Important Information about Variable Annuities

A variable annuity is a long-term, tax-deferred investment vehicle designed for retirement. A variable annuity provides a guaranteed death benefit and the ability to receive guaranteed lifetime income. Guarantees are backed by the claims-paying ability of the insurance company and do not apply to the principal amount or investment performance of the separate account or its underlying investments. Variable annuities involve investment risks and may lose value. Variable annuities and the subaccounts, including the money market options, and are not FDIC insured.

A 1035 exchange from on insurance product into another insurance product may result in new or increased surrender charges or higher charges, such as annual fees, associated with the new product. Further, the features and benefits of the new product may have higher costs and thus, such an exchange may not be necessary or suitable.

All withdrawals reduce the death benefit and optional benefits. Surrender charges may apply to amounts taken in excess of the guaranteed withdrawal amount. An annuity's earning are taxable as ordinary income when distributed and, if taken before age 59 1/2, may be subject to a 10% federal tax penalty.

When considering an annuity for use in an IRA or other tax-qualified retirement play (i.e., 401(k), 403(b), 457), it is important to note that there is no additional tax-deferral benefit, since these plans are already tax-deferred.

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NOT FDIC INSURED **NO BANK GUARANTEE** **MAY LOSE VALUE**

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GLOSSARY - Benefit Pages

Benefit name	Brand name of benefit
Benefit type	This describes the type of benefit. Generally, the list of living benefits includes the income benefit (GMIB), accumulation benefit (GMAB), and two withdrawal benefits (GMWB _Lifetime GMWB). Generally, the types of death benefits include Return of Principal, Highest Anniversary Value, Percentage Increase, and the Earnings Enhancement Benefit.
Whose life is benefit based on?	Generally, identifies the party or parties to the contract on whom the benefit is based.
Description of benefit	Describes how the benefit works.
Current benefit charge	Shows the current rate charged for the benefit and defines what it is charged against, meaning (generally) the account value or benefit base.
Maximum benefit charge	This is the contractual limit that the benefit charge can increase to. The charge for most death benefits does not increase after the contract is issued. However, many living benefits have the potential to increase the amount charged based upon certain events.
Details of expenses	This section is for defining the particulars of how the benefit charges operate. If a benefit charge can change or increase, this section identifies what would trigger such a change or increase to take place.
Issue ages	Identifies the issue ages for the particular benefit.
When can benefit be added?	Answers when the benefit can be added to the contract. Typically, a benefit must be added at the time of application. Other times a contract allows the election of a benefit under certain conditions.
Step-up provisions	Describes how the benefit base increases. Items in this section include automatic reset, manual reset and bonuses to the benefit base before withdrawals begin.
Impact of withdrawals on benefit	Benefits, whether simple or complex, are typically reduced when a withdrawal takes place. This section identifies how a withdrawal impacts the benefit. Here are some examples: Account value is $80,000. Death benefit is $120,000. What happens to the benefit when a $20,000 withdrawal is made? - Under the dollar-for-dollar method, the benefit would be reduced by $20,000, resulting in a new death benefit value of $100,000. - Under the proportionate method, the benefit would be reduced by the same percentage reduction in the account value. Therefore, $20,000/$80,000 is equal to a 25% reduction of the account value. The death benefit would then be reduced by that same percentage. So, 25% x $120,000 is $30,000, resulting in a new benefit of $90,000.
Impact of RMDs on benefit	Indicates whether there is a special consideration for withdrawals that are Required Minimum Distributions. Some benefits may also impose restrictions that the RMD be taken through systematic withdrawals. RMDs for purposes of this section are RMDs only for the assets in that particular contract.
Issues with older ages	Some benefits terminate or stop increasing at certain ages. This section identifies those ages and describes how the benefit changes.
Investment restrictions	Identifies if there are any restrictions put in place by the insurance company when a particular benefit is elected.
Spousal continuation	This section defines what happens to the benefit if the contract is spousally continued under the Internal Revenue Code rules. Typically, to have true spousal continuation, upon the death of any owner, a spousal recipient may continue the contract tax deferred.
Automatic termination of benefit	Events or situations that cause the benefit to terminate are covered in this section. For example, some benefits terminate if any of the owners is changed, or if an owner attains a certain age. What is not covered here are the basic events that will cause the termination of a benefit, such as taking a full withdrawal of the contract; annuitizing the contract; making a 1035 exchange; or transferring to/from an IRA.
Manual termination of benefit	Some benefits allow the owner to terminate the benefit at certain times. This section is where those conditions are described.
Conflicting benefits & availability	Some benefits cannot be elected in conjunction with other benefits. This section describes any conflicts with the other benefits offered on the contract.
Other information	This is the “catch all” section for information that does not fit into any of the other sections. Often this section includes administrative restrictions, titling peculiarities, information on whether the benefit is available with certain types of contracts, or whether purchase payments after a certain time period are not considered for the benefit.

