

ANNUITY SHOPPERSM

It's Time to Retire SM

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How to Buy a Top-Rated Income Annuity

Consumer Alert, p. 7

How to Buy a Top-Rated Deferred Annuity



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ANNUITY SHOPPER

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What is an annuity? An annuity is an obligation of an insurance company. If an annuity makes a guarantee it is always based solely on the ability of that insurance company to pay its claims. An annuity is not a bank obligation and is not insured by FDIC or any other federal agency.

Are annuities subject to taxes? Annuity earnings and pre-tax payments are subject to income taxes at withdrawal. Annuity withdrawals or payments prior to age 59-1/2 may be subject to a 10% federal penalty tax.

Where can I find life expectancy information for immediate annuities? Life expectancy data can be found in the section titled "Life Expectancy Tables" (see Table of Contents).

Does the *Annuity Shopper* recommend I buy an annuity? No, you should consult with a competent financial planner to determine whether an annuity is recommended or suitable for your situation. Financial planning services are NOT provided by the *Annuity Shopper*, Hersh Stern, Ariel Stern, WebAnnuities.com, Inc. or its employees, or at the web sites owned by Hersh Stern.

About the Annuity Shopper

There are many different types of annuities. They accomplish different goals. An annuity, for example, may provide tax-deferred growth (e.g., a "fixed-interest", "equity-indexed", or "variable" annuity). An annuity may guarantee a steady income for life or for a specified period of time (e.g., "immediate" annuity). *Annuity Shopper* reports on the following two types of annuities: immediate annuities and fixed-interest rate deferred annuities.

If you are well-versed with annuities, you may want to start with our *Immediate Annuities Update* or *Deferred Annuities Update* sections. There you'll find our latest surveys of annuity rates. If you are new to annuities, may I suggest you read the articles titled *How to Buy A Top Income Annuity* and *How to Buy A Top-Rated Deferred Annuity*. After reading the articles, proceed to the *Update* sections.

To reach us by phone call 866-866-1999. We welcome your questions and suggestions. You can also find the latest issue of *Annuity Shopper* at www.annuityshopper.com.



Hersh L. Stern, Publisher

Send questions or suggestions, with your address and phone number, to Hersh Stern, Publisher, *Annuity Shopper*, 28 Harrison Ave., D209, Englishtown, NJ 07726.

How to Buy a Top Income Annuity

SINGLE PREMIUM IMMEDIATE ANNUITIES (SPIAs) are purchased with a single deposit (called a ‘premium’) and usually commence regular income payments one month after you pay the premium. 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 or Variable Annuity, funds from a tax-qualified retirement plan, or from an IRA account. The key element to understanding an immediate annuity is the nature of the transaction which takes place between the insurance company and the buyer: In exchange for a lump-sum payment, the insurance company agrees to make regular payments according to a specified schedule. Typically, this might be for the life of one or two annuitants or for a specified number of years, or for a combination of both. This transaction is irrevocable once the contract is delivered to the buyer and the “right to examine” or “free-look” period has ended. An immediate annuity, generally, has no cash value.

Advantages of An Immediate Annuity

- (1) ***Simplicity***—the annuitant does not have to manage his investments, watch markets, or report dividends;
- (2) ***Security***—the annuity can provide stable income for one or two annuitants’ lifetimes or for a specified period of years or for a combination of both;
- (3) ***Returns***—the interest rates used by insurance companies compete favorably with the national averages for bank CD rates.
- (4) Payouts—since a portion of the premium is returned with each payment, the monthly payout amount is greater than would be provided by withdrawing interest alone;
- (5) ***No Initial Sales Fees or Annual Administrative Charges.***

Uses of an Immediate Annuity

SPIAs may be particularly useful 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 (utilizing a Section 1035 Exchange in order to spread out income taxes on the accumulated deferred interest)
- (3) Planning for Medicaid eligibility

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October 16, 1996

Jane Bryant Quinn
Newsweek Focus
251 West 57th Street
New York, NY 10019

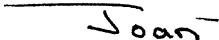
Dear Ms. Quinn:

As a recent retiree, I am writing to express my appreciation for your column in NEWSWEEK on January 15, 1996 entitled "Leading Questions." Your fourth question in that column could have applied to me, as approaching 65, I was interested in purchasing a guaranteed annuity upon my retirement. The insurance company in which my money was held, through a plan with my employer, offered an extremely low rate for a fixed annuity.

After reading your column, I contacted The Annuity Shopper and was most impressed with Hersh Stern and the employees of The Annuity Shopper. They obtained several quotes for me, were always available to answer my questions, and treated me as though they were truly interested in helping me. Through them I was able to obtain a very good annuity, and the entire process was greatly simplified with their assistance. I would highly recommend The Annuity Shopper.

Thank you for your timely column.

Sincerely,



Joan

(cc)

Hersh Stern
The Annuity Shopper

How to Buy a Top Income Annuity

(Continued from page 3)

- (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 the lifetime 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 terminate when the annuitant dies, selecting this form of annuity is tantamount to betting that you will live longer than the average person. **Life expectancy data can be found in the section titled "Life Expectancy Tables" (see Table of Contents).**

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 will usually reduce the monthly payment. Some situations where these "extended" forms of immediate annuity would be appropriate 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).

income programs, or by individuals using 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.

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 premium 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

How do you find the safest Insurer?

Most insurance companies are well-managed financial institutions. Many have been in business for over a hundred years, and have prospered through good times and bad. Nevertheless, because annuities are generally held for relatively long periods, you should consider the financial ratings of the company you intend to buy your annuity from. You can find ratings from three rating agencies, A.M. Best, Standard & Poors, and Moody's, in the Ratings section near the back of this magazine.

Shopping for the Best Rate

WebAnnuities.com (parent company of Annuity Shopper Brokerage Service) offers a comparison shopping service which closely monitors the interest rates of all the most competitive companies, and provides this information at no charge with a single, toll-free phone call (866-866-1999). With more than twenty years' experience in this specialized field, WebAnnuities' is the nation's top shopping service for immediate income annuities.

DISCLAIMER: The information published in Annuity Shopper is not to be considered a recommendation to purchase an annuity. Before you consider an annuity you should carefully review with your financial planner whether it is a suitable product for your situation.



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How to Buy a Top Deferred Annuity

A FIXED DEFERRED ANNUITY is a tax-favored wealth accumulation contract issued by an insurance company. Its chief advantage over a mutual fund or a bank Certificate of Deposit is that earnings grow in your account on a tax-deferred basis. This means you pay no income taxes until you withdraw money from the account. Because of this, the value of your account is able to increase more quickly since the entire amount of each year's earnings works to create new earnings. You can fund a deferred annuity with personal savings ("after-tax" or "non-qualified" monies) or with a "rollover" from a qualified account such as an IRA or a lump sum distribution from a qualified pension plan. In this case, there is no tax advantage offered by the deferred annuity over the IRA, since monies in an IRA already grow tax-free.

In addition to compounded tax-deferred earnings, annuities may also offer a high degree of safety. Your premium and earnings are guaranteed by the claims-paying ability of the issuing insurance company. Insurance companies are required by law to set aside assets (known as "reserves") in order to cover the claims of their policyholders. Companies are also regularly monitored by ratings agencies such as A.M. Best, Standard and Poor's, and Moody's. By reviewing the ratings an insurance company receives from the rating agencies you may determine if it is operating on a sound financial footing.

In the remainder of this article, we address the main features and benefits of "fixed interest" multi-year guarantee annuities ("MYGA"). The first thing to note is that so-called "fixed interest" annuities do not offer a selection of accounts (unlike "Variable" annuities, which typically offer a variety of accounts some of whose value can fluctuate up or down depending on the performance of such financial instruments as stocks and bonds). With a fixed interest MYGA, the insurance company credits your account with a fixed interest rate

(hence the name) for periods that can range anywhere from three years to ten years.

The most common form of MYGA is a Single Premium ("SP") annuity. "SPs" accept a one-time-only deposit and accrue interest until the contract is surrendered or annuitized. A Flexible Premium" ("FP") MYGA contract is one which accepts multiple deposits.

Virtually all MYGAs offer the contract holder a high degree of control over his investment. At the outset, there is a "right to examine" or "free look" period (10-20 days in most states) which allows you to return the policy for a full refund for any reason. Afterwards, you can cancel the contract at any time, although doing so will likely cause you to incur a surrender charge and also a market-value adjustment (a plus or minus "MVA") charge.

Eight Reasons to Consider A Deferred Annuity

1. Gain Compounded Earnings While Deferring Income Taxes

All the earnings in an annuity contract are tax-deferred. This means you don't pay income taxes on the earnings until you withdraw interest from your account. There are no annual 1099 forms to file or earned-interest entries to make on your 1040. Tax deferral also means that annuity earnings do not offset Social Security benefits as do the earnings from bonds, CDs, and other investments. Even the income generated by tax-exempt municipal bonds (for which no federal income tax is due) must be counted to determine any offset to Social Security benefits. In short, people with large money market or CD balances should consider annuities for the extra earnings benefits which only this kind of tax deferral can provide. Over time, tax-free compounding produces a substantially greater overall return than other investments whose earnings are taxed each year. Studies show that from 15% to 40% more money is available

with annuities. By not taking annuity income until you reach retirement age you can also remain in a lower tax bracket, adding further to the overall value of your original investment.

2. Earn Higher Interest Rates

Fixed interest deferred annuities may credit higher interest rates than available from bank CDs. The interest rates on deferred annuities are often closer to those of **long-term** bonds than **short-term** money market accounts.

3. Make Unlimited Contributions to Your Tax-Deferred Account

Even if you've maximized your yearly IRA and pension contributions, you are still permitted to invest any amount you wish into a tax-deferred annuity. There are no annual contribution limits with an annuity; you can deposit as much as you want and watch it grow tax-deferred, even up to age 90 and older with many insurance companies.

4. Protect Your Principal From Downturns in the Credit Markets

When interest rates trend higher annuity accounts are insulated from the risk of loss of principal which usually impact government bonds and bond mutual funds. Unlike bonds, which lose principal value during periods of rising interest rates, the account value of a fixed annuity is guaranteed. Not only will your principal escape such potential losses, if your annuity has an annually renewing interest rate (which is not true for MYGA annuities discussed here), your account may be credited with a higher declared interest rate which reflects the higher prevailing interest rates available in the bond market. In short, your principal and earnings are protected no matter what direction interest rates take.

5. Retire Early Without Penalty

Annuities can offer valuable tax-

(Continued on page 9)

August 28, 2002

Hersh Stern
WebAnnuities.com
8 Talmadge Dr.
Jamesburg, NJ 08831

RE: Gerald W. and Debra L.

Dear Hersh,

It has been a pleasure working with you concerning Gerald's rollover of his company pension plan. We both feel comfortable with our decision to go through your company concerning this.

In addition to obtaining quotes through you, we obtained quotes from three other companies, and met with one representative in person.

From the start, you provided us with more information to help us with the arduous task of making a decision concerning our future. You always provided prompt and concise answers to all of our questions, and we had many! You put everything in "layman's" terms so it was easier for us to comprehend.

Then, today, you walked us through the process of filling out the application, etc., over the telephone. I think we did everything right—and I enclose a copy of everything that we sent to F & G for your records.

Thank you so very much, Hersh, for your caring and expertise.

Yours truly,



Debra L.

How to Buy a Top Deferred Annuity

(Continued from page 7)

savings for employees under age 59½ who receive large lump-sum distributions from their 401(k) profit-sharing plans as part of an early retirement or severance package. Such amounts can be “rolled over” into an annuity policy without having to recognize any taxable income. Penalty-free withdrawals can then be taken by setting up a program known as “Substantially Equal Periodic Payments” (SEPP). This exemption to the IRS pre-59½ early-withdrawal penalty allows you to withdraw funds from a tax-deferred account you thought couldn’t be touched until retirement!

6. Satisfy Required Minimum Distributions (RMDs)

Retirees over age 70½ are required to begin taking withdrawals from their IRA or Pension plans. The IRS penalty for not doing so is a substantial 50% of any amount that falls short of the Required Minimum Distribution (MRD). For an IRA which you roll over into a deferred annuity the insurance company will administer for you the proper MRD amount free of charge. This can save you the annual fee that your accountant or attorney would otherwise charge for making these calculations.

7. Retire With Lifetime Income

Retirees concerned about making their profit sharing plan or money market savings last a lifetime can protect themselves with a guaranteed income stream, which pays for no matter how long they live. A healthy male age 65 has a 25% chance of living to age 90, and a 65 year-old woman is likely to live even longer. By “annuitizing” your IRA or deferred annuity, you can convert its value to an “immediate annuity” income stream in any of several forms (see earlier discussion on “Immediate Annuities”). This type of annuity can provide a monthly check which is guaranteed for life, regardless of swings in the economy.

