



The

FSD Journal

Fixed Annuities

A monthly guide for insurance agents

reviewing fixed annuity product quality & performance

November

Quality ♦ Integrity ♦ Expertise

2005

5 Year NO CAP Equity Indexed Annuity

Last month we discussed the ING Selectra, a 10 year surrender, no cap EIA from ING USA. The main issue agents seem to have with this product is the longer surrender period and lower minimum guarantee of 1.50% on 100% of deposits. On October 17, ING USA released two new indexed annuities, the Secure 5 and Secure 7. Both product have the same four crediting methods:

- Point-to-Point Cap Index Strategy -
- Monthly Average Index Strategy - *NO CAP*
- Point-to-Point Participation Index Strategy - *NO CAP*
- Fixed Rate Strategy

Spread and cap rates vary on each product, see enclosed spreadsheet for details. Commission is 4.00% on the Secure 5 and 5.00% on the Secure 7.

Give us a call for your free client presentation CD's on Indexed Annuities today. 800-373-9697

9.15% First Year with a 6.00% commission

AIG has a 6.00% bonus annuity with a 6 year guaranteed rate of 4.15%. The catch is the 9 year surrender period. After the 6th year the rate could increase but, never be less than 2%. A worse case of 3.40% over the 9 years, but could do better than 4.15% depending on renewal rates. 10% free withdrawal is available. A fair rate with a good commission, just what some agents have been asking for. Call for details and licensing information. Commission bonus of 0.25% on cases \$250,000 and up! (0-75)

Conseco Applications

Conseco is back in the Multi Year Guarantee game with their 4.25% for 5 years True Level Choice annuity. To spice up the already great features such as 10% free withdrawal and full death benefit FSD is tacking on a 0.25% BONUS on all TLC applications for the rest of 2005. We want to welcome Conseco back and get you, the agent, reacquainted with this competitive annuity carrier.

Jeff Affronti

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Secure Index Seven Annuity

Exciting News

Are your clients looking for more flexibility and less complication within the secure framework of index annuities? ING USA is pleased to announce the updated ING Secure Index Seven Annuity with the features clients want in a straightforward format. Now, residents of your state can take advantage of two new interest-crediting strategies—the Point-to-Point Participation Strategy and the Monthly Average Index Spread Strategy. The Secure Index Seven Annuity offers seven-year surrender charge period with no market value adjustments (MVA), so there are no hidden, hard-to-understand costs for clients who don't keep the annuity to maturity. ING USA is able to offer all this with a minimum guaranteed interest rate of 2.5 percent—an impressive combination of security, simplicity, and convenience. See the transition rules below for details.

Secure Index Seven Transition Rules

1. All states having approved the Secure Index Seven at launch date will have until **12/19/05** to submit Secure Index applications. The Secure Index applications must be received in the Service Office on or before 12/19/05 to be accepted. Secure Index applications received on or after 12/20/05 will not be accepted in these states. The Secure Index Seven was not filed in the state of New York.
2. If a state approves the Secure Index Seven after the launch, there will be a **60-day transition period** beginning the day it is announced as available in that state (“announcement date”), during which Secure Index applications will be accepted. After the 60-day transition period, we will not accept new Secure Index applications.
3. If the client wants to change to the Secure Index Seven and the Secure Index application was **received prior to the announcement date**, New Business will need a **new application and disclosure form** as well as new replacement and suitability forms, if applicable. The system will not recognize an application dated before the announcement date, which is the first date that the contract is available in the state.
4. If a Secure Index application was **received on or after the state's announcement date** and the client would like to change to the Secure Index Seven, New Business will require a new application and disclosure form as well as new replacement and suitability forms, if applicable.
5. Pending transfers can be switched from Secure Index to Secure Index Seven using the guidelines listed above.
6. Clients wanting to **switch issued contracts** during their free-look period from Secure Index to the Secure Index Seven must free-look their contract and resubmit the Secure Index Seven paperwork and the premium **must** meet the minimum Secure Index Seven premium requirement of \$15,000. **NO EXCEPTIONS.**
7. Anytime a Secure Index is changed to a Secure Index Seven, the minimum premium of \$15,000 must be met for both Qualified and Non-Qualified funds. **NO EXCEPTIONS.**

