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August 30, 2011

VIA E-MAIL AND EDGAR CORRESPONDENCE SUBMISSION

Minh Oh, Esq.  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: MetLife Investors USA Insurance Company  
MetLife Investors USA Separate Account A  
Initial Registration Statement filed on Form N-4 (File Nos.  
333-176374, 811-03365) (Series VA)

Dear Mr. Oh:

On behalf of MetLife Investors USA Insurance Company ("MLI USA") and its separate account, MetLife Investors USA Separate Account A ("Registrant"), we are providing the responses of MLI USA to the comments of the staff of the U.S. Securities and Exchange Commission ("SEC" or the "Commission") provided by letter dated August 26, 2011, in connection with the above-referenced initial registration statement filed on August 17, 2011. For your convenience each of those comments is set forth in full below, followed by the response to the comment. In addition, we have attached a revised prospectus, marked to show changes made to an updated version of the prospectus in the initial registration statement that was submitted via EDGAR Correspondence on August 22, 2011.

**GENERAL**

**1.** Please disclose to the staff whether there are any types of guarantees (*e.g.*, as to any of the company's guarantees under the contract or will the company will be primarily responsible for paying out on any guarantees associated with the contract) or support agreements (*e.g.*, pertaining to capitalization of the company) with third parties.

*Response:* MLI USA does not have any type of guarantee or support agreement with a third party to support any of the guarantees under the contract or any of its related riders. MLI USA will be responsible for paying out guarantees associated with the contract.

## **PROSPECTUS**

**2.** Please revise the name of the contract to match that provided as the Class identifier, *i.e.*, current contract identified in prospectus “Series VA” but should be identified as “Series VA 2.”

*Response:* For the reasons discussed below, we respectfully decline to change the name of the contract described in the above-referenced filing.

As you are aware, the above-referenced initial registration statement is being filed in connection with the launch of new versions of rider offerings under certain variable annuity contracts issued by MLI USA and its affiliates. Although MLI USA initially planned to introduce those new versions of the rider offerings in post-effective amendment filings, after discussions with the SEC staff, MLI USA determined to introduce those new versions of the rider offerings in new registration statements (such as the above-referenced initial registration statement) instead. Notwithstanding this determination to file new registration statements, for purposes of state insurance law and for purposes of marketing procedures among MLI USA's multiple broker-dealer, selling firm partners, the variable annuity contract with the new versions of rider offerings is the same contract. Therefore, the name of the contract described in the above-referenced filing should appropriately remain "Series VA."

**3. Index of Special Terms (page 5)**

**a.** In the “Index of Special Terms” on page 5, a number of terms associated with the GMWB riders were appropriately deleted as this contract offers no such riders. However, please confirm the deletion of the term “contract year” as it still appears to be a term used in connection with this contract, *see, e.g.*, the first sentence under “Annual Withdrawal Amount” on page 43.

*Response:* The term "contract year" was inadvertently omitted from the prospectus and has been added to the "Index of Special Terms." (See attachment.)

**b.** Special terms should be defined in the text the first time they are used and also defined in the index. Once defined in the text and index, special terms should thereafter be upper cased/italicized whenever they appear in the prospectus.

*Response:* Item 2 of Form N-4 permits the use of an index of special terms in lieu of a glossary. Unlike a glossary, an index does not include definitions of special terms, but rather

lists the page on which the special term is defined. Registrant has generally followed the convention of defining a special term in the place in the prospectus where it believes the best explanation for the word or term appears, and italicizing the term where that definition is provided.

**4. Fee Tables and Examples (page 9)**

**a.** Please revise the fee tables in order to minimize or eliminate the amount of text appearing in the right hand column of the tables where only the value of each applicable charge should be listed.

*Response:* The presentation of "Additional Optional Rider Charges" and "Enhanced Death Benefit (EDB) Rider Charges" in the fee tables has been revised to minimize or eliminate the text appearing in the right column. (See attachment.)

**b.** As you have done on pages 10 and 11, please place all footnotes at the bottom of page 9 and use a smaller font for footnote text to better delineate between the tables and footnotes.

*Response:* In response to this comment, Registrant has made formatting changes to better delineate between the tables and the footnote. (See attachment.)

**c.** Please delete the "\$0 (First 12 per year)" from the "Transfer Fee" line item as Note 2 properly reflects when a lesser/no charge is applicable.

*Response:* Registrant believes that the presentation of the "Transfer Fee" complies with the requirements of Form N-4. More specifically, the current format is permitted by Instruction 11 of Item 3 of Form N-4, which provides that a registrant may include a tabular presentation of the range of exchange fees unless such a presentation would be so lengthy as to encumber the larger table. In addition, Registrant believes that the current format of the Transfer Fee in the Fee Table (which is the format of the Transfer Fee in all of the Company's registration statements) is effective because the Fee Table provides a succinct range of the Transfer Fee, with additional information in a related footnote. Registrant notes that when it received this comment from the SEC staff in connection with previous filings, it provided the same rationale for the format to the SEC staff, and the SEC staff has accepted that explanation.

Registrant also notes that MLI USA's contractual right to assess a charge for transfers applies only to transfers in excess of 12 in a single contract year; no such reservation of right to assess a charge applies to the first 12 transfers in a single contract year.

- d.** Please revise the “Additional Optional Rider Charges” table on page 11 to make it easier to follow. Such revisions should include the following.
- i. Despite the duplicity of the fees, please break out each individual GMIB and EDB rider charge.
  - ii. Please include everything after the first sentence in Note 1 in a separate footnote.
  - iii. Given that not all riders are available in all jurisdictions in which the contract is sold, please add additional Notes and/or add parentheses to identify any applicable restrictions on the availability of each rider.

*Response:* In response to this comment, Registrant has reformatted the list of "Additional Optional Rider Charges" and revised the associated footnotes as follows. The presentation of "Additional Optional Rider Charges" has been revised to list the charge for each GMIB rider and each EDB rider as a separate line item. This section of the fee tables has been revised to describe the available GMIB riders and the available EDB riders in separate footnotes. (See attachment.)

- e.** In the “Investment Portfolio Expenses” table beginning on page 13, it is not clear what the “0.00%” value under the “Contractual Expense Subsidy or Deferral” column is suppose to reflect, *i.e.*, it could mean there is no applicable contractual waiver or that even if there is a contractual waiver in place, it has not been triggered because the total annual portfolio expenses are not high enough. Please clarify.

*Response:* To clarify the disclosure, Registrant has placed "dashes" in the "Contractual Expense Subsidy or Deferral" column where there is no contractual fee waiver or expense reimbursement arrangement, and placed "0.00%" in that column where there is a contractual arrangement in effect for the investment portfolio, but the expenses of the investment portfolio are below the level that would trigger the subsidy or deferral. This information is also provided in disclosure accompanying the "Investment Portfolio Expenses" table. (See attachment.)

- 5.** Under “Termination for Low Account Value” on page 18, please disclose whether the election of any riders would negate or otherwise impact the company’s termination right.

*Response:* To date, MLI USA has not terminated a contract for low account value, has not seriously pursued such action, and has no present intention to do so.

**6. Allocation of Purchase Payments (page 18)**

- a.** Given that this is an initial registration statement, please delete the last sentence (including the reference to Appendix A) of the first paragraph on page 19.

*Response:* The disclosure has been revised as requested. (See attachment.)

- b.** For clarity, in lieu of repeating rider names, please revise the third and fourth paragraphs on page 19 to simply identify what riders are subject to the allocation restrictions described in, respectively, “Investment Allocation Restrictions for the GMIB Max and EDB Max Riders” and “Investment Allocation Restrictions for GMIB Plus IV, EDB III, GMIB Plus III, and EDB II.”

Alternatively, although the purpose of the current disclosure appears to reflect the mandatory bundling of certain death benefit riders with the applicable GMIB rider, the only mention of this requirement prior to this section is in Note 1 to the fee table on page 11. Therefore, please disclose the bundling requirement more clearly here instead of just repeating the name of a rider in tandem with another.

The same comment applies to the first paragraph under “Investment Allocation Restrictions for the GMIB Max and EDB Max Riders” on page 19 and “Investment Allocation Restrictions for GMIB Plus IV, EDB III, GMIB Plus III, and EDB II” on page 20.

*Response:* The disclosure has been revised to clarify the investment allocation restrictions that apply if a contract owner elects the GMIB Max II rider or the EDB Max II rider. The disclosure has also been revised to clarify the investment allocation restrictions that apply if a contract owner elects (i) the GMIB Plus IV rider or the EDB III rider, or (ii) the GMIB Plus III or the EDB II rider. (See attachment.)

**7. Investment Allocation Restrictions for GMIB Plus IV, EDB III, GMIB Plus III, and EDB II (page 20)**

- a.** As was provided in the last paragraph under “Investment Allocation Restrictions for the GMIB Max and EDB Max Riders” (see first paragraph on page 20), please briefly disclose whether the DCA is available with the election of the GMIB Plus and EDB riders.

*Response:* The disclosure has been revised to clarify that a contract owner who elects GMIB Plus III, GMIB Plus IV, EDB II or EDB III may not allocate purchase payments to the dollar cost averaging program. (See attachment.)

**b.** In the last paragraph preceding “Rebalancing” on page 21, please make it clear that upon a change of classification, any value an owner has in an investment option before the change will remain and count towards the classification under which the purchase payment was originally made.

*Response:* The disclosure has been revised to describe the circumstances under which the contract owner will be required to take the new classification into account in the allocation of the entire account value. (See attachment.)

## **8. Accumulation Units (page 22)**

In the last paragraph preceding the Example of this subsection, please clarify that accumulation unit value is determined using prices as of the close of the New York Stock Exchange (“NYSE”), generally 4:00 p.m. Eastern Time. Then explain that purchase payments or transfers into an investment option are credited on the basis of the accumulation unit value next determined after receipt of the purchase payment or transfer request, *i.e.*, make clear that if a purchase payment or transfer request is received after the close of the NYSE that the accumulation unit value will be based on its value at the close of the next business day. *See* Item 10(c).

Similarly, please revise the second to last sentence of the first full paragraph on page 27 (regarding when transfers take effect).

*Response:* As the SEC staff notes, this particular pricing disclosure may relate to multiple transaction scenarios. For this reason, the Registrant employs the disclosure convention of providing the disclosure in a single place, under the heading "Requests and Elections." Registrant believes that the presentation of the disclosure complies with the requirements of Form N-4, and that to incorporate the pricing disclosure in the sections of the prospectus that describe each contract transaction request (as well as related concepts such as "accumulation unit value") to which they apply would be repetitive, and would lengthen the prospectus without improving the clarity of the disclosure for investors.

## **9. Investment Options (page 24)**

Given that this is an initial registration statement, please confirm the accuracy of the second to last sentence of the second paragraph (in bold), which states that some investment portfolios described in the prospectuses may not be available with your contract or indicating they would not be available (*e.g.*, they are only available if certain riders are elected).

*Response:* The sentence in question was inadvertently included in the second paragraph. Registrant has deleted the sentence. (See attachment.)

**10. Expenses (page 33)**

**a.** The last paragraph under “Death Benefit Riders Charges” appearing on page 34 and under “Guaranteed Minimum Income Benefit – Rider Charge” appearing on page 35, both address assessing “a pro rata portion of the rider charge” in the event of a full withdrawal or upon the beginning of receiving annuity payments.

Please expand the paragraph to also include how the charge is applied upon termination of these types of riders as described, for example, on pages 48, 53, and 61.

*Response:* The disclosure has been revised in response to this comment. (See attachment.)

**b.** In the paragraph following the chart of withdrawal charges on page 35, please disclose if applicable whether an additional withdrawal charge is imposed on the amount of the withdrawal charge if it is deducted from the remaining account value.

*Response:* Such disclosure is not applicable.

**c.** The second to last sentence under “State Variations” on page 7 states that the “prospectus describes all the material features of the contract.”

Therefore, in lieu of stating, “This rider may not be available in your state” in the second to last sentence under “Nursing Home or Hospital Confinement Rider” and in the second to last sentence in the first paragraph under “Terminal Illness Rider” on page 36, please clearly identify the states where each respective rider is not available.

*Response:* The disclosure has been revised as suggested in this comment. (See attachment.)

**11. Annuity Payments (page 37)**

**a.** Under Option 2 and 4 on page 38, please disclose to whom payments will continue to be paid upon the death of, respectively, the annuitant or joint annuitant when annuity payments have been made for less than ten years.

*Response:* Registrant has revised the disclosure to clarify that MLI USA will continue to make annuity payments to the beneficiary if the annuitant (Option 2) or the

annuitant and the joint annuitant (Option 4) die before annuity payments have been made for the specified period (10 years). (See attachment.)

**b.** Please disclose the effect that frequency and duration have on the level of annuity payments per Item 8(c).

*Response:* Registrant has revised the disclosure to indicate the effect that frequency and duration have on the level of annuity payments. (See attachment.)

**12. Living Benefits – Guaranteed Income Benefits (page 41)**

**a.** The second to last paragraph preceding “Facts About Guaranteed Income Benefit Riders” on page 42 is very confusing as to where each rider is and is not offered.

Please simplify the disclosure by identifying each rider individually and where it is not offered, *e.g.*, end of last paragraph preceding “Electing GMIB Max II or GMIB Plus IV” on page 43.

*Response:* As requested, the disclosure has been revised to clarify that:

- GMIB Max II is available in all states except Nevada;
- GMIB Plus IV is available in all states except Nevada and Oregon;
- GMIB Plus III is available only in Nevada and Oregon.

(See attachment.)

**b.** Please reconcile the availability of the GMIB riders described in the two paragraphs cited in comment 12.a.

Please also reconcile the availability of GMIB III cited in the second and third sentences under “The GMIB Annuity Table” on page 42 and the first sentence under “Description of the GMIB III” on page 49.

Please confirm that all other sections of the prospectus addressing the availability of the GMIB riders are consistent.

*Response:* See response to Comment #12a. In addition, the disclosure has been revised to clarify that the same Annuity 2000 Mortality Table applies to the GMIB Max II rider, the GMIB Plus IV rider, and the GMIB Plus III rider in effect in Oregon. (See attachment.)



c. On page 42, there is a subsection “GMIB and Decedent Contracts” followed by a parenthetical containing a cross-reference to an appendix for GMIB examples. On page 47 of the May 2011 Prospectus, there is a corresponding subsection “GMIB and Decedent Contracts” and a corresponding parenthetical containing a cross-reference to an appendix for GMIB examples.

However, in the May 2011 Prospectus, there is also a subsection called “[GMIB Riders] and Qualified Contracts” that appears between the subsection and parenthetical cited above.

Therefore, please explain to the staff why the disclosure was not also provided here or insert the missing disclosure accordingly.

In addition revise the parenthetical to specifically identify Appendix C for GMIB Max II and GMIB IV examples, *e.g.*, parenthetical preceding “Description of GMIB Plus III” on page 49.

*Response:* The deleted disclosure was cautionary disclosure that was necessary because the earlier versions of the GMIB riders did not make accommodation for required minimum distributions from Qualified Contracts. GMIB Plus III, GMIB Max II and GMIB Plus IV reflect rider design modifications that make such accommodations and, therefore, the disclosure is no longer required.

d. It’s difficult to distinguish the benefit offered by the Optional Step-Up described at bottom of page 44 and the Calculation of the Income Base described on page 43. Specifically, page 43 and 44 describe the Income Base as the greater of (a) Highest Anniversary Value or (b) the Annual Increase Amount.

Then according to item (1) on page 45, the Optional Step-Up “resets the Annual Increase Amount to the account value on the contract anniversary following receipt of an Optional Step-Up election.” However, the last sentence of item (a) under “Income Base” on page 43 describes the Highest Anniversary Value as follows:

*On each contract anniversary prior to the owner’s 81st birthday, the **Highest Anniversary Value** will be recalculated and set equal to the greater of the **Highest Anniversary Value** before the recalculation or the account value on the date of the recalculation.*

Thus, it would seem that if the Optional Step-Up was applicable, then by definition the account value that would apply under the Optional Step-Up would have already been taken into account in calculating the Highest Anniversary Value. Please revise or advise.

Please similarly revise or advise with respect to the Optional Step-Up feature of the GMIB Plus III on pages 49 and 50; the EDB Max II and EDB III on pages 57-58, and 60; and the EDB II on pages 62-63, and 64.

*Response:* The disclosure has been revised in response to this comment. (See attachment.)

**e.** Under “Annual Increase Rate” on page 44, the prospectus states it is the greatest of (a), (b), or (c). It appears that (a) and (b) could be the same percentage because (b) states it’s the amount withdrawn “(up to a maximum of 5.5% [or 4.5% as applicable] of the Annual Increase Amount.”

In contrast, (c) appears to allow for a value that could actually exceed (a) until you read the third paragraph following (c), which appears to say if the rates calculated in (b) and (c) exceed those in (a), then you apply the (a) rates. Please clarify.

Please similarly clarify with respect to the Annual Increase Amount feature of the GMIB Plus III on page 50; the EDB Max II and EDB III on page 59; and the EDB II on page 63.

*Response:* The disclosure has been revised in response to this comment. (See attachment.)

**f.** Under “Withdrawal Adjustments” on page 44, the formula to adjust withdrawals is broken up into items (a) and (b) where (b) clearly goes to withdrawals not exceeding the Annual Increase Rate x Annual Increase Amount to get the benefit of a dollar-for-dollar adjustment.

Therefore, it appears that (a) must apply to withdrawals that exceed the Annual Increase Rate x Annual Increase Amount where you get a proportional adjustment. If correct, please clarify the existing disclosure, including whether a proportional adjustment would apply to the entire withdrawal at issue or just that portion of the withdrawal that exceeds the Annual Increase Rate x Annual Increase Amount. Also, add risk disclosure indicating the more harmful impact a proportional adjustment would have especially when the account value is less than the Annual Increase Amount.

Please similarly clarify with respect to the Withdrawal Adjustment feature of the GMIB Plus III on page 50.

Please similarly clarify with respect to the Withdrawal Adjustment feature of the EDB Max II and EDB III on page 59, and the EDB II on pages 63. However, for the EDB

riders, note that the applicable disclosure appears to lack any disclosure that addresses what happens if conditions (1) thru (3) are not met (*i.e.*, if total partial withdrawals do exceed the Annual Increase Rate x Annual Increase Amount) and presumably face an adjustment other than on dollar-for-dollar basis

Response: The disclosure has been revised in response to this comment. (See attachment.)

**g.** At the end of “Restrictions on Investment Allocations If the GMIB Max II Rider terminates” on page 46, please clarify whether the “restrictions described above” refer to those applicable when the GMIB Max II is elected or after it has terminated.

The same applies to the last sentence under “Guaranteed Principal Option” appearing on page 47 (GMIB Plus IV) and page 52 (GMIB Plus III).

Response: The disclosure has been revised to make the requested clarifications. (See attachment.)

**h.** Please highlight the last paragraph on page 47 and the paragraph following the first set of bullet points on page 53.

Response: The disclosure has been highlighted. (See attachment.)

**i.** The staff suggests that as to the “Description of GMIB Plus III” beginning on page 49, it would be easier for someone in OR to follow the description of the available GMIB Max II and GMIB Plus III if the disclosure followed the pattern set up under “Description of GMIB Max II and GMIB Plus IV” beginning on page 42. In that disclosure the differences between the two types of GMIB riders are set forth in the beginning and subsequent disclosure applies equally to both types of GMIB riders but includes the differences.

More specifically, it would be clearer if the caption “Description of GMIB Plus III” beginning on page 49 was revised to read “Description of GMIB Max II and GMIB Plus III.” The section “Electing GMIB Max II or GMIB Plus III – Oregon” beginning on page 54 could then be inserted in between the first paragraph under the current caption “Description of GMIB Plus III” beginning on page 49 and “Income Base.”

It is also suggested that the registrant revise the caption “Electing GMIB Max II or GMIB Plus III – Oregon” and the first sentence of that section to state that the GMIB Plus III is also the only GMIB available in NV.

Finally, the disclosure in the rest of the description of the GMIB Plus III could be revised to reflect the GMIB Max II differences as was done in the “Description of GMIB Max II and GMIB Plus IV” section beginning on page 42.

Without these changes, investors must continuously go back and plug the differences into what he has previously read.

*Response:* It is important to strike a balance in crafting state-specific disclosure. Registrant believes that its current approach reaches the proper balance in highlighting state-specific disclosure, and that reorganizing and revising the disclosure as suggested by the SEC staff would incorporate a level of detail about information applicable to one or two states that would detract from the presentation of disclosure that applies more generally and would be confusing to investors. In particular, Registrant believes that the changes to the prospectus proposed in this comment would be confusing to customers in Nevada, where GMIB Max II is not available.

### **13. Death Benefit (page 56)**

**a.** Please clarify the last bullet point under “Optional Death Benefit – Annual Step-Up” on page 57 to better explain how the account value as of the effective date of the change of owner is applied to subsequently calculate the highest anniversary value.

*Response:* The disclosure has been revised to make the requested clarification. (See attachment.)

**b.** Please confirm whether there should be disclosure added to “Restrictions on Investment Allocations if the EDB Max II Rider Terminates” on page 61 that corresponds to the disclosure added to the end of “Restrictions on Investment Allocations if the GMIB Max II Rider Terminates” on page 46.

*Response:* Registrant believes that no additional disclosure is necessary because if both GMIB Max II and EDB Max II are elected, it is not possible for the EDB rider to terminate without the GMIB rider also terminating.

**c.** The staff suggests that with respect to “Optional Death Benefit – Enhanced Death Benefit II” beginning on page 62, the disclosure should track the format of “Optional Death Benefit – EDB Max II and Enhanced Death Benefit III” beginning on page 57 but only with respect to the type of information and the order it is presented.

If this section is geared only to purchasers in NV, then despite the duplicity, such prospective purchasers should get the benefit of a complete description as did prospective purchasers of the EDB Max II and EDB III.

Consequently, a section corresponding to the "Electing EDB Max II or EDB III" on page 58 should also be inserted in between the "EDB II Rider Must Be Elected with GMIB Plus III Rider" and "Description of EDB II" on page 62 but only with respect to the EDB III.

*Response:* The disclosure has been revised to make the requested changes. (See attachment.)

### **PART C**

**14.** Please provide any relevant powers of attorney as an exhibit to this filing and note that they should "relate to a specific filing" as required by Rule 483(b) under the Securities Act of 1933.

Please also revise Item 24.b.13. to reflect that the relevant powers of attorney have been "filed herewith" without incorporating by ref to any prior powers of attorney that do not apply to this filing.

*Response:* Registrant will provide powers of attorney as directed in this comment.

### **15. Financial Statements, Exhibits, and Certain Other Information**

Any financial statements, exhibits, and any other required disclosure not included in this registration statement must be filed by pre-effective amendment to the registration statement.

*Response:* Registrant will include any financial statements, exhibits, and any other required disclosure not included in the initial registration statement in a pre-effective amendment to the above-captioned initial registration statement.

### **16. Representations**

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filings reviewed by the staff to be certain that they have provided all information investors require for an informed decision. Since the registrant is in possession of all facts relating to the registrant's disclosure, it is responsible for the accuracy and adequacy of the disclosures it has made.

Notwithstanding our comments, in the event the registrant requests acceleration of the effective date of the pending registration statement, it should furnish a letter, at the time of such request, acknowledging that

- should the Commission or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;
- the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the registrant from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and
- the registrant may not assert this action as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

*Response:* Registrant will acknowledge the representations listed above in a letter submitted under separate cover.

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We hope that you will find these responses satisfactory. If you have questions or comments about this matter, please contact the undersigned at 202.383.0590 or Patrice Pitts at 202.383.0548.

Sincerely,

/s/ W. Thomas Conner

W. Thomas Conner

Attachment

cc: Paul Cellupica, Esq.  
Marie Swift, Esq.  
Michele Abate, Esq.  
Patrice Pitts, Esq.

# The Variable Annuity Contract

issued by

**METLIFE INVESTORS USA INSURANCE COMPANY**

and

**METLIFE INVESTORS USA SEPARATE ACCOUNT A**

**Series VA**

\_\_\_\_\_, 2011

This prospectus describes the flexible premium deferred variable annuity contract offered by MetLife Investors USA Insurance Company (MetLife Investors USA or we or us). The contract is offered for individuals and some tax qualified and non-tax qualified retirement plans.

The annuity contract has 60 investment choices — a fixed account that offers an interest rate guaranteed by us, and 59 investment portfolios listed below.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAW OF ANY SUCH STATE.

## **Met Investors Series Trust (Class B or, as noted, Class C or Class E):**

American Funds<sup>®</sup> Bond Portfolio (Class C)  
American Funds<sup>®</sup> Growth Portfolio (Class C)  
American Funds<sup>®</sup> International Portfolio (Class C)  
BlackRock High Yield Portfolio  
Clarion Global Real Estate Portfolio  
Goldman Sachs Mid Cap Value Portfolio  
Harris Oakmark International Portfolio  
Invesco Small Cap Growth Portfolio  
Janus Forty Portfolio  
Lazard Mid Cap Portfolio  
Legg Mason ClearBridge Aggressive Growth Portfolio  
Loomis Sayles Global Markets Portfolio  
Lord Abbett Bond Debenture Portfolio  
Lord Abbett Mid Cap Value Portfolio  
Met/Eaton Vance Floating Rate Portfolio  
Met/Franklin Low Duration Total Return Portfolio  
Met/Franklin Mutual Shares Portfolio  
Met/Templeton International Bond Portfolio\*  
MFS<sup>®</sup> Emerging Markets Equity Portfolio  
MFS<sup>®</sup> Research International Portfolio  
PIMCO Inflation Protected Bond Portfolio  
PIMCO Total Return Portfolio  
Pioneer Fund Portfolio  
Pioneer Strategic Income Portfolio (Class E)  
Rainier Large Cap Equity Portfolio  
RCM Technology Portfolio  
T. Rowe Price Large Cap Value Portfolio  
T. Rowe Price Mid Cap Growth Portfolio  
Third Avenue Small Cap Value Portfolio  
Turner Mid Cap Growth Portfolio  
Van Kampen Comstock Portfolio

\* This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

## **Metropolitan Series Fund, Inc.:**

Barclays Capital Aggregate Bond Index Portfolio (Class G)  
BlackRock Money Market Portfolio (Class B)  
Davis Venture Value Portfolio (Class E)  
Jennison Growth Portfolio (Class B)  
Met/Artisan Mid Cap Value Portfolio (Class B)  
Met/Dimensional International Small Company Portfolio (Class B)  
MetLife Mid Cap Stock Index Portfolio (Class G)  
MetLife Stock Index Portfolio (Class B)  
Morgan Stanley EAFE<sup>®</sup> Index Portfolio (Class G)  
Russell 2000<sup>®</sup> Index Portfolio (Class G)  
Van Eck Global Natural Resources Portfolio (Class B)\*  
Western Asset Management U.S. Government Portfolio (Class B)

## **Met Investors Series Trust – MetLife Asset Allocation Program (Class B):**

MetLife Defensive Strategy Portfolio  
MetLife Moderate Strategy Portfolio  
MetLife Balanced Strategy Portfolio  
MetLife Growth Strategy Portfolio  
MetLife Aggressive Strategy Portfolio

## **Met Investors Series Trust – American Funds<sup>®</sup> Asset Allocation Portfolios (Class C):**

American Funds<sup>®</sup> Moderate Allocation Portfolio  
American Funds<sup>®</sup> Balanced Allocation Portfolio  
American Funds<sup>®</sup> Growth Allocation Portfolio

## **Met Investors Series Trust – Franklin Templeton Asset Allocation Portfolio (Class B):**

Met/Franklin Templeton Founding Strategy Portfolio

## **Met Investors Series Trust – SSgA ETF Portfolios (Class B):**

SSgA Growth and Income ETF Portfolio  
SSgA Growth ETF Portfolio

## **Met Investors Series Trust – GMIB Max and EDB Max Portfolios (Class B):**

AllianceBernstein Global Dynamic Allocation Portfolio\*  
AQR Global Risk Balanced Portfolio\*  
BlackRock Global Tactical Strategies Portfolio\*  
MetLife Balanced Plus Portfolio\*  
Pyramis<sup>®</sup> Government Income Portfolio\*

\* This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

Please read this prospectus before investing and keep it on file for future reference. It contains important information about the MetLife Investors USA Variable Annuity Contract.

To learn more about the MetLife Investors USA Variable Annuity Contract, you can obtain a copy of the Statement of Additional Information (SAI) dated \_\_\_\_\_, 2011. The SAI has been filed with the Securities and Exchange Commission (SEC) and is legally a part of the prospectus. The SEC maintains a Web site (<http://www.sec.gov>) that contains the SAI, material incorporated by reference, and other information regarding companies that file electronically with the SEC. The Table of Contents of the SAI is on Page 82 of this prospectus. For a free copy of the SAI, call us at (800) 343-8496, visit our website at **[www.metlifeinvestors.com](http://www.metlifeinvestors.com)**, or write to us at: 5 Park Plaza, Suite 1900, Irvine, CA 92614.

The contracts:

- are not bank deposits
- are not FDIC insured
- are not insured by any federal government agency
- are not guaranteed by any bank or credit union
- may be subject to loss of principal

**The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

\_\_\_\_\_, 2011



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## INDEX OF SPECIAL TERMS

Because of the complex nature of the contract, we have used certain words or terms in this prospectus which may need an explanation. We have identified the following as some of these words or terms. The page that is indicated here is where we believe you will find the best explanation for the word or term. These words and terms are in italics on the indicated page.

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## HIGHLIGHTS

The variable annuity contract that we are offering is a contract between you, the owner, and us, the insurance company, where you agree to make at least one purchase payment to us and we agree to make a series of annuity payments at a later date. The contract has a maximum issue age and you should consult with your registered representative. The contract provides a means for investing on a tax-deferred basis in our fixed account and the investment portfolios. The contract is intended for retirement savings or other long-term investment purposes. When you purchase the contract, you can choose an optional death benefit and fixed and variable income options. You can also select a guaranteed minimum income benefit (GMIB).

The contract, like all deferred annuity contracts, has two phases: the accumulation phase and the income phase. During the accumulation phase, earnings accumulate on a tax-deferred basis and are taxed as income when you make a withdrawal. If you make a withdrawal during the accumulation phase, we may assess a withdrawal charge of up to 7%. Certain withdrawals, depending on the amount and timing, may negatively impact the benefits and guarantees provided by your contract. You should carefully consider whether a withdrawal under a particular circumstance will have any negative impact to your benefits or guarantees. The impact of withdrawals generally on your benefits and guarantees is discussed in the corresponding sections of the prospectus describing such benefits and guarantees.

The income phase occurs when you or a designated payee begin receiving regular annuity payments from your contract. You and the annuitant (the person on whose life we base annuity payments) do not have to be the same, unless you purchase a tax qualified contract or elect a GMIB (see “Living Benefits — Guaranteed Income Benefits”).

You can have annuity payments made on a variable basis, a fixed basis, or a combination of both. If you choose variable annuity payments, the amount of the variable annuity payments will depend upon the investment performance of the investment portfolio(s) you select for the income phase. If you choose fixed annuity payments, the amount of each payment will not change during the income phase.

**Tax Deferral and Qualified Plans.** The contracts are offered for individuals and some tax qualified and non-tax

qualified retirement plans. For any tax qualified account (e.g., an IRA), the tax deferred accrual feature is provided by the tax qualified retirement plan. Therefore, there should be reasons other than tax deferral for acquiring the contract within a qualified plan. (See “Federal Income Tax Status.”)

**State Variations.** Contracts issued in your state may provide different features and benefits from, and impose different costs than, those described in this prospectus because of state law variations. These differences include, among other things, free look rights, age issuance limitations, transfer rights and limitations, the right to reject purchase payments, the right to assess transfer fees, requirements for unisex annuity rates, the general availability of certain riders, and the availability of certain features of riders. However, please note that the maximum fees and charges for all features and benefits are set forth in the fee table in this prospectus. This prospectus describes all the material features of the contract. If you would like to review a copy of the contract and any endorsements, contact our Annuity Service Center.

**Free Look.** You may cancel the contract within 10 days after receiving it (or whatever period is required in your state). If you mail your cancellation request, the request must be postmarked by the appropriate day; if you deliver your cancellation request by hand, it must be received by us by the appropriate day. Unless otherwise required by state law, you will receive whatever your contract is worth on the day that we receive your cancellation request and we will not deduct a withdrawal charge. The amount you receive may be more or less than your payment depending upon the performance of the investment portfolios. You bear the risk of any decline in account value. We do not refund any charges or deductions assessed during the free look period. We will return your payment if required by law.

**Tax Penalty.** The earnings in your contract are not taxed until you take money out of your contract. If you take money out of a Non-Qualified Contract during the accumulation phase, for tax purposes any earnings are deemed to come out first. If you are younger than 59½ when you take money out, you may be charged a 10% federal tax penalty on those earnings. Payments during the income phase are considered partly a return of your original investment until your investment is returned.

**Non-Natural Persons as Owners.** If the owner of a non-qualified annuity contract is not a natural person (e.g.,

a corporation, partnership or certain trusts), gains under the contract are generally not eligible for tax deferral. The owner of this contract can be a natural person, a trust established for the exclusive benefit of a natural person, a charitable remainder trust or other trust arrangement (if approved by us). The owner of this contract can also be a beneficiary of a deceased person's contract that is an Individual Retirement Account or non-qualified deferred annuity. A contract generally may have two owners (both of whom must be individuals). The contract is not available to corporations or other business organizations, except to the extent an employer is the purchaser of a SEP or SIMPLE IRA contract. Subject to state approval, certain retirement plans qualified under the Internal Revenue Code may purchase the contract. If a non-natural person is the owner of a Non-Qualified Contract, the distribution on death rules under the Internal Revenue Code may require payment to begin earlier than expected and may impact the usefulness of the living and/or death benefits.

**Non-Natural Persons as Beneficiaries.** Naming a non-natural person, such as a trust or estate, as a

beneficiary under the contract will generally eliminate the beneficiary's ability to stretch the contract or a spousal beneficiary's ability to continue the contract and the living and/or death benefits.

**Inquiries.** If you need more information, please contact our Annuity Service Center at:

MetLife Investors Distribution Company  
P.O. Box 10366  
Des Moines, Iowa 50306-0366  
(800) 343-8496

**Electronic Delivery.** As an owner you may elect to receive electronic delivery of current prospectuses related to this contract, prospectuses and annual and semi-annual reports for the investment portfolios and other contract related documents.

Contact us at **[www.metlifeinvestors.com](http://www.metlifeinvestors.com)** for more information and to enroll.

## FEE TABLES AND EXAMPLES

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the contract. The first table describes the fees and expenses that you will pay at the time that you buy the contract, surrender the contract, or transfer account value between investment options. State premium taxes of 0% to 3.5% may also be deducted.

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### Owner Transaction Expenses Table

<b>Withdrawal Charge</b> (Note 1) (as a percentage of purchase payments)	7%
<b>Transfer Fee</b> (Note 2)	\$25 \$0 (First 12 per year)

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Note 1. If an amount withdrawn is determined to include the withdrawal of prior purchase payments, a withdrawal charge may be assessed. Withdrawal charges are calculated in accordance with the following. (See “Expenses — Withdrawal Charge.”)

<u>Number of Complete Years from Receipt of Purchase Payment</u>	<u>Withdrawal Charge (% of Purchase Payment)</u>
0	7
1	6
2	6
3	5
4	4
5	3
6	2
7 and thereafter	0

Note 2. There is no charge for the first 12 transfers in a contract year; thereafter the fee is \$25 per transfer. MetLife Investors USA is currently waiving the transfer fee, but reserves the right to charge the fee in the future.

**The next tables describe the fees and expenses that you will pay periodically during the time that you own the contract, not including investment portfolio fees and expenses.**

---

**Account Fee** (Note 1) \$30

**Separate Account Annual Expenses** (Note 2)

(referred to as Separate Account Product Charges)  
(as a percentage of average account value in the Separate Account)

Mortality and Expense Charge	1.05%
Administration Charge	<u>0.25%</u>
Total Separate Account Annual Expenses	1.30%

Death Benefit Rider Charges (Optional) (Note 3)  
(as a percentage of average account value in the Separate Account)

Optional Death Benefit — Annual Step-Up	0.20%
Optional Death Benefit — Compounded-Plus	0.35%
Additional Death Benefit — Earnings Preservation Benefit	0.25%

Total Separate Account Annual Expenses  
Including Highest Charges for Optional Death Benefits (Note 4) 1.90%

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Note 1. An Account Fee of \$30 is charged on the last day of each contract year if the account value is less than \$50,000. Different policies apply during the income phase of the contract. (See “Expenses.”)

Note 2. Certain charges and expenses may not apply during the income phase of the contract. (See “Expenses.”)

Note 3. See below for additional optional death benefit riders (EDB Max II, Enhanced Death Benefit III, and Enhanced Death Benefit II), for which the charge is assessed on the death benefit base and deducted annually from the account value.

Note 4. This charge is determined by adding the Mortality and Expense Charge, the Administration Charge, the Optional Death Benefit — Compounded-Plus Charge, and the Additional Death Benefit — Earnings Preservation Benefit Charge.



## Additional Optional Rider Charges (Note 1)

### Guaranteed Minimum Income Benefit (GMIB) Rider Charges (Note 2)

(as a percentage of the income base (Note 3))

GMIB Max II — <u>maximum charge</u>	<u>1.50%</u>
GMIB Max II — <u>current charge</u>	<u>1.00%</u>
GMIB Plus IV — <u>maximum charge</u>	<u>1.50%</u>
GMIB Plus IV — <u>current charge</u>	<u>1.00%</u>
GMIB Plus III — <u>maximum charge</u>	<u>1.50%</u>
GMIB Plus III — <u>current charge</u>	<u>1.00%</u>

### Enhanced Death Benefit (EDB) Rider Charges (Note 4)

(as a percentage of the death benefit base (Note 5))

EDB Max II — <u>maximum charge</u>	<u>1.50%</u>
EDB Max II (issue age 69 or younger) — <u>current charge</u>	<u>0.60%</u>
EDB Max II (issue age 70-75) — <u>current charge</u>	<u>1.15%</u>
Enhanced Death Benefit III — <u>maximum charge</u>	<u>1.50%</u>
Enhanced Death Benefit III (issue age 69 or younger) — <u>current charge</u>	<u>0.60%</u>
Enhanced Death Benefit III (issue age 70-75) — <u>current charge</u>	<u>1.15%</u>
Enhanced Death Benefit II — <u>maximum charge</u>	<u>1.50%</u>
Enhanced Death Benefit II (issue age 69 or younger) — <u>current charge</u>	<u>0.60%</u>
Enhanced Death Benefit II (issue age 70-75) — <u>current charge</u>	<u>1.15%</u>

Note 1. Certain charges and expenses may not apply during the income phase of the contract. (See “Expenses.”)

Note 2. You may only elect one GMIB rider at a time. The GMIB Max II rider is not available in Nevada. The GMIB Plus IV rider is not available in Nevada and Oregon. The GMIB Plus III rider is only available in Nevada and Oregon.

Note 3. On the issue date, the income base is equal to your initial purchase payment. The income base is adjusted for subsequent purchase payments and withdrawals. See “Living Benefits — Guaranteed Income Benefits” for a definition of the term income base. The GMIB Max II, GMIB Plus IV, and GMIB Plus III rider charges may increase upon an Optional Step-Up, but they will not exceed the maximum charges listed in this table. (See “Expenses.”)

Note 4. You may only elect one EDB rider at a time. The EDB Max II and Enhanced Death Benefit III riders are not available in Nevada and Oregon. The Enhanced Death Benefit II rider is only available in Nevada. The EDB Max II rider may only be elected if the GMIB Max II rider is also elected. The Enhanced Death Benefit III rider may only be elected if the GMIB Plus IV rider is also elected. The Enhanced Death Benefit II rider may only be elected if the GMIB Plus III rider is also elected.

Note 5. The death benefit base is initially set at an amount equal to your initial purchase payment. The death benefit base is adjusted for subsequent purchase payments and withdrawals. For a definition of the term death benefit base, see “Death Benefit — Optional Death Benefits — EDB Max II and Enhanced Death Benefit III” or “Death Benefit — Optional Death Benefit — Enhanced Death Benefit II.” The EDB Max II, Enhanced Death Benefit III, and Enhanced Death Benefit II rider charges may increase upon an Optional Step-Up, but they will not exceed the maximum charges listed in this table. (See “Expenses.”)

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**The next table shows the minimum and maximum total operating expenses charged by the investment portfolios that you may pay periodically during the time that you own the contract. Certain investment portfolios may impose a redemption fee in the future. More detail concerning each investment portfolio's fees and expenses is contained in the prospectuses for the investment portfolios and in the following tables.**

	<u>Minimum</u>	<u>Maximum</u>
Total Annual Portfolio Expenses (expenses that are deducted from investment portfolio assets, including management fees, 12b-1/service fees, and other expenses)	0.52%	1.45%

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**For information concerning compensation paid for the sale of the contracts, see "Other Information – Distributor."**

## Investment Portfolio Expenses

(as a percentage of the average daily net assets of an investment portfolio)

The following table is a summary. For more complete information on investment portfolio fees and expenses, please refer to the prospectus for each investment portfolio.

	Management Fees	12b-1/Service Fees	Other Expenses	Acquired Fund Fees and Expenses	Total Annual Portfolio Expenses	Contractual Expense Subsidy or Deferral	Net Total Annual Portfolio Expenses
<b>Met Investors Series Trust</b>							
American Funds <sup>®</sup> Bond Portfolio	0.00%	0.55%	0.10%	0.38%	1.03%	— <sup>▲</sup>	1.03%
American Funds <sup>®</sup> Growth Portfolio	0.00%	0.55%	0.04%	0.34%	0.93%	— <sup>▲</sup>	0.93%
American Funds <sup>®</sup> International Portfolio	0.00%	0.55%	0.10%	0.53%	1.18%	— <sup>▲</sup>	1.18%
BlackRock High Yield Portfolio	0.60%	0.25%	0.05%	0.00%	0.90%	— <sup>▲</sup>	0.90%
Clarion Global Real Estate Portfolio	0.62%	0.25%	0.07%	0.00%	0.94%	— <sup>▲</sup>	0.94%
Goldman Sachs Mid Cap Value Portfolio	0.72%	0.25%	0.05%	0.00%	1.02%	— <sup>▲</sup>	1.02%
Harris Oakmark International Portfolio	0.78%	0.25%	0.07%	0.00%	1.10%	0.01%	1.09%
Invesco Small Cap Growth Portfolio	0.85%	0.25%	0.04%	0.00%	1.14%	0.02%	1.12%
Janus Forty Portfolio	0.63%	0.25%	0.04%	0.00%	0.92%	— <sup>▲</sup>	0.92%
Lazard Mid Cap Portfolio	0.69%	0.25%	0.04%	0.00%	0.98%	— <sup>▲</sup>	0.98%
Legg Mason ClearBridge Aggressive Growth Portfolio	0.64%	0.25%	0.04%	0.00%	0.93%	— <sup>▲</sup>	0.93%
Loomis Sayles Global Markets Portfolio	0.69%	0.25%	0.10%	0.00%	1.04%	— <sup>▲</sup>	1.04%
Lord Abbett Bond Debenture Portfolio	0.50%	0.25%	0.03%	0.00%	0.78%	— <sup>▲</sup>	0.78%
Lord Abbett Mid Cap Value Portfolio	0.68%	0.25%	0.07%	0.00%	1.00%	— <sup>▲</sup>	1.00%
Met/Eaton Vance Floating Rate Portfolio	0.61%	0.25%	0.08%	0.00%	0.94%	— <sup>▲</sup>	0.94%
Met/Franklin Low Duration Total Return Portfolio	0.51%	0.25%	0.14%	0.00%	0.90%	0.03%	0.87%
Met/Franklin Mutual Shares Portfolio	0.80%	0.25%	0.08%	0.00%	1.13%	0.00%	1.13%
Met/Templeton International Bond Portfolio	0.60%	0.25%	0.13%	0.00%	0.98%	— <sup>▲</sup>	0.98%
MFS <sup>®</sup> Emerging Markets Equity Portfolio	0.94%	0.25%	0.18%	0.00%	1.37%	— <sup>▲</sup>	1.37%
MFS <sup>®</sup> Research International Portfolio	0.69%	0.25%	0.09%	0.00%	1.03%	0.03%	1.00%
PIMCO Inflation Protected Bond Portfolio	0.47%	0.25%	0.04%	0.00%	0.76%	— <sup>▲</sup>	0.76%
PIMCO Total Return Portfolio	0.48%	0.25%	0.03%	0.00%	0.76%	— <sup>▲</sup>	0.76%
Pioneer Fund Portfolio	0.64%	0.25%	0.05%	0.00%	0.94%	0.02%	0.92%
Pioneer Strategic Income Portfolio	0.59%	0.15%	0.08%	0.00%	0.82%	— <sup>▲</sup>	0.82%
Rainier Large Cap Equity Portfolio	0.66%	0.25%	0.03%	0.00%	0.94%	— <sup>▲</sup>	0.94%
RCM Technology Portfolio	0.88%	0.25%	0.09%	0.00%	1.22%	— <sup>▲</sup>	1.22%
T. Rowe Price Large Cap Value Portfolio(1)	0.57%	0.25%	0.02%	0.00%	0.84%	— <sup>▲</sup>	0.84%
T. Rowe Price Mid Cap Growth Portfolio	0.75%	0.25%	0.04%	0.00%	1.04%	— <sup>▲</sup>	1.04%
Third Avenue Small Cap Value Portfolio	0.74%	0.25%	0.04%	0.00%	1.03%	— <sup>▲</sup>	1.03%
Turner Mid Cap Growth Portfolio	0.78%	0.25%	0.06%	0.00%	1.09%	0.00%	1.09%
Van Kampen Comstock Portfolio	0.60%	0.25%	0.04%	0.00%	0.89%	— <sup>▲</sup>	0.89%

	Management Fees	12b-1/Service Fees	Other Expenses	Acquired Fund Fees and Expenses	Total Annual Portfolio Expenses	Contractual Expense Subsidy or Deferral	Net Total Annual Portfolio Expenses
<b>Metropolitan Series Fund, Inc.</b>							
Barclays Capital Aggregate Bond Index Portfolio	0.25%	0.30%	0.03%	0.00%	0.58%	0.01%	0.57%
BlackRock Money Market Portfolio	0.32%	0.25%	0.02%	0.00%	0.59%	0.01%	0.58%
Davis Venture Value Portfolio	0.70%	0.15%	0.03%	0.00%	0.88%	0.05%	0.83%
Jennison Growth Portfolio	0.62%	0.25%	0.02%	0.00%	0.89%	0.07%	0.82%
Met/Artisan Mid Cap Value Portfolio	0.81%	0.25%	0.03%	0.00%	1.09%	— <sup>▲</sup>	1.09%
Met/Dimensional International Small Company Portfolio	0.81%	0.25%	0.20%	0.00%	1.26%	— <sup>▲</sup>	1.26%
MetLife Mid Cap Stock Index Portfolio	0.25%	0.30%	0.06%	0.01%	0.62%	0.00%	0.62%
MetLife Stock Index Portfolio	0.25%	0.25%	0.02%	0.00%	0.52%	0.01%	0.51%
Morgan Stanley EAFE <sup>®</sup> Index Portfolio	0.30%	0.30%	0.11%	0.01%	0.72%	0.00%	0.72%
Russell 2000 <sup>®</sup> Index Portfolio	0.25%	0.30%	0.07%	0.01%	0.63%	0.00%	0.63%
Van Eck Global Natural Resources Portfolio	0.79%	0.25%	0.05%	0.01%	1.10%	— <sup>▲</sup>	1.10%
Western Asset Management U.S. Government Portfolio	0.47%	0.25%	0.03%	0.00%	0.75%	0.01%	0.74%
<b>Met Investors Series Trust — MetLife Asset Allocation Program</b>							
MetLife Defensive Strategy Portfolio	0.07%	0.25%	0.01%	0.58%	0.91%	— <sup>▲</sup>	0.91%
MetLife Moderate Strategy Portfolio	0.06%	0.25%	0.00%	0.62%	0.93%	— <sup>▲</sup>	0.93%
MetLife Balanced Strategy Portfolio	0.05%	0.25%	0.01%	0.66%	0.97%	— <sup>▲</sup>	0.97%
MetLife Growth Strategy Portfolio	0.06%	0.25%	0.00%	0.74%	1.05%	— <sup>▲</sup>	1.05%
MetLife Aggressive Strategy Portfolio	0.09%	0.25%	0.02%	0.74%	1.10%	0.01%	1.09%
<b>Met Investors Series Trust — American Funds<sup>®</sup> Asset Allocation Portfolios</b>							
American Funds <sup>®</sup> Moderate Allocation Portfolio	0.07%	0.55%	0.02%	0.37%	1.01%	— <sup>▲</sup>	1.01%
American Funds <sup>®</sup> Balanced Allocation Portfolio	0.06%	0.55%	0.02%	0.38%	1.01%	— <sup>▲</sup>	1.01%
American Funds <sup>®</sup> Growth Allocation Portfolio	0.07%	0.55%	0.02%	0.38%	1.02%	— <sup>▲</sup>	1.02%
<b>Met Investors Series Trust — Franklin Templeton Asset Allocation Portfolio</b>							
Met/Franklin Templeton Founding Strategy Portfolio	0.05%	0.25%	0.02%	0.81%	1.13%	0.02%	1.11%
<b>Met Investors Series Trust — SSgA ETF Portfolios</b>							
SSgA Growth and Income ETF Portfolio	0.31%	0.25%	0.02%	0.28%	0.86%	— <sup>▲</sup>	0.86%
SSgA Growth ETF Portfolio	0.33%	0.25%	0.03%	0.27%	0.88%	— <sup>▲</sup>	0.88%
<b>Met Investors Series Trust — GMIB Max and EDB Max Portfolios</b>							
AllianceBernstein Global Dynamic Allocation Portfolio	0.70%	0.25%	0.31%	0.00%	1.26%	0.06%	1.20%
AQR Global Risk Balanced Portfolio	0.68%	0.25%	0.22%	0.00%	1.15%	0.05%	1.10%
BlackRock Global Tactical Strategies Portfolio	0.77%	0.25%	0.16%	0.27%	1.45%	0.03%	1.42%
MetLife Balanced Plus Portfolio	0.29%	0.25%	0.19%	0.43%	1.16%	0.08%	1.08%
Pyramis <sup>®</sup> Government Income Portfolio	0.52%	0.25%	0.41%	0.00%	1.18%	0.13%	1.05%

(1) The Management Fee has been restated to reflect an amended advisory agreement, as if the fee had been in effect during the previous fiscal year.

