date Income Commences \_\_\_\_\_ ( ) 1 month ( ) backpay from \_\_\_\_\_

Source of Funds: (Check one) \* ( ) Employer-Qual. (eq) ( ) Individual-Qual. IRA (iq) ( ) Individ. - Qual. TSA (iq)  
\* ( ) Employer - Non-Qual. (en) ( ) Individual - Non-Qualified (in)

\*If employer funds, indicate state where employer is located:

\*If employer funds, indicate who will OWN the policy/certificate after it is issued: ( ) employer-owns ( ) employee-owns

Payment Mode: ( ) Monthly ( ) Quarterly ( ) Semi-annually ( ) Annually  
(Complete one)

Premium to deposit \$ \_\_\_\_\_ OR Income to receive \$ \_\_\_\_\_

TOTAL # QUOTES REQUESTED:

**Pd. Certain** ( ) \_\_\_\_\_ yrs PC no life ( ) \_\_\_\_\_ yrs PC no life ( ) \_\_\_\_\_ yrs PC no life

**Single Life on Primary Annuitant** ( ) Straight Life ( ) Cash refund ( ) Installment refund

( ) \_\_\_\_\_ Yrs Certain & Life ( ) \_\_\_\_\_ Yrs Certain & Life ( ) \_\_\_\_\_ Yrs Certain & Life

**Joint Lives** ( ) J& \_\_\_\_\_ %S with \_\_\_\_\_ ( ) J& \_\_\_\_\_ %S with \_\_\_\_\_  
( ) J& \_\_\_\_\_ %S with \_\_\_\_\_ ( ) J& \_\_\_\_\_ %S with \_\_\_\_\_

(Check a or b) :

(a) \_\_\_\_\_ J&S reduces on EITHER death  
(ie., whenever either annuitant dies)

(b) \_\_\_\_\_ J&S reduces only on  
death of primary annuitant

**Additional Notes:**



# Life Expectancy Tables

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

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

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

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

		Ages				Ages	
Male	Female			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	60	.....	21.7	100	105	.....	2.1

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

Ages			Ages		
Unisex			Unisex		
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

**T**he immediate annuity factors (also called “purchase rates”) shown in **Tables 1 through 13** illustrate the amounts of monthly income \$1,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date of deposit. The factors shown are net of all fees and commissions except state premium taxes, if applicable.

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

**Tables 2 through 9** illustrate purchase rates for Single Life Annuities. In separate tables we report the factors for males and females ranging from age 50 through age 85 in 5 year intervals. Each table distinguishes between purchase rates for males and females, and reports figures for three annuity forms: Life Only (Straight Life), Life with 10 Years Certain (10 yrs C&C) and Life with 20 Years Certain (20 yrs C&C).

In some cases, the tax status of the funds used to buy an annuity directly can influence the purchase rates insurance companies will apply to a deposit. Our rate tables are based on the assumption that “**Non-Qualified**” are being used. Since a number of insurance companies will pay a somewhat different income for the same dollar deposit if the funds are “**Qualified**,” it is important to be recognize which type of funds are being used to purchase an immediate annuity.

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

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

In addition to the tax status of the funds being used to purchase an annuity, the annuitant’s age and gender as well as the type of coverage selected (also known as the “form” of annuity) directly affect the payout amount. Age and sex relate to life expectancy and thus ultimately to the insurance company’s cost to provide its guarantees. Therefore, when insurance companies employ sex-distinct rates, female annuitants—who have longer life expectancies than males of the same age—should expect to receive less annuity income from their premium dollars. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we’ve illustrated immediate annuity income at five-year intervals, beginning at age 50 and continuing through age 85. You may also call us toll-free, at 1-800-872-6684, to receive a free calculation for an annuity not shown.

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

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

**Tables 10 through 13** provide the purchase rates for Joint and Survivor Annuities (“J&S”) for a male/female couple ages 60/57 to ages 75/72.

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



# Immediate Annuities Update

**Table 1. Period Certain Annuities (Non-Qualified)**

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	5 Years PC	10 Years PC	15 Years PC	20 Years PC	25 Years PC	30 Years PC
Allianz LIC/No. America 90611	\$17.95	\$10.09	\$ 7.85	\$ 6.82	\$ 6.08	\$ 5.61
American Gen LIC (AIG) 60488	\$17.42	\$10.15	\$ 7.87	\$ 6.88	\$ 6.31	\$ 5.92
American Heritage LIC 69534	\$18.81	\$10.54	\$ 7.84	\$ 6.53	\$ 5.78	\$ 5.30
Canada Life Assurance 80659	\$17.97	\$10.17	\$ 8.02	\$ 6.84	\$ 6.15	-
Conseco Annuity Assurance 60682	\$17.75	\$10.10	\$ 7.58	\$ 6.38	-	-
Fidelity & Guaranty LI 63274	\$17.93	\$10.38	\$ 8.05	\$ 6.98	\$ 6.39	\$ 6.04
GE Capital Assurance 70025	\$18.08	\$10.48	\$ 8.09	\$ 6.96	\$ 6.33	\$ 5.96
Jefferson Pilot 67865	\$17.71	\$10.15	\$ 7.79	\$ 6.70	-	-
Lincoln Benefit Life Co. 65595	\$17.83	\$10.70	\$ 8.20	\$ 7.07	\$ 6.35	\$ 5.94
London Pacific L&A 68934	\$17.92	\$10.38	\$ 8.07	\$ 6.99	\$ 6.34	\$ 5.93
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>						
Metropolitan LIC 65978	\$17.12	\$ 9.83	\$ 7.59	\$ 6.56	\$ 6.03	\$ 5.70
Midland National Life 66044	\$17.53	\$ 9.96	\$ 7.51	\$ 6.22	-	-
Peoples Benefit LIC 66605	\$17.63	\$10.15	\$ 7.89	\$ 6.96	\$ 6.32	\$ 5.94
Presidential LIC 68039	\$18.43	\$10.71	\$ 8.27	\$ 7.17	\$ 6.57	\$ 6.18
Principal LIC 61271	\$18.07 <sup>1</sup>	\$10.24 <sup>1</sup>	\$ 7.82 <sup>1</sup>	\$ 6.78 <sup>1</sup>	\$ 6.30 <sup>1</sup>	\$ 6.06 <sup>1</sup>
Security Benefit LIC 68675	\$18.20	\$10.31	\$ 7.98	\$ 6.76	\$ 6.03	\$ 5.63
Travelers LIC 87726	\$17.67 <sup>1</sup>	\$10.21 <sup>1</sup>	\$ 7.89 <sup>1</sup>	\$ 6.84 <sup>1</sup>	\$ 6.29 <sup>1</sup>	\$ 5.95 <sup>1</sup>
United of Omaha 69868	\$17.86	\$10.40	\$ 8.04	\$ 6.93	\$ 6.26	\$ 5.84
USG Annuity & Life 61247	\$18.30	\$10.60	\$ 8.16	\$ 7.01	-	-

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

<sup>1</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



**Who  
do you  
call  
when  
you're  
ready  
to buy  
your  
next  
annuity?**



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So, if you are trying to locate a top annuity, just call the agents at Annuity Shopper Brokerage Services. They'll help you find the contracts that are right for you.

**Find Out For Yourself.**

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# Immediate Annuities Update

Table 2. Single Life Annuities — Age 50 (Non-Qualified Funds)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 6.24	\$ 6.17	\$ 6.03	\$ 6.04	\$ 6.00	\$ 5.99
American Gen LIC (AIG) 60488	\$ 5.87	\$ 5.80	\$ 5.69	\$ 5.65	\$ 5.62	\$ 5.55
Canada Life Assurance 80659	\$ 5.82	\$ 5.75	\$ 5.60	\$ 5.47	\$ 5.44	\$ 5.37
Conseco Annuity Assurance 60682	\$ 5.99	\$ 5.92	\$ 5.77	\$ 5.64	\$ 5.61	\$ 5.54
Fidelity & Guaranty LI 63274	\$ 6.28	\$ 6.18	\$ 5.97	\$ 5.91	\$ 5.88	\$ 5.79
GE Capital Assurance 70025	\$ 6.00	\$ 5.96	\$ 5.85	\$ 5.81	\$ 5.79	\$ 5.73
Jefferson Pilot 67865	\$ 5.91	\$ 5.84	\$ 5.70	\$ 5.67	\$ 5.63	\$ 5.55
Lincoln Benefit Life Co. 65595	\$ 5.96	\$ 5.91	\$ 5.78	\$ 5.79	\$ 5.76	\$ 5.68
London Pacific Life & Annuity 68934	\$ 5.98	\$ 5.86	\$ 5.67	\$ 5.73	\$ 5.64	\$ 5.50



