

Set Rate Annuity

A single-premium, tax-deferred annuity with market value adjustment issued by Western National Life Insurance Company

Product Overview

Western National Guarantees

| | |
|-------------------------------------|--|
| Interest Rate Guaranteed Periods | Western National Life Insurance Company guarantees the MVA interest rate for the five-, seven-, eight-, nine- or ten-year term of your policy. ¹ |
| Minimum Guaranteed Renewal Rate | Regardless of future economic conditions, your annuity is guaranteed to renew at or above the minimum interest rate, which is listed in your policy or applicable endorsement(s). ² |
| Immediate Crediting | Interest crediting begins the same day the money is deposited into the Western National account. |
| Guaranteed Rate Lock | Initial rate guaranteed for 90 days from date of signing the application on any Section 1035 exchange, direct rollover or transfer. ³ |
| Free-Look Guarantee | Western National allows a 20-day (or longer in some states) free-look period. |
| Return-of-Premium Guarantee | The policyowner may return his/her annuity anytime for an amount equal to the purchase premium paid (less any withdrawals of interest or principal), or the withdrawal value (annuity value less any early withdrawal charges), whichever value is greater. ² |
| Tax-Qualified Distributions | Western National will make all necessary calculations to ensure IRS required minimum distributions (RMD) are made, unless the policyowner requests otherwise. Prior to any RMD, the company will notify the owner of distribution options. |
| Statements | Each customer receives a welcome letter and an annual statement. |

¹ Depending on market conditions some interest rate options may not be available at all times. Please check with your licensed representative for availability.

² This and all guarantees mentioned are subject to the claims-paying ability of the insurance company.

³ By company practice, which is subject to change.

Amounts

| | |
|-------------|--|
| \$5,000 | Minimum single premium for nonqualified annuities. |
| \$2,000 | Minimum single premium for tax-qualified annuities. |
| \$2,000 | Minimum value to maintain policy. |
| \$250 | Minimum random withdrawal amount. |
| \$50 | Minimum systematic withdrawal amount. ³ |
| \$1,500,000 | Maximum single premium amount without prior company approval. ³ |

Ages

| | |
|---------------------|--|
| Issue Ages | 0 - 85 owner and annuitant: (nonqualified annuities and tax-qualified annuity transfers or rollovers). 0 - 70 owner and annuitant: (new tax-qualified annuities). |
| Maximum Annuity Age | When distribution of annuity income must begin: Nonqualified annuities: age 95, unless otherwise indicated on the application. Tax-qualified annuities: distribution must generally begin by April 1 of the year after the annuitant reaches age 70½ unless RMD requirements are being satisfied elsewhere. Distribution may be accomplished by annuitization of the contract or by taking partial withdrawals. |

Ownership

| | |
|--------------------|--|
| Types of Ownership | Single, joint, living trust, Roth and traditional IRAs, SEP, corporate, Keogh and minor child (UTMA/UGMA). |
|--------------------|--|

Market Value Adjustment

| | |
|--|--|
| | <p>A market value adjustment applies in the event of early and/or excess withdrawal during an MVA term period. The adjustment can either increase or decrease the remaining annuity value depending on the current interest rate environment.⁴ If rates have increased or remained the same since the time of purchase, the MVA will reduce your annuity value. If rates have decreased, the MVA will increase your annuity value. Should a negative adjustment apply, the amount changed will not result in your earning less than the minimum guaranteed rate. MVA does not apply to withdrawals representing free withdrawal amounts, premium guarantee, or death benefit.</p> <p>⁴ The five-year Constant Maturity Treasury rate reported by the federal reserve is used to measure rates.</p> |
|--|--|

Withdrawals

| | |
|-----------------------------------|---|
| Penalty-Free Withdrawal Privilege | After the first policy year, 10% of the previous anniversary annuity value may be withdrawn annually with no market value adjustment or early withdrawal charge applied. Also, there is a 30-day window at the end of each MVA term to surrender without MVA or early withdrawal charges. |
| Systematic Withdrawal Frequency | Monthly, quarterly, semiannually or annually. If the withdrawal amount is less than \$50, check frequency will move to the next withdrawal period. |
| Systematic Amount Options | 1) Interest only. 2) Fixed-dollar amount (free if less than permitted free withdrawal amount allowed 30 days after purchase). |
| Systematic Withdrawal | \$50 minimum amount. Systematic withdrawals ³ are mailed by check or deposited into a designated account on the 1st, 10th or 25th day of the month payment is due. |
| Random Withdrawal | \$250 minimum amount. (\$2,000 minimum value to maintain policy.) ³ By company practice, which is subject to change. |