The Net Total Annual Portfolio Expenses have been restated to reflect contractual arrangements in effect as of May 1, 2011, under which investment advisers or managers of investment portfolios have agreed to waive and/or pay expenses of the portfolios. Each of these arrangements is in effect until at least October 31, 2012 (excluding optional extensions). In the table, “0.00%” in the Contractual Expense Subsidy or Deferral column indicates that there is a contractual arrangement in effect for that investment portfolio, but the expenses of the investment portfolio are below the level that would trigger the subsidy or deferral. Net Total Annual Portfolio Expenses have not been restated to reflect expense reductions that certain investment portfolios achieved as a result of directed brokerage arrangements. The investment portfolios provided the information on their expenses, and we have not independently verified the information. Unless otherwise indicated, the information provided is for the year ended December 31, 2010.

Certain portfolios that have “Acquired Fund Fees and Expenses” are “funds of funds.” Each “fund of funds” invests substantially all of its assets in other portfolios. Because the portfolio invests in other underlying portfolios, the portfolio will bear its pro rata portion of the operating expenses of the underlying portfolios in which it invests, including the management fee. See the investment portfolio prospectus for more information.

## Examples

These Examples are intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and investment portfolio fees and expenses.

The Examples assume that you invest \$10,000 in the contract for the time periods indicated. The Examples also assume that your investment has a 5% return each year and assume: (a) maximum and (b) minimum fees and expenses of any of the investment portfolios (before subsidy and/or deferral). Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

**Chart 1.** Chart 1 assumes you select the GMIB Max II rider (assuming the maximum 1.50% charge applies in all contract years) and the EDB Max II rider (assuming the maximum 1.50% charge applies in all contract years), which is the most expensive way to purchase the contract.

**(1) If you surrender your contract at the end of the applicable time period:**

	Time Periods			
	1 year	3 years	5 years	10 years
maximum	(a)\$1,297	(a)\$2,376	(a)\$3,496	(a)\$6,678
minimum	(b)\$1,204	(b)\$2,105	(b)\$3,061	(b)\$5,900

**(2) If you do not surrender your contract or if you annuitize at the end of the applicable time period:**

	Time Periods			
	1 year	3 years	5 years	10 years
maximum	(a)\$597	(a)\$1,836	(a)\$3,136	(a)\$6,678
minimum	(b)\$504	(b)\$1,565	(b)\$2,701	(b)\$5,900

**Chart 2.** Chart 2 assumes you do not select optional death benefit riders or a Guaranteed Minimum Income Benefit rider, which is the least expensive way to purchase the contract.

**(1) If you surrender your contract at the end of the applicable time period:**

	Time Periods			
	1 year	3 years	5 years	10 years
maximum	(a)\$981	(a)\$1,401	(a)\$1,826	(a)\$3,094
minimum	(b)\$888	(b)\$1,121	(b)\$1,359	(b)\$2,161

**(2) If you do not surrender your contract or if you annuitize at the end of the applicable time period:**

	Time Periods			
	1 year	3 years	5 years	10 years
maximum	(a)\$281	(a)\$861	(a)\$1,466	(a)\$3,094
minimum	(b)\$188	(b)\$581	(b)\$ 999	(b)\$2,161

The Examples should not be considered a representation of past or future expenses or annual rates of return of any investment portfolio. Actual expenses and annual rates of return may be more or less than those assumed for the purpose of the Examples. Condensed financial information (accumulation unit value information) is not available because the contract was not offered for sale prior to \_\_\_\_\_, 2011, and therefore there are no accumulation units outstanding as of the date of this prospectus.

## 1. THE ANNUITY CONTRACT

This prospectus describes the Variable Annuity Contract offered by us.

The variable annuity contract is a contract between you as the owner, and us, the insurance company, where we promise to pay an income to you, in the form of annuity payments, beginning on a designated date that you select. Until you decide to begin receiving annuity payments, your annuity is in the *accumulation phase*. Once you begin receiving annuity payments, your contract switches to the *income phase*.

The contract benefits from tax deferral. Tax deferral means that you are not taxed on earnings or appreciation on the assets in your contract until you take money out of your contract. For any tax qualified account (e.g., an IRA), the tax deferred accrual feature is provided by the tax qualified retirement plan. Therefore, there should be reasons other than tax deferral for acquiring the contract within a qualified plan. (See “Federal Income Tax Status.”)

The contract is called a variable annuity because you can choose among the investment portfolios and, depending upon market conditions, you can make or lose money in any of these portfolios. If you select the variable annuity portion of the contract, the amount of money you are able to accumulate in your contract during the accumulation phase depends upon the investment performance of the investment portfolio(s) you select. The amount of the annuity payments you receive during the income phase from the variable annuity portion of the contract also depends, in part, upon the investment performance of the investment portfolio(s) you select for the income phase. We do not guarantee the investment performance of the variable annuity portion. You bear the full investment risk for all amounts allocated to the variable annuity portion. However, there are certain optional features that provide guarantees that can reduce your investment risk (see “Living Benefits”).

In most states, the contract also contains a *fixed account* (contact your registered representative regarding your state). The fixed account is not offered by this prospectus. The fixed account offers an interest rate that is guaranteed by us. The minimum interest rate depends on the date your contract is issued but will not be less than 1%. Your registered representative can tell you the current and minimum interest rates that apply. If you select the fixed account, your money will be placed with our other general account assets, and the amount of money you are able to

accumulate in your contract during the accumulation phase depends upon the total interest credited to your contract. The fixed account is part of our general account. Our general account consists of all assets owned by us other than those in the Separate Account and our other separate accounts. We have sole discretion over the investment of assets in the general account. If you select a fixed annuity payment option during the income phase, payments are made from our general account assets.

The amount of the annuity payments you receive during the income phase from a fixed annuity payment option of the contract will remain level for the entire income phase. (Please see “Annuity Payments (The Income Phase)” for more information.)

As owner of the contract, you exercise all interests and rights under the contract. You can change the owner at any time, subject to our underwriting rules (a change of ownership may terminate certain optional riders). The contract may be owned generally by joint owners (limited to two natural persons). We provide more information on this under “Other Information — Ownership.”

Under the Internal Revenue Code (the “Code”), spousal continuation and certain distribution options are available only to a person who is defined as a “spouse” under the Federal Defense of Marriage Act or other applicable Federal law. All contract provisions will be interpreted and administered in accordance with the requirements of the Code. Therefore, under current Federal law, a purchaser who has or is contemplating a civil union or same-sex marriage should note that the favorable tax treatment afforded under Federal law would not be available to such same-sex partner or same-sex spouse. Same-sex partners or spouses who own or are considering the purchase of annuity products that provide benefits based upon status as a spouse should consult a tax adviser.

### Market Timing

We have policies and procedures that attempt to detect transfer activity that may adversely affect other owners or investment portfolio shareholders in situations where there is potential for pricing inefficiencies or that involve certain other types of disruptive trading activity (*i.e.*, market timing). We employ various means to try to detect such transfer activity, such as periodically examining the frequency and size of transfers into and out of particular investment portfolios made by owners within given periods of time and/or investigating transfer activity identified by



the investment portfolios on a case-by-case basis. We may revise these policies and procedures in our sole discretion at any time without prior notice.

Our market timing policies and procedures are discussed in more detail in “Investment Options — Transfers — Market Timing.”

## 2. PURCHASE

The maximum issue age for the contract and certain of its riders may be reduced in connection with the offer of the contract through certain broker dealers (“selling firms”). In addition, certain riders may not be available through certain selling firms. You should discuss this with your registered representative.

### Purchase Payments

A *purchase payment* is the money you give us to invest in the contract. The initial purchase payment is due on the date the contract is issued. Subject to the minimum and maximum payment requirements (see below), you may make additional purchase payments.

- The minimum initial purchase payment we will accept is \$5,000 when the contract is purchased as a Non-Qualified Contract.
- If you are purchasing the contract as part of an IRA (Individual Retirement Annuity) or other qualified plan, the minimum initial purchase payment we will accept is \$2,000.
- If you want to make an initial purchase payment of \$1 million or more, or an additional purchase payment that would cause your total purchase payments to exceed \$1 million, you will need our prior approval.
- You can make additional purchase payments of \$500 or more unless you have elected an electronic funds transfer program approved by us, in which case the minimum additional purchase payment is \$100 per month.
- We will accept a different amount if required by federal tax law.
- We reserve the right to refuse purchase payments made via a personal check in excess of \$100,000. Purchase payments over \$100,000 may be accepted in other forms, including, but not limited to, EFT/wire transfers, certified checks, corporate checks, and checks written on financial institutions. The form in which we receive

a purchase payment may determine how soon subsequent disbursement requests may be fulfilled. (See “Access to Your Money.”)

- We will not accept purchase payments made with cash, money orders, or travelers checks.

We reserve the right to reject any application or purchase payment and to limit future purchase payments.

### Termination for Low Account Value

We may terminate your contract by paying you the account value in one sum if, prior to the annuity date, you do not make purchase payments for two consecutive contract years, the total amount of purchase payments made, less any partial withdrawals, is less than \$2,000 or any lower amount required by federal tax laws, and the account value on or after the end of such two year period is less than \$2,000. (A contract year is defined as a one-year period starting on the date the contract is issued and on each contract anniversary thereafter.) Accordingly, no contract will be terminated due solely to negative investment performance. Federal tax law may impose additional restrictions on our right to cancel your Traditional IRA, Roth IRA, SEP, SIMPLE IRA or other Qualified Contract.

### Allocation of Purchase Payments

When you purchase a contract, we will allocate your purchase payment to the fixed account and/or any of the investment portfolios you have selected. You may not choose more than 18 investment portfolios (including the fixed account) at the time your initial purchase payment is allocated. Each allocation must be at least \$500 and must be in whole numbers.

We have reserved the right to restrict payments to the fixed account if any of the following conditions exist:

- the credited interest rate on the fixed account is equal to the guaranteed minimum rate; or
- your account value in the fixed account equals or exceeds our published maximum for fixed account allocation (currently, there is no limit); or
- a transfer was made out of the fixed account within the previous 180 days.

Once we receive your purchase payment and the necessary information (or a designee receives a payment and the necessary information in accordance with the designee’s administrative procedures), we will issue your contract and allocate your first purchase payment within 2 business



days. A *business day* is each day that the New York Stock Exchange is open for business. A business day closes at the close of normal trading on the New York Stock Exchange, usually 4:00 p.m. Eastern Time. If you do not give us all of the information we need, we will contact you to get it before we make any allocation. If for some reason we are unable to complete this process within 5 business days, we will either send back your money or get your permission to keep it until we get all of the necessary information. (See “Other Information — Requests and Elections.”)

We may restrict the investment options available to you if you select certain optional riders. These restrictions are intended to reduce the risk of investment losses that could require us to use our own assets to pay amounts due under the selected optional rider.

If you choose the GMIB Max II or EDB Max II riders, we require you to allocate your purchase payments and account value as described below under “Investment Allocation Restrictions for the GMIB Max II and EDB Max II Riders” until the rider terminates.

If you choose the Guaranteed Minimum Income Benefit Plus IV (GMIB Plus IV), Enhanced Death Benefit III (EDB III), Guaranteed Minimum Income Benefit Plus III (GMIB Plus III), or Enhanced Death Benefit II (EDB II) riders, we require you to allocate your purchase payments and account value as described below under “Investment Allocation Restrictions for GMIB Plus IV, EDB III, GMIB Plus III, and EDB II” until the rider terminates.

If you make additional purchase payments, we will allocate them in the same way as your first purchase payment unless you tell us otherwise. However, if you make an additional purchase payment and you have an EDCA or Dollar Cost Averaging (DCA) program in effect, we will allocate your additional payments to the investment portfolios selected under the EDCA or DCA program unless you tell us otherwise. (See “Investment Options — Dollar Cost Averaging Programs.”) You may change your allocation instructions at any time by notifying us in writing, by calling us or by Internet. You may not choose more than 18 investment portfolios (including the fixed account) at the time you submit a subsequent purchase payment. If you wish to allocate the payment to more than 18 investment portfolios (including the fixed account), we must have your request to allocate future purchase payments to more than 18 investment portfolios on record

before we can apply your subsequent purchase payment to your chosen allocation. If there are joint owners, unless we are instructed to the contrary, we will accept allocation instructions from either joint owner.

## **Investment Allocation Restrictions for Certain Riders**

### **Investment Allocation Restrictions for the GMIB Max II and EDB Max II Riders**

If you elect the GMIB Max II or EDB Max II riders, you may allocate your purchase payments and account value among these four investment portfolios, which are designed specifically for use with the GMIB Max and EDB Max riders:

- (a) AllianceBernstein Global Dynamic Allocation Portfolio
- (b) AQR Global Risk Balanced Portfolio
- (c) BlackRock Global Tactical Strategies Portfolio
- (d) MetLife Balanced Plus Portfolio

In addition, you may allocate purchase payments and account value to the Pyramis<sup>®</sup> Government Income Portfolio. No other investment portfolios are available with the GMIB Max II or EDB Max II riders.

The AllianceBernstein Global Dynamic Allocation Portfolio, AQR Global Risk Balanced Portfolio, BlackRock Global Tactical Strategies Portfolio, and MetLife Balanced Plus Portfolio have investment strategies intended in part to reduce the risk of investment losses that could require us to use our own assets to make payments in connection with the guarantees under the GMIB Max and EDB Max riders. For example, certain of the investment portfolios are managed in a way that is intended to minimize volatility of returns and hedge against the effects of interest rate changes. Other investment options that are available if the GMIB Max II and EDB Max II riders are not selected may offer the potential for higher returns. Before you select the GMIB Max II rider or the EDB Max II rider, you and your financial representative should carefully consider whether the five investment options available with the GMIB Max II and EDB Max II riders meet your investment objectives and risk tolerance.

You may also allocate purchase payments to the Enhanced Dollar Cost Averaging (EDCA) program, provided that your destination portfolios are one or more of the

investment portfolios listed above. If you elect the GMIB Max II rider or the EDB Max II rider, you may not participate in the Dollar Cost Averaging (DCA) program.

### **Restrictions on Investment Allocations After Rider**

**Terminates.** If the GMIB Max II rider terminates (see “Living Benefits – Guaranteed Income Benefits – Terminating the GMIB Max II and GMIB Plus IV Riders”) or the EDB Max II rider terminates (see “Death Benefits – Optional Death Benefits – EDB Max II and Enhanced Death Benefit III – Terminating the EDB Max II and EDB III Riders”), you may no longer allocate subsequent purchase payments or transfer account value to or among the five investment portfolios listed above. You may leave account value in the five investment portfolios listed above, but once you transfer account value to an investment portfolio that is not one of the five investment portfolios listed above, you will not be permitted to transfer it back to any of those five investment portfolios. If the GMIB Max II or EDB Max II rider terminates, or if you elected both the GMIB Max II and the EDB Max II riders and they both terminate, you will be permitted to allocate subsequent purchase payments or transfer account value to any of the other available investment portfolios, but not to the fixed account. However, if you elected both the GMIB Max II and the EDB Max II riders, and only one of the riders has terminated, the investment allocation restrictions described at the beginning of this section will continue to apply.

### **Potential Restrictions on Subsequent Purchase**

**Payments.** In the future, we may choose not to permit owners of existing contracts with the GMIB Max II rider to make subsequent purchase payments if: (a) the GMIB Max II rider is no longer available to new customers, or (b) we make certain changes to the terms of the GMIB Max II rider offered to new customers (for example, if we change the GMIB Max II rider charge; see your contract schedule for a list of the other changes). Similarly, in the future, we may choose not to permit owners of existing contracts with an EDB Max II rider to make subsequent purchase

payments if: (a) the EDB Max II rider is no longer available to new customers, or (b) we make certain changes to the terms of the EDB Max II rider offered to new customers (see your contract schedule for a list of the changes). We will notify owners of contracts with a GMIB Max II rider or an EDB Max II rider in advance if we impose restrictions on subsequent purchase payments. If we impose restrictions on subsequent purchase payments, contract owners will still be permitted to transfer account value among the five investment portfolios listed above. (For restrictions that apply only in Oregon, see “Living Benefits – Description of GMIB Max II and GMIB Plus IV – Potential Restrictions on Subsequent Purchase Payments for GMIB Max II – Oregon Only.”)

### **California Free Look Requirements for Purchasers Age 60 and Over.**

If you are a California purchaser aged 60 or older, you may allocate your purchase payments to the BlackRock Money Market Portfolio during the free look period. (See the “Free Look” section below.) After the free look period expires, your account value will automatically be transferred to the GMIB Max and EDB Max Portfolios, according to the allocation instructions you have given us. If you do not allocate your purchase payments to the BlackRock Money Market Portfolio and the contract is cancelled during the free look period, you will only be entitled to a refund of the contract’s account value, which may be less than the purchase payments made to the contract.

### **Investment Allocation Restrictions for GMIB Plus IV, EDB III, GMIB Plus III, and EDB II**

**Allocation.** If you elect the GMIB Plus IV rider, the Enhanced Death Benefit III rider, the GMIB Plus III rider, or the Enhanced Death Benefit II rider, you must comply with certain investment allocation restrictions.

**Specifically, you must allocate according to either (A) or (B) below:**

(A) You must allocate:

- 100% of your purchase payments or account value among the MetLife Defensive Strategy Portfolio, MetLife Moderate Strategy Portfolio, MetLife Balanced Strategy Portfolio, American Funds<sup>®</sup> Moderate Allocation Portfolio, American Funds<sup>®</sup> Balanced Allocation Portfolio, SSgA Growth and Income ETF Portfolio, BlackRock Money Market Portfolio and/or the fixed account (you may also allocate purchase payments to the EDCA program, provided that your destination portfolios are one or more of the above listed investment portfolios; you may not allocate purchase payments to the Dollar Cost Averaging program).

**OR**

(B) You must allocate:

- *at least* 30% of purchase payments or account value to Platform 1 portfolios and/or to the fixed account;
- *up to* 70% of purchase payments or account value to Platform 2 portfolios;
- *up to* 15% of purchase payments or account value to Platform 3 portfolios; and
- *up to* 15% of purchase payments or account value to Platform 4 portfolios.

(See the “EDCA” section below for information on allocating purchase payments to the EDCA account under option (B). You may not allocate purchase payments to the Dollar Cost Averaging program under option (B).)

The investment options in each Platform are:

#### Platform 1

Fixed Account  
American Funds<sup>®</sup> Bond Portfolio  
Barclays Capital Aggregate Bond Index Portfolio  
BlackRock Money Market Portfolio  
Met/Franklin Low Duration Total Return Portfolio  
PIMCO Inflation Protected Bond Portfolio  
PIMCO Total Return Portfolio  
Western Asset Management U.S. Government Portfolio

#### Platform 2

American Funds<sup>®</sup> Balanced Allocation Portfolio  
American Funds<sup>®</sup> Growth Allocation Portfolio  
American Funds<sup>®</sup> Growth Portfolio  
American Funds<sup>®</sup> International Portfolio

American Funds<sup>®</sup> Moderate Allocation Portfolio  
BlackRock High Yield Portfolio  
Davis Venture Value Portfolio  
Harris Oakmark International Portfolio  
Janus Forty Portfolio  
Jennison Growth Portfolio  
Legg Mason ClearBridge Aggressive Growth Portfolio  
Loomis Sayles Global Markets Portfolio  
Lord Abbett Bond Debenture Portfolio  
Met/Franklin Mutual Shares Portfolio  
Met/Franklin Templeton Founding Strategy Portfolio  
MetLife Aggressive Strategy Portfolio  
MetLife Balanced Strategy Portfolio  
MetLife Defensive Strategy Portfolio  
MetLife Growth Strategy Portfolio  
MetLife Moderate Strategy Portfolio  
MetLife Stock Index Portfolio  
MFS<sup>®</sup> Research International Portfolio  
Morgan Stanley EAFE<sup>®</sup> Index Portfolio  
Pioneer Fund Portfolio  
Pioneer Strategic Income Portfolio  
Rainier Large Cap Equity Portfolio  
SSgA Growth and Income ETF Portfolio  
SSgA Growth ETF Portfolio  
T. Rowe Price Large Cap Value Portfolio  
Van Kampen Comstock Portfolio

#### Platform 3

Goldman Sachs Mid Cap Value Portfolio  
Lazard Mid Cap Portfolio  
Lord Abbett Mid Cap Value Portfolio  
Met/Artisan Mid Cap Value Portfolio  
MetLife Mid Cap Stock Index Portfolio  
T. Rowe Price Mid Cap Growth Portfolio  
Turner Mid Cap Growth Portfolio

#### Platform 4

Clarion Global Real Estate Portfolio  
Invesco Small Cap Growth Portfolio  
Met/Dimensional International Small Company Portfolio  
Met/Eaton Vance Floating Rate Portfolio  
Met/Templeton International Bond Portfolio  
MFS<sup>®</sup> Emerging Markets Equity Portfolio  
RCM Technology Portfolio  
Russell 2000<sup>®</sup> Index Portfolio  
Third Avenue Small Cap Value Portfolio  
Van Eck Global Natural Resources Portfolio

**Your purchase payments and transfer requests must be allocated in accordance with the above**

**limitations. We will reject any purchase payments or transfer requests that do not comply with the above limitations.**

Certain selling firms do not offer option (B) at the time your initial purchase payment is allocated. Please contact our Annuity Service Center if you wish to change your allocation selection to option (B).

We determine whether an investment option is classified as Platform 1, Platform 2, Platform 3 or Platform 4. We may determine or change the classification of an investment option in the event that an investment option is added, deleted, substituted, merged or otherwise reorganized. You will not be required to reallocate purchase payments or account value that you allocated to an investment option before we changed its classification, unless you make a new purchase payment or request a transfer among investment options (other than pursuant to rebalancing and Enhanced Dollar Cost Averaging programs in existence at the time the classification of the investment option changed). If you make a new purchase payment or request a transfer among investment options, you will be required to take the new classification into account in the allocation of your entire account value. We will provide you with prior written notice of any changes in classification of investment options.

**Rebalancing.** If you choose to allocate according to (B) above, we will rebalance your account value on a quarterly basis based on your most recent allocation of purchase payments that complies with the allocation limitations described above. We will also rebalance your account value when we receive a subsequent purchase payment that is accompanied by new allocation instructions (in addition to the quarterly rebalancing). We will first rebalance your account value on the date that is three months from the rider issue date; provided however, if a quarterly rebalancing date occurs on the 29th, 30th or 31st of a month, we will instead rebalance on the 1st day of the following month. We will subsequently rebalance your account value on each quarter thereafter on the same day. In addition, if a quarterly rebalancing date is not a business day the reallocation will occur on the next business day. Withdrawals from the contract will not result in rebalancing on the date of withdrawal.

The rebalancing requirement described above does not apply if you choose to allocate according to (A) above.

**Subsequent Purchase Payments.** Subsequent purchase payments must be allocated in accordance with

the above limitations. When allocating according to (B) above, it is important to remember that the entire account value will be immediately reallocated according to any new allocation instructions that accompany a subsequent purchase payment, if the new allocation instructions differ from those previously received for the contract. Allocating according to (B) does not permit you to specify different allocations for individual purchase payments. Due to the rebalancing and reallocation requirements of (B), the entire account will be immediately reallocated according to the most recently provided allocation instructions.

**Example:**

Your account value is \$100,000 and allocated 70% to the Pioneer Fund Portfolio and 30% to the PIMCO Total Return Portfolio using Option B of the Portfolio Flexibility Program. You make a subsequent purchase payment of \$5,000 and provide instructions to allocate 100% of that payment to the BlackRock Money Market Portfolio. As a result of the new allocation instructions, your entire account value of \$105,000 will then be reallocated to the BlackRock Money Market Portfolio.

**EDCA.** If you choose to allocate according to (B) above and you choose to allocate a purchase payment to the EDCA account, that entire purchase payment must be allocated only to the EDCA account. Any transfer from an EDCA account must be allocated in accordance with the limitations described under (B) above. In addition, if you made previous purchase payments before allocating a purchase payment to the EDCA account, all transfers from an EDCA account must be allocated to the same investment options as your most recent allocations for purchase payments.

**Changing Purchase Payment Allocation**

**Instructions.** You may change your purchase payment allocation instructions under (B) above at any time by providing notice to us, at our Annuity Service Center, or by any other method acceptable to us, provided that such instructions comply with the allocation limits described above. If you provide new allocation instructions for purchase payments and if these instructions conform to the allocation limits described under (B) above, then we will rebalance in accordance with the revised allocation instructions. Any future purchase payment, EDCA account transfer and quarterly rebalancing allocations will be automatically updated in accordance with these new instructions.



**Transfers.** Please note that any transfer request must result in an account value that meets the allocation limits described above. Any transfer request will not cause your allocation instructions to change unless you provide us with a separate instruction at the time of transfer.

### **Free Look**

If you change your mind about owning this contract, you can cancel it within 10 days after receiving it (or the period required in your state). We ask that you submit your request to cancel in writing, signed by you, to our Annuity Service Center. When you cancel the contract within this “free look” period, we will not assess a withdrawal charge. Unless otherwise required by state law, you will receive back whatever your contract is worth on the day we receive your request. This may be more or less than your payment depending upon the performance of the portfolios you allocated your purchase payment to during the free look period. This means that you bear the risk of any decline in the value of your contract during the free look period. We do not refund any charges or deductions assessed during the free look period. In certain states, we are required to give you back your purchase payment if you decide to cancel your contract during the free look period.

### **Accumulation Units**

The portion of your account value allocated to the Separate Account will go up or down depending upon the investment performance of the investment portfolio(s) you choose. In order to keep track of this portion of your account value, we use a unit of measure we call an *accumulation unit*. (An accumulation unit works like a share of a mutual fund.)

Every business day we determine the value of an accumulation unit for each of the investment portfolios by multiplying the accumulation unit value for the immediately preceding business day by a factor for the current business day. The factor is determined by:

- 1) dividing the net asset value per share of the investment portfolio at the end of the current business day, plus any dividend or capital gains per share declared on behalf of the investment portfolio as of that day, by the net asset value per share of the investment portfolio for the previous business day, and
- 2) multiplying it by one minus the Separate Account product charges (including any rider charge for the Annual Step-Up Death Benefit, the Compounded-Plus Death Benefit, and/or the Additional Death Benefit—

Earnings Preservation Benefit) for each day since the last business day and any charges for taxes.

The value of an accumulation unit may go up or down from day to day.

When you make a purchase payment, we credit your contract with accumulation units. The number of accumulation units credited is determined by dividing the amount of the purchase payment allocated to an investment portfolio by the value of the accumulation unit for that investment portfolio.

We calculate the value of an accumulation unit for each investment portfolio after the New York Stock Exchange closes each day (generally 4:00 p.m. Eastern Time) and then credit your contract.

### **Example:**

On Monday we receive an additional purchase payment of \$5,000 from you before 4:00 p.m. Eastern Time. You have told us you want this to go to the Lord Abnett Mid Cap Value Portfolio. When the New York Stock Exchange closes on that Monday, we determine that the value of an accumulation unit for the Lord Abnett Mid Cap Value Portfolio is \$13.90. We then divide \$5,000 by \$13.90 and credit your contract on Monday night with 359.71 accumulation units for the Lord Abnett Mid Cap Value Portfolio.

### **Account Value**

*Account value* is equal to the sum of your interests in the investment portfolios, the fixed account, and the EDCA account. Your interest in each investment portfolio is determined by multiplying the number of accumulation units for that portfolio by the value of the accumulation unit.

### **Replacement of Contracts**

**Exchange Programs.** From time to time we may offer programs under which certain fixed or variable annuity contracts previously issued by us or one of our affiliates may be exchanged for the contracts offered by this prospectus. Currently, with respect to exchanges from certain of our variable annuity contracts to this contract, an existing contract is eligible for exchange if a withdrawal from, or surrender of, the contract would not trigger a withdrawal charge. The account value of this contract attributable to the exchanged assets will not be subject to any withdrawal charge or be eligible for the Enhanced Dollar Cost Averaging program or the Three Month

Market Entry Program (see “Investment Options — Dollar Cost Averaging Programs”). Any additional purchase payments contributed to the new contract will be subject to all fees and charges, including the withdrawal charge described in this prospectus. You should carefully consider whether an exchange is appropriate for you by comparing the death benefits, living benefits, and other guarantees provided by the contract you currently own to the benefits and guarantees that would be provided by the new contract offered by this prospectus. Then, you should compare the fees and charges (for example, the death benefit charges, the living benefit charges, and the mortality and expense charge) of your current contract to the fees and charges of the new contract, which may be higher than your current contract. The programs we offer will be made available on terms and conditions determined by us, and any such programs will comply with applicable law. We believe the exchanges will be tax free for federal income tax purposes; however, you should consult your tax adviser before making any such exchange.

**Other Exchanges.** Generally you can exchange one variable annuity contract for another in a tax-free exchange under Section 1035 of the Internal Revenue Code. Before making an exchange, you should compare both annuities carefully. If you exchange another annuity for the one described in this prospectus, unless the exchange occurs under one of our exchange programs as described above, you might have to pay a surrender charge on your old annuity, and there will be a new surrender charge period for this contract. Other charges may be higher (or lower) and the benefits may be different. Also, because we will not issue the contract until we have received the initial premium from your existing insurance company, the issuance of the contract may be delayed. Generally, it is not advisable to purchase a contract as a replacement for an existing variable annuity contract. Before you exchange another annuity for our contract, ask your registered representative whether the exchange would be advantageous, given the contract features, benefits and charges.

### 3. INVESTMENT OPTIONS

The contract offers 59 *investment portfolios*, which are listed below. Additional investment portfolios may be available in the future.

**You should read the prospectuses for these funds carefully. You can obtain copies of the fund**

**prospectuses by calling or writing to us at: MetLife Investors USA Insurance Company, Annuity Service Center, P.O. Box 10366, Des Moines, Iowa 50306-0366, (800) 343-8496. You can also obtain information about the funds (including a copy of the Statement of Additional Information) by accessing the Securities and Exchange Commission’s website at <http://www.sec.gov>. Appendix A contains a summary of advisers, subadvisers, and investment objectives for each investment portfolio.**

The investment objectives and policies of certain of the investment portfolios may be similar to the investment objectives and policies of other mutual funds that certain of the portfolios’ investment advisers manage. Although the objectives and policies may be similar, the investment results of the investment portfolios may be higher or lower than the results of such other mutual funds. The investment advisers cannot guarantee, and make no representation, that the investment results of similar funds will be comparable even though the funds may have the same investment advisers.

Shares of the investment portfolios may be offered to insurance company separate accounts of both variable annuity and variable life insurance contracts and to qualified plans. Due to differences in tax treatment and other considerations, the interests of various owners participating in, and the interests of qualified plans investing in the investment portfolios may conflict. The investment portfolios will monitor events in order to identify the existence of any material irreconcilable conflicts and determine what action, if any, should be taken in response to any such conflict.

**Certain Payments We Receive with Regard to the Investment Portfolios.** We do not receive compensation from any of the advisers or subadvisers of any of the investment portfolios of the Met Investors Series Trust or the Metropolitan Series Fund, Inc. (or their affiliates) for administrative or other services relating to the portfolios, excluding 12b-1 fees (see below). However, we and/or certain of our affiliated insurance companies have joint ownership interests in our affiliated investment adviser, MetLife Advisers, LLC, which is formed as a “limited liability company.” Our ownership interests in MetLife Advisers, LLC entitle us to profit distributions if the adviser makes a profit with respect to the advisory fees it receives from the investment portfolios. We will benefit accordingly

from assets allocated to the investment portfolios to the extent they result in profits to the adviser. (See “Fee Tables and Examples — Investment Portfolio Expenses” for information on the management fees paid by the investment portfolios and the Statement of Additional Information for the investment portfolios for information on the management fees paid by the advisers to the subadvisers.) Additionally, an investment adviser or subadviser of an investment portfolio or its affiliates may provide us with wholesaling services that assist in the distribution of the contracts and may pay us and/or certain of our affiliates amounts to participate in sales meetings. These amounts may be significant and may provide the adviser or subadviser (or its affiliate) with increased access to persons involved in the distribution of the contracts.

Each of the Met Investors Series Trust and the Metropolitan Series Fund, Inc. has adopted a Distribution Plan under Rule 12b-1 of the Investment Company Act of 1940. Each investment portfolio’s 12b-1 Plan is described in more detail in the investment portfolio’s prospectus. (See “Fee Tables and Examples — Investment Portfolio Expenses” and “Other Information — Distributor.”) Any payments we receive pursuant to those 12b-1 Plans are paid to us or our distributor. Payments under an investment portfolio’s 12b-1 Plan decrease the investment portfolio’s investment return.

We select the investment portfolios offered through this contract based on a number of criteria, including asset class coverage, the strength of the adviser’s or subadviser’s reputation and tenure, brand recognition, performance, and the capability and qualification of each investment firm. Another factor we consider during the selection process is whether the investment portfolio’s adviser or subadviser is one of our affiliates or whether the investment portfolio, its adviser, its subadviser(s), or an affiliate will make payments to us or our affiliates. In this regard, the profit distributions we receive from our affiliated investment advisers are a component of the total revenue that we consider in configuring the features and investment choices available in the variable insurance products that we and our affiliated insurance companies issue. Since we and our affiliated insurance companies may benefit more from the allocation of assets to portfolios advised by our affiliates than to those that are not, we may be more inclined to offer portfolios advised by our affiliates in the variable insurance products we issue. We review the investment portfolios periodically and may remove an investment portfolio or limit its availability to new

purchase payments and/or transfers of account value if we determine that the investment portfolio no longer meets one or more of the selection criteria, and/or if the investment portfolio has not attracted significant allocations from contract owners. In some cases, we have included investment portfolios based on recommendations made by selling firms. These selling firms may receive payments from the investment portfolios they recommend and may benefit accordingly from the allocation of account value to such investment portfolios.

**We do not provide any investment advice and do not recommend or endorse any particular investment portfolio. You bear the risk of any decline in the account value of your contract resulting from the performance of the investment portfolios you have chosen.**

### **Met Investors Series Trust (Class B or, as noted, Class C or Class E)**

Met Investors Series Trust is a mutual fund with multiple portfolios. MetLife Advisers, LLC (MetLife Advisers), an affiliate of MetLife Investors USA, is the investment manager of Met Investors Series Trust. MetLife Advisers has engaged subadvisers to provide investment advice for the individual investment portfolios. (See Appendix A for the names of the subadvisers.) The following Class B or, as noted, Class C or Class E portfolios are available under the contract:

- American Funds<sup>®</sup> Bond Portfolio (Class C)
- American Funds<sup>®</sup> Growth Portfolio (Class C)
- American Funds<sup>®</sup> International Portfolio (Class C)
- BlackRock High Yield Portfolio
- Clarion Global Real Estate Portfolio
- Goldman Sachs Mid Cap Value Portfolio
- Harris Oakmark International Portfolio
- Invesco Small Cap Growth Portfolio
- Janus Forty Portfolio
- Lazard Mid Cap Portfolio
- Legg Mason ClearBridge Aggressive Growth Portfolio
- Loomis Sayles Global Markets Portfolio
- Lord Abbett Bond Debenture Portfolio
- Lord Abbett Mid Cap Value Portfolio
- Met/Eaton Vance Floating Rate Portfolio
- Met/Franklin Low Duration Total Return Portfolio
- Met/Franklin Mutual Shares Portfolio
- Met/Templeton International Bond Portfolio\*
- MFS<sup>®</sup> Emerging Markets Equity Portfolio
- MFS<sup>®</sup> Research International Portfolio
- PIMCO Inflation Protected Bond Portfolio

PIMCO Total Return Portfolio  
 Pioneer Fund Portfolio  
 Pioneer Strategic Income Portfolio (Class E)  
 Rainier Large Cap Equity Portfolio  
 RCM Technology Portfolio  
 T. Rowe Price Large Cap Value Portfolio  
 T. Rowe Price Mid Cap Growth Portfolio  
 Third Avenue Small Cap Value Portfolio  
 Turner Mid Cap Growth Portfolio  
 Van Kampen Comstock Portfolio

\* This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

### **Metropolitan Series Fund, Inc.**

Metropolitan Series Fund, Inc. is a mutual fund with multiple portfolios. MetLife Advisers, an affiliate of MetLife Investors USA, is the investment adviser to the portfolios. MetLife Advisers has engaged subadvisers to provide investment advice for the individual investment portfolios. (See Appendix A for the names of the subadvisers.) The following portfolios are available under the contract:

Barclays Capital Aggregate Bond Index Portfolio (Class G)  
 BlackRock Money Market Portfolio (Class B)  
 Davis Venture Value Portfolio (Class E)  
 Jennison Growth Portfolio (Class B)  
 Met/Artisan Mid Cap Value Portfolio (Class B)  
 Met/Dimensional International Small Company Portfolio (Class B)  
 MetLife Mid Cap Stock Index Portfolio (Class G)  
 MetLife Stock Index Portfolio (Class B)  
 Morgan Stanley EAFE<sup>®</sup> Index Portfolio (Class G)  
 Russell 2000<sup>®</sup> Index Portfolio (Class G)  
 Van Eck Global Natural Resources Portfolio (Class B)\*  
 Western Asset Management U.S. Government Portfolio (Class B)

\* This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

### **Met Investors Series Trust — MetLife Asset Allocation Program (Class B)**

In addition to the portfolios listed above under Met Investors Series Trust, the following Class B portfolios are available under the contract:

MetLife Defensive Strategy Portfolio  
 MetLife Moderate Strategy Portfolio  
 MetLife Balanced Strategy Portfolio  
 MetLife Growth Strategy Portfolio  
 MetLife Aggressive Strategy Portfolio

### **Met Investors Series Trust — American Funds<sup>®</sup> Asset Allocation Portfolios (Class C)**

In addition to the portfolios listed above under Met Investors Series Trust, the following Class C portfolios are also available under the contract:

American Funds<sup>®</sup> Moderate Allocation Portfolio  
 American Funds<sup>®</sup> Balanced Allocation Portfolio  
 American Funds<sup>®</sup> Growth Allocation Portfolio

### **Met Investors Series Trust — Franklin Templeton Asset Allocation Portfolios (Class B)**

In addition to the portfolios listed above under Met Investors Series Trust, the following Class B portfolio is also available under the contract:

Met/Franklin Templeton Founding Strategy Portfolio

### **Met Investors Series Trust — SSgA ETF Portfolios (Class B)**

In addition to the portfolios listed above under Met Investors Series Trust, the following Class B portfolios are also available under the contract:

SSgA Growth and Income ETF Portfolio  
 SSgA Growth ETF Portfolio

### **Met Investors Series Trust — GMIB Max and EDB Max Portfolios (Class B)**

In addition to the portfolios listed above under Met Investors Series Trust, the following Class B portfolios are also available under the contract:

AllianceBernstein Global Dynamic Allocation Portfolio\*  
 AQR Global Risk Balanced Portfolio\*  
 BlackRock Global Tactical Strategies Portfolio\*  
 MetLife Balanced Plus Portfolio\*  
 Pyramis<sup>®</sup> Government Income Portfolio\*

\* This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

### **Transfers**

**General.** You can transfer a portion of your account value among the fixed account and the investment portfolios. The contract provides that you can make a maximum of 12 transfers every year and that each transfer is made without charge. We measure a year from the anniversary of the day we issued your contract. We currently allow unlimited transfers but reserve the right to limit this in the future. We may also limit transfers in circumstances of market timing or other transfers we



determine are or would be to the disadvantage of other contract owners. (See “Investment Options — Transfers — Market Timing.”) We are not currently charging a transfer fee, but we reserve the right to charge such a fee in the future. If such a charge were to be imposed, it would be \$25 for each transfer over 12 in a year. The transfer fee will be deducted from the investment portfolio or fixed account from which the transfer is made. However, if the entire interest in an account is being transferred, the transfer fee will be deducted from the amount which is transferred.

You can make a transfer to or from any investment portfolio or the fixed account, subject to the limitations below. All transfers made on the same business day will be treated as one transfer. Transfers received before the close of trading on the New York Stock Exchange will take effect as of the end of the business day. The following apply to any transfer:

- Your request for transfer must clearly state which investment portfolio(s) or the fixed account are involved in the transfer.
- Your request for transfer must clearly state how much the transfer is for.
- The minimum amount you can transfer is \$500 from an investment portfolio, or your entire interest in the investment portfolio, if less (this does not apply to pre-scheduled transfer programs).
- The minimum amount that may be transferred from the fixed account is \$500, or your entire interest in the fixed account. Transfers out of the fixed account during the accumulation phase are limited to the greater of: (a) 25% of the fixed account value at the beginning of the contract year, or (b) the amount transferred out of the fixed account in the prior contract year. Currently we are not imposing these restrictions on transfers out of the fixed account, but we have the right to reimpose them at any time.
- You may not make a transfer to more than 18 investment portfolios (including the fixed account) at any time if the request is made by telephone to our voice response system or by Internet. A request to transfer to more than 18 investment portfolios (including the fixed account) may be made by calling or writing our Annuity Service Center.
- If you have elected to add a GMIB rider or a GMIB and an Enhanced Death Benefit rider to your contract, you may only make transfers between certain

investment portfolios. Please refer to the “Purchase—Investment Allocation Restrictions for Certain Riders” section.

During the accumulation phase, to the extent permitted by applicable law, during times of drastic economic or market conditions, we may suspend the transfer privilege temporarily without notice and treat transfer requests based on their separate components (a redemption order with simultaneous request for purchase of another investment portfolio). In such a case, the redemption order would be processed at the source investment portfolio’s next determined accumulation unit value. However, the purchase of the new investment portfolio would be effective at the next determined accumulation unit value for the new investment portfolio only after we receive the proceeds from the source investment portfolio, or we otherwise receive cash on behalf of the source investment portfolio.

For transfers during the accumulation phase, we have reserved the right to restrict transfers to the fixed account if any one of the following conditions exist:

- the credited interest rate on the fixed account is equal to the guaranteed minimum rate; or
- your account value in the fixed account equals or exceeds our published maximum for fixed account allocation (currently, there is no limit); or
- a transfer was made out of the fixed account within the previous 180 days.