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

Metropolitan LIC 65978	\$ 5.69	\$ 5.63	\$ 5.51	\$ 5.41	\$ 5.39	\$ 5.34
Midland National Life 66044	\$ 5.02	\$ 4.97	\$ 4.84	\$ 4.74	\$ 4.72	\$ 4.65
National Guardian LIC <sup>1</sup> 66583	\$ 5.77	\$ 5.71	\$ 5.57	\$ 5.52	\$ 5.49	\$ 5.41
Peoples Benefit LIC 66605	\$ 6.06	\$ 6.00	\$ 5.85	\$ 5.80	\$ 5.77	\$ 5.71
Presidential LIC 68039	\$ 6.32	\$ 6.25	\$ 6.11	\$ 6.06	\$ 6.02	\$ 5.94
Principal LIC 61271	\$ 6.16 <sup>2</sup>	\$ 6.10 <sup>2</sup>	\$ 5.97 <sup>2</sup>	\$ 5.98 <sup>2</sup>	\$ 5.95 <sup>2</sup>	\$ 5.88 <sup>2</sup>
Security Benefit LIC 68675	\$ 5.54	\$ 5.49	\$ 5.39	\$ 5.26	\$ 5.24	\$ 5.19
Travelers LIC 87726	\$ 6.04 <sup>2</sup>	\$ 5.99 <sup>2</sup>	\$ 5.86 <sup>2</sup>	\$ 5.86 <sup>2</sup>	\$ 5.83 <sup>2</sup>	\$ 5.75 <sup>2</sup>
United of Omaha 69868	\$ 5.94	\$ 5.87	\$ 5.73	\$ 5.69	\$ 5.65	\$ 5.57
USG Annuity & Life 61247	\$ 6.13	\$ 6.06	\$ 5.91	\$ 5.87	\$ 5.83	\$ 5.75

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 3. Single Life Annuities — Age 55 (Non-Qualified Funds)  
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 6.54	\$ 6.42	\$ 6.22	\$ 6.32	\$ 6.25	\$ 6.14
American Gen LIC (AIG) 60488	\$ 6.22	\$ 6.12	\$ 5.93	\$ 5.97	\$ 5.91	\$ 5.79
Canada Life Assurance 80659	\$ 6.22	\$ 6.11	\$ 5.86	\$ 5.78	\$ 5.73	\$ 5.60
Conseco Annuity Assurance 60682	\$ 5.74	\$ 5.63	\$ 5.36	\$ 5.28	\$ 5.23	\$ 5.10
Fidelity & Guaranty LI 63274	\$ 6.64	\$ 6.48	\$ 6.16	\$ 6.18	\$ 6.11	\$ 5.96
GE Capital Assurance 70025	\$ 6.32	\$ 6.24	\$ 6.06	\$ 6.07	\$ 6.03	\$ 5.92
Jefferson Pilot 67865	\$ 6.24	\$ 6.13	\$ 5.89	\$ 5.93	\$ 5.88	\$ 5.74
Lincoln Benefit Life Co. 65595	\$ 6.31	\$ 6.21	\$ 6.01	\$ 6.07	\$ 6.02	\$ 5.88
London Pacific Life & Annuity 68934	\$ 6.31	\$ 6.15	\$ 5.88	\$ 5.99	\$ 5.88	\$ 5.69



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

Metropolitan LIC 65878	\$ 5.98	\$ 5.89	\$ 5.70	\$ 5.63	\$ 5.59	\$ 5.49
Midland National Life 66044	\$ 5.42	\$ 5.34	\$ 5.11	\$ 5.08	\$ 5.03	\$ 4.90
National Guardian LIC <sup>1</sup> 66583	\$ 6.12	\$ 6.03	\$ 5.79	\$ 5.80	\$ 5.75	\$ 5.62
Peoples Benefit LIC 66605	\$ 6.38	\$ 6.29	\$ 6.05	\$ 6.05	\$ 6.01	\$ 5.90
Presidential LIC 68039	\$ 6.68	\$ 6.57	\$ 6.33	\$ 6.35	\$ 6.30	\$ 6.15
Principal LIC 61271	\$ 6.41 <sup>2</sup>	\$ 6.31 <sup>2</sup>	\$ 6.10 <sup>2</sup>	\$ 6.18 <sup>2</sup>	\$ 6.13 <sup>2</sup>	\$ 6.00 <sup>2</sup>
Security Benefit LIC 68675	\$ 5.86	\$ 5.78	\$ 5.60	\$ 5.49	\$ 5.46	\$ 5.38
Travelers LIC 87726	\$ 6.42 <sup>2</sup>	\$ 6.32 <sup>2</sup>	\$ 6.08 <sup>2</sup>	\$ 6.16 <sup>2</sup>	\$ 6.10 <sup>2</sup>	\$ 5.94 <sup>2</sup>
United of Omaha 69868	\$ 6.28	\$ 6.18	\$ 5.94	\$ 5.97	\$ 5.91	\$ 5.77
USG Annuity & Life 61247	\$ 6.49	\$ 6.39	\$ 6.14	\$ 6.17	\$ 6.11	\$ 5.97

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 4. Single Life Annuities — Age 60 (Non-Qualified Funds)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 6.94	\$ 6.75	\$ 6.35	\$ 6.58	\$ 6.47	\$ 6.32
American Gen LIC (AIG) 60488	\$ 6.69	\$ 6.52	\$ 6.19	\$ 6.37	\$ 6.27	\$ 6.06
Canada Life Assurance 80659	\$ 6.76	\$ 6.58	\$ 6.14	\$ 6.20	\$ 6.12	\$ 5.89
Conseco Annuity Assurance 60682	\$ 6.32	\$ 6.14	\$ 5.65	\$ 5.73	\$ 5.65	\$ 5.40
Fidelity & Guaranty LI 63274	\$ 7.13	\$ 6.86	\$ 6.36	\$ 6.54	\$ 6.43	\$ 6.18
GE Capital Assurance 70025	\$ 6.76	\$ 6.63	\$ 6.31	\$ 6.44	\$ 6.36	\$ 6.16
Jefferson Pilot 67865	\$ 6.69	\$ 6.52	\$ 6.11	\$ 6.30	\$ 6.20	\$ 5.96
Lincoln Benefit Life Co. 65595	\$ 6.79	\$ 6.63	\$ 6.27	\$ 6.46	\$ 6.36	\$ 6.12
London Pacific Life & Annuity 68934	\$ 6.78	\$ 6.56	\$ 6.12	\$ 6.36	\$ 6.21	\$ 5.93



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

Metropolitan LIC 65878	\$ 6.39	\$ 6.24	\$ 5.91	\$ 5.93	\$ 5.86	\$ 5.70
Midland National Life 66044	\$ 5.97	\$ 5.82	\$ 5.41	\$ 5.53	\$ 5.45	\$ 5.21
National Guardian LIC <sup>1</sup> 66583	\$ 6.61	\$ 6.45	\$ 6.04	\$ 6.20	\$ 6.11	\$ 5.87
Peoples Benefit LIC 66605	\$ 6.83	\$ 6.67	\$ 6.22	\$ 6.42	\$ 6.34	\$ 6.09
Presidential LIC 68039	\$ 7.17	\$ 6.98	\$ 6.57	\$ 6.75	\$ 6.64	\$ 6.40
Principal LIC 61271	\$ 6.68 <sup>2</sup>	\$ 6.53 <sup>2</sup>	\$ 6.17 <sup>2</sup>	\$ 6.38 <sup>2</sup>	\$ 6.29 <sup>2</sup>	\$ 6.06 <sup>2</sup>
Security Benefit LIC 68675	\$ 6.29	\$ 6.17	\$ 5.86	\$ 5.82	\$ 5.76	\$ 5.61
Travelers LIC 87726	\$ 6.95 <sup>2</sup>	\$ 6.74 <sup>2</sup>	\$ 6.31 <sup>2</sup>	\$ 6.57 <sup>2</sup>	\$ 6.45 <sup>2</sup>	\$ 6.17 <sup>2</sup>
United of Omaha 69868	\$ 6.76	\$ 6.59	\$ 6.18	\$ 6.35	\$ 6.26	\$ 6.02
USG Annuity & Life 61247	\$ 6.98	\$ 6.80	\$ 6.38	\$ 6.57	\$ 6.47	\$ 6.22

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 5. Single Life Annuities — Age 65 (Non-Qualified Funds)  
Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 7.53	\$ 7.18	\$ 6.54	\$ 7.04	\$ 6.84	\$ 6.52
American Gen LIC (AIG) 60488	\$ 7.34	\$ 7.02	\$ 6.43	\$ 6.91	\$ 6.72	\$ 6.33
Canada Life Assurance 80659	\$ 7.53	\$ 7.18	\$ 6.41	\$ 6.79	\$ 6.63	\$ 6.20
Conseco Annuity Assurance 60682	\$ 7.03	\$ 6.70	\$ 5.90	\$ 6.30	\$ 6.14	\$ 5.69
Fidelity & Guaranty LI 63274	\$ 7.82	\$ 7.36	\$ 6.57	\$ 7.06	\$ 6.87	\$ 6.42
GE Capital Assurance 70025	\$ 7.41	\$ 7.16	\$ 6.56	\$ 6.97	\$ 6.82	\$ 6.43
Jefferson Pilot 67865	\$ 7.36	\$ 7.02	\$ 6.32	\$ 6.83	\$ 6.64	\$ 6.20
Lincoln Benefit Life Co. 65595	\$ 7.49	\$ 7.18	\$ 6.54	\$ 7.01	\$ 6.82	\$ 6.39
London Pacific Life & Annuity 68934	\$ 7.48	\$ 7.09	\$ 6.38	\$ 6.90	\$ 6.67	\$ 6.21



