



AMERICAN ACADEMY *of* ACTUARIES

Mr. Jim Mumford
Chairperson,
National Association of Insurance Commissioners
Annuity Disclosure (A) Working Group
701 Hall of the States
444 North Capitol Street, NW
Washington, DC 20001

June 5, 2009

Dear Mr. Mumford:

The NAIC Annuity Disclosure (A) Working Group asked the American Academy of Actuaries' ("Academy") * Life Practice Council to review a draft of annuity illustration guidelines developed by the ACLI. The Academy's Life Products Committee formed the Annuity Illustrations Work Group to review these guidelines from an actuarial perspective.

The Annuity Illustrations Work Group generally agreed with the draft guidelines the ACLI had developed, however, we do recommend a few additions and clarifications, as noted in the attached redlined version of the draft. Highlights of these changes include:

- 1) Expansion of the Purpose statement clarifying the illustration is intended to ensure prospective policyholders understand the product and its guarantees and benefits (e.g., it is not a bank CD product).
- 2) A requirement the company must provide all prospective consumers with illustrations if the company chooses to use an illustration as part of the sales process for any annuity product.
- 3) A requirement that current rates be the maximum value for annuitization rates similar to the restriction on interest rates.
- 4) A requirement that the company must include the amounts and types of income benefits available at a specified annuitization date.
- 5) Clarification of terms and descriptions to ensure that they are understood and implemented the same way by all companies.

* The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

We reviewed these guidelines only from the perspective of fixed-rate annuity products. Indexed type products were not included as there are currently open issues concerning regulation for those products. Extensive additional changes will be needed to address these issues. When the regulatory issues are decided, we will be happy to revisit the illustration guidelines.

We have also attached a clean copy that includes all recommended changes.

Sincerely,

Linda Rodway, FSA, MAAA, Chair
On behalf of the
Annuity Illustrations Work Group

Noel Abkemeier, FSA, MAAA
David Hippen, FSA, MAAA
Barbara Lautzenheiser, FSA, MAAA
Steven Ostlund, FSA, MAAA

Andy Ferris, FSA, MAAA
Martin Kline, FSA, MAAA
Cande Olsen, FSA, MAAA
Gabe Schiminovich, FSA, MAAA

ACLI DISCUSSION DRAFT OF PROPOSED ANNUITY ILLUSTRATION GUIDELINES v. 2
(Fixed-rate annuity products only)

PURPOSE

- To provide guidelines for when companies ~~are who wish to prepare~~ pre-sales illustrations for specific prospective consumers of fixed deferred annuities. Such illustrations should disclose the benefits and risks of the annuity and provide sufficient information (in addition to the Buyers Guide and other required disclosures) for the consumer to make an informed decision about their purchase.

TIMING

- There should be a one year effective date for companies to implement systems changes for compliance.

APPLICABILITY AND SCOPE

- The guidelines should be incorporated into the NAIC Annuity Disclosure Model Regulation by way of an appendix similar to the Buyer's Guide.
- If the company decides to market a product with an illustration, it must be used for all sales of that product. Annuity illustrations should be optional, not mandatory.
- The same exceptions provided under the Disclosure Model would apply to illustrations.
- Illustrations showing only guaranteed values will be exempt.
- Annuities required to be registered as securities under the Securities and Exchanges Act (1933) will be exempt.

GENERAL RULES

- Illustrations shall not conflict with required disclosure. Illustrations must contain a statement to the effect that they are not to be considered guarantees or estimates of amount to be paid and should reference the required disclosure and Buyers Guide (if any). Suggested language: "This illustration should not be considered a guarantee or estimate of amounts to be paid. Actual results may be more or less favorable than what is illustrated. Please refer to the Disclosure Documents and Buyer's Guide provided with your Annuity Contract for more detailed information".
- The nonguaranteed illustrated values must be reflective of current conditions and not include any assumed improvement of any underlying assumptions.
- The ~~maximum crediting interest rate that can be illustrated~~ at any future duration shall not be greater than ~~is~~ the current/~~prevailing offered~~ crediting interest rate.
- The annuitization rate illustrated shall not be greater than the current annuitization rate (unless the contract guarantees are more favorable).
- Illustrations based on nonguaranteed crediting interest rates shall contain equally prominent comparisons to guaranteed crediting interest rates (~~company minimum guaranteed rate~~).
- Illustrations should be concise and the easy to read.
- Specific terms (i.e.g., withdrawal) defined in the annuity contract should be used in the same way in the illustration.
- The illustration should state the legal name of the annuity as well as the marketing name. The legal name must include a generic descriptive name, such as ~~must use the basic types of fixed deferred annuities such as~~ Single Premium Deferred Annuity, Modified Single Premium Deferred Annuity,