During the income phase, you cannot make transfers from a fixed annuity payment option to the investment portfolios. You can, however, make transfers during the income phase from the investment portfolios to a fixed annuity payment option and among the investment portfolios.

**Transfers by Telephone or Other Means.** You may elect to make transfers by telephone, Internet or other means acceptable to us. To elect this option, you must first provide us with a notice or agreement in a form that we may require. If you own the contract with a joint owner, unless we are instructed otherwise, we will accept instructions from either you or the other owner. (See “Other Information — Requests and Elections.”)

All transfers made on the same day will be treated as one transfer. A transfer will be made as of the end of the business day when we receive a notice containing all the

required information necessary to process the request. We will consider telephone and Internet requests received after 4:00 p.m. Eastern Time to be received the following business day.

**Pre-Scheduled Transfer Program.** There are certain programs that involve transfers that are pre-scheduled. When a transfer is made as a result of such a program, we do not count the transfer in determining the applicability of any transfer fee and certain minimums do not apply. The current pre-scheduled transfers are made in conjunction with the following: Dollar Cost Averaging, Three Month Market Entry and Automatic Rebalancing Programs.

**Market Timing.** Frequent requests from contract owners to transfer account value may dilute the value of an investment portfolio's shares if the frequent trading involves an attempt to take advantage of pricing inefficiencies created by a lag between a change in the value of the securities held by the portfolio and the reflection of that change in the portfolio's share price ("arbitrage trading"). Regardless of the existence of pricing inefficiencies, frequent transfers may also increase brokerage and administrative costs of the underlying investment portfolios and may disrupt portfolio management strategy, requiring a portfolio to maintain a high cash position and possibly resulting in lost investment opportunities and forced liquidations ("disruptive trading"). Accordingly, arbitrage trading and disruptive trading activities (referred to collectively as "market timing") may adversely affect the long-term performance of the investment portfolios, which may in turn adversely affect contract owners and other persons who may have an interest in the contracts (*e.g.*, annuitants and beneficiaries).

We have policies and procedures that attempt to detect and deter frequent transfers in situations where we determine there is a potential for arbitrage trading. Currently, we believe that such situations may be presented in the international, small-cap, and high-yield investment portfolios (*i.e.*, the American Funds<sup>®</sup> International, BlackRock High Yield, Clarion Global Real Estate, Harris Oakmark International, Invesco Small Cap Growth, Loomis Sayles Global Markets, Lord Abbett Bond Debenture, Met/Eaton Vance Floating Rate, Met/Dimensional International Small Company, Met/Templeton International Bond, MFS<sup>®</sup> Emerging Markets Equity, MFS<sup>®</sup> Research International, Morgan Stanley EAFE<sup>®</sup> Index, Pioneer Strategic Income, Russell 2000<sup>®</sup> Index, Third Avenue Small Cap Value, and Van Eck Global Natural Resources Portfolios), and we monitor transfer

activity in those portfolios (the "Monitored Portfolios"). We employ various means to monitor transfer activity, such as examining the frequency and size of transfers into and out of the Monitored Portfolios within given periods of time. For example, we currently monitor transfer activity to determine if, for each category of international, small-cap, and high-yield portfolios, in a 12-month period there were: (1) six or more transfers involving the given category; (2) cumulative gross transfers involving the given category that exceed the current account value; and (3) two or more "round-trips" involving the given category. A round-trip generally is defined as a transfer in followed by a transfer out within the next seven calendar days or a transfer out followed by a transfer in within the next seven calendar days, in either case subject to certain other criteria.

We do not believe that other investment portfolios present a significant opportunity to engage in arbitrage trading and therefore do not monitor transfer activity in those portfolios. We may change the Monitored Portfolios at any time without notice in our sole discretion. In addition to monitoring transfer activity in certain investment portfolios, we rely on the underlying investment portfolios to bring any potential disruptive trading activity they identify to our attention for investigation on a case-by-case basis. We will also investigate any other harmful transfer activity that we identify from time to time. We may revise these policies and procedures in our sole discretion at any time without prior notice.

Our policies and procedures may result in transfer restrictions being applied to deter market timing. Currently, when we detect transfer activity in the Monitored Portfolios that exceeds our current transfer limits, or other transfer activity that we believe may be harmful to other owners or other persons who have an interest in the contracts, we require all future transfer requests to or from any Monitored Portfolios or other identified investment portfolios under that contract to be submitted with an original signature.

Transfers made under a Dollar Cost Averaging Program, a rebalancing program or, if applicable, any asset allocation program described in this prospectus are not treated as transfers when we evaluate trading patterns for market timing.

The detection and deterrence of harmful transfer activity involves judgments that are inherently subjective, such as the decision to monitor only those investment portfolios that we believe are susceptible to arbitrage trading, or the

determination of the transfer limits. Our ability to detect and/or restrict such transfer activity may be limited by operational and technological systems, as well as our ability to predict strategies employed by owners to avoid such detection. Our ability to restrict such transfer activity also may be limited by provisions of the contract. Accordingly, there is no assurance that we will prevent all transfer activity that may adversely affect owners and other persons with interests in the contracts. We do not accommodate market timing in any investment portfolios and there are no arrangements in place to permit any contract owner to engage in market timing; we apply our policies and procedures without exception, waiver, or special arrangement.

The investment portfolios may have adopted their own policies and procedures with respect to frequent purchases and redemptions of their respective shares, and we reserve the right to enforce these policies and procedures. For example, investment portfolios may assess a redemption fee (which we reserve the right to collect) on shares held for a relatively short period. The prospectuses for the investment portfolios describe any such policies and procedures, which may be more or less restrictive than the policies and procedures we have adopted. Although we may not have the contractual authority or the operational capacity to apply the frequent trading policies and procedures of the investment portfolios, we have entered into a written agreement, as required by SEC regulation, with each investment portfolio or its principal underwriter that obligates us to provide to the investment portfolio promptly upon request certain information about the trading activity of individual contract owners, and to execute instructions from the investment portfolio to restrict or prohibit further purchases or transfers by specific contract owners who violate the frequent trading policies established by the investment portfolio.

In addition, contract owners and other persons with interests in the contracts should be aware that the purchase and redemption orders received by the investment portfolios generally are “omnibus” orders from intermediaries, such as retirement plans or separate accounts funding variable insurance contracts. The omnibus orders reflect the aggregation and netting of multiple orders from individual owners of variable

insurance contracts and/or individual retirement plan participants. The omnibus nature of these orders may limit the investment portfolios in their ability to apply their frequent trading policies and procedures. In addition, the other insurance companies and/or retirement plans may have different policies and procedures or may not have any such policies and procedures because of contractual limitations. For these reasons, we cannot guarantee that the investment portfolios (and thus contract owners) will not be harmed by transfer activity relating to other insurance companies and/or retirement plans that may invest in the investment portfolios. If an investment portfolio believes that an omnibus order reflects one or more transfer requests from contract owners engaged in disruptive trading activity, the investment portfolio may reject the entire omnibus order.

In accordance with applicable law, we reserve the right to modify or terminate the transfer privilege at any time. We also reserve the right to defer or restrict the transfer privilege at any time that we are unable to purchase or redeem shares of any of the investment portfolios, including any refusal or restriction on purchases or redemptions of their shares as a result of their own policies and procedures on market timing activities (even if an entire omnibus order is rejected due to the market timing activity of a single contract owner). You should read the investment portfolio prospectuses for more details.

### **Dollar Cost Averaging Programs**

We offer two dollar cost averaging programs as described below. By allocating amounts on a regular schedule as opposed to allocating the total amount at one particular time, you may be less susceptible to the impact of market fluctuations. You can elect only one dollar cost averaging program at a time. The dollar cost averaging programs are available only during the accumulation phase.

We reserve the right to modify, terminate or suspend any of the dollar cost averaging programs. There is no additional charge for participating in any of the dollar cost averaging programs. If you participate in any of the dollar cost averaging programs, the transfers made under the program are not taken into account in determining any transfer fee. We may, from time to time, offer other dollar cost averaging programs which have terms different from those

described in this prospectus. We will terminate your participation in a dollar cost averaging program when we receive notification of your death in good order.

The two dollar cost averaging programs are:

### **1. Standard Dollar Cost Averaging (DCA)**

This program allows you to systematically transfer a set amount each month from the fixed account or from a money market investment portfolio to any of the other available investment portfolio(s) you select. We provide certain exceptions from our normal fixed account restrictions to accommodate the dollar cost averaging program. These transfers are made on a date you select or, if you do not select a date, on the date that a purchase payment or account value is allocated to the dollar cost averaging program. However, transfers will be made on the 1st day of the following month for purchase payments or account value allocated to the dollar cost averaging program on the 29th, 30th, or 31st day of a month.

You can make subsequent purchase payments while you have an active DCA program in effect, provided, however, that no amount will be allocated to the DCA program without your express direction. (See “Purchase — Allocation of Purchase Payments.”) If you make such an addition to your existing DCA program, the DCA transfer amount will not be increased; however, the number of months over which transfers are made is increased, unless otherwise elected in writing. You can terminate the program at any time, at which point transfers under the program will stop. This program is not available if you have selected a GMIB rider or a GMIB and an Enhanced Death Benefit rider.

### **2. Enhanced Dollar Cost Averaging Program (EDCA)**

The Enhanced Dollar Cost Averaging (EDCA) Program allows you to systematically transfer amounts from the EDCA account in the general account to any available investment portfolio(s) you select. Except as discussed below, only new purchase payments or portions thereof can be allocated to an EDCA account. The transfer amount will be equal to the amount allocated to the EDCA account divided by a specified number of months (currently 6 or 12 months). For example, a \$12,000 allocation to a 6-month program will consist of six \$2,000 transfers, and a final transfer of the interest processed separately as a seventh transfer.

You can make subsequent purchase payments while you have an active EDCA account in effect, provided, however, that no amount will be allocated to the EDCA account without your express direction. (See “Purchase — Allocation of Purchase Payments.”) When a subsequent purchase payment is allocated by you to your existing EDCA account, we create “buckets” within your EDCA account.

- The EDCA transfer amount will be increased by the subsequent purchase payment divided by the number of EDCA months (6 or 12 months as you selected) and thereby accelerates the time period over which transfers are made.
- Each allocation (bucket) resulting from a subsequent purchase payment will earn interest at the then current interest rate applied to new allocations to an EDCA account of the same monthly term.
- Allocations (buckets) resulting from each purchase payment, along with the interest credited, will be transferred on a first-in, first-out basis. Using the example above, a subsequent \$6,000 allocation to a 6 month EDCA will increase the EDCA transfer amount from \$2,000 to \$3,000 (\$2,000 plus \$6,000/6). This increase will have the effect of accelerating the rate at which the 1st payment bucket is exhausted.

(See Appendix B for further examples of EDCA with multiple purchase payments.)

The interest rate earned in an EDCA account will be the minimum guaranteed rate, plus any additional interest which we may declare from time to time. The interest rate earned in an EDCA account is paid over time on declining amounts in the EDCA account. Therefore, the amount of interest payments you receive will decrease as amounts are systematically transferred from the EDCA account to any investment portfolio, and the effective interest rate earned will therefore be less than the declared interest rate.

The first transfer we make under the EDCA program is the date your purchase payment is allocated to your EDCA account. Subsequent transfers will be made each month thereafter on the same day. However, transfers will be made on the 1st day of the following month for purchase payments allocated on the 29th, 30th, or 31st day of a month. If the selected day is not a business day, the transfer will be deducted from the EDCA account on the selected day but will be applied to the investment portfolios on the



next business day. EDCA interest will not be credited on the transfer amount between the selected day and the next business day. Transfers will continue on a monthly basis until all amounts are transferred from your EDCA account. Your EDCA account will be terminated as of the last transfer.

If you decide you no longer want to participate in the EDCA program, all money remaining in your EDCA account will be transferred to the investment portfolio(s) in accordance with the percentages you have chosen for the EDCA program, unless you specify otherwise.

### **Three Month Market Entry Program**

Alternatively, you can participate in the Three Month Market Entry Program which operates in the same manner as the Enhanced Dollar Cost Averaging Program, except it is of 3 months duration.

### **Automatic Rebalancing Program**

Once your money has been allocated to the investment portfolios, the performance of each portfolio may cause your allocation to shift. You can direct us to automatically rebalance your contract to return to your original percentage allocations by selecting our Automatic Rebalancing Program. You can tell us whether to rebalance monthly, quarterly, semi-annually or annually.

An automatic rebalancing program is intended to transfer account value from those portfolios that have increased in value to those that have declined or not increased as much in value. Over time, this method of investing may help you “buy low and sell high,” although there can be no assurance that this objective will be achieved. Automatic rebalancing does not guarantee profits, nor does it assure that you will not have losses.

We will measure the rebalancing periods from the anniversary of the date we issued your contract. If a dollar cost averaging (either DCA or EDCA) program is in effect, rebalancing allocations will be based on your current DCA or EDCA allocations. If you are not participating in a dollar cost averaging program, we will make allocations based upon your current purchase payment allocations, unless you tell us otherwise.

The Automatic Rebalancing Program is available only during the accumulation phase. There is no additional charge for participating in the Automatic Rebalancing Program. If you participate in the Automatic Rebalancing Program, the transfers made under the program are not taken into account in determining any transfer fee. We will

terminate your participation in the Automatic Rebalancing Program when we receive notification of your death in good order. If you have selected the GMIB Plus IV rider or the GMIB Plus IV and Enhanced Death Benefit III riders, or if you have selected the GMIB Plus III rider or the GMIB Plus III and Enhanced Death Benefit II riders, the fixed account is available for automatic rebalancing. If you have selected the GMIB Max II rider or the GMIB Max II and EDB Max II riders, the fixed account is not available for automatic rebalancing.

### **Example:**

Assume that you want your initial purchase payment split between 2 investment portfolios. You want 40% to be in the Lord Abbett Bond Debenture Portfolio and 60% to be in the Legg Mason ClearBridge Aggressive Growth Portfolio. Over the next 2½ months the bond market does very well while the stock market performs poorly. At the end of the first quarter, the Lord Abbett Bond Debenture Portfolio now represents 50% of your holdings because of its increase in value. If you have chosen to have your holdings rebalanced quarterly, on the first day of the next quarter, we will sell some of your units in the Lord Abbett Bond Debenture Portfolio to bring its value back to 40% and use the money to buy more units in the Legg Mason ClearBridge Aggressive Growth Portfolio to increase those holdings to 60%.

### **Description of the MetLife Asset Allocation Program**

The MetLife Asset Allocation Program consists of the following five MetLife asset allocation portfolios (Class B), each of which is a portfolio of the Met Investors Series Trust. MetLife Advisers, LLC (MetLife Advisers), an affiliate of ours, is the investment manager of the MetLife asset allocation portfolios.

#### **MetLife Asset Allocation Program Portfolios**

- MetLife Defensive Strategy Portfolio
- MetLife Moderate Strategy Portfolio
- MetLife Balanced Strategy Portfolio
- MetLife Growth Strategy Portfolio
- MetLife Aggressive Strategy Portfolio

Each portfolio is designed on established principles of asset allocation to achieve a specific risk profile. Each portfolio invests substantially all of its assets in the Class A shares of other investment portfolios of Met Investors Series Trust or Metropolitan Series Fund, Inc. (the underlying portfolios). Each portfolio has a target allocation between the two

broad asset classes (equity and fixed income). MetLife Advisers establishes specific target investment percentages for the asset classes and the various components of each asset category. MetLife Advisers determines these target allocations based on a variety of factors, including its long-term outlook for the return and risk characteristics of the various asset classes and the relationship between those asset classes. MetLife Advisers then selects the underlying portfolios in which each portfolio invests based on, among other factors, the underlying portfolios' investment objectives, policies, investment processes and portfolio analytical and management personnel. Periodically, MetLife Advisers will evaluate each portfolio's allocation between equity and fixed income, inclusive of the exposure to various investment styles and asset sectors, relative to each portfolio's risk profile. Concurrently, MetLife Advisers will consider whether to make changes to each portfolio's investments in any of the underlying portfolios. (See the fund prospectus for a description of each portfolio's target allocation.)

MetLife Advisers has hired an independent consultant to provide research and consulting services with respect to the periodic asset allocation targets for each of the portfolios and to investment in the underlying portfolios, which may assist MetLife Advisers in determining the underlying portfolios that may be available for investment and with the selection of and allocation of each portfolio's investments among the underlying portfolios. MetLife Advisers is responsible for paying the consulting fees.

### **Description of the American Funds® Asset Allocation Portfolios**

The following three American Funds® Asset Allocation Portfolios (Class C) are each a portfolio of the Met Investors Series Trust. MetLife Advisers is the investment manager of the American Funds® Asset Allocation Portfolios.

#### **American Funds® Asset Allocation Portfolios**

- American Funds® Moderate Allocation Portfolio
- American Funds® Balanced Allocation Portfolio
- American Funds® Growth Allocation Portfolio

Each portfolio is designed on established principles of asset allocation to achieve a specific risk profile. Each portfolio will invest substantially all of its assets in certain funds of American Funds Insurance Series® (the underlying portfolios). Each portfolio has a target allocation between

the two broad asset classes (equity and fixed income). MetLife Advisers establishes specific target investment percentages for the broad asset classes and the various components of each asset category. MetLife Advisers determines these target allocations based on a variety of factors, including its long-term outlook for the return and risk characteristics of the various asset classes and the relationship between those asset classes. MetLife Advisers then selects the underlying portfolios in which each portfolio invests based on, among other factors, the underlying portfolios' investment objectives, policies, investment processes and portfolio analytical and management personnel.

Periodically, MetLife Advisers will evaluate each portfolio's allocation between equity and fixed income, inclusive of the exposure to various investment styles and asset sectors, relative to each portfolio's risk profile. Concurrently, MetLife Advisers will consider whether to make changes with respect to each portfolio's investments in any of the underlying portfolios. (See the fund prospectus for a description of each portfolio's target allocation.)

### **Description of the Met/Franklin Templeton Founding Strategy Portfolio**

The Met/Franklin Templeton Founding Strategy Portfolio invests on a fixed percentage basis in a combination of Met Investors Series Trust portfolios sub-advised by subsidiaries of Franklin Resources, Inc., which, in turn, invest primarily in U.S. and foreign equity securities and, to a lesser extent, fixed-income and money market securities. The Met/Franklin Templeton Founding Strategy Portfolio's assets are allocated on an equal basis (33 1/3%) among the Class A shares of the Met/Franklin Income Portfolio, Met/Franklin Mutual Shares Portfolio and Met/Templeton Growth Portfolio (the underlying portfolios). MetLife Advisers is the investment manager of the Met/Franklin Templeton Founding Strategy Portfolio. MetLife Advisers will periodically rebalance the portfolio's holdings as deemed necessary to bring the asset allocation of the portfolio back into alignment with its fixed percentage allocations. (See the fund prospectus for more information about the portfolio and the underlying portfolios in which it invests.)

### **Description of the SSgA ETF Portfolios**

The SSgA Growth and Income ETF Portfolio (Class B) and the SSgA Growth ETF Portfolio (Class B) are each a

portfolio of the Met Investors Series Trust. MetLife Advisers is the investment manager of the SSgA ETF Portfolios.

Each portfolio was designed on established principles of asset allocation. Each portfolio will primarily invest its assets in other investment companies known as exchange-traded funds (underlying ETFs). Each underlying ETF invests primarily in equity securities or in fixed income securities, as applicable, typically in an effort to replicate the performance of a market index.

Each of the SSgA ETF Portfolios has a different allocation among various asset classes (including large, mid and small capitalization domestic equity, foreign, fixed income, high yield, real estate investment trusts and cash/money market). In addition, SSgA Funds Management, Inc. (SSgA Funds Management), the portfolios' subadviser, may also make allocations to investments in other asset classes. SSgA Funds Management establishes specific investment percentages for the asset classes and then selects the underlying ETFs in which a portfolio invests based on, among other factors, the historical performance of each underlying ETF and/or asset class, future risk/return expectations, and SSgA Funds Management's outlook for the economy, interest rates and financial markets. These allocations reflect varying degrees of potential investment risk and reward. The allocation between equity and fixed income underlying ETFs reflects greater or lesser emphasis on growth of capital and pursuing current income.

SSgA Funds Management will regularly review each portfolio's asset allocation among equities, fixed income, cash/cash equivalents and other asset classes, including the investment allocations within such asset classes and may make changes in the allocation as the market and economic outlook changes. SSgA Funds Management may add new underlying ETFs or replace existing underlying ETFs at its discretion. (See the fund prospectus for more information about each of the SSgA ETF Portfolios and the underlying ETFs.)

### **Voting Rights**

We are the legal owner of the investment portfolio shares. However, we believe that when an investment portfolio solicits proxies in conjunction with a vote of shareholders, we are required to obtain from you and other affected owners instructions as to how to vote those shares. When we receive those instructions, we will vote all of the shares we own in proportion to those instructions. This will also include any shares that we own on our own behalf. The

effect of this proportional voting is that a small number of contract owners may control the outcome of a vote. Should we determine that we are no longer required to comply with the above, we will vote the shares in our own right.

### **Substitution of Investment Options**

If investment in the investment portfolios or a particular investment portfolio is no longer possible, in our judgment becomes inappropriate for purposes of the contract, or for any other reason in our sole discretion, we may substitute another investment portfolio or investment portfolios without your consent. The substituted investment portfolio may have different fees and expenses. Substitution may be made with respect to existing investments or the investment of future purchase payments, or both. However, we will not make such substitution without any necessary approval of the Securities and Exchange Commission and applicable state insurance departments. Furthermore, we may close investment portfolios to allocation of purchase payments or account value, or both, at any time in our sole discretion.

## **4. EXPENSES**

There are charges and other expenses associated with the contract that reduce the return on your investment in the contract. These charges and expenses are:

### **Product Charges**

**Separate Account Product Charges.** Each day, we make a deduction for our Separate Account product charges (which consist of the mortality and expense charge, the administration charge and the charges related to certain death benefit riders). We do this as part of our calculation of the value of the accumulation units and the annuity units (*i.e.*, during the accumulation phase and the income phase — although death benefit charges no longer continue in the income phase).

**Mortality and Expense Charge.** We assess a daily mortality and expense charge that is equal, on an annual basis, to 1.05% of the average daily net asset value of each investment portfolio.

This charge compensates us for mortality risks we assume for the annuity payment and death benefit guarantees made under the contract. These guarantees include making annuity payments that will not change based on our actual mortality experience, and providing a guaranteed minimum death benefit under the contract. The charge also compensates us for expense risks we assume to cover

contract maintenance expenses. These expenses may include issuing contracts, maintaining records, making and maintaining subaccounts available under the contract and performing accounting, regulatory compliance, and reporting functions. This charge also compensates us for costs associated with the establishment and administration of the contract, including programs like transfers and dollar cost averaging. If the mortality and expense charge is inadequate to cover the actual expenses of mortality, maintenance, and administration, we will bear the loss. If the charge exceeds the actual expenses, we will add the excess to our profit and it may be used to finance distribution expenses or for any other purpose.

**Administration Charge.** This charge is equal, on an annual basis, to 0.25% of the average daily net asset value of each investment portfolio. This charge, together with the account fee (see below), is for the expenses associated with the administration of the contract. Some of these expenses are: issuing contracts, maintaining records, providing accounting, valuation, regulatory and reporting services, as well as expenses associated with marketing, sale and distribution of the contracts.

**Death Benefit Rider Charges.** If you select one of the following death benefit riders, we will deduct a charge that compensates us for the costs and risks we assume in providing the benefit. This charge (assessed during the accumulation phase) is equal, on an annual basis, to the percentages below of the average daily net asset value of each investment portfolio:

Annual Step-Up Death Benefit	0.20%
Compounded-Plus Death Benefit	0.35%
Additional Death Benefit — Earnings Preservation Benefit	0.25%

Please check with your registered representative regarding which death benefits are available in your state.

The EDB Max II rider may only be selected if you also select the GMIB Max II rider. The Enhanced Death Benefit III rider may only be selected if you also select the GMIB Plus IV rider. The Enhanced Death Benefit II rider may only be selected if you also select the GMIB Plus III rider.

If you select an Enhanced Death Benefit rider, and you are age 69 or younger at issue, we will assess a charge during the accumulation phase equal to 0.60% of the death benefit base. If you are age 70-75 at issue, we will assess a charge during the accumulation phase equal to 1.15% of

the death benefit base (for a discussion of how the death benefit base is determined, see “Death Benefit — Optional Death Benefits — EDB Max II and Enhanced Death Benefit III” or “Death Benefit — Optional Death Benefit — Enhanced Death Benefit II”).

If your death benefit base is increased due to an Optional Step-Up, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up. Starting with the first contract anniversary, the charge is assessed for the prior contract year at each contract anniversary before any Optional Step-Up. If you: make a full withdrawal (surrender); begin to receive annuity payments at the annuity date; change the owner or joint owner (or the annuitant, if a non-natural person owns the contract); or assign the contract, a pro rata portion of the charge will be assessed based on the number of months from the last contract anniversary to the date of withdrawal, application to an annuity option, change of owner/annuitant, or assignment. The charge is deducted from your account value pro rata from each investment portfolio, the fixed account and the EDCA account in the ratio each portfolio/account bears to your total account value. We take amounts from the investment options that are part of the Separate Account by canceling accumulation units from the Separate Account.

### Account Fee

During the accumulation phase, every contract year on your contract anniversary (the anniversary of the date when your contract was issued), we will deduct \$30 from your contract as an account fee for the prior contract year if your account value is less than \$50,000. If you make a complete withdrawal from your contract, the full account fee will be deducted from the account value regardless of the amount of your account value. During the accumulation phase, the account fee is deducted pro rata from the investment portfolios. This charge is for administrative expenses (see above). This charge cannot be increased.

A pro rata portion of the charge will be deducted from the account value on the annuity date if this date is other than a contract anniversary. If your account value on the annuity date is at least \$50,000, then we will not deduct the



account fee. After the annuity date, the charge will be collected monthly out of the annuity payment, regardless of the size of your contract.

### **Guaranteed Minimum Income Benefit – Rider Charge**

We offer a Guaranteed Minimum Income Benefit (GMIB) that you can select when you purchase the contract. There are three different versions of the GMIB under this contract: GMIB Max II, GMIB Plus IV, and GMIB Plus III. Please check with your registered representative regarding which version(s) of the GMIB are available in your state.

If you select a GMIB rider, we will assess a charge during the accumulation phase equal to 1.00% of the income base (see “Living Benefits – Guaranteed Income Benefits” for a discussion of how the income base is determined) at the time the rider charge is assessed prior to any Optional Step-Up. If your income base is increased due to an Optional Step-Up, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

The rider charge is assessed at the first contract anniversary, and then at each subsequent contract anniversary, up to and including the anniversary on or immediately preceding the date the rider is exercised. If you: make a full withdrawal (surrender); begin to receive annuity payments at the annuity date; change the owner or joint owner (or the annuitant, if a non-natural person owns the contract); or assign the contract, a pro rata portion of the rider charge will be assessed based on the number of months from the last contract anniversary to the date of withdrawal, application to an annuity option, change of owner/annuitant, or assignment. The GMIB rider charge is deducted from your account value pro rata from each investment portfolio, the fixed account and the EDCA account in the ratio each portfolio/account bears to your total account value. We take amounts from the investment options that are part of the Separate Account by canceling accumulation units from the Separate Account.

### **Withdrawal Charge**

We impose a withdrawal charge to reimburse us for contract sales expenses, including commissions and other distribution, promotion, and acquisition expenses. During the accumulation phase, you can make a withdrawal from

your contract (either a partial or a complete withdrawal). If the amount you withdraw is determined to include the withdrawal of any of your prior purchase payments, a withdrawal charge is assessed against the purchase payment withdrawn. To determine if your withdrawal includes prior purchase payments, amounts are withdrawn from your contract in the following order:

1. Earnings in your contract (earnings are equal to your account value, less purchase payments not previously withdrawn); then
2. The free withdrawal amount described below; then
3. Purchase payments not previously withdrawn, in the order such purchase payments were made: the oldest purchase payment first, the next purchase payment second, etc. until all purchase payments have been withdrawn.

A withdrawal charge may be assessed if prior purchase payments are withdrawn pursuant to a divorce or separation instrument, if permissible under tax law.

**Free Withdrawal Amount.** The free withdrawal amount for each contract year after the first (there is no free withdrawal amount in the first contract year) is equal to 10% of your total purchase payments, less the total free withdrawal amount previously withdrawn in the same contract year. Also, we currently will not assess the withdrawal charge on amounts withdrawn during the first contract year under the Systematic Withdrawal Program. Any unused free withdrawal amount in one contract year does not carry over to the next contract year.

The withdrawal charge is calculated at the time of each withdrawal in accordance with the following:

<u>Number of Complete Years from Receipt of Purchase Payment</u>	<u>Withdrawal Charge (% of Purchase Payment)</u>
0	7
1	6
2	6
3	5
4	4
5	3
6	2
7 and thereafter	0

For a partial withdrawal, the withdrawal charge is deducted from the remaining account value, if sufficient. If the remaining account value is not sufficient, the

withdrawal charge is deducted from the amount withdrawn.

If the account value is smaller than the total of all purchase payments, the withdrawal charge only applies up to the account value.

We do not assess the withdrawal charge on any payments paid out as annuity payments or as death benefits, although we do assess the withdrawal charge in calculating GMIB payments, if applicable. In addition, we will not assess the withdrawal charge on required minimum distributions from Qualified Contracts in order to satisfy federal income tax rules or to avoid required federal income tax penalties. This exception only applies to amounts required to be distributed from this contract. We do not assess the withdrawal charge on earnings in your contract.

**NOTE:** For tax purposes, earnings from Non-Qualified Contracts are considered to come out first.

### **Reduction or Elimination of the Withdrawal Charge**

**General.** We may elect to reduce or eliminate the amount of the withdrawal charge when the contract is sold under circumstances which reduce our sales expenses. Some examples are: if there is a large group of individuals that will be purchasing the contract, or if a prospective purchaser already had a relationship with us. We may not deduct a withdrawal charge under a contract issued to an officer, director, employee, or a family member of an officer, director, or employee of ours or any of our affiliates, and we may not deduct a withdrawal charge under a contract issued to an officer, director or employee or family member of an officer, director or employee of a broker-dealer that is participating in the offering of the contract. In lieu of a withdrawal charge waiver, we may provide an account value credit.

**Nursing Home or Hospital Confinement Rider.** We will not impose a withdrawal charge if, after you have owned the contract for one year, you or your joint owner becomes confined to a nursing home and/or hospital for at least 90 consecutive days or confined for a total of at least 90 days if there is no more than a 6-month break in confinement and the confinements are for related causes. The confinement must begin after the first contract anniversary and you must have been the owner continuously since the contract was issued (or have become the owner as the spousal beneficiary who continues the

contract). The confinement must be prescribed by a physician and be medically necessary. You must exercise this right no later than 90 days after you or your joint owner exits the nursing home or hospital. This waiver terminates on the annuity date. We will not accept additional payments once this waiver is used. There is no charge for this rider. This rider is not available in Massachusetts.

**Terminal Illness Rider.** After the first contract anniversary, we will waive the withdrawal charge if you or your joint owner are terminally ill and not expected to live more than 12 months; a physician certifies to your illness and life expectancy; you were not diagnosed with the terminal illness as of the date we issued your contract; and you have been the owner continuously since the contract was issued (or have become the owner as the spousal beneficiary who continues the contract). This waiver terminates on the annuity date. We will not accept additional payments once this waiver is used. There is no charge for this rider. This rider is not available in Massachusetts.

The Nursing Home or Hospital Confinement rider and the Terminal Illness rider are not available for owners who are age 81 or older (on the contract issue date). Additional conditions and requirements apply to the Nursing Home or Hospital Confinement rider and the Terminal Illness rider. They are specified in the rider(s) that are part of your contract.

### **Premium and Other Taxes**

We reserve the right to deduct from purchase payments, account balances, withdrawals, death benefits or income payments any taxes relating to the contracts (including, but not limited to, premium taxes) paid by us to any government entity. Examples of these taxes include, but are not limited to, premium tax, generation-skipping transfer tax or a similar excise tax under federal or state tax law which is imposed on payments we make to certain persons and income tax withholdings on withdrawals and income payments to the extent required by law. Premium taxes generally range from 0 to 3.5%, depending on the state. We will, at our sole discretion, determine when taxes relate to the contracts. We may, at our sole discretion, pay taxes when due and deduct that amount from the account balance at a later date. Payment at an earlier date does not waive any right we may have to deduct amounts at a later

date. It is our current practice not to charge premium taxes until annuity payments begin.

### **Transfer Fee**

We currently allow unlimited transfers without charge during the accumulation phase. However, we have reserved the right to limit the number of transfers to a maximum of 12 per year without charge and to charge a transfer fee of \$25 for each transfer greater than 12 in any year. We are currently waiving the transfer fee, but reserve the right to charge it in the future. The transfer fee is deducted from the investment portfolio or fixed account from which the transfer is made. However, if the entire interest in an account is being transferred, the transfer fee will be deducted from the amount which is transferred.

If the transfer is part of a pre-scheduled transfer program, it will not count in determining the transfer fee.

### **Income Taxes**

We will deduct from the contract for any income taxes which we incur because of the contract. At the present time, we are not making any such deductions.

### **Investment Portfolio Expenses**

There are deductions from and expenses paid out of the assets of each investment portfolio, which are described in the fee table in this prospectus and the investment portfolio prospectuses. These deductions and expenses are not charges under the terms of the contract, but are represented in the share values of each investment portfolio.

## **5. ANNUITY PAYMENTS (THE INCOME PHASE)**

### **Annuity Date**

Under the contract you can receive regular income payments (referred to as *annuity payments*). You can choose the month and year in which those payments begin. We call that date the *annuity date*. Your annuity date must be the first day of a calendar month and must be at least 30 days after we issue the contract. Annuity payments must begin by the first day of the calendar month following the annuitant's 90th birthday or 10 years from the date we issue your contract, whichever is later (this requirement may be changed by us).

When you purchase the contract, the annuity date will be the later of the first day of the calendar month after the annuitant's 90th birthday or 10 years from the date your contract was issued. You can change the annuity date at

any time before the annuity date with 30 days prior notice to us, subject to restrictions that may apply in your state.

Please be aware that once your contract is annuitized, you are ineligible to receive the death benefit you have selected. **Additionally, if you have selected a living benefit rider such as a Guaranteed Minimum Income Benefit, annuitizing your contract terminates the rider, including any Guaranteed Principal Adjustment that may be provided by the rider.**

### **Annuity Payments**

You (unless another payee is named) will receive the annuity payments during the income phase. The annuitant is the natural person(s) whose life we look to in the determination of annuity payments.

During the income phase, you have the same investment choices you had just before the start of the income phase. At the annuity date, you can choose whether payments will be:

- fixed annuity payments, or
- variable annuity payments, or
- a combination of both.

If you don't tell us otherwise, your annuity payments will be based on the investment allocations that were in place just before the start of the income phase.

If you choose to have any portion of your annuity payments based on the investment portfolio(s), the dollar amount of your initial payment will vary and will depend upon three things:

- 1) the value of your contract in the investment portfolio(s) just before the start of the income phase,
- 2) the assumed investment return (AIR) (you select) used in the annuity table for the contract, and
- 3) the annuity option elected.

Subsequent variable annuity payments will vary with the performance of the investment portfolios you selected. (For more information, see "Variable Annuity Payments" below.)

At the time you choose an annuity option, you select the AIR, which must be acceptable to us. Currently, you can select an AIR of 3% or 4%. You can change the AIR with 30 days notice to us prior to the annuity date. If you do not select an AIR, we will use 3%. If the actual performance exceeds the AIR, your variable annuity payments will

increase. Similarly, if the actual investment performance is less than the AIR, your variable annuity payments will decrease.

Your variable annuity payment is based on *annuity units*. An annuity unit is an accounting device used to calculate the dollar amount of annuity payments. (For more information, see “Variable Annuity Payments” below.)

When selecting an AIR, you should keep in mind that a lower AIR will result in a lower initial variable annuity payment, but subsequent variable annuity payments will increase more rapidly or decline more slowly as changes occur in the investment experience of the investment portfolios. On the other hand, a higher AIR will result in a higher initial variable annuity payment than a lower AIR, but later variable annuity payments will rise more slowly or fall more rapidly.

A transfer during the income phase from a variable annuity payment option to a fixed annuity payment option may result in a reduction in the amount of annuity payments.

If you choose to have any portion of your annuity payments be a fixed annuity payment, the dollar amount of each fixed annuity payment will not change, unless you make a transfer from a variable annuity payment option to the fixed annuity payment that causes the fixed annuity payment to increase. Please refer to the “Annuity Provisions” section of the Statement of Additional Information for more information.

Annuity payments are made monthly (or at any frequency permitted under the contract) unless you have less than \$5,000 to apply toward an annuity option. In that case, we may provide your annuity payment in a single lump sum instead of annuity payments. Likewise, if your annuity payments would be or become less than \$100 a month, we have the right to change the frequency of payments so that your annuity payments are at least \$100.

### **Annuity Options**

You can choose among income plans. We call those *annuity options*. We ask you to choose an annuity option when you purchase the contract. You can change it at any time before the annuity date with 30 days notice to us.

If you do not choose an annuity option at the time you purchase the contract, Option 2, which provides a life annuity with 10 years of guaranteed annuity payments, will automatically be applied.

You can choose one of the following annuity options or any other annuity option acceptable to us. After annuity payments begin, you cannot change the annuity option.

If more than one frequency is permitted under your contract, choosing less frequent payments will result in each annuity payment being larger. Annuity options that guarantee that payments will be made for a certain number of years regardless of whether the annuitant or joint annuitant are alive (such as Options 2 and 4 below) result in annuity payments that are smaller than annuity options without such a guarantee (such as Options 1 and 3 below). For annuity options with a designated period, choosing a shorter designated period will result in each annuity payment being larger.

**Option 1. Life Annuity.** Under this option, we will make annuity payments so long as the annuitant is alive. We stop making annuity payments after the annuitant’s death. It is possible under this option to receive only one annuity payment if the annuitant dies before the due date of the second payment or to receive only two annuity payments if the annuitant dies before the due date of the third payment, and so on.

**Option 2. Life Annuity With 10 Years of Annuity Payments Guaranteed.** Under this option, we will make annuity payments so long as the annuitant is alive. If, when the annuitant dies, we have made annuity payments for less than ten years, we will then continue to make annuity payments to the beneficiary for the rest of the 10 year period.

**Option 3. Joint and Last Survivor Annuity.** Under this option, we will make annuity payments so long as the annuitant and a second person (joint annuitant) are both alive. When either annuitant dies, we will continue to make annuity payments, so long as the survivor continues to live. We will stop making annuity payments after the last survivor’s death.

**Option 4. Joint and Last Survivor Annuity with 10 Years of Annuity Payments Guaranteed.** Under this option, we will make annuity payments so long as the annuitant and a second person (joint annuitant) are both alive. When either annuitant dies, we will continue to make annuity payments, so long as the survivor continues to live. If, at the last death of the annuitant and the joint annuitant, we have made annuity payments for less than



ten years, we will then continue to make annuity payments to the beneficiary for the rest of the 10 year period.

**Option 5. Payments for a Designated Period.** We currently offer an annuity option under which fixed or variable monthly annuity payments are made for a selected number of years as approved by us, currently not less than 10 years. This annuity option may be limited or withdrawn by us in our discretion.

We may require proof of age or sex of an annuitant before making any annuity payments under the contract that are measured by the annuitant's life. If the age or sex of the annuitant has been misstated, the amount payable will be the amount that the account value would have provided at the correct age or sex. Once annuity payments have begun, any underpayments will be made up in one sum with the next annuity payment. Any overpayments will be deducted from future annuity payments until the total is repaid.

You may withdraw the commuted value of the payments remaining under the variable Payments for a Designated Period annuity option (Option 5). You may not commute the fixed Payments for a Designated Period annuity option or any option involving a life contingency, whether fixed or variable, prior to the death of the last surviving annuitant. Upon the death of the last surviving annuitant, the beneficiary may choose to continue receiving income payments or to receive the commuted value of the remaining guaranteed payments. For variable annuity options, the calculation of the commuted value will be done using the AIR applicable to the contract. (See "Annuity Payments" above.) For fixed annuity options, the calculation of the commuted value will be done using the then current annuity option rates.

There may be tax consequences resulting from the election of an annuity payment option containing a commutation feature (*i.e.*, an annuity payment option that permits the withdrawal of a commuted value). (See "Federal Income Tax Status.")

Due to underwriting, administrative or Internal Revenue Code considerations, there may be limitations on payments to the survivor under Options 3 and 4 and/or the duration of the guarantee period under Options 2, 4, and 5.

Tax rules with respect to decedent contracts may prohibit the election of Joint and Last Survivor annuity options (or income types) and may also prohibit payments for as long as the owner's life in certain circumstances.

In addition to the annuity options described above, we may offer an additional payment option that would allow your beneficiary to take distribution of the account value over a period not extending beyond his or her life expectancy. Under this option, annual distributions would not be made in the form of an annuity, but would be calculated in a manner similar to the calculation of required minimum distributions from IRAs. (See "Federal Income Tax Status.") We intend to make this payment option available to both Qualified Contracts and Non-Qualified Contracts.

In the event that you purchased the contract as a Qualified Contract, you must take distribution of the account value in accordance with the minimum required distribution rules set forth in applicable tax law. (See "Federal Income Tax Status.") Under certain circumstances, you may satisfy those requirements by electing an annuity option. You may choose any death benefit available under the contract, but certain other contract provisions and programs will not be available. Upon your death, if annuity payments have already begun, the death benefit would be required to be distributed to your beneficiary at least as rapidly as under the method of distribution in effect at the time of your death.

### **Variable Annuity Payments**

The Adjusted Contract Value (the account value, less any applicable premium taxes, account fee, and any prorated rider charge) is determined on the annuity calculation date, which is a business day no more than five (5) business days before the annuity date. The first variable annuity payment will be based upon the Adjusted Contract Value, the annuity option elected, the annuitant's age, the annuitant's sex (where permitted by law), and the appropriate variable annuity option table. Your annuity rates will not be less than those guaranteed in your contract at the time of purchase for the assumed investment return and annuity option elected. If, as of the annuity calculation date, the then current variable annuity option rates applicable to this class of contracts provide a first annuity payment greater than that which is guaranteed under the same annuity option under this contract, the greater payment will be made.

The dollar amount of variable annuity payments after the first payment is determined as follows:

- The dollar amount of the first variable annuity payment is divided by the value of an annuity unit for

each applicable investment portfolio as of the annuity calculation date. This establishes the number of annuity units for each payment. The number of annuity units for each applicable investment portfolio remains fixed during the annuity period, provided that transfers among the subaccounts will be made by converting the number of annuity units being transferred to the number of annuity units of the subaccount to which the transfer is made, and the number of annuity units will be adjusted for transfers to a fixed annuity option. Please see the Statement of Additional Information for details about making transfers during the Annuity Phase.

- The fixed number of annuity units per payment in each investment portfolio is multiplied by the annuity unit value for that investment portfolio for the business day for which the annuity payment is being calculated. This result is the dollar amount of the payment for each applicable investment portfolio, less any account fee. The account fee will be deducted pro rata out of each annuity payment.
- The total dollar amount of each variable annuity payment is the sum of all investment portfolio variable annuity payments.

**Annuity Unit.** The initial annuity unit value for each investment portfolio of the Separate Account was set by us. The subsequent annuity unit value for each investment portfolio is determined by multiplying the annuity unit value for the immediately preceding business day by the net investment factor (see the Statement of Additional Information for a definition) for the investment portfolio for the current business day and multiplying the result by a factor for each day since the last business day which represents the daily equivalent of the AIR you elected.

### **Fixed Annuity Payments**

The Adjusted Contract Value (defined above under “Variable Annuity Payments”) on the day immediately preceding the annuity date will be used to determine a fixed annuity payment. The annuity payment will be based upon the annuity option elected, the annuitant’s age, the annuitant’s sex (where permitted by law), and the appropriate annuity option table. Your annuity rates will not be less than those guaranteed in your contract at the time of purchase. If, as of the annuity calculation date, the

then current annuity option rates applicable to this class of contracts provide an annuity payment greater than that which is guaranteed under the same annuity option under this contract, the greater payment will be made. You may not make a transfer from the fixed annuity option to the variable annuity option.

## **6. ACCESS TO YOUR MONEY**

You (or in the case of a death benefit, your beneficiary) can have access to the money in your contract:

- (1) by making a withdrawal (either a partial or a complete withdrawal);
- (2) by electing to receive annuity payments; or
- (3) when a death benefit is paid to your beneficiary.

Under most circumstances, withdrawals can only be made during the accumulation phase.

You may establish a withdrawal plan under which you can receive substantially equal periodic payments in order to comply with the requirements of Sections 72(q) or (t) of the Code. Premature modification or termination of such payments may result in substantial penalty taxes. (See “Federal Income Tax Status.”)

When you make a complete withdrawal, you will receive the withdrawal value of the contract. The withdrawal value of the contract is the account value of the contract at the end of the business day when we receive a written request for a withdrawal:

- less any applicable withdrawal charge;
- less any premium or other tax;
- less any account fee; and
- less any applicable pro rata GMIB or Enhanced Death Benefit rider charge.

Unless you instruct us otherwise, any partial withdrawal will be made pro rata from the fixed account, the EDCA account and the investment portfolio(s) you selected. Under most circumstances the amount of any partial withdrawal must be for at least \$500, or your entire interest in the investment portfolio, fixed account or EDCA account. We require that after a partial withdrawal is made you keep at least \$2,000 in the contract. If the withdrawal would result

in the account value being less than \$2,000 after a partial withdrawal, we will treat the withdrawal request as a request for a full withdrawal.

We will pay the amount of any withdrawal from the Separate Account within seven days of when we receive the request in good order unless the suspension of payments or transfers provision is in effect.

We may withhold payment of withdrawal proceeds if any portion of those proceeds would be derived from a contract owner's check that has not yet cleared (*i.e.*, that could still be dishonored by the contract owner's banking institution). We may use telephone, fax, Internet or other means of communication to verify that payment from the contract owner's check has been or will be collected. We will not delay payment longer than necessary for us to verify that payment has been or will be collected. Contract owners may avoid the possibility of delay in the disbursement of proceeds coming from a check that has not yet cleared by providing us with a certified check.

