

SERFF Tracking Number: WEST-125717168 State: Arkansas  
Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
Company Tracking Number: IU-IA-4000 ET AL  
TOI: A03I Individual Annuities - Deferred Variable Sub-TOI: A03I.002 Flexible Premium  
Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Filing at a Glance

Company: ING USA Annuity and Life Insurance Company

Product Name: IU-IA-4000 Flexible Premium SERFF Tr Num: WEST-125717168 State: ArkansasLH

Deferred Variable Annuity

TOI: A03I Individual Annuities - Deferred SERFF Status: Closed State Tr Num: 39828

Variable

Sub-TOI: A03I.002 Flexible Premium

Co Tr Num: IU-IA-4000 ET AL

State Status: Approved-Closed

Filing Type: Form

Co Status:

Reviewer(s): Linda Bird

Authors: Karen Flieck, Alicia

Disposition Date: 09/16/2008

Gemelli, Susan Holloway, Carolyn

Mulhall, Christine Runkle-DiFonzo

Date Submitted: 08/04/2008

Disposition Status: Approved

Implementation Date Requested:

Implementation Date:

State Filing Description:

## General Information

Project Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity

Status of Filing in Domicile: Pending

Project Number: IU-IA-4000 et al

Date Approved in Domicile:

Requested Filing Mode:

Domicile Status Comments: These variable annuity forms are being filed concurrently in Iowa, our state of domicile.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 09/16/2008

State Status Changed: 08/07/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Enclosed for your filing and approval are the following two individual variable annuity forms:

IU-IA-4000 Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision

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#### IU-RA-4004 Market Value Adjusted Fixed Interest Account Endorsement

These forms are new and are not intended to replace any forms previously approved by your Department.

Form IU-IA-4000 is an individual Flexible Premium Deferred Variable Annuity Contract which will be part of a new portfolio of variable annuity products in the process of being developed. It is similar to our prior approved flexible premium deferred variable annuity products but has been completely rewritten and reformatted for ease of policyowner review and understanding. New variable contract form IU-IA-4000:

- permits investment in variable sub-accounts,
- credits a bonus for each premium paid for the life of the contract, with recapture under specified conditions,
- provides for a death benefit which is paid upon the death of the owner prior to the annuity commencement date,
- allows automatic transfers (dollar cost averaging),
- includes automatic rebalancing and transfers, and
- provides for an annuity commencement date which may be any date following the 5th contract anniversary but not later than the contract anniversary on or next following the oldest Annuitant's 95th birthday.

The Market Value Adjusted Fixed Interest Account Endorsement ("MVA Endorsement"), form no. IU-RA-4004, is an endorsement which is intended to be attached to all issues of IU-IA-4000, at no cost, and provides:

- investment in a declared interest account subject to a market value adjustment, and
- a dollar cost averaging option (described in the endorsement as "Dollar Cost Averaging from the MVA Account") which will credit interest equal to or greater than that provided on guarantee periods of the same length offered under the MVA Endorsement.

The MVA Endorsement is provided by endorsement so that it may be made available with products filed in the future, and to allow us the flexibility of not offering the endorsement to future new issues should market conditions change.

#### General Information

Actuarial materials – An actuarial memorandum is enclosed for each form.

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Statement of Variability – Information considered variable in each form submitted is enclosed in brackets and is described in the enclosed Statement of Variability included for each form. We may change such variable material for new issues on a uniform and non-discriminatory basis only as described in the Statements of Variability without refiling.

Please note that changes in printing technology may alter slightly the format of the forms as well as require changes to the Table of Contents. We reserve the right to make such changes without refiling as well as to modify the company address and officer signatures to reflect current company operations. Any such revisions will comply with applicable state requirements.

Readability – The forms are exempt from any state readability requirements as they are submitted to and registered with the SEC as a variable annuity product and, as such, must conform to the requirements of that regulatory agency.

