

Tailored Income Annuity

Retirement income to suit your needs



Standard Insurance Company
Tailored Income Annuities





Are you prepared?

According to a study by the Centers for Disease Control and Prevention, the life expectancy of someone who retires at age 65 averages more than 18 years. To fully enjoy all those years of quality retirement, many are finding that they're in need of a financial option that can:

- Supplement income from Social Security, a pension plan or investments;
- Provide financial stability in the event of a long-term illness or nursing home stay; and
- Ensure against outliving savings.

An Income Guaranteed

The Tailored Income Annuity is designed precisely to insure against outliving an income. It provides regular, guaranteed income payments for life (or a chosen period). This annuity is an excellent way to maintain an income stream matched to personal financial needs while adding the flexibility of lump-sum payment options.

Eligibility

A Tailored Income Annuity may be established for an owner and annuitant age 90 or younger. The minimum premium amount is \$15,000 and the maximum is \$1,000,000. Greater amounts may be considered, but must receive home-office approval prior to application.

Tax-Qualification Options

This annuity may be established as an Individual Retirement Annuity, 403(b) Tax-Sheltered Annuity or Simplified Employee Pension to initiate or continue a qualified retirement savings account.

Lump-sum deposits and complete or partial exchanges of non-qualified funds may also be accepted into this annuity.

Tax Consequences

The payments generated from the purchase of this annuity will generally be taxable in the year in which they are received. The good news is that often people move to a lower tax bracket during this time of their lives and will likely pay less in taxes than they would have just a few years earlier. The amount of the payment that is deemed taxable will be based on the tax status of the funds under IRS guidelines.

Time to Reflect on the Purchase

From the date the annuity contract is delivered, an owner has 30 days to consider the purchase. If the transaction is terminated during those 30 days, Standard Insurance Company will return all premium, net of any withdrawals taken.

Tailor Your Annuity

Life Income Commutation

A special, optional feature available in the Tailored Income Annuity allows the addition of a commutation feature to many of the life income payment options.¹

If this feature is added at the time of application, in any contract year (after an initial two years) up to 10 percent of future benefits may be commuted to a lump-sum payment. After exercising this feature the remaining payments will be reduced by the percentage commuted. A maximum of 20 percent of future payments can be commuted over the lifetime of a contract.

Inflation Protection

On many of the income options, an election may be made to guard against the effects of inflation with an annually increasing payment of 1 percent, 2 percent, 3 percent, 4 percent or 5 percent. If this option is selected at the time of application, the increased payments would begin one year after the first payment and would increase annually thereafter.



¹ This feature is not available in Washington.

Income Options

Life Income

A guaranteed income for as long as the annuitant lives. Payments will cease upon the death of the annuitant.

Tailor this Option by Adding

- Life Income Commutation²
- Inflation Protection

Life Income with Installment Refund

A guaranteed income for as long as the annuitant lives. The total payments will never be less than the total of the funds paid to purchase this option. If the annuitant dies before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

Tailor this Option by Adding

- Life Income Commutation²

Life Income with Certain Period

A guaranteed income for as long as the annuitant lives. If the annuitant dies prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

Tailor this Option by Adding

- Life Income Commutation²
- Inflation Protection

Joint and Survivor Life Income

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 50 percent, 66^{2/3} percent, 75 percent or 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

Joint and Survivor Life Income with Installment Refund

A guaranteed income for as long as both annuitants live. The total payments will never be less than the total of the funds paid to purchase this option. If both annuitants die before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

Joint and Survivor Life Income with Certain Period

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 100 percent of the payments received when both were living. If both annuitants die prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

Joint and Contingent Survivor Life Income

A guaranteed income for as long as both annuitants live. If the primary annuitant dies first, payments will continue at 50 percent of the payments received when both were living. If the contingent annuitant dies first, payments will continue at 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

Certain Period

A guaranteed income for a time period chosen (5, 10, 15 or 20 years). At any time, benefits may be commuted to a lump-sum payment. If the annuitant dies prior to the end of the period specified, payments continue until the end of the period (or may be commuted to a lump-sum payment).

Tailor this Option by Adding

- Inflation Protection

² This feature is not available in Washington.