How to withdraw all or part of your account value:

- You must submit a request to our Annuity Service Center. (See "Other Information — Requests and Elections.")
- You must provide satisfactory evidence of terminal illness or confinement to a nursing home if you would like to have the withdrawal charge waived. (See "Expenses — Reduction or Elimination of the Withdrawal Charge.")
- You must state in your request whether you would like to apply the proceeds to a payment option (otherwise you will receive the proceeds in a lump sum and may be taxed on them).
- We have to receive your withdrawal request in our Annuity Service Center prior to the annuity date or owner's death.

There are limits to the amount you can withdraw from certain qualified plans including Qualified and TSA plans. (See "Federal Income Tax Status.")

**Income taxes, tax penalties and certain restrictions may apply to any withdrawal you make.**

### **Systematic Withdrawal Program**

You may elect the Systematic Withdrawal Program at any time. We do not assess a charge for this program. This

program provides an automatic payment to you of up to 10% of your total purchase payments each year. You can receive payments monthly or quarterly, provided that each payment must amount to at least \$100 (unless we consent otherwise). We reserve the right to change the required minimum systematic withdrawal amount. If the New York Stock Exchange is closed on a day when the withdrawal is to be made, we will process the withdrawal on the next business day. While the Systematic Withdrawal Program is in effect you can make additional withdrawals. However, such withdrawals plus the systematic withdrawals will be considered when determining the applicability of any withdrawal charge. (For a discussion of the withdrawal charge, see "Expenses" above.)

We will terminate your participation in the Systematic Withdrawal Program when we receive notification of your death in good order.

**Income taxes, tax penalties and certain restrictions may apply to Systematic Withdrawals.**

### **Suspension of Payments or Transfers**

We may be required to suspend or postpone payments for withdrawals or transfers for any period when:

- the New York Stock Exchange is closed (other than customary weekend and holiday closings);
- trading on the New York Stock Exchange is restricted;
- an emergency exists, as determined by the Securities and Exchange Commission, as a result of which disposal of shares of the investment portfolios is not reasonably practicable or we cannot reasonably value the shares of the investment portfolios; or
- during any other period when the Securities and Exchange Commission, by order, so permits for the protection of owners.

We have reserved the right to defer payment for a withdrawal or transfer from the fixed account for the period permitted by law but not for more than six months.

Federal laws designed to counter terrorism and prevent money laundering might, in certain circumstances, require us to block an owner's ability to make certain transactions and thereby refuse to accept any requests for transfers, withdrawals, surrenders, or death benefits until instructions are received from the appropriate regulator. We may also

be required to provide additional information about you and your contract to government regulators.

## 7. LIVING BENEFITS

### Guaranteed Income Benefits

We offer optional living benefit riders that, for an additional charge, offer protection against market risk (the risk that your investments may decline in value or underperform your expectations). The type of living benefit rider we currently offer is a guaranteed income benefit. Our guaranteed income benefit riders, called Guaranteed Minimum Income Benefits (GMIBs), are designed to allow you to invest your account value in the market while at the same time assuring a specified guaranteed level of minimum fixed annuity payments if you elect the income phase. The fixed annuity payment amount is guaranteed regardless of investment performance or the actual account value at the time you annuitize. Prior to exercising the rider and annuitizing your contract, you may make withdrawals up to a maximum level specified in the rider and still maintain the benefit amount. Only one version of the GMIB rider may be elected, and the rider must be elected at contract issue.

Each version of the GMIB is designed to guarantee a predictable, minimum level of fixed annuity payments, regardless of the investment performance of your account value during the accumulation phase. **However, if applying your actual account value at the time you annuitize the contract to then current annuity purchase rates (outside of the rider) produces higher income payments, you will receive the higher payments, and thus you will have paid for the rider even though it was not used.** Also, prior to exercising the rider, you may make specified withdrawals that reduce your income base (as explained below) during the accumulation phase and still leave the rider guarantees intact, provided the conditions of the rider are met. Your registered representative can provide you an illustration of the amounts you would receive, with or without withdrawals, if you exercised the rider.

There are three different versions of the GMIB under this contract: GMIB Max II, GMIB Plus IV, and GMIB Plus III. The GMIB Max II rider is not available in Nevada. The GMIB Plus IV rider is not available in Nevada and Oregon. The GMIB Plus III rider is only available in Nevada and Oregon.

Once a GMIB rider is elected, it cannot be terminated except as discussed below.

### Facts About Guaranteed Income Benefit Riders

**Income Base and GMIB Annuity Payments.** Under the GMIB, we calculate an “income base” (as described below) that determines, in part, the minimum amount you receive as an income payment upon exercising the GMIB rider and annuitizing the contract. **It is important to recognize that this income base is not available for cash withdrawals and does not establish or guarantee your account value or a minimum return for any investment portfolio.** After a minimum 10-year waiting period, and then only within 30 days following a contract anniversary, you may exercise the rider. We then will apply the income base calculated at the time of exercise to the conservative GMIB Annuity Table (as described below) specified in the rider in order to determine your minimum guaranteed lifetime fixed monthly annuity payments (your actual payment may be higher than this minimum if, as discussed above, the base contract under its terms would provide a higher payment).

**The GMIB Annuity Table.** The GMIB Annuity Table is specified in the rider. For GMIB Max II, GMIB Plus IV, and GMIB Plus III in Oregon, this table is calculated based on the Annuity 2000 Mortality Table with 10 years of mortality improvement based on projection Scale AA and a 10-year age set back with interest of 1.0% per annum. For GMIB Plus III in Nevada, this table is calculated based on the Annuity 2000 Mortality Table with a 10-year age set back with interest of 1.5% per annum. As with other pay-out types, the amount you receive as an income payment also depends on the annuity option you select, your age, and (where permitted by state law) your sex. For the GMIB riders, the annuity rates for attained ages 86 to 90 are the same as those for attained age 85. **The annuity rates in the GMIB Annuity Table are conservative and a withdrawal charge may be applicable, so the amount of guaranteed minimum lifetime income that the GMIB produces may be less than the amount of annuity income that would be provided by applying your account value on your annuity date to then-current annuity purchase rates.**

If you exercise the GMIB rider, your annuity payments will be the greater of:



- the annuity payment determined by applying the amount of the income base to the GMIB Annuity Table, or
- the annuity payment determined for the same annuity option in accordance with the base contract. (See “Annuity Payments (The Income Phase).”)

If you choose not to receive annuity payments as guaranteed under the GMIB, you may elect any of the annuity options available under the contract.

**Ownership.** If you, the owner, are a natural person, you must also be the annuitant. If a non-natural person owns the contract, then the annuitant will be considered the owner in determining the income base and GMIB annuity payments. If joint owners are named, the age of the older joint owner will be used to determine the income base and GMIB annuity payments. For the purposes of the Guaranteed Income Benefits section of the prospectus, “you” always means the owner, oldest joint owner or the annuitant, if the owner is a non-natural person.

**GMIB and Decedent Contracts.** If you are purchasing this contract with a nontaxable transfer of the death benefit proceeds of any annuity contract or IRA (or any other tax-qualified arrangement) of which you were the beneficiary and you are “stretching” the distributions under the IRS required distribution rules, you may not purchase a GMIB rider.

(See Appendix C for examples illustrating the operation of GMIB Max II and GMIB Plus IV. See Appendix D for examples illustrating the operation of GMIB Plus III.)

#### **Description of GMIB Max II and GMIB Plus IV**

In states where approved, the GMIB Max II and GMIB Plus IV riders are available only for owners up through age 78, and you can only elect the GMIB Max II or GMIB Plus IV at the time you purchase the contract. **The GMIB Max II and GMIB Plus IV riders may be exercised after a 10-year waiting period and then only within 30 days following a contract anniversary, provided that the exercise must occur no later than the 30-day period following the contract anniversary prior to the owner’s 91st birthday.**

The GMIB Max II rider is currently not available in Nevada. The GMIB Plus IV rider is currently not available in Nevada and Oregon.

**Electing GMIB Max II or GMIB Plus IV.** You should consult with your registered representative when considering whether to elect the GMIB Max II or GMIB

Plus IV rider. Important factors to consider when comparing the two riders include:

- **Annual Increase Rate.** As noted above, we calculate an income base under the GMIB rider that helps determine the minimum amount you receive as an income payment upon exercising the rider. One of the factors used in calculating the income base is called the “annual increase rate.” The annual increase rate under the GMIB Max II is 5.5% and the annual increase rate under the GMIB Plus IV is 4.5%. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Annual Withdrawal Amount.** Each contract year, you can withdraw up to a certain percentage of your Annual Increase Amount, and the Annual Increase Amount will be reduced by the dollar amount withdrawn (not proportionately). This percentage is 5.5% under the GMIB Max II and 4.5% under the GMIB Plus IV. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Investment Allocation Restrictions.** The GMIB Plus IV rider allows you to allocate your purchase payments among a significantly wider variety of investment options than the GMIB Max II rider, including investment portfolios that may offer the potential for higher returns than the investment portfolios available with the GMIB Max II rider. See “Investment Allocation Restrictions” below for more information.
  - If you elect the GMIB Max II, you must allocate all of your purchase payments and account value among five investment portfolios, and you will not be able to allocate purchase payments or account value to the fixed account or to a money market portfolio.
  - If you elect the GMIB Plus IV, you must allocate all of your purchase payments and account value according to the investment allocation restrictions described above in “Purchase — Investment Allocation Restrictions for Certain Riders.” If you elect the GMIB Plus IV, you will be able to allocate purchase payments and account value to the fixed account and/or a money market portfolio.
- **Subsequent Purchase Payments Under GMIB Max II.** If the GMIB Max II rider is no longer available to new customers, or if we make changes in

the future to the terms of the GMIB Max II rider offered to new customers, we may choose not to permit you to make subsequent purchase payments. You should consider how significant the ability to make subsequent purchase payments is for your long-term investment plans.

*Effect of Required Minimum Distributions.* The following only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. As described below under “Annual Increase Rate” and “Withdrawal Adjustments,” there may be times when the amount of your required minimum distribution (which is based on factors including your age and your account value) in relation to the Annual Increase Amount causes the annual increase rate and dollar-for-dollar withdrawal amount to be higher than 4.5% under the GMIB Plus IV or higher than 5.5% under the GMIB Max II.

Both riders are described in detail below.

**Income Base.** The *income base* is the greater of (a) or (b) below.

(a) **Highest Anniversary Value:** On the issue date, the “Highest Anniversary Value” is equal to your initial purchase payment. Thereafter, the Highest Anniversary Value will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge). On each contract anniversary prior to the owner’s 81st birthday, the Highest Anniversary Value will be recalculated and set equal to the greater of the Highest Anniversary Value before the recalculation or the account value on the date of the recalculation.

The Highest Anniversary Value does not change after the contract anniversary immediately preceding the owner’s 81st birthday, except that it is increased for each subsequent purchase payment and reduced proportionally by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge).

(b) **Annual Increase Amount:** On the date we issue your contract, the “Annual Increase Amount” is equal to your initial purchase payment. All purchase payments received within 120 days of the date we issue your contract will be treated as part of the initial purchase payment for this purpose. Thereafter, the Annual Increase Amount is equal to (i) less (ii), where:

- (i) is purchase payments accumulated at the annual increase rate (as defined below); and
- (ii) is withdrawal adjustments (as defined below) accumulated at the annual increase rate.

The Highest Anniversary Value and Annual Increase Amount are calculated independently of each other. When the Highest Anniversary Value is recalculated and set equal to the account value, the Annual Increase Amount is not set equal to the account value. See “Optional Step-Up” below for a feature that can be used to reset the Annual Increase Amount to the account value.

**Annual Increase Rate.** Through the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is the greater of:

- (a) 5.5% for GMIB Max II or 4.5% for GMIB Plus IV; or
- (b) the required minimum distribution rate (as defined below).

Item (b) only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code.

The required minimum distribution rate equals the greatest of:

- (1) the required minimum distribution amount for the previous calendar year or for this calendar year (whichever is greater), divided by the Annual Increase Amount at the beginning of the contract year;
- (2) if you enroll only in the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year; or
- (3) if you enroll in both the Systematic Withdrawal Program and the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Systematic Withdrawal Program (up to a maximum of 5.5% of the Annual Increase Amount at the beginning of the contract year for GMIB Max II, or 4.5% of the Annual Increase Amount at the beginning of the contract year for GMIB Plus IV) and the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year.

On the first contract anniversary, “at the beginning of the contract year” means on the issue date; on a later contract

anniversary, “at the beginning of the contract year” means on the prior contract anniversary.

See “Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With GMIB Max II or GMIB Plus IV” below for more information on the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program.

If your total withdrawals during a contract year, divided by the Annual Increase Amount at the beginning of the contract year, exceed the required minimum distribution rate, item (b) above (the required minimum distribution rate) is not used to calculate the annual increase rate, and the annual increase rate will be 5.5% for GMIB Max II or 4.5% for GMIB Plus IV.

During the 30 day period following the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is 0%.

**Withdrawal Adjustments.** Withdrawal adjustments in a contract year are determined according to (a) or (b):

- (a) The withdrawal adjustment for each withdrawal in a contract year is the value of the Annual Increase Amount immediately prior to the withdrawal multiplied by the percentage reduction in account value attributed to that withdrawal (including any applicable withdrawal charge); or
- (b) If total withdrawals in a contract year are not greater than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, and if these withdrawals are paid to you (or to the annuitant, if the contract is owned by a non-natural person) or to another payee we agree to, the total withdrawal adjustments for that contract year will be set equal to the dollar amount of total withdrawals (including any applicable withdrawal charge) in that contract year. These withdrawal adjustments will replace the withdrawal adjustments defined in (a) immediately above and be treated as though the corresponding withdrawals occurred at the end of that contract year.

As described in (a) immediately above, if in any contract year you take cumulative withdrawals that exceed the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, the Annual

Increase Amount will be reduced in the same proportion that the entire withdrawal (including any applicable withdrawal charges) reduced the account value. This reduction may be significant, particularly when the account value is lower than the Annual Increase Amount, and could have the effect of reducing or eliminating the value of annuity payments under the GMIB rider. Limiting your cumulative withdrawals during a contract year to not more than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year will result in dollar-for-dollar treatment of the withdrawals, as described in (b) immediately above.

(See Appendix C for examples of the calculation of the income base, including the Highest Anniversary Value, the Annual Increase Amount, the annual increase rate, and the withdrawal adjustments.)

In determining the GMIB annuity income, an amount equal to the withdrawal charge that would be assessed upon a complete withdrawal and the amount of any premium and other taxes that may apply will be deducted from the income base.

**Optional Step-Up.** On each contract anniversary as permitted, you may elect to reset the Annual Increase Amount to the account value. An Optional Step-Up may be beneficial if your account value has grown at a rate above the annual increase rate on the Annual Increase Amount (5.5% for GMIB Max II or 4.5% for GMIB Plus IV). As described below, an Optional Step-Up resets the Annual Increase Amount to the account value. After an Optional Step-Up, the annual increase rate will be applied to the new, higher Annual Increase Amount and therefore the amount that may be withdrawn without reducing the Annual Increase Amount on a proportionate basis will increase. However, if you elect to reset the Annual Increase Amount, we will also restart the 10-year waiting period. In addition, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

An Optional Step-Up is permitted only if: (1) the account value exceeds the Annual Increase Amount immediately

before the reset; and (2) the owner (or oldest joint owner or annuitant if the contract is owned by a non-natural person) is not older than age 80 on the date of the Optional Step-Up.

You may elect either: (1) a one-time Optional Step-Up at any contract anniversary provided the above requirements are met, or (2) Optional Step-Ups to occur under the Automatic Annual Step-Up. If you elect Automatic Annual Step-Ups, on any contract anniversary while this election is in effect, the Annual Increase Amount will reset to the account value automatically, provided the above requirements are met. The same conditions described above will apply to each Automatic Step-Up. You may discontinue this election at any time by notifying us in writing, at our Annuity Service Center (or by any other method acceptable to us), at least 30 days prior to the contract anniversary on which a reset may otherwise occur. Otherwise, it will remain in effect through the seventh contract anniversary following the date you make this election, at which point you must make a new election if you want Automatic Annual Step-Ups to continue. If you discontinue or do not re-elect the Automatic Annual Step-Ups, no Optional Step-Up will occur automatically on any subsequent contract anniversary unless you make a new election under the terms described above. (If you discontinue Automatic Annual Step-Ups, the rider (and the rider charge) will continue, and you may choose to elect a one time Optional Step-Up or reinstate Automatic Annual Step-Ups as described above.)

We must receive your request to exercise the Optional Step-Up in writing, at our Annuity Service Center, or any other method acceptable to us. We must receive your request prior to the contract anniversary for an Optional Step-Up to occur on that contract anniversary.

The Optional Step-Up:

- (1) resets the Annual Increase Amount to the account value on the contract anniversary following the receipt of an Optional Step-Up election;
- (2) resets the waiting period to exercise the rider to the tenth contract anniversary following the date the Optional Step-Up took effect; and
- (3) may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

In the event that the charge applicable to contract purchases at the time of the step-up is higher than your current rider charge, you will be notified in writing a minimum of 30 days in advance of the applicable contract anniversary and be informed that you may choose to decline the Automatic Annual Step-Up. If you decline the Automatic Annual Step-Up, you must notify us in accordance with our Administrative Procedures (currently we require you to submit your request in writing to our Annuity Service Center no less than seven calendar days prior to the applicable contract anniversary). Once you notify us of your decision to decline the Automatic Annual Step-Up, you will no longer be eligible for future Automatic Annual Step-Ups until you notify us in writing to our Annuity Service Center that you wish to reinstate the Automatic Annual Step-Ups. This reinstatement will take effect at the next contract anniversary after we receive your request for reinstatement.

On the date of the Optional Step-Up, the account value on that day will be treated as a single purchase payment received on the date of the step-up for purposes of determining the Annual Increase Amount after the reset. All purchase payments and withdrawal adjustments previously used to calculate the Annual Increase Amount will be set equal to zero on the date of the step-up.

**Investment Allocation Restrictions.** As noted above, the GMIB Plus IV rider allows you to allocate your purchase payments among a significantly wider variety of investment options than the GMIB Max II rider, including investment portfolios that offer the potential for higher returns than the investment portfolios available with the GMIB Max II rider. For a detailed description of the GMIB Max II and GMIB Plus IV investment allocation restrictions, see “Purchase — Investment Allocation Restrictions for Certain Riders.”

If you elect the GMIB Max II or GMIB Plus IV, you may not participate in the Dollar Cost Averaging (DCA) program. However, you may elect to participate in the Enhanced Dollar Cost Averaging (EDCA) program, provided that your destination investment portfolios are selected in accordance with the investment allocation restrictions.

Investment Allocation Restrictions – Comparing GMIB Max II and GMIB Plus IV. If you elect the GMIB Max II rider, you must allocate 100% of your purchase payments and account value among five investment portfolios. (By



contrast, many more investment portfolios are available if you elect the GMIB Plus IV rider; see “Purchase — Investment Allocation Restrictions for Certain Riders” for a complete list.) Four of these investment portfolios — the AllianceBernstein Global Dynamic Allocation Portfolio, AQR Global Risk Balanced Portfolio, BlackRock Global Tactical Strategies Portfolio, and MetLife Balanced Plus Portfolio — are designed specifically for use with the GMIB Max riders, and have investment strategies intended in part to reduce the risk of investment losses that could require us to use our own assets to make payments in connection with the guarantees under the rider. For example, certain of the investment portfolios are managed in a way that is intended to minimize volatility of returns and hedge against the effects of interest rate changes. Other investment options that are available if the GMIB Max II rider is not selected may offer the potential for higher returns. Before you select the GMIB Max II rider, you and your financial representative should carefully consider whether the five investment options available with GMIB Max II meet your investment objectives and risk tolerance.

Restrictions on Investment Allocations If the GMIB Max II Rider Terminates. If the GMIB Max II rider terminates (see “Terminating the GMIB Max II and GMIB Plus IV Riders”), you may no longer allocate subsequent purchase payments or transfer account value to or among the five GMIB Max investment portfolios. You may leave account value in the five investment portfolios, but once you transfer account value to an investment portfolio that is not one of the five investment portfolios, you will not be permitted to transfer it back to any of those five investment portfolios. If the GMIB Max II rider terminates, you will be permitted to allocate subsequent purchase payments or transfer account value to any of the other available investment portfolios, but not to the fixed account. However, if you elected both the GMIB Max II and the EDB Max II riders, and only one of the riders has terminated, the investment allocation restrictions described in “Purchase — Investment Allocation Restrictions for the GMIB Max II and EDB Max II Riders” will continue to apply. If you elected both the GMIB Max II and the EDB Max II riders, and both of the riders have terminated, the investment allocation restrictions described in this paragraph will apply.

**Potential Restrictions on Subsequent Purchase Payments for GMIB Max II.** (The following does not apply to GMIB Max II in Oregon.) In the future, we may choose not to permit owners of existing contracts with the

GMIB Max II rider to make subsequent purchase payments if: (a) the GMIB Max II rider is no longer available to new customers, or (b) we make certain changes to the terms of the GMIB Max II rider offered to new customers (for example, if we change the GMIB Max II rider charge; see your contract schedule for a list of the other changes). We will notify owners of contracts with the GMIB Max II rider in advance if we impose restrictions on subsequent purchase payments. If we impose restrictions on subsequent purchase payments, contract owners will still be permitted to transfer account value among the five GMIB Max II investment portfolios.

**Potential Restrictions on Subsequent Purchase Payments for GMIB Max II — Oregon Only.**

In Oregon, we may choose not to permit owners of existing contracts with the GMIB Max II rider to make subsequent purchase payments. We will not impose restrictions on subsequent purchase payments until at least 90 days after the contract has been issued. We will notify owners of contracts with the GMIB Max II rider in advance if we impose restrictions on subsequent purchase payments. If we impose restrictions on subsequent purchase payments, contract owners will still be permitted to transfer account value among the five GMIB Max II investment portfolios.

**Guaranteed Principal Option.** On each contract anniversary starting with the tenth contract anniversary and through the contract anniversary prior to the owner’s 91st birthday, you may exercise the Guaranteed Principal Option. If the owner is a non-natural person, the annuitant’s age is the basis for determining the birthday. If there are joint owners, the age of the oldest owner is used for determining the birthday. We must receive your request to exercise the Guaranteed Principal Option in writing, or any other method that we agree to, within 30 days following the applicable contract anniversary. The Guaranteed Principal Option will take effect at the end of this 30-day period following that contract anniversary.

By exercising the Guaranteed Principal Option, you elect to receive an additional amount to be added to your account value intended to restore your initial investment in the contract, in lieu of receiving GMIB payments. The additional amount is called the Guaranteed Principal Adjustment and is equal to (a) minus (b) where:

- (a) is purchase payments credited within 120 days of the date we issued the contract (reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal (including

applicable withdrawal charges) prior to the exercise of the Guaranteed Principal Option) and

- (b) the account value on the contract anniversary immediately preceding exercise of the Guaranteed Principal Option.

The Guaranteed Principal Option can only be exercised if (a) exceeds (b), as defined above. The Guaranteed Principal Adjustment will be added to each applicable investment portfolio in the ratio the portion of the account value in such investment portfolio bears to the total account value in all investment portfolios. **It is important to note that only purchase payments made during the first 120 days that you hold the contract are taken into consideration in determining the Guaranteed Principal Adjustment. If you anticipate making purchase payments after 120 days, you should understand that such payments will not increase the Guaranteed Principal Adjustment.** However, because purchase payments made after 120 days will increase your account value, such payments may have a significant impact on whether or not a Guaranteed Principal Adjustment is due. Therefore, the GMIB Max II and GMIB Plus IV riders may not be appropriate for you if you intend to make additional purchase payments after the 120-day period and are purchasing the rider for this feature.

The Guaranteed Principal Adjustment will never be less than zero. **If the Guaranteed Principal Option is exercised, the GMIB Max II or GMIB Plus IV rider will terminate as of the date the option takes effect and no additional GMIB charges will apply thereafter.** The variable annuity contract, however, will continue. If you only elected the GMIB Max II or GMIB Plus IV, the investment allocation restrictions described above will no longer apply (except as described above under “Restrictions on Investment Allocations if the GMIB Max II Rider Terminates”). If you elected the GMIB Max II and the EDB Max II, or the GMIB Plus IV and the Enhanced Death Benefit III, the Enhanced Death Benefit investment allocation restrictions described in “Purchase — Investment Allocation Restrictions for Certain Riders” will continue to apply as long as the Enhanced Death Benefit rider has not terminated.

**Exercising the GMIB Max II or GMIB Plus IV Rider.** If you exercise the GMIB Max II or GMIB Plus IV, you must elect to receive annuity payments under one of the following fixed annuity options:

- (1) Life annuity with 5 years of annuity payments guaranteed.
- (2) Joint and last survivor annuity with 5 years of annuity payments guaranteed. Based on federal tax rules, this option is not available for Qualified Contracts where the difference in ages of the joint annuitants, who are not spouses, is greater than 10 years. (See “Annuity Payments (The Income Phase).”)

These options are described in the contract and the GMIB Max II and GMIB Plus IV riders.

The GMIB Annuity Table is specified in the rider. This table is calculated based on the Annuity 2000 Mortality Table with 10 years of mortality improvement based on projection Scale AA and a 10-year age set back with interest of 1.0% per annum. As with other payout types, the amount you receive as an income payment also depends on the annuity option you select, your age, and (where permitted by state law) your sex. The annuity rates for attained ages 86 to 90 are the same as those for attained age 85. **The annuity rates in the GMIB Annuity Table are conservative and a withdrawal charge may be applicable, so the amount of guaranteed minimum lifetime income that the GMIB produces may be less than the amount of annuity income that would be provided by applying your account value on your annuity date to then-current annuity purchase rates.**

If you exercise the GMIB Max II or GMIB Plus IV, your annuity payments will be the greater of:

- the annuity payment determined by applying the amount of the income base to the GMIB Annuity Table, or
- the annuity payment determined for the same annuity option in accordance with the base contract. (See “Annuity Payments (The Income Phase).”)

**If the amount of the guaranteed minimum lifetime income that the GMIB Max II or GMIB Plus IV produces is less than the amount of annuity income that would be provided by applying contract value on the annuity date to the then-current annuity purchase rates, then you would have paid for a benefit that you did not use.**

If you take a full withdrawal of your account value, your contract is terminated by us due to its small account value

and inactivity (see “Purchase — Purchase Payments”), or your contract lapses and there remains any income base, we will commence making income payments within 30 days of the date of the full withdrawal, termination or lapse. In such cases, your income payments under this benefit, if any, will be determined using the income base and any applicable withdrawal adjustment that was taken on account of the withdrawal, termination or lapse.

**Enhanced Payout Rates.** As noted above, the annuity rates in the GMIB Annuity Table are calculated based on the Annuity 2000 Mortality Table with 10 years of mortality improvement based on projection Scale AA and a 10-year age set back with interest of 1.0% per annum. However, the GMIB Plus IV and GMIB Max II payout rates are enhanced under the following circumstances.

If you select the GMIB Plus IV rider and if:

- you begin withdrawals on or after your 60th birthday;
- your account value is fully withdrawn or decreases to zero at or after your 60th birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Plus IV rider will equal or exceed 4.5% of the income base (calculated on the date the payments are determined).

If you select the GMIB Max II rider and if:

- you begin withdrawals on or after your 62nd birthday;
- your account value is fully withdrawn or decreases to zero at or after your 62nd birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Max II rider will equal or exceed 5% of the income base (calculated on the date the payments are determined).

Alternatively, if you select the GMIB Max II rider and if:

- you begin withdrawals on or after your 67th birthday;
- your account value is fully withdrawn or decreases to zero at or after your 67th birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Max II rider will equal or exceed 5.5% of the income base (calculated on the date the payments are determined).

If you choose not to receive annuity payments as guaranteed under the GMIB Max II or GMIB Plus IV, you may elect any of the annuity options available under the contract.

**Terminating the GMIB Max II and GMIB Plus IV Riders.** Except as otherwise provided in the GMIB Max II or GMIB Plus IV rider, each rider will terminate upon the earliest of:

- a) The 30th day following the contract anniversary prior to your 91st birthday;
- b) The date you make a complete withdrawal of your account value (if there is an income base remaining you will receive payments based on the remaining income base);
- c) The date you elect to receive annuity payments under the contract and you do not elect to receive payments under the GMIB;
- d) Death of the owner or joint owner (unless the spouse (age 89 or younger) is the beneficiary and elects to continue the contract), or death of the annuitant if a non-natural person owns the contract;
- e) A change for any reason of the owner or joint owner or the annuitant, if a non-natural person owns the contract, subject to our administrative procedures;
- f) The effective date of the Guaranteed Principal Option; or
- g) The date you assign your contract.

Under our current administrative procedures, we will waive the termination of the GMIB Max II or GMIB Plus IV rider if you assign the contract under the following limited circumstances: if the assignment is solely for your benefit on account of your direct transfer of account value under Section 1035 of the Internal Revenue Code to fund premiums for a long term care insurance policy or purchase payments for an annuity contract issued by an insurance company which is not our affiliate and which is licensed to conduct business in any state. All such direct transfers are subject to any applicable withdrawal charges.

When the GMIB Max II or GMIB Plus IV rider terminates, the corresponding GMIB Max II or GMIB Plus IV rider charge terminates and the GMIB Max II or GMIB Plus IV investment allocation restrictions, described above, will no longer apply (except as described above under “Restrictions on Investment Allocations if the GMIB Max II Rider Terminates”).

### **Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With GMIB Max II or GMIB Plus IV**

For IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code, you may be required to take withdrawals to fulfill minimum distribution requirements generally beginning at age 70½.

Used with the GMIB Max II or GMIB Plus IV rider, our Automated Required Minimum Distribution Program can help you fulfill minimum distribution requirements with respect to your contract without reducing the income base on a proportionate basis. (Reducing the income base on a proportionate basis could have the effect of reducing or eliminating the value of annuity payments under the GMIB Max II or GMIB Plus IV riders.) The Automated Required Minimum Distribution Program calculates minimum distribution requirements with respect to your contract and makes payments to you on a monthly, quarterly, semi-annual or annual basis.

Alternatively, you may choose to enroll in both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program (see “Access to Your Money – Systematic Withdrawal Program”). In order to avoid taking withdrawals that could reduce the income base on a proportionate basis, withdrawals under the Systematic Withdrawal Program should not exceed 5.5% of the Annual Increase Amount at the beginning of the contract year with the GMIB Max II, or 4.5% of the Annual Increase Amount at the beginning of the contract year with the GMIB Plus IV. Any amounts above 5.5% of the Annual Increase Amount (for GMIB Max II) or 4.5% of the Annual Increase Amount (for GMIB Plus IV) that need to be withdrawn to fulfill minimum distribution requirements can be paid out at the end of the calendar year by the Automated Required Minimum Distribution Program. For example, if you elect the GMIB Plus IV and enroll in the Systematic Withdrawal Program and elect to receive monthly payments totaling 4.5% of the Annual Increase Amount, you should also enroll in the Automated Required Minimum Distribution Program and elect to

receive your Automated Required Minimum Distribution Program payment on an annual basis, after the Systematic Withdrawal Program monthly payment in December.

If you enroll in either the Automated Required Minimum Distribution Program or both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program, you should not make additional withdrawals outside the programs. Additional withdrawals may result in the income base being reduced on a proportionate basis, and have the effect of reducing or eliminating the value of annuity payments under the GMIB Max II or GMIB Plus IV rider.

To enroll in the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program, please contact our Annuity Service Center.

(See Appendix C for examples illustrating the operation of **GMIB Max II** and **GMIB Plus IV**.)

### **Description of GMIB Plus III**

The GMIB Plus III rider is available in Nevada and Oregon only for owners up through age 78, and you can only elect the GMIB Plus III at the time you purchase the contract.

**The GMIB Plus III rider may be exercised after a 10-year waiting period and then only within 30 days following a contract anniversary, provided that the exercise must occur no later than the 30-day period following the contract anniversary prior to the owner’s 91st birthday.**

**Income Base.** The *income base* is the greater of (a) or (b) below.

- (a) Highest Anniversary Value: On the issue date, the “Highest Anniversary Value” is equal to your initial purchase payment. Thereafter, the Highest Anniversary Value will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge). On each contract anniversary prior to the owner’s 81st birthday, the Highest Anniversary Value will be recalculated and set equal to the greater of the Highest Anniversary Value before the recalculation or the account value on the date of the recalculation.

The Highest Anniversary Value does not change after the contract anniversary immediately preceding the owner’s 81st birthday, except that it is increased for each



subsequent purchase payment and reduced proportionally by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge).

(b) Annual Increase Amount: On the date we issue your contract, the “Annual Increase Amount” is equal to your initial purchase payment. All purchase payments received within 120 days of the date we issue your contract will be treated as part of the initial purchase payment for this purpose. Thereafter, the Annual Increase Amount is equal to (i) less (ii), where:

- (i) is purchase payments accumulated at the annual increase rate (as defined below); and
- (ii) is withdrawal adjustments (as defined below) accumulated at the annual increase rate.

The Highest Anniversary Value and Annual Increase Amount are calculated independently of each other. When the Highest Anniversary Value is recalculated and set equal to the account value, the Annual Increase Amount is not set equal to the account value. See “Optional Step-Up” below for a feature that can be used to reset the Annual Increase Amount to the account value.

**Annual Increase Rate.** Through the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is the greater of:

- (a) 5%; or
- (b) the required minimum distribution rate (as defined below).

Item (b) only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code.

The required minimum distribution rate equals the greatest of:

- (1) the required minimum distribution amount for the previous calendar year or for this calendar year (whichever is greater), divided by the Annual Increase Amount at the beginning of the contract year;
- (2) if you enroll only in the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year; or
- (3) if you enroll in both the Systematic Withdrawal

Program and the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Systematic Withdrawal Program (up to a maximum of 5% of the Annual Increase Amount at the beginning of the contract year) and the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year.

On the first contract anniversary, “at the beginning of the contract year” means on the issue date; on a later contract anniversary, “at the beginning of the contract year” means on the prior contract anniversary.

See “Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With GMIB Plus III” below for more information on the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program.

If your total withdrawals during a contract year, divided by the Annual Increase Amount at the beginning of the contract year, exceed the required minimum distribution rate, item (b) above (the required minimum distribution rate) is not used to calculate the annual increase rate, and the annual increase rate will be 5%.

During the 30 day period following the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is 0%.

**Withdrawal Adjustments.** Withdrawal adjustments in a contract year are determined according to (a) or (b):

- (a) The withdrawal adjustment for each withdrawal in a contract year is the value of the Annual Increase Amount immediately prior to the withdrawal multiplied by the percentage reduction in account value attributed to that withdrawal (including any applicable withdrawal charge); or
- (b) If total withdrawals in a contract year are not greater than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, and if these withdrawals are paid to you (or to the annuitant, if the contract is owned by a non-natural person) or to another payee we agree to, the total withdrawal adjustments for that contract year will be set equal to the dollar amount of total withdrawals (including any applicable withdrawal charge) in that contract year. These withdrawal adjustments will replace the withdrawal adjustments defined in (a)

immediately above and be treated as though the corresponding withdrawals occurred at the end of that contract year.

As described in (a) immediately above, if in any contract year you take cumulative withdrawals that exceed the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, the Annual Increase Amount will be reduced in the same proportion that the entire withdrawal (including any applicable withdrawal charges) reduced the account value. This reduction may be significant, particularly when the account value is lower than the Annual Increase Amount, and could have the effect of reducing or eliminating the value of annuity payments under the GMIB rider. Limiting your cumulative withdrawals during a contract year to not more than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year will result in dollar-for-dollar treatment of the withdrawals, as described in (b) immediately above.

(See Appendix D for examples of the calculation of the income base, including the Highest Anniversary Value, the Annual Increase Amount, the annual increase rate, and the withdrawal adjustments.)

In determining the GMIB annuity income, an amount equal to the withdrawal charge that would be assessed upon a complete withdrawal and the amount of any premium and other taxes that may apply will be deducted from the income base.

**Optional Step-Up.** On each contract anniversary as permitted, you may elect to reset the Annual Increase Amount to the account value. An Optional Step-Up may be beneficial if your account value has grown at a rate above the annual increase rate on the Annual Increase Amount (5%). As described below, an Optional Step-Up resets the Annual Increase Amount to the account value. After an Optional Step-Up, the annual increase rate will be applied to the new, higher Annual Increase Amount and therefore the amount that may be withdrawn without reducing the Annual Increase Amount on a proportionate basis will increase. **However, if you elect to reset the Annual Increase Amount, we will also restart the 10-year waiting period. In addition, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we**

### **charge for the same rider available for new contract purchases at the time of the Optional Step-Up.**

An Optional Step-Up is permitted only if: (1) the account value exceeds the Annual Increase Amount immediately before the reset; and (2) the owner (or oldest joint owner or annuitant if the contract is owned by a non-natural person) is not older than age 80 on the date of the Optional Step-Up.

You may elect either: (1) a one-time Optional Step-Up at any contract anniversary provided the above requirements are met, or (2) Optional Step-Ups to occur under the Automatic Annual Step-Up. If you elect Automatic Annual Step-Ups, on any contract anniversary while this election is in effect, the Annual Increase Amount will reset to the account value automatically, provided the above requirements are met. The same conditions described above will apply to each Automatic Step-Up. You may discontinue this election at any time by notifying us in writing, at our Annuity Service Center (or by any other method acceptable to us), at least 30 days prior to the contract anniversary on which a reset may otherwise occur. Otherwise, it will remain in effect through the seventh contract anniversary following the date you make this election, at which point you must make a new election if you want Automatic Annual Step-Ups to continue. If you discontinue or do not re-elect the Automatic Annual Step-Ups, no Optional Step-Up will occur automatically on any subsequent contract anniversary unless you make a new election under the terms described above. (If you discontinue Automatic Annual Step-Ups, the rider (and the rider charge) will continue, and you may choose to elect a one time Optional Step-Up or reinstate Automatic Annual Step-Ups as described above.)

We must receive your request to exercise the Optional Step-Up in writing, at our Annuity Service Center, or any other method acceptable to us. We must receive your request prior to the contract anniversary for an Optional Step-Up to occur on that contract anniversary.

The Optional Step-Up:

- (1) resets the Annual Increase Amount to the account value on the contract anniversary following the receipt of an Optional Step-Up election;
- (2) resets the waiting period to exercise the rider to the

tenth contract anniversary following the date the Optional Step-Up took effect; and

- (3) may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

In the event that the charge applicable to contract purchases at the time of the step-up is higher than your current rider charge, you will be notified in writing a minimum of 30 days in advance of the applicable contract anniversary and be informed that you may choose to decline the Automatic Annual Step-Up. If you decline the Automatic Annual Step-Up, you must notify us in accordance with our Administrative Procedures (currently we require you to submit your request in writing to our Annuity Service Center no less than seven calendar days prior to the applicable contract anniversary). Once you notify us of your decision to decline the Automatic Annual Step-Up, you will no longer be eligible for future Automatic Annual Step-Ups until you notify us in writing to our Annuity Service Center that you wish to reinstate the Automatic Annual Step-Ups. This reinstatement will take effect at the next contract anniversary after we receive your request for reinstatement.

On the date of the Optional Step-Up, the account value on that day will be treated as a single purchase payment received on the date of the step-up for purposes of determining the Annual Increase Amount after the reset. All purchase payments and withdrawal adjustments previously used to calculate the Annual Increase Amount will be set equal to zero on the date of the step-up.

**Investment Allocation Restrictions.** For a detailed description of the GMIB Plus III investment allocation restrictions, see “Purchase — Investment Allocation Restrictions for Certain Riders.”

If you elect the GMIB Plus III, you may not participate in the Dollar Cost Averaging (DCA) program. However, you may elect to participate in the Enhanced Dollar Cost Averaging (EDCA) program, provided that your destination investment portfolios are selected in accordance with the investment allocation restrictions.

**Guaranteed Principal Option.** On each contract anniversary starting with the tenth contract anniversary and through the contract anniversary prior to the owner’s 91st birthday, you may exercise the Guaranteed Principal Option. If the owner is a non-natural person, the

annuitant’s age is the basis for determining the birthday. If there are joint owners, the age of the oldest owner is used for determining the birthday. We must receive your request to exercise the Guaranteed Principal Option in writing, or any other method that we agree to, within 30 days following the applicable contract anniversary. The Guaranteed Principal Option will take effect at the end of this 30-day period following that contract anniversary.

By exercising the Guaranteed Principal Option, you elect to receive an additional amount to be added to your account value intended to restore your initial investment in the contract, in lieu of receiving GMIB payments. The additional amount is called the Guaranteed Principal Adjustment and is equal to (a) minus (b) where:

- (a) is purchase payments credited within 120 days of the date we issued the contract (reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal (including applicable withdrawal charges) prior to the exercise of the Guaranteed Principal Option) and
- (b) the account value on the contract anniversary immediately preceding exercise of the Guaranteed Principal Option.

The Guaranteed Principal Option can only be exercised if (a) exceeds (b), as defined above. The Guaranteed Principal Adjustment will be added to each applicable investment portfolio in the ratio the portion of the account value in such investment portfolio bears to the total account value in all investment portfolios. **It is important to note that only purchase payments made during the first 120 days that you hold the contract are taken into consideration in determining the Guaranteed Principal Adjustment. If you anticipate making purchase payments after 120 days, you should understand that such payments will not increase the Guaranteed Principal Adjustment.** However, because purchase payments made after 120 days will increase your account value, such payments may have a significant impact on whether or not a Guaranteed Principal Adjustment is due. Therefore, the GMIB Plus III rider may not be appropriate for you if you intend to make additional purchase payments after the 120-day period and are purchasing the rider for this feature.

The Guaranteed Principal Adjustment will never be less than zero. **If the Guaranteed Principal Option is exercised, the GMIB Plus III rider will terminate**

**as of the date the option takes effect and no additional GMIB charges will apply thereafter.**

The variable annuity contract, however, will continue. If you only elected the GMIB Plus III, the investment allocation restrictions described above will no longer apply. If you elected both the GMIB Plus III and the Enhanced Death Benefit II, the Enhanced Death Benefit II investment allocation restrictions described in “Purchase — Investment Allocation Restrictions for Certain Riders” will continue to apply as long as the Enhanced Death Benefit II rider has not terminated.

**Exercising the GMIB Plus III Rider.** If you exercise the GMIB Plus III, you must elect to receive annuity payments under one of the following fixed annuity options:

- (1) Life annuity with 5 years of annuity payments guaranteed.
- (2) Joint and last survivor annuity with 5 years of annuity payments guaranteed. Based on federal tax rules, this option is not available for Qualified Contracts where the difference in ages of the joint annuitants, who are not spouses, is greater than 10 years. (See “Annuity Payments (The Income Phase).”)

These options are described in the contract and the GMIB Plus III rider.

The GMIB Annuity Table is specified in the rider. For GMIB Plus III in Nevada, this table is calculated based on the Annuity 2000 Mortality Table with a 10-year age set back with interest of 1.5% per annum. For GMIB Plus III in Oregon, this table is calculated based on the Annuity 2000 Mortality Table with 10 years of mortality improvement based on projection Scale AA and a 10-year age set back with interest of 1.0% per annum. As with other payout types, the amount you receive as an income payment also depends on the annuity option you select, your age, and (where permitted by state law) your sex. The annuity rates for attained ages 86 to 90 are the same as those for attained age 85. **The annuity rates in the GMIB Annuity Table are conservative and a withdrawal charge may be applicable, so the amount of guaranteed minimum lifetime income that the GMIB produces may be less than the amount of annuity income that would be provided by applying your account value on your annuity date to then-current annuity purchase rates.**

If you exercise the GMIB Plus III, your annuity payments will be the greater of:

- the annuity payment determined by applying the amount of the income base to the GMIB Annuity Table, or
- the annuity payment determined for the same annuity option in accordance with the base contract. (See “Annuity Payments (The Income Phase).”)

**If the amount of the guaranteed minimum lifetime income that the GMIB Plus III produces is less than the amount of annuity income that would be provided by applying contract value on the annuity date to the then-current annuity purchase rates, then you would have paid for a benefit that you did not use.**

If you take a full withdrawal of your account value, your contract is terminated by us due to its small account value and inactivity (see “Purchase — Purchase Payments”), or your contract lapses and there remains any income base, we will commence making income payments within 30 days of the date of the full withdrawal, termination or lapse. In such cases, your income payments under this benefit, if any, will be determined using the income base and any applicable withdrawal adjustment that was taken on account of the withdrawal, termination or lapse.

**Enhanced Payout Rates — Nevada Only.** As noted above, for the GMIB Plus III rider in Nevada, the annuity rates in the GMIB Annuity Table are calculated based on the Annuity 2000 Mortality Table with a 10-year age set back with interest of 1.5% per annum. However, the GMIB Plus III payout rates in Nevada are enhanced under the following circumstances. If:

- you begin withdrawals on or after your 62nd birthday;
- your account value is fully withdrawn or decreases to zero at or after your 62nd birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Plus III rider will equal or exceed 5.5% of the income base (calculated on the date the payments are determined).

Alternatively, the GMIB Plus III payout rates in Nevada are enhanced under the following circumstances. If:

- you begin withdrawals on or after your 60th birthday;



- your account value is fully withdrawn or decreases to zero at or after your 60th birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Plus III rider will equal or exceed 5% of the income base (calculated on the date the payments are determined).

**Enhanced Payout Rates – Oregon Only.** As noted above, for GMIB Plus III in Oregon, the annuity rates in the GMIB Annuity Table are calculated based on the Annuity 2000 Mortality Table with 10 years of mortality improvement based on projection Scale AA and a 10-year age set back with interest of 1.0% per annum. However, the GMIB Plus III payout rates in Oregon are enhanced under the following circumstances. If:

- you begin withdrawals on or after your 62nd birthday;
- your account value is fully withdrawn or decreases to zero at or after your 62nd birthday and there is an income base remaining; and
- the annuity option you select is the single life annuity with 5 years of annuity payments guaranteed;

then the annual annuity payments under the GMIB Plus III rider will equal or exceed 5% of the income base (calculated on the date the payments are determined).