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

Metropolitan LIC 65878	\$ 6.99	\$ 6.69	\$ 6.12	\$ 6.35	\$ 6.22	\$ 5.93
Midland National Life 66044	\$ 6.74	\$ 6.45	\$ 5.71	\$ 6.15	\$ 6.00	\$ 5.55
National Guardian LIC <sup>1</sup> 66583	\$ 7.31	\$ 7.00	\$ 6.29	\$ 6.76	\$ 6.59	\$ 6.15
Peoples Benefit LIC 66605	\$ 7.50	\$ 7.19	\$ 6.42	\$ 6.95	\$ 6.79	\$ 6.31
Presidential LIC 68039	\$ 7.86	\$ 7.51	\$ 6.80	\$ 7.29	\$ 7.10	\$ 6.66
Principal LIC 61271	\$ 7.31 <sup>2</sup>	\$ 7.01 <sup>2</sup>	\$ 6.38 <sup>2</sup>	\$ 6.88 <sup>2</sup>	\$ 6.70 <sup>2</sup>	\$ 6.29 <sup>2</sup>
Security Benefit LIC 68675	\$ 6.93	\$ 6.68	\$ 6.13	\$ 6.29	\$ 6.18	\$ 5.90
Travelers LIC 87726	\$ 7.70 <sup>2</sup>	\$ 7.28 <sup>2</sup>	\$ 6.53 <sup>2</sup>	\$ 7.13 <sup>2</sup>	\$ 6.89 <sup>2</sup>	\$ 6.40 <sup>2</sup>
United of Omaha 69868	\$ 7.45	\$ 7.12	\$ 6.42	\$ 6.91	\$ 6.72	\$ 6.28
USG Annuity & Life 61247	\$ 7.68	\$ 7.34	\$ 6.61	\$ 7.13	\$ 6.94	\$ 6.48

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

**Table 6. Single Life Annuities — Age 70 (Non-Qualified Funds)**

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 8.34	\$ 7.66	\$ 6.70	\$ 7.72	\$ 7.34	\$ 6.66
American Gen LIC (AIG) 60488	\$ 8.27	\$ 7.62	\$ 6.64	\$ 7.66	\$ 7.29	\$ 6.58
Canada Life Assurance 80659	\$ 8.61	\$ 7.90	\$ 6.63	\$ 7.62	\$ 7.29	\$ 6.49
Conseco Annuity Assurance 60682	\$ 7.85	\$ 7.27	\$ 6.08	\$ 6.96	\$ 6.68	\$ 5.93
Fidelity & Guaranty LI 63274	\$ 8.81	\$ 7.99	\$ 6.75	\$ 7.86	\$ 7.49	\$ 6.65
GE Capital Assurance 70025	\$ 8.39	\$ 7.85	\$ 6.76	\$ 7.76	\$ 7.44	\$ 6.67
Jefferson Pilot 67865	\$ 8.32	\$ 7.64	\$ 6.50	\$ 7.59	\$ 7.23	\$ 6.43
Lincoln Benefit Life Co. 65595	\$ 8.51	\$ 7.89	\$ 6.76	\$ 7.80	\$ 7.44	\$ 6.65
London Pacific Life & Annuity 68934	\$ 8.48	\$ 7.76	\$ 6.60	\$ 7.70	\$ 7.29	\$ 6.49



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

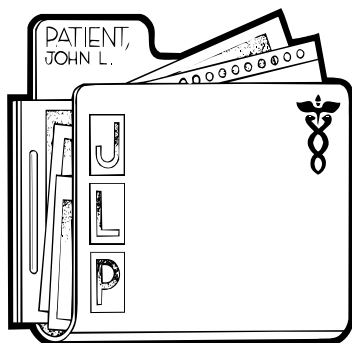
Metropolitan LIC 65878	\$ 7.85	\$ 7.26	\$ 6.31	\$ 6.98	\$ 6.72	\$ 6.16
Midland National Life 66044	\$ 7.82	\$ 7.21	\$ 5.96	\$ 7.05	\$ 6.73	\$ 5.86
National Guardian LIC <sup>1</sup> 66583	\$ 8.32	\$ 7.67	\$ 6.49	\$ 7.58	\$ 7.23	\$ 6.41
Peoples Benefit LIC 66605	\$ 8.30	\$ 7.68	\$ 6.61	\$ 7.55	\$ 7.25	\$ 6.56
Presidential LIC 68039	\$ 8.86	\$ 8.16	\$ 6.99	\$ 8.07	\$ 7.69	\$ 6.89
Principal LIC 61271	\$ 8.04 <sup>2</sup>	\$ 7.45 <sup>2</sup>	\$ 6.40 <sup>2</sup>	\$ 7.44 <sup>2</sup>	\$ 7.11 <sup>2</sup>	\$ 6.34 <sup>2</sup>
Security Benefit LIC 68675	\$ 7.84	\$ 7.34	\$ 6.39	\$ 6.97	\$ 6.75	\$ 6.21
Travelers LIC 87726	\$ 8.74 <sup>2</sup>	\$ 7.93 <sup>2</sup>	\$ 6.70 <sup>2</sup>	\$ 7.91 <sup>2</sup>	\$ 7.46 <sup>2</sup>	\$ 6.61 <sup>2</sup>
United of Omaha 69868	\$ 8.44	\$ 7.76	\$ 6.61	\$ 7.71	\$ 7.34	\$ 6.53
USG Annuity & Life 61247	\$ 8.69	\$ 7.99	\$ 6.80	\$ 7.94	\$ 7.56	\$ 6.72

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.





# *Medically Underwritten Immediate Annuities*

Medical underwriting allows an annuitant to be rated OLDER than his or her chronological age. An immediate annuity based on a rated aged will provide higher income than one based on the person's actual age. This is because the insurance company does not expect the annuitant to live as long as the average person of the same chronological age. In brief, the shorter the life expectancy, the higher the income.

The following information is needed to obtain an Impaired Life annuity calculation:

- Date of Birth
- Name (include all names under which records may be cross referenced)
- Sex
- History of the illness/injury, including date of accident or injury
- Change in condition up to the current date
- Other significant health conditions (related or not)
- All other pertinent histories

The above information can usually be obtained from sources such as: a discharge summary from original hospitalization, a medical examination at the time of diagnosis or injury, the most recent medical examination by a physician, reports reflecting significant conditions precedent to Primary condition, and reports of significant hospitalizations, surgeries, or rehabilitative treatment within that time.

Most recent examination should be as up-to-date as possible—i.e., within the last 12 months and preferably the last 6 months. Records should show current overall status and are best provided by Treating Physicians Statements, Specialist reports, medical consultations, rehab assessments, and interim discharge summaries. Reports reflecting significant conditions precedent to Primary condition are also needed to provide a complete history and exact rating. However, voluminous reports from every consultation with a doctor that only repeat medical history already provided are counterproductive.

**If you have an impaired life annuity that you'd like to discuss, call Hersh Stern at the Annuity Shopper:**

**1-800-872-6684**



# Immediate Annuities Update

Table 7. Single Life Annuities — Age 75 (Non-Qualified Funds)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$ 9.53	\$ 8.23	\$ 6.78	\$ 8.76	\$ 7.95	\$ 6.77
American Gen LIC (AIG) 60488	\$ 9.56	\$ 8.28	\$ 6.78	\$ 8.80	\$ 7.99	\$ 6.75
Canada Life Assurance 80659	\$ 9.01	\$ 8.68	\$ 6.76	\$ 8.86	\$ 8.11	\$ 6.70
Conseco Annuity Assurance 60682	\$ 9.05	\$ 7.97	\$ 6.23	\$ 7.99	\$ 7.42	\$ 6.15
Fidelity & Guaranty LI 63274	\$10.28	\$ 8.70	\$ 6.86	\$ 9.11	\$ 8.26	\$ 6.81
GE Capital Assurance 70025	\$ 9.89	\$ 8.68	\$ 6.89	\$ 8.98	\$ 8.23	\$ 6.84
Jefferson Pilot 67865	\$ 9.67	\$ 8.33	\$ 6.62	\$ 8.78	\$ 7.97	\$ 6.59
Lincoln Benefit Life Co. 65595	\$10.04	\$ 8.71	\$ 6.91	\$ 9.02	\$ 8.23	\$ 6.85
London Pacific Life & Annuity 68934	\$ 9.89	\$ 8.51	\$ 6.76	\$ 8.94	\$ 8.09	\$ 6.70



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

Metropolitan LIC 65878	\$ 9.06	\$ 7.92	-	\$ 7.94	\$ 7.37	-
Midland National Life 66044	\$ 9.33	\$ 8.06	\$ 6.11	\$ 8.39	\$ 7.63	\$ 6.07
National Guardian LIC <sup>1</sup> 66583	\$ 9.72	\$ 8.42	\$ 6.62	\$ 8.81	\$ 8.03	\$ 6.59
Peoples Benefit LIC 66605	\$ 9.50	\$ 8.29	\$ 6.74	\$ 8.56	\$ 7.90	\$ 6.76
Presidential LIC 68039	\$10.32	\$ 8.91	\$ 7.10	\$ 9.26	\$ 8.45	\$ 7.06
Principal LIC 61271	\$ 9.30 <sup>2</sup>	\$ 8.12 <sup>2</sup>	\$ 6.47 <sup>2</sup>	\$ 8.56 <sup>2</sup>	\$ 7.82 <sup>2</sup>	\$ 6.45 <sup>2</sup>
Security Benefit LIC 68675	\$ 9.11	\$ 8.10	\$ 6.59	\$ 8.00	\$ 7.50	\$ 6.48
Travelers LIC 87726	\$10.32 <sup>2</sup>	\$ 8.68 <sup>2</sup>	\$ 6.80 <sup>2</sup>	\$ 9.12 <sup>2</sup>	\$ 8.18 <sup>2</sup>	\$ 6.76 <sup>2</sup>
United of Omaha LIC 69868	\$ 9.82	\$ 8.48	\$ 6.74	\$ 8.92	\$ 8.11	\$ 6.71
USG Annuity & Life 61247	\$10.10	\$ 8.71	\$ 6.92	\$ 9.17	\$ 8.33	\$ 6.89