Lifetime GMWB & GMWB

Benefit Name	**CoreIncome Advantage**
Benefit Type	Lifetime GMWB & GMWB
Whose life is benefit based on?	Older owner (or younger annuitant if non-natural owner)
Description of benefit	Guarantees 4% withdrawals of the benefit base per year for the life of the older owner, provided the first withdrawal or step-up took place at age 65 or older. If the older owner is younger than age 65 upon the first withdrawal or most recent step-up, withdrawals continue on a non-lifetime basis until the benefit base is depleted.
Current benefit charge	0.30% annually, assessed quarterly and calculated against the benefit base
Maximum benefit charge	1.00%
Details of expenses	Fee percentage may increase or decrease upon step-up or reset, which may be refused to keep fee unchanged. For benefits issued prior to 6/1/2010, fee is 0.40% until a step-up or reset occurs.
Issue ages	Through age 85 (all annuitants)
When can benefit be added?	Within 60 days of contract date or within 60 days after any contract anniversary
Step-up provisions	Automatic step-ups occur on each contract anniversary if the current account value is greater than the benefit base. Client has a 60 day "opt-out provision" if they elect not to receive the most recent reset. The automatic step-up feature may be terminated entirely at any time (may be reinstated). Manual resets are also available within 60 days after a contract anniversary, which resets the benefit base to the current account value. Upon an automatic step-up or manual reset, the withdrawal amount is recalculated on the new benefit base.
Impact of withdrawals on benefit	Withdrawals up to 4% have no impact on the guaranteed annual withdrawal amount and reduce the remaining benefit base dollar-for-dollar. Excess withdrawal amounts reduce the guaranteed annual withdrawal amount proportionately and the remaining benefit base by the greater of a dollar-for-dollar or proportionate reduction.
Impact of RMDs on benefit	RMDs are not considered excess withdrawals if conditions are met
Issues with older ages	-
Investment restrictions	Account value must be 100% invested among one of the following; a Portfolio Optimization model (A-D); among the asset allocation strategies, including Pacific Dynamix; within the guidelines of the Custom Model Program; or DCA Plus (if available) with monthly transfers into one of the above.
Spousal continuation	If there is account value and a remaining benefit base, upon the death of the first owner the lifetime component of the benefit cannot be continued as-is. The surviving spouse may continue to receive payments until the remaining benefit base is reduced to zero. However, if a reset occurs (automatic or manual) on a contract anniversary on or after the spouse's 65th birthday, the surviving spouse will receive 4% withdrawals of the new benefit base for life. If the account value or remaining benefit base is zero, upon the death of the first owner this benefit terminates.
Automatic termination of benefit	The benefit terminates if investments restrictions are not adhered to, upon a change of owner to a non-spouse or if the account value is reduced to zero through excess withdrawals. Benefit also terminates upon the death of the first owner is the account value or benefit base is zero. For non-natural owners, benefit terminates upon the death of any annuitant.

Lifetime GMWB & GMWB

Manual termination of benefit	Cannot voluntarily terminate, under certain conditions may exchange for another living benefit
Conflicting benefits & availability	Only one withdrawal benefit may be on a contract at anytime. Not available with Inherited IRAs or Inherited TSAs. As of 1/25/2010, same state availability as contract.
Other information	Subsequent purchase payments after the later of first anniversary or most recent step-up may not exceed $100,000 without prior approval. For non-natural owners, benefit is based on the life of the younger annuitant.