Fixed Premium Deferred Annuity or Flexible Premium Deferred Annuity. ~~Indexed annuities must include the term “indexed” in the legal or marketing name.~~

- The name of the annuity shall not refer to the annuity as a CD annuity, CD, savings account, or other term that might imply the product is other than an annuity.
- Market Value Adjustments (MVA) must be called Market Value Adjustments²s.
- MVA's, if included, shall be described on the illustration. Suggested language: “When you make a withdrawal the amount received may be increased or decreased by a MVA. If interest rates went up after you bought your annuity, the MVA likely will decrease the amount you receive. If interest rates went down, the MVA will likely increase the amount you receive”.
- Other benefits or features, such as death benefit guarantees, bail-out provisions, conditional surrender charge waivers, if included, should be described along with their cost.
- Bonus interest or similar features should be described along with any restrictions or limitations.
- The illustration shall show numeric values at the following durations at a minimum:
 - 1) first 10 contract years OR surrender charge period if longer than 10 years.
 - 2) every 10th contract year thereafter OR renewal surrender charge period if less than 10 years, but not beyond the later of 30 years or age 70.
 - 3) required annuitization date.
- Illustrations shall not illustrate ~~deferral benefits beyond the anything past the~~ maximum annuitization age.
- The illustration must display the guaranteed annuity payout benefits at the later of age 70 or 10 years after issue but in no case later than the maximum annuitization date in the contract. The illustration could display the annuity payout benefits based on currently available annuitization rates.
- Annuitization benefits should reflect surrender charges or any other adjustments, if applicable.

ILLUSTRATIONS SHALL CONTAIN THE FOLLOWING INFORMATION

- The issuer of the annuity.
- The legal name of the annuity and the company product name, if different.
- The annuitant and contract owner if different.
- Guaranteed Cash Surrender Values (current and minimum based upon all contract guarantees rate).
- Current Cash Surrender Annuity Contract Values (based upon current crediting interest rates and other nonguaranteed policy provisions and minimum guaranteed rate).
- Death benefit (and impact of MVA and/or surrender charges).
- Premium amount.
- Additional premiums assumed.
- Surrender charges.
- Interest crediting.
- The effect of premium taxes, if applicable.
- The effect of death occurring prior to commencement of annuity payments.
- The impact of partial withdrawals on values (both penalty free and those with penalties).
- The potential effect of MVA's on the cash value. It is suggested the illustrative effect of the MVA be shown under at least on up- and one down-scenario. (May be done on a separate page).
- The cost and benefit of included selected riders. (May be done on a separate page).
- Minimum guarantees and MVA floors, ~~not generic examples which are higher.~~
- The effect of early surrenders and any other conditions on the payment of bonuses.
- The illustration must display at least one of the guaranteed annuity payout benefits available. (May be done on a separate page).
- For annuities sold as a qualified IRA or similar situation, the effect of required minimum distributions on the contract values and tax situation.

- For ~~renewable~~ annuities with repeating surrender charge schedules upon renewal, the perpetual nature of any charges.

SAMPLE ILLUSTRATION

- Attached is a sample of a *simple* flexible premium fixed deferred annuity illustration intended to provide an example of an illustration which meets the requirements of the proposed guidelines. This is not intended to be inclusive of all concepts that might be illustrated, ~~for example, a company may wish to illustrate the effect of annuitization before death.~~

ABC Life Insurance Company
Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)
An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Sex: Male	Initial Premium Payment: \$100,000.00
Age: 54	Planned Annual Premium Payments: None
Annuitant: (if different than owner)	Tax Market: Nonqualified
Maximum Annuitization Age: 98	Withdrawals: Monthly Interest (to age 65)