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 8. Single Life Annuities — Age 80 (Non-Qualified Funds)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$11.25	\$ 8.82	\$ 6.81	\$10.41	\$ 8.64	\$ 6.82
American Gen LIC (AIG) 60488	\$11.44	\$ 8.95	\$ 6.85	\$10.56	\$ 8.77	\$ 6.84
Canada Life Assurance 80659	\$12.14	\$ 9.40	\$ 6.82	\$10.69	\$ 9.00	\$ 6.80
Conseco Annuity Assurance 60682	\$10.62	\$ 8.65	\$ 6.31	\$ 9.43	\$ 8.23	\$ 6.28
Fidelity & Guaranty LI 63274	\$12.46	\$ 9.42	\$ 6.90	\$11.00	\$ 9.07	\$ 6.88
GE Capital Assurance 70025	\$12.26	\$ 9.44	\$ 6.94	\$10.90	\$ 9.09	\$ 6.92
Jefferson Pilot 67865	\$11.62	\$ 9.01	\$ 6.67	\$10.59	\$ 8.77	\$ 6.66
Lincoln Benefit Life Co. 65595	\$12.31	\$ 9.48	\$ 6.98	\$10.89	\$ 9.10	\$ 6.96
London Pacific Life & Annuity 68934	\$11.86	\$ 9.27	\$ 6.85	\$10.76	\$ 8.97	\$ 6.82



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

Metropolitan LIC 65878	\$10.82	\$ 8.58	-	\$ 9.40	\$ 8.12	-
Midland National Life 66044	\$11.48	\$ 8.89	\$ 6.19	\$10.40	\$ 8.61	\$ 6.18
National Guardian LIC <sup>1</sup> 66583	\$11.69	\$ 9.16	\$ 6.69	\$10.67	\$ 8.91	\$ 6.68
Peoples Benefit LIC 66605	\$11.08	\$ 8.89	\$ 6.88	\$ 9.87	\$ 8.55	\$ 6.90
Presidential LIC 68039	\$12.51	\$ 9.63	\$ 7.16	\$11.12	\$ 9.29	\$ 7.14
Principal LIC 61271	\$11.13 <sup>2</sup>	\$ 8.79 <sup>2</sup>	\$ 6.45 <sup>2</sup>	\$10.29 <sup>2</sup>	\$ 8.61 <sup>2</sup>	\$ 6.44 <sup>2</sup>
Security Benefit LIC 68675	\$10.92	\$ 8.91	\$ 6.71	\$ 9.55	\$ 8.41	\$ 6.67
Travelers LIC 87726	\$12.76 <sup>2</sup>	\$ 9.39 <sup>2</sup>	\$ 6.83 <sup>2</sup>	\$11.01 <sup>2</sup>	\$ 8.98 <sup>2</sup>	\$ 6.82 <sup>2</sup>
United of Omaha LIC 69869	\$11.79	\$ 9.17	\$ 6.80	\$10.76	\$ 8.93	\$ 6.79
USG Annuity & Life 61247	\$12.11	\$ 9.41	\$ 6.98	\$11.05	\$ 9.17	\$ 6.97

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 9. Single Life Annuities — Age 85 (Non-Qualified Funds)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	Male			Female		
	Life Only	10 yr C&C	20 yr C&C	Life Only	10 yr C&C	20 yr C&C
Allianz LIC/No. America 90611	\$13.65	\$ 9.24	\$ 6.83	\$12.81	\$ 9.17	\$ 6.84
American Gen LIC (AIG) 60488	\$14.18	\$ 9.51	\$ 6.87	\$13.32	\$ 9.44	\$ 6.87
Canada Life Assurance 80659	\$14.86	\$ 9.95	\$ 6.83	\$13.34	\$ 9.74	\$ 6.83
Conseco Annuity Assurance 60682	\$12.56	\$ 9.24	-	\$11.38	\$ 8.97	-
Fidelity & Guaranty LI 63274	\$15.83	\$ 9.96	-	\$13.86	\$ 9.69	-
GE Capital Assurance 70025	\$15.64	\$ 9.98	-	\$13.89	\$ 9.79	-
Jefferson Pilot 67865	\$14.37	\$ 9.56	\$ 6.69	\$13.38	\$ 9.45	\$ 6.69
Lincoln Benefit Life Co. 65595	\$15.37	\$10.06	\$ 7.00	\$13.71	\$ 9.85	\$ 7.00
London Pacific Life & Annuity 68934	\$14.70	\$ 9.88	\$ 6.88	\$13.62	\$ 9.74	\$ 6.87



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

Metropolitan LIC 65878	\$13.36	-	-	\$11.66	-	-
Midland National Life 66044	\$14.50	\$ 9.56	\$ 6.22	\$13.45	\$ 9.43	\$ 6.21
National Guardian LIC <sup>1</sup> 66583	\$14.46	\$ 9.75	\$ 6.71	\$13.49	\$ 9.64	\$ 6.71
Peoples Benefit LIC 66605	\$13.54	\$ 9.39	\$ 6.96	\$12.10	\$ 9.17	\$ 6.95
Presidential LIC 68039	\$15.60	\$10.18	\$ 7.17	\$14.04	\$10.00	\$ 7.17
Principal LIC 61271	\$13.92 <sup>2</sup>	\$ 9.46 <sup>2</sup>	\$ 6.48 <sup>2</sup>	\$13.13 <sup>2</sup>	\$ 9.39 <sup>2</sup>	\$ 6.48 <sup>2</sup>
Security Benefit LIC 68675	\$13.48	\$ 9.63	\$ 6.75	\$11.91	\$ 9.31	\$ 6.74
Travelers LIC 87726	\$16.25 <sup>2</sup>	\$ 9.88 <sup>2</sup>	\$ 6.84 <sup>2</sup>	\$13.97 <sup>2</sup>	\$ 9.65 <sup>2</sup>	\$ 6.84 <sup>2</sup>
United of Omaha LIC 69868	\$14.56	\$ 9.72	\$ 6.83	\$13.57	\$ 9.62	\$ 6.82
USG Annuity & Life 61247	\$14.96	\$ 9.98	\$ 7.00	\$13.94	\$ 9.88	\$ 7.00

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



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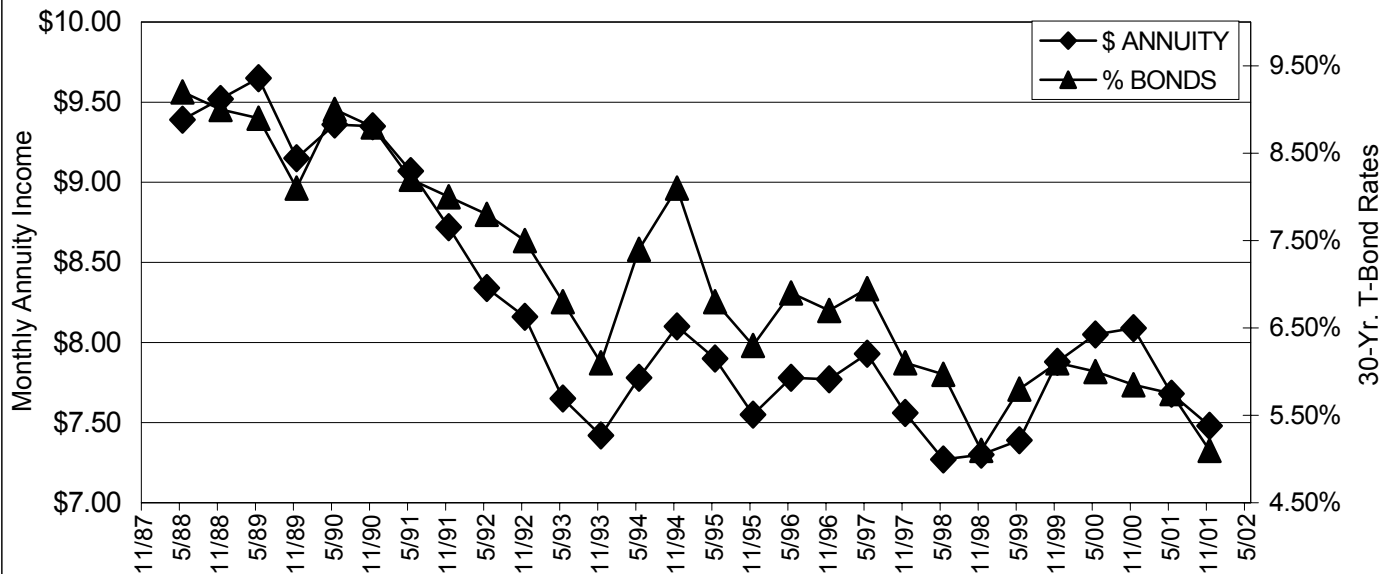
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# Annuity Trends

*Monthly Income per \$1,000 deposit for a Straight Life Annuity on a Male Age 65 shown with the Yield on a 30-Year Treasury Bond*



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# Immediate Annuities Update