8. Create Probate-Free Inheritance

The legal process of going through probate was established to protect a decedent’s estate and insure that it is distributed according to his wishes. Probate can become a time-consuming and expensive experience for heirs. Purchasing an annuity is one way to protect your beneficiaries from having to undergo this costly delay. Your named beneficiary or beneficiaries are paid directly and promptly, as soon as the insurance company has been notified about your passing.

MYGA Interest Rates

The Initial Interest Rate and the length of time for which this rate is guaranteed (called the “Rate Guarantee Period” or “RGP”) are two of the most important features of a MYG annuity. Most insurance companies credit interest daily, allowing earnings to compound on a basis known as “day of deposit to day of withdrawal.”

Some insurance companies offer “bonus” interest rates, which can tack on as much as 5% to the current first-year’s interest rate, boosting the yield to 9% or higher. As alluring as these bonus rates may seem, they can also be confusing. Some companies only pay the bonus if you eventually annuitize with that company and take your money in monthly installments over a period of at least 10 years. If you want to withdraw your money in a lump sum, the insurer may retroactively subtract the bonus as well as the interest attributable to that bonus.

In a MYG annuity, interest is credited at a declared rate for the full RGP. Some policies credit the same interest rate for the duration of the RGP. Other policies credit a bonus rate in the first year of the RGP and a lower rate for the following years. In either case, however, there is no uncertainty about the interest rate that your account will earn.

Expenses

Fixed annuities have no upfront

sales charges. It would also be unusual for fixed annuities to charge maintenance fees. Because of this, 100% of your deposit—without any deductions—goes directly to work for you in your account.

Penalty-free Withdrawals and Surrender Fees

Almost all insurance companies let you withdraw interest as it is earned without having to pay a surrender penalty. Many also allow free withdrawals of up to 10% of your account value (principal plus accumulated earnings) each year. If you want to withdraw more than 10% of your contract value, you are likely be charged an Early Surrender Penalty. This is assessed as a percentage of the amount that exceeds the Penalty-Free Withdrawal amount. In financial services jargon, this is called a “back-end load.” These charges are not the same as the 10% early withdrawal penalty that the IRS imposes when you take funds out of an SPDA before you reach age 59½.

Surrender penalties vary from company to company, but may be as high as 10% in the first contract year. Typically, surrender charges reduce by 1% per year. Such fees are sometimes waived when the contract is “annuitized” under a payment option or in the event of the policyholder’s death. Many policies also waive surrender fees if the annuitant is confined to a nursing home.

MYGAs typically offer a 30-day window at the end of the Rate Guarantee Period (RGP) during which the full account value (principal plus interest) may be withdrawn without penalty. However, if the policy owner does not surrender or exchange or rollover his account during this 30-day period, the annuity is automatically renewed and surrender charges are reset to the same schedule as before.

Market Value Adjustment (MVA)

In addition to surrender charges, MYGA policies calculate a “Market Value Adjustment” (MVA), which

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How to Buy a Top Deferred Annuity

(Continued from page 9)

may increase or decrease the total penalties incurred on "excess" withdrawals or 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 of the withdrawal or surrender of the policy. Generally, if the base interest rate has declined, then the MVA will have a *positive* impact on the value of the policy. It may even offset some or all of the surrender charges. Conversely, if interest rates are higher at the time of withdrawal, the MVA will have a *negative* impact and add to the surrender charges to be deducted from the value of the policy.

Other Withdrawal Options and Annuitization

It's essential to know what withdrawal options are available when your deferred annuity is no longer subject to surrender penalties. You can reinvest your money with the same company at the rate then being offered or switch your account to another insurer (called a "Section 1035 Exchange"). Or, you can simply pull your money out of the annuity in a lump sum, in which case you'll owe federal income tax on ALL the earnings in that single year. And, if you're younger than 59½ at the time of the withdrawal, you'll owe an additional penalty of 10% of the amount that is taxable income.

There are, however, two ways to postpone that tax bite, while still turning your annuity account into a reliable income stream. One is to "annuitize" your policy—which means to convert the accumulated value of your deferred annuity into an "immediate annuity." While your present company will certainly want you to annuitize your account with them, it's a good idea to "shop the market," since there may very well be other companies that offer more generous settlement rates. Settlement rates are the current, guaranteed purchase rates per \$1,000 of account

value used to convert deferred annuity cash values into monthly income. These rates move up and down in tandem with fluctuations in the credit markets. If you do find better rates with another company, you can transfer your account balance using a procedure called a "Section 1035" exchange. Section 1035 is the portion of the IRS code that contains the rules governing such a tax-free exchange.

Annuitizing your deferred annuity may also offer a tax advantage, such as letting you postpone paying taxes on some of the earnings you've accrued. However, this is true only for annuities which were originally purchased with so-called "non-qualified" or after-tax dollars (that is, monies which were not previously exempt from taxes). Non-qualified monies include personal savings held in bank CDs or money market accounts, as well as securities and other investments held in your own name. If your immediate or deferred annuity represents a "qualified" or pre-tax investment—such as an IRA or IRA "rollover" of pension plan funds—then the whole monthly income check will be taxable. Be forewarned, however, that annuitizing a deferred annuity is an irrevocable transaction, meaning that once established it cannot be reversed or cashed in.

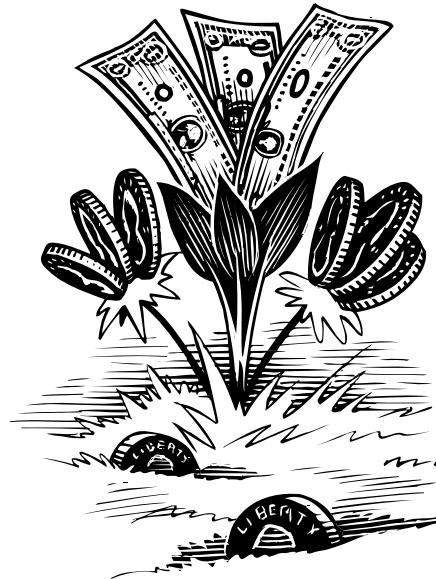
An alternative to annuitizing your deferred annuity would be to set up a systematic withdrawal plan. With this method, you tell the insurance company how much cash to send you from your account each month. The main advantage of systematic withdrawals is flexibility; you can raise, lower, or stop the payments at any time. And if you choose to do so at a later date, you can always annuitize the balance of your account value. However, unlike the annuitization option, your account could eventually run out of money if you withdraw more than the annual interest earnings each year. What's more, cash paid out in a systematic withdrawal program is usually fully taxable until all the earnings have been

withdrawn from the account. Because the tax law governing annuities can be quite complex, you should consult a financial planner or tax adviser before going ahead with either annuitization or the systematic withdrawal option.

Shopping for the Best Deferred Annuity

WebAnnuities.com (parent company of Annuity Shopper Brokerage Service) provides a unique comparison shopping service that closely monitors all the most competitive companies offering fixed deferred annuities. This information is available at no charge with a single, toll-free phone call (866-866-1999). With more than twenty years' experience in consumer and corporate annuity purchases, WebAnnuities is the nation's No. 1 shopping service for fixed deferred annuities.

IMPORTANT DISCLAIMER:
The information published in Annuity Shopper is not to be considered a recommendation to purchase an annuity. Before you consider an annuity you should carefully review with your financial planner whether it is a suitable product for your financial situation.



Dear Hersh,

Thank you so much for all your help choosing an annuity. You were a tremendous help and we feel confident we made a good choice after reviewing all the information you made available to us.

Thank you especially for answering our questions over the phone.

We will recommend you and webAnnuities.com to our friends and family.

We hope all is well with you and your family.

Best wishes,

Serrie

FYI !!

Hersh, the first check was deposited on the 10th. Thank you for expediting all the paperwork and making things easy for me to handle. I'm happy Serrie found you on the internet and you both followed through! I'll be in Florida soon!

Elinor

pebble creek Dr.
Dover DE 19904
11/26/09
V. Stern
etier.com
2 Ave.
NJ
2726

May 7, 2007

**Hersh Stern
28 Harriston Road, Bldg 209
Englishtown, NJ. 07726**

Dear Hersh:

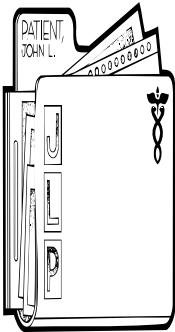
Both Marilyn and I wish to thank you and your staff for all the work you have done for us over the last almost two years. It all started when I checked some squares on your web site, "immediateannuities.com."

You lived up to your reputation as a real expert when it comes to annuities. In addition you were always courteous and kind to us. There was never any doubt that you would be involved as an agent in the decisions we made. We would never walk away from someone who helped us as much as you did.

Once again thanks a million. The best of good fortune to you and your family. Life is never predictable and who knows what we will do in 2017 when the Midland policy ends. Hopefully, you or your staff will be there to guide us.

Fondly,

Bill & Marilyn
Bill & Marilyn



Medically Underwritten ("Rated Age") Immediate Annuities

A person with a serious medical condition may qualify for an annuity which pays them a greater than normal income. This occurs when an insurance company determines that the person's actuarial age is older than their chronological age. The level of income calculated based on a so-called "rated age" is usually greater because the insurance company expects the duration of the income stream to be shorter, i.e., the company expects to make fewer payments.

What constitutes a "Serious Medical Condition"?

The following are examples of "ratable" conditions. This is not an exhaustive list. There are many other conditions which may qualify for "rated age" underwriting. To discuss your specific situation please call 866-866-1999. We would be glad to help in any way we can.

Alzheimer's	Emphysema/COPD	Mental Illness
Alcoholism	Heart Attack or Angina	Multiple Sclerosis (MS)
ALS (Lou Gehrig's Disease)	Heart Valve Disease	Muscular Dystrophy
Angioplasty or Heart Surgery	Hodgkin's Disease	Organic Brain Syndrome
Cancer (except for basal cell)	Injury Due to Falls or Imbalance	Paraplegia or Quadriplegia
Congestive Heart Failure (CHF)	Leukemia	Stroke
Cirrhosis of the Liver	Lymphoma	Transient Ischemic Attack

How do I apply for a "Rated Age" determination?

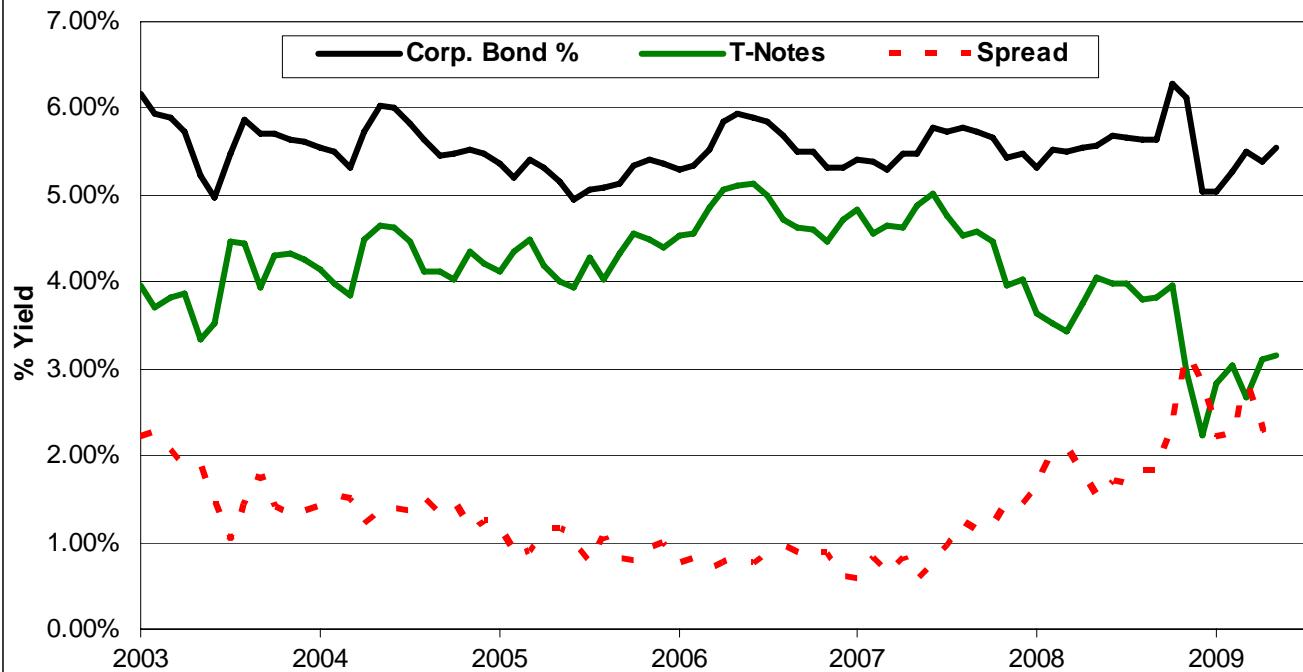
It is a lot simpler to apply for a rated age determination than to apply for a life insurance policy. You do not have to meet with a para-medic or undergo any special physical examinations. Just send us a copy of your doctors' recent reports written at the time of significant examinations, hospitalizations, surgeries, or rehabilitation. You may also send us copies of reports obtained from hospital admissions and discharge departments. Keep in mind that your chances for obtaining a more favorable rating will increase with the number of detailed reports you submit! If you do not have access to any of these reports you may send us a summary of your significant medical information on the attached form. Note, however, that the insurance companies prefer reading copies of your doctors' reports. They will often decline to underwrite an annuity when they only receive information from the person who is purchasing the policy.

