

IMPORTANT DISCLOSURES CONCERNING THE PURCHASE OF YOUR SINGLE PREMIUM DEFERRED ANNUITY WITH UNITED LIFE INSURANCE COMPANY

Deferred Annuity Disclosure

This document reviews important points to consider before you purchase this United Life Insurance Company (ULIC) annuity.

THE ANNUITY CONTRACT

This annuity is **deferred**, which means it is accumulating money to be paid at a future date, either as a lump sum or as a series of income payments. You don't pay taxes until money is paid to you. There are a number of reasons that you can use a deferred annuity. You may use it to save money for retirement or for other needs in the distant future. Some of the options for how income might be paid are shown below. A deferred annuity is not meant to be used to meet short-term financial goals.

If you have questions about this annuity, please ask your agent, broker or advisor, or contact United Life at 800-982-9216.

How will the value of my annuity grow?

The annuity fund value is the accumulation at interest of:

- a) premiums paid, less
- b) partial cash surrenders

The annuity fund value cannot go down if you make no partial cash surrenders.

Premiums & Interest: The annuity allows for one single premium with the Single Premium Deferred Annuity (explained further below). It is a fixed annuity which means earnings are based on an interest rate fixed by our Board of Directors. It is never less than the Basic Interest Rate (guaranteed interest rate) as described below. Interest is accrued daily and compounded annually. The general type of deferred annuity for which you are applying is described below:

Single Premium Deferred Annuity (SPDA): This annuity allows for a single premium payment. The minimum premium you may make is \$25,000. Interest rate guarantees are outlined below. The amount of interest to be credited is somewhat dependent on the amount of premium deposited. The annuity fund value will increase during the surrender period by interest credited at a conditionally guaranteed rate shown on the policy data pages. If the amount of the annuity fund value drops below \$25,000, then we will credit interest at the rate that has been determined by our Board of Directors for all monies on deposit at the end of the period ending December 31st of the prior calendar year or as may be redetermined by our Board of Directors once during the current calendar year. The crediting rate will never be less than the Basic Interest Rate.

Basic Interest Rate (Guaranteed Interest Rate): The Basic Interest Rate (guaranteed interest rate) for this policy is determined as of the Date of Issue. It is redetermined at the earlier of the end of the surrender period or, for an SPDA at such time as the account value is less than \$5,000. It is redetermined only once during the life of the policy.

The basic interest rate on the Date of Issue and at each subsequent redetermination is the lesser of 3% or,

- a) The average monthly five-year Constant Maturity Treasury Rate, or other such index as may be prescribed by law, for the month of: November (for policies with an issue date of January through June) in the year preceding the year of issue and initial rate determination or the year preceding the interest rate redetermination; or the month of May (for policies with an issue date of July through December) in the year of issue and initial rate determination or the year of the interest rate redetermination.
- b) Rounded to the nearest 1/20 of 1%;
- c) Reduced by 1.25%; but
- d) Not less than 1%.



BENEFITS

What happens to the money in the annuity after I die?

If you are the annuitant and die before we start to pay you income from your annuity, we pay the annuity fund value to your beneficiary. If you are the owner of the deferred annuity but not the annuitant, death benefit proceeds may also be payable at your death. See the "Ownership" provision in your annuity contract for details. If you elect to take regular monthly income payments of principal and interest, we will issue you a supplemental contract. If you die after the payouts start, whether or not there is a death benefit payable to your beneficiary and how that benefit, if any, would be paid, is dependent on the type of payout you chose. More information regarding what happens at death can be found in the TAXES section of this document.

What happens if I take out some or all of the money from my deferred annuity?

Unless there is a specific provision in the supplemental contract that is issued when you decide to begin to take regular annuity payments, you can not take any of the money out of your annuity after the payout begins. Prior to beginning to take regular annuity payments you can take out all of your deferred annuity's fund value (full surrender) or part of it (partial surrender). A full or partial surrender may be subjected to surrender charges and a Market Value Adjustment if applicable (see below). A partial surrender that reduces the annuity fund value below the amount set forth in the conditional interest rate provision may reduce the rate at which interest is credited to you policy. If the annuity fund value is reduced to less than \$5,000, interest will be credited to your policy at the Guaranteed Interest Rate.

Do I pay any other fees or charges?

No. There are not any other fees or charges that we will charge you on this annuity.

How do I get income (payouts) from my annuity?