Table 10. Joint & Survivor Annuities — Male Age 60, Female Age 57 (Non-Qualified)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
Allianz LIC/No. America 90611	\$ 6.81	-	\$ 6.09
American Gen LIC (AIG) 60488	\$ 6.39	\$ 6.18	\$ 5.74
Canada Life Assurance 80659	\$ 6.32	\$ 6.12	\$ 5.59
Conseco Annuity Assurance 60682	\$ 5.85	-	\$ 5.08
Fidelity & Guaranty LI 63274	\$ 6.70	\$ 6.49	\$ 5.96
GE Capital Assurance 70025	\$ 6.47	\$ 6.29	\$ 5.89
Jefferson Pilot 67865	\$ 6.36	\$ 6.16	\$ 5.71
Lincoln Benefit Life Co. 65595	\$ 6.49	\$ 6.27	\$ 5.82
Metropolitan LIC 65978	\$ 6.04	\$ 5.89	\$ 5.46



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

Midland National Life 66044	\$ 5.58	-	\$ 4.86
National Guardian LIC <sup>1</sup> 66583	-	-	\$ 5.58
Peoples Benefit LIC 66605	\$ 6.49	\$ 6.31	\$ 5.87
Presidential LIC 68039	\$ 6.82	\$ 6.61	\$ 6.13
Principal LIC 61271	\$ 6.64 <sup>2</sup>	\$ 6.43 <sup>2</sup>	\$ 5.99 <sup>2</sup>
Security Benefit LIC 68675	\$ 5.93	\$ 5.77	\$ 5.33
Travelers LIC 87726	\$ 6.62 <sup>2</sup>	\$ 6.40 <sup>2</sup>	\$ 5.94 <sup>2</sup>
United of Omaha LIC 69868	\$ 6.42	\$ 6.21	\$ 5.74
USG Annuity & Life 61247	\$ 6.63	-	\$ 5.94

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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


<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 11. Joint & Survivor Annuities — Male Age 65, Female Age 62 (Non-Qualified)

Most of these annuities are available for purchase through WebAnnuities.com 800-872-6684.

Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
Allianz LIC/No. America 90611	\$ 7.30	-	\$ 6.35
American Gen LIC (AIG) 60488	\$ 6.93	\$ 6.65	\$ 6.08
Canada Life Assurance 80659	\$ 6.93	\$ 6.66	\$ 5.97
Conseco Annuity Assurance 60682	\$ 6.44	-	\$ 5.46
Fidelity & Guaranty LI 63274	\$ 7.23	\$ 6.96	\$ 6.28
GE Capital Assurance 70025	\$ 7.00	\$ 6.76	\$ 6.21
Jefferson Pilot 67865	\$ 6.90	\$ 6.62	\$ 6.02
Lincoln Benefit Life Co. 65595	\$ 7.05	\$ 6.76	\$ 6.15
Metropolitan LIC 65978	\$ 6.50	\$ 6.29	\$ 5.72
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>			
Midland National Life 66044	\$ 6.21	-	\$ 5.27
National Guardian LIC <sup>1</sup> 66583	-	-	\$ 5.92
Peoples Benefit LIC 66605	\$ 7.03	\$ 6.76	\$ 6.15
Presidential LIC 68039	\$ 7.38	\$ 7.10	\$ 6.47
Principal LIC 61271	\$ 7.12 <sup>2</sup>	\$ 6.82 <sup>2</sup>	\$ 6.24 <sup>2</sup>
Security Benefit LIC 68675	\$ 6.42	\$ 6.20	\$ 5.62
Travelers LIC 87726	\$ 7.21 <sup>2</sup>	\$ 6.91 <sup>2</sup>	\$ 6.28 <sup>2</sup>
United of Omaha 69868	\$ 6.97	\$ 6.69	\$ 6.08
USG Annuity & Life 61247	\$ 7.20	-	\$ 6.29

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 12. Joint & Survivor Annuities — Male Age 70, Female Age 67 (Non-Qualified)

Reporting Companies (NAIC ID Number)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
Allianz LIC/No. America 90611	\$ 7.99	-	\$ 6.73
American Gen LIC (AIG) 60488	\$ 7.68	\$ 7.31	\$ 6.55
Canada Life Assurance 80659	\$ 7.77	\$ 7.42	\$ 6.51
Conseco Annuity Assurance 60682	\$ 7.13	-	\$ 5.91
Fidelity & Guaranty LI 63274	\$ 8.01	\$ 7.65	\$ 6.76
GE Capital Assurance 70025	\$ 7.78	\$ 7.44	\$ 6.68
Jefferson Pilot 67865	\$ 7.66	\$ 7.29	\$ 6.48
Lincoln Benefit Life Co. 65595	\$ 7.85	\$ 7.46	\$ 6.64
Metropolitan LIC 65978	\$ 7.16	\$ 6.86	\$ 6.10
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>			
Midland National Life 66044	\$ 7.08	-	\$ 5.84
National Guardian LIC <sup>1</sup> 66583	-	-	\$ 6.42
Peoples Benefit LIC 66605	\$ 7.68	\$ 7.33	\$ 6.56
Presidential LIC 68039	\$ 8.16	\$ 7.79	\$ 6.95
Principal LIC 61271	\$ 7.73 <sup>2</sup>	\$ 7.33 <sup>2</sup>	\$ 6.54 <sup>2</sup>
Security Benefit LIC 68675	\$ 7.12	\$ 6.82	\$ 6.04
Travelers LIC 87726	\$ 8.03 <sup>2</sup>	\$ 7.62 <sup>2</sup>	\$ 6.76 <sup>2</sup>
United of Omaha 69868	\$ 7.77	\$ 7.39	\$ 6.56
USG Annuity & Life 61247	\$ 6.77	-	\$ 8.00

Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Oct. 19, 2001

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

<sup>2</sup>Figures represent monthly income based upon annuities purchased with Employer Funds.



# Immediate Annuities Update

Table 13. Joint & Survivor Annuities — Male Age 75, Female Age 72 (Non-Qualified)

Reporting Companies (NAIC IDNumber)	50% J&S reducing on either death	50% J&S reducing on primary's death	100% J&S non-reducing
Allianz LIC/No. America 90611	\$ 8.94	-	\$ 7.26
American Gen LIC (AIG) 60488	\$ 8.74	\$ 8.21	\$ 7.20
Canada Life Assurance 80659	\$ 8.96	\$ 8.46	\$ 7.29
Conseco Annuity Assurance 60682	\$ 8.10	-	\$ 6.53
Fidelity & Guaranty LI 63274	\$ 9.18	\$ 8.68	\$ 7.51
GE Capital Assurance 70025	\$ 8.95	\$ 8.47	\$ 7.40
Jefferson Pilot 67865	\$ 8.76	\$ 8.23	\$ 7.16
Lincoln Benefit Life Co. 65595	\$ 9.04	\$ 8.50	\$ 7.37
Metropolitan LIC 65978	\$ 8.09	\$ 7.68	\$ 6.65
 <b>Please note that the numbers in these tables change frequently. For today's best quotations call 800-872-6684.</b>			
Midland National Life 66044	\$ 8.33	-	\$ 6.65
National Guardian LIC <sup>1</sup> 66583	-	-	\$ 7.15
Peoples Benefit LIC 66605	\$ 8.62	\$ 8.20	\$ 7.20
Presidential LIC 68039	\$ 9.31	\$ 8.79	\$ 7.66
Principal LIC 61271	\$ 8.82 <sup>2</sup>	\$ 8.25 <sup>2</sup>	\$ 7.20 <sup>2</sup>
Security Benefit LIC 68675	\$ 8.12	\$ 7.69	\$ 6.66
Travelers LIC 87726	\$ 9.24 <sup>2</sup>	\$ 8.68 <sup>2</sup>	\$ 7.49 <sup>2</sup>
United of Omaha 69868	\$ 8.90	\$ 8.36	\$ 7.28
USG Annuity & Life 61247	\$ 9.15	-	\$ 7.49
Figures represent monthly income per \$1000 assuming \$100,000 deposit. Survey period: Sept. 19, 2001 <sup>1</sup> National Guardian LIC 66583 is not affiliated with The Guardian Life Ins. Co. of Amer., a/k/a The Guardian or Guardian Life. <sup>2</sup> Figures represent monthly income based upon annuities purchased with Employer Funds.			



# Deferred Annuities Update

**I**n a Multi-Year Guarantee deferred annuity ('MYGA'), your premium is credited with a fixed interest rate for length of time in years known as the **Rate Guarantee Period** (see column with that title). Some contracts offer a constant rate for the duration and others offer a bonus in the first year of the rate guarantee period (see columns titled **Interest Rate in 1<sup>st</sup> Yr.** and **Interest Rate in Following Years**).

The column headed **Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year** reports the schedule of surrender penalties in effect for each contract year. Note, however, that many contracts feature a so-called **Market Value Adjustment** ('MVA') which may increase or decrease the total penalties incurred on early surrender of the policy. A typical MVA is determined by a formula which compares the base interest rate of the

contract at the time it was issued and the base interest rate (of a similar contract) at the time the policy is surrendered. Generally, if the base interest rate has gone down, then the MVA will have a **positive** impact on the value of your policy (and the MVA will offset some or, even, all of the early surrender charges). Conversely, if interest rates are higher at the time of withdrawal, the MVA will have a **negative** impact on the early surrender value of the contract.