When sending the requested information please also include a signed Authorization to Release Information form. Call 866-866-1999 to request a copy of the Authorization form be sent to you.

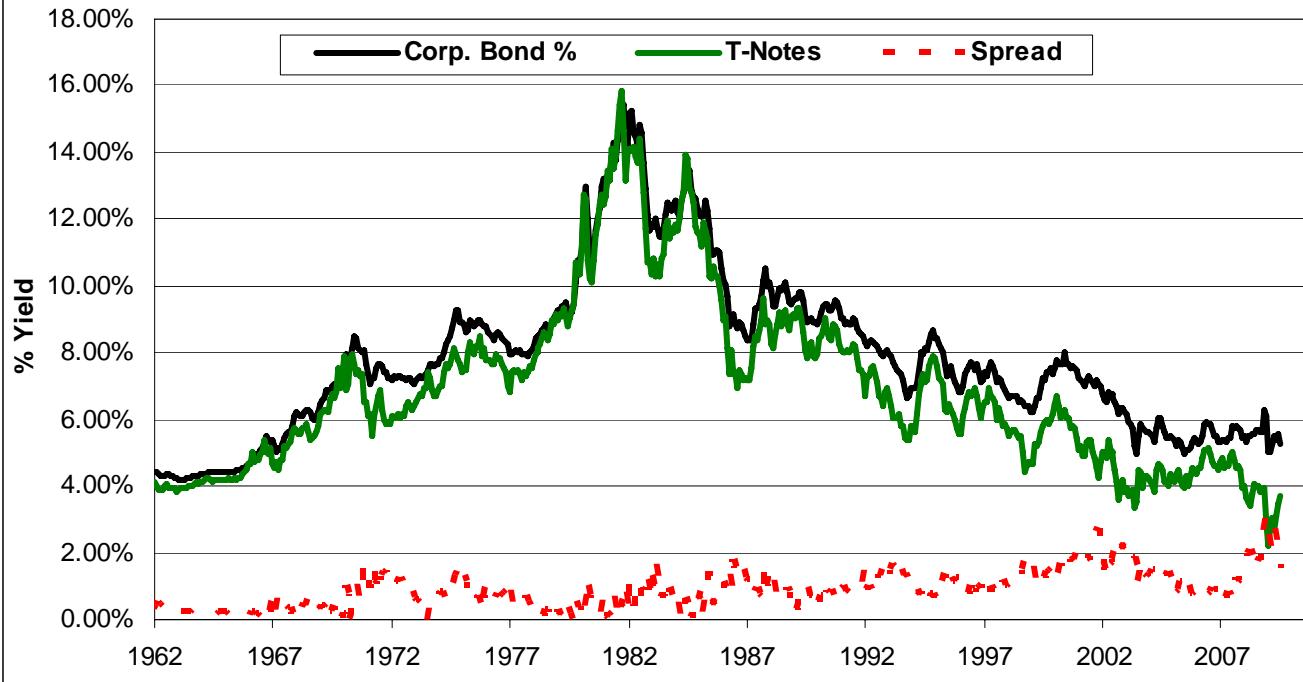
To receive a rated age quotation
call Hersh Stern, General Agent,
at 866-866-1999 (toll-free)

Annuity Trends

Yields on Moody's Seasoned AAA Corp. Bonds, 10-Year Treasury Notes, and the Moody's/10-Year Interest Rate Spread

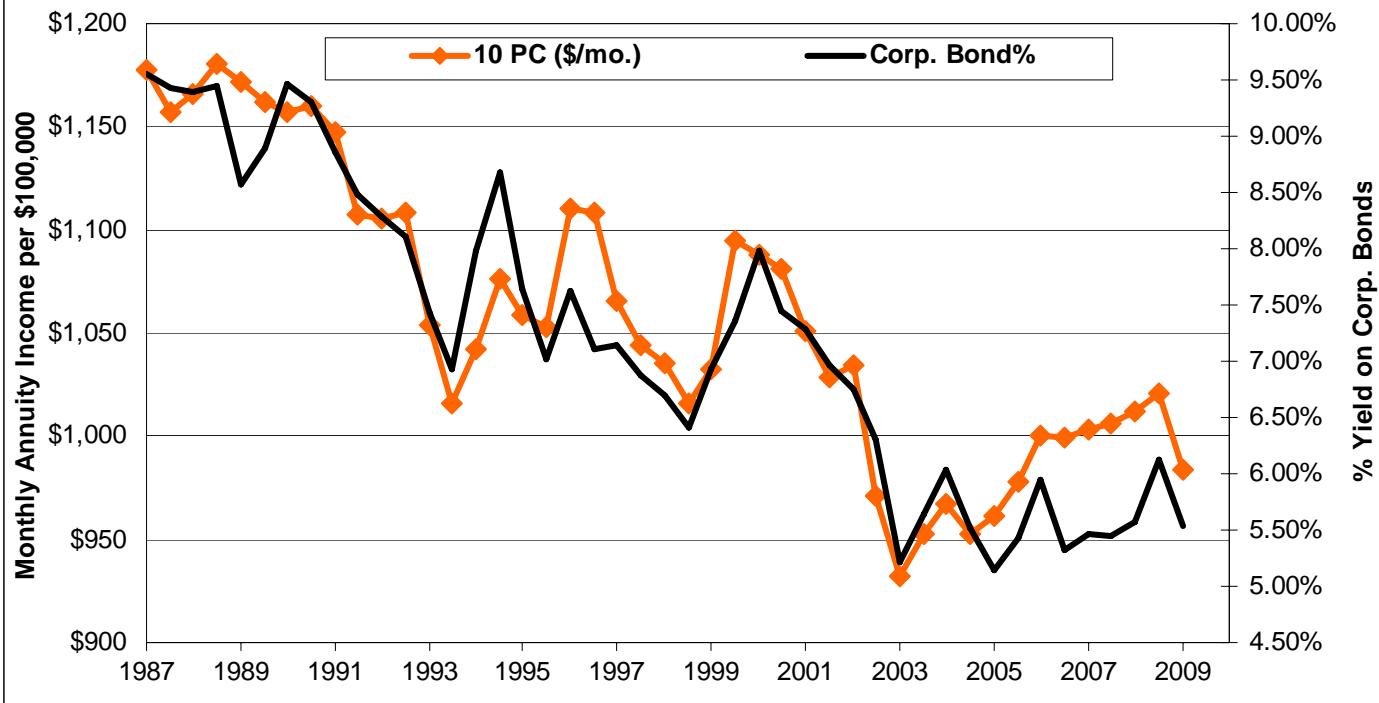


Yields on Moody's Seasoned AAA Corp. Bonds, 10-Year Treasury Notes, and the Moody's/10-Year Interest Rate Spread

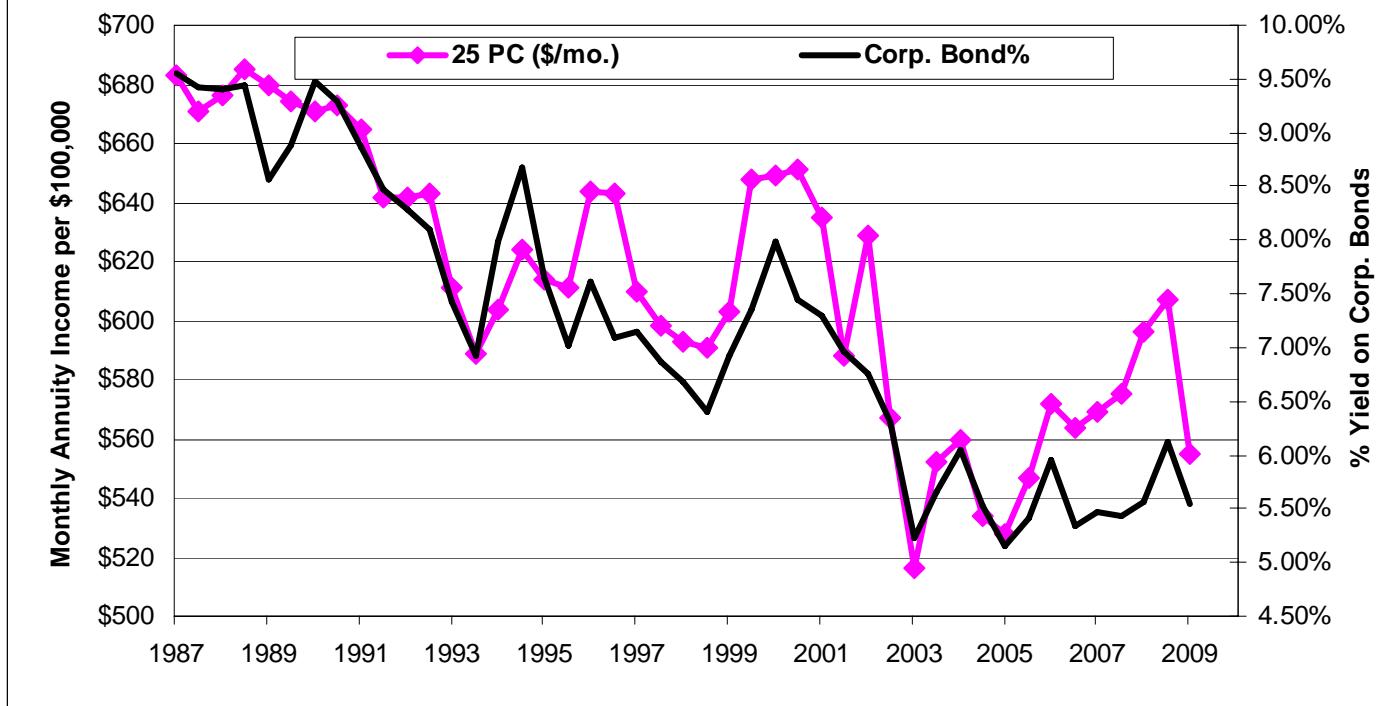


Annuity Trends

**Mo. Income per \$100,000 premium for a 10-Year Period Certain Annuity (10PC)
and Yield on Moody's Seasoned AAA Corp. Bonds**



**Mo. Income per \$100,000 premium for a 25-Year Period Certain Annuity (25PC)
and Yield on Moody's Seasoned AAA Corp. Bonds**



Dan

November 12, 2002

Hersh Stern
WebAnnuities.com
8 Talmadge Dr.
Monroe Twp., NJ 08831

Hi Hersh,

Enclosed are my application forms for the two annuities we discussed. I want to thank you and your staff for making the entire process easy and painless. My questions and concerns were always answered and assuaged in a friendly and helpful manner. After talking with a number of annuity salespeople in my area, I was delighted to discover your company and the services you offer.