Contract is issued by ING USA Annuity and Life Insurance Company. Guarantees based upon the claims-paying ability of ING USA Annuity and Life Insurance Company. This is a summary only. Read contract for complete details. Product/features may not be available in all states and are subject to change. Withdrawals may be subject to federal/State income tax and, if taken prior to age 59½, a 10% Federal penalty tax. IRAs/qualified plans are already tax deferred; you should consider other annuity features. Neither the company nor its agents offer tax or legal advice. You should consult a tax advisor or attorney on your specific situation. Withdrawals do not participate in index earnings. Federal law requires that withdrawals be taken first from interest earnings. All distributions from qualified annuities may be taxable. State premium taxes may reduce the final value of your annuity. This contract does not directly participate in any stock or equity products. Contract Form Series: IU-IA-3025

ING USA Annuity and Life Insurance Company, 909 Locust Street, Des Moines, IA 50309





Fill Your Money “Tank” with the **ING Secure Index Five Annuity**

One of the most beneficial features of the ING Secure Index Five Annuity is its interest-crediting choices. These options allow you to diversify your annuity in up to four strategies. You can choose among a fixed rate strategy and three index-linked strategies. And you can redistribute your premiums into different strategies each year.

Fuel your ING Secure Index Five Annuity with one or more of the following interest-crediting strategies.

In the **Fixed Rate Strategy**, the interest rate is predetermined annually and gives you the comfort of knowing your accumulation value will grow at a set rate each premium year.

All three index-linked strategies share some common features:

- Interest credits are applied on the premium anniversary.
- Interest credits are locked in once credited.
- Interest credits never will be less than zero.

In the **Point-to-Point Participation Index Strategy**, interest credit is calculated, in part, as a percentage (equal to the participation rate) of the annual point-to-point performance of the S&P 500® Index during the premium year. The participation rate is declared in advance, guaranteed for one year, and subject to change annually.

In the **Point-to-Point Cap Index Strategy**, interest credit is calculated as the annual point-to-point performance of the S&P 500® Index during the premium year, up to a predetermined cap. The cap is declared in advance, guaranteed for one year, and subject to change annually.

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ING Secure Index Five Annuity

Product Concept	Non-registered flexible premium deferred index annuity with premiums distributable among four interest-crediting strategies: Fixed Rate; Point-to-Point Participation Index; Point-to-Point Cap Index; and Monthly Average Index														
Issue Ages	0–80 owner and annuitant														
Premium	<ul style="list-style-type: none"> • \$15,000 minimum initial single premium • \$50 minimum subsequent premium • \$1 million maximum premium without prior home office approval <p>Additional premium payments earn their own separate interest rate for their own guarantee period. For each premium, interest is credited based on the new money rate in effect at the time the premium is received and is guaranteed for one year.</p>														
Premium Banding (not available in all states)	<p>ING Secure Index Five Annuity is banded, which means the more premiums you place in the contract, the more competitive caps you receive, giving you the ability to earn more.</p> <ul style="list-style-type: none"> • Low Band: \$15,000–\$74,999 • High Band: \$75,000 plus <p>The total premiums paid during the first contract year will be used to determine premium banding.</p>														
Interest Rate Guarantee Period	Annual reset (all strategies)														
Free Withdrawals	<p>After the first contract year, 10% of accumulation value per contract year. If the total withdrawals in any contract year exceed the free amount, surrender charges will apply to the total amount withdrawn in that contract year, including any prior free withdrawals. Any withdrawal taken prior to the end of an indexing period will not participate in the S&P 500® Index growth in that period. In the first contract year, interest only can be withdrawn from the Fixed Rate Strategy.</p> <p>Withdrawals may be subject to Federal/State income tax and, if taken prior to age 59 1/2, a 10% Federal penalty tax. Federal law requires that withdrawals be taken first from interest earnings. All distributions from qualified annuities may be taxable. State premium taxes may reduce the final value of the annuity.</p>														
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Annuitization	Annuitization is a payout option you can choose instead of taking a lump sum payment. It may spread out your distribution over a number of years or for life, depending on the payout option you select. If you annuitize your contract, you will receive the greater of the accumulation value or minimum guaranteed contract value. Annuitization is available after the first contract year.														
Death Benefit	Upon death of the annuitant, the greater of the accumulation value or minimum guaranteed contract value is paid to the beneficiary, potentially avoiding the delay and expense of probate. If the annuitant and owner are different, check your contract for specific details on death benefits.														
Minimum Guaranteed Contract Value	The cash surrender value will not be less than 100% of all premiums less withdrawals accumulated at 1.5% interest less surrender charges.														
Nursing Home Waiver	This attractive feature guarantees the owner access to the accumulation value of the annuity, with no surrender charge, if the annuitant becomes hospitalized or confined to an eligible nursing home for at least 30 consecutive days after the contract effective date. The nursing home waiver is available in all states except Massachusetts and Texas.														