If you choose not to receive annuity payments as guaranteed under the GMIB Plus III, you may elect any of the annuity options available under the contract.

**Terminating the GMIB Plus III Rider.** Except as otherwise provided in the GMIB Plus III rider, the rider will terminate upon the earliest of:

- a) The 30th day following the contract anniversary prior to your 91st birthday;
- b) The date you make a complete withdrawal of your account value (if there is an income base remaining you will receive payments based on the remaining income base);
- c) The date you elect to receive annuity payments under the contract and you do not elect to receive payments under the GMIB;
- d) Death of the owner or joint owner (unless the spouse (age 89 or younger) is the beneficiary and

elects to continue the contract), or death of the annuitant if a non-natural person owns the contract;

- e) A change for any reason of the owner or joint owner or the annuitant, if a non-natural person owns the contract, subject to our administrative procedures;
- f) The effective date of the Guaranteed Principal Option; or
- g) The date you assign your contract.

Under our current administrative procedures, we will waive the termination of the GMIB Plus III rider if you assign the contract under the following limited circumstances: if the assignment is solely for your benefit on account of your direct transfer of account value under Section 1035 of the Internal Revenue Code to fund premiums for a long term care insurance policy or purchase payments for an annuity contract issued by an insurance company which is not our affiliate and which is licensed to conduct business in any state. All such direct transfers are subject to any applicable withdrawal charges.

When the GMIB Plus III rider terminates, the corresponding GMIB Plus III rider charge terminates and the GMIB Plus III investment allocation restrictions, described above, will no longer apply.

### **Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With GMIB Plus III**

For IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code, you may be required to take withdrawals to fulfill minimum distribution requirements generally beginning at age 70½.

Used with the GMIB Plus III rider, our Automated Required Minimum Distribution Program can help you fulfill minimum distribution requirements with respect to your contract without reducing the income base on a proportionate basis. (Reducing the income base on a proportionate basis could have the effect of reducing or eliminating the value of annuity payments under the GMIB Plus III rider.) The Automated Required Minimum Distribution Program calculates minimum distribution requirements with respect to your contract and makes payments to you on a monthly, quarterly, semi-annual or annual basis.

Alternatively, you may choose to enroll in both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program (see “Access to Your Money – Systematic Withdrawal Program”). In order to avoid taking withdrawals that could reduce the income base on a proportionate basis, withdrawals under the Systematic Withdrawal Program should not exceed 5% of the Annual Increase Amount at the beginning of the contract year. Any amounts above 5% of the Annual Increase Amount that need to be withdrawn to fulfill minimum distribution requirements can be paid out at the end of the calendar year by the Automated Required Minimum Distribution Program. For example, if you elect the GMIB Plus III and enroll in the Systematic Withdrawal Program and elect to receive monthly payments totaling 5% of the Annual Increase Amount, you should also enroll in the Automated Required Minimum Distribution Program and elect to receive your Automated Required Minimum Distribution Program payment on an annual basis, after the Systematic Withdrawal Program monthly payment in December.

If you enroll in either the Automated Required Minimum Distribution Program or both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program, you should not make additional withdrawals outside the programs. Additional withdrawals may result in the income base being reduced on a proportionate basis, and have the effect of reducing or eliminating the value of annuity payments under the GMIB Plus III rider.

To enroll in the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program, please contact our Annuity Service Center.

### **Electing GMIB Max II or GMIB Plus III – Oregon.**

In Oregon, GMIB Max II and GMIB Plus III are currently available. (Only GMIB Plus III is available in Nevada.) You should consult with your registered representative when considering whether to elect the GMIB Max II or GMIB Plus III rider. Important factors to consider when comparing the two riders include:

- **Annual Increase Rate.** As noted above, we calculate an income base under the GMIB rider that helps determine the minimum amount you receive as an income payment upon exercising the rider. One of the factors used in calculating the income base is called the “annual increase rate.” The annual increase rate under the GMIB Max II is 5.5% and the annual increase rate

under the GMIB Plus III is 5%. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)

- **Annual Withdrawal Amount.** Each contract year, you can withdraw up to a certain percentage of your Annual Increase Amount, and the Annual Increase Amount will be reduced by the dollar amount withdrawn (not proportionately). This percentage is 5.5% under the GMIB Max II and 5% under the GMIB Plus III. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Investment Allocation Restrictions.** The GMIB Plus III rider allows you to allocate your purchase payments among a significantly wider variety of investment options than the GMIB Max II rider, including investment portfolios that may offer the potential for higher returns than the investment portfolios available with the GMIB Max II rider. See “Investment Allocation Restrictions” above for more information.
  - If you elect the GMIB Max II, you must allocate all of your purchase payments and account value among five investment portfolios, and you will not be able to allocate purchase payments or account value to the fixed account or to a money market portfolio.
  - If you elect the GMIB Plus III, you must allocate all of your purchase payments and account value according to the investment allocation restrictions described above in “Purchase — Investment Allocation Restrictions for Certain Riders.” If you elect the GMIB Plus III, you will be able to allocate purchase payments and account value to the fixed account and/or a money market portfolio.
- **Subsequent Purchase Payments Under GMIB Max II.** If you elect the GMIB Max II rider, we may choose not to permit you to make subsequent purchase payments. You should consider how significant the ability to make subsequent purchase payments is for your long-term investment plans.

*Effect of Required Minimum Distributions.* The following only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. As described above under “Annual Increase Rate” and “Withdrawal Adjustments,” there may be times when the amount of your required minimum distribution (which is based on

factors including your age and your account value) in relation to the Annual Increase Amount causes the annual increase rate and dollar-for-dollar withdrawal amount to be higher than 5% under the GMIB Plus III or higher than 5.5% under the GMIB Max II.

(See Appendix D for examples illustrating the operation of the GMIB Plus III.)

## 8. PERFORMANCE

We periodically advertise subaccount performance relating to the investment portfolios. We will calculate performance by determining the percentage change in the value of an accumulation unit by dividing the increase (decrease) for that unit by the value of the accumulation unit at the beginning of the period. This performance number reflects the deduction of the Separate Account product charges (including certain death benefit rider charges) and the investment portfolio expenses. It does not reflect the deduction of any applicable account fee, withdrawal charge, or applicable optional rider charges. The deduction of these charges would reduce the percentage increase or make greater any percentage decrease. Any advertisement will also include total return figures which reflect the deduction of the Separate Account product charges (including certain death benefit rider charges), account fee, withdrawal charges, applicable optional rider charges, and the investment portfolio expenses.

For periods starting prior to the date the contract was first offered, the performance will be based on the historical performance of the corresponding investment portfolios for the periods commencing from the date on which the particular investment portfolio was made available through the Separate Account.

In addition, the performance for the investment portfolios may be shown for the period commencing from the inception date of the investment portfolios. These figures should not be interpreted to reflect actual historical performance of the Separate Account.

We may, from time to time, include in our advertising and sales materials performance information for funds or investment accounts related to the investment portfolios and/or their investment advisers or subadvisers. Such related performance information also may reflect the deduction of certain contract charges. We may also include in our advertising and sales materials tax deferred compounding charts and other hypothetical illustrations,

which may include comparisons of currently taxable and tax deferred investment programs, based on selected tax brackets.

We may advertise the living benefit and death benefit riders using illustrations showing how the benefit works with historical performance of specific investment portfolios or with a hypothetical rate of return (which rate will not exceed 12%) or a combination of historical and hypothetical returns. These illustrations will reflect the deduction of all applicable charges including the portfolio expenses of the underlying investment portfolios.

You should know that for any performance we illustrate, future performance will vary and results shown are not necessarily representative of future results.

## 9. DEATH BENEFIT

### Upon Your Death

If you die during the accumulation phase, we will pay a death benefit to your beneficiary(ies). The Principal Protection is the standard death benefit for your contract. At the time you purchase the contract, depending on availability in your state, you can select the optional Annual Step-Up Death Benefit rider, the Compounded-Plus Death Benefit rider, or an Enhanced Death Benefit rider (EDB Max II, Enhanced Death Benefit III, or Enhanced Death Benefit II). You can also select the Additional Death Benefit — Earnings Preservation Benefit, either individually or with the Annual Step-Up Death Benefit rider or the Compounded-Plus Death Benefit rider. If you are 80 years old or older at the effective date of your contract, you are not eligible to select the Annual Step-Up Death Benefit rider, the Compounded-Plus Death Benefit rider or the Earnings Preservation Benefit. If you are 76 years old or older at the effective date of your contract, you are not eligible to select an Enhanced Death Benefit rider.

EDB Max II and Enhanced Death Benefit III are available in all states except Nevada and Oregon. In Nevada, Enhanced Death Benefit II is the only Enhanced Death Benefit currently available. In Oregon, no Enhanced Death Benefits are currently available. The Compounded-Plus Death Benefit is currently only available in Oregon.

The EDB Max II rider may only be elected if you have elected the GMIB Max II rider. The Enhanced Death Benefit III rider may only be elected if you have elected the GMIB Plus IV rider. The Enhanced Death Benefit II rider



may only be elected if you have elected the GMIB Plus III rider. The Earnings Preservation Benefit may not be elected with an Enhanced Death Benefit rider.

The death benefits are described below.

The death benefit is determined as of the end of the business day on which we receive both due proof of death and an election for the payment method. Where there are multiple beneficiaries, the death benefit will only be determined as of the time the first beneficiary submits the necessary documentation in good order. If the death benefit payable is an amount that exceeds the account value on the day it is determined, we will apply to the contract an amount equal to the difference between the death benefit payable and the account value, in accordance with the current allocation of the account value. This death benefit amount remains in the investment portfolios until each of the other beneficiaries submits the necessary documentation in good order to claim his/her death benefit. (See “General Death Benefit Provisions” below.) Any death benefit amounts held in the investment portfolios on behalf of the remaining beneficiaries are subject to investment risk. There is no additional death benefit guarantee.

If you have a joint owner, the death benefit will be paid when the first owner dies. Upon the death of either owner, the surviving joint owner will be the primary beneficiary. Any other beneficiary designation will be treated as a contingent beneficiary, unless instructed otherwise.

If a non-natural person owns the contract, the annuitant will be deemed to be the owner in determining the death benefit. If there are joint owners, the age of the oldest owner will be used to determine the death benefit amount.

If we are presented in good order with notification of your death before any requested transaction is completed (including transactions under a dollar cost averaging program, the Automatic Rebalancing Program, the Systematic Withdrawal Program, or the Automated Required Minimum Distribution Program), we will cancel the request. As described above, the death benefit will be determined when we receive both due proof of death and an election for the payment method.

### **Standard Death Benefit – Principal Protection**

The death benefit will be the greater of:

- (1) the account value; or
- (2) total purchase payments, reduced proportionately by

the percentage reduction in account value attributable to each partial withdrawal.

If the owner is a natural person and the owner is changed to someone other than a spouse, the death benefit amount will be determined as defined above; however, subsection (2) will be changed to provide as follows: “the account value as of the effective date of the change of owner, increased by purchase payments received after the date of the change of owner, reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal made after such date.”

In the event that a beneficiary who is the spouse of the owner elects to continue the contract in his or her name after the owner dies, the death benefit amount will be determined in accordance with (1) or (2) above.

(See Appendix E for examples of the Principal Protection death benefit rider.)

### **Optional Death Benefit – Annual Step-Up**

If you select the Annual Step-Up death benefit rider, the death benefit will be the greatest of:

- (1) the account value; or
- (2) total purchase payments, reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal; or
- (3) the highest anniversary value, as defined below.

On the date we issue your contract, the highest anniversary value is equal to your initial purchase payment. Thereafter, the highest anniversary value (as recalculated) will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent partial withdrawal. On each contract anniversary prior to your 81st birthday, the highest anniversary value will be recalculated and set equal to the greater of the highest anniversary value before the recalculation or the account value on the date of the recalculation.

If the owner is a natural person and the owner is changed to someone other than a spouse, the death benefit is equal to the greatest of (1), (2) or (3); however, for purposes of calculating (2) and (3) above:

- Subsection (2) is changed to provide: “The account value as of the effective date of the change of owner, increased by purchase payments received after the date

of change of owner, and reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal made after such date.”

- For subsection (3), the highest anniversary value will be recalculated to equal your account value as of the effective date of the change of owner. Thereafter, the highest anniversary value (as recalculated) will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent partial withdrawal. On each contract anniversary prior to the owner’s 81st birthday, the highest anniversary value will be recalculated and set equal to the greater of the highest anniversary value before the recalculation or the account value on the date of the recalculation.

In the event that a beneficiary who is the spouse of the owner elects to continue the contract in his or her name after the owner dies, the death benefit is equal to the greatest of (1), (2) or (3).

(See Appendix E for examples of the Annual Step-Up death benefit rider.)

### **Optional Death Benefits – EDB Max II and Enhanced Death Benefit III**

In states where approved, you may select the EDB Max II rider (subject to investment allocation restrictions) if you are age 75 or younger at the effective date of your contract and have elected the GMIB Max II rider. In states where approved, you may select the Enhanced Death Benefit III (EDB III) rider (subject to investment allocation restrictions) if you are age 75 or younger at the effective date of your contract and you have elected the GMIB Plus IV rider. If you select the EDB Max II or EDB III rider, you may not select the Additional Death Benefit – Earnings Preservation Benefit. The Enhanced Death Benefit (EDB) riders are referred to in your contract and rider as the “Guaranteed Minimum Death Benefit” or GMDB.

**EDB Riders Must Be Elected with Corresponding GMIB Riders.** The EDB Max II rider may only be elected if you have elected the GMIB Max II rider, and the EDB III rider may only be elected if you have elected the GMIB Plus IV rider. You should understand that by electing both a GMIB rider and an EDB rider, you will be paying for and receiving both an income benefit and a death benefit and the cost of the combined riders will be higher than the cost of either a GMIB rider or other available death benefit riders individually. Please note that other standard or optional death benefit riders are available under this

contract that are not required to be purchased in combination with a GMIB rider. You should also understand that once GMIB annuity payments begin under a GMIB rider, the EDB rider will be terminated.

**Electing EDB Max II or EDB III.** You should consult with your registered representative when considering whether to elect the EDB Max II or EDB III rider. Important factors to consider when comparing the two riders include:

- **Annual Increase Rate.** We calculate a death benefit base under both the EDB Max II and EDB III riders that helps determine the amount of the death benefit your beneficiaries will receive under the rider. One of the factors used in calculating the death benefit base is called the “annual increase rate.” The annual increase rate under the EDB Max II is 5.5% and the annual increase rate under the EDB III is 4.5%. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Annual Withdrawal Amount.** Each contract year, you can withdraw up to a certain percentage of your Annual Increase Amount, and the Annual Increase Amount will be reduced by the dollar amount withdrawn (not proportionately). This percentage is 5.5% under the EDB Max II and 4.5% under the EDB III. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Investment Allocation Restrictions.** The EDB III rider allows you to allocate your purchase payments among a significantly wider variety of investment options than the EDB Max II rider, including investment portfolios that may offer the potential for higher returns than the investment portfolios available with the EDB Max II rider. See “Investment Allocation Restrictions” below for more information.
  - If you elect the EDB Max II, you must allocate all of your purchase payments and account value among five investment portfolios, and you will not be able to allocate purchase payments or account value to the fixed account or to a money market portfolio.
  - If you elect the EDB III, you must allocate all of your purchase payments and account value according to the investment allocation restrictions described above in “Purchase — Investment Allocation Restrictions for Certain Riders.” If you elect the EDB III, you will be able to allocate purchase

payments and account value to the fixed account and/or a money market portfolio.

- **Subsequent Purchase Payments Under EDB Max II.** If the EDB Max II rider is no longer available to new customers, or if we make changes in the future to the terms of the EDB Max II rider offered to new customers, we may choose not to permit you to make subsequent purchase payments. You should consider how significant the ability to make subsequent purchase payments is for your long-term investment plans.

*Effect of Required Minimum Distributions.* The following only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. As described below under “Annual Increase Rate” and “Withdrawal Adjustments,” there may be times when the amount of your required minimum distribution (which is based on factors including your age and your account value) in relation to the Annual Increase Amount causes the annual increase rate and dollar-for-dollar withdrawal amount to be higher than 4.5% under the EDB III or higher than 5.5% under the EDB Max II.

Both riders are described in detail below.

**Description of EDB Max II and EDB III.** If you select the EDB Max II or EDB III rider, the amount of the death benefit will be the greater of:

- (1) the account value; or
- (2) the death benefit base.

The *death benefit base* provides protection against adverse investment experience. It guarantees that the death benefit will not be less than the greater of: (1) the highest account value on any anniversary (adjusted for withdrawals), or (2) the amount of your initial investment (adjusted for withdrawals), accumulated at 5.5% per year under EDB Max II or 4.5% per year under EDB III.

The death benefit base is the greater of (a) or (b) below:

- (a) **Highest Anniversary Value:** On the date we issue your contract, the Highest Anniversary Value is equal to your initial purchase payment. Thereafter, the Highest Anniversary Value will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal. The percentage reduction in account value is the dollar amount of the withdrawal (including any applicable withdrawal charge)

divided by the account value immediately preceding such withdrawal. On each contract anniversary prior to your 81st birthday, the Highest Anniversary Value will be recalculated to equal the greater of the Highest Anniversary Value before the recalculation or the account value on the date of the recalculation.

- (b) **Annual Increase Amount:** On the date we issue your contract, the Annual Increase Amount is equal to your initial purchase payment. All purchase payments received within 120 days of the date we issue your contract will be treated as part of the initial purchase payment for this purpose. Thereafter, the Annual Increase Amount is equal to (i) less (ii), where:
  - (i) is purchase payments accumulated at the annual increase rate (as defined below); and
  - (ii) is withdrawal adjustments (as defined below) accumulated at the annual increase rate.

The Highest Anniversary Value and Annual Increase Amount are calculated independently of each other. When the Highest Anniversary Value is recalculated and set equal to the account value, the Annual Increase Amount is not set equal to the account value. See “Optional Step-Up” below for a feature that can be used to reset the Annual Increase Amount to the account value.

**Annual Increase Rate.** Through the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is the greater of:

- (a) 5.5% for EDB Max II or 4.5% for EDB III; or
- (b) the required minimum distribution rate (as defined below).

Item (b) only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code.

The required minimum distribution rate equals the greatest of:

- (1) the required minimum distribution amount for the previous calendar year or for this calendar year (whichever is greater), divided by the Annual Increase Amount at the beginning of the contract year;
- (2) if you enroll only in the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Automated Required Minimum Distribution Program, divided by

the Annual Increase Amount at the beginning of the contract year; or

- (3) if you enroll in both the Systematic Withdrawal Program and the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Systematic Withdrawal Program (up to a maximum of 5.5% of the Annual Increase Amount at the beginning of the contract year for EDB Max II, or 4.5% of the Annual Increase Amount at the beginning of the contract year for EDB III) and the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year.

On the first contract anniversary, “at the beginning of the contract year” means on the issue date; on a later contract anniversary, “at the beginning of the contract year” means on the prior contract anniversary.

See “Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With EDB Max II or EDB III” below for more information on the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program.

If your total withdrawals during a contract year, divided by the Annual Increase Amount at the beginning of the contract year, exceed the required minimum distribution rate, item (b) above (the required minimum distribution rate) is not used to calculate the annual increase rate, and the annual increase rate will be 5.5% for EDB Max II or 4.5% for EDB III.

After the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is 0%.

**Withdrawal Adjustments.** Withdrawal adjustments in a contract year are determined according to (a) or (b):

(a) The withdrawal adjustment for each withdrawal in a contract year is the value of the Annual Increase Amount immediately prior to the withdrawal multiplied by the percentage reduction in account value attributable to that partial withdrawal (including any applicable withdrawal charge); or

(b) (1) if total withdrawals in a contract year are not greater than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year; (2) if the withdrawals occur before the contract anniversary immediately prior to your 91st birthday; and (3) if these withdrawals are payable to the owner (or the annuitant, if the owner is a non-natural person) or to

another payee we agree to, the total withdrawal adjustments for that contract year will be set equal to the dollar amount of total withdrawals (including any applicable withdrawal charge) in that contract year. These withdrawal adjustments will replace the withdrawal adjustments defined in (a) immediately above and will be treated as though the corresponding withdrawals occurred at the end of that contract year.

As described in (a) immediately above, if in any contract year you take cumulative withdrawals that exceed the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, the Annual Increase Amount will be reduced in the same proportion that the entire withdrawal (including any applicable withdrawal charges) reduced the account value. This reduction may be significant, particularly when the account value is lower than the Annual Increase Amount, and could have the effect of reducing or eliminating the value of the death benefit under the Enhanced Death Benefit rider. In order to avoid this, limit your cumulative withdrawals during a contract year to not more than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year. This level of withdrawals will result in dollar-for-dollar treatment of the withdrawals, as described in (b) immediately above.

The Highest Anniversary Value does not change after the contract anniversary immediately preceding the owner’s 81st birthday, except that it is increased for each subsequent purchase payment and reduced proportionately by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge). The Annual Increase Amount does not change after the contract anniversary immediately preceding the owner’s 91st birthday, except that it is increased for each subsequent purchase payment and reduced by the withdrawal adjustments described above.

(See Appendix E for examples of the calculation of the death benefit base, including the Highest Anniversary Value, the Annual Increase Amount, the annual increase rate, and the withdrawal adjustments.)

**Optional Step-Up.** On each contract anniversary as permitted, you may elect to reset the Annual Increase Amount to the account value. An Optional Step-Up may be beneficial if your account value has grown at a rate above the annual increase rate on the Annual Increase Amount (5.5% for EDB Max II or 4.5% for EDB III). As described below, an Optional Step-Up resets the Annual Increase



Amount to the account value. After an Optional Step-Up, the annual increase rate will be applied to the new, higher Annual Increase Amount and therefore the amount that may be withdrawn without reducing the Annual Increase Amount on a proportionate basis will increase. However, if you elect to reset the Annual Increase Amount, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

An Optional Step-Up is permitted only if: (1) the account value exceeds the Annual Increase Amount immediately before the Optional Step-Up; and (2) the owner (or oldest joint owner or annuitant if the contract is owned by a non-natural person) is not older than age 80 on the date of the Optional Step-Up.

You may elect either: (1) a one-time Optional Step-Up at any contract anniversary provided the above requirements are met, or (2) Optional Step-Ups to occur under the Automatic Annual Step-Up. If you elect Automatic Annual Step-Ups, on any contract anniversary while this election is in effect, the Annual Increase Amount will reset to the account value automatically, provided the above requirements are met. The same conditions described above will apply to each Automatic Step-Up. You may discontinue this election at any time by notifying us in writing, at our Annuity Service Center (or by any other method acceptable to us), at least 30 days prior to the contract anniversary on which an Optional Step-Up may otherwise occur. Otherwise, it will remain in effect through the seventh contract anniversary following the date you make this election, at which point you must make a new election if you want Automatic Annual Step-Ups to continue. If you discontinue or do not re-elect the Automatic Annual Step-Ups, no Optional Step-Up will occur automatically on any subsequent contract anniversary unless you make a new election under the terms described above. (If you discontinue Automatic Annual Step-Ups, the rider (and the rider charge) will continue, and you may choose to elect a one time Optional Step-Up or reinstate Automatic Annual Step-Ups as described above.)

We must receive your request to exercise the Optional Step-Up in writing, at our Annuity Service Center, or any other method acceptable to us. We must receive your request

prior to the contract anniversary for an Optional Step-Up to occur on that contract anniversary.

The Optional Step-Up:

- (1) resets the Annual Increase Amount to the account value on the contract anniversary following the receipt of an Optional Step-Up election; and
- (2) may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

In the event that the charge applicable to contract purchases at the time of the step-up is higher than your current rider charge, you will be notified in writing a minimum of 30 days in advance of the applicable contract anniversary and be informed that you may choose to decline the Automatic Annual Step-Up. If you decline the Automatic Annual Step-Up, you must notify us in accordance with our Administrative Procedures (currently we require you to submit your request in writing to our Annuity Service Center no less than seven calendar days prior to the applicable contract anniversary). Once you notify us of your decision to decline the Automatic Annual Step-Up, you will no longer be eligible for future Automatic Annual Step-Ups until you notify us in writing to our Annuity Service Center that you wish to reinstate the Automatic Annual Step-Ups. This reinstatement will take effect at the next contract anniversary after we receive your request for reinstatement.

On the date of the Optional Step-Up, the account value on that day will be treated as a single purchase payment received on the date of the step-up for purposes of determining the Annual Increase Amount after the step-up. All purchase payments and withdrawal adjustments previously used to calculate the Annual Increase Amount will be set equal to zero on the date of the Optional Step-Up.

**Investment Allocation Restrictions.** As noted above, the EDB III rider allows you to allocate your purchase payments among a significantly wider variety of investment options than the EDB Max II rider, including investment portfolios that offer the potential for higher returns than the investment portfolios available with the EDB Max II rider. For a detailed description of the EDB Max II and

EDB III investment allocation restrictions, see “Purchase — Investment Allocation Restrictions for Certain Riders.”

If you elect the EDB Max II or EDB III, you may not participate in the Dollar Cost Averaging (DCA) program. However, you may elect to participate in the Enhanced Dollar Cost Averaging (EDCA) program, provided that your destination investment portfolios are selected in accordance with the investment allocation restrictions.

Investment Allocation Restrictions – Comparing EDB Max II and EDB III. If you elect the EDB Max II rider, you must allocate 100% of your purchase payments and account value among five investment portfolios. (By contrast, many more investment portfolios are available if you elect the EDB III rider; see “Purchase — Investment Allocation Restrictions for Certain Riders” for a complete list.) Four of these investment portfolios — the AllianceBernstein Global Dynamic Allocation Portfolio, AQR Global Risk Balanced Portfolio, BlackRock Global Tactical Strategies Portfolio, and MetLife Balanced Plus Portfolio — are designed specifically for use with the EDB Max riders, and have investment strategies intended in part to reduce the risk of investment losses that could require us to use our own assets to make payments in connection with the guarantees under the rider. For example, certain of the investment portfolios are managed in a way that is intended to minimize volatility of returns and hedge against the effects of interest rate changes. Other investment options that are available if the EDB Max II rider is not selected may offer the potential for higher returns. Before you select the EDB Max II rider, you and your financial representative should carefully consider whether the five investment options available with EDB Max II meet your investment objectives and risk tolerance.

Restrictions on Investment Allocations if the EDB Max II Rider Terminates. If the EDB Max II rider terminates (see “Terminating the EDB Max II and EDB III Riders”), you may no longer allocate subsequent purchase payments or transfer account value to or among the five EDB Max investment portfolios. You may leave account value in the five investment portfolios, but once you transfer account value to an investment portfolio that is not one of the five investment portfolios, you will not be permitted to transfer it back to any of those five investment portfolios. If the EDB Max II rider terminates, you will be permitted to allocate subsequent purchase payments or transfer account value to any of the other available investment portfolios, but not to the fixed account.

**Potential Restrictions on Subsequent Purchase Payments for EDB Max II.** In the future, we may choose not to permit owners of existing contracts with the EDB Max II rider to make subsequent purchase payments if: (a) the EDB Max II rider is no longer available to new customers, or (b) we make certain changes to the terms of the EDB Max II rider offered to new customers (for example, if we change the EDB Max II rider charge; see your contract schedule for a list of the other changes). We will notify owners of contracts with the EDB Max II rider in advance if we impose restrictions on subsequent purchase payments. If we impose restrictions on subsequent purchase payments, contract owners will still be permitted to transfer account value among the five EDB Max II investment portfolios.

**Terminating the EDB Max II and EDB III Riders.**

Each rider will terminate upon the earliest of:

- a) The date you make a total withdrawal of your account value (a pro rata portion of the rider charge will be assessed);
- b) The date there are insufficient funds to deduct the rider charge from your account value;
- c) The date you annuitize your contract (a pro rata portion of the rider charge will be assessed);
- d) A change of the owner or joint owner (or annuitant if the owner is a non-natural person), subject to our administrative procedures;
- e) The date you assign your contract;
- f) The date the death benefit amount is determined (excluding the determination of the death benefit amount under the spousal continuation option); or
- g) Termination of the contract to which this rider is attached.

Under our current administrative procedures, we will waive the termination of the EDB Max II or EDB III if you assign the contract under the following limited circumstances: if the assignment is solely for your benefit on account of your direct transfer of account value under Section 1035 of the Internal Revenue Code to fund premiums for a long term care insurance policy or purchase payments for an annuity contract issued by an insurance company which is not our affiliate and which is licensed to conduct business in any state. All such direct transfers are subject to any applicable withdrawal charges.



(See Appendix E for examples of the Enhanced Death Benefit.)

### **Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With EDB Max II or EDB III**

For IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code, you may be required to take withdrawals to fulfill minimum distribution requirements generally beginning at age 70½.

Used with the EDB Max II or EDB III rider, our Automated Required Minimum Distribution Program can help you fulfill minimum distribution requirements with respect to your contract without reducing the death benefit base on a proportionate basis. (Reducing the death benefit base on a proportionate basis could have the effect of reducing or eliminating the value of the death benefit provided by the EDB Max II or EDB III rider.) The Automated Required Minimum Distribution Program calculates minimum distribution requirements with respect to your contract and makes payments to you on a monthly, quarterly, semi-annual or annual basis.

Alternatively, you may choose to enroll in both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program (see “Access to Your Money – Systematic Withdrawal Program”). In order to avoid taking withdrawals that could reduce the death benefit base on a proportionate basis, withdrawals under the Systematic Withdrawal Program should not exceed 5.5% of the Annual Increase Amount at the beginning of the contract year with the EDB Max II, or 4.5% of the Annual Increase Amount at the beginning of the contract year with the EDB III. Any amounts above 5.5% of the Annual Increase Amount (for EDB Max II) or 4.5% of the Annual Increase Amount (for EDB III) that need to be withdrawn to fulfill minimum distribution requirements can be paid out at the end of the calendar year by the Automated Required Minimum Distribution Program. For example, if you elect EDB III, enroll in the Systematic Withdrawal Program, and elect to receive monthly payments totaling 4.5% of the Annual Increase Amount, you should also enroll in the Automated Required Minimum Distribution Program and elect to receive your Automated Required Minimum Distribution Program payment on an annual basis, after the Systematic Withdrawal Program monthly payment in December.

If you enroll in either the Automated Required Minimum Distribution Program or both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program, you should not make additional withdrawals outside the programs. Additional withdrawals may result in the death benefit base being reduced on a proportionate basis, and have the effect of reducing or eliminating the value of the death benefit provided by the EDB Max II or EDB III rider.

To enroll in the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program, please contact our Annuity Service Center.

### **Enhanced Death Benefit and Decedent Contracts**

If you are purchasing this contract with a nontaxable transfer of the death benefit proceeds of any annuity contract or IRA (or any other tax-qualified arrangement) of which you were the beneficiary and you are “stretching” the distributions under the IRS required distribution rules, you may not purchase an Enhanced Death Benefit rider.

### **Optional Death Benefit – Enhanced Death Benefit II**

The Enhanced Death Benefit II (EDB II) rider is currently only available in Nevada (subject to investment allocation restrictions) if you are age 75 or younger at the effective date of your contract and you have elected the GMIB Plus III rider. If you select the EDB II rider, you may not select the Additional Death Benefit – Earnings Preservation Benefit. The Enhanced Death Benefit (EDB) riders are referred to in your contract and rider as the “Guaranteed Minimum Death Benefit” or GMDB.

**EDB II Rider Must Be Elected with GMIB Plus III Rider.** The EDB II rider may only be elected if you have elected the GMIB Plus III rider. You should understand that by electing both a GMIB rider and an EDB rider, you will be paying for and receiving both an income benefit and a death benefit and the cost of the combined riders will be higher than the cost of either a GMIB rider or other available death benefit riders individually. Please note that other standard or optional death benefit riders are available under this contract that are not required to be purchased in combination with a GMIB rider. You should also understand that once GMIB annuity payments begin under a GMIB rider, the EDB rider will be terminated.

**Introduction to the EDB II Rider.** The EDB II rider is described in detail below. Important factors to consider when deciding to elect the EDB II include:

- **Annual Increase Rate.** We calculate a death benefit base under the EDB II rider that helps determine the amount of the death benefit your beneficiaries will receive under the rider. One of the factors used in calculating the death benefit base is called the “annual increase rate.” The annual increase rate under the EDB II is 5%. (See “Effect of Required Minimum Distributions” below for circumstances under which this percentage may be higher.)
- **Annual Withdrawal Amount.** Each contract year, you can withdraw up to a certain percentage of your Annual Increase Amount, and the Annual Increase Amount will be reduced by the dollar amount withdrawn (not proportionately). This percentage is 5% under the EDB II. (See “Effect of Required Minimum Distributions” below for circumstances under which these percentages may be higher.)
- **Investment Allocation Restrictions.** If you elect the EDB II, you must allocate all of your purchase payments and account value according to the investment allocation restrictions described above in “Purchase — Investment Allocation Restrictions for Certain Riders.” If you elect the EDB II, you will be able to allocate purchase payments and account value to the fixed account and/or a money market portfolio.

Effect of Required Minimum Distributions. The following only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. As described below under “Annual Increase Rate” and “Withdrawal Adjustments,” there may be times when the amount of your required minimum distribution (which is based on factors including your age and your account value) in relation to the Annual Increase Amount causes the annual increase rate and dollar-for-dollar withdrawal amount to be higher than 5% under the EDB II.

**Description of EDB II.** If you select the Enhanced Death Benefit II rider, the amount of the death benefit will be the greater of:

- (1) the account value; or
- (2) the death benefit base.

The *death benefit base* provides protection against adverse investment experience. It guarantees that the death benefit

will not be less than the greater of: (1) the highest account value on any anniversary (adjusted for withdrawals), or (2) the amount of your initial investment (adjusted for withdrawals), accumulated at 5% per year.

The death benefit base is the greater of (a) or (b) below:

- (a) **Highest Anniversary Value:** On the date we issue your contract, the Highest Anniversary Value is equal to your initial purchase payment. Thereafter, the Highest Anniversary Value will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each partial withdrawal. The percentage reduction in account value is the dollar amount of the withdrawal (including any applicable withdrawal charge) divided by the account value immediately preceding such withdrawal. On each contract anniversary prior to your 81st birthday, the Highest Anniversary Value will be recalculated to equal the greater of the Highest Anniversary Value before the recalculation or the account value on the date of the recalculation.
- (b) **Annual Increase Amount:** On the date we issue your contract, the Annual Increase Amount is equal to your initial purchase payment. All purchase payments received within 120 days of the date we issue your contract will be treated as part of the initial purchase payment for this purpose. Thereafter, the Annual Increase Amount is equal to (i) less (ii), where:
  - (i) is purchase payments accumulated at the annual increase rate (as defined below); and
  - (ii) is withdrawal adjustments (as defined below) accumulated at the annual increase rate.

The Highest Anniversary Value and Annual Increase Amount are calculated independently of each other. When the Highest Anniversary Value is recalculated and set equal to the account value, the Annual Increase Amount is not set equal to the account value. See “Optional Step-Up” below for a feature that can be used to reset the Annual Increase Amount to the account value.

**Annual Increase Rate.** Through the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is the greater of:

- (a) 5%; or

(b) the required minimum distribution rate (as defined below).

Item (b) only applies to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code.

The required minimum distribution rate equals the greatest of:

- (1) the required minimum distribution amount for the previous calendar year or for this calendar year (whichever is greater), divided by the Annual Increase Amount at the beginning of the contract year;
- (2) if you enroll only in the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year; or
- (3) if you enroll in both the Systematic Withdrawal Program and the Automated Required Minimum Distribution Program, the total withdrawals during the contract year under the Systematic Withdrawal Program (up to a maximum of 5% of the Annual Increase Amount at the beginning of the contract year) and the Automated Required Minimum Distribution Program, divided by the Annual Increase Amount at the beginning of the contract year.

On the first contract anniversary, “at the beginning of the contract year” means on the issue date; on a later contract anniversary, “at the beginning of the contract year” means on the prior contract anniversary.

See “Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With EDB II” below for more information on the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program.

If your total withdrawals during a contract year, divided by the Annual Increase Amount at the beginning of the contract year, exceed the required minimum distribution rate, item (b) above (the required minimum distribution rate) is not used to calculate the annual increase rate, and the annual increase rate will be 5%.

After the contract anniversary immediately prior to the owner’s 91st birthday, the annual increase rate is 0%.

**Withdrawal Adjustments.** Withdrawal adjustments in a contract year are determined according to (a) or (b):

(a) The withdrawal adjustment for each withdrawal in a contract year is the value of the Annual Increase Amount immediately prior to the withdrawal multiplied by the percentage reduction in account value attributable to that partial withdrawal (including any applicable withdrawal charge); or

(b) (1) if total withdrawals in a contract year are not greater than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year; (2) if the withdrawals occur before the contract anniversary immediately prior to your 91st birthday; and (3) if these withdrawals are payable to the owner (or the annuitant, if the owner is a non-natural person) or to another payee we agree to, the total withdrawal adjustments for that contract year will be set equal to the dollar amount of total withdrawals (including any applicable withdrawal charge) in that contract year. These withdrawal adjustments will replace the withdrawal adjustments defined in (a) immediately above and will be treated as though the corresponding withdrawals occurred at the end of that contract year.

As described in (a) immediately above, if in any contract year you take cumulative withdrawals that exceed the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year, the Annual Increase Amount will be reduced in the same proportion that the entire withdrawal (including any applicable withdrawal charges) reduced the account value. This reduction may be significant, particularly when the account value is lower than the Annual Increase Amount, and could have the effect of reducing or eliminating the value of the death benefit under the Enhanced Death Benefit rider. In order to avoid this, limit your cumulative withdrawals during a contract year to not more than the annual increase rate multiplied by the Annual Increase Amount at the beginning of the contract year. This level of withdrawals will result in dollar-for-dollar treatment of the withdrawals, as described in (b) immediately above.

The Highest Anniversary Value does not change after the contract anniversary immediately preceding the owner’s 81st birthday, except that it is increased for each subsequent purchase payment and reduced proportionately by the percentage reduction in account value attributable to each subsequent withdrawal (including any applicable withdrawal charge). The Annual Increase Amount does not change after the contract anniversary immediately preceding the owner’s 91st birthday, except that it is

increased for each subsequent purchase payment and reduced by the withdrawal adjustments described above.

(See Appendix E for examples of the calculation of the death benefit base, including the Highest Anniversary Value, the Annual Increase Amount, the annual increase rate, and the withdrawal adjustments.)

**Optional Step-Up.** On each contract anniversary as permitted, you may elect to reset the Annual Increase Amount to the account value. An Optional Step-Up may be beneficial if your account value has grown at a rate above the accumulation rate on the Annual Increase Amount (5%). As described below, an Optional Step-Up resets the Annual Increase Amount to the account value. After an Optional Step-Up, the annual increase rate will be applied to the new, higher Annual Increase Amount and therefore the amount that may be withdrawn without reducing the Annual Increase Amount on a proportionate basis will increase. **However, if you elect to reset the Annual Increase Amount, we may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.**

An Optional Step-Up is permitted only if: (1) the account value exceeds the Annual Increase Amount immediately before the Optional Step-Up; and (2) the owner (or oldest joint owner or annuitant if the contract is owned by a non-natural person) is not older than age 80 on the date of the Optional Step-Up.

You may elect either: (1) a one-time Optional Step-Up at any contract anniversary provided the above requirements are met, or (2) Optional Step-Ups to occur under the Automatic Annual Step-Up. If you elect Automatic Annual Step-Ups, on any contract anniversary while this election is in effect, the Annual Increase Amount will reset to the account value automatically, provided the above requirements are met. The same conditions described above will apply to each Automatic Step-Up. You may discontinue this election at any time by notifying us in writing, at our Annuity Service Center (or by any other method acceptable to us), at least 30 days prior to the contract anniversary on which an Optional Step-Up may otherwise occur. Otherwise, it will remain in effect through the seventh contract anniversary following the date you make this election, at which point you must make a new election if you want Automatic Annual Step-Ups to

continue. If you discontinue or do not re-elect the Automatic Annual Step-Ups, no Optional Step-Up will occur automatically on any subsequent contract anniversary unless you make a new election under the terms described above. (If you discontinue Automatic Annual Step-Ups, the rider (and the rider charge) will continue, and you may choose to elect a one time Optional Step-Up or reinstate Automatic Annual Step-Ups as described above.)

We must receive your request to exercise the Optional Step-Up in writing, at our Annuity Service Center, or any other method acceptable to us. We must receive your request prior to the contract anniversary for an Optional Step-Up to occur on that contract anniversary.

The Optional Step-Up:

- (1) resets the Annual Increase Amount to the account value on the contract anniversary following the receipt of an Optional Step-Up election; and
- (2) may reset the rider charge to a rate that does not exceed the lower of: (a) the Maximum Optional Step-Up Charge (1.50%) or (b) the current rate that we charge for the same rider available for new contract purchases at the time of the Optional Step-Up.

In the event that the charge applicable to contract purchases at the time of the step-up is higher than your current rider charge, you will be notified in writing a minimum of 30 days in advance of the applicable contract anniversary and be informed that you may choose to decline the Automatic Annual Step-Up. If you decline the Automatic Annual Step-Up, you must notify us in accordance with our Administrative Procedures (currently we require you to submit your request in writing to our Annuity Service Center no less than seven calendar days prior to the applicable contract anniversary). Once you notify us of your decision to decline the Automatic Annual Step-Up, you will no longer be eligible for future Automatic Annual Step-Ups until you notify us in writing to our Annuity Service Center that you wish to reinstate the Automatic Annual Step-Ups. This reinstatement will take effect at the next contract anniversary after we receive your request for reinstatement.

On the date of the Optional Step-Up, the account value on that day will be treated as a single purchase payment received on the date of the step-up for purposes of determining the Annual Increase Amount after the step-up.



All purchase payments and withdrawal adjustments previously used to calculate the Annual Increase Amount will be set equal to zero on the date of the Optional Step-Up.

**Investment Allocation Restrictions.** For a detailed description of the EDB II investment allocation restrictions, see “Purchase — Investment Allocation Restrictions for Certain Riders.”

If you elect the EDB II, you may not participate in the Dollar Cost Averaging (DCA) program. However, you may elect to participate in the Enhanced Dollar Cost Averaging (EDCA) program, provided that your destination investment portfolios are selected in accordance with the investment allocation restrictions.

**Terminating the EDB II Rider.** The rider will terminate upon the earliest of:

- a) The date you make a total withdrawal of your account value (a pro rata portion of the rider charge will be assessed);
- b) The date there are insufficient funds to deduct the rider charge from your account value;
- c) The date you annuitize your contract (a pro rata portion of the rider charge will be assessed);
- d) A change of the owner or joint owner (or annuitant if the owner is a non-natural person), subject to our administrative procedures;
- e) The date you assign your contract;
- f) The date the death benefit amount is determined (excluding the determination of the death benefit amount under the spousal continuation option); or
- g) Termination of the contract to which this rider is attached.

Under our current administrative procedures, we will waive the termination of the EDB II if you assign the contract under the following limited circumstances: if the assignment is solely for your benefit on account of your direct transfer of account value under Section 1035 of the Internal Revenue Code to fund premiums for a long term care insurance policy or purchase payments for an annuity contract issued by an insurance company which is not our affiliate and which is licensed to conduct business in any state. All such direct transfers are subject to any applicable withdrawal charges.

(See Appendix E for examples of the Enhanced Death Benefit.)

### **Use of Automated Required Minimum Distribution Program and Systematic Withdrawal Program With EDB II**

For IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code, you may be required to take withdrawals to fulfill minimum distribution requirements generally beginning at age 70½.

Used with the EDB II rider, our Automated Required Minimum Distribution Program can help you fulfill minimum distribution requirements with respect to your contract without reducing the death benefit base on a proportionate basis. (Reducing the death benefit base on a proportionate basis could have the effect of reducing or eliminating the value of the death benefit provided by the EDB II rider.) The Automated Required Minimum Distribution Program calculates minimum distribution requirements with respect to your contract and makes payments to you on a monthly, quarterly, semi-annual or annual basis.

Alternatively, you may choose to enroll in both the Automated Required Minimum Distribution Program and the Systematic Withdrawal Program (see “Access to Your Money – Systematic Withdrawal Program”). In order to avoid taking withdrawals that could reduce the death benefit base on a proportionate basis, withdrawals under the Systematic Withdrawal Program should not exceed 5% of the Annual Increase Amount at the beginning of the contract year. Any amounts above 5% of the Annual Increase Amount that need to be withdrawn to fulfill minimum distribution requirements can be paid out at the end of the calendar year by the Automated Required Minimum Distribution Program. For example, if you elect EDB II, enroll in the Systematic Withdrawal Program, and elect to receive monthly payments totaling 5% of the Annual Increase Amount, you should also enroll in the Automated Required Minimum Distribution Program and elect to receive your Automated Required Minimum Distribution Program payment on an annual basis, after the Systematic Withdrawal Program monthly payment in December.

If you enroll in either the Automated Required Minimum Distribution Program or both the Automated Required Minimum Distribution Program and the Systematic

Withdrawal Program, you should not make additional withdrawals outside the programs. Additional withdrawals may result in the death benefit base being reduced on a proportionate basis, and have the effect of reducing or eliminating the value of the death benefit provided by the EDB II rider.

To enroll in the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program, please contact our Annuity Service Center.

### **Enhanced Death Benefit and Decedent Contracts**

If you are purchasing this contract with a nontaxable transfer of the death benefit proceeds of any annuity contract or IRA (or any other tax-qualified arrangement) of which you were the beneficiary and you are “stretching” the distributions under the IRS required distribution rules, you may not purchase an Enhanced Death Benefit rider.