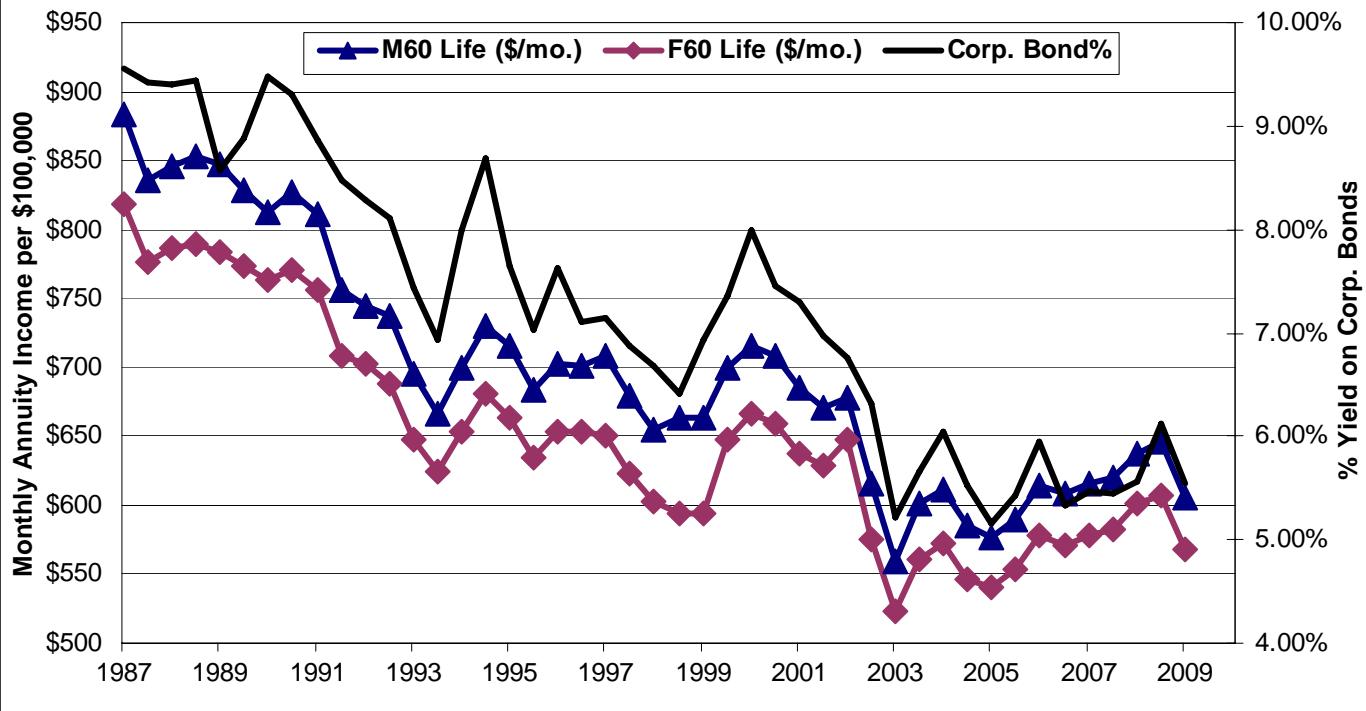
Best Regards,

A handwritten signature in black ink, appearing to read "Dan".

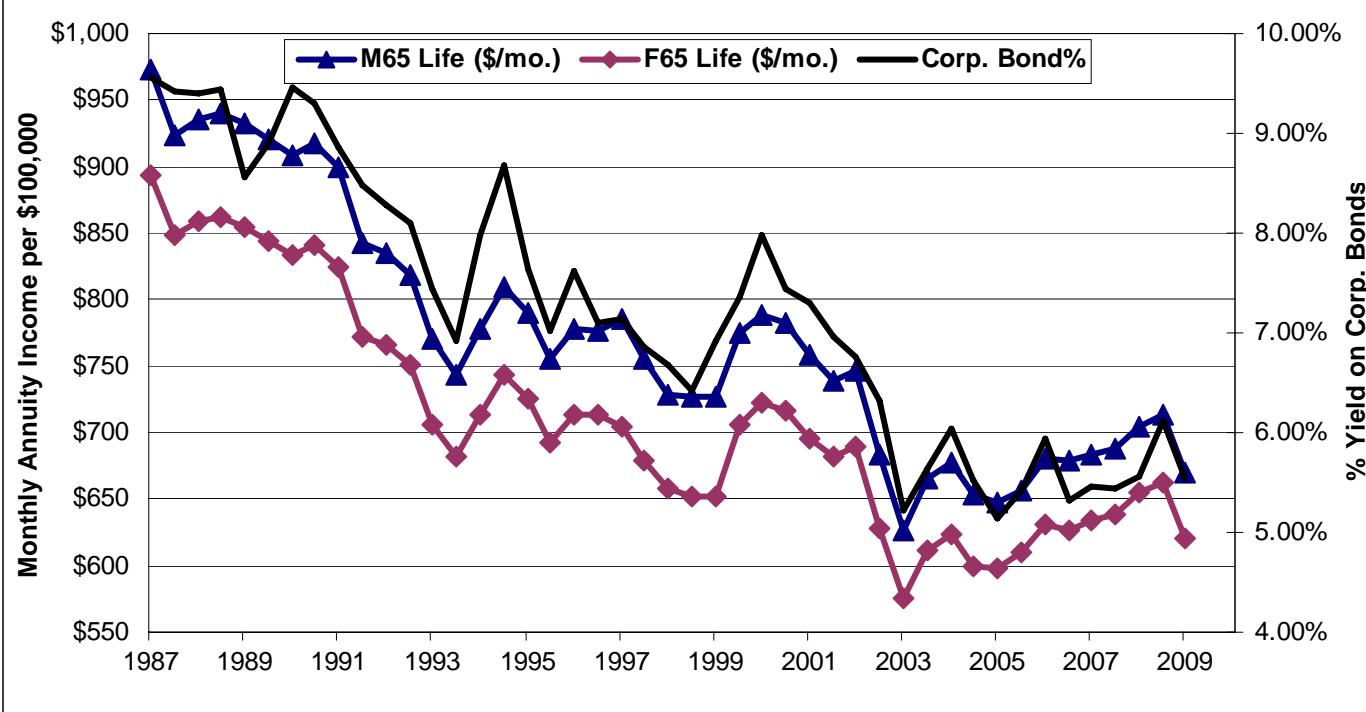
Dan

Annuity Trends

Mo. Income per \$100,000 premium for a Single Life Annuity at Age 60
and Yield on Moody's Seasoned AAA Corporate Bonds

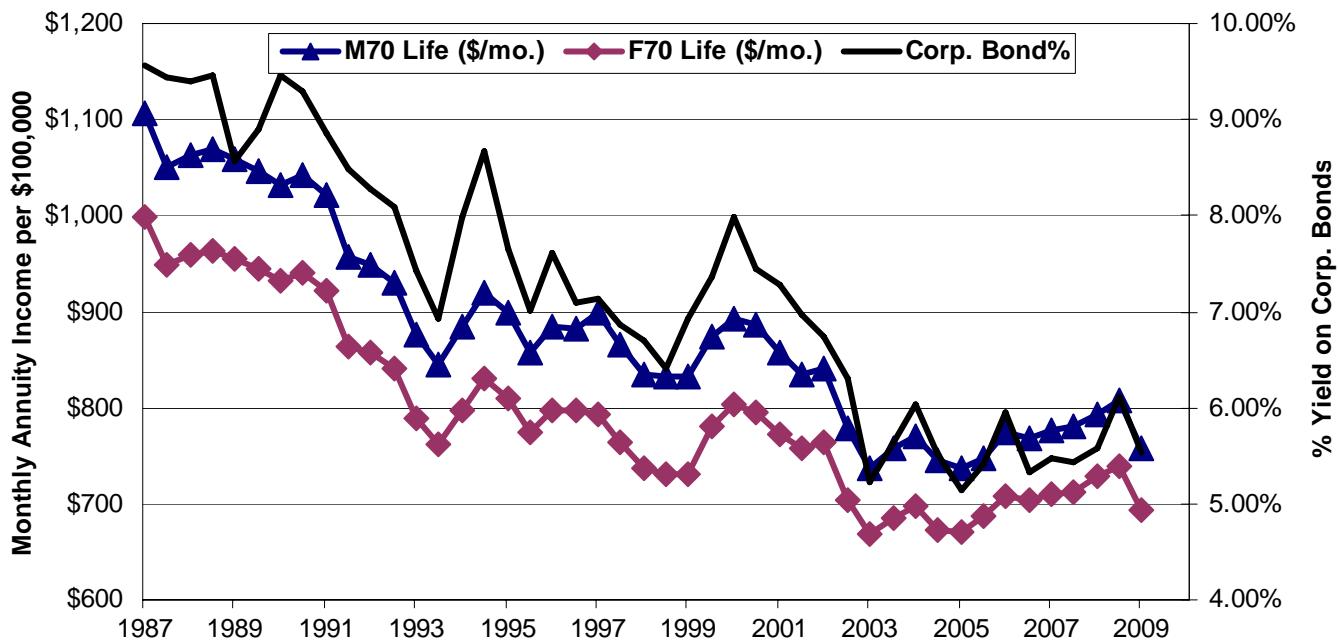


Mo. Income per \$100,000 premium for a Single Life Annuity at Age 65
and Yield on Moody's Seasoned AAA Corporate Bonds

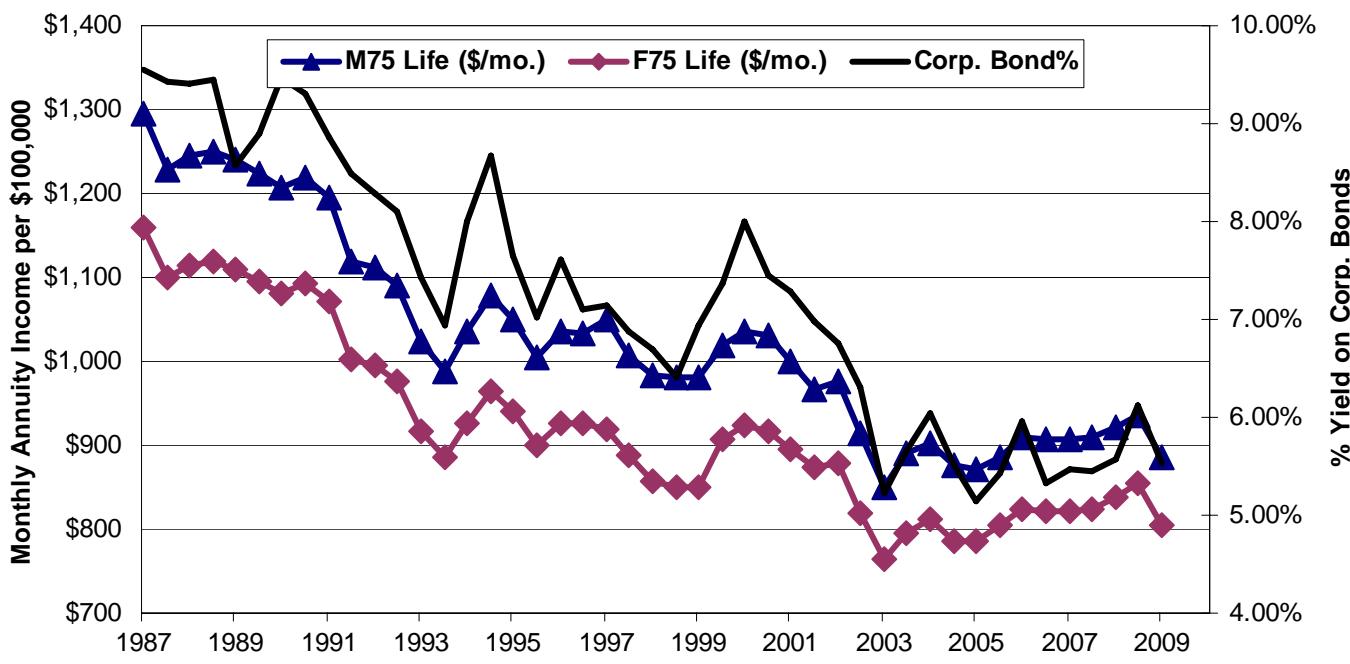


Annuity Trends

Mo. Income per \$100,000 premium for a Single Life Annuity at Age 70
and Yield on Moody's Seasoned AAA Corporate Bonds



Mo. Income per \$100,000 premium for a Single Life Annuity at Age 75
and Yield on Moody's Seasoned AAA Corporate Bonds



About Life Expectancy

Understanding Life Expectancy

One of the biggest worries people approaching retirement age have is whether or not they will have sufficient financial resources to support themselves for the rest of their lives. These concerns are heightened as you reach retirement because for most people, once you stop working you no longer are able to add significantly to your existing assets. You rely upon whatever assets you have already accumulated, along with other sources of income which may become available, such as pension plan or Social Security benefits.

When thinking about how much income to plan for in retirement, it is helpful to consider the life expectancy projections for people in your age group.

Life expectancy is a concept which many people refer to but few understand. Technically, it is a statistical projection of a person's life span. It is based on probabilities of mortality, and assumptions about living conditions, medical advances, natural disasters and other factors affecting a group of people of the same age.

The life expectancy tables published in Annuity Shopper show the number of years re-

maining for persons at different ages, assuming the underlying mortality factors do not change. For example, in the "2001 CSO" table, the life expectancy of a 65-year-old woman (based on 2001 data) is shown as 20.12 years. This means, half the 65-year-old women (in the United States)



in 2001, were expected to die before they reached age 85.12, and half were expected to live past age 85.12. However, as a 65-year-old woman becomes one-year older, her *remaining* life expectancy does not decrease by a full year.

In actuarial terms, the older a person is, the more likely she will live beyond what her life expectancy was at an earlier age. While the number of years she is expected to live decreases with age, it does not decrease in direct proportion to the number of years she continues to live.

This notion that life expectancy "expands" as one grows older leads many people to underestimate life expectancy when calculating their financial needs. Others err by using projected life expectancy at birth as their planning target (see [Retirement Planning—The Ongoing Challenge](#), LIMRA International, 2003). According to SOA, one-third of retirees and nearly half of pre-retirees assume they will live to a specific age when planning the details of their retirement. These people do not account for the fact that the longer they live the longer they are likely to continue living (see [2003 Risks and Process of Retirement Survey](#), Society of Actuaries, 2004).