We have reviewed the enclosed forms and certify that the forms submitted meet the provisions of Rule 19 as well as all applicable requirements of the Arkansas Insurance Department.

Thank you for your assistance with this filing. Your review and approval of this submission will be greatly appreciated. If you should have questions or require additional information, please do not hesitate to contact me at 1-800-325-3792 extension 4253850, directly at 610-425-3850, or via email at [alicia.gemelli@us.ing.com](mailto:alicia.gemelli@us.ing.com).

Sincerely,  
Alicia L. Gemelli  
Contract Analyst

## Company and Contact

### Filing Contact Information

Alicia Gemelli, Contract Analyst [alicia.gemelli@us.ing.com](mailto:alicia.gemelli@us.ing.com)  
1475 Dunwoody Drive (800) 325-3792 [Phone]  
West Chester, PA 19380 (610) 425-3520[FAX]

### Filing Company Information

ING USA Annuity and Life Insurance Company CoCode: 80942 State of Domicile: Iowa  
1475 Dunwoody Drive Group Code: 229 Company Type:

SERFF Tracking Number: WEST-125717168 State: Arkansas  
Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
Company Tracking Number: IU-IA-4000 ET AL  
TOI: A03I Individual Annuities - Deferred Variable Sub-TOI: A03I.002 Flexible Premium  
Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

West Chester, PA 19380  
(800) 325-3792 ext. [Phone]

Group Name:  
FEIN Number: 41-0991508  
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State ID Number:

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Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: \$50.00 per policy filing = \$50.00 total.  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ING USA Annuity and Life Insurance Company	\$50.00	08/04/2008	21757455

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 Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Linda Bird	09/16/2008	09/16/2008
Approved	Linda Bird	08/07/2008	08/07/2008

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	Form	Alicia Gemelli	09/15/2008	09/15/2008



SERFF Tracking Number: WEST-125717168 State: Arkansas  
 Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
 Company Tracking Number: IU-IA-4000 ET AL  
 TOI: A031 Individual Annuities - Deferred Variable Sub-TOI: A031.002 Flexible Premium  
 Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
 Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice		Yes
Supporting Document	Application		No
Supporting Document	Life & Annuity - Actuarial Memo		No
Supporting Document	Statements of Variability for IU-IA-4000, IU-RA-4004		Yes
Form (revised)	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision		Yes
Form	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	Withdrawn	Yes
Form	Market Value Adjusted Fixed Interest Account Endorsement		Yes



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 TOI: A031 Individual Annuities - Deferred Variable Sub-TOI: A031.002 Flexible Premium  
 Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
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Form (revised)	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision		Yes
Form	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	Withdrawn	Yes
Form	Market Value Adjusted Fixed Interest Account Endorsement		Yes

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**Amendment Letter**

Amendment Date:

Submitted Date: 09/15/2008

**Comments:**

Dear Ms. Bird,

Thank you for reopening this filing this afternoon and for Ms. Minor's assistance with this matter as well.

Enclosed please find revised contract form IU-IA-4000, which is a revision of and replaces contract form IU-IA-4000 approved by your Department on August 7, 2008. Revised IU-IA-4000 is being submitted for refiling and approval due to language changes in the Transfers and The Death Benefit provisions, as follows:

Subsequent to approval, we have been advised that the last paragraph of section 4.5 Transfers (page 9) reflected a definition of excessive trading that has since been revised. As contract form IU-IA-4000 has not yet been issued or marketed in any state, it was felt that the contract should reflect the current standard and the paragraph has been revised accordingly.

In addition, due to the increasing number of state laws that have been enacted addressing civil unions, we have added to the Spousal Beneficiaries subsection of section 6.3 The Death Benefit (page 16) that for purposes of spousal continuation of the contract in the event of the death of the owner, spouse is defined by federal law.

In all other respects, the contract is unchanged.