This flier is a product summary only. The product and its features may not be available in all states or at all times.

All guarantees are based on the claims-paying ability of ING USA Annuity and Life Insurance Company.

IRAs and qualified plans already are tax-deferred, so purchase an annuity only if you need its other features.

Neither the company nor its agents offer tax or legal advice. Please consult your tax advisor or attorney.

The contract does not directly participate in any stock or equity products. No interest credited in current year if the contract is annuitized or withdrawn prior to the end of the respective crediting anniversary for the interest-crediting strategies.

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Contract Form Series: IU-IA-3022.



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Cash Surrender Value	The cash surrender value equals the greater of the accumulation value less any surrender charge or minimum guaranteed contract value.																		
Fixed Maturity Rate	<ul style="list-style-type: none"> • First contract anniversary on or after owner turns age 95 • Greater of accumulation value or minimum guaranteed contract value to payment plan elected by owner 																		
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Contract Form Series: IU-IA-3025.



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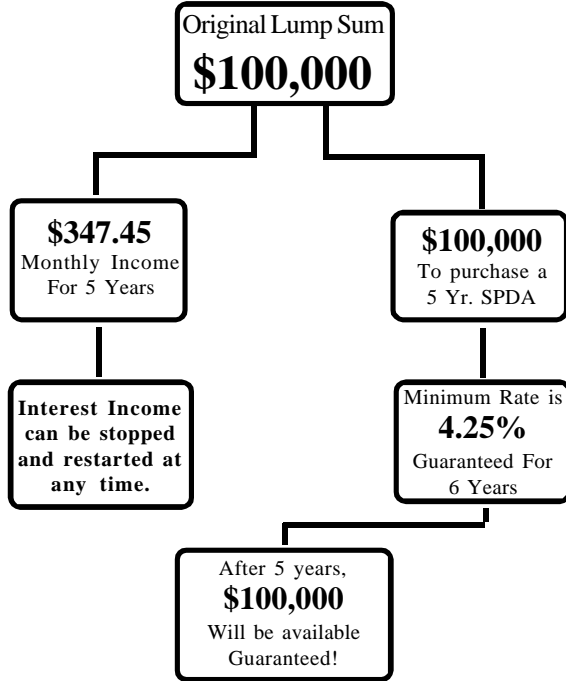


FSD FINANCIAL SERVICES

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5 Years Just Strip The Interest



Not Available In All States

Fixed interest rates by term

**3.67% For
3 Years**

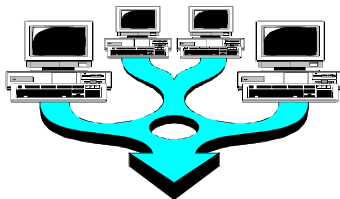
**3.70% For
4 Years**

**4.25% For
5 Years**

**4.32% For
6 Years**

(See enclosed spreadsheets for details)

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True Level Choice MYG

4.25%

Guaranteed For 5 Years

5 Year Surrender: 8%, 7%, 6%, 5%, 4%, 0 %
\$10,000 Minimum / Ages 0-95 / MVA

Commission 3.25%* (0-85)

* 3.00% Base with a 0.25% Bonus for 2005

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