DISCLAIMER: The information published in Annuity Shopper is not to be considered a recommendation to purchase an annuity nor is it intended to create public interest in the sale of annuities. Before you consider an annuity you should review with your financial planner whether it is a suitable product for your situation. Neither Annuity Shopper, Hersh Stern, Ariel Stern, WebAnnuities.com, Inc., or its employees, offer any financial planning, legal, or tax advice.

Annuities / Hersh Stern

From: "Michael Hyland" <mikehyland2..>
To: "Hersh Stern" <hs@annuity-quotes2.com>
Sent: Monday, May 11, 2009 6:00 PM
Subject: Retirement Report ---- First 100 Days

Hersh and Ariel,

I have survived my first 100 days of retirement and I want to thank you both for helping me figure out how to fund this wonderful life of leisure.

My annuity checks arrive like clock work each month and I am sleeping like a baby every night.

Life is good and thanks for the assist.

I think of you both every time I tee the ball up on a weekday morning and let it FLY!!!!

Mike

--

Mike Hyland

Life Expectancy Tables

2001 Commissioners' Standard Ordinary Mortality Table ('2001 CSO')
Adopted by the National Association of Insurance Commissioners in 2002

Age	Male Life Exp.	Fem. Life Exp.	Age	Male Life Exp.	Fem. Life Exp.	Age	Male Life Exp.	Fem. Life
1	75.68	79.81	41	37.39	41.05	81	7.01	9.35
2	74.73	78.86	42	36.46	40.11	82	6.57	8.81
3	73.76	77.90	43	35.53	39.17	83	6.14	8.29
4	72.78	76.93	44	34.61	38.23	84	5.74	7.79
5	71.80	75.95	45	33.69	37.29	85	5.36	7.32
6	70.81	74.97	46	32.78	36.36	86	5.00	6.87
7	69.83	73.98	47	31.87	35.43	87	4.66	6.43
8	68.84	73.00	48	30.97	34.51	88	4.35	6.02
9	67.86	72.02	49	30.07	33.60	89	4.07	5.64
10	66.88	71.03	50	29.18	32.69	90	3.81	5.29
11	65.89	70.05	51	28.28	31.79	91	3.57	4.96
12	64.91	69.07	52	27.40	30.90	92	3.35	4.61
13	63.93	68.08	53	26.52	30.01	93	3.15	4.26
14	62.95	67.10	54	25.65	29.14	94	2.96	3.93
15	61.98	66.13	55	24.79	28.27	95	2.78	3.63
16	61.02	65.15	56	23.94	27.41	96	2.62	3.38
17	60.07	64.17	57	23.10	26.57	97	2.47	3.18
18	59.12	63.20	58	22.27	25.73	98	2.32	3.02
19	58.17	62.23	59	21.45	24.90	99	2.19	2.82
20	57.23	61.26	60	20.64	24.08	100	2.07	2.61
21	56.29	60.28	61	19.85	23.27	101	1.96	2.42
22	55.34	59.31	62	19.06	22.47	102	1.86	2.23
23	54.40	58.34	63	18.29	21.68	103	1.76	2.06
24	53.45	57.37	64	17.54	20.90	104	1.66	1.89
25	52.51	56.40	65	16.80	20.12	105	1.57	1.74
26	51.57	55.43	66	16.08	19.36	106	1.48	1.60
27	50.62	54.46	67	15.37	18.60	107	1.39	1.47
28	49.68	53.49	68	14.68	17.86	108	1.30	1.36
29	48.74	52.53	69	13.99	17.12	109	1.22	1.25
30	47.79	51.56	70	13.32	16.40	110	1.14	1.16
31	46.85	50.60	71	12.66	15.69	111	1.07	1.08
32	45.90	49.63	72	12.01	14.99	112	0.99	1.00
33	44.95	48.67	73	11.39	14.31	113	0.92	0.93
34	44.00	47.71	74	10.78	13.64	114	0.85	0.86
35	43.05	46.75	75	10.18	12.98	115	0.79	0.79
36	42.11	45.80	76	9.61	12.34	116	0.72	0.73
37	41.16	44.84	77	9.05	11.71	117	0.66	0.67
38	40.21	43.89	78	8.50	11.10	118	0.61	0.61
39	39.27	42.94	79	7.98	10.50	119	0.55	0.56
40	38.33	42.00	80	7.49	9.92	120	0.50	0.50

From: "E M" <emarsico@...>
To: <as@WebAnnuities.net>
Sent: Wednesday, January 23, 2008 4:30 PM
Subject: Contract

Ariel:

Thanks for your phone call last Friday letting me know that the contract would be coming.

I received it Monday morning. Every thing seems to be in place and I will look now to receiving the monthly installments in my checking account.

Ariel, thanks so much to you and your staff, for all your help in acquiring this annuity. You all have been most helpful and professional and its been a pleasure working with you. Thank you again.

Eleanor Marsico

Immediate Annuities Update

The immediate annuity factors (also called “purchase rates”) shown in **Tables 1 through 14** illustrate the amounts of monthly income \$100,000 of premium will purchase from the listed insurance companies. These immediate annuities provide a first income payment 30 days after the date premium is received by the insurance companies. The factors shown are net of all fees 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 of years (5, 10, 15, 20, 25, and 30 respectively) and then cease. Neither the age or sex of the annuitant affects the quotes.

Tables 2 through 10 illustrate purchase rates for Single Life Annuities. In separate tables we report the factors for males and females ranging from age 50 through age 90 in 5 year intervals. Each table distinguishes between purchase rates for males and females, and reports figures for four annuity payment options or plans: Life Only (“Life Only”), Life with 10 Years Certain (“10 yr C&C”), Life with 20 Years Certain (“20 yr C&C”), and Life with Installment Refund (“Install.Rfd.”).

In some cases, the tax status of the funds used to buy an annuity may influence the purchase rates an insurance company applies to your premium. Our rate tables are based on the assumption the premium is **“Non-Qualified.”** Note, some companies pay different income amounts for **“Qualified”** premium.

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 payment option or plan (also known as the “form” of annuity) will directly affect the monthly payment 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 90. You may also call us toll-free, at 866-866-1999, 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. There are no payments to beneficiaries.

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 beneficiaries. 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 11 through 14 provide the purchase rates for Joint and Survivor Annuities (“J&S”) for a male/female couple ages 65/60 to ages 80/75.

In these four Joint and Survivor tables we illustrate the rates for the Joint & 100% Survivor Annuity which does not reduce on either death but continues in full so long as one of the annuitants is living. Additionally, we show the rates for Joint life annuities with **10-Years Certain and 20-Years Certain**. These payment plans guarantee that payments will be made to beneficiaries for the first ten or twenty years, respectively, if both joint annuitants die during these guarantee periods. If both annuitants live beyond the guarantee periods, payments continue for the duration of their lifetimes. Please call us toll-free at 866-866-1999 if you have any questions about how these annuities work.

DISCLAIMER: The information published in Annuity Shopper is not to be considered a recommendation to purchase an annuity nor is it intended to create public interest in the sale of annuities. Before you consider an annuity you should review with your financial planner whether it is a suitable product for your situation. Neither Annuity Shopper, Hersh Stern, Ariel Stern, WebAnnuities.com, Inc., or its employees, offer any financial planning, legal, or tax advice.

Immediate Annuities Update

Table 1. Period Certain (AKA Term Certain) Annuities

This annuity pays for the duration of the specified period only, not for the annuitant's lifetime. If the annuitant should die before the end of the period, payments continue to beneficiaries. Quotes shown are monthly income per \$100,000.

Insurance Company	5 Years Period Certain	10 Years Period Certain	15 Years Period Certain	20 Years Period Certain	25 Years Period Certain	30 Years Period Certain
Allianz	\$ 1674	\$ 920	\$ 678	\$ 563	\$ 498	\$ 457
American General (AIG)	\$ 1748	\$ 976	\$ 745	\$ 644	\$ 578	\$ 539
American National	\$ 1739	\$ 970	\$ 740	\$ 644	\$ 584	\$ 543
Equitrust Life	\$ 1793	\$ 1025	\$ 783	\$ 665	N/A	N/A
Genworth	\$ 1724	\$ 969	\$ 728	\$ 613	\$ 549	\$ 511
Integrity Life	\$ 1736	\$ 976	\$ 733	\$ 618	\$ 555	\$ 521



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Lincoln Benefit	\$ 1705	\$ 995	\$ 756	\$ 629	\$ 554	\$ 510
MetLife Investors	N/A	\$ 969	\$ 733	\$ 617	\$ 550	\$ 508
No. Amer. Co. Life & Health	\$ 1808	\$ 1028	\$ 774	\$ 661	N/A	N/A
Penn Mutual	\$ 1775	\$ 1013	\$ 765	\$ 644	\$ 574	\$ 533
Presidential	\$ 1776	\$ 996	\$ 746	\$ 626	\$ 557	\$ 513
United Omaha	\$ 1723	\$ 973	\$ 738	\$ 628	N/A	N/A

Quotes as of May 1, 2009 Call 866-866-1999 for current quotations.

Immediate Annuities Update

Table 2. Single Life Annuities — Age 50

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 468	N/A	\$ 465	\$ 453	N/A	\$ 446	N/A	\$ 446	\$ 439	N/A
American General (AIG)	\$ 521	\$ 352	\$ 511	\$ 499	\$ 504	\$ 496	\$ 327	\$ 489	\$ 483	\$ 485
American National	\$ 543	N/A	\$ 538	\$ 526	\$ 533	\$ 521	N/A	\$ 519	\$ 512	\$ 515
Equitrust Life	\$ 556	N/A	\$ 551	\$ 538	N/A	\$ 532	N/A	\$ 530	\$ 523	N/A
Genworth	\$ 503	\$ 346	\$ 499	\$ 487	\$ 491	\$ 485	\$ 326	\$ 482	\$ 475	\$ 477
Integrity Life	\$ 521	\$ 354	\$ 517	\$ 506	\$ 510	\$ 500	\$ 332	\$ 498	\$ 492	\$ 494



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Lincoln Benefit	\$ 519	\$ 350	\$ 513	\$ 501	\$ 506	\$ 497	\$ 326	\$ 493	\$ 485	\$ 488
MetLife Investors	\$ 536	N/A	\$ 530	\$ 517	N/A	\$ 512	N/A	\$ 509	\$ 502	N/A
No. Amer. Co. Life & Health	\$ 544	N/A	\$ 539	\$ 526	\$ 533	\$ 518	N/A	\$ 515	\$ 508	\$ 512
Penn Mutual	\$ 540	\$ 367	\$ 535	\$ 522	\$ 528	\$ 516	\$ 343	\$ 514	\$ 507	\$ 510
Presidential	\$ 519	\$ 350	\$ 514	\$ 501	\$ 506	\$ 491	\$ 321	\$ 489	\$ 482	\$ 484
United Omaha	\$ 532	\$ 373	\$ 530	\$ 519	\$ 524	\$ 512	\$ 351	\$ 511	\$ 506	\$ 508

Quotes as of May 1, 2009 Call 866-866-1999 for current quotations.

Immediate Annuities Update

Table 3. Single Life Annuities — Age 55

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 500	N/A	\$ 494	\$ 474	N/A	\$ 472	N/A	\$ 470	\$ 458	N/A
American General (AIG)	\$ 558	\$ 393	\$ 545	\$ 524	\$ 535	\$ 527	\$ 362	\$ 518	\$ 506	\$ 511
American National	\$ 576	N/A	\$ 568	\$ 548	\$ 561	\$ 547	N/A	\$ 543	\$ 532	\$ 538
Equitrust Life	\$ 590	N/A	\$ 582	\$ 561	N/A	\$ 560	N/A	\$ 556	\$ 544	N/A
Genworth	\$ 535	\$ 382	\$ 528	\$ 509	\$ 577	\$ 512	\$ 358	\$ 508	\$ 495	\$ 500
Integrity Life	\$ 555	\$ 393	\$ 547	\$ 529	\$ 538	\$ 530	\$ 368	\$ 526	\$ 515	\$ 520



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Lincoln Benefit	\$ 557	\$ 391	\$ 548	\$ 525	\$ 537	\$ 528	\$ 361	\$ 522	\$ 508	\$ 514
MetLife Investors	\$ 568	N/A	\$ 559	\$ 538	N/A	\$ 538	N/A	\$ 534	\$ 521	N/A
No. Amer. Co. Life & Health	\$ 582	N/A	\$ 573	\$ 551	\$ 565	\$ 549	N/A	\$ 545	\$ 532	\$ 539
Penn Mutual	\$ 574	\$ 404	\$ 566	\$ 545	\$ 557	\$ 544	\$ 375	\$ 540	\$ 528	\$ 534
Presidential	\$ 558	\$ 392	\$ 549	\$ 527	\$ 538	\$ 524	\$ 358	\$ 519	\$ 507	\$ 512
United Omaha	\$ 560	\$ 405	\$ 556	\$ 537	\$ 548	\$ 535	\$ 379	\$ 533	\$ 523	\$ 528

Quotes as of May 1, 2009 Call 866-866-1999 for current quotations.