Thank you for your assistance with this filing. Your review and approval of this submission will be greatly appreciated, and we apologize for any inconvenience the refiling of this contract may have caused. If you should have questions or require additional information, please do not hesitate to contact me at 1-800-325-3792 extension 4253850, directly at 610-425-3850, or via email at [alicia.gemelli@us.ing.com](mailto:alicia.gemelli@us.ing.com).

Sincerely,

Alicia L. Gemelli

Contract Analyst

**Changed Items:**

**Form Schedule Item Changes:**

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Form Number	Form Type	Form Name	Action	Form Action Other	Previous Filing #	Replaced Form #	Readability Score	Attachments
IU-IA-4000	Policy/Contr act/Fraternal Certificate	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	Initial				0	IU-IA- 4000.pdf

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## Form Schedule

**Lead Form Number:** IU-IA-4000

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	IU-IA-4000	Policy/Cont ract/Fratern al Certificate	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	Initial		0	IU-IA-4000.pdf
	IU-RA-4004	Policy/Cont ract/Fratern al Certificate:	Market Value Adjusted Fixed Interest Account Endorsement Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0	IU-RA-4004.pdf

# ING USA Annuity and Life Insurance Company

Des Moines, Iowa

**Customer Service Center**  
**[P.O. Box 9271**  
**909 Locust Street**  
**Des Moines, Iowa 50306-9271]**  
**[1-800-366-0066]**

In this Contract, you or your refers to the Owner and we, our, or us refers to ING USA Annuity and Life Insurance Company, a stock company.

Product Name [Premium Plus]	Contract Number [123456]	
Annuitant [Thomas J. Doe]	Annuitant's Age [55]	Annuitant's Sex [Male]
Owner [John Q. Doe]	Owner's Age [35]	Residence State [Delaware]
Contract Date [July 1, 2008]	Issue State [Delaware]	
Initial Premium [\$10,000.00]	Premium Tax [\$0.00]	Initial Premium Less Premium Tax [\$10,000.00]
Annuity Commencement Date [July 1, 2038]	Annuity Plan [Payments for a 10-Year Period Certain and Life]	
Variable Separate Account [Separate Account B of ING USA Annuity and Life Insurance Company]		

If this Contract is in force on the Annuity Commencement Date, we will commence Annuity Payments based on the Annuity Plan you have selected according to the terms on this and the following pages. If you die prior to the Annuity Commencement Date and this Contract is in force, we will pay the Death Benefit to the Beneficiary.

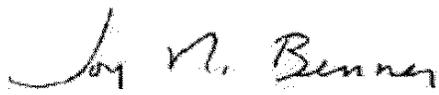
**READ YOUR CONTRACT CAREFULLY.** This is a legal Contract between you and us.

All payments and values, when based on the investment experience of the Variable Sub-accounts, are not guaranteed as to dollar amount and may increase or decrease, depending on the Variable Sub-accounts' investment results. Surrender charges may apply if the Contract is Surrendered or Withdrawals are taken prior to the Annuity Commencement Date. Provisions regarding the variable nature of this Contract are found on pages 11-14.

## RIGHT TO EXAMINE THIS CONTRACT

You may cancel or void this Contract by mailing or delivering it to us at the address shown above or to the agent through whom you purchased it within 10 days (30 days or longer as may be required by applicable law in the state where this Contract is delivered or issued for delivery as a replacement contract) after the date you receive it. If so returned, we will promptly refund the Accumulation Value, plus any charges we have deducted as of the date the returned Contract is received by us, less any Premium Credit. The Contract will then be deemed void.

**WE WILL PROVIDE YOU WITH ADDITIONAL INFORMATION REGARDING THE BENEFITS AND PROVISIONS OF THIS CONTRACT UPON WRITTEN REQUEST. YOU MAY ALSO CALL [1-800-366-0066] FOR INQUIRIES, INFORMATION OR RESOLUTION OF COMPLAINTS.**

[  ]

Secretary

[  ]

President

## FLEXIBLE PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT WITH PREMIUM CREDIT PROVISION

Variable Cash Surrender Values. Non-Participating. Investment results reflected in value.  
Surrender charges waived under specified conditions (see Section 5.3).