Guarantee Period Options	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Allocation of Premium Payment:				100%		
Initial Guaranteed Interest Rates						
First Year (reflects a first-year only interest bonus credit of 0.75%):				4.15%		
Remaining guarantee period:				3.40%		
Minimum Guaranteed Rate on Renewal:				3.00%		

Annuity Contract Anniversary /Age	Premium Payment	Illustrated Values			Guaranteed Values		
		Withdrawals	Account Value/Death Benefit	Cash Surrender Value	Withdrawals	Account Value/Death Benefit	Cash Surrender Value
1 / 55	\$100,000.00	\$4,073.00	\$100,000.00	\$ 92,000.00	\$4,073.00	\$100,000.00	\$ 92,000.00
2 / 56	0.00	\$3,348.00	\$100,000.00	\$ 93,000.00	\$3,348.00	\$100,000.00	\$ 93,000.00
3 / 57	0.00	\$3,348.00	\$100,000.00	\$ 94,000.00	\$3,348.00	\$100,000.00	\$ 94,000.00
4 / 58	0.00	\$3,348.00	\$100,000.00	\$ 95,000.00	\$3,348.00	\$100,000.00	\$ 95,000.00
5 / 59	0.00	\$3,348.00	\$100,000.00	\$ 96,000.00	\$3,348.00	\$100,000.00	\$ 96,000.00
6 / 60	0.00	\$3,348.00	\$100,000.00	\$ 97,000.00	\$2,960.00	\$100,000.00	\$ 97,000.00
7 / 61	0.00	\$3,348.00	\$100,000.00	\$ 98,000.00	\$2,960.00	\$100,000.00	\$ 98,000.00
8 / 62	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
9 / 63	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
10 / 64	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
11 / 65	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
16 / 70	0.00	0.00	\$118,196.00	\$118,196.00	0.00	\$115,927.00	\$115,927.00
21 / 75	0.00	0.00	\$139,703.00	\$139,703.00	0.00	\$134,392.00	\$134,392.00

ABC Life Insurance Company
Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)
An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Annuity Contract Anniversary /Age	Premium Payment	Illustrated Values			Guaranteed Values		
		Withdrawals	Account Value/Death Benefit	Cash Surrender Value	Withdrawals	Account Value/Death Benefit	Cash Surrender Value
26 / 80	0.00	0.00	\$165,123.00	\$165,123.00	0.00	\$155,797.00	\$155,797.00
31 / 85	0.00	0.00	\$195,169.00	\$195,169.00	0.00	\$180,611.00	\$180,611.00
36 / 90	0.00	0.00	\$230,682.00	\$230,682.00	0.00	\$209,378.00	\$209,378.00
41 / 95	0.00	0.00	\$272,657.00	\$272,657.00	0.00	\$242,726.00	\$242,726.00
44 / 98	0.00	0.00	\$301,424.00	\$301,424.00	0.00	\$265,234.00	\$265,234.00

This is an illustration not a contract

Ages shown are based on the Annuitant at the time of issue.

The Death Benefit is your Annuity Contract's Guaranteed Account Value.

Current crediting Interest rates are declared by the insurance company. Interest rates are shown with daily compounding. Partial Withdrawals, before the end of the Guarantee Period will lower the actual interest rate credited.

During the Guarantee Period, the Initial Premium Payment is illustrated using Initial Guaranteed Interest Rate(s) shown, with an additional first-year only interest bonus credit of 0.75%. On the Annuity Contract issue date, the interest rates will be guaranteed for the selected Guarantee Period. After the initial Guarantee Period, a new renewal interest rate would be declared for the Guarantee Period illustrated. The company's current declared Initial Guaranteed Interest Rate (without the bonus) is used to calculate the Illustrated Values after renewal and the Minimum Guaranteed Interest Rate is used to calculate the Guaranteed Values. Illustrated Values assume the company's current Guaranteed Interest Rate applicable at renewal. The actual renewal rates will very likely NOT be the same as the illustrated renewal rates.

Cash Surrender Values shown on this illustration assume that the Market Value Adjustment ('MVA') at the time of Withdrawal was zero. At the actual time of Withdrawal the Cash Surrender Value you receive may be increased or decreased by an MVA (if withdrawn before the end of a Guarantee Period). If interest rates went up after you bought your annuity, the MVA will likely decrease the amount you receive. If interest rates went down, the MVA will likely increase the amount you receive. The MVA has no effect on the Death Benefit. See page XX for additional information concerning the MVA.