Immediate Annuities Update

Table 4. Single Life Annuities — Age 60

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 546	N/A	\$ 534	\$ 499	N/A	\$ 508	N/A	\$ 502	\$ 481	N/A
American General (AIG)	\$ 603	\$ 441	\$ 583	\$ 547	\$ 569	\$ 563	\$ 402	\$ 549	\$ 528	\$ 539
American National	\$ 612	N/A	\$ 598	\$ 564	\$ 588	\$ 575	N/A	\$ 568	\$ 548	\$ 561
Equitrust Life	\$ 636	N/A	\$ 622	\$ 586	N/A	\$ 598	N/A	\$ 590	\$ 569	N/A
Genworth	\$ 580	\$ 430	\$ 568	\$ 533	\$ 552	\$ 549	\$ 398	\$ 541	\$ 518	\$ 530
Integrity Life	\$ 598	\$ 441	\$ 585	\$ 553	\$ 572	\$ 567	\$ 410	\$ 559	\$ 540	\$ 551



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Lincoln Benefit	\$ 608	\$ 444	\$ 592	\$ 551	\$ 575	\$ 570	\$ 406	\$ 559	\$ 533	\$ 547
MetLife Investors	\$ 613	N/A	\$ 598	\$ 561	N/A	\$ 574	N/A	\$ 566	\$ 545	N/A
No. Amer. Co. Life & Health	\$ 633	N/A	\$ 619	\$ 580	\$ 607	\$ 592	N/A	\$ 584	\$ 561	\$ 575
Penn Mutual	\$ 618	\$ 451	\$ 605	\$ 571	\$ 592	\$ 583	\$ 417	\$ 575	\$ 554	\$ 567
Presidential	\$ 609	\$ 447	\$ 594	\$ 555	\$ 579	\$ 566	\$ 404	\$ 558	\$ 535	\$ 547
United Omaha	\$ 599	\$ 447	\$ 591	\$ 558	\$ 579	\$ 567	\$ 414	\$ 563	\$ 544	\$ 555

Quotes as of May 1, 2009 Call 866-866-1999 for current quotations.

Immediate Annuities Update

Table 5. Single Life Annuities — Age 65

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 609	N/A	\$ 585	\$ 520	N/A	\$ 560	N/A	\$ 548	\$ 509	N/A
American General (AIG)	\$ 674	\$ 514	\$ 641	\$ 575	\$ 622	\$ 621	\$ 463	\$ 600	\$ 560	\$ 586
American National	\$ 677	N/A	\$ 651	\$ 591	\$ 639	\$ 628	N/A	\$ 614	\$ 577	\$ 604
Equitrust Life	\$ 702	N/A	\$ 676	\$ 612	N/A	\$ 652	N/A	\$ 637	\$ 598	N/A
Genworth	\$ 645	\$ 496	\$ 620	\$ 558	\$ 599	\$ 601	\$ 453	\$ 586	\$ 545	\$ 569
Integrity Life	\$ 657	\$ 502	\$ 632	\$ 575	\$ 614	\$ 615	\$ 463	\$ 601	\$ 565	\$ 588



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Lincoln Benefit	\$ 674	\$ 511	\$ 644	\$ 577	\$ 622	\$ 623	\$ 461	\$ 604	\$ 560	\$ 587
MetLife Investors	\$ 678	N/A	\$ 648	\$ 584	N/A	\$ 626	N/A	\$ 610	\$ 570	N/A
No. Amer. Co. Life & Health	\$ 706	N/A	\$ 678	\$ 608	\$ 633	\$ 651	N/A	\$ 636	\$ 592	\$ 625
Penn Mutual	\$ 686	\$ 520	\$ 659	\$ 595	\$ 642	\$ 635	\$ 472	\$ 620	\$ 580	\$ 608
Presidential	\$ 681	\$ 521	\$ 652	\$ 582	\$ 632	\$ 624	\$ 465	\$ 608	\$ 565	\$ 593
United Omaha	\$ 656	\$ 506	\$ 644	\$ 590	\$ 630	\$ 618	\$ 469	\$ 613	\$ 579	\$ 603

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Immediate Annuities Update

Table 6. Single Life Annuities — Age 70

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 700	N/A	\$ 614	\$ 541	N/A	\$ 636	N/A	\$ 607	\$ 534	N/A
American General (AIG)	\$ 735	\$ 580	\$ 688	\$ 592	\$ 661	\$ 670	\$ 518	\$ 643	\$ 582	\$ 621
American National	\$ 771	N/A	\$ 717	\$ 614	\$ 705	\$ 705	N/A	\$ 676	\$ 604	\$ 664
Equitrust Life	\$ 795	N/A	\$ 741	\$ 635	N/A	\$ 728	N/A	\$ 699	\$ 626	N/A
Genworth	\$ 737	\$ 590	\$ 687	\$ 578	\$ 659	\$ 675	\$ 529	\$ 646	\$ 569	\$ 623
Integrity Life	\$ 739	\$ 585	\$ 689	\$ 594	\$ 667	\$ 684	\$ 534	\$ 656	\$ 588	\$ 638



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Lincoln Benefit	\$ 758	\$ 597	\$ 704	\$ 601	\$ 681	\$ 691	\$ 532	\$ 659	\$ 589	\$ 639
MetLife Investors	\$ 770	N/A	\$ 709	\$ 603	N/A	\$ 700	N/A	\$ 668	\$ 595	N/A
No. Amer. Co. Life & Health	\$ 792	N/A	\$ 734	\$ 632	\$ 718	\$ 719	N/A	\$ 688	\$ 623	\$ 673
Penn Mutual	\$ 778	\$ 613	\$ 724	\$ 618	\$ 705	\$ 710	\$ 550	\$ 684	\$ 608	\$ 668
Presidential	\$ 783	\$ 623	\$ 722	\$ 604	\$ 701	\$ 705	\$ 548	\$ 673	\$ 593	\$ 654
United Omaha	\$ 743	\$ 594	\$ 708	\$ 608	\$ 688	\$ 690	\$ 543	\$ 672	\$ 601	\$ 656

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Immediate Annuities Update

Table 7. Single Life Annuities — Age 75

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 828	N/A	\$ 716	\$ 554	N/A	\$ 747	N/A	\$ 681	\$ 551	N/A
American General (AIG)	\$ 862	\$ 708	\$ 770	\$ 608	\$ 749	\$ 790	\$ 639	\$ 730	\$ 604	\$ 707
American National	\$ 902	N/A	\$ 794	\$ 631	\$ 793	\$ 821	N/A	\$ 756	\$ 626	\$ 748
Equitrust Life	\$ 923	N/A	\$ 816	\$ 652	N/A	\$ 843	N/A	\$ 778	\$ 647	N/A
Genworth	\$ 874	\$ 726	\$ 764	\$ 590	\$ 738	\$ 787	\$ 643	\$ 722	\$ 586	\$ 696
Integrity Life	\$ 849	\$ 694	\$ 755	\$ 608	\$ 733	\$ 783	\$ 634	\$ 726	\$ 605	\$ 705



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Lincoln Benefit	\$ 869	\$ 711	\$ 775	\$ 618	\$ 759	\$ 784	\$ 628	\$ 728	\$ 611	\$ 710
MetLife Investors	\$ 899	N/A	\$ 777	\$ 616	N/A	\$ 812	N/A	\$ 741	\$ 612	N/A
No. Amer. Co. Life & Health	\$ 922	N/A	\$ 805	\$ 649	\$ 799	\$ 833	N/A	\$ 764	\$ 645	\$ 750
Penn Mutual	\$ 908	\$ 742	\$ 800	\$ 634	\$ 789	\$ 828	\$ 6628	\$ 762	\$ 629	\$ 747
Presidential	\$ 931	\$ 770	\$ 803	\$ 618	\$ 791	\$ 827	\$ 671	\$ 754	\$ 613	\$ 736
United Omaha	\$ 858	\$ 709	\$ 776	\$ 619	\$ 760	\$ 794	\$ 648	\$ 744	\$ 616	\$ 726

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Immediate Annuities Update

Table 8. Single Life Annuities — Age 80

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 1010	N/A	\$ 785	\$ 562	N/A	\$ 921	N/A	\$ 763	\$ 561	N/A
American General (AIG)	\$ 925	\$ 778	\$ 821	\$ 616	\$ 739	\$ 856	\$ 713	\$ 795	\$ 615	\$ 707
American National	\$ 1037	N/A	\$ 833	\$ 647	\$ 851	\$ 947	N/A	\$ 806	\$ 645	\$ 810
Equitrust Life	\$ 1101	N/A	\$ 892	\$ 662	N/A	\$ 1012	N/A	\$ 865	\$ 660	N/A
Genworth	\$ 1071	\$ 922	\$ 838	\$ 594	\$ 840	\$ 959	\$ 814	\$ 807	\$ 593	\$ 794
Integrity Life	\$ 1013	\$ 856	\$ 824	\$ 615	\$ 820	\$ 943	\$ 791	\$ 806	\$ 614	\$ 795



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Lincoln Benefit	\$ 1043	\$ 886	\$ 858	\$ 625	\$ 870	\$ 927	\$ 775	\$ 817	\$ 623	\$ 811
MetLife Investors	\$ 1081	N/A	\$ 844	\$ 622	N/A	\$ 982	N/A	\$ 819	\$ 621	N/A
No. Amer. Co. Life & Health	\$ 1109	N/A	\$ 877	\$ 657	\$ 906	\$ 1010	N/A	\$ 849	\$ 656	\$ 859
Penn Mutual	\$ 1086	\$ 919	\$ 875	\$ 642	\$ 895	\$ 1000	\$ 838	\$ 849	\$ 641	\$ 855
Presidential	\$ 1149	\$ 986	\$ 880	\$ 624	\$ 910	\$ 1014	\$ 856	\$ 844	\$ 622	\$ 849
United Omaha	\$ 1029	\$ 878	\$ 847	N/A	N/A	\$ 956	\$ 808	\$ 825	N/A	N/A

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----- Original Message -----

From: ntshar
To: Annuities - Ariel Stern
Sent: Friday, October 13, 2006 4:00 PM
Subject: Re: Annuity policy number

Hi, Ariel

I am completely overwhelmed with your competence and attentiveness.

I love it. A rarity if I ever saw one.

All the best and thanks ever so much. It's terrific working with you.

Sharyll

-----Original Message-----

From: Annuities - Ariel Stern
Sent: Oct 13, 2006 11:44 AM
To: ntshar1@
Subject: Annuity policy number

Hi Sharyll-

I'm writing to you to confirm that North American received your application and has assigned it the following contract number:

800005

I'll keep you posted as the policy goes through the issue process.

In the meantime, if you have any questions, please call me at 800-872-6684.

Immediate Annuities Update

Table 9. Single Life Annuities — Age 85

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 1273	N/A	\$ 842	\$ 564	N/A	\$ 1190	N/A	\$ 832	\$ 564	N/A
American General (AIG)	\$ 1108	\$ 963	\$ 889	\$ 619	\$ 868	\$ 1052	\$ 910	\$ 878	\$ 618	\$ 842
American National	\$ 1299	N/A	\$ 907	\$ 656	\$ 1002	\$ 1212	N/A	\$ 894	\$ 656	\$ 965
Equitrust Life	\$ 1344	N/A	\$ 958	\$ 668	N/A	\$ 1263	N/A	\$ 945	\$ 666	N/A
Genworth	\$ 1337	\$ 1187	\$ 892	N/A	\$ 963	\$ 1222	\$ 1075	\$ 878	N/A	\$ 920
Integrity Life	\$ 1246	\$ 1086	\$ 885	N/A	\$ 919	\$ 1186	\$ 1030	\$ 877	N/A	\$ 902



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Lincoln Benefit	\$ 1322	\$ 1165	\$ 928	\$ 628	\$ 1015	\$ 1181	\$ 1028	\$ 904	\$ 627	\$ 955
MetLife Investors	\$ 1340	N/A	\$ 898	\$ 624	N/A	\$ 1241	N/A	\$ 886	\$ 624	N/A
No. Amer. Co. Life & Health	\$ 1340	N/A	\$ 946	N/A	\$ 997	\$ 1246	N/A	\$ 934	N/A	\$ 959
Penn Mutual	\$ 1335	\$ 1165	\$ 937	\$ 645	\$ 1023	\$ 1251	\$ 1086	\$ 925	\$ 645	\$ 992
Presidential	\$ 1457	\$ 1290	\$ 940	\$ 626	\$ 1056	\$ 1304	\$ 1142	\$ 921	\$ 626	\$ 995
United Omaha	\$ 1252	\$ 1101	N/A	N/A	N/A	\$ 1187	\$ 1038	N/A	N/A	N/A

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Immediate Annuities Update

Table 10. Single Life Annuities — Age 90

Column Headings: **Life Only:** Pays for the remainder of the annuitant's lifetime. **Life with 3% COLA:** Pays for the remainder of the annuitant's lifetime. Monthly income increases annually by 3% on every policy anniversary date. **Life with 10 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **Life with 20 Years Guaranteed:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **Life with Installment Refund:** Pays for the remainder of the annuitant's lifetime; if the annuitant dies before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are per \$100,000 of non-qualified money with monthly income beginning 30 days after purchase.