### **Optional Death Benefit – Compounded-Plus**

In Oregon, you may select the Compounded-Plus death benefit rider if you are age 79 or younger at the effective date of your contract. If you select the Compounded-Plus death benefit rider, the death benefit will be the greater of:

- (1) the account value; or
- (2) the greater of (a) or (b) below:
  - (a) **Highest Anniversary Value:** On the date we issue your contract, the highest anniversary value is equal to your initial purchase payment. Thereafter, the highest anniversary value (as recalculated) will be increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent partial withdrawal. On each contract anniversary prior to your 81st birthday, the highest anniversary value will be recalculated and set equal to the greater of the highest anniversary value before the recalculation or the account value on the date of the recalculation.
  - (b) **Annual Increase Amount:** On the date we issue your contract, the annual increase amount is equal to your initial purchase payment. Thereafter, the annual increase amount is equal to (i) less (ii), where:

- (i) is purchase payments accumulated at the annual increase rate. The annual increase rate is 5% per year through the contract anniversary immediately prior to your 81st birthday, and 0% per year thereafter; and
- (ii) is withdrawal adjustments accumulated at the annual increase rate. A withdrawal adjustment is equal to the value of the annual increase amount immediately prior to a withdrawal multiplied by the percentage reduction in account value attributable to that partial withdrawal.

If the owner is a natural person and the owner is changed to someone other than a spouse, the death benefit is equal to the greatest of (1) or (2); however, for purposes of calculating the enhanced death benefit under (2) above:

- (a) for the highest anniversary value, the highest anniversary value will be recalculated to equal your account value as of the effective date of the owner change; and
- (b) for the annual increase amount, the current annual increase amount will be reset to equal your account value as of the effective date of the owner change. For purposes of the calculation of the annual increase amount thereafter, the account value on the effective date of the owner change will be treated as the initial purchase payment and purchase payments received and partial withdrawals taken prior to the change of owner will not be taken into account.

In the event that a beneficiary who is the spouse of the owner elects to continue the contract in his or her name after the owner dies, the death benefit amount is equal to the greater of (1) or (2).

(See Appendix E for examples of the Compounded-Plus death benefit rider.)

### **Additional Death Benefit – Earnings Preservation Benefit**

The Additional Death Benefit — Earnings Preservation Benefit pays an additional death benefit that is intended to help pay part of the income taxes due at the time of death



of the owner or joint owner. The benefit is only available up through age 79 (on the contract issue date). In certain situations, this benefit may not be available for qualified plans (check with your registered representative for details). If you select the Earnings Preservation Benefit, you may not select an Enhanced Death Benefit rider.

Before the contract anniversary immediately prior to your 81st birthday, the additional death benefit is equal to the “benefit percentage” (determined in accordance with the table below) times the result of (a) - (b), where:

- (a) is the death benefit under your contract; and
- (b) is total purchase payments not withdrawn. For purposes of calculating this value, partial withdrawals are first applied against earnings in the contract, and then against purchase payments not withdrawn.

On or after the contract anniversary immediately prior to your 81st birthday, the additional death benefit is equal to the “benefit percentage” (determined in accordance with the table below) times the result of (a) - (b), where:

- (a) is the death benefit on the contract anniversary immediately prior to your 81st birthday, increased by subsequent purchase payments and reduced proportionately by the percentage reduction in account value attributable to each subsequent partial withdrawal; and
- (b) is total purchase payments not withdrawn. For purposes of calculating this value, partial withdrawals are first applied against earnings in the contract, and then against purchase payments not withdrawn.

Benefit Percentage

<u>Issue Age</u>	<u>Percentage</u>
Ages 69 or younger	40%
Ages 70-79	25%
Ages 80 and above	0%

If the owner is a natural person and the owner is changed to someone other than a spouse, the additional death benefit is as defined above; however, for the purposes of calculating subsection (b) above “total purchase payments not withdrawn” will be reset to equal the account value as of the effective date of the owner change, and purchase payments received and partial withdrawals taken prior to the change of owner will not be taken into account.

In the event that a beneficiary who is the spouse of the owner elects to continue the contract in his or her name after the owner dies, the additional death benefit will be

determined and payable upon receipt of due proof of death of the first spousal beneficiary. Alternatively, the spousal beneficiary may elect to have the additional death benefit determined and added to the account value upon the election, in which case the additional death benefit rider will terminate (and the corresponding death benefit rider charge will also terminate).

**General Death Benefit Provisions**

The death benefit amount remains in the Separate Account until distribution begins. From the time the death benefit is determined until complete distribution is made, any amount in the Separate Account will continue to be subject to investment risk. This risk is borne by the beneficiary.

Please check with your registered representative regarding the availability of the following in your state.

If the beneficiary under a Qualified Contract is the annuitant’s spouse, the tax law generally allows distributions to begin by the year in which the annuitant would have reached 70½ (which may be more or less than five years after the annuitant’s death).

A beneficiary must elect the death benefit to be paid under one of the payment options (unless the owner has previously made the election). The entire death benefit must be paid within five years of the date of death unless the beneficiary elects to have the death benefit payable under an annuity option. The death benefit payable under an annuity option must be paid over the beneficiary’s lifetime or for a period not extending beyond the beneficiary’s life expectancy. For Non-Qualified Contracts, payment must begin within one year of the date of death. For Qualified Contracts, payment must begin no later than the end of the calendar year immediately following the year of death.

We may also offer a payment option, for both Non-Qualified Contracts and certain Qualified Contracts, under which your beneficiary may receive payments, over a period not extending beyond his or her life expectancy, under a method of distribution similar to the distribution of required minimum distributions from Individual Retirement Accounts. If this option is elected, we will issue a new contract to your beneficiary in order to facilitate the distribution of payments. Your beneficiary may choose any optional death benefit available under the new contract. Upon the death of your beneficiary, the death benefit would be required to be distributed to your beneficiary’s beneficiary at least as rapidly as under the method of

distribution in effect at the time of your beneficiary's death. (See "Federal Income Tax Status.") To the extent permitted under the tax law, and in accordance with our procedures, your designated beneficiary is permitted under our procedures to make additional purchase payments consisting of monies which are direct transfers (as permitted under tax law) from other Qualified Contracts or Non-Qualified Contracts, depending on which type of contract you own, held in the name of the decedent. Any such additional purchase payments would be subject to applicable withdrawal charges. Your beneficiary is also permitted to choose some of the optional benefits available under the contract, but certain contract provisions or programs may not be available.

If a lump sum payment is elected and all the necessary requirements are met, the payment will be made within 7 days. Payment to the beneficiary under an annuity option may only be elected during the 60 day period beginning with the date we receive due proof of death.

If the owner or a joint owner, who is not the annuitant, dies during the income phase, any remaining payments under the annuity option elected will continue at least as rapidly as under the method of distribution in effect at the time of the owner's death. Upon the death of the owner or a joint owner during the income phase, the beneficiary becomes the owner.

### **Spousal Continuation**

If the primary beneficiary is the spouse of the owner, upon the owner's death, the beneficiary may elect to continue the contract in his or her own name. Upon such election, the account value will be adjusted upward (but not downward) to an amount equal to the death benefit amount determined upon such election and receipt of due proof of death of the owner. Any excess of the death benefit amount over the account value will be allocated to each applicable investment portfolio and/or the fixed account in the ratio that the account value in the investment portfolio and/or the fixed account bears to the total account value. The terms and conditions of the contract that applied prior to the owner's death will continue to apply, with certain exceptions described in the contract.

For purposes of the death benefit on the continued contract, the death benefit is calculated in the same manner as it was prior to continuation except that all values used to calculate the death benefit, which may include a highest anniversary value and/or an annual increase amount

(depending on whether you elected an optional death benefit), are reset on the date the spouse continues the contract. If the contract includes both a GMIB rider and an Enhanced Death Benefit rider, the Annual Increase Amount for the GMIB rider is also reset on the date the spouse continues the contract.

Spousal continuation will not satisfy minimum required distribution rules for Qualified Contracts other than IRAs (see "Federal Income Tax Status").

Under the Internal Revenue Code (the "Code"), spousal continuation and certain distribution options are available only to a person who is defined as a "spouse" under the Federal Defense of Marriage Act or other applicable Federal law. All contract provisions will be interpreted and administered in accordance with the requirements of the Code. Therefore, under current Federal law, a purchaser who has or is contemplating a civil union or same-sex marriage should note that the favorable tax treatment afforded under Federal law would not be available to such same-sex partner or same-sex spouse. Same-sex partners or spouses who own or are considering the purchase of annuity products that provide benefits based upon status as a spouse should consult a tax adviser.

### **Death of the Annuitant**

If the annuitant, not an owner or joint owner, dies during the accumulation phase, you automatically become the annuitant. You can select a new annuitant if you do not want to be the annuitant (subject to our then current underwriting standards). However, if the owner is a non-natural person (for example, a trust), then the death of the primary annuitant will be treated as the death of the owner, and a new annuitant may not be named.

Upon the death of the annuitant after annuity payments begin, the death benefit, if any, will be as provided for in the annuity option selected. Death benefits will be paid at least as rapidly as under the method of distribution in effect at the annuitant's death.

### **Controlled Payout**

You may elect to have the death benefit proceeds paid to your beneficiary in the form of annuity payments for life or over a period of time that does not exceed your beneficiary's life expectancy. This election must be in writing in a form acceptable to us. You may revoke the election only in writing and only in a form acceptable to us. Upon your death, the beneficiary cannot revoke or modify

your election. The Controlled Payout is only available to Non-Qualified Contracts.

## 10. FEDERAL INCOME TAX STATUS

The following discussion is general in nature and is not intended as tax advice. Each person concerned should consult a competent tax adviser. No attempt is made to consider any applicable state tax or other tax laws, or to address any state and local estate, inheritance and other tax consequences of ownership or receipt of distributions under a contract.

When you invest in an annuity contract, you usually do not pay taxes on your investment gains until you withdraw the money, generally for retirement purposes. If you invest in an annuity contract as part of an individual retirement plan, pension plan or employer-sponsored retirement program, your contract is called a *Qualified Contract*. The tax rules applicable to Qualified Contracts vary according to the type of retirement plan and the terms and conditions of the plan. You should note that for any Qualified Contract, the tax deferred accrual feature is provided by the tax qualified retirement plan, and as a result there should be reasons other than tax deferral for acquiring the contract within a qualified plan.

If your annuity is independent of any formal retirement or pension plan, it is termed a *Non-Qualified Contract*.

Under current federal income tax law, the taxable portion of distributions under variable annuity contracts and qualified plans (including IRAs) is not eligible for the reduced tax rate applicable to long-term capital gains and qualifying dividends.

### Taxation of Non-Qualified Contracts

**Non-Natural Person.** If a non-natural person (e.g., a trust) owns a Non-Qualified Contract, the taxpayer generally must include in income any increase in the excess of the account value over the investment in the contract (generally, the premiums or other consideration paid for the contract) during the taxable year. There are some exceptions to this rule and a prospective owner that is not a natural person should discuss these with a tax adviser.

The following discussion generally applies to Non-Qualified Contracts owned by natural persons.

**Withdrawals.** When a withdrawal from a Non-Qualified Contract occurs, the amount received will be treated as ordinary income subject to tax up to an amount equal to

the excess (if any) of the account value immediately before the distribution over the owner's investment in the contract (generally, the premiums or other consideration paid for the contract, reduced by any amount previously distributed from the contract that was not subject to tax) at that time. In the case of a surrender under a Non-Qualified Contract, the amount received generally will be taxable only to the extent it exceeds the owner's investment in the contract.

It is conceivable that certain benefits or the charges for certain benefits such as any of the guaranteed death benefits (including, but not limited to, the Earnings Preservation Benefit) could be considered to be taxable each year as deemed distributions from the contract to pay for non-annuity benefits. We currently treat these charges and benefits as an intrinsic part of the annuity contract and do not tax report these as taxable income until distributions are actually made. However, it is possible that this may change in the future if we determine that this is required by the IRS. If so, the charges or benefits could also be subject to a 10% penalty tax if the taxpayer is under age 59½.

We reserve the right to change our tax reporting practices if we determine that they are not in accordance with IRS guidance (whether formal or informal).

### Additional Penalty Tax on Certain Withdrawals.

In the case of a distribution (or a deemed distribution) from a Non-Qualified Contract, there may be imposed a federal tax penalty equal to 10% of the amount treated as income. In general, however, there is no penalty on distributions:

- made on or after the taxpayer reaches age 59½;
- made on or after the death of an owner;
- attributable to the taxpayer's becoming disabled;
- made as part of a series of substantially equal periodic payment (at least annually) for the life (or life expectancy) of the taxpayer or the joint lives (or joint life expectancies) of the taxpayer and his or her designated beneficiary; or
- under certain immediate income annuities providing for substantially equal payments made at least annually.

Other exceptions may be applicable under certain circumstances and special rules may be applicable in connection with the exceptions enumerated above. Also, additional exceptions apply to distributions from a Qualified Contract. You should consult a tax adviser with regard to exceptions from the penalty tax.

**Annuity Payments.** Although tax consequences may vary depending on the payout option elected under an annuity contract, a portion of each annuity payment is generally not taxed and the remainder is taxed as ordinary income. The non-taxable portion of any annuity payment is generally determined in a manner that is designed to allow you to recover your investment in the contract ratably on a tax-free basis over the expected stream of annuity payments, as determined when annuity payments start. Once your investment in the contract has been fully recovered, however, the full amount of each annuity payment is subject to tax as ordinary income. In general, the amount of each payment under a variable annuity payment option that can be excluded from federal income tax is the remaining after-tax cost in the amount annuitized at the time such payments commence, divided by the number of expected payments, subject to certain adjustments. No deduction is permitted for any excess of such excludable amount for a year over the annuity payments actually received in that year. However, you may elect to increase the excludable amount attributable to future years by a ratable portion of such excess. Consult your tax adviser as to how to make such election and also as to how to treat the loss due to any unrecovered investment in the contract when the income stream is terminated. Once the investment in the contract has been recovered through the use of the excludable amount, the entire amount of all future payments are includable in taxable income.

The IRS has not furnished explicit guidance as to how the excludable amount is to be determined each year under variable income annuities that permit transfers between the fixed account and variable investment portfolios, as well as transfers between investment portfolios after the annuity starting date. Consult your tax adviser.

Starting in 2011, if your contract allows and you elect to apply less than the entire account value of your contract to a pay-out option provided under the contract (“partial annuitization”), an exclusion ratio will apply to the annuity payments you receive, provided the payout period is for 10 years or more, or for the life of one or more individuals. Your after-tax purchase payments in the contract will be allocated pro rata between the annuitized portion of the contract and the portion that remains deferred. Consult your own independent tax adviser before you partially annuitize your contract.

**Taxation of Death Benefit Proceeds.** Amounts may be distributed from a Non-Qualified Contract because of

your death or the death of the annuitant. Generally, such amounts are includable in the income of the recipient as follows: (i) if distributed in a lump sum, they are taxed in the same manner as a surrender of the contract, or (ii) if distributed under a payout option, they are taxed in the same way as annuity payments.

See the Statement of Additional Information as well as “Death Benefit — General Death Benefit Provisions” in this prospectus for a general discussion on the federal income tax rules applicable to how death benefits must be distributed.

**Transfers, Assignments or Exchanges of a Contract.** Where otherwise permitted under the terms of the contract, a transfer or assignment of ownership of a Non-Qualified Contract, the designation or change of an annuitant, the selection of certain maturity dates, or the exchange of a contract may result in certain adverse tax consequences to you that are not discussed herein. An owner contemplating any such transfer, assignment, exchange or event should consult a tax adviser as to the tax consequences.

**Withholding.** Annuity distributions are generally subject to withholding for the recipient’s federal income tax liability. Recipients can generally elect, however, not to have tax withheld from distributions.

**Multiple Contracts.** The tax law provides that deferred annuities issued after October 21, 1988 by the same insurance company or an affiliate in the same calendar year to the same owner are combined for tax purposes. As a result, a greater portion of your withdrawals may be considered taxable income than you would otherwise expect. Please consult your own tax adviser.

**Ownership of the Investments.** In certain circumstances, owners of variable annuity contracts have been considered to be the owners of the assets of the underlying Separate Account for Federal income tax purposes due to their ability to exercise investment control over those assets. When this is the case, the contract owners have been currently taxed on income and gains attributable to the variable account assets. There is little guidance in this area, and some features of the contract, such as the number of funds available and the flexibility of the contract owner to allocate premium payments and transfer amounts among the funding options, have not been addressed in public rulings. While we believe that the contract does not give the contract owner investment control over Separate Account assets, we reserve the right



to modify the contract as necessary to prevent a contract owner from being treated as the owner of the Separate Account assets supporting the contract.

**Further Information.** We believe that the contracts will qualify as annuity contracts for federal income tax purposes and the above discussion is based on that assumption. Further details can be found in the Statement of Additional Information under the heading “Tax Status of the Contracts.”

### **Taxation of Qualified Contracts**

The tax rules applicable to Qualified Contracts vary according to the type of retirement plan and the terms and conditions of the plan. Your rights under a Qualified Contract may be subject to the terms of the retirement plan itself, regardless of the terms of the Qualified Contract. Adverse tax consequences may result if you do not ensure that contributions, distributions and other transactions with respect to the contract comply with the law.

**Withdrawals.** In the case of a withdrawal under a Qualified Contract, a ratable portion of the amount received is taxable, generally based on the ratio of the “investment in the contract” to the individual’s total account balance or accrued benefit under the retirement plan. The “investment in the contract” generally equals the amount of any non-deductible purchase payments paid by or on behalf of any individual. In many cases, the “investment in the contract” under a Qualified Contract can be zero.

**Individual Retirement Accounts (IRAs).** IRAs, as defined in Section 408 of the Internal Revenue Code (Code), permit individuals to make annual contributions of up to the lesser of the applicable dollar amount for the year (for 2011, \$5,000 plus, for an owner age 50 or older, \$1,000) or the amount of compensation includible in the individual’s gross income for the year. The contributions may be deductible in whole or in part, depending on the individual’s income. Distributions from certain retirement plans may be “rolled over” into an IRA on a tax-deferred basis without regard to these limits. Amounts in the IRA (other than non-deductible contributions) are taxed when distributed from the IRA. A 10% penalty tax generally applies to distributions made before age 59½, unless an exception applies. The Internal Revenue Service (IRS) has approved the forms of the IRA and SIMPLE IRA endorsements, when used with the contract and certain of its riders (including enhanced death benefits), but your contract may differ from the approved version because of

differences in riders or state insurance law requirements. Traditional IRAs/SEPs, SIMPLE IRAs and Roth IRAs may not invest in life insurance. The contract may provide death benefits that could exceed the greater of premiums paid or the account balance. The final required minimum distribution income tax regulations generally treat such benefits as part of the annuity contract and not as life insurance and require the value of such benefits to be included in the participant’s interest that is subject to the required minimum distribution rules.

**SIMPLE IRA.** A SIMPLE IRA permits certain small employers to establish SIMPLE plans as provided by Section 408(p) of the Code, under which employees may elect to defer to a SIMPLE IRA a percentage of compensation up to \$11,500 for 2011. The sponsoring employer is generally required to make matching or non-elective contributions on behalf of employees. Distributions from SIMPLE IRA’s are subject to the same restrictions that apply to IRA distributions and are taxed as ordinary income. Subject to certain exceptions, premature distributions prior to age 59½ are subject to a 10% penalty tax, which is increased to 25% if the distribution occurs within the first two years after the commencement of the employee’s participation in the plan.

**Roth IRA.** A Roth IRA, as described in Code section 408A, permits certain eligible individuals to make non-deductible contributions to a Roth IRA in cash or as a rollover or transfer from another Roth IRA or other IRA. A rollover from or conversion of an IRA to a Roth IRA is generally subject to tax, and other special rules apply. The owner may wish to consult a tax adviser before combining any converted amounts with any other Roth IRA contributions, including any other conversion amounts from other tax years. Distributions from a Roth IRA generally are not taxed, except that, once aggregate distributions exceed contributions to the Roth IRA, income tax and a 10% penalty tax may apply to distributions made (1) before age 59½ (subject to certain exceptions) or (2) during the five taxable years starting with the year in which the first contribution is made to any Roth IRA. A 10% penalty tax may apply to amounts attributable to a conversion from an IRA if they are distributed during the five taxable years beginning with the year in which the conversion was made.

**Pension Plans.** Corporate pension and profit-sharing plans under Section 401(a) of the Code allow corporate employers to establish various types of retirement plans for

employees, and self-employed individuals to establish qualified plans for themselves and their employees. Adverse tax consequences to the retirement plan, the participant or both may result if the contract is transferred to any individual as a means to provide benefit payments, unless the plan complies with all the requirements applicable to such benefits prior to transferring the contract. Subject to certain exceptions, premature distributions prior to age 59½ are subject to a 10% penalty tax. The contract includes optional death benefits that in some cases may exceed the greater of the premium payments or the account value.

**Tax Sheltered Annuities.** Tax Sheltered Annuities (TSA) that qualify under section 403(b) of the Code allow employees of certain Section 501(c)(3) organizations and public schools to exclude from their gross income the premium payments made, within certain limits, on a contract that will provide an annuity for the employee's retirement. These premium payments may be subject to FICA (social security) tax. Distributions of (1) salary reduction contributions made in years beginning after December 31, 1988; (2) earnings on those contributions; and (3) earnings on amounts held as of the close of the last year beginning before January 1, 1989, are not allowed prior to age 59½, severance from employment, death or disability. Salary reduction contributions may also be distributed upon hardship, but would generally be subject to penalties.

Income tax regulations issued in July 2007 require certain fundamental changes to these arrangements, including: (a) a requirement that there be a written plan document in addition to the annuity contract (or section 403(b)(7) custodial account), (b) significant restrictions on the ability of participants to direct proceeds between 403(b) annuity contracts and (c) new restrictions on withdrawals of amounts attributable to contributions other than elective deferrals.

The regulations are now in effect, including a prohibition on use of new life insurance under section 403(b) arrangements and rules affecting payroll taxes on certain types of contributions. Please note that, in light of the regulations, this contract is not available for purchase via a "90-24" transfer.

Recent income tax regulations also provide certain new restrictions on withdrawals of amounts from tax sheltered annuities that are not attributable to salary reduction contributions. Under these regulations, a Section 403(b)

contract is permitted to distribute retirement benefits attributable to pre-tax contributions other than elective deferrals to the participant no earlier than upon the earlier of the participant's severance from employment or upon the prior occurrence of some event such as after a fixed number of years, the attainment of a stated age, or disability. This new withdrawal restriction is applicable for tax sheltered annuity contracts issued on or after January 1, 2009.

Recently enacted legislation allows (but does not require) 403(b) plans that offer designated Roth accounts to permit participants to roll their non-Roth account assets into a designated Roth account under the same plan, provided the non-Roth assets are distributable under the plan and otherwise eligible for rollover.

**Section 457(b) Plans.** An eligible 457(b) plan, while not actually a qualified plan as that term is normally used, provides for certain eligible deferred compensation plans with respect to service for state governments, local governments, political subdivisions, agencies, instrumentalities and certain affiliates of such entities, and tax exempt organizations. Under such plans a participant may specify the form of investment in which his or her participation will be made. Under a non-governmental plan, which must be a tax-exempt entity under section 501(c) of the Code, all such investments, however, are owned by and are subject to, the claims of the general creditors of the sponsoring employer. In general, all amounts received under a non-governmental section 457(b) plan are taxable and are subject to federal income tax withholding as wages.

**Separate Account Charges for Death Benefits.** For contracts purchased under section 401(a) plans or 403(b) plans, certain death benefits could conceivably be characterized as an incidental benefit, the amount of which is limited in any pension or profit-sharing plan. Because the death benefits, in certain cases, may exceed this limitation employers using a contract in connection with such plans should consult their tax adviser. Additionally, it is conceivable that the explicit charges for, or the amount of the mortality and expense charges allocable to, such benefits may be considered taxable distributions.

**Other Tax Issues.** Qualified Contracts (including contracts under section 457(b) plans) have required minimum distribution (RMD) rules that govern the timing and amount of distributions. You should refer to your retirement plan, adoption agreement, or consult a tax



adviser for more information about these distribution rules. Failure to meet such rules generally results in the imposition of a 50% excise tax on the amount that should have been, but was not, distributed.

Final income tax regulations regarding minimum distribution requirements were released in June 2004. These regulations affect both deferred and income annuities. Under these new rules, effective with respect to minimum distributions required for the 2006 distribution year, in general, the value of all benefits under a deferred annuity (including death benefits in excess of account value, as well as all living benefits) must be added to the account value in computing the amount required to be distributed over the applicable period. (See “Living Benefits.”)

The final required minimum distribution regulations permit income payments to increase due to “actuarial gain” which includes the investment performance of the underlying assets, as well as changes in actuarial factors and assumptions under certain conditions. Additionally, withdrawals may also be permitted under certain conditions. The new rules are not entirely clear, and you should consult with your own tax adviser to determine whether your variable income annuity will satisfy these rules for your own situation.

For RMDs following the death of the annuitant of a Qualified Contract, the five-year rule is applied without regard to calendar year 2009. For instance, for a contract owner who died in 2007, the five-year period would end in 2013 instead of 2012. The RMD rules are complex, so consult with your tax adviser because the application of these rules to your particular circumstances may have been impacted by the 2009 RMD waiver.

Distributions from Qualified Contracts generally are subject to withholding for the owner’s federal income tax liability. The withholding rate varies according to the type of distribution and the owner’s tax status. The owner will be provided the opportunity to elect not to have tax withheld from distributions.

“Eligible rollover distributions” from section 401(a), 403(a), 403(b) and governmental section 457(b) plans are subject to a mandatory federal income tax withholding of 20%. An eligible rollover distribution is any distribution to an employee (or employee’s spouse or former spouse as beneficiary or alternate payee) from such a plan, except certain distributions such as distributions required by the Code, distributions in a specified annuity form or hardship

distributions. The 20% withholding does not apply, however, if the employee chooses a “direct rollover” from the plan to a tax-qualified plan, IRA or tax sheltered annuity or to a governmental 457(b) plan that agrees to separately account for rollover contributions. Effective March 28, 2005, certain mandatory distributions made to participants in an amount in excess of \$1,000 must be rolled over to an IRA designated by the Plan, unless the participant elects to receive it in cash or roll it over to a different IRA or eligible retirement plan of his or her own choosing. General transitional rules apply as to when plans have to be amended. Special effective date rules apply for governmental plans and church plans.

*Commutation Features Under Annuity Payment Options.* Please be advised that the tax consequences resulting from the election of an annuity payment option containing a commutation feature are uncertain and the IRS may determine that the taxable amount of annuity payments and withdrawals received for any year could be greater than or less than the taxable amount reported by us. The exercise of the commutation feature also may result in adverse tax consequences including:

- The imposition of a 10% penalty tax on the taxable amount of the commuted value, if the taxpayer has not attained age 59½ at the time the withdrawal is made. This 10% penalty tax is in addition to the ordinary income tax on the taxable amount of the commuted value.
- The retroactive imposition of the 10% penalty tax on annuity payments received prior to the taxpayer attaining age 59½.
- The possibility that the exercise of the commutation feature could adversely affect the amount excluded from federal income tax under any annuity payments made after such commutation.

A payee should consult with his or her own tax adviser prior to electing to annuitize the contract and prior to exercising any commutation feature under an annuity payment option.

*Federal Estate Taxes.* While no attempt is being made to discuss the federal estate tax implications of the contract, you should keep in mind that the value of an annuity contract owned by a decedent and payable to a beneficiary by virtue of surviving the decedent is included in the decedent’s gross estate. Depending on the terms of the annuity contract, the value of the annuity included in the

gross estate may be the value of the lump sum payment payable to the designated beneficiary or the actuarial value of the payments to be received by the beneficiary. Consult an estate planning adviser for more information.

*Generation-Skipping Transfer Tax.* Under certain circumstances, the Code may impose a “generation-skipping transfer tax” when all or part of an annuity contract is transferred to, or a death benefit is paid to, an individual two or more generations younger than the contract owner. Regulations issued under the Code may require us to deduct the tax from your contract, or from any applicable payment, and pay it directly to the IRS.

*Annuity Purchase Payments By Nonresident Aliens And Foreign Corporations.* The discussion above provides general information regarding U.S. federal income tax consequences to annuity purchasers that are U.S. citizens or residents. Purchasers that are not U.S. citizens or residents will generally be subject to the U.S. federal withholding tax on taxable distributions from annuity contracts at a 30% rate, unless a lower treaty rate applies. In addition, purchasers may be subject to state and/or municipal taxes and taxes that may be imposed by the purchaser’s country of citizenship or residence. Prospective purchasers are advised to consult with a qualified tax adviser regarding U.S., state, and foreign taxation with respect to an annuity contract purchase.

### **Puerto Rico Tax Considerations**

The Puerto Rico Internal Revenue Code of 2011 (the “2011 PR Code”) taxes distributions from non-qualified annuity contracts differently than in the U.S. Distributions that are not in the form of an annuity (including partial surrenders and period certain payments) are treated under the 2011 PR Code first as a return of investment. Therefore, a substantial portion of the amounts distributed generally will be excluded from gross income for Puerto Rico tax purposes until the cumulative amount paid exceeds your tax basis. The amount of income on annuity distributions (payable over your lifetime) is also calculated differently under the 2011 PR Code. Since the U.S. source income generated by a Puerto Rico bona fide resident is subject to U.S. income tax and the Internal Revenue Service issued guidance in 2004 which indicated that the income from an annuity contract issued by a U.S. life insurer would be considered U.S. source income, the timing of recognition of income from an annuity contract could vary between the two jurisdictions. Although the 2011 PR Code provides a credit against the Puerto Rico income tax for U.S. income

taxes paid, an individual may not get full credit because of the timing differences. You should consult with a personal tax adviser regarding the tax consequences of purchasing an annuity contract and/or any proposed distribution, particularly a partial distribution or election to annuitize.

### **Tax Benefits Related to the Assets of the Separate Account**

We may be entitled to certain tax benefits related to the assets of the Separate Account. These tax benefits, which may include foreign tax credits and corporate dividends received deductions, are not passed back to the Separate Account or to contract owners because we are the owner of the assets from which the tax benefits are derived.

### **Possible Tax Law Changes**

Although the likelihood of legislative changes is uncertain, there is always the possibility that the tax treatment of the contract could change by legislation or otherwise. We will notify you of any changes to your contract. Consult a tax adviser with respect to legislative developments and their effect on the contract.

We have the right to modify the contract in response to legislative changes that could otherwise diminish the favorable tax treatment that annuity contract owners currently receive. We make no guarantee regarding the tax status of the contract and do not intend the above discussion as tax advice.

## **11. OTHER INFORMATION**

### **MetLife Investors USA**

MetLife Investors USA Insurance Company (MetLife Investors USA) is a stock life insurance company founded on September 13, 1960, and organized under the laws of the State of Delaware. Its principal executive offices are located at 5 Park Plaza, Suite 1900, Irvine, CA 92614. MetLife Investors USA is authorized to transact the business of life insurance, including annuities, and is currently licensed to do business in all states (except New York), the District of Columbia and Puerto Rico. Our name was changed to Security First Life Insurance Company on September 27, 1979. We changed our name to MetLife Investors USA Insurance Company on January 8, 2001. On December 31, 2002, MetLife Investors USA became an indirect subsidiary of MetLife, Inc., a listed company on the New York Stock Exchange. On October 11, 2006, MetLife Investors USA became a wholly-owned subsidiary

of MetLife Insurance Company of Connecticut. MetLife, Inc., through its subsidiaries and affiliates, is a leading provider of insurance and other financial services to individual and institutional customers.

### **The Separate Account**

We have established a *Separate Account*, MetLife Investors USA Separate Account A (Separate Account), to hold the assets that underlie the contracts. Our Board of Directors adopted a resolution to establish the Separate Account under Delaware insurance law on May 29, 1980. We have registered the Separate Account with the Securities and Exchange Commission as a unit investment trust under the Investment Company Act of 1940. The Separate Account is divided into subaccounts.

The Separate Account's assets are solely for the benefit of those who invest in the Separate Account and no one else, including our creditors. The assets of the Separate Account are held in our name on behalf of the Separate Account and legally belong to us. All the income, gains and losses (realized or unrealized) resulting from these assets are credited to or charged against the contracts issued from this Separate Account without regard to our other business.

We reserve the right to transfer assets of the Separate Account to another account, and to modify the structure or operation of the Separate Account, subject to necessary regulatory approvals. If we do so, we guarantee that the modification will not affect your account value.

We are obligated to pay all money we owe under the contracts — such as death benefits and income payments — even if that amount exceeds the assets in the Separate Account. Any such amount that exceeds the assets in the Separate Account is paid from our general account. Any amount under any optional death benefit or optional Guaranteed Minimum Income Benefit that exceeds the assets in the Separate Account is also paid from our general account. Benefit amounts paid from the general account are subject to our financial strength and claims paying ability and our long term ability to make such payments. We issue other annuity contracts and life insurance policies where we pay all money we owe under those contracts and policies from our general account. MetLife Investors USA is regulated as an insurance company under state law, which generally includes limits on the amount and type of investments in our general account. However, there is no guarantee that we will be able to meet our claims paying obligations; there are risks to purchasing any insurance product.

### **Distributor**

We have entered into a distribution agreement with our affiliate, MetLife Investors Distribution Company (Distributor), 5 Park Plaza, Suite 1900, Irvine, CA 92614, for the distribution of the contracts. Distributor is a member of the Financial Industry Regulatory Authority (FINRA). FINRA provides background information about broker-dealers and their registered representatives through FINRA BrokerCheck. You may contact the FINRA BrokerCheck Hotline at 1-800-289-9999, or log on to [www.finra.org](http://www.finra.org). An investor brochure that includes information describing FINRA BrokerCheck is available through the Hotline or on-line.

Distributor, and in certain cases, we, have entered into selling agreements with other affiliated and unaffiliated selling firms for the sale of the contracts. We pay compensation to Distributor for sales of the contracts by selling firms. We also pay amounts to Distributor that may be used for its operating and other expenses, including the following sales expenses: compensation and bonuses for the Distributor's management team, advertising expenses, and other expenses of distributing the contracts. Distributor's management team also may be eligible for non-cash compensation items that we may provide jointly with Distributor. Non-cash items include conferences, seminars and trips (including travel, lodging and meals in connection therewith), entertainment, merchandise and other similar items.

All of the investment portfolios make payments to Distributor under their distribution plans in consideration of services provided and expenses incurred by Distributor in distributing shares of the investment portfolios. (See "Fee Tables and Examples — Investment Portfolio Expenses" and the fund prospectuses.) These payments range from 0.15% to 0.55% of Separate Account assets invested in the particular investment portfolio.

### **Selling Firms**

As noted above, Distributor, and in certain cases, we, have entered into selling agreements with affiliated and unaffiliated selling firms for the sale of the contracts. Affiliated selling firms include Metropolitan Life Insurance Company (MLIC); New England Securities Corporation; Tower Square Securities, Inc.; and Walnut Street Securities, Inc. All selling firms receive commissions, and they may also receive some form of non-cash compensation. Certain selected selling firms receive additional compensation (described below under "Additional Compensation for

Selected Selling Firms”). These commissions and other incentives or payments are not charged directly to contract owners or the Separate Account. We intend to recoup commissions and other sales expenses through fees and charges deducted under the contract or from our general account. A portion of the payments made to selling firms may be passed on to their sales representatives in accordance with the selling firms’ internal compensation programs. Those programs may also include other types of cash and non-cash compensation and other benefits.

**Compensation Paid to Selling Firms.** We and Distributor pay compensation to all affiliated and unaffiliated selling firms in the form of commissions and may also provide certain types of non-cash compensation. The maximum commission payable for contract sales and additional purchase payments by selling firms is 8% of purchase payments. Some selling firms may elect to receive a lower commission when a purchase payment is made, along with annual trail commissions up to 1.20% of account value (less purchase payments received within the previous 12 months) for so long as the contract remains in effect or as agreed in the selling agreement. We also pay commissions when a contract owner elects to begin receiving regular income payments (referred to as “annuity payments”). (See “Annuity Payments — The Income Phase.”) Distributor may also provide non-cash compensation items that we may provide jointly with Distributor. Non-cash items include expenses for conference or seminar trips and certain gifts. With respect to the contracts, the compensation paid to affiliated selling firms is generally not expected to exceed, on a present value basis, the aggregate amount of commission that is paid by Distributor to all other selling firms as noted above.

**Sales by Our Affiliates.** As previously noted, we and Distributor may offer the contracts through retail selling firms that are affiliates of ours. The amount of compensation the affiliated selling firms pass on to their sales representatives is determined in accordance with their own internal compensation programs. These programs may also include other types of cash compensation, such as bonuses, equity awards (such as stock options), training allowances, supplementary salary, financing arrangements, marketing support, medical and other insurance benefits, retirement benefits, non-qualified deferred compensation plans and other benefits. For sales representatives of certain affiliates, the amount of this additional compensation is

based primarily on the amount of proprietary products sold and serviced by the representative. Proprietary products are those issued by us or our affiliates. The managers who supervise these sales representatives may also be entitled to additional cash compensation based on the sale of proprietary products sold by their representatives. Because the additional cash compensation paid to these sales representatives and their managers is primarily based on sales of proprietary products, these sales representatives and their managers have an incentive to favor the sale of proprietary products over other products issued by non-affiliates.

Sales representatives of our affiliate, MLIC, receive cash payments for the products they sell and service based upon a “gross dealer concession” model. The cash payment received by the sales representative is equal to a percentage of the gross dealer concession. For MLIC sales representatives other than those in its MetLife Resources (MLR) division, the percentage is determined by a formula that takes into consideration the amount of proprietary products that the sales representative sells and services. The percentage could be as high as 100%. (MLR sales representatives receive compensation based on premiums and purchase payments applied to all products sold and serviced by the representative.) In addition, MetLife sales representatives may be entitled to the additional compensation described above based on sales of proprietary products. Because sales of proprietary products are a factor determining the percentage of gross dealer concession and/or the amount of additional compensation to which MLIC sales representatives are entitled, the sales representatives have an incentive to favor the sale of the contracts over other similar products issued by non-affiliates. In addition, because the MLIC sales managers’ compensation is based upon the sales made by the sales representatives they supervise, the MLIC sales managers also have an incentive to favor the sale of proprietary products.

We may also make certain payments to the business unit responsible for the operation of the distribution systems through which the contracts are sold. These amounts are part of the total compensation paid for the sale of the contracts.

Ask your registered representative for further information about what payments your registered representative and



the selling firm for which he or she works may receive in connection with your purchase of a contract.

**Additional Compensation for Selected Selling Firms.** We and Distributor have entered into distribution arrangements with certain selected selling firms. Under these arrangements we and Distributor may pay additional compensation to selected selling firms, including marketing allowances, introduction fees, persistency payments, preferred status fees and industry conference fees. Marketing allowances are periodic payments to certain selling firms based on cumulative periodic (usually quarterly) sales of our variable insurance contracts (including the contracts). Introduction fees are payments to selling firms in connection with the addition of our products to the selling firm's line of investment products, including expenses relating to establishing the data communications systems necessary for the selling firm to offer, sell and administer our products. Persistency payments are periodic payments based on account values of our variable insurance contracts (including account values of the contracts) or other persistency standards. Preferred status fees are paid to obtain preferred treatment of the contracts in selling firms' marketing programs, which may include marketing services, participation in marketing meetings, listings in data resources and increased access to their sales representatives. Industry conference fees are amounts paid to cover in part the costs associated with sales conferences and educational seminars for selling firms' sales representatives. We and Distributor have entered into such distribution agreements with our affiliates, Tower Square Securities, Inc. and Walnut Street Securities, Inc., as well as unaffiliated selling firms identified in the Statement of Additional Information. We and Distributor may enter into similar arrangements with other affiliates, such as MLIC and New England Securities Corporation.

The additional types of compensation discussed above are not offered to all selling firms. The terms of any particular agreement governing compensation may vary among selling firms and the amounts may be significant. The prospect of receiving, or the receipt of, additional compensation as described above may provide selling firms and/or their sales representatives with an incentive to favor sales of the contracts over other variable annuity contracts (or other investments) with respect to which selling firm does not receive additional compensation, or lower levels of additional compensation. You may wish to take such payment arrangements into account when considering and

evaluating any recommendation relating to the contracts. For more information about any such additional compensation arrangements, ask your registered representative. (See the Statement of Additional Information — "Distribution" for a list of selling firms that received compensation during 2010, as well as the range of additional compensation paid.)

### **Requests and Elections**

We will treat your request for a contract transaction, or your submission of a purchase payment, as received by us if we receive a request conforming to our administrative procedures or a payment at our Annuity Service Center before the close of regular trading on the New York Stock Exchange on that day. We will treat your submission of a purchase payment as received by us if we receive a payment at our Annuity Service Center (or a designee receives a payment in accordance with the designee's administrative procedures) before the close of regular trading on the New York Stock Exchange on that day. If we receive the request, or if we (or our designee) receive the payment, after the close of trading on the New York Stock Exchange on that day, or if the New York Stock Exchange is not open that day, then the request or payment will be treated as received on the next day when the New York Stock Exchange is open. Our Annuity Service Center is located at P.O. Box 10366, Des Moines, IA 50306-0366. If you send your purchase payments or transaction requests to an address other than the one we have designated for receipt of such purchase payments or requests, we may return the purchase payment to you, or there may be a delay in applying the purchase payment or transaction to your contract.

Requests for service may be made:

- Through your registered representative
- By telephone at (800) 343-8496, between the hours of 7:30AM and 5:30PM Central Time Monday through Thursday and 7:30AM and 5:00PM Central Time on Friday
- In writing to our Annuity Service Center
- By fax at (515) 457-4400 or
- By Internet at [www.metlifeinvestors.com](http://www.metlifeinvestors.com)

Some of the requests for service that may be made by telephone or Internet include transfers of account value (see "Investment Options – Transfers – Transfers By Telephone or Other Means") and changes to the allocation of future purchase payments (see "Purchase – Allocation of Purchase

Payments”). All other requests must be in written form, satisfactory to us.

A request or transaction generally is considered in *good order* if it complies with our administrative procedures and the required information is complete and accurate. A request or transaction may be rejected or delayed if not in good order. If you have any questions, you should contact us or your registered representative before submitting the form or request.

We will use reasonable procedures such as requiring certain identifying information, tape recording the telephone instructions, and providing written confirmation of the transaction, in order to confirm that instructions communicated by telephone, fax, Internet or other means are genuine. Any telephone, fax or Internet instructions reasonably believed by us to be genuine will be your responsibility, including losses arising from any errors in the communication of instructions. As a result of this policy, you will bear the risk of loss. If we do not employ reasonable procedures to confirm that instructions communicated by telephone, fax or Internet are genuine, we may be liable for any losses due to unauthorized or fraudulent transactions. All other requests and elections under your contract must be in writing signed by the proper party, must include any necessary documentation and must be received at our Annuity Service Center to be effective. If acceptable to us, requests or elections relating to beneficiaries and ownership will take effect as of the date signed unless we have already acted in reliance on the prior status. We are not responsible for the validity of any written request or action.

Telephone and computer systems may not always be available. Any telephone or computer system, whether it is yours, your service provider’s, your agent’s, or ours, can experience outages or slowdowns for a variety of reasons. These outages or slowdowns may delay or prevent our processing of your request. Although we have taken precautions to help our systems handle heavy use, we cannot promise complete reliability under all circumstances. If you experience technical difficulties or problems, you should make your transaction request in writing to our Annuity Service Center.

**Confirming Transactions.** We will send out written statements confirming that a transaction was recently completed. Unless you inform us of any errors within 60 days of receipt, we will consider these communications to be accurate and complete.

## Ownership

**Owner.** You, as the *owner* of the contract, have all the interest and rights under the contract.

These rights include the right to:

- change the beneficiary.
- change the annuitant before the annuity date (subject to our underwriting and administrative rules).
- assign the contract (subject to limitation).
- change the payment option.
- exercise all other rights, benefits, options and privileges allowed by the contract or us.

The owner is as designated at the time the contract is issued, unless changed. Any change of owner is subject to our underwriting rules in effect at the time of the request.

**Joint Owner.** The contract can be owned by *joint owners*, limited to two natural persons. Upon the death of either owner, the surviving owner will be the primary beneficiary. Any other beneficiary designation will be treated as a contingent beneficiary unless otherwise indicated.

**Beneficiary.** The *beneficiary* is the person(s) or entity you name to receive any death benefit. The beneficiary is named at the time the contract is issued unless changed at a later date. Unless an irrevocable beneficiary has been named, you can change the beneficiary at any time before you die. If joint owners are named, unless you tell us otherwise, the surviving joint owner will be the primary beneficiary. Any other beneficiary designation will be treated as a contingent beneficiary (unless you tell us otherwise).

**Annuitant.** The *annuitant* is the natural person(s) on whose life we base annuity payments. You can change the annuitant at any time prior to the annuity date, unless an owner is not a natural person. Any reference to annuitant includes any joint annuitant under an annuity option. The owner and the annuitant do not have to be the same person except as required under certain sections of the Internal Revenue Code or under a GMIB rider (see “Living Benefits — Guaranteed Income Benefits”).

**Assignment.** You can assign a Non-Qualified Contract at any time during your lifetime. We will not be bound by the assignment until the written notice of the assignment is recorded by us. We will not be liable for any payment or other action we take in accordance with the contract before



we record the assignment. **An assignment may be a taxable event.**

If the contract is issued pursuant to a qualified plan, there may be limitations on your ability to assign the contract.

### **Legal Proceedings**

In the ordinary course of business, MetLife Investors USA, similar to other life insurance companies, is involved in lawsuits (including class action lawsuits), arbitrations and other legal proceedings. Also, from time to time, state and federal regulators or other officials conduct formal and informal examinations or undertake other actions dealing with various aspects of the financial services and insurance industries. In some legal proceedings involving insurers, substantial damages have been sought and/or material settlement payments have been made.

It is not possible to predict with certainty the ultimate outcome of any pending legal proceeding or regulatory action. However, MetLife Investors USA does not believe any such action or proceeding will have a material adverse

effect upon the Separate Account or upon the ability of MetLife Investors Distribution Company to perform its contract with the Separate Account or of MetLife Investors USA to meet its obligations under the contracts.

### **Financial Statements**

Our financial statements and the financial statements of the Separate Account have been included in the SAI.

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# APPENDIX A

## Participating Investment Portfolios

Below are the advisers and subadvisers and investment objectives of each investment portfolio available under the contract. The fund prospectuses contain more complete information, including a description of the investment objectives, policies, restrictions and risks. THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES WILL BE ACHIEVED.