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## 1. CONTRACT SCHEDULE

### A. Charges and Fees:

Annual Administrative Charge	[\$40]
Excess Transfer Charge	[\$25]
Daily M & E Charge	[0.004697]%, equal to an annual rate of [1.70]%
Daily Asset Based Administrative Charge	[0.000411]%, equal to an annual rate of [0.15]%
Surrender Charge Schedule	
Complete Years Elapsed Since Premium Paid	0    1    2    3    4    5    6    7    8    9+
Percentage of Premium Withdrawn	9% 9% 9% 8% 7% 6% 5% 4% 2% 0%

### B. Premium Credits

Total Premiums	Premium Credit Percentage
[\$25,000 - \$499,999.99]	[3%]
[\$500,000 - \$999,999.99]	[4%]
[\$1,000,000+]	[5%]

There may be situations in which the Premium Credit is not fully earned. Read Sections 4.2 Premium Credits and 4.3 Premium Credit Recapture of this Contract carefully.

### C. Premium Credit Recapture

Premium Credit Recapture Schedule	
Complete Years Elapsed Since Premium Paid	0    1    2    3    4    5    6    7    8    9
Percentage of Premium Credit Recaptured	[100%][100%][75%][75%][50%][50%][25%][25%][0%][0%]

### D. Specially Designated Variable Sub-account

[ING Liquid Assets] or its successor

### E. Attached Riders and Endorsements

[IU-RA-4004    Market Value Adjusted Fixed Interest Account Endorsement]

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## 2. IMPORTANT TERMS AND DEFINITIONS

**Accumulation Value** is defined in Section 5.2.

**Additional Premium** means any payment, other than the Initial Premium, made by you to us for this Contract.

**Age** means the age of a person on his or her last birthday.

The **Annuitant** is the person upon whose life the Annuity Payments are based.

The **Annuity Commencement Date** is the date after which you have the right to receive Annuity Payments and is the date used in determining the timing of such Annuity Payments.

**Annuity Payments** are periodic payments made by us to you, or to some other payee as directed by you, beginning on the Annuity Commencement Date.

The **Annuity Plan** is an option elected by you that determines the frequency, duration and amount of the Annuity Payments.

**Beneficiary** means the person or entity who will receive the Death Benefit.

**Business Day** means the hours of any day the New York Stock Exchange ("NYSE") is open for trading, exclusive of federal holidays, or any day the Securities and Exchange Commission ("SEC") requires that mutual funds, unit investment trusts or other investment portfolios be valued.

The **Cash Surrender Value** is the amount you receive upon Surrender of this Contract.

**Code** means the Internal Revenue Code of 1986, as amended.

The **Contingent Annuitant** is the person who will become the Annuitant if the named Annuitant dies prior to the Annuity Commencement Date.

The **Contingent Beneficiary** is the person who will become the Beneficiary if the named Beneficiary dies prior to any Owner (any Annuitant if any Owner is not an individual).

The **Contract** is defined in Section 3.1.

The **Contract Anniversary** is the same day and month each year as the Contract Date. If no such day exists, the Contract Anniversary shall be the next calendar day.

**Contract Date** means the date on which this Contract becomes effective. The Contract Date is shown on the first page of this Contract.

A **Contract Year** is the period beginning on a Contract Anniversary (or, in the first Contract Year only, the Contract Date) and ending on the day preceding the next Contract Anniversary.

The **Death Benefit** is the amount paid to the Beneficiary upon death of any Owner (or any Annuitant if any Owner is not an individual) prior to the Annuity Commencement Date.

**Endorsements** are attachments to this Contract that add, change or supersede its terms or provisions.

The **General Account** is an account which contains all of our assets other than those held in our variable separate accounts.

The **Initial Premium** is the payment made by you to us to put this Contract into effect.