Insurance Company	Male					Female				
	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund	Life Only	Life with 3% COLA	Life w/ 10 years Guar.	Life w/ 20 years Guar.	Life w/ Install. Refund
Allianz	\$ 1608	N/A	\$ 881	\$ 564	N/A	\$ 1547	N/A	\$ 877	\$ 564	N/A
American General (AIG)	\$ 1330	\$ 1186	\$ 928	\$ 619	\$ 1000	\$ 1292	\$ 1149	\$ 924	\$ 619	\$ 979
American National	\$ 1657	N/A	\$ 957	\$ 658	\$ 1186	\$ 1594	N/A	\$ 952	\$ 658	\$ 1161
Equitrust Life	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Genworth	\$ 1695	\$ 1545	\$ 925	N/A	\$ 1115	\$ 1587	\$ 1437	\$ 918	N/A	\$ 1076
Integrity Life	N/A	N/A	\$ 931	N/A	N/A	N/A	N/A	\$ 927	N/A	N/A



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Lincoln Benefit	\$ 1763	\$ 1599	\$ 965	\$ 628	\$ 1193	\$ 1601	\$ 1439	\$ 956	\$ 628	\$ 128
MetLife Investors	\$ 1702	N/A	\$ 932	\$ 624	N/A	\$ 1624	N/A	\$ 927	\$ 624	N/A
No. Amer. Co. Life & Health	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Penn Mutual	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Presidential	\$ 1888	\$ 1720	\$ 975	\$ 626	\$ 1240	\$ 1731	\$ 1564	\$ 967	\$ 626	\$ 180
United Omaha	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Immediate Annuities Update

Table 11. Joint & Survivor Annuities — Male Age 65, Female Age 60

Column Headings: **50% J&S:** Pays as long as both annuitants live; upon the death of either annuitant, the survivor's income is reduced to 50%. **100% J&S:** Pays as long as either annuitant lives. **100% J&S with 3% COLA:** Pays as long as either annuitant lives. Monthly income increases annually by 3% on every policy anniversary date. **100% J&S - 10 yr Certain&Continuous:** Pays as long as either annuitant lives; if both annuitants die within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **100% J&S - 20 yr C&C:** Pays as long as either annuitant lives; if both annuitants die within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **100% J&S - Installment Rfd:** Pays as long as either annuitant lives; if both annuitants die before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are monthly per \$100,000.

Insurance Company	50% J&S	100% J&S	100% J&S w/ 3% COLA	100% J&S 10 yr C&C	100% J&S 20 yr C&C	100% J&S Install. Rfd.
Allianz	\$ 564	\$ 475	N/A	\$ 475	\$ 468	N/A
American General (AIG)	\$ 619	\$ 535	\$ 377	\$ 526	\$ 520	N/A
American National	\$ 621	\$ 539	N/A	\$ 538	\$ 533	N/A
Equitrust Life	\$ 646	\$ 561	N/A	\$ 560	\$ 554	N/A
Genworth	\$ 593	\$ 515	\$ 368	\$ 514	\$ 507	\$ 511
Integrity Life	\$ 608	\$ 533	\$ 380	\$ 533	\$ 527	\$ 531



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Lincoln Benefit	\$ 617	\$ 529	\$ 371	\$ 526	\$ 518	\$ 523
MetLife Investors	\$ 622	\$ 540	N/A	\$ 593	\$ 533	N/A
No. Amer. Co. Life & Health	\$ 644	\$ 553	N/A	\$ 552	\$ 545	\$ 550
Penn Mutual	\$ 630	\$ 544	\$ 383	\$ 544	\$ 537	N/A
Presidential	\$ 596	\$ 530	\$ 373	\$ 529	\$ 522	\$ 527
United Omaha	N/A	\$ 535	\$ 386	\$ 536	\$ 533	N/A

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Immediate Annuities Update

Table 12. Joint & Survivor Annuities — Male Age 70, Female Age 65

Column Headings: **50% J&S:** Pays as long as both annuitants live; upon the death of either annuitant, the survivor's income is reduced to 50%. **100% J&S:** Pays as long as either annuitant lives. **100% J&S with 3% COLA:** Pays as long as either annuitant lives. Monthly income increases annually by 3% on every policy anniversary date. **100% J&S - 10 yr Certain&Continuous:** Pays as long as either annuitant lives; if both annuitants die within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **100% J&S - 20 yr C&C:** Pays as long as either annuitant lives; if both annuitants die within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **100% J&S - Installment Rfd:** Pays as long as either annuitant lives; if both annuitants die before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are monthly per \$100,000.

Insurance Company	50% J&S	100% J&S	100% J&S w/ 3% COLA	100% J&S 10 yr C&C	100% J&S 20 yr C&C	100% J&S Install. Rfd.
Allianz	\$ 633	\$ 518	N/A	\$ 516	\$ 498	N/A
American General (AIG)	\$ 693	\$ 583	\$ 430	\$ 572	\$ 554	N/A
American National	\$ 692	\$ 581	N/A	\$ 579	\$ 564	N/A
Equitrust Life	\$ 716	\$ 603	N/A	\$ 601	\$ 585	N/A
Genworth	\$ 662	\$ 558	\$ 416	\$ 556	\$ 537	\$ 550
Integrity Life	\$ 671	\$ 571	\$ 424	\$ 569	\$ 554	\$ 565
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Lincoln Benefit	\$ 684	\$ 570	\$ 417	\$ 568	\$ 550	\$ 562
MetLife Investors	\$ 690	\$ 581	N/A	\$ 579	\$ 561	N/A
No. Amer. Co. Life & Health	\$ 722	\$ 601	N/A	\$ 599	\$ 580	\$ 595
Penn Mutual	\$ 699	\$ 586	\$ 429	\$ 584	\$ 568	N/A
Presidential	\$ 665	\$ 578	\$ 426	\$ 576	\$ 556	\$ 570
United Omaha	N/A	\$ 584	\$ 437	\$ 585	\$ 571	N/A

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Immediate Annuities Update

Table 13. Joint & Survivor Annuities — Male Age 75, Female Age 70

Column Headings: **50% J&S:** Pays as long as both annuitants live; upon the death of either annuitant, the survivor's income is reduced to 50%. **100% J&S:** Pays as long as either annuitant lives. **100% J&S with 3% COLA:** Pays as long as either annuitant lives. Monthly income increases annually by 3% on every policy anniversary date. **100% J&S - 10 yr Certain&Continuous:** Pays as long as either annuitant lives; if both annuitants die within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **100% J&S - 20 yr C&C:** Pays as long as either annuitant lives; if both annuitants die within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **100% J&S - Installment Rfd:** Pays as long as either annuitant lives; if both annuitants die before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are monthly per \$100,000.

Insurance Company	50% J&S	100% J&S	100% J&S w/ 3% COLA	100% J&S 10 yr C&C	100% J&S 20 yr C&C	100% J&S Install. Rfd.
Allianz	\$ 727	\$ 575	N/A	\$ 569	\$ 522	N/A
American General (AIG)	\$ 782	\$ 641	\$ 493	\$ 624	\$ 578	N/A
American National	\$ 790	\$ 642	N/A	\$ 537	\$ 596	N/A
Equitrust Life	\$ 813	\$ 664	N/A	\$ 658	\$ 616	N/A
Genworth	\$ 761	\$ 621	\$ 482	\$ 619	\$ 565	\$ 602
Integrity Life	\$ 759	\$ 624	\$ 481	\$ 614	\$ 581	\$ 610



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Lincoln Benefit	\$ 770	\$ 626	\$ 478	\$ 623	\$ 583	\$ 613
MetLife Investors	\$ 787	\$ 641	N/A	\$ 634	\$ 589	N/A
No. Amer. Co. Life & Health	\$ 813	\$ 654	N/A	\$ 647	\$ 615	\$ 639
Penn Mutual	\$ 797	\$ 645	\$ 493	\$ 643	\$ 601	N/A
Presidential	\$ 762	\$ 646	\$ 497	\$ 638	\$ 588	\$ 628
United Omaha	N/A	\$ 640	\$ 497	\$ 638	\$ 596	N/A

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Immediate Annuities Update

Table 14. Joint & Survivor Annuities — Male Age 80, Female Age 75

Column Headings: **50% J&S:** Pays as long as both annuitants live; upon the death of either annuitant, the survivor's income is reduced to 50%. **100% J&S:** Pays as long as either annuitant lives. **100% J&S with 3% COLA:** Pays as long as either annuitant lives. Monthly income increases annually by 3% on every policy anniversary date. **100% J&S - 10 yr Certain&Continuous:** Pays as long as either annuitant lives; if both annuitants die within the first 10 years, payments continue to beneficiaries until the end of the 10th year. **100% J&S - 20 yr C&C:** Pays as long as either annuitant lives; if both annuitants die within the first 20 years, payments continue to beneficiaries until the end of the 20th year. **100% J&S - Installment Rfd:** Pays as long as either annuitant lives; if both annuitants die before receiving an amount equal to the premium, payments continue to beneficiaries until the total amount paid equals the premium. Quotes shown are monthly per \$100,000.

Insurance Company	50% J&S	100% J&S	100% J&S w/ 3% COLA	100% J&S 10 yr C&C	100% J&S 20 yr C&C	100% J&S Install. Rfd.
Allianz	\$ 868	\$ 663	N/A	\$ 644	\$ 537	N/A
American General (AIG)	\$ 922	\$ 739	\$ 594	\$ 710	\$ 604	N/A
American National	\$ 935	\$ 733	N/A	\$ 715	\$ 623	N/A
Equitrust Life	\$ 952	\$ 752	N/A	\$ 733	\$ 642	N/A
Genworth	\$ 907	\$ 714	\$ 579	\$ 693	\$ 585	\$ 673
Integrity Life	\$ 889	\$ 704	\$ 564	\$ 687	\$ 602	\$ 672
	For today's best quotes call 1-866-866-1999					
Lincoln Benefit	\$ 895	\$ 708	\$ 564	\$ 697	\$ 609	\$ 684
MetLife Investors	\$ 928	\$ 730	N/A	\$ 707	\$ 610	N/A
No. Amer. Co. Life & Health	\$ 957	\$ 743	N/A	\$ 722	\$ 642	\$ 710
Penn Mutual	\$ 940	\$ 735	\$ 586	\$ 720	\$ 626	N/A
Presidential	\$ 904	\$ 746	\$ 600	\$ 721	\$ 611	\$ 707
United Omaha	N/A	\$ 723	\$ 583	\$ 709	\$ 614	N/A

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Call 1-866-866-1999

In 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 1st 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 15. Multi-Year Guarantee Deferred Annuities

Reporting Companies	Policy Name	Issue Ages	Min. Premium	Rate Guarantee Period	Effective Yield	Interest Rate in 1 st Yr	Interest Rate in Following Years	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year										Any Market Value Adjustment ('MVA')?	
								1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th		
Metlife Investors USA	FA-Fixed Annuity	0-90	\$25,000	3 Years	3.25%	3.25%	3.25%	7%	6%	5%									YES
Metlife Investors USA	FA-Fixed Annuity	0-90	\$25,000	5 Years	3.25%	3.25%	3.25%	7%	6%	5%	4%	3%							YES
Metlife Investors USA	FA-Fixed Annuity	0-90	\$25,000	7 Years	3.25%	3.25%	3.25%	7%	6%	5%	4%	3%	2%	1%					YES
Metlife Investors USA	FA-Fixed Annuity	0-90	\$25,000	10 Years	3.65%	3.65%	3.65%	7%	6%	5%	4%	3%	2%	1%	0%	0%	0%	0%	YES
American National Ins. Co.	Palladium MYG	0-85	\$5,000	4 Years	2.70%	2.70%	2.70%	8%	8%	8%	7%								YES
American National Ins. Co.	Palladium MYG	0-85	\$100,000	4 Years	2.80%	2.80%	2.80%	8%	8%	8%	7%								YES
American National Ins. Co.	Palladium MYG	0-85	\$5,000	5 Years	3.15%	4.05%	3.05%	8%	8%	8%	7%	6%							YES
American National Ins. Co.	Palladium MYG	0-85	\$100,000	5 Years	3.25%	4.15%	3.15%	8%	8%	8%	7%	6%							YES
American National Ins. Co.	Palladium MYG	0-85	\$5,000	6 Years	3.70%	3.70%	3.70%	8%	8%	8%	7%	6%	5%						YES
American National Ins. Co.	Palladium MYG	0-85	\$100,000	6 Years	3.80%	3.80%	3.80%	8%	8%	8%	7%	6%	5%						YES
American National Ins. Co.	Palladium MYG	0-85	\$5,000	7 Years	3.94%	4.80%	3.80%	8%	8%	8%	7%	6%	5%	4%					YES

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Quotes as of May 1, 2009

Deferred Annuities Update

Table 15. Multi-Year Guarantee Deferred Annuities, cont'd.