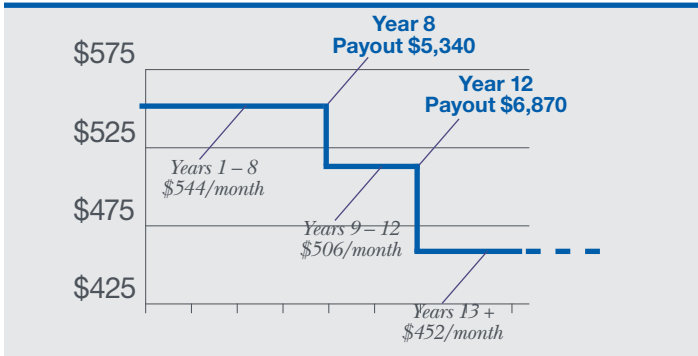
Illustrations of Life Income Commutation

Commutation is a substitution or exchange of one kind of payment for another. With the Tailored Income Annuity some routine, ongoing payment streams may be “commuted” to a lump-sum payout.



Frank is retiring early.

| | |
|-------------------|-------------------------|
| Age: | 55 |
| Premium: | \$100,000 |
| Income Option: | Life Income |
| Optional Feature: | Life Income Commutation |
| Monthly Payment: | \$544 |



Today Frank is buying an immediate annuity. He is choosing the *Life Income* payment option and will receive \$544 every month as long as he lives. He is also adding the *Life Income Commutation* feature, as he knows there are many unplanned events that could happen during such a long retirement.

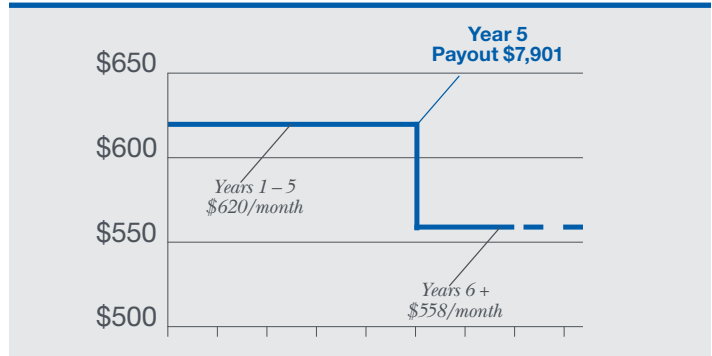
Eight years from now, Frank will find himself in need of a knee replacement. Realizing he can do with less than his current monthly income, he will choose to commute 7 percent of his future annuity payments and use the \$5,340 to help offset the costs. Exercising this feature will reduce his lifetime monthly payments to \$506.

Four years later, Frank will find that his daughter is in need of financial assistance after being laid off from her job. Frank this time will commute 10 percent of his future payments, the maximum available to him during any contract year. After the payout of \$6,870, he will find himself with a monthly income of \$452 for the duration of his life — and he still has the option to commute 3 percent more during any future contract year if he finds the need.



Betty is enjoying life.

| | |
|-------------------|---------------------------------------|
| Age: | 65 |
| Premium: | \$100,000 |
| Income Option: | Life Income w/ 10-Year Certain Period |
| Optional Feature: | Life Income Commutation |
| Monthly Payment: | \$620 |



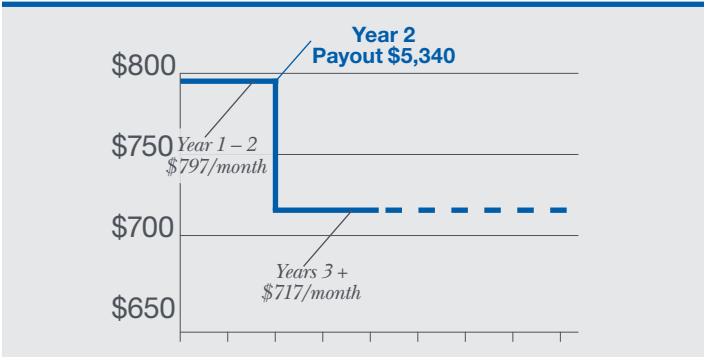
Today Betty is taking money from the pension plan to which she's been contributing for 30 years and buying an immediate annuity. She is choosing the *Life Income with 10-year Certain Period* payment option to ensure that she will receive a lifetime of monthly payments. She will receive \$620 every month during her lifetime and if she happens to die before 10 years, her beneficiary will receive the remaining payments. Betty is also adding the *Life Income Commutation* feature, as she likes the idea of retaining some flexibility with such a large investment.

In five years, Betty will be surprised with the opportunity to go on a once-in-a-lifetime family cruise on the Mediterranean. Knowing that she will be fine with a reduction in her payments, she will choose to commute 10 percent of her future payments for a payout of \$7,901. This commutation will reduce her lifetime monthly payments to \$558 and she will retain the option of commuting up to 10 percent more of her future payments during any future contract year.