~~The Guaranteed Cash Surrender Values are based on a full Withdrawal and do not reflect premium tax.~~

ABC Life Insurance Company
Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)
An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Free partial Withdrawals of up to 10% of your Account Value, less partial withdrawals since the last Annuity Contract Anniversary, may be made each year without Surrender Charges. Excess Withdrawals above this 10% level and full Withdrawals will be subject to Surrender Charges and a MVA (if applicable). Surrender Charges are applied on each Premium Payment and continue on this schedule even after the initial Guarantee Period has ended. ~~Surrender Charges reduce from 8% in year one to 0% in year 8:~~

Surrender Charges:	8%	7%	6%	5%	4%	3%	2%	0%
Premium Payment Year:	1	2	3	4	5	6	7	8+

All Withdrawals are processed on a first in first out basis, with the oldest Premium Payment withdrawn first. Withdrawals will also reduce the Death Benefit and Cash Surrender Value. The Cash Surrender Values reflect deduction of Surrender Charges as outlined above.

Annuitization Options and Associated Income Values

At annuitization, the periodic income amount will be determined by applying an income rate to the account value. Annuity options may include the following:

- Periodic payments for a certain number of years
- Periodic payments for annuitant's life
- Periodic payments for annuitant's life with payments guaranteed for a certain number of years
- Periodic payments for annuitant's life with payments continuing for life of survivor annuitant

Illustrated Annuity Option: Life with payments guaranteed for 10-Year Period at age 65

	<u>Account Value Basis</u>	<u>Purchase Rate</u>	<u>Monthly Income</u>
<u>Guaranteed</u>	<u>\$A</u>	<u>B</u>	<u>\$C</u>
<u>Non-Guaranteed</u>	<u>\$X</u>	<u>Y</u>	<u>\$Z</u>

This illustration should not be considered a guarantee or estimate of amounts to be paid. Illustrated Values show the company's current ~~Guaranteed Interest~~ Crediting Rates and current annuitization rates continuing unchanged. This is not likely to occur and actual results may be more or less favorable than those shown. Please refer to the Disclosure Documents and Annuity Buyer's Guide for more detailed information.

ACLI DISCUSSION DRAFT OF PROPOSED ANNUITY ILLUSTRATION GUIDELINES v. 2
(Fixed-rate annuity products only)

PURPOSE

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- The nonguaranteed illustrated values must be reflective of current conditions and not include any assumed improvement of any underlying assumptions.
- The crediting interest rate illustrated at any future duration shall not be greater than the current crediting interest rate.
- The annuitization rate illustrated shall not be greater than the current annuitization rate (unless the contract guarantees are more favorable).
- Illustrations based on nonguaranteed crediting interest rates shall contain equally prominent comparisons to guaranteed crediting interest rates.
- Illustrations should be concise and the easy to read.
- Specific terms (e.g., withdrawal) defined in the annuity contract should be used in the same way in the illustration.
- The illustration should state the legal name of the annuity as well as the marketing name. The legal name must include a generic descriptive name, such as Single Premium Deferred Annuity, Modified Single Premium Deferred Annuity, Fixed Premium Deferred Annuity or Flexible Premium Deferred Annuity.

- The name of the annuity shall not refer to the annuity as a CD annuity, CD, savings account, or other term that might imply the product is other than an annuity.
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- MVA's, if included, shall be described on the illustration. Suggested language: "When you make a withdrawal the amount received may be increased or decreased by a MVA. If interest rates went up after you bought your annuity, the MVA likely will decrease the amount you receive. If interest rates went down, the MVA will likely increase the amount you receive".
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 - 3) required annuitization date.
- Illustrations shall not illustrate deferral benefits beyond the maximum annuitization age.
- The illustration must display the guaranteed annuity payout benefits at the later of age 70 or 10 years after issue but in no case later than the maximum annuitization date in the contract. The illustration could display the annuity payout benefits based on currently available annuitization rates.
- Annuitization benefits should reflect surrender charges or any other adjustments, if applicable.