**Table 14. Multi-Year Guarantee Deferred Annuities**

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 <sup>st</sup> Yr	Interest Rate in Following Years	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> 5 <sup>th</sup> 6 <sup>th</sup> 7 <sup>th</sup> 8 <sup>th</sup> 9 <sup>th</sup> 10 <sup>th</sup>	Any Market Value Adjustment ('MVA')?
American Equity Investment LIC	C-SPDA-6	0-85	20,000		3 Years	4.80%	4.80%	9% 8% 7%	NO
American Equity Investment LIC	C-SPDA-6	0-85	20,000		5 Years	5.30%	5.30%	9% 8% 7% 6% 5%	NO
Conseco Annuity Assurance 60682	True Level Choice 5	0-95			5 Years	6.00%	6.00%	8% 7% 6% 5% 4%	
Conseco Annuity Assurance 60682	True Level Choice 7	0-90			7 Years	6.00%	6.00%	8% 7% 6% 5% 4% 3% 2%	
Conseco Annuity Assurance 60682	True Level Choice 9	0-85			9 Years	6.00%	6.00%	8% 7% 6% 5% 4% 3% 2% 1%	
Jefferson Pilot 67865	Pilot Gold - Gold 5	0-85	10,000		5 Years	5.15%	5.15%	8% 8% 7% 6% 5%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	5 Years	5.40%	4.40%	8% 8% 8% 7% 6%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	5 Years	6.40%	4.40%	8% 8% 8% 7% 6%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	6 Years	6.05%	5.40%	8% 8% 8% 7% 6% 5% 3% 2% 1%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	6 Years	6.05%	5.40%	8% 8% 8% 7% 6% 5% 3% 2% 1%	YES

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity. Survey period: Oct. 19, 2001.



# Deferred Annuities Update

**Table 14. Multi-Year Guarantee Deferred Annuities, cont'd.**

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 <sup>st</sup> Yr	Interest Rate Following Yrs	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> 5 <sup>th</sup> 6 <sup>th</sup> 7 <sup>th</sup> 8 <sup>th</sup> 9 <sup>th</sup> 10 <sup>th</sup>	Any Market Value Adjustment ('MVA')?
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	7 Years	5.90%	4.90%	8% 8% 8% 7% 6% 5% 4%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	7 Years	6.90%	4.90%	8% 8% 8% 7% 6% 5% 4%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	8 Years	6.55%	5.05%	8% 8% 8% 7% 6% 5% 4% 3%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	8 Years	7.55%	5.05%	8% 8% 8% 7% 6% 5% 4% 3%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	9 Years	9.30%	5.30%	8% 8% 8% 7% 6% 5% 4% 3% 2%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	9 Years	10.30%	5.30%	8% 8% 8% 7% 6% 5% 4% 3% 2%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	5,000	99,999	10 Years	7.50%	5.50%	8% 8% 8% 7% 6% 5% 4% 3% 2% 1%	YES
Lincoln Benefit Life Co. 65595	Tactician Plus	0-90	100,000	1,000,000	10 Years	6.50%	5.50%	8% 8% 8% 7% 6% 5% 4% 3% 2% 1%	YES
London Pacific Life & Ann 68934	Inflation Guard	0-90			6 Years	5.02%	5.02%	9% 9% 8% 7% 6% 5%	YES
Midland National Life 66044	Guarantee Plus	0-90			10 Years	6.30%	6.30%	10% 10% 10% 10% 10% 9% 8% 6% 4% 2%	YES
Presidential LIC 68039	Secure 4	0-90	5,000		4 Years	5.60%	5.60%	7% 6% 6% 5%	NO
Presidential LIC 68039	Secure 6	0-90	5,000		6 Years	5.55%	5.55%	7% 7% 7% 6% 5% 4%	NO
Principal LIC 61271	SPDA 7	0-95			7 Years	5.25%	5.25%	6% 6% 6% 4% 4% 3% 2%	

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity. Survey period: Oct. 19, 2001.



# Deferred Annuities Update

**Table 14. Multi-Year Guarantee Deferred Annuities, cont'd.**

Reporting Companies (NAIC #)	Policy Name	Issue Ages	Min. Premium	Max. Premium	Rate Guarantee Period	Interest Rate in 1 <sup>st</sup> Yr	Interest Rate in Following Yrs	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year 1 <sup>st</sup> 2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> 5 <sup>th</sup> 6 <sup>th</sup> 7 <sup>th</sup> 8 <sup>th</sup> 9 <sup>th</sup> 10 <sup>th</sup>	Any Market Value Adjustment ('MVA')?
USG Annuity & Life Co.	Select Guarantee	0-90	15,000		5 Years	4.75%	4.75%	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Select Guarantee	0-90	15,000		6 Years	5.00%	5.00%	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Select Guarantee	0-90	15,000		8 Years	5.50%	5.50%	9% 8% 7% 6% 5% 4% 3% 2%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	5 Years	5.10%	5.10%	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	5 Years	5.35%	5.35%	9% 8% 7% 6% 5%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	6 Years	5.40%	5.40%	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	6 Years	5.60%	5.60%	9% 8% 7% 6% 5% 4%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	8 Years	5.75%	5.75%	9% 8% 7% 6% 5% 4% 3% 2%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	8 Years	6.00%	6.00%	9% 8% 7% 6% 5% 4% 3% 2%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	50,000	249,999	10 Years	6.00%	6.00%	9% 8% 7% 6% 5% 4% 3% 2% 1% 0%	YES
USG Annuity & Life Co.	Max Guarantee	0-85	250,000	500,000	10 Years	6.25%	6.25%	9% 8% 7% 6% 5% 4% 3% 2% 1% 0%	YES
United of Omaha 69868	Ultra Secure 5	0-89			5 Years	5.25%	5.25%	6% 6% 6% 6% 5%	
United of Omaha 69868	Ultra Secure 7	0-89			7 Years	4.85%	4.85%	6% 6% 6% 6% 5% 4% 3%	

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.  
Survey period: Oct. 19, 2001.



# Life & Health Guaranty Associations

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

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

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

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

State	Max. aggregate benefits for all lines of insurance	Max. death benefit with respect to any one life	Max. liability for cash or withdrawal value of life insurance policy	Max. liability for present value of an annuity contract	Insurance Commissioners' Phone Numbers
Alabama	\$300,000	-	\$100,000	\$100,000	(334) 269-3550
Alaska	\$300,000	\$300,000	\$100,000	\$100,000	(907) 465-2515
Arizona	\$300,000	-	\$100,000	\$100,000	(602) 912-8400
Arkansas	\$300,000	\$100,000	\$100,000	\$100,000	(501) 371-2600
California	\$250,000	\$250,000	\$100,000	\$100,000	(916) 492-3500
Colorado	\$300,000	\$300,000	\$100,000	\$100,000	(303) 894-7499
Connecticut	\$300,000	\$300,000	\$100,000	\$100,000	(860) 297-3802
Delaware	\$300,000	\$300,000	\$100,000	\$100,000	(302) 739-4251
Dist. of Col.	\$300,000	\$300,000	\$100,000	\$100,000	(202) 727-8000
Florida	\$300,000	-	\$100,000	\$100,000	(850) 922-3101
Georgia	\$300,000	-	\$100,000	\$100,000	(404) 656-2056
Hawaii	\$300,000	\$300,000	\$100,000	\$100,000	(808) 586-2790
Idaho	\$300,000	-	\$100,000	\$100,000	(208) 334-4250
Illinois	\$300,000	\$300,000	\$100,000	\$100,000	(217) 785-0116
Indiana	\$300,000	-	\$100,000	\$100,000	(317) 232-2385
Iowa	\$300,000	-	\$100,000	\$100,000	(515) 281-5705
Kansas	\$300,000	\$300,000	\$100,000	\$100,000	(785) 296-3071
Kentucky	-	\$300,000	\$100,000	\$100,000	(502) 564-6027
Louisiana	\$300,000	\$300,000	\$100,000	\$100,000	(225) 342-5423
Maine	\$300,000	-	\$100,000	\$100,000	(207) 624-8475
Maryland	all contractual obligations				(410) 468-2090
Massachusetts	\$300,000	\$300,000	\$100,000	\$100,000	(617) 521-7794
Michigan	\$300,000	\$300,000	\$100,000	\$100,000	(517) 373-9273
Minnesota	\$300,000	\$300,000	\$100,000	\$100,000	(651) 296-6848
Mississippi	\$300,000	\$300,000	\$100,000	\$100,000	(601) 359-3569
Missouri	\$300,000	\$300,000	\$100,000	\$100,000	(573) 751-4126
Montana	-	\$300,000	-	-	(406) 444-2040
Nebraska	\$300,000	\$300,000	\$100,000	\$100,000	(402) 471-2201
Nevada	\$300,000	\$300,000	\$100,000	\$100,000	(775) 687-4270
New Hampshire	\$300,000	-	\$100,000	\$100,000	(603) 271-2261
New Jersey	\$500,000	\$500,000	\$100,000	\$500,000	(609) 292-5360
New Mexico	\$300,000	-	\$100,000	\$100,000	(505) 827-4601
New York	\$500,000	-	-	-	(212) 480-2289
No. Carolina	\$300,000	-	-	-	(919) 733-7349
North Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(701) 328-2440
Ohio	\$300,000	\$300,000	\$100,000	\$100,000	(614) 644-2658
Oklahoma	\$300,000	\$300,000	\$100,000	\$300,000	(405) 521-2828
Oregon	\$300,000	\$300,000	\$100,000	\$100,000	(503) 947-7980
Pennsylvania	\$300,000	\$300,000	\$100,000	\$100,000	(717) 783-0442
Puerto Rico	-	\$300,000	-	-	(787) 722-8686
Rhode Island	\$300,000	\$300,000	\$100,000	\$100,000	(401) 222-2223
So. Carolina	\$300,000	-	-	-	(803) 737-6160
South Dakota	\$300,000	\$300,000	\$100,000	\$100,000	(605) 773-3563
Tennessee	\$300,000	\$300,000	\$100,000	\$100,000	(615) 741-2241
Texas	-	\$300,000	\$100,000	\$100,000	(512) 463-6464
Utah	\$300,000	\$300,000	\$100,000	\$100,000	(801) 538-3800
Vermont	\$300,000	\$300,000	\$100,000	\$100,000	(802) 828-3301
Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(804) 371-9741
Washington	\$500,000	\$500,000	-	\$500,000	(360) 753-7301
West Virginia	\$300,000	\$300,000	\$100,000	\$100,000	(304) 558-3394
Wisconsin	\$300,000	-	-	-	(608) 267-1233
Wyoming	\$300,000	\$300,000	\$100,000	\$100,000	(307) 777-7401