An **Irrevocable Beneficiary** is a Beneficiary whose rights and interest under this Contract cannot be changed without his or her consent.

The **Net Return Factor** is a value which reflects: (1) the investment experience of a mutual fund or investment portfolio in which a Variable Sub-account invests; and (2) the charges assessed against that Variable Sub-account during a Valuation Period.

**Non-participating** means that this Contract will not pay dividends resulting from any of our surplus or earnings.

**Notice to Us** means written notification received at our Customer Service Center in a form satisfactory to us or other means of notification to which we and you mutually agree. The address of the Customer Service Center is shown on the first page of this Contract. Notice to Us received when the NYSE is closed for trading will be deemed to be received on the next Business Day.

The **Owner** is the person or entity (if the Owner is not an individual), as shown in our records, who owns the Contract and who is entitled to exercise the rights of ownership.

**Premium** means collectively the Initial Premium and any Additional Premium.

**Premium Credit** means an amount in addition to the Premium payment which we add to the Contract's Accumulation Value at the time that Premium is paid. Premium Credits are not considered Premium but are considered part of earnings under the Contract.

**Premium Tax** means any tax or fee imposed or levied by any state government or political subdivision thereof on us in connection with the Premium you pay for this Contract.

**Proof of Death** means a certified copy of a death certificate, a certified copy of a statement of death from the attending physician, a finding of a court of competent jurisdiction as to the cause of death, or any other proof satisfactory to us.

**Riders** are attachments to this Contract that add, change or supersede its terms or provisions.

The **Right to Examine Period** is the period stated in the "Right to Examine This Contract" provision on the first page of this Contract during which you have the right to cancel or void the Contract.

The **Specially Designated Variable Sub-account** is a Variable Sub-account that is used as a "holding" account or for similar administrative purposes as provided in the provisions of this Contract. The Specially Designated Variable Sub-account is designated by us and is identified in the Contract Schedule.

**Surrender** means a transaction in which the full Cash Surrender Value is taken from the Contract. In the event of a Surrender, the Contract will terminate and be of no further value.

A **Valuation Period** is the time from the close of regular trading on the NYSE on one Business Day to the close of regular trading on the next succeeding Business Day.

The **Variable Separate Account** is an account established by us to hold assets funding the variable benefits for this and other variable annuity or variable life insurance contracts. The Variable Separate Account is named on the first page of this Contract.

**Variable Sub-accounts** are subdivisions of the Variable Separate Account. Variable Sub-accounts are used to determine the allocation of the Contract's assets within the Variable Separate Account.

A **Withdrawal** is a transaction in which only a portion of the Cash Surrender Value is taken from the Contract.

### **3. INTRODUCTION TO THE CONTRACT**

#### **3.1 The Contract**

This Contract and any attached application, amendments, Endorsements or Riders constitute the entire contract between you and us. It is issued in consideration of the Initial Premium. In the absence of fraud, all statements on the basis of which this Contract is issued shall be deemed representations and not warranties.

Only our President, a Vice President or Secretary is authorized to change or modify any of the Contract's terms, provisions or requirements. Any such change must be in writing. We may make changes to the Contract if necessary to continue to qualify it as an annuity contract under applicable law. Riders and Endorsements added to comply with applicable law do not require your consent but are subject to regulatory approval. Any such changes will apply uniformly to all Contracts that are affected.

The provisions of this Contract shall, in all events, be construed to comply with the requirements of Section 72(s) of the Code.

#### **3.2 The Owner**

You are the Owner of this Contract and as the Owner, you may exercise the rights provided under the Contract. There may be multiple Owners. If there is more than one Owner, all Owners must agree to any change or exercise of the Owner's rights under this Contract.

You may change the ownership at any time prior to the Annuity Commencement Date. To change ownership, you must provide Notice to Us. Unless you specify otherwise, a change of ownership will take effect as of the date the notice is signed. However, we are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us.