ILLUSTRATIONS SHALL CONTAIN THE FOLLOWING INFORMATION

- The issuer of the annuity.
- The legal name of the annuity and the company product name, if different.
- The annuitant and contract owner if different.
- Guaranteed Cash Surrender Values (based upon all contract guarantees).
- Current Cash Surrender Values (based upon current crediting interest rates and other nonguaranteed policy provisions).
- Death benefit (and impact of MVA and/or surrender charges).
- Premium amount.
- Additional premiums assumed.
- Surrender charges.
- Interest crediting.
- The effect of premium taxes, if applicable.
- The effect of death occurring prior to commencement of annuity payments.
- The impact of partial withdrawals on values (both penalty free and those with penalties).
- The potential effect of MVA's on the cash value. It is suggested the illustrative effect of the MVA be shown under at least on up- and one down-scenario. (May be done on a separate page).
- The cost and benefit of included riders. (May be done on a separate page).
- Minimum guarantees and MVA floors.
- The effect of early surrenders and any other conditions on the payment of bonuses.
- The illustration must display at least one of the guaranteed annuity payout benefits available. (May be done on a separate page).
- For annuities sold as a qualified IRA or similar situation, the effect of required minimum distributions on the contract values and tax situation.
- For annuities with repeating surrender charge schedules upon renewal, the perpetual nature of any charges.

SAMPLE ILLUSTRATION

- Attached is a sample of a *simple* flexible premium fixed deferred annuity illustration intended to provide an example of an illustration which meets the requirements of the proposed guidelines. This is not intended to be inclusive of all concepts that might be illustrated.

ABC Life Insurance Company
Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)
An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Sex: Male	Initial Premium Payment: \$100,000.00
Age: 54	Planned Annual Premium Payments: None
Annuitant: (if different than owner)	Tax Market: Nonqualified
Maximum Annuitization Age: 98	Withdrawals: Monthly Interest (to age 65)

Guarantee Period Options	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Allocation of Premium Payment:				100%		
Initial Guaranteed Interest Rates						
First Year (reflects a first-year only interest bonus credit of 0.75%):				4.15%		
Remaining guarantee period:				3.40%		
Minimum Guaranteed Rate on Renewal:				3.00%		

Annuity Contract Anniversary /Age	Premium Payment	Illustrated Values			Guaranteed Values		
		Withdrawals	Account Value/Death Benefit	Cash Surrender Value	Withdrawals	Account Value/Death Benefit	Cash Surrender Value
1 / 55	\$100,000.00	\$4,073.00	\$100,000.00	\$ 92,000.00	\$4,073.00	\$100,000.00	\$ 92,000.00
2 / 56	0.00	\$3,348.00	\$100,000.00	\$ 93,000.00	\$3,348.00	\$100,000.00	\$ 93,000.00
3 / 57	0.00	\$3,348.00	\$100,000.00	\$ 94,000.00	\$3,348.00	\$100,000.00	\$ 94,000.00
4 / 58	0.00	\$3,348.00	\$100,000.00	\$ 95,000.00	\$3,348.00	\$100,000.00	\$ 95,000.00
5 / 59	0.00	\$3,348.00	\$100,000.00	\$ 96,000.00	\$3,348.00	\$100,000.00	\$ 96,000.00
6 / 60	0.00	\$3,348.00	\$100,000.00	\$ 97,000.00	\$2,960.00	\$100,000.00	\$ 97,000.00
7 / 61	0.00	\$3,348.00	\$100,000.00	\$ 98,000.00	\$2,960.00	\$100,000.00	\$ 98,000.00
8 / 62	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
9 / 63	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
10 / 64	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
11 / 65	0.00	\$3,348.00	\$100,000.00	\$100,000.00	\$2,960.00	\$100,000.00	\$100,000.00
16 / 70	0.00	0.00	\$118,196.00	\$118,196.00	0.00	\$115,927.00	\$115,927.00
21 / 75	0.00	0.00	\$139,703.00	\$139,703.00	0.00	\$134,392.00	\$134,392.00