# Insurance Company Ratings

Annuities which are invested in an insurance company's General Account are as secure as the stability of that company's investment portfolio. Annuities are not federally insured (eg., FDIC). They are probably covered by the State Guaranty Fund, 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 rating services presented here are A.M. Best's, Standard & Poor's, and Moody's.

These 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 where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. 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.

The rating agencies typically assign grades (such as AAA thru F) to the insurance companies they rate. These ratings may be confusing when making comparisons. For instance, a company rated A+ by A.M. Best, represents their second highest grade, which was assigned to more than 10% of the companies Best rates. For S&P an "A+" is the 7th rank from the top and therefore denotes a much weaker standing than it does for A.M. Best. You can judge the value of an alphabetical grade by its position in that agency's DISTRIBUTION OF RATINGS (see table below). Rating categories containing no companies are omitted

## Distribution of Insurance Company Ratings

A.M.Best				S & P				Moody's			
Category	Description	No. of Cos.	Percent of Cos.	Category	Description	No. of Cos.	Percent of Cos.	Category	Description	No. of Cos.	Percent of Cos.
A++	Superior	65	4.8%	AAA	Extremely	38	4.5%	Aaa	Exceptional	12	6.0%
A+	Superior	173	12.8%	AA+	Very	77	9.0%	Aa1	Excellent	9	4.5%
A	Excellent	232	17.1%	AA	Very	69	8.1%	Aa2	Excellent	50	25.0%
A-	Excellent	308	22.8%	AApi	Very	7	0.8%	Aa3	Excellent	57	28.5%
FPR 8	Strong	4	0.3%	AA-	Very	62	7.3%	A1	Good	19	9.5%
FPR 7	Strong	5	0.4%	AA-pi	Very	1	0.1%	A2	Good	26	13.0%
B++	VeryGood	125	9.2%	A+	Strong	52	6.1%	A3	Good	14	7.0%
B+	VeryGood	130	9.6%	A+pi	Strong	1	0.1%	Baa1	Adequate	3	1.5%
FPR 6	Good	12	0.9%	A	Strong	35	4.1%	Baa2	Adequate	1	0.5%
FPR 5	Good	25	1.8%	Api	Strong	71	8.3%	Baa3	Adequate	2	1.0%
B	Fair	68	5.0%	A-	Strong	23	2.7%	Ba1	Questionable	7	3.5%
B-	Fair	48	3.5%	BBB+	Good	41	4.8%		Total	200	100.0%
FPR 4	Fair	37	2.7%	BBB	Good	29	3.4%				
C++	Marginal	45	3.3%	BBBpi	Good	125	14.7%				
C+	Marginal	47	3.5%	BBB-	Good	8	0.9%				
FPR3	Marginal	7	0.5%	BBB-pi	Good	1	0.1%				
C	Weak	16	1.2%	BB+pi	Marginal	1	0.1%				
C-	Weak	4	0.3%	BB	Marginal	1	0.1%				
FPR2	Weak	2	0.1%	BBpi	Marginal	122	14.3%				
Total		1,353	100.0%	B+pi	Weak	3	0.4%				
				B	Weak	1	0.1%				
				Bpi	Weak	58	6.8%				
				CCC	Very Weak	1	0.1%				
				CCCpi	Very Weak	25	2.9%				
				Total		852	100.0%				



# Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best	S & P	Moodys
Aetna LI & Annuity Co.	86509	CT	\$ 48.5B	A+	AA+	Aa2
Aetna LIC	60054	CT	\$ 30.5B	A	A-	A2
AID Assoc. Lutherans	56014	WI	\$ 21.5B	A++	AA+	Aa2
AIG LIC	66842	DE	\$ 10.8B	A++	AAA	Aaa
Allianz Life of N. America	90611	MN	\$ 11.2B	A++	AA+	Aa3
Allstate LIC	60186	IL	\$ 38.7B	A+	AA+	Aa2
American Equity Investment LIC	92738	IA	\$ 2.1B	A-	A	-
American General Annuity Ins. Co.	70432	TX	\$ 19.9B	A +	AA+	Aa3
American General LIC	60488	TX	\$ 10.3B	A+	AA+	Aa3
American Heritage LIC	60534	FL	\$ 1.6B	A+	AA+	Aa3
American Int'l Life Assur.Co.NY	60607	NY	\$ 6.4B	A++	AAA	Aaa
American Investors LIC	60631	KS	\$ 3.6B	A	A	A3
American Mayflower LIC/NY	60712	NY	\$ 0.9B	A+	AA	Aa2
American National Ins.Co.	60739	TX	\$ 7.2B	A+	AA+	Aa2
American Partners LIC	93653	AZ	\$ 0.3B	A+	-	-
Americo Financial Life & Annuity	61999	TX	\$ 0.6B	A	A	-
AmerUS LIC	61689	IA	\$ 4.4B	A	A	A3
Anchor National LIC	60941	AZ	\$ 25.8B	A++	AAA	Aaa
Bankers United Life Assurance	61387	IA	\$ 2.7B	A	AA+	Aa3
Business Mens Assurance	61492	MO	\$ 2.7B	A	AA	A1
Canada Life Assurance	80659	CN	\$ 31.8B	A+	AA	Aa3
Canada Life Ins.Co.(NY)	79359	NY	\$ 0.3B	A+	AA	Aa2
Clarica Life Insurance Co.	70491	ND	\$ 36.2B	A+	AA	-
Columbia Universal Life Insurance Co.	77720	TX	\$ 0.2B	A+	-	-

Continued . .

- (**"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.

**Company Legal Name NAIC#** — Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation, which may include subsidiaries with similar-sounding names. These affiliates may not be legally bound to cover each others'

claims and each separate entity may have a different credit quality rating. The 5-digit number following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary. Canadian carriers are not assigned NAIC numbers.

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

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

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



# Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best	S & P	Moodys
Companion LIC	62243	NY	\$ .05B	A	AA-	B
Conseco Annuity Assurance	60682	IL	\$ 7.3B	A-	BBB	Baa1
Continental Assurance Co.	62413	IL	\$ 10.0B	A	A	A2
Crown LIC	n/a	CN	\$ 6.7B	A-	A-	Baa3
CUNA Mutual Insurance Society	62626	WI	\$ 2.2B	A	-	-
Delta Life & Annuity	65145	KS	\$ 1.5B	A	BBB	A3
Equitable Life Assurance Society	62944	NY	\$ 89.9B	A+	AA	Aa3
Equitable Life/IOWA	62979	IA	\$ 5.9B	A+	AA+	Aa2
Farmers New World LIC	63177	WA	\$ 5.1B	A+	-	Aa3
Federal Kemper Life Assurance	63207	IL	\$ 2.3B	A+	AA+	Aa3
Fidelity & Guar. LIC	63274	MD	\$ 5.0B	A	AA	A3
Financial Benefit LIC	98213	KS	\$ 0.3B	B+	BBB	-
Fort Dearborn LIC	71129	IL	\$ 0.7B	A	A	-
Fortis Benefits LIC	70408	MN	\$ 9.1B	A	AA-	Aa3
GE Capital	70025	DE	\$ 20.6B	A+	AA	Aa2
GE Capital LAC/NY	72990	NY	\$ 2.6B	A+	AA	Aa2
Golden Rule Insurance Co.	62286	IL	\$ 1.6B	A	A+	-
Great American LIC	63312	OH	\$ 5.8B	A	A+	A3
Hartford LIC	88072	CT	\$ 83.8B	A+	AA	Aa3
Horace Mann LIC	64513	IL	\$ 3.5B	A	AA-	A2
IDS LIC	65005	MN	\$ 49.9B	A+	-	Aa3
Integrity LIC	74780	OH	\$ 3.3B	A	AAA	Aa2
Jackson National LIC	65056	MI	\$ 40.9B	A+	AAA	Aa3
Jefferson-Pilot LIC	67865	NC	\$ 9.8B	A++	AAA	Aa2
Jefferson-Pilot LifeAmerica	62057	NJ	\$ 1.0B	A++	AAA	-
John Hancock	65099	MA	\$ 61.8B	A++	AA+	Aa2
Kansas City LIC	65129	MO	\$ 2.6B	A	A+	A3
Kemper Investors LIC	90557	IL	\$ 15.0B	A+	AA+	Aa3
Keyport LIC	65234	RI	\$ 17.6B	A	AA-	A2
Knights of Columbus	58033	CT	\$ 8.5B	A++	AAA	Aa3
Lafayette LIC	65242	IN	\$ 1.1B	A	A	-
Liberty Life Assurance/Boston	65315	MA	\$ 6.2B	A	AA-	A1
Liberty National LIC	65331	AL	\$ 3.5B	A+	AA	A2
Life Insurance Co./Southwest	65528	TX	\$ 2.4B	A	-	Baa1
Lincoln Benefit Life	65595	NE	\$ 1.9B	A+	AA+	Aa2
Lincoln National LIC	65676	IN	\$ 76.5B	A	AA-	Aa3
London Pacific Life & Annuity	68934	NC	\$ 1.9B	B++	-	-
Continued . .						