Reporting Companies	Policy Name	Issue Ages	Min. Premium	Rate Guarantee Period	Effective Yield	Interest Rate in 1 st Yr	Interest Rate in Following Yrs	Surrender Fees in Percent for Mid-Term Withdrawals by Policy Year										Any Market Value Adjustment ('MVA')?	
								1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th		
American National Ins. Co.	Palladium MYG	0-85	\$100,000	7 Years	4.04%	4.90%	3.90%	8%	8%	8%	7%	6%	5%	4%				YES	
American National Ins. Co.	Palladium MYG	0-85	\$5,000	8 Years	4.15%	4.15%	4.15%	8%	8%	8%	7%	6%	5%	4%	3%			YES	
American National Ins. Co.	Palladium MYG	0-85	\$100,000	8 Years	4.25%	4.25%	4.25%	8%	8%	8%	7%	6%	5%	4%	3%			YES	
American National Ins. Co.	Palladium MYG	0-85	\$5,000	9 Years	3.87%	5.65%	3.65%	8%	8%	8%	7%	6%	5%	4%	3%	2%		YES	
American National Ins. Co.	Palladium MYG	0-85	\$100,000	9 Years	3.87%	5.65%	3.65%	8%	8%	8%	7%	6%	5%	4%	3%	2%		YES	
American National Ins. Co.	Palladium MYG	0-85	\$5,000	10 Years	4.10%	5.00%	4.00%	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%	YES	
American National Ins. Co.	Palladium MYG	0-85	\$100,000	10 Years	4.20%	5.10%	4.10%	8%	8%	8%	7%	6%	5%	4%	3%	2%	1%	YES	
EquiTrust	Certainty 5	0-90	\$10,000	5 Years	3.75%	3.75%	3.75%	9%	8%	7%	6.5%	5.5%							
EquiTrust	Certainty 6	0-90	\$10,000	6 Years	3.92%	4.75%	3.75%	9%	8%	7%	6.5%	5.5%	4.5%						
EquiTrust	Certainty 8	0-90	\$10,000	8 Years	4.74%	8.25%	4.25%	9%	8%	7%	6.5%	5.5%	4.5%	3.5%	2.5%				
EquiTrust	Certainty 10	0-90	\$10,000	10 Years	5.00%	5.00%	5.00%	10%	10%	9%	9%	8%	8%	7%	7%	6%	5%		

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Quotes as of May 1, 2009

State Guaranty Associations

What happens if my insurance company becomes insolvent? When a state determines that an insurance company is insolvent, the mechanism used to protect policyholders is the “Guaranty Association” system which helps pay the claims of financially impaired insurance companies. State laws specify what type of insurance is covered and the dollar amount of the coverage (see summary table below). The guaranty association in the state where a policyholder lives is responsible for providing protection for an insolvent insurer, even if the company is headquartered in another state. Note: Do not rely on the information in the table below. You are strongly advised to call your state insurance department (see phone numbers below) and ask about the coverage which may or may not be available. **Furthermore, your state's guaranty association should not be a substitute for selecting an insurance company which is well-managed and financially stable.**

State	Disclaimer: Read your state's complete guaranty statute as actual coverage may differ from amounts shown below.	Phone Numbers
Alabama	\$100,000 in cash values	(205) 879-2202
Alaska	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(907) 243-2311
Arizona	\$100,000 with respect to cash value or annuity claims	(602) 364-3863
Arkansas	\$300,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(501) 375-9151
California	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(323) 782-0182
Colorado	\$100,000 in the present value of annuity benefits, including net cash values	(303) 292-5022
Connecticut	\$100,000 in the present value of annuity benefits, including but not limited to net cash values	(860) 529-3495
Delaware	\$100,000 in the aggregate in present value annuity benefits, including net cash surrender and net cash withdrawal values	(302) 456-3656
Dist. of Col.	\$300,000 in the present value of annuity benefits, including net cash values	(202) 434-8771
Florida	\$100,000 in cash values	(904) 398-3644
Georgia	\$100,000 cash values	(770) 621-9835
Idaho	\$300,000 of annuity benefit payments for annuities for ...annuitant's lifetime or for a period certain not less than 10	(208) 378-9510
Illinois	\$100,000 in present value of annuity benefits including net cash values	(773) 714-8050
Indiana	\$100,000 in cash values	(317) 636-8204
Iowa	\$100,000 cash values	(515) 248-5712
Kansas	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(785) 271-1199
Kentucky	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(502) 895-5915
Louisiana	\$100,000 in present value of annuity benefits including net cash values	(225) 381-0656
Maine	\$100,000 cash values	(207) 633-1090
Maryland	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(410) 998-3907
Massachusetts	\$100,000 in the present value of annuity benefits, including net cash values	(413) 744-8483
Michigan	\$100,000 in present value annuity benefits including net cash values	(517) 339-1755
Minnesota	\$100,000 [\$110,000 adjusted for inflation] in annuity net cash surrender and net cash withdrawal values	(651) 407-3149
Mississippi	\$100,000 in the present value of annuity benefits including net cash values	(601) 981-0755
Missouri	\$100,000 in the present value of annuity benefits, including net cash values	(573) 634-8455
Montana	\$100,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(262) 965-5761
Nebraska	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(402) 474-6900
Nevada	\$100,000 in the present value of benefits from annuities, including net cash for surrender and withdrawal	(775) 329-8387
New Hampshire-	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(603) 226-9114
New Jersey	\$500,000 in present value of annuity benefits...\$100,000 in net cash surrender and withdrawal values...	(973) 623-3989
New Mexico	\$100,000 in cash values	(505) 237-9397
New York	\$500,000 for all benefits, including cash values	(212) 909-6813
No. Carolina	\$300,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values	(919) 833-6838
North Dakota	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(701) 235-4108
Ohio	\$100,000 in the present value of annuity benefits including net cash values	(614) 442-6601
Oklahoma	\$300,000 in the present value of annuity benefits, including net cash values	(405) 272-9221
Oregon	\$100,000 in the present value of annuity benefits including net cash values	(503) 588-1974
Pennsylvania	\$300,000 in annuity benefits, including \$100,000 in net cash values	(610) 975-0572
Rhode Island	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(401) 273-2921
So. Carolina	Aggregate of \$300,000	(803) 536-9874
South Dakota	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(605) 336-0177
Tennessee	\$100,000 in the present value of annuity benefits, including net cash values	(615) 242-8758
Texas	\$100,000 in the aggregate under one or more annuity contracts	(512) 476-5101
Utah	\$200,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values	(801) 572-1218
Vermont	\$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values	(802) 229-3553
Virginia	\$100,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values	(804) 282-2240
Washington	\$500,000 in the present value of annuity benefits, including cash surrender values	(360) 426-6744
West Virginia	\$100,000 in present value of annuity benefits including net cash surrender and withdrawal values	(304) 733-6904
Wisconsin	Aggregate obligation of the fund on a single risk, loss, or life may not exceed \$300,000	(608) 242-9473
Wyoming	\$100,000 in the present value of annuity benefits including net cash surrender and net cash withdrawal values	(303) 292-5022

Insurance Company Ratings

Fixed annuity premiums are invested by insurance companies in a so-called "General Account." An annuity is, therefore, only as secure as the investments in a company's General Account. An annuity is not insured by the FDIC. It may be covered by a state guaranty fund, but that coverage can fall short if the amount of premium in an annuity is greater than the fund's limits of coverage.

Insurance companies are graded by rating agencies (e.g., Standard & Poors, Moodys). These rating opinions are based on such factors as an insurance company's ability to pay claims, quality of its investments,

ability to withstand economic downturns, and similar financial criteria. Rating agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to certain types of bonds, mortgages or real estate. Ratings are also subject to frequent change without notice. While we publish some ratings here, you are strongly urged to confirm the ratings on your own. We cannot be held responsible for the accuracy of any published ratings.

You are also advised to call your state's insurance department for

information on the solvency of an insurer operating in your state.

The rating agencies assign alphabetical grades to the insurance companies they rate. Comparing these grades can be confusing. For example, a company rated A+ by A.M. Best has received that agency's second highest grade. However, with Standard & Poors, an "A+" grade is its 5th highest rank and denotes a much weaker rating than it does for A.M. Best. We help you to compare the different grades by listing their position in the Distribution of Ratings table below.

Distribution of Insurance Company Ratings (Rating Scales)

A.M. Best		S & P		Moody's	
Category	Description	Category	Description	Category	Description
A++	Superior	AAA	Extremely Strong	Aaa	Exceptional
A+	Superior	AA+	Very Strong	Aa1	Excellent
A	Excellent	AA	Very Strong	Aa2	Excellent
A-	Excellent	AA-	Very Strong	Aa3	Excellent
B++	Very Good	A+	Strong	A1	Good
B+	Very Good	A	Strong	A2	Good
B	Fair	A-	Strong	A3	Good
B-	Fair	BBB+	Good	Baa1	Adequate
C++	Marginal	BBB	Good	Baa2	Adequate
C+	Marginal	BBB-	Good	Baa3	Adequate
C	Weak	BB	Marginal	Ba1	Questionable
C-	Weak	B	Weak	Ba2	Questionable
		CCC	Very Weak		

Insurance Company Ratings

Company	Assets in \$Billions (12-31-07)	A.M. Best Rating	S & P Rating	Moody's Rating
Allianz LIC of N. America	\$ 68.6	A	AA	Aa3
American General LIC	\$ 36.5	A	A+	Aa3
American National LIC	\$ 13.8	A	AA-	-
Aviva	\$ 6.6	A+	-	-
Aviva Life Insurance NY (<u>NYS only</u>)	\$ 1.3	A+	-	-
Equitrust LIC	\$ 6.8	B++	BBB+	-
First MetLife Inv. IC (NYS res. only) (Affiliate Co. of Metropolitan LIC)	\$ 1.5	A+	AA-	-
Genworth Life Insurance Co.	\$ 34.5	A	A	A2
Genworth Life Insurance Co. of NY (<u>NYS only</u>)	\$ 6.4	A	A	A2
Integrity LIC	\$ 4.6	A++	AA+	Aa3
Lincoln Benefit Life	\$ 3.4	A+	AA-	A1
MetLife Investors Ins. Co. (an affiliate of Metropolitan LIC)	\$ 29.6	A+	AA-	Aa2
Metropolitan LIC	\$297.4	A+	AA-	Aa2
Midland National Life	\$ 23.5	A+	A+	-
National Integrity LIC (<u>NYS only</u>)	\$ 3.6	A++	AA+	Aa3
New York Life I&A	\$ 72.6	A++	AAA	Aaa
No.Amer.Co. Life and Health (NACOLAH)	\$ 6.6	A+	A+	-

- (“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 — 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.

Admitted Assets \$ Billions — 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	Assets in \$Billions (12-31-07)	A.M. Best Rating	S & P Rating	Moody's Rating
OM Financial LIC	\$ 18.2	A-	-	Baa3
OM Fin. <u>NYS only</u> (formerly F&G NY) (formerly Thomas Jefferson)	\$ 0.4	A-	-	Baa3
Penn Mutual LIC	\$ 9.9	A+	AA-	Aa3
Presidential LIC	\$ 3.9	B+	BB	Ba2
Protective Life	\$ 25.0	A+	AA-	A2
United of Omaha	\$ 13.2	A+	AA-	Aa3
United States LIC of NY <u>(NYS only)</u>	\$ 5.3	A	A+	Aa3

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Rating Agencies

A.M. Best's Ratings

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

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

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

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

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

Rating Categories

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

Rating Modifiers

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

"Not Assigned" Categories

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

Financial Performance Rating (FPR)

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

Secure Ratings

9.8.....	Strong
7.6.....	Above Average
5.....	Average

Vulnerable Ratings

4.....	Average
3.2.....	Below Average

No Rating Opinion

1.....	Not Assigned
--------	--------------

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), (i.e., 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 Shopper* does not include the 'q' subscript rating.

RATING CATEGORIES

Secure Range:

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

Vulnerable Range:

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

S & P ratings for individual companies are available at no charge. Financial reports are \$25 each. Write to Standard & Poor's Corporation; 55 Water St.; New York, NY 10041. Or call (212) 438-2400.

Moody's Ratings

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

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

Rating Categories

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

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

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