Taxes, Tax Advantages & Tax-Free Transfers

| | |
|-----------------------|--|
| Tax Deferral | Federal income taxes are deferred until the year interest is withdrawn. ⁵ There is no tax deferral if the owner is a corporation. If the owner is a trust or other entity, please consult a tax advisor regarding the tax-deferred status. The return of principal may also be taxable on tax-qualified annuities, such as traditional IRAs. |
| Tax-Advantaged Income | Once the contract is annuitized, part of each annuity income payment is considered a tax-free return of principal (except tax-qualified annuities, such as traditional IRAs, where the principal may also be taxable). |
| Pre-59½ Withdrawals | Withdrawals of interest prior to age 59½ may be subject to a 10% federal income tax penalty. The penalty may be waived for death, total disability (as defined by the IRS), or if the payment is made as part of a series of substantially equal payments for the life expectancy of the owner (except tax-qualified annuities where the entire amount withdrawn may be subject to a 10% federal income tax penalty). |
| Tax-Free Exchange | May be used for exchanges from a life insurance or endowment contract or another annuity. ⁶ A 90-day rate lock applies. To maintain non-taxable status, the owner and annuitant must remain the same, and the owner cannot take receipt of the funds. |
| Tax-Qualified Plans | May be a tax-qualified contribution, or a transfer or direct rollover of funds for IRAs, SEPs, Keoghs or 401(k)s. ⁶ ⁵ Unless your annuity is a Roth IRA, for federal income tax purposes, withdrawals are treated as earnings first, subject to ordinary income tax, and as a return of principal after earnings are exhausted. ⁶ State replacement forms may be required on Section 1035 exchanges of life insurance policies or annuities and rollovers and transfers from other annuities in AK, AL, AR, AZ, CA, CO, DE, FL, GA (life insurance only), HI, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MN, MO, MS, MT, NC, NE, NH, NJ, NM, NV, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, and WY. State replacement forms required if replacing life insurance with an annuity in GA. |

Charges & Fees

| Initial Sales Charge | None. | | | | | | | | | | | | | | | | | | |
|----------------------------|--|---------------------------|----|----|----|----|----|------------|---|------------|-------------------------|----|----|----|----|----|----|----|----|
| Annual Fee | None. | | | | | | | | | | | | | | | | | | |
| Withdrawal Charge Schedule | <p>Early withdrawals in excess of permitted free amounts, in addition to incurring a market value adjustment, will be subject to early withdrawal charges during the first seven policy years as follows:</p> <table border="1"> <thead> <tr> <th>Years from single premium</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>Thereafter</th> </tr> </thead> <tbody> <tr> <td>Early withdrawal charge</td> <td>7%</td> <td>6%</td> <td>5%</td> <td>4%</td> <td>3%</td> <td>2%</td> <td>1%</td> <td>0%</td> </tr> </tbody> </table> <p>(Withdrawal charges are applied as a percentage of the amount withdrawn, before application of the MVA if any, in excess of the permitted penalty free withdrawals and decline over seven years from issue date)</p> <p>When the MVA term expires, a new term of the same duration will automatically begin unless the contract owner requests a change in writing before the end of the term.</p> <p>No early withdrawal charge or market value adjustment will be imposed on a full or partial withdrawal made within the 30-day period following the end of the term.</p> | Years from single premium | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Thereafter | Early withdrawal charge | 7% | 6% | 5% | 4% | 3% | 2% | 1% | 0% |
| Years from single premium | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Thereafter | | | | | | | | | | | |
| Early withdrawal charge | 7% | 6% | 5% | 4% | 3% | 2% | 1% | 0% | | | | | | | | | | | |

Death Benefits (Before annuity date)

| | |
|---------------------------|---|
| Spousal Beneficiaries | If the spouse is the sole beneficiary of a deceased owner, he/she may elect to become the new "owner" or receive a distribution. |
| Non-Spousal Beneficiaries | Upon the death of any owner, the beneficiary may receive either annuity income beginning within one year or a total distribution within five years. |

Early Withdrawal Charge Waivers (Not available in some states and provisions may vary from state to state)

| | |
|----------------------------|--|
| Extended Care | After the first policy year, early withdrawal charges will be waived if the owner is confined to a qualifying institution or extended care facility for 90 consecutive days or longer. |
| Terminal Illness | Early withdrawal charges will be waived on one full or partial withdrawal upon the diagnosis of a terminal illness that will result in the death of a policyowner within one year. Written documentation from a qualified physician is required. |
| Activities of Daily Living | After the first policy year, withdrawal charges will be waived if the owner cannot perform two or more of the six defined activities of daily living (bathing, continence, dressing, eating, toileting, and transferring) for at least 90 consecutive days. Written certification by a licensed healthcare practitioner is required. |

Western National Life Insurance Company was one of the first insurance companies to develop fixed annuity products specifically for sale through banks. We are a leading provider of fixed annuities in this market, and have maintained our position by offering innovative products and valued services to help Americans achieve their financial goals.

Our products can help you live retirement on your terms.

Safe choice

Let us help you
put real retirement
solutions to work
for you

CALL

1-800-424-4990

CLICK

WNL.com

VISIT

your licensed
representative

Agents, contact us at
1-888-237-4210

Tax-qualified contracts such as IRAs, 401(k)s, etc., are tax deferred regardless of whether or not they are funded with an annuity. If you are considering funding a tax-qualified retirement plan with an annuity, you should know that an annuity does not provide any additional tax-deferred treatment of earnings beyond the treatment by the tax-qualified retirement plan itself. However, annuities do provide other features and benefits such as income options.

Neither Western National Life Insurance Company nor its agents or representatives are authorized to give legal, tax or accounting advice. Please consult your attorney, accountant or tax advisor on specific points of interest.

The Set Rate Annuity is issued and guaranteed by Western National Life Insurance Company. Not available in some states and policy provisions may vary from state to state. Please refer to your policy for actual governing contractual provisions.

Executive Offices:
Houston, Texas

Administrative Offices:
205 E. 10th Avenue
P.O. Box 871
Amarillo, Texas 79105-0871

**Western National represents
Western National Life Insurance Company.**

Copyright © Western National Life Insurance Company.
All rights reserved.

WN 13916 (02/2010) J77298
A85, R342-06, R347-06, R389-06

WESTERN NATIONAL
Life Insurance Company