

Flexible Premium Annuity Marketplace Bulletin

Plan Code: E90 Policy Form: LFPDA02



COMPANY INFORMATION:

For more than 30 consecutive years, Liberty National has earned the A+ (Superior) Financial Strength Rating from A.M. Best Company (as of 6/08). We are also rated AA- "Very Strong" for Financial Strength by Standard & Poor's (as of 12/08), A1 for Insurer Financial Strength by Moody's (as of 7/07), and AA "Very Strong" for Insurer Financial Strength by Fitch (as of 6/08).

PRODUCT SPECIFICATIONS:

Product Name: The Flexible Premium Deferred Annuity

Guaranteed Return of Principal: Yes, where principal is defined as gross premium paid less premium tax, if any.

Free Look Period: 30 Days

Minimum Initial Deposit: \$2,000

Maximum Deposit Without Prior Home Office Approval: \$1,000,000 over life of policy.

Types of Plans Accepted: Traditional IRA/Non qualified accounts only.

Administrative Fees/Charges: State premium tax, if any

Up front Sales Charges: None

Free Withdrawal Privilege: Interest only in 1st year. Thereafter 10% of accumulated cash value as of the beginning of policy year.

Will Policy Accept Additional Contributions? Yes, \$50.00 minimum. Also, Automatic Bank Draft is an option.

Customer Statement Frequency: Annually at policy anniversary. Customer also receives welcome letter at contract issue and a confirmation of receipt letter for additional deposits.

Special Features: Nursing Home/Hospitalization Withdrawal Charge Waiver (applicable to both annuitant and annuitant's spouse). Nursing Home Waiver not available in CA, MA, PA or SD.

OWNERSHIP & ANNUITANT ISSUES:

Joint Owners Allowed? Yes, on non-qualified business only. All forms require signature of both.

Maximum Issue Age of Owner: 90 (Commission reduction ages 81-90)

Can New Owner Be Assigned Prior to Annuitization? Yes, on non-qualified business only.

Special Ownership Privileges: The owner has the withdrawal privileges.

Can Owner Change Annuitant? No

Maximum Issue Age of Annuitant/Owner: 90

What is Maximum Maturity Age? 100

INTEREST RATES:

Terms of Initial Interest Rate Guarantee: Rate on initial deposit is guaranteed for 6 years. Rate on initial deposit includes a bonus for first year. Rates on additional deposits are guaranteed until the policy anniversary following the period ending 6 years after the date of the additional deposit.

Minimum Interest Rate Guarantee: 3% for new money and renewals.

When Does Client Begin Earning Interest? The date the first deposit is received in full, at the Home Office of Liberty National.

How is Interest Stated? Annual Yield

Interest Crediting Days Per Year: 365

How is Interest Rate Calculated? Interest is credited & compounded daily to yield the annual credited rate.

When are Renewal Rates Declared? At policy anniversary date.

What Happens to the Deposit After Expiration of Initial Interest Rate Period? Once the initial rate period ends, deposits renew on a 1-year basis. A renewal rate for each deposit will be declared by the Company on the policy anniversary.

How is Customer Notified of the Renewal Yield? Renewal yield appears on the annual report.

Transfer & 1035 Exchange Interest Rate Procedure; Can the Current Rate be Locked in For Any Specified Period of Time?

A 60-day (from the date the application is signed) rate lock applies to 1035 exchanges, IRA transfers/rollovers and any non-qualified transfer.

WITHDRAWALS & SURRENDERS:

Free Withdrawal Privilege: Interest only in 1st year. Thereafter 10% of accumulated cash value as of the beginning of policy year.

Surrender Fee Assessed: Surrender charge percentage (7,7,7,6,5,4) applied to account value after free withdrawal taken. No surrender charges on death benefit distributions.

Systematic Interest Only Withdrawal Policy:

1. Minimum check amount must be \$100.00.
2. Interest is compounded and credited daily.
3. Payouts can be monthly, quarterly, semi-annually or annually.
4. Checks can be mailed to the customer or deposited directly to the owner's bank account.

What Amount is Paid if First Interest Period Exceeds One Month (i.e., 45 days passes before 1st interest check is due)? Interest earnings to date

Minimum Random Withdrawal Amount & Policy: \$100.00 minimum

Time Frame Required to Set Up Interest Check for Processing and Disbursement Procedures: 5 business days

How are Withdrawals of Interest and Principal Handled (FIFO or LIFO)? Interest is considered to be withdrawn first for tax purposes. Principal is then returned on a LIFO basis.