This is a deferred annuity. If you elect to begin regular income payments of principal and interest, we will move your annuity fund value to a new policy (a supplemental contract). You may select at that time (or may have elected previously) how you want the policy's benefits paid to you. You must elect your payment option no later than one year prior to the annuity income date shown on the declaration pages of the deferred annuity. If you do not elect a payout option, the Life with 10 years period certain will apply. The following are some of the payout options available to you (there may be others as may be mutually agreed upon in writing between You and Us):

- **Life:** Guarantees income for as long as you live.
- **Joint and survivor life:** Guarantees income for as long as you or your joint annuitant (usually a spouse or civil union partner) live.
- **Life income with period certain:** Guarantees income for as long as you live. If you die within the "period certain" (usually 10 or 20 years), it pays income to your beneficiary for the rest of the period.
- **Full cash refund:** Guarantees income for as long as you live. When you die, the beneficiary will receive the difference (if positive) between the proceeds applied to buy this option and the sum of the payments made prior to the death of the annuitant.
- **Lump sum:** One payout.

If you should elect to place your annuity fund value into a supplemental contract, once the payments begin, the benefits cannot generally be changed unless there is a specific provision in the payout option you select that allows them to be.

TAXES

How will payouts and withdrawals from my annuity be taxed?

You should consult your tax professional for complete information regarding annuity taxation. Every situation is unique and even a seemingly "small" factor can change the tax implications. Following is a basic summary of certain but not all tax considerations of which you should be aware:

Income Tax Qualified Annuities: If you have an IRA funded by pre-tax dollars, it is taxed identically to any other qualified account such as a 401(k), profit sharing plan or other tax-deferred retirement account. In this case, distributions are generally fully taxable. You must comply with the Required Minimum Distribution (RMD) rules. These distributions will reduce the policy values.

Nonqualified annuities are taxed differently from most investments. A nonqualified annuity grows tax-deferred until withdrawals begin, the contract is annuitized or there is a death benefit payable.



1. **Withdrawals**—Withdrawals of earnings from a nonqualified annuity are fully taxable at ordinary income tax rates. The earnings are considered withdrawn first and are therefore subject to taxation. All withdrawals will be fully taxable as ordinary income until the account value reaches the amount invested. Also, if you are under age 59½ when you make the withdrawal, you may be assessed a 10% penalty on any taxable earnings by the IRS.
2. **Annuitized Payments from a Supplemental Contract**—If you annuitize a nonqualified annuity, a portion of your payment will be considered a return of premium and will not be subject to ordinary income tax. The amount that is taxable will be determined at the time you elect to annuitize the policy. A calculation will be made to determine the “exclusion ratio,” which will determine the percentage of each payment that will be excluded from income tax.
3. **Taxation at Death–Non-Spousal Beneficiary**—At your death, the death benefit may be paid to a non-spousal beneficiary you have designated. Any deferred income (earnings) in the contract will be taxable to the beneficiaries as ordinary income at their tax rates. Beneficiaries have the choice of taking full distribution of the benefits within five (5) years of your death or receiving the death proceeds as periodic payments over a period of time. (see 2 above) If the beneficiary chooses to spread the payments over time, this election must be made within one (1) year of your death.
4. **Taxation at Death–Spousal Continuation**—In addition to the options noted in 3 above, if your spouse is the beneficiary, he or she may continue the contract at your death and preserve tax-deferred growth. Choosing the death benefit (shown in 3 above) instead of spousal continuation would be a taxable event; your spouse would be taxed at ordinary income tax rates on the difference between the death benefit and the amount you invested, adjusted for any withdrawals.
5. **Tax-Free Exchanges**—Generally, you can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange during the surrender period of the existing annuity. You may also pay a surrender charge if you make withdrawals from the new annuity during the first years you own it

Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401(k), or other tax-deferred retirement plan doesn't give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

OTHER INFORMATION TO KNOW

Changes to your contract

We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing.

Compensation

We pay the agents who sell our products with various compensation structures. The base commission we pay our agents is a fixed percentage of policy premium and varies for each type of product sold. We may provide variable compensation in the form of cash or non-cash amounts (such as the ability to receive items of value, travel, career educational opportunities, etc.) as incentives for selling our products and servicing our clients. The compensation we pay our agents for deferred annuities never reduces the account value or premium of the policy you select.

Free look (Right to Cancel)

The owner of the deferred annuity has 30 days from the day he or she receives the policy to review the contract and if dissatisfied, return it and receive a prompt refund of any premium paid.

What should I know about the company?

United Life Insurance Company offers a variety of retirement and financial products, including life insurance and annuities. Established in 1962, our company has maintained a strong focus on quality products, excellent service and financial strength. United Life is highly-capitalized and is recognized in the industry for financial stability. We remain dedicated to continuing the tradition of excellence upon which our company was founded.