### **MET INVESTORS SERIES TRUST (Class B or, as noted, Class C or Class E)**

Met Investors Series Trust is a mutual fund with multiple portfolios. Unless otherwise noted, the following portfolios are managed by MetLife Advisers, LLC, which is an affiliate of MetLife Investors USA. The following Class B or, as noted, Class C or Class E portfolios are available under the contract:

#### **American Funds® Bond Portfolio (Class C)**

**Advisers:** MetLife Advisers, LLC and Capital Research and Management Company

**Investment Objective:** The American Funds® Bond Portfolio seeks to maximize current income and preserve capital.

#### **American Funds® Growth Portfolio (Class C)**

**Advisers:** MetLife Advisers, LLC and Capital Research and Management Company

**Investment Objective:** The American Funds® Growth Portfolio seeks to achieve growth of capital.

#### **American Funds® International Portfolio (Class C)**

**Advisers:** MetLife Advisers, LLC and Capital Research and Management Company

**Investment Objective:** The American Funds® International Portfolio seeks to achieve growth of capital.

#### **BlackRock High Yield Portfolio**

**Subadviser:** BlackRock Financial Management, Inc.

**Investment Objective:** The BlackRock High Yield Portfolio seeks to maximize total return, consistent with income generation and prudent investment management.

#### **Clarion Global Real Estate Portfolio**

**Subadviser:** ING Clarion Real Estate Securities LLC

**Investment Objective:** The Clarion Global Real Estate Portfolio seeks total return through investment in real estate securities, emphasizing both capital appreciation and current income.

#### **Goldman Sachs Mid Cap Value Portfolio**

**Subadviser:** Goldman Sachs Asset Management, L.P.

**Investment Objective:** The Goldman Sachs Mid Cap Value Portfolio seeks long-term capital appreciation.

#### **Harris Oakmark International Portfolio**

**Subadviser:** Harris Associates L.P.

**Investment Objective:** The Harris Oakmark International Portfolio seeks long-term capital appreciation.

#### **Invesco Small Cap Growth Portfolio**

**Subadviser:** Invesco Advisers, Inc.

**Investment Objective:** The Invesco Small Cap Growth Portfolio seeks long-term growth of capital.

#### **Janus Forty Portfolio**

**Subadviser:** Janus Capital Management LLC

**Investment Objective:** The Janus Forty Portfolio seeks capital appreciation.

#### **Lazard Mid Cap Portfolio**

**Subadviser:** Lazard Asset Management LLC

**Investment Objective:** The Lazard Mid-Cap Portfolio seeks long-term growth of capital.

#### **Legg Mason ClearBridge Aggressive Growth Portfolio**

**Subadviser:** ClearBridge Advisors, LLC

**Investment Objective:** The Legg Mason ClearBridge Aggressive Growth Portfolio seeks capital appreciation.

#### **Loomis Sayles Global Markets Portfolio**

**Subadviser:** Loomis, Sayles & Company, L.P.

**Investment Objective:** The Loomis Sayles Global Markets Portfolio seeks high total investment return through a combination of capital appreciation and income.

**Lord Abbett Bond Debenture Portfolio**

**Subadviser:** Lord, Abbett & Co. LLC

**Investment Objective:** The Lord Abbett Bond Debenture Portfolio seeks high current income and the opportunity for capital appreciation to produce a high total return.

**Lord Abbett Mid Cap Value Portfolio**

**Subadviser:** Lord, Abbett & Co. LLC

**Investment Objective:** The Lord Abbett Mid Cap Value Portfolio seeks capital appreciation through investments, primarily in equity securities which are believed to be undervalued in the marketplace.

**Met/Eaton Vance Floating Rate Portfolio**

**Subadviser:** Eaton Vance Management

**Investment Objective:** The Met/Eaton Vance Floating Rate Portfolio seeks a high level of current income.

**Met/Franklin Low Duration Total Return Portfolio**

**Subadviser:** Franklin Advisers, Inc.

**Investment Objective:** The Met/Franklin Low Duration Total Return Portfolio seeks a high level of current income, while seeking preservation of shareholders' capital.

**Met/Franklin Mutual Shares Portfolio**

**Subadviser:** Franklin Mutual Advisers, LLC

**Investment Objective:** The Met/Franklin Mutual Shares Portfolio seeks capital appreciation, which may occasionally be short-term. The portfolio's secondary investment objective is income.

**Met/Templeton International Bond Portfolio\***

**Subadviser:** Franklin Advisers, Inc.

**Investment Objective:** The Met/Templeton International Bond Portfolio seeks current income with capital appreciation and growth of income.

**MFS<sup>®</sup> Emerging Markets Equity Portfolio**

**Subadviser:** Massachusetts Financial Services Company

**Investment Objective:** The MFS<sup>®</sup> Emerging Markets Equity Portfolio seeks capital appreciation.

**MFS<sup>®</sup> Research International Portfolio**

**Subadviser:** Massachusetts Financial Services Company

**Investment Objective:** The MFS<sup>®</sup> Research International Portfolio seeks capital appreciation.

**PIMCO Inflation Protected Bond Portfolio**

**Subadviser:** Pacific Investment Management Company LLC

**Investment Objective:** The PIMCO Inflation Protected Bond Portfolio seeks maximum real return, consistent with preservation of capital and prudent investment management.

**PIMCO Total Return Portfolio**

**Subadviser:** Pacific Investment Management Company LLC

**Investment Objective:** The PIMCO Total Return Portfolio seeks maximum total return, consistent with the preservation of capital and prudent investment management.

**Pioneer Fund Portfolio**

**Subadviser:** Pioneer Investment Management, Inc.

**Investment Objective:** The Pioneer Fund Portfolio seeks reasonable income and capital growth.

**Pioneer Strategic Income Portfolio (Class E)**

**Subadviser:** Pioneer Investment Management, Inc.

**Investment Objective:** The Pioneer Strategic Income Portfolio seeks a high level of current income.

**Rainier Large Cap Equity Portfolio**

**Subadviser:** Rainier Investment Management, Inc.

**Investment Objective:** The Rainier Large Cap Equity Portfolio seeks to maximize long-term capital appreciation.

**RCM Technology Portfolio**

**Subadviser:** RCM Capital Management LLC

**Investment Objective:** The RCM Technology Portfolio seeks capital appreciation; no consideration is given to income.

### **T. Rowe Price Large Cap Value Portfolio**

**Subadviser:** T. Rowe Price Associates, Inc.

**Investment Objective:** The T. Rowe Price Large Cap Value Portfolio seeks long-term capital appreciation by investing in common stocks believed to be undervalued. Income is a secondary objective.

### **T. Rowe Price Mid Cap Growth Portfolio**

**Subadviser:** T. Rowe Price Associates, Inc.

**Investment Objective:** The T. Rowe Price Mid-Cap Growth Portfolio seeks long-term growth of capital.

### **Third Avenue Small Cap Value Portfolio**

**Subadviser:** Third Avenue Management LLC

**Investment Objective:** The Third Avenue Small Cap Value Portfolio seeks long-term capital appreciation.

### **Turner Mid Cap Growth Portfolio**

**Subadviser:** Turner Investment Partners, Inc.

**Investment Objective:** The Turner Mid-Cap Growth Portfolio seeks capital appreciation.

### **Van Kampen Comstock Portfolio**

**Subadviser:** Invesco Advisers, Inc.

**Investment Objective:** The Van Kampen Comstock Portfolio seeks capital growth and income.

\*This portfolio is only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)

### **METROPOLITAN SERIES FUND, INC.**

Metropolitan Series Fund, Inc. is a mutual fund with multiple portfolios. MetLife Advisers, LLC, an affiliate of MetLife Investors USA, is the investment adviser to the portfolios. The following portfolios are available under the contract:

#### **Barclays Capital Aggregate Bond Index Portfolio (Class G)**

**Subadviser:** MetLife Investment Advisors Company, LLC

**Investment Objective:** The Barclays Capital Aggregate Bond Index Portfolio seeks to equal the performance of the Barclays Capital U.S. Aggregate Bond Index.

### **BlackRock Money Market Portfolio (Class B)**

**Subadviser:** BlackRock Advisors, LLC

**Investment Objective:** The BlackRock Money Market Portfolio seeks a high level of current income consistent with preservation of capital.

An investment in the BlackRock Money Market Portfolio is not insured or guaranteed by the Federal Deposit Insurance Company or any other government agency. Although the BlackRock Money Market Portfolio seeks to preserve the value of your investment at \$100 per share, it is possible to lose money by investing in the BlackRock Money Market Portfolio.

During extended periods of low interest rates, the yields of the BlackRock Money Market Portfolio may become extremely low and possibly negative.

### **Davis Venture Value Portfolio (Class E)**

**Subadviser:** Davis Selected Advisers, L.P. Davis Selected Advisers, L.P. may delegate any of its responsibilities to Davis Selected Advisers — NY, Inc., a wholly-owned subsidiary.

**Investment Objective:** The Davis Venture Value Portfolio seeks growth of capital.

### **Jennison Growth Portfolio (Class B)**

**Subadviser:** Jennison Associates LLC

**Investment Objective:** The Jennison Growth Portfolio seeks long-term growth of capital.

### **Met/Artisan Mid Cap Value Portfolio (Class B)**

**Subadviser:** Artisan Partners Limited Partnership

**Investment Objective:** The Met/Artisan Mid Cap Value Portfolio seeks long-term capital growth.

### **Met/Dimensional International Small Company Portfolio (Class B)**

**Subadviser:** Dimensional Fund Advisors LP

**Investment Objective:** The Met/Dimensional International Small Company Portfolio seeks long-term capital appreciation.

### **MetLife Mid Cap Stock Index Portfolio (Class G)**

**Subadviser:** MetLife Investment Advisors Company, LLC

**Investment Objective:** The MetLife Mid Cap Stock Index Portfolio seeks to equal the performance of the Standard & Poor's MidCap 400<sup>®</sup> Composite Stock Price Index.

### **MetLife Stock Index Portfolio (Class B)**

**Subadviser:** MetLife Investment Advisors Company, LLC

**Investment Objective:** The MetLife Stock Index Portfolio seeks to equal the performance of the Standard & Poor's 500<sup>®</sup> Composite Stock Price Index.

### **Morgan Stanley EAFE<sup>®</sup> Index Portfolio (Class G)**

**Subadviser:** MetLife Investment Advisors Company, LLC

**Investment Objective:** The Morgan Stanley EAFE<sup>®</sup> Index Portfolio seeks to equal the performance of the MSCI EAFE<sup>®</sup> Index.

### **Russell 2000<sup>®</sup> Index Portfolio (Class G)**

**Subadviser:** MetLife Investment Advisors Company, LLC

**Investment Objective:** The Russell 2000<sup>®</sup> Index Portfolio seeks to equal the performance of the Russell 2000<sup>®</sup> Index.

### **Van Eck Global Natural Resources Portfolio (Class B)\***

**Subadviser:** Van Eck Associates Corporation

**Investment Objective:** The Van Eck Global Natural Resources Portfolio seeks long-term capital appreciation with income as a secondary consideration.

### **Western Asset Management U.S. Government Portfolio (Class B)**

**Subadviser:** Western Asset Management Company

**Investment Objective:** The Western Asset Management U.S. Government Portfolio seeks to maximize total return consistent with preservation of capital and maintenance of liquidity.

\*This portfolio is only available for investment if certain optional riders are elected. (See "Purchase — Investment Allocation Restrictions for Certain Riders.")

### **MET INVESTORS SERIES TRUST — MetLife Asset Allocation Program (Class B)**

In addition to the Met Investors Series Trust Portfolios listed above, the following Class B portfolios managed by MetLife Advisers, LLC are available under the contract:

#### **MetLife Defensive Strategy Portfolio**

**Investment Objective:** The MetLife Defensive Strategy Portfolio seeks to provide a high level of current income with growth of capital, a secondary objective.

#### **MetLife Moderate Strategy Portfolio**

**Investment Objective:** The MetLife Moderate Strategy Portfolio seeks to provide a high total return in the form of income and growth of capital, with a greater emphasis on income.

#### **MetLife Balanced Strategy Portfolio**

**Investment Objective:** The MetLife Balanced Strategy Portfolio seeks to provide a balance between a high level of current income and growth of capital with a greater emphasis on growth of capital.

#### **MetLife Growth Strategy Portfolio**

**Investment Objective:** The MetLife Growth Strategy Portfolio seeks to provide growth of capital.

#### **MetLife Aggressive Strategy Portfolio**

**Investment Objective:** The MetLife Aggressive Strategy Portfolio seeks growth of capital.

### **MET INVESTORS SERIES TRUST — American Funds<sup>®</sup> Asset Allocation Portfolios (Class C)**

In addition to the Met Investors Series Trust portfolios listed above, the following Class C portfolios managed by MetLife Advisers, LLC are also available under the contract:

#### **American Funds<sup>®</sup> Moderate Allocation Portfolio**

**Investment Objective:** The American Funds<sup>®</sup> Moderate Allocation Portfolio seeks a high total return in the form of income and growth of capital, with a greater emphasis on income.

#### **American Funds<sup>®</sup> Balanced Allocation Portfolio**

**Investment Objective:** The American Funds<sup>®</sup> Balanced Allocation Portfolio seeks a balance between a high level of current income and growth of capital, with a greater emphasis on growth of capital.

**American Funds® Growth Allocation Portfolio**

**Investment Objective:** The American Funds® Growth Allocation Portfolio seeks growth of capital.

**MET INVESTORS SERIES TRUST – Franklin Templeton Asset Allocation Portfolio (Class B)**

In addition to the Met Investors Series Trust portfolios listed above, the following Class B portfolio managed by MetLife Advisers, LLC is also available under the contract:

**Met/Franklin Templeton Founding Strategy Portfolio**

**Investment Objective:** The Met/Franklin Templeton Founding Strategy Portfolio primarily seeks capital appreciation and secondarily seeks income.

**MET INVESTORS SERIES TRUST – SSgA ETF Portfolios (Class B)**

In addition to the Met Investors Series Trust portfolios listed above, the following Class B portfolios managed by MetLife Advisers, LLC are also available under the contract:

**SSgA Growth and Income ETF Portfolio**

**Subadviser:** SSgA Funds Management, Inc.

**Investment Objective:** The SSgA Growth and Income ETF Portfolio seeks growth of capital and income.

**SSgA Growth ETF Portfolio**

**Subadviser:** SSgA Funds Management, Inc.

**Investment Objective:** The SSgA Growth ETF Portfolio seeks growth of capital.

**MET INVESTORS SERIES TRUST – GMIB Max and EDB Max Portfolios (Class B)**

In addition to the Met Investors Series Trust portfolios listed above, the following Class B portfolios managed by MetLife Advisers, LLC are also available under the contract:

**AllianceBernstein Global Dynamic Allocation Portfolio\***

**Subadviser:** AllianceBernstein L.P.

**Investment Objective:** The AllianceBernstein Global Dynamic Allocation Portfolio seeks capital appreciation and current income.

**AQR Global Risk Balanced Portfolio\***

**Subadviser:** AQR Capital Management, LLC

**Investment Objective:** The AQR Global Risk Balanced Portfolio seeks total return.

**BlackRock Global Tactical Strategies Portfolio\***

**Subadviser:** BlackRock Financial Management, Inc.

**Investment Objective:** The BlackRock Global Tactical Strategies Portfolio seeks capital appreciation and current income.

**MetLife Balanced Plus Portfolio\***

**Subadviser:** Pacific Investment Management Company, LLC

**Investment Objective:** The MetLife Balanced Plus Portfolio seeks a balance between a high level of current income and growth of capital, with a greater emphasis on growth of capital.

**Pyramis® Government Income Portfolio\***

**Subadviser:** Pyramis Global Advisors, LLC

**Investment Objective:** The Pyramis® Government Income Portfolio seeks a high level of current income, consistent with preservation of principal.

\*These portfolios are only available for investment if certain optional riders are elected. (See “Purchase — Investment Allocation Restrictions for Certain Riders.”)



## APPENDIX B

### EDCA Examples with Multiple Purchase Payments

In order to show how the EDCA program works, we have created some examples. The examples are purely hypothetical and are for illustrative purposes only. The interest rate earned in an EDCA account will be the guaranteed minimum interest rate, plus any additional interest which we may declare from time to time. In addition, each bucket attributable to a subsequent purchase payment will earn interest at the then-current interest rate applied to new allocations to an EDCA account of the same monthly term.

#### 6-Month EDCA

The following example demonstrates how the 6-month EDCA program operates when multiple purchase payments are allocated to the program. The example assumes that a \$12,000 purchase payment is allocated to the EDCA program at the beginning of the first month and the first transfer of \$2,000 also occurs on that date. The \$10,000 remaining after the EDCA transfer is allocated to the 1st Payment Bucket where it is credited with a 5% effective annual interest rate. The EDCA transfer amount of \$2,000 is determined by dividing the \$12,000 allocation amount by 6 (the number of months in the EDCA program). Thereafter, a \$2,000 transfer is made from the EDCA at the beginning of each month. Amounts remaining in the EDCA Account Value are accumulated at the EDCA interest rate using the following formula:

Account Value 1st Payment Bucket (month 2) =

$$\text{Account Value 1st Payment Bucket (month 1)} \times (1 + \text{EDCA Rate})^{(1/12)} - \text{EDCA Transfer Amount}$$

At the beginning of the 4th month, a second purchase payment of \$6,000 is allocated to the EDCA program. The entire \$6,000 is allocated to the 2nd Payment Bucket where it is credited with a 4% effective annual interest rate. This second purchase payment triggers an increase in the EDCA transfer amount to \$3,000. The increased EDCA transfer amount is determined by adding \$1,000 (the \$6,000 allocation amount divided by 6) to the current EDCA transfer amount. The \$3,000 monthly EDCA transfers will first be applied against the account value in the 1st Payment Bucket until exhausted and then against the account value in the 2nd Payment Bucket until it is exhausted.

Beg of Month	Amount Allocated to EDCA	Actual EDCA Transfer	EDCA Account Value	Account Values	
				1st Payment Bucket	2nd Payment Bucket
1	\$12,000	\$2,000	\$10,000	\$10,000	
2		\$2,000	\$ 8,041	\$ 8,041	
3		\$2,000	\$ 6,074	\$ 6,074	
4*	\$ 6,000	\$3,000	\$ 9,098	\$ 3,098	\$6,000
5		\$3,000	\$ 6,131	\$ 111	\$6,020
6		\$3,000	\$ 3,151	0	\$3,151
7		\$3,000	\$ 161	0	\$ 161
8		\$ 162	0	0	0

\* At the beginning of the 4th month, a \$6,000 purchase payment is added to the EDCA Account. This amount (\$6,000) is allocated to the 2nd Payment Bucket. As described above, this second purchase payment causes the monthly EDCA transfer amount to increase from \$2,000 to \$3,000. Therefore, \$3,000 is transferred from the 1st Payment Bucket, leaving \$3,098 in the 1st Payment Bucket (\$6,074 (1st Payment Bucket account value from the 3rd month) + \$24 (3rd month's EDCA interest calculated using the formula shown above) - \$3,000 (monthly transfer) = \$3,098). The total EDCA Account Value at the beginning of the 4th month is \$9,098 (\$3,098 in the 1st Payment Bucket + \$6,000 in the 2nd Payment Bucket = \$9,098).

## 12-Month EDCA

The following example demonstrates how the 12-month EDCA program operates when multiple purchase payments are allocated to the program. The example assumes that a \$24,000 purchase payment is allocated to the EDCA program at the beginning of the first month and the first transfer of \$2,000 also occurs on that date. The \$22,000 remaining after the EDCA transfer is allocated to the 1st Payment Bucket where it is credited with a 5% effective annual interest rate. The EDCA transfer amount of \$2,000 is determined by dividing the \$24,000 allocation amount by 12 (the number of months in the EDCA program). Thereafter, a \$2,000 transfer is made from the EDCA at the beginning of each month. Amounts remaining in the EDCA account value are accumulated at the EDCA interest rate using the following formula:

Account Value 1st Payment Bucket (month 2) =

$$\text{Account Value 1st Payment Bucket (month 1)} \times (1 + \text{EDCA Rate})^{(1/12)} - \text{EDCA Transfer Amount}$$

At the beginning of the 6th month, a second purchase payment of \$12,000 is allocated to the EDCA program. The entire \$12,000 is allocated to the 2nd Payment Bucket where it is credited with a 4% effective annual interest rate. This second purchase payment triggers an increase in the EDCA transfer amount to \$3,000. The increased EDCA transfer amount is determined by adding \$1,000 (the \$12,000 allocation amount divided by 12) to the current EDCA transfer amount. The \$3,000 monthly EDCA transfers will first be applied against the account value in the 1st Payment Bucket until exhausted and then against the account value in the 2nd Payment Bucket until it is exhausted.

Beg of Month	Amount Allocated to EDCA	Actual EDCA Transfer	EDCA Account Value	Account Values	
				1st Payment Bucket	2nd Payment Bucket
1	\$24,000	\$2,000	\$22,000	\$22,000	
2		\$2,000	\$20,090	\$20,090	
3		\$2,000	\$18,171	\$18,171	
4		\$2,000	\$16,246	\$16,246	
5		\$2,000	\$14,312	\$14,312	
6*	\$12,000	\$3,000	\$23,370	\$11,370	\$12,000
7		\$3,000	\$20,456	\$ 8,416	\$12,039
8		\$3,000	\$17,529	\$ 5,451	\$12,079
9		\$3,000	\$14,591	\$ 2,473	\$12,118
10		\$3,000	\$11,641	0	\$11,641
11		\$3,000	\$ 8,679	0	\$ 8,679
12		\$3,000	\$ 5,707	0	\$ 5,707
13		\$3,000	\$ 2,726	0	\$ 2,726
14		\$2,735	0	0	0

\* At the beginning of the 6th month, a \$12,000 purchase payment is added to the EDCA Account. This amount (\$12,000) is allocated to the 2nd Payment Bucket. As described above, this second purchase payment causes the monthly EDCA transfer amount to increase from \$2,000 to \$3,000. Therefore, \$3,000 is transferred from the 1st Payment Bucket, leaving \$11,370 in the 1st Payment Bucket (\$14,312 (1st Payment Bucket account value from the 5th month) + \$58 (5th month's EDCA interest calculated using the formula shown above) - \$3,000 (monthly transfer) = \$11,370). The total EDCA Account Value at the beginning of the 6th month is \$23,370 (\$11,370 in the 1st Payment Bucket + \$12,000 in the 2nd Payment Bucket = \$23,370).

## APPENDIX C

### GMIB Max II and GMIB Plus IV Examples

The purpose of these examples is to illustrate the operation of the GMIB Max II and GMIB Plus IV riders. (These examples use the annual increase rate for the GMIB Plus IV rider, 4.5%. If a contract is issued with the GMIB Max II rider, the annual increase rate is 5.5% instead of 4.5%. See “Living Benefits — Guaranteed Income Benefits.”)

Example (7) shows how required minimum distributions affect the income base when the GMIB Plus IV is elected with an IRA contract (or another contract subject to Section 401(a)(9) of the Internal Revenue Code).

The investment results shown are hypothetical and are not representative of past or future performance. Actual investment results may be more or less than those shown and will depend upon a number of factors, including investment allocations and the investment experience of the investment portfolios chosen. **The examples do not reflect the deduction of fees and charges, withdrawal charges or income taxes and tax penalties.**

#### (1) *Withdrawal Adjustments to Annual Increase Amount*

Dollar-for-dollar adjustment when withdrawal is less than or equal to 4.5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the GMIB Plus IV is selected. Assume that during the first contract year, \$4,500 is withdrawn. Because the withdrawal is less than or equal to 4.5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the withdrawal on a dollar-for-dollar basis to \$100,000 (\$100,000 increased by 4.5% per year, compounded annually, less \$4,500 = \$100,000). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$104,500 (\$100,000 increased by 4.5% per year, compounded annually).

Proportionate adjustment when withdrawal is greater than 4.5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the GMIB Plus IV is selected. Assume the account value at the first contract anniversary is \$100,000. The Annual Increase Amount at the first contract anniversary will be \$104,500 (\$100,000 increased by 4.5% per year, compounded annually). Assume that on the first contract anniversary, \$10,000 is withdrawn (leaving an account balance of \$90,000). Because the withdrawal is greater than 4.5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$104,500) multiplied by the percentage reduction in the account value attributed to that entire withdrawal: 10% (the \$10,000 withdrawal reduced the \$100,000 account value by 10%). Therefore, the new Annual Increase Amount is \$94,050 (\$104,500 x 10% = \$10,450; \$104,500 - \$10,450 = \$94,050). (If multiple withdrawals are made during a contract year — for example, a \$4,500 withdrawal and a \$5,500 withdrawal instead of a single \$10,000 withdrawal — and those withdrawals total more than 4.5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced proportionately by each of the withdrawals made during that contract year and there will be no dollar-for-dollar withdrawal adjustment for the contract year.) Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$98,282 (\$94,050 increased by 4.5% per year, compounded annually).

#### (2) *The 4.5% Annual Increase Amount*

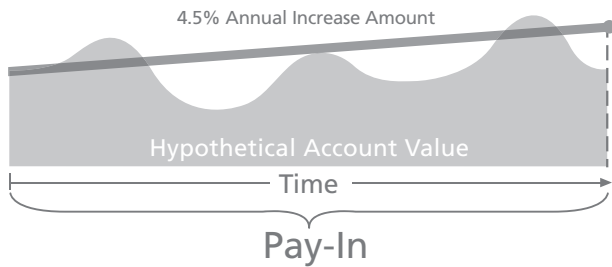
##### Example

Assume the owner of the contract is a male, age 55 at issue, and he elects the GMIB Plus IV rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the 4.5% Annual Increase Amount is equal to \$100,000 (the initial purchase payment). The 4.5% Annual Increase Amount is calculated at each contract anniversary (through the contract anniversary prior to the owner's 91st birthday). At the tenth contract anniversary, when the owner is age 65, the 4.5% Annual Increase Amount

is \$155,297 (\$100,000 increased by 4.5% per year, compounded annually). See section (3) below for an example of the calculation of the Highest Anniversary Value.

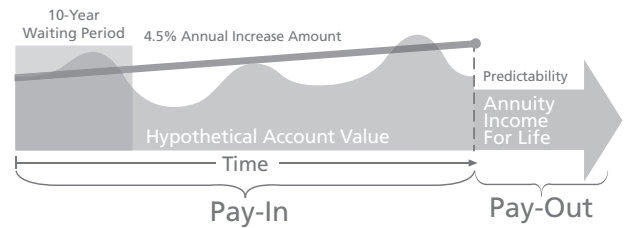
Graphic Example: Determining a value upon which future income payments can be based

Assume that you make an initial purchase payment of \$100,000. Prior to annuitization, your account value fluctuates above and below your initial purchase payment depending on the investment performance of the investment options you selected. Your purchase payments accumulate at the annual increase rate of 4.5%, until the contract anniversary on or immediately after the contract owner’s 90th birthday. Your purchase payments are also adjusted for any withdrawals (including any applicable withdrawal charge) made during this period. The line (your purchase payments accumulated at 4.5% a year adjusted for withdrawals and charges “the 4.5% Annual Increase Amount”) is the value upon which future income payments can be based.



Graphic Example: Determining your guaranteed lifetime income stream

Assume that you decide to annuitize your contract and begin taking annuity payments after 20 years. In this example, your 4.5% Annual Increase Amount is higher than the Highest Anniversary Value and will produce a higher income benefit. Accordingly, the 4.5% Annual Increase Amount will be applied to the annuity pay-out rates in the Guaranteed Minimum Income Benefit Annuity Table to determine your lifetime annuity payments. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*



(3) *The “Highest Anniversary Value” (“HAV”)*

Example

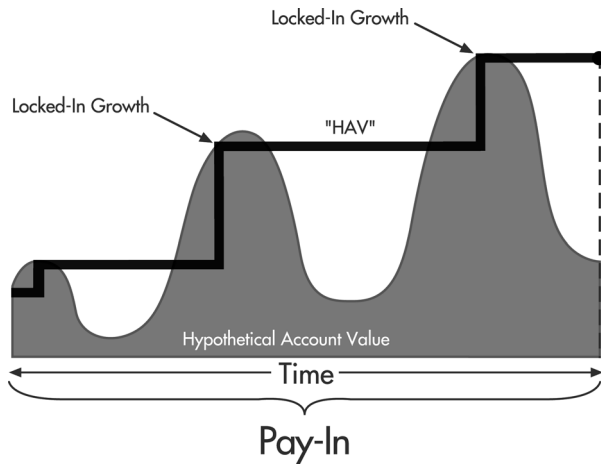
Assume, as in the example in section (2) above, the owner of the contract is a male, age 55 at issue, and he elects the GMIB Plus IV rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the Highest Anniversary Value is equal to \$100,000 (the initial purchase payment). Assume the account value on the first contract anniversary is \$108,000 due to good market performance. Because the account value is greater than the Highest Anniversary Value (\$100,000), the Highest Anniversary Value is set equal to the account value (\$108,000). Assume the account value on the second contract anniversary is \$102,000 due to poor market performance. Because the account value is less than the Highest Anniversary Value (\$108,000), the Highest Anniversary Value remains \$108,000.

Assume this process is repeated on each contract anniversary until the tenth contract anniversary, when the account value is \$150,000 and the Highest Anniversary Value is \$145,000. The Highest Anniversary Value is set equal to the account value (\$150,000). See section (4) below for an example of the exercise of the GMIB Plus IV rider.

Graphic Example: Determining a value upon which future income payments can be based

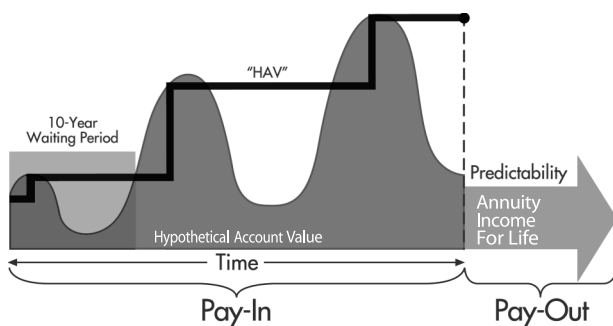
Prior to annuitization, the Highest Anniversary Value begins to lock in growth. The Highest Anniversary Value is adjusted upward each contract anniversary if the account value at that time is greater than the amount of the current Highest Anniversary Value. Upward adjustments will continue until the contract anniversary immediately prior to the contract owner’s 81st birthday. The Highest Anniversary Value also is adjusted for any withdrawals taken (including any

applicable withdrawal charge) or any additional payments made. The Highest Anniversary Value line is the value upon which future income payments can be based.



Graphic Example: Determining your guaranteed lifetime income stream

Assume that you decide to annuitize your contract and begin taking annuity payments after 20 years. In this example, the Highest Anniversary Value is higher than the account value. Accordingly, the Highest Anniversary Value will be applied to the annuity payout rates in the Guaranteed Minimum Income Benefit Annuity Table to determine your lifetime annuity payments. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*



*(4) Putting It All Together*

Example

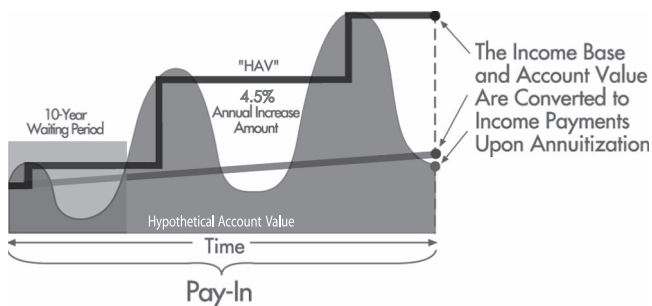
Continuing the examples in sections (2) and (3) above, assume the owner chooses to exercise the GMIB Plus IV rider at the tenth contract anniversary and elects a life annuity with 5 years of annuity payments guaranteed. Because the 4.5% Annual Increase Amount (\$155,297) is greater than the Highest Anniversary Value (\$150,000), the 4.5% Annual Increase Amount (\$155,297) is used as the income base. The income base of \$155,297 is applied to the GMIB Annuity Table. This yields annuity payments of \$508 per month for life, with a minimum of 5 years guaranteed. (If the same owner were instead age 70, the income base of \$155,297 would yield monthly payments of \$582; if the owner were age 75, the income base of \$155,297 would yield monthly payments of \$683.)

The above example does not take into account the impact of premium and other taxes. As with other pay-out types, the amount you receive as an income payment depends on the income type you select, your age, and (where permitted by state law) your sex. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*

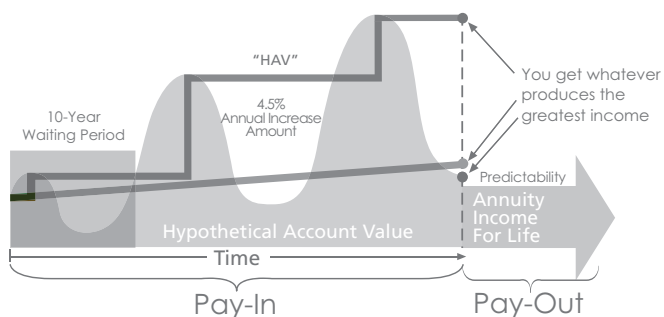
Graphic Example

Prior to annuitization, the two calculations (the 4.5% Annual Increase Amount and the Highest Anniversary Value) work together to protect your future income. Upon annuitization of the contract, you will receive income payments for life and the income bases and the account value will cease to exist. Also, the GMIB Plus IV may only be exercised no later than the contract anniversary on or following the contract owner's 90th birthday, after a 10 year waiting period, and then only within a 30 day period following the contract anniversary.





With the Guaranteed Minimum Income Benefit, the income base is applied to special, conservative Guaranteed Minimum Income Benefit annuity purchase factors, which are guaranteed at the time the contract is issued. However, if then-current annuity purchase factors applied to the account value would produce a greater amount of income, then you will receive the greater amount. In other words, when you annuitize your contract you will receive whatever amount produces the greatest income payment. Therefore, if your account value would provide greater income than would the amount provided under the Guaranteed Minimum Income Benefit, you will have paid for the Guaranteed Minimum Income Benefit although it was never used.



(5) *The Guaranteed Principal Option*

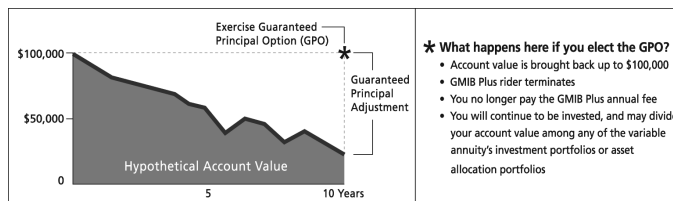
Assume your initial purchase payment is \$100,000 and no withdrawals are taken. Assume that the account value at the 10th contract anniversary is \$50,000 due to poor market performance, and you exercise the Guaranteed Principal Option at this time.

The effects of exercising the Guaranteed Principal Option are:

- 1) A Guaranteed Principal Adjustment of \$100,000 - \$50,000 = \$50,000 is added to the account value

30 days after the 10th contract anniversary bringing the account value back up to \$100,000.

- 2) The GMIB Plus IV rider and rider fee terminates as of the date that the adjustment is made to the account value; the variable annuity contract continues.
- 3) The GMIB Plus IV allocation and transfer restrictions terminate as of the date that the adjustment is made to the account value.



\*Withdrawals reduce the original purchase payment (i.e. those payments credited within 120 days of contract issue date) proportionately and therefore, may have a significant impact on the amount of the Guaranteed Principal Adjustment.

(6) *The Optional Reset: Automatic Annual Step-Up*

Assume your initial investment is \$100,000 and no withdrawals are taken. The 4.5% Annual Increase Amount increases to \$104,500 on the first anniversary (\$100,000 increased by 4.5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elected Optional Resets to occur under the Automatic Annual Step-Up feature prior to the first contract anniversary. Because your account value is higher than your 4.5% Annual Increase Amount, an Optional Reset will automatically occur.

The effect of the Optional Reset is:

- (1) The 4.5% Annual Increase Amount automatically resets from \$104,500 to \$110,000;
- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus IV is reset to 10 years from the first contract anniversary;
- (3) The GMIB Plus IV rider charge is reset to the fee we charge new contract owners for the same GMIB Plus IV rider at that time; and



- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

The 4.5% Annual Increase Amount increases to \$114,950 on the second anniversary (\$110,000 increased by 4.5% per year, compounded annually). Assume your account value at the second contract anniversary is \$120,000 due to good market performance, and you have not discontinued the Automatic Annual Step-Up feature. Because your account value is higher than your 4.5% Annual Increase Amount, an Optional Reset will automatically occur.

The effect of the Optional Reset is:

- (1) The 4.5% Annual Increase Amount automatically resets from \$114,950 to \$120,000;
- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus IV is reset to 10 years from the second contract anniversary;
- (3) The GMIB Plus IV rider charge is reset to the fee we charge new contract owners for the same GMIB Plus IV rider at that time; and
- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

Assume your account value increases by \$10,000 at each contract anniversary in years three through seven. At each contract anniversary, your account value would exceed the 4.5% Annual Increase Amount and an Optional Reset would automatically occur (provided you had not discontinued the Automatic Annual Step-Up feature, and other requirements were met).

The effect of each Optional Reset is:

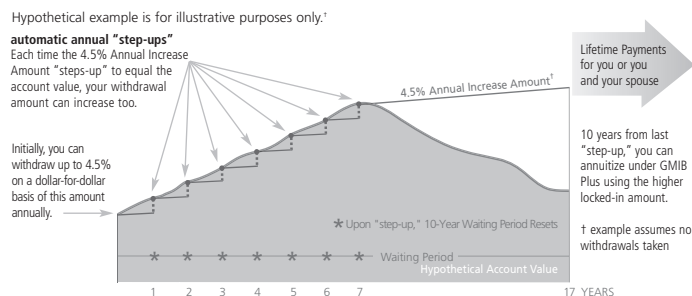
- (1) The 4.5% Annual Increase Amount automatically resets to the higher account value;
- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus IV is reset to 10 years from the date of the Optional Reset;
- (3) The GMIB Plus IV rider charge is reset to the fee we charge new contract owners for the same GMIB Plus IV rider at that time; and

- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

After the seventh contract anniversary, the initial Automatic Annual Step-Up election expires. Assume you do not make a new election of the Automatic Annual Step-Up.

The 4.5% Annual Increase Amount increases to \$177,650 on the eighth anniversary (\$170,000 increased by 4.5% per year, compounded annually). Assume your account value at the eighth contract anniversary is \$160,000 due to poor market performance. An Optional Reset is **NOT** permitted because your account value is lower than your 4.5% Annual Increase Amount. However, because the Optional Reset has locked-in previous gains, the 4.5% Annual Increase Amount remains at \$177,650 despite poor market performance, and, provided the rider continues in effect, will continue to grow at 4.5% annually (subject to adjustments for additional purchase payments and/or withdrawals) through the contract anniversary on or after your 90th birthday. Also, please note:

- (1) The 10-year waiting period to annuitize the contract under the GMIB Plus IV remains at the 17th contract anniversary (10 years from the date of the last Optional Reset);
- (2) The GMIB Plus IV rider charge remains at its current level; and
- (3) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.



### *(7) Required Minimum Distribution Examples*

The following examples only apply to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. Assume an IRA contract is issued on September 1, 2011 and the GMIB Plus IV rider is selected. Assume that on the first contract anniversary (September 1, 2012), the Annual Increase Amount is \$100,000. Assume the required minimum distribution amount for 2012 with respect to this contract is \$6,000, and the required minimum distribution amount for 2013 with respect to this contract is \$7,200. Assume that on both the first contract anniversary (September 1, 2012) and the second contract anniversary (September 1, 2013) the account value is \$100,000. On the second contract anniversary, the annual increase rate is the greatest of:

- (a) 4.5%;
- (b) the total withdrawals during the contract year under the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program (up to a maximum of 4.5% of the Annual Increase Amount at the beginning of the contract year), divided by the Annual Increase Amount at the beginning of the contract year; or
- (c) the required minimum distribution amount for 2012 (\$6,000) or for 2013 (\$7,200), whichever is greater, divided by the Annual Increase Amount as of September 1, 2012 (\$100,000).

Because \$7,200 (the required minimum distribution amount for 2013) is greater than \$6,000 (the required minimum distribution amount for 2012), (c) is equal to \$7,200 divided by \$100,000, or 7.2%.

#### Withdrawals Through the Automated Required Minimum Distribution Program

If the contract owner enrolls in the Automated Required Minimum Distribution Program and elects monthly withdrawals, the owner will receive \$6,800 over the second contract year (from September 2012 through August 2013). Assuming the owner makes no withdrawals outside the Automated Required Minimum Distribution Program, on September 1, 2013, the Annual Increase Amount will be increased to \$100,400. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn through the Automated Required Minimum Distribution Program (\$6,800):  $\$100,000$

increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,800 = \$100,400$ .

(Why does the contract owner receive \$6,800 under the Automated Required Minimum Distribution Program in this example? From September through December 2012, the owner receives \$500 per month (\$500 equals the \$6,000 required minimum distribution amount for 2012 divided by 12). From January through August 2013, the owner receives \$600 per month (\$600 equals the \$7,200 required minimum distribution amount for 2013 divided by 12). The owner receives \$2,000 in 2012 and \$4,800 in 2013, for a total of \$6,800.)

#### Withdrawals Outside the Automated Required Minimum Distribution Program

If the contract owner withdraws the \$6,000 required minimum distribution amount for 2012 in December 2012 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$101,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$6,000):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,000 = \$101,200$ .

If the contract owner withdraws the \$7,200 required minimum distribution amount for 2013 in January 2013 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$100,000. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$7,200):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$7,200 = \$100,000$ .

#### Withdrawals in Excess of the Required Minimum Distribution Amounts

Assume the contract owner withdraws \$7,250 on September 1, 2012 and makes no other withdrawals before the second contract anniversary. Because the \$7,250 withdrawal exceeds the required minimum distribution amounts for 2012 and 2013, the annual increase rate will be 4.5% and the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$96,923.75. On September 1, 2012, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the

withdrawal (\$100,000) multiplied by the percentage reduction in the account value attributed to the withdrawal (7.25%). Therefore, the new Annual Increase Amount is \$92,750 ( $\$100,000 \times 7.25\% = \$7,250$ ;  $\$100,000 - \$7,250 = \$92,750$ ). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount on the second contract anniversary (September 1, 2012) will be \$96,923.75 (\$92,750 increased by 4.5% per year compounded annually).

#### No Withdrawals

If the contract owner fulfills the minimum distribution requirements by making withdrawals from other IRA accounts and does not make any withdrawals from this contract, the Annual Increase Amount on September 1, 2013 will be \$107,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn from the contract (\$0).

## APPENDIX D

### GMIB Plus III Examples

The purpose of these examples is to illustrate the operation of the GMIB Plus III rider. Example (7) shows how required minimum distributions affect the income base when the GMIB Plus III is elected with an IRA contract (or another contract subject to Section 401(a)(9) of the Internal Revenue Code).

The investment results shown are hypothetical and are not representative of past or future performance. Actual investment results may be more or less than those shown and will depend upon a number of factors, including investment allocations and the investment experience of the investment portfolios chosen. **The examples do not reflect the deduction of fees and charges, withdrawal charges or income taxes and tax penalties.**

#### (1) *Withdrawal Adjustments to Annual Increase Amount*

Dollar-for-dollar adjustment when withdrawal is less than or equal to 5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the GMIB Plus III is selected. Assume that during the first contract year, \$5,000 is withdrawn. Because the withdrawal is less than or equal to 5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the withdrawal on a dollar-for-dollar basis to \$100,000 (\$100,000 increased by 5% per year, compounded annually, less \$5,000 = \$100,000). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$105,000 (\$100,000 increased by 5% per year, compounded annually).

Proportionate adjustment when withdrawal is greater than 5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the GMIB Plus III is selected. Assume the account value at the first contract anniversary is \$100,000. The

Annual Increase Amount at the first contract anniversary will be \$105,000 (\$100,000 increased by 5% per year, compounded annually). Assume that on the first contract anniversary, \$10,000 is withdrawn (leaving an account balance of \$90,000). Because the withdrawal is greater than 5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$105,000) multiplied by the percentage reduction in the account value attributed to that entire withdrawal: 10% (the \$10,000 withdrawal reduced the \$100,000 account value by 10%). Therefore, the new Annual Increase Amount is \$94,500 (\$105,000 x 10% = \$10,500; \$105,000 - \$10,500 = \$94,500). (If multiple withdrawals are made during a contract year — for example, two \$5,000 withdrawals instead of one \$10,000 withdrawal — and those withdrawals total more than 5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced proportionately by each of the withdrawals made during that contract year and there will be no dollar-for-dollar withdrawal adjustment for the contract year.) Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$99,225 (\$94,500 increased by 5% per year, compounded annually).

#### (2) *The 5% Annual Increase Amount*

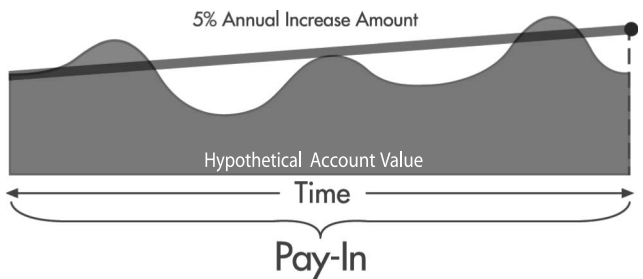
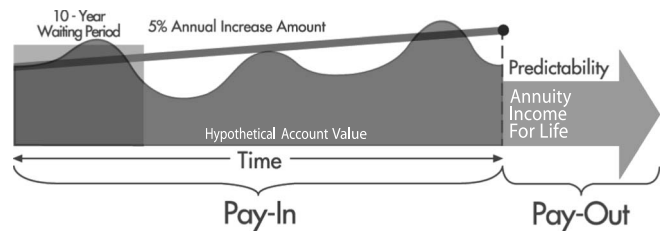
##### Example

Assume the owner of the contract is a male, age 55 at issue, and he elects the GMIB Plus III rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the 5% Annual Increase Amount is equal to \$100,000 (the initial purchase payment). The 5% Annual Increase Amount is calculated at each contract anniversary (through the contract anniversary prior to the owner's 91st birthday). At the tenth contract anniversary, when the owner is age 65, the 5% Annual Increase Amount is \$162,889 (\$100,000 increased by 5% per year,

compounded annually). See section (3) below for an example of the calculation of the Highest Anniversary Value.