ABC Life Insurance Company
Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)
An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Annuity Contract Anniversary /Age	Premium Payment	Illustrated Values			Guaranteed Values		
		Withdrawals	Account Value/Death Benefit	Cash Surrender Value	Withdrawals	Account Value/Death Benefit	Cash Surrender Value
26 / 80	0.00	0.00	\$165,123.00	\$165,123.00	0.00	\$155,797.00	\$155,797.00
31 / 85	0.00	0.00	\$195,169.00	\$195,169.00	0.00	\$180,611.00	\$180,611.00
36 / 90	0.00	0.00	\$230,682.00	\$230,682.00	0.00	\$209,378.00	\$209,378.00
41 / 95	0.00	0.00	\$272,657.00	\$272,657.00	0.00	\$242,726.00	\$242,726.00
44 / 98	0.00	0.00	\$301,424.00	\$301,424.00	0.00	\$265,234.00	\$265,234.00

This is an illustration not a contract

Ages shown are based on the Annuitant at the time of issue.

The Death Benefit is your Annuity Contract's Guaranteed Account Value.

Current crediting interest rates are declared by the insurance company. Interest rates are shown with daily compounding. Partial withdrawals, before the end of the Guarantee Period will lower the actual interest rate credited.

During the Guarantee Period, the Initial Premium Payment is illustrated using Initial Guaranteed Interest Rate(s) shown, with an additional first-year only interest bonus credit of 0.75%. On the Annuity Contract issue date, the interest rates will be guaranteed for the selected Guarantee Period. After the initial Guarantee Period, a new renewal interest rate would be declared for the Guarantee Period illustrated. The company's current declared Initial Guaranteed Interest Rate (without the bonus) is used to calculate the Illustrated Values after renewal and the Minimum Guaranteed Interest Rate is used to calculate the Guaranteed Values. Illustrated Values assume the company's current Guaranteed Interest Rate applicable at renewal. The actual renewal rates will very likely NOT be the same as the illustrated renewal rates.

Cash Surrender Values shown on this illustration assume that the Market Value Adjustment ('MVA') at the time of Withdrawal was zero. At the actual time of Withdrawal the Cash Surrender Value you receive may be increased or decreased by an MVA (if withdrawn before the end of a Guarantee Period). If interest rates went up after you bought your annuity, the MVA will likely decrease the amount you receive. If interest rates went down, the MVA will likely increase the amount you receive. The MVA has no effect on the Death Benefit. See page XX for additional information concerning the MVA.

ABC Life Insurance Company

Marketing Name

Flexible Premium Fixed Deferred Annuity with a Market Value Adjustment (MVA)

An Illustration Prepared for John Doe by John Agent on mm/dd/yyyy

Free partial Withdrawals of up to 10% of your Account Value, less partial withdrawals since the last Annuity Contract Anniversary, may be made each year without Surrender Charges. Excess Withdrawals above this 10% level and full Withdrawals will be subject to Surrender Charges and a MVA (if applicable). Surrender Charges are applied on each Premium Payment and continue on this schedule even after the initial Guarantee Period has ended.

Surrender Charges:	8%	7%	6%	5%	4%	3%	2%	0%
Premium Payment Year:	1	2	3	4	5	6	7	8+

All Withdrawals are processed on a first in first out basis, with the oldest Premium Payment withdrawn first. Withdrawals will also reduce the Death Benefit and Cash Surrender Value. The Cash Surrender Values reflect deduction of Surrender Charges as outlined above.

Annuitization Options and Associated Income Values

At annuitization, the periodic income amount will be determined by applying an income rate to the account value.

Annuity options may include the following:

- Periodic payments for a certain number of years
- Periodic payments for annuitant's life
- Periodic payments for annuitant's life with payments guaranteed for a certain number of years
- Periodic payments for annuitant's life with payments continuing for life of survivor annuitant

Illustrated Annuity Option: Life with payments guaranteed for 10-Year Period at age 65

	Account Value Basis	Purchase Rate	Monthly Income
Guaranteed	\$A	B	\$C
Non-Guaranteed	\$X	Y	\$Z

This illustration should not be considered a guarantee or estimate of amounts to be paid. Illustrated Values show the company's current Interest Crediting Rates and current annuitization rates continuing unchanged. This is not likely to occur and actual results may be more or less favorable than those shown. Please refer to the Disclosure Documents and Annuity Buyer's Guide for more detailed information.