# Insurance Company Ratings

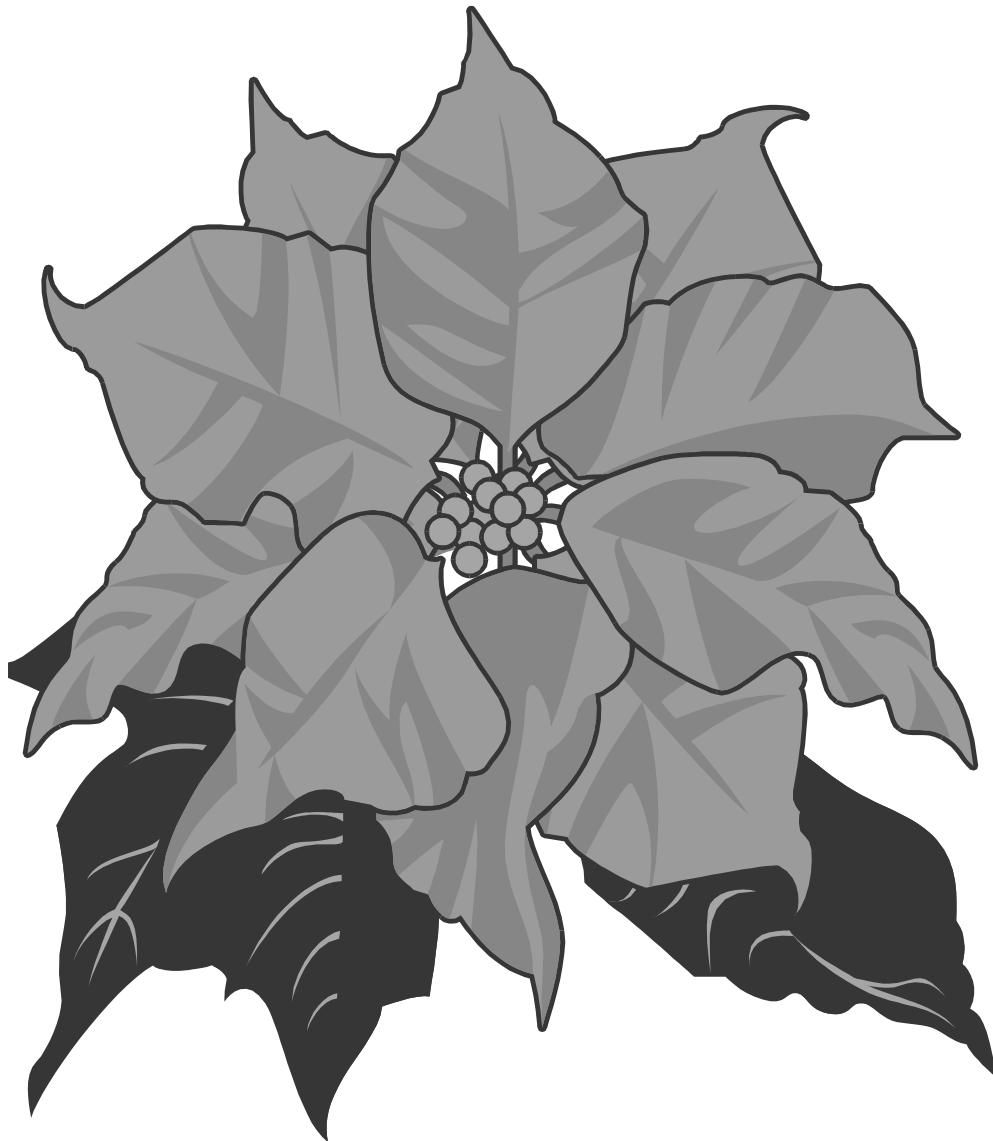
Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best	S & P	Moodys
Massachusetts Mutual LIC	65935	MA	\$ 65.7B	A+ +	AAA	Aa1
Metlife Investors	93513	MO	\$ 4.3B	A+	AA-	Aa2
Metropolitan LIC	65978	NY	\$181.3B	A+	AA	Aa2
Midland National LIC	66044	SD	\$ 4.1B	A+	AA	A2
Minnesota LIC	66168	MN	\$ 16.3B	A++	AA+	Aa2
MONY LIC	66370	NY	\$ 12.1B	A	AA-	A2
Mutual of America LIC	88668	NY	\$ 10.0B	A+	AA+	Aa3
National Guardian LIC	66583	WI	\$ 0.7B	A-	-	-
National Western LIC	66850	CO	\$ 3.3B	A-	A+	-
Nationwide LIC	66869	OH	\$ 85.3B	A+	AA	Aa3
New York LIC	66915	NY	\$ 69.3B	A++	AA+	Aa1
Northbrook LIC	88528	AZ	\$ 7.7B	A+	AA+	Aa2
Northern LIC	87734	WA	\$ 7.2B	A+	AA+	Aa2
Penn Insurance & Annuity	93262	DE	\$ 1.3B	A	AA-	A2
Penn Mutual LIC	67644	PA	\$ 7.4B	A	AA-	A2
Peoples Benefit LIC	66605	IA	\$ 13.4B	A+	AA+	Aa3
Physicians Life Insur. Co.	72125	NE	\$ 1.0B	A	AA	-
Presidential LIC	68039	NY	\$ 2.8B	A-	-	Baa1
Principal LIC	61271	IA	\$ 75.5B	A+	AA	Aa2
Providentmutual Life & Annuity	70750	DE	\$ 1.5B	A	AA-	A2
Prudential Ins.Co./Amer	68241	NJ	\$196.0B	A	A+	A1
Reliance Standard LIC	68381	IL	\$ 1.8B	A-	A	Baa2
ReliaStar Life Ins. Co. of NY	61360	NY	\$ 2.4B	A+	AA+	Aa2
SAFECO LIC	68608	WA	\$ 16.5B	A	A+	A1
Security Benefit LIC	68675	KS	\$ 7.5B	A+	AA-	A2
Security Mutual LIC/NY	68772	NY	\$ 1.4B	A	A+	Baa1
Southwestern LIC	91391	TX	\$ 1.8B	B++	BB	B2
Standard Life Insur. Co. of Indiana	69051	IN	\$ 0.7B	B++	-	-
Sun Life/Canada (US)	79065	DE	\$ 22.0B	A++	AA+	Aa2
SunAmerica LIC	69256	AZ	\$ 26.5B	A++	AAA	Aaa
Sunset LIC/America	69272	MO	\$ .05B	A	A+	-
Teachers Insurance & Annuity (TIAA)	69345	NY	\$118.5B	A++	AAA	Aaa
Transamerica Life & Annuity	69507	NC	\$ 20.1B	A+	AA+	Aa3
Transamerica LIC	86231	IA	\$ 13.8B	A+	AA+	Aa3
Travelers Insurance Co.	87726	CT	\$ 48.3B	A++	AA	Aa1

Continued . .



# Insurance Company Ratings

Company Legal Name	NAIC#	State Dom.	Admitted Assets	A.M. Best	S & P	Moodys
Travelers Life/Annuity	80950	CT	\$ 9.8B	A++	AA	Aa1
Union Central LIC	80837	OH	\$ 5.5B	A	A+	A3
United Heritage Mutual LIC	63983	ID	\$ 0.3B	A-	-	-
United Investors LIC	94099	MO	\$ 4.7B	A+	AA	A3
United Life & Annuity IC	69876	TX	\$ 1.0B	A	-	-
United of Omaha	69868	NE	\$ 11.0B	A	AA-	Aa3
USG Annuity & Life Co.	61247	OK	\$ 6.9B	A+	AA+	Aa2
Western United LAC	77925	WA	\$ 0.9B	B	-	-
William Penn LIC/NY	66230	NY	\$ 1.0B	A	-	A2
Woodmen of the World Life Society	57320	NE	\$ 5.2B	A+	AA	-





# 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 appropriates of reinsurance, (3) quality and diversification of assets, (4) adequacy of policy reserves, and (5) adequacy of surplus, (6) capital structure, and (7) management experience. Ratings are reviewed both on an annual and a quarterly basis.

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

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

### Rating Categories

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

### Rating Modifiers

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

### "Not Assigned" Categories

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

### 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



# Rating Agencies

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 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:

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

### Vulnerable Range:

<b>BB</b>	Financial security may be adequate, but capacity to meet long-term policies is vulnerable.
<b>B</b>	Vulnerable financial security.
<b>CCC</b>	Extremely vulnerable financial security. Questionable ability to meet obligations unless favorable conditions prevail.
<b>R</b>	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

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



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