Graphic Example: Determining a value upon which future income payments can be based

Assume that you make an initial purchase payment of \$100,000. Prior to annuitization, your account value fluctuates above and below your initial purchase payment depending on the investment performance of the investment options you selected. Your purchase payments accumulate at the annual increase rate of 5%, until the contract anniversary on or immediately after the contract owner’s 90th birthday. Your purchase payments are also adjusted for any withdrawals (including any applicable withdrawal charge) made during this period. The line (your purchase payments accumulated at 5% a year adjusted for withdrawals and charges “the 5% Annual Increase Amount”) is the value upon which future income payments can be based.



Graphic Example: Determining your guaranteed lifetime income stream

Assume that you decide to annuitize your contract and begin taking annuity payments after 20 years. In this example, your 5% Annual Increase Amount is higher than the Highest Anniversary Value and will produce a higher income benefit. Accordingly, the 5% Annual Increase Amount will be applied to the annuity pay-out rates in the Guaranteed Minimum Income Benefit Annuity Table to determine your lifetime annuity payments. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*

(3) The “Highest Anniversary Value” (“HAV”)

Example

Assume, as in the example in section (2) above, the owner of the contract is a male, age 55 at issue, and he elects the GMIB Plus III rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the Highest Anniversary Value is equal to \$100,000 (the initial purchase payment). Assume the account value on the first contract anniversary is \$108,000 due to good market performance. Because the account value is greater than the Highest Anniversary Value (\$100,000), the Highest Anniversary Value is set equal to the account value (\$108,000). Assume the account value on the second contract anniversary is \$102,000 due to poor market performance. Because the account value is less than the Highest Anniversary Value (\$108,000), the Highest Anniversary Value remains \$108,000.

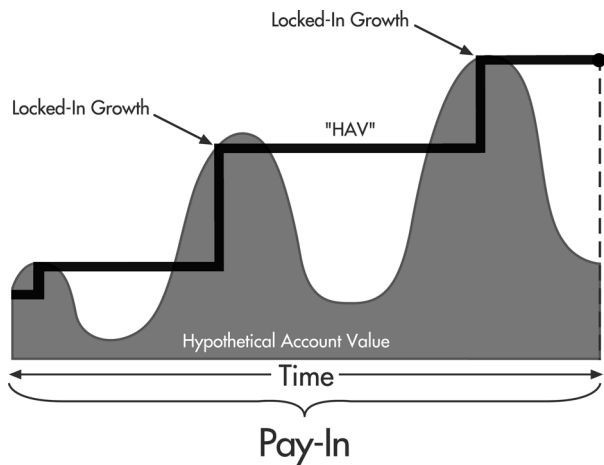
Assume this process is repeated on each contract anniversary until the tenth contract anniversary, when the account value is \$155,000 and the Highest Anniversary Value is \$150,000. The Highest Anniversary Value is set equal to the account value (\$155,000). See section (4) below for an example of the exercise of the GMIB Plus III rider.

Graphic Example: Determining a value upon which future income payments can be based

Prior to annuitization, the Highest Anniversary Value begins to lock in growth. The Highest Anniversary Value is adjusted upward each contract anniversary if the account value at that time is greater than the amount of the current Highest Anniversary Value. Upward adjustments will continue until the contract anniversary immediately prior to the contract owner’s 81st birthday. The Highest Anniversary Value also is

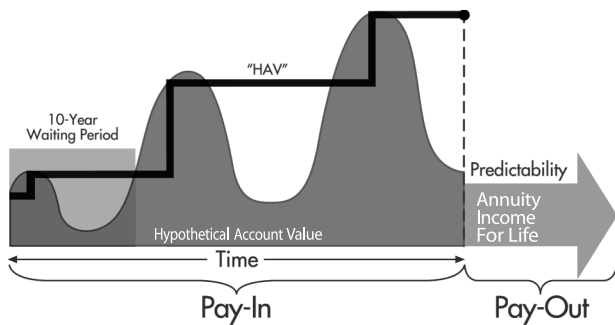


adjusted for any withdrawals taken (including any applicable withdrawal charge) or any additional payments made. The Highest Anniversary Value line is the value upon which future income payments can be based.



Graphic Example: Determining your guaranteed lifetime income stream

Assume that you decide to annuitize your contract and begin taking annuity payments after 20 years. In this example, the Highest Anniversary Value is higher than the account value. Accordingly, the Highest Anniversary Value will be applied to the annuity payout rates in the Guaranteed Minimum Income Benefit Annuity Table to determine your lifetime annuity payments. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*



(4) *Putting It All Together*

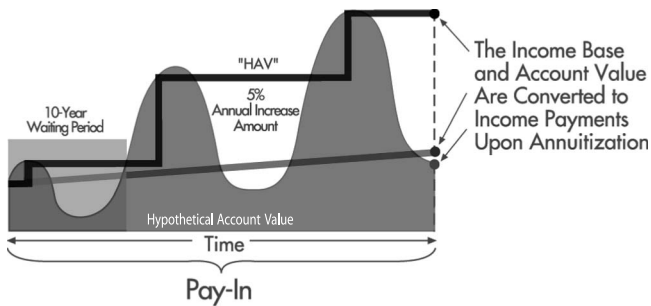
Example

Continuing the examples in sections (2) and (3) above, assume the owner chooses to exercise the GMIB Plus III rider at the tenth contract anniversary and elects a life annuity with 5 years of annuity payments guaranteed. Because the 5% Annual Increase Amount (\$162,889) is greater than the Highest Anniversary Value (\$155,000), the 5% Annual Increase Amount (\$162,889) is used as the income base. The income base of \$162,889 is applied to the GMIB Annuity Table. This yields annuity payments of \$533 per month for life, with a minimum of 5 years guaranteed. (If the same owner were instead age 70, the income base of \$162,889 would yield monthly payments of \$611; if the owner were age 75, the income base of \$162,889 would yield monthly payments of \$717.)

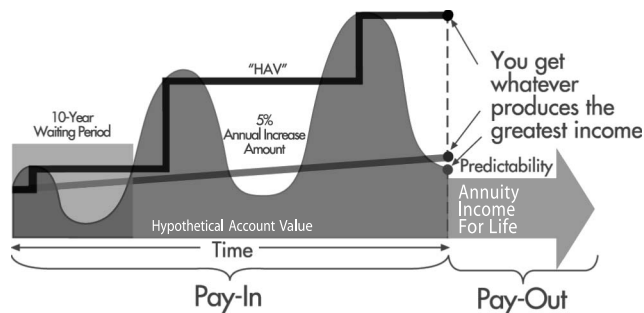
The above example does not take into account the impact of premium and other taxes. As with other pay-out types, the amount you receive as an income payment depends on the income type you select, your age, and (where permitted by state law) your sex. *The income base is not available for cash withdrawals and is only used for purposes of calculating the Guaranteed Minimum Income Benefit payment and the charge for the benefit.*

Graphic Example

Prior to annuitization, the two calculations (the 5% Annual Increase Amount and the Highest Anniversary Value) work together to protect your future income. Upon annuitization of the contract, you will receive income payments for life and the income bases and the account value will cease to exist. Also, the GMIB Plus III may only be exercised no later than the contract anniversary on or following the contract owner's 90th birthday, after a 10 year waiting period, and then only within a 30 day period following the contract anniversary.



With the Guaranteed Minimum Income Benefit, the income base is applied to special, conservative Guaranteed Minimum Income Benefit annuity purchase factors, which are guaranteed at the time the contract is issued. However, if then-current annuity purchase factors applied to the account value would produce a greater amount of income, then you will receive the greater amount. In other words, when you annuitize your contract you will receive whatever amount produces the greatest income payment. Therefore, if your account value would provide greater income than would the amount provided under the Guaranteed Minimum Income Benefit, you will have paid for the Guaranteed Minimum Income Benefit although it was never used.

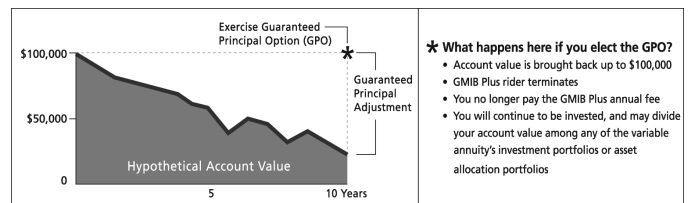


(5) *The Guaranteed Principal Option*

Assume your initial purchase payment is \$100,000 and no withdrawals are taken. Assume that the account value at the 10th contract anniversary is \$50,000 due to poor market performance, and you exercise the Guaranteed Principal Option at this time.

The effects of exercising the Guaranteed Principal Option are:

- 1) A Guaranteed Principal Adjustment of \$100,000 - \$50,000 = \$50,000 is added to the account value 30 days after the 10th contract anniversary bringing the account value back up to \$100,000.
- 2) The GMIB Plus III rider and rider fee terminates as of the date that the adjustment is made to the account value; the variable annuity contract continues.
- 3) The GMIB Plus III allocation and transfer restrictions terminate as of the date that the adjustment is made to the account value.



\*Withdrawals reduce the original purchase payment (i.e. those payments credited within 120 days of contract issue date) proportionately and therefore, may have a significant impact on the amount of the Guaranteed Principal Adjustment.

(6) *The Optional Reset: Automatic Annual Step-Up*

Assume your initial investment is \$100,000 and no withdrawals are taken. The 5% Annual Increase Amount increases to \$105,000 on the first anniversary (\$100,000 increased by 5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elected Optional Resets to occur under the Automatic Annual Step-Up feature prior to the first contract anniversary. Because your account value is higher than your 5% Annual Increase Amount, an Optional Reset will automatically occur.

The effect of the Optional Reset is:

- (1) The 5% Annual Increase Amount automatically resets from \$105,000 to \$110,000;

- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus III is reset to 10 years from the first contract anniversary;
- (3) The GMIB Plus III rider charge is reset to the fee we charge new contract owners for the same GMIB Plus III rider at that time; and
- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

The 5% Annual Increase Amount increases to \$115,500 on the second anniversary (\$110,000 increased by 5% per year, compounded annually). Assume your account value at the second contract anniversary is \$120,000 due to good market performance, and you have not discontinued the Automatic Annual Step-Up feature. Because your account value is higher than your 5% Annual Increase Amount, an Optional Reset will automatically occur.

The effect of the Optional Reset is:

- (1) The 5% Annual Increase Amount automatically resets from \$115,500 to \$120,000;
- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus III is reset to 10 years from the second contract anniversary;
- (3) The GMIB Plus III rider charge is reset to the fee we charge new contract owners for the same GMIB Plus III rider at that time; and
- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

Assume your account value increases by \$10,000 at each contract anniversary in years three through seven. At each contract anniversary, your account value would exceed the 5% Annual Increase Amount and an Optional Reset would automatically occur (provided you had not discontinued the Automatic Annual Step-Up feature, and other requirements were met).

The effect of each Optional Reset is:

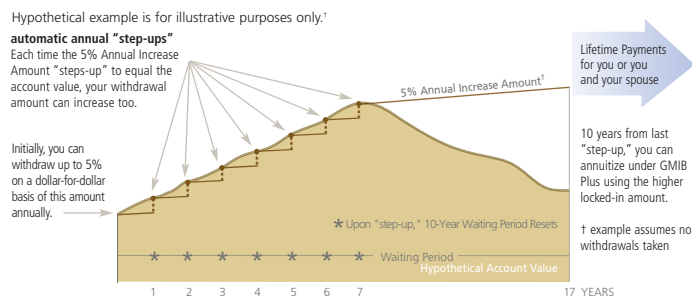
- (1) The 5% Annual Increase Amount automatically resets to the higher account value;
- (2) The 10-year waiting period to annuitize the contract under the GMIB Plus III is reset to 10 years from the date of the Optional Reset;

- (3) The GMIB Plus III rider charge is reset to the fee we charge new contract owners for the same GMIB Plus III rider at that time; and
- (4) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.

After the seventh contract anniversary, the initial Automatic Annual Step-Up election expires. Assume you do not make a new election of the Automatic Annual Step-Up.

The 5% Annual Increase Amount increases to \$178,500 on the eighth anniversary (\$170,000 increased by 5% per year, compounded annually). Assume your account value at the eighth contract anniversary is \$160,000 due to poor market performance. An Optional Reset is **NOT** permitted because your account value is lower than your 5% Annual Increase Amount. However, because the Optional Reset has locked-in previous gains, the 5% Annual Increase Amount remains at \$178,500 despite poor market performance, and, provided the rider continues in effect, will continue to grow at 5% annually (subject to adjustments for additional purchase payments and/or withdrawals) through the contract anniversary on or after your 90th birthday. Also, please note:

- (1) The 10-year waiting period to annuitize the contract under the GMIB Plus III remains at the 17th contract anniversary (10 years from the date of the last Optional Reset);
- (2) The GMIB Plus III rider charge remains at its current level; and
- (3) The Guaranteed Principal Option can still be elected on the 10th contract anniversary.



### *(7) Required Minimum Distribution Examples*

The following examples only apply to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. Assume an IRA contract is issued on September 1, 2011 and the GMIB Plus III rider is selected. Assume that on the first contract anniversary (September 1, 2012), the Annual Increase Amount is \$100,000. Assume the required minimum distribution amount for 2012 with respect to this contract is \$6,000, and the required minimum distribution amount for 2013 with respect to this contract is \$7,200. Assume that on both the first contract anniversary (September 1, 2012) and the second contract anniversary (September 1, 2013) the account value is \$100,000. On the second contract anniversary, the annual increase rate is the greatest of:

- (a) 5%;
- (b) the total withdrawals during the contract year under the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program (up to a maximum of 5% of the Annual Increase Amount at the beginning of the contract year), divided by the Annual Increase Amount at the beginning of the contract year; or
- (c) the required minimum distribution amount for 2012 (\$6,000) or for 2013 (\$7,200), whichever is greater, divided by the Annual Increase Amount as of September 1, 2012 (\$100,000).

Because \$7,200 (the required minimum distribution amount for 2013) is greater than \$6,000 (the required minimum distribution amount for 2012), (c) is equal to \$7,200 divided by \$100,000, or 7.2%.

#### Withdrawals Through the Automated Required Minimum Distribution Program

If the contract owner enrolls in the Automated Required Minimum Distribution Program and elects monthly withdrawals, the owner will receive \$6,800 over the second contract year (from September 2012 through August 2013). Assuming the owner makes no withdrawals outside the Automated Required Minimum Distribution Program, on September 1, 2013, the Annual Increase Amount will be increased to \$100,400. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn through the Automated Required Minimum Distribution Program (\$6,800):  $\$100,000$

increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,800 = \$100,400$ .

(Why does the contract owner receive \$6,800 under the Automated Required Minimum Distribution Program in this example? From September through December 2012, the owner receives \$500 per month (\$500 equals the \$6,000 required minimum distribution amount for 2012 divided by 12). From January through August 2013, the owner receives \$600 per month (\$600 equals the \$7,200 required minimum distribution amount for 2013 divided by 12). The owner receives \$2,000 in 2012 and \$4,800 in 2013, for a total of \$6,800.)

#### Withdrawals Outside the Automated Required Minimum Distribution Program

If the contract owner withdraws the \$6,000 required minimum distribution amount for 2012 in December 2012 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$101,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$6,000):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,000 = \$101,200$ .

If the contract owner withdraws the \$7,200 required minimum distribution amount for 2013 in January 2013 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$100,000. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$7,200):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$7,200 = \$100,000$ .

#### Withdrawals in Excess of the Required Minimum Distribution Amounts

Assume the contract owner withdraws \$7,250 on September 1, 2012 and makes no other withdrawals before the second contract anniversary. Because the \$7,250 withdrawal exceeds the required minimum distribution amounts for 2012 and 2013, the annual increase rate will be 5% and the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$97,387.50. On September 1, 2012, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the

withdrawal (\$100,000) multiplied by the percentage reduction in the account value attributed to the withdrawal (7.25%). Therefore, the new Annual Increase Amount is \$92,750 ( $\$100,000 \times 7.25\% = \$7,250$ ;  $\$100,000 - \$7,250 = \$92,750$ ). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount on the second contract anniversary (September 1, 2012) will be \$97,387.50 (\$92,750 increased by 5% per year compounded annually).

#### No Withdrawals

If the contract owner fulfills the minimum distribution requirements by making withdrawals from other IRA accounts and does not make any withdrawals from this contract, the Annual Increase Amount on September 1, 2013 will be \$107,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn from the contract (\$0).



## APPENDIX E

### Death Benefit Examples

The purpose of these examples is to illustrate the operation of the Principal Protection death benefit, the Annual Step-Up death benefit, the Compounded-Plus death benefit and the Enhanced Death Benefit riders. The investment results shown are hypothetical and are not representative of past or future performance. Actual investment results may be more or less than those shown and will depend upon a number of factors, including the investment allocation made by a contract owner and the investment experience of the investment portfolios chosen. **The examples do not reflect the deduction of fees and charges, withdrawal charges or income taxes and tax penalties.**

#### Principal Protection Death Benefit

The purpose of this example is to show how partial withdrawals reduce the Principal Protection death benefit proportionately by the percentage reduction in account value attributable to each partial withdrawal.

		Date	Amount
A	Initial Purchase Payment	10/1/2011	\$100,000
B	Account Value	10/1/2012 (First Contract Anniversary)	\$104,000
C	Death Benefit	As of 10/1/2012	\$104,000 (= greater of A and B)
D	Account Value	10/1/2013 (Second Contract Anniversary)	\$90,000
E	Death Benefit	10/1/2013	\$100,000 (= greater of A and D)
F	Withdrawal	10/2/2013	\$9,000
G	Percentage Reduction in Account Value	10/2/2013	10% (= F/D)
H	Account Value after Withdrawal	10/2/2013	\$81,000 (= D-F)
I	Purchase Payments reduced for Withdrawal	As of 10/2/2013	\$90,000 (= A-(A × G))
J	Death Benefit	10/2/2013	\$90,000 (= greater of H and I)

#### Notes to Example

Purchaser is age 60 at issue.

The account values on 10/1/13 and 10/2/13 are assumed to be equal prior to the withdrawal.

## Annual Step-Up Death Benefit

The purpose of this example is to show how partial withdrawals reduce the Annual Step-Up death benefit proportionately by the percentage reduction in account value attributable to each partial withdrawal.

		<u>Date</u>	<u>Amount</u>
A	Initial Purchase Payment	10/1/2011	\$100,000
B	Account Value	10/1/2012 (First Contract Anniversary)	\$104,000
C	Death Benefit (Highest Anniversary Value)	As of 10/1/2012	\$104,000 (= greater of A and B)
D	Account Value	10/1/2013 (Second Contract Anniversary)	\$90,000
E	Death Benefit (Highest Contract Year Anniversary)	10/1/2013	\$104,000 (= greater of B and D)
F	Withdrawal	10/2/2013	\$9,000
G	Percentage Reduction in Account Value	10/2/2013	10% (= F/D)
H	Account Value after Withdrawal	10/2/2013	\$81,000 (= D-F)
I	Highest Anniversary Value reduced for Withdrawal	As of 10/2/2013	\$93,600 (= E-(E × G))
J	Death Benefit	10/2/2013	\$93,600 (= greater of H and I)

### Notes to Example

Purchaser is age 60 at issue.

The account values on 10/1/13 and 10/2/13 are assumed to be equal prior to the withdrawal.

## Compounded-Plus Death Benefit

The purpose of this example is to show how partial withdrawals reduce the Compounded-Plus death benefit proportionately by the percentage reduction in account value attributable to each partial withdrawal.

		<u>Date</u>	<u>Amount</u>
A	Initial Purchase Payment	10/1/2011	\$100,000
B	Account Value	10/1/2012 (First Contract Anniversary)	\$104,000
C1	Account Value (Highest Anniversary Value)	10/1/2012	\$104,000 (= greater of A and B)
C2	5% Annual Increase Amount	10/1/2012	\$105,000 (= A × 1.05)
C3	Death Benefit	As of 10/1/2012	\$105,000 (= greater of C1 and C2)
D	Account Value	10/1/2013 (Second Contract Anniversary)	\$90,000
E1	Highest Anniversary Value	10/1/2013	\$104,000 (= greater of C1 and D)
E2	5% Annual Increase Amount	As of 10/1/2013	\$110,250 (= A × 1.05 × 1.05)
E3	Death Benefit	10/1/2013	\$110,250 (= greater of E1 and E2)
F	Withdrawal	10/2/2013	\$9,000
G	Percentage Reduction in Account Value	10/2/2013	10% (= F/D)
H	Account Value after Withdrawal	10/2/2013	\$81,000 (= D-F)
I1	Highest Anniversary Value reduced for Withdrawal	As of 10/2/2013	\$93,600 (= E1-(E1 × G))
I2	5% Annual Increase Amount reduced for Withdrawal	As of 10/2/2013	\$99,238 (= E2-(E2 × G). Note: E2 includes additional day of interest at 5%)
I3	Death Benefit	10/2/2013	\$99,238 (= greatest of H, I1 and I2)

### Notes to Example

Purchaser is age 60 at issue.

The account values on 10/1/13 and 10/02/13 are assumed to be equal prior to the withdrawal.

## Enhanced Death Benefit III and EDB Max II

The purpose of these examples is to illustrate the operation of the death benefit base under the Enhanced Death Benefit III and EDB Max II. (These examples use the annual increase rate for the Enhanced Death Benefit III rider, 4.5%. If a contract is issued with the EDB Max II rider, the annual increase rate is 5.5% instead of 4.5%. See “Death Benefit — Optional Death Benefits — EDB Max II and Enhanced Death Benefit III.”) Example (7) shows how required minimum distributions affect the death benefit base when the Enhanced Death Benefit III rider is elected with an IRA contract (or another contract subject to Section 401(a)(9) of the Internal Revenue Code).

### (1) *Withdrawal Adjustments to Annual Increase Amount*

#### Dollar-for-dollar adjustment when withdrawal is less than or equal to 4.5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the Enhanced Death Benefit III is selected. Assume that during the first contract year, \$4,500 is withdrawn. Because the withdrawal is less than or equal to 4.5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the withdrawal on a dollar-for-dollar basis to \$100,000 (\$100,000 increased by 4.5% per year, compounded annually, less \$4,500 = \$100,000). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$104,500 (\$100,000 increased by 4.5% per year, compounded annually).

#### Proportionate adjustment when withdrawal is greater than 4.5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the Enhanced Death Benefit III is selected. Assume the account value at the first contract anniversary is \$100,000. The Annual Increase Amount at the first contract anniversary will be \$104,500 (\$100,000 increased by 4.5% per year, compounded annually). Assume that on the first contract anniversary, \$10,000 is withdrawn (leaving an account balance of \$90,000). Because the withdrawal is greater than 4.5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$104,500) multiplied by the percentage reduction in the account value attributed to that withdrawal (10%). Therefore, the new Annual Increase Amount is \$94,050 (\$104,500 x 10% = \$10,450; \$104,500 - \$10,450 = \$94,050). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$98,282 (\$94,050 increased by 4.5% per year, compounded annually).

### (2) *The 4.5% Annual Increase Amount*

#### Example

Assume the contract owner is a male, age 55 at issue, and he elects the Enhanced Death Benefit III rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the 4.5% Annual Increase Amount is equal to \$100,000 (the initial purchase payment). The 4.5% Annual Increase Amount is calculated at each contract anniversary (through the contract anniversary on or following the contract owner's 90th birthday). At the tenth contract anniversary, when the contract owner is age 65, the 4.5% Annual Increase Amount is \$155,297 (\$100,000 increased by 4.5% per year, compounded annually). See section (3) below for an example of the calculation of the Highest Anniversary Value.

#### Determining a death benefit based on the Annual Increase Amount

Assume that you make an initial purchase payment of \$100,000. Prior to annuitization, your account value fluctuates above and below your initial purchase payment depending on the investment performance of the subaccounts you selected. The 4.5% Annual Increase Amount, however, accumulates an amount equal to your purchase payments at the Annual Increase Rate of 4.5% per year, until the contract anniversary on or following the contract owner's 90th birthday. The 4.5% Annual Increase Amount is also adjusted for any withdrawals (including any applicable withdrawal charge) made during this period. The 4.5% Annual Increase Amount is the value upon which a future death benefit

amount can be based (if it is greater than the Highest Anniversary Value and account value on the date the death benefit amount is determined).

### (3) *The Highest Anniversary Value (HAV)*

#### Example

Assume, as in the example in section (2) above, the contract owner is a male, age 55 at issue, and he elects the Enhanced Death Benefit III rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the Highest Anniversary Value is equal to \$100,000 (the initial purchase payment). Assume the account value on the first contract anniversary is \$108,000 due to good market performance. Because the account value is greater than the Highest Anniversary Value (\$100,000), the Highest Anniversary Value is set equal to the account value (\$108,000). Assume the account value on the second contract anniversary is \$102,000 due to poor market performance. Because the account value is less than the Highest Anniversary Value (\$108,000), the Highest Anniversary Value remains \$108,000.

Assume this process is repeated on each contract anniversary until the tenth contract anniversary, when the account value is \$150,000 and the Highest Anniversary Value is \$145,000. The Highest Anniversary Value is set equal to the account value (\$150,000).

#### Determining a death benefit based on the Highest Anniversary Value

Prior to annuitization, the Highest Anniversary Value begins to lock in growth. The Highest Anniversary Value is adjusted upward each contract anniversary if the account value at that time is greater than the amount of the current Highest Anniversary Value. Upward adjustments will continue until the contract anniversary immediately prior to the contract owner's 81st birthday. The Highest Anniversary Value also is adjusted for any withdrawals taken (including any applicable withdrawal charge) or any additional payments made. The Highest Anniversary Value is the value upon which a future death benefit amount can be based (if it is greater than the Annual Increase Amount and account value on the date the death benefit amount is determined).

### (4) *Putting It All Together*

#### Example

Continuing the examples in sections (2) and (3) above, assume the contract owner dies after the tenth contract anniversary but prior to the eleventh contract anniversary, and on the date the death benefit amount is determined, the account value is \$140,000 due to poor market performance. Because the 4.5% Annual Increase Amount (\$155,297) is greater than the Highest Anniversary Value (\$150,000), the 4.5% Annual Increase Amount (\$155,297) is used as the death benefit base. Because the death benefit base (\$155,297) is greater than the account value (\$140,000), the death benefit base will be the death benefit amount.

The above example does not take into account the impact of premium and other taxes. *The death benefit base is not available for cash withdrawals and is only used for purposes of calculating the death benefit amount and the charge for the benefit.*

### (5) *The Optional Step-Up*

Assume your initial purchase payment is \$100,000 and no withdrawals are taken. The 4.5% Annual Increase Amount increases to \$104,500 on the first anniversary (\$100,000 increased by 4.5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elect an Optional Step-Up.

The effect of the Optional Step-Up election is:

- (1) The 4.5% Annual Increase Amount resets from \$104,500 to \$110,000; and
- (2) The Enhanced Death Benefit III rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit III at that time.



The 4.5% Annual Increase Amount increases to \$114,950 on the second anniversary (\$110,000 increased by 4.5% per year, compounded annually). Assume your account value at the second contract anniversary is \$112,000 due to poor market performance. You may *NOT* elect an Optional Step-Up at this time, because the account value is less than the 4.5% Annual Increase Amount.

*(6) The Optional Step-Up: Automatic Annual Step-Up*

Assume your initial purchase payment is \$100,000 and no withdrawals are taken. The 4.5% Annual Increase Amount increases to \$104,500 on the first anniversary (\$100,000 increased by 4.5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elected Optional Step-Ups to occur under the Automatic Annual Step-Up feature prior to the first contract anniversary. Because your account value is higher than your 4.5% Annual Increase Amount, an Optional Step-Up will automatically occur.

The effect of the Optional Step-Up is:

- (1) The 4.5% Annual Increase Amount automatically resets from \$104,500 to \$110,000; and
- (2) The Enhanced Death Benefit III rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit III at that time.

The 4.5% Annual Increase Amount increases to \$114,950 on the second anniversary (\$110,000 increased by 4.5% per year, compounded annually). Assume your account value at the second contract anniversary is \$120,000 due to good market performance, and you have not discontinued the Automatic Annual Step-Up feature. Because your account value is higher than your 4.5% Annual Increase Amount, an Optional Step-Up will automatically occur.

The effect of the Optional Step-Up is:

- (1) The 4.5% Annual Increase Amount automatically resets from \$114,950 to \$120,000; and
- (2) The Enhanced Death Benefit III rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit III at that time.

Assume your account value increases by \$10,000 at each contract anniversary in years three through seven. At each contract anniversary, your account value would exceed the 4.5% Annual Increase Amount and an Optional Step-Up would automatically occur (provided you had not discontinued the Automatic Annual Step-Up feature, and other requirements were met).

The effect of the Optional Step-Up is:

- (1) The 4.5% Annual Increase Amount automatically resets to the higher account value; and
- (2) The Enhanced Death Benefit III rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit III at that time.

After the seventh contract anniversary, the initial Automatic Annual Step-Up election expires. Assume you do not make a new election of the Automatic Annual Step-Up. The 4.5% Annual Increase Amount increases to \$177,650 on the eighth anniversary (\$170,000 increased by 4.5% per year, compounded annually). Assume your account value at the eighth contract anniversary is \$160,000 due to poor market performance. An Optional Step-Up is *NOT* permitted because your account value is lower than your 4.5% Annual Increase Amount. However, because the Optional Step-Up has locked-in previous gains, the 4.5% Annual Increase Amount remains at \$177,650 despite poor market performance, and, provided the rider continues in effect, will continue to grow at 4.5% annually (subject to adjustments for additional purchase payments and/or withdrawals) through the contract anniversary on or after your 90th birthday. Also, note the Enhanced Death Benefit III rider charge remains at its current level.

### *(7) Required Minimum Distribution Examples*

The following examples only apply to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. Assume an IRA contract is issued on September 1, 2011 and the Enhanced Death Benefit III rider is selected. Assume that on the first contract anniversary (September 1, 2012), the Annual Increase Amount is \$100,000. Assume the required minimum distribution amount for 2012 with respect to this contract is \$6,000, and the required minimum distribution amount for 2013 with respect to this contract is \$7,200. Assume that on both the first contract anniversary (September 1, 2012) and the second contract anniversary (September 1, 2013) the account value is \$100,000. On the second contract anniversary, the annual increase rate is the greatest of:

- (a) 4.5%;
- (b) the total withdrawals during the contract year under the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program (up to a maximum of 4.5% of the Annual Increase Amount at the beginning of the contract year), divided by the Annual Increase Amount at the beginning of the contract year; or
- (c) the required minimum distribution amount for 2012 (\$6,000) or for 2013 (\$7,200), whichever is greater, divided by the Annual Increase Amount as of September 1, 2012 (\$100,000).

Because \$7,200 (the required minimum distribution amount for 2013) is greater than \$6,000 (the required minimum distribution amount for 2012), (c) is equal to \$7,200 divided by \$100,000, or 7.2%.

#### (i) Withdrawals Through the Automated Required Minimum Distribution Program

If the contract owner enrolls in the Automated Required Minimum Distribution Program and elects monthly withdrawals, the owner will receive \$6,800 over the second contract year (from September 2012 through August 2013). Assuming the owner makes no withdrawals outside the Automated Required Minimum Distribution Program, on September 1, 2013, the Annual Increase Amount will be increased to \$100,400. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn through the Automated Required Minimum Distribution Program (\$6,800):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,800 = \$100,400$ .

(Why does the contract owner receive \$6,800 under the Automated Required Minimum Distribution Program in this example? From September through December 2012, the owner receives \$500 per month (\$500 equals the \$6,000 required minimum distribution amount for 2012 divided by 12). From January through August 2013, the owner receives \$600 per month (\$600 equals the \$7,200 required minimum distribution amount for 2013 divided by 12). The owner receives \$2,000 in 2012 and \$4,800 in 2013, for a total of \$6,800.)

#### (ii) Withdrawals Outside the Automated Required Minimum Distribution Program

If the contract owner withdraws the \$6,000 required minimum distribution amount for 2012 in December 2012 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$101,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$6,000):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$6,000 = \$101,200$ .

If the contract owner withdraws the \$7,200 required minimum distribution amount for 2013 in January 2013 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$100,000. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$7,200):  $\$100,000$  increased by 7.2% =  $\$107,200$ ;  $\$107,200 - \$7,200 = \$100,000$ .

(iii) Withdrawals in Excess of the Required Minimum Distribution Amounts

Assume the contract owner withdraws \$7,250 on September 1, 2012 and makes no other withdrawals before the second contract anniversary. Because the \$7,250 withdrawal exceeds the required minimum distribution amounts for 2012 and 2013, the annual increase rate will be 4.5% and the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$96,923.75. On September 1, 2012, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$100,000) multiplied by the percentage reduction in the account value attributed to the withdrawal (7.25%). Therefore, the new Annual Increase Amount is \$92,750 ( $\$100,000 \times 7.25\% = \$7,250$ ;  $\$100,000 - \$7,250 = \$92,750$ ). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$96,923.75 (\$92,750 increased by 4.5% per year compounded annually).

(iv) No Withdrawals

If the contract owner fulfills the minimum distribution requirements by making withdrawals from other IRA accounts and does not make any withdrawals from this contract, the Annual Increase Amount on September 1, 2013 will be \$107,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn from the contract (\$0).

## Enhanced Death Benefit II

The purpose of these examples is to illustrate the operation of the death benefit base under the Enhanced Death Benefit II. Example (7) shows how required minimum distributions affect the death benefit base when the Enhanced Death Benefit II rider is elected with an IRA contract (or another contract subject to Section 401(a)(9) of the Internal Revenue Code).

### (1) *Withdrawal Adjustments to Annual Increase Amount*

#### Dollar-for-dollar adjustment when withdrawal is less than or equal to 5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the Enhanced Death Benefit II is selected. Assume that during the first contract year, \$5,000 is withdrawn. Because the withdrawal is less than or equal to 5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the withdrawal on a dollar-for-dollar basis to \$100,000 (\$100,000 increased by 5% per year, compounded annually, less \$5,000 = \$100,000).

Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$105,000 (\$100,000 increased by 5% per year, compounded annually).

#### Proportionate adjustment when withdrawal is greater than 5% of the Annual Increase Amount from the prior contract anniversary

Assume the initial purchase payment is \$100,000 and the Enhanced Death Benefit II is selected. Assume the account value at the first contract anniversary is \$100,000. The Annual Increase Amount at the first contract anniversary will be \$105,000 (\$100,000 increased by 5% per year, compounded annually). Assume that on the first contract anniversary, \$10,000 is withdrawn (leaving an account balance of \$90,000). Because the withdrawal is greater than 5% of the Annual Increase Amount from the prior contract anniversary, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$105,000) multiplied by the percentage reduction in the account value attributed to that withdrawal (10%). Therefore, the new Annual Increase Amount is \$94,500 ( $\$105,000 \times 10\% = \$10,500$ ;  $\$105,000 - \$10,500 = \$94,500$ ). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount at the second contract anniversary will be \$99,225 (\$94,500 increased by 5% per year, compounded annually).

### (2) *The 5% Annual Increase Amount*

#### Example

Assume the contract owner is a male, age 55 at issue, and he elects the Enhanced Death Benefit II rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the 5% Annual Increase Amount is equal to \$100,000 (the initial purchase payment). The 5% Annual Increase Amount is calculated at each contract anniversary (through the contract anniversary on or following the contract owner's 90th birthday). At the tenth contract anniversary, when the contract owner is age 65, the 5% Annual Increase Amount is \$162,889 (\$100,000 increased by 5% per year, compounded annually). See section (3) below for an example of the calculation of the Highest Anniversary Value.

#### Determining a death benefit based on the Annual Increase Amount

Assume that you make an initial purchase payment of \$100,000. Prior to annuitization, your account value fluctuates above and below your initial purchase payment depending on the investment performance of the subaccounts you selected. The 5% Annual Increase Amount, however, accumulates an amount equal to your purchase payments at the Annual Increase Rate of 5% per year, until the contract anniversary on or following the contract owner's 90th birthday. The 5% Annual Increase Amount is also adjusted for any withdrawals (including any applicable withdrawal charge) made during this period. The 5% Annual Increase Amount is the value upon which a future death benefit amount can be based (if it is greater than the Highest Anniversary Value and account value on the date the death benefit amount is determined).

### (3) *The Highest Anniversary Value (HAV)*

#### Example

Assume, as in the example in section (2) above, the contract owner is a male, age 55 at issue, and he elects the Enhanced Death Benefit II rider. He makes an initial purchase payment of \$100,000, and makes no additional purchase payments or partial withdrawals. On the contract issue date, the Highest Anniversary Value is equal to \$100,000 (the initial purchase payment). Assume the account value on the first contract anniversary is \$108,000 due to good market performance. Because the account value is greater than the Highest Anniversary Value (\$100,000), the Highest Anniversary Value is set equal to the account value (\$108,000). Assume the account value on the second contract anniversary is \$102,000 due to poor market performance. Because the account value is less than the Highest Anniversary Value (\$108,000), the Highest Anniversary Value remains \$108,000.

Assume this process is repeated on each contract anniversary until the tenth contract anniversary, when the account value is \$155,000 and the Highest Anniversary Value is \$150,000. The Highest Anniversary Value is set equal to the account value (\$155,000).

#### Determining a death benefit based on the Highest Anniversary Value

Prior to annuitization, the Highest Anniversary Value begins to lock in growth. The Highest Anniversary Value is adjusted upward each contract anniversary if the account value at that time is greater than the amount of the current Highest Anniversary Value. Upward adjustments will continue until the contract anniversary immediately prior to the contract owner's 81st birthday. The Highest Anniversary Value also is adjusted for any withdrawals taken (including any applicable withdrawal charge) or any additional payments made. The Highest Anniversary Value is the value upon which a future death benefit amount can be based (if it is greater than the Annual Increase Amount and account value on the date the death benefit amount is determined).

### (4) *Putting It All Together*

#### Example

Continuing the examples in sections (2) and (3) above, assume the contract owner dies after the tenth contract anniversary but prior to the eleventh contract anniversary, and on the date the death benefit amount is determined, the account value is \$150,000 due to poor market performance. Because the 5% Annual Increase Amount (\$162,889) is greater than the Highest Anniversary Value (\$155,000), the 5% Annual Increase Amount (\$162,889) is used as the death benefit base. Because the death benefit base (\$162,889) is greater than the account value (\$150,000), the death benefit base will be the death benefit amount.

The above example does not take into account the impact of premium and other taxes. *The death benefit base is not available for cash withdrawals and is only used for purposes of calculating the death benefit amount and the charge for the benefit.*

### (5) *The Optional Step-Up*

Assume your initial purchase payment is \$100,000 and no withdrawals are taken. The 5% Annual Increase Amount increases to \$105,000 on the first anniversary (\$100,000 increased by 5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elect an Optional Step-Up.

The effect of the Optional Step-Up election is:

- (1) The 5% Annual Increase Amount resets from \$105,000 to \$110,000; and
- (2) The Enhanced Death Benefit II rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit II at that time.



The 5% Annual Increase Amount increases to \$115,500 on the second anniversary (\$110,000 increased by 5% per year, compounded annually). Assume your account value at the second contract anniversary is \$112,000 due to poor market performance. You may *NOT* elect an Optional Step-Up at this time, because the account value is less than the 5% Annual Increase Amount.

*(6) The Optional Step-Up: Automatic Annual Step-Up*

Assume your initial purchase payment is \$100,000 and no withdrawals are taken. The 5% Annual Increase Amount increases to \$105,000 on the first anniversary (\$100,000 increased by 5% per year, compounded annually). Assume your account value at the first contract anniversary is \$110,000 due to good market performance, and you elected Optional Step-Ups to occur under the Automatic Annual Step-Up feature prior to the first contract anniversary. Because your account value is higher than your 5% Annual Increase Amount, an Optional Step-Up will automatically occur.

The effect of the Optional Step-Up is:

- (1) The 5% Annual Increase Amount automatically resets from \$105,000 to \$110,000; and
- (2) The Enhanced Death Benefit II rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit II at that time.

The 5% Annual Increase Amount increases to \$115,500 on the second anniversary (\$110,000 increased by 5% per year, compounded annually). Assume your account value at the second contract anniversary is \$120,000 due to good market performance, and you have not discontinued the Automatic Annual Step-Up feature. Because your account value is higher than your 5% Annual Increase Amount, an Optional Step-Up will automatically occur.

The effect of the Optional Step-Up is:

- (1) The 5% Annual Increase Amount automatically resets from \$115,500 to \$120,000; and
- (2) The Enhanced Death Benefit II rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit II at that time.

Assume your account value increases by \$10,000 at each contract anniversary in years three through seven. At each contract anniversary, your account value would exceed the 5% Annual Increase Amount and an Optional Step-Up would automatically occur (provided you had not discontinued the Automatic Annual Step-Up feature, and other requirements were met).

The effect of the Optional Step-Up is:

- (1) The 5% Annual Increase Amount automatically resets to the higher account value; and
- (2) The Enhanced Death Benefit II rider charge is reset to the fee we charge new contract owners for the Enhanced Death Benefit II at that time.

After the seventh contract anniversary, the initial Automatic Annual Step-Up election expires. Assume you do not make a new election of the Automatic Annual Step-Up. The 5% Annual Increase Amount increases to \$178,500 on the eighth anniversary (\$170,000 increased by 5% per year, compounded annually). Assume your account value at the eighth contract anniversary is \$160,000 due to poor market performance. An Optional Step-Up is *NOT* permitted because your account value is lower than your 5% Annual Increase Amount. However, because the Optional Step-Up has locked-in previous gains, the 5% Annual Increase Amount remains at \$178,500 despite poor market performance, and, provided the rider continues in effect, will continue to grow at 5% annually (subject to adjustments for additional purchase payments and/or withdrawals) through the contract anniversary on or after your 90th birthday. Also, note the Enhanced Death Benefit II rider charge remains at its current level.

### *(7) Required Minimum Distribution Examples*

The following examples only apply to IRAs and other contracts subject to Section 401(a)(9) of the Internal Revenue Code. Assume an IRA contract is issued on September 1, 2011 and the Enhanced Death Benefit II rider is selected. Assume that on the first contract anniversary (September 1, 2012), the Annual Increase Amount is \$100,000. Assume the required minimum distribution amount for 2012 with respect to this contract is \$6,000, and the required minimum distribution amount for 2013 with respect to this contract is \$7,200. Assume that on both the first contract anniversary (September 1, 2012) and the second contract anniversary (September 1, 2013) the account value is \$100,000. On the second contract anniversary, the annual increase rate is the greatest of:

- (a) 5%;
- (b) the total withdrawals during the contract year under the Automated Required Minimum Distribution Program and/or the Systematic Withdrawal Program (up to a maximum of 5% of the Annual Increase Amount at the beginning of the contract year), divided by the Annual Increase Amount at the beginning of the contract year; or
- (c) the required minimum distribution amount for 2012 (\$6,000) or for 2013 (\$7,200), whichever is greater, divided by the Annual Increase Amount as of September 1, 2012 (\$100,000).

Because \$7,200 (the required minimum distribution amount for 2013) is greater than \$6,000 (the required minimum distribution amount for 2012), (c) is equal to \$7,200 divided by \$100,000, or 7.2%.

#### (i) Withdrawals Through the Automated Required Minimum Distribution Program

If the contract owner enrolls in the Automated Required Minimum Distribution Program and elects monthly withdrawals, the owner will receive \$6,800 over the second contract year (from September 2012 through August 2013). Assuming the owner makes no withdrawals outside the Automated Required Minimum Distribution Program, on September 1, 2013, the Annual Increase Amount will be increased to \$100,400. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn through the Automated Required Minimum Distribution Program (\$6,800):  $\$100,000 \text{ increased by } 7.2\% = \$107,200$ ;  $\$107,200 - \$6,800 = \$100,400$ .

(Why does the contract owner receive \$6,800 under the Automated Required Minimum Distribution Program in this example? From September through December 2012, the owner receives \$500 per month (\$500 equals the \$6,000 required minimum distribution amount for 2012 divided by 12). From January through August 2013, the owner receives \$600 per month (\$600 equals the \$7,200 required minimum distribution amount for 2013 divided by 12). The owner receives \$2,000 in 2012 and \$4,800 in 2013, for a total of \$6,800.)

#### (ii) Withdrawals Outside the Automated Required Minimum Distribution Program

If the contract owner withdraws the \$6,000 required minimum distribution amount for 2012 in December 2012 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$101,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$6,000):  $\$100,000 \text{ increased by } 7.2\% = \$107,200$ ;  $\$107,200 - \$6,000 = \$101,200$ .

If the contract owner withdraws the \$7,200 required minimum distribution amount for 2013 in January 2013 and makes no other withdrawals from September 2012 through August 2013, the Annual Increase Amount on September 1, 2013 will be \$100,000. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn (\$7,200):  $\$100,000 \text{ increased by } 7.2\% = \$107,200$ ;  $\$107,200 - \$7,200 = \$100,000$ .

(iii) Withdrawals in Excess of the Required Minimum Distribution Amounts

Assume the contract owner withdraws \$7,250 on September 1, 2012 and makes no other withdrawals before the second contract anniversary. Because the \$7,250 withdrawal exceeds the required minimum distribution amounts for 2012 and 2013, the annual increase rate will be 5% and the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$97,387.50. On September 1, 2012, the Annual Increase Amount is reduced by the value of the Annual Increase Amount immediately prior to the withdrawal (\$100,000) multiplied by the percentage reduction in the account value attributed to the withdrawal (7.25%). Therefore, the new Annual Increase Amount is \$92,750 ( $\$100,000 \times 7.25\% = \$7,250$ ;  $\$100,000 - \$7,250 = \$92,750$ ). Assuming no other purchase payments or withdrawals are made before the second contract anniversary, the Annual Increase Amount on the second contract anniversary (September 1, 2013) will be \$97,387.50 (\$92,750 increased by 5% per year compounded annually).

(iv) No Withdrawals

If the contract owner fulfills the minimum distribution requirements by making withdrawals from other IRA accounts and does not make any withdrawals from this contract, the Annual Increase Amount on September 1, 2013 will be \$107,200. This is calculated by increasing the Annual Increase Amount from September 1, 2012 (\$100,000) by the annual increase rate (7.2%) and subtracting the total amount withdrawn from the contract (\$0).