Turnaround Time for Surrender or Withdrawal Request, for Check Issuance: 5 business days

Minimum Amount Required to Maintain Account: \$1,000

Under What Circumstances & Time Frame are Commissions Charged Back? 100% in first 12 months, 50% in second 12 months from premium deposit date in event of cancellation, partial withdrawal, minimum distribution, full surrender or withdrawal under the hospital, nursing home, or hospice provision of the policy. For a death claim, the chargeback will be 100% in the first 6 months and 50% in the second 6 months. However, if the issue age of the older of the annuitant or owner is 81 to 90, the commission chargeback will be 100% in the first year, 50% in the second year from the premium deposit date for all withdrawals listed above including death.

Minimum Distribution Payout for Qualified Funds? Customers over 70 1/2 will receive a minimum distribution withdrawal amount on Form 5498 each year.

Do Surrender Charges or Chargebacks Apply to Minimum Distribution? Only minimum distributions pertaining to Liberty National contracts may be taken free of surrender charges. Liberty National will calculate and distribute minimum distributions based on values from qualified accounts held with other companies. However, if a minimum distribution drawn from the Liberty National contract includes amounts held with other companies and exceeds the free withdrawal amount, a surrender charge will be applied to any distributions not related to the Liberty National contract.

If minimum distribution is taken in the first year, a chargeback of commissions (on any amounts exceeding interest available) will apply. Whenever possible, minimum distributions should be taken for the year before opening a new Liberty National annuity contract.

How Soon can Minimum Distributions Begin After Opening Account? Immediately

Who Receives 1099 on Withdrawals or Surrenders? Owner.

ANNUITIZATION:

How Soon Can Client Annuitize? After 1 year.

Are There Administrative Charges Applied Upon Annuitization? No, also no surrender charges or commission chargebacks; however, premium tax, if any, would be assessed.

Once Client Begins An Income Option, Can It Be Changed or Stopped? No

Frequency of Annuity Payments: M, Q, SA, or A

EFT/Direct Deposit of Annuity Payments Available & modes available: Yes. Monthly, Quarterly, Semi-Annually or Annually.

May a Client Request a Specific Date to Receive an Annuity Payment? Yes, between the 1st and 28th.

Who Receives 1099 on Payments Made? Annuitant

What Options are Available for Annuitization?

1. Fixed Amount
2. Fixed Period
3. Life Income with a Period Certain
4. Joint Life Income Continuing to Survivor

CLAIMS:

Claim Paid Upon Death of Owner and/or Death of Annuitant, and to Whom: Paid to the beneficiary or owner's designated beneficiary as specified in policy.

Death Benefit Based Upon What Value: Accumulated value of contract, no surrender charges.

How Can Proceeds Be Paid? Lump sum or annuity payout (Spouse can continue contract).

How Soon Must a Beneficiary Make a Decision On Payment of Proceeds? 60 days

What is the Guaranteed Interest Rate on Payouts? 2 1/2%; 3% in FL or NH.

Who Receives 1099 on Proceeds? Beneficiary

Procedures for Making a Claim and What is Required: Certified death certificate and written statement from beneficiary (beneficiary address, etc.) is required.

What Options are Available for Annuity Payout?

Claims – Death Claims Options:

1. Lump sum (can be deferred up to 5 years)
2. Spousal continuation
3. Payment options – same as annuitization options

GENERAL POLICY ADMINISTRATION:

What Changes Can/Cannot be Made on an Application at Time of Sale? A new application will need to be completed unless the agent & owner(s)/annuitant initial the correction.

Turnaround Time for Issuance of Contracts: 3-5 business days.

Replacement Requirements for 1035 Exchanges:

Completion of replacement forms required by state and Section 1035 Exchange Agreement and Absolute Assignment.

Length of Time Contracts Held for Missing Material or Information Before Refunding Deposit: 30 days.

Are Commissions Held Pending Receipt of Any Missing Information on Application or Forms? Only until contract is issued.

Checklist Available of Contract and Form Numbers (i.e., List of various forms needed under different scenarios such as transfers, additional deposits, 1035 exchanges, new qualified sales, etc.)? Yes.

Reference Manuals: For sales representatives.