Harold is ready to sit back.

| | |
|-------------------|---|
| Age: | 75 |
| Premium: | \$100,000 |
| Income Option: | Life Income w/ Installment Refund |
| Optional Feature: | Life Income Commutation |
| Monthly Payment: | \$797 |



Today Harold is annuitizing his deferred annuity contract to begin receiving an income stream. He is choosing the *Life Income with Installment Refund* payment option and is adding the *Life Income Commutation* feature, just to keep his options open. He will receive \$797 every month during his lifetime and if he happens to die before his full premium is repaid, his beneficiary will receive the remaining payments.

Next year, unknown to Harold, he will begin to experience the early signs of Alzheimer’s disease and, with the help of his family, will decide to move to an assisted-living facility. The initial costs of this life change are substantial and he’s grateful to have the option of commuting 10 percent of his future payments for a \$8,396 payout. Exercising this feature will reduce his monthly payments to \$717 for the duration of his life and he will still have the option of commuting up to 10 percent more of his future payments during any future contract year.



J. Greg Ness
President and Chief Executive Officer

Standard Insurance Company Financial Strength Ratings

AA- (Very Strong) by Standard & Poor's
4th of 20 rankings

A1 (Good) by Moody's
5th of 21 rankings

A (Excellent) by A.M. Best*
3rd of 13 rankings

As of July 2009

*Rating includes The Standard Life Insurance Company of New York.

StanCorp Financial Group Long Term Senior Debt Ratings

Standard & Poor's: A-

Moody's: Baa1

A.M. Best: bbb+

As of July 2009

StanCorp Financial Group

| | |
|----------------------------------|--------------------|
| Assets | \$15.41 billion |
| Fixed Maturity Securities | 56.6% |
| | of invested assets |
| A or Higher | 67.4% |
| BBB/Baa | 27.0% |
| BB/Ba | 3.6% |
| B or Lower | 2.0% |
| Commercial Mortgage Loans | 42.5% |
| | of invested assets |
| 60-Day Delinquencies | 0.42% |
| Other | 0.9% |
| | of invested assets |
| Portfolio Yields | |
| Fixed Maturity Securities | 5.59% |
| Commercial Mortgage Loans | 6.42% |

As of June 30, 2009

Our Financial Strength

The economic landscape is undeniably turbulent. While a number of financial institutions are reeling from these circumstances, The Standard continues to exceed expectations. That's because we know our most important promise is the one we make to our customers — to be there when you need us. Backing this up is the strength that stems from our disciplined financial practices and stability resulting from our long-term outlook. Fiscally conservative management allows us to weather economic uncertainty and ensures that we will keep our financial commitment to you.

Our balance sheet is the cornerstone of our financial strength and has provided us with a foundation for profitability through a wide range of economic cycles.

Bond Portfolio

Our bond portfolio is strong. Our strategy is to maintain a diversified portfolio of high quality fixed-maturity securities to keep us well protected if any industry experiences difficulties.

- Average portfolio rating of "A" as measured by Standard & Poor's
- No preferred or common equities
- No direct exposure to sub-prime or alt-A mortgages
- No credit default swaps, collateralized debt obligations or commercial paper
- No mortgage-backed securities of any kind

Commercial Mortgage Loan Portfolio

The profile of our commercial mortgage loan portfolio is entirely different from the mortgages that have been the subject of so much concern. We offer small commercial mortgage loans to borrowers who want a fixed rate over time, and we rigorously underwrite every commercial mortgage loan we make. The quality of our commercial mortgage loans is excellent, and our delinquency rates are very low.

- The average loan-to-value ratio on new loans was 64 percent in 2008
- No preferred or common equities

The Standard Stands the Test of Time

In the July 2008 issue of Best's Review, Standard Insurance Company was recognized for maintaining an "A" rating or higher from A.M. Best Company since 1928. The Standard was honored to be among one of only 15 life/health insurers to consistently achieve an "A" rating (or higher) for more than 75 years. Given the rapidly evolving markets, changing customer needs and challenging economic times, this is a significant accomplishment. We are proud of this longstanding track record of financial strength.



Annuities are intended as long-term savings vehicles.

The Tailored Income Annuity is a product of Standard Insurance Company. It may not be available in some states. The annuity is not guaranteed by any bank or credit union and is not insured by the FDIC or any other governmental agency. The Life Income Commutation feature is not available in Washington.

The guarantees of the annuity are based on the financial strength and claims-paying ability of Standard Insurance Company.

Policy SPIA (09/06)
Rider R-IPA (09/06), R-COMM-DB1 (09/06), R-COMM-L1 (09/06), R-COMM-CP1 (09/06),
R-COMM-LCP3 (09/06), R-COMM-IR2 (09/06), R-ERTSA (11/08), R-NERTSA (11/08),
R-IRA-IMM (09/06), R-Roth IRA-IMM (09/06), R-QPP-IMM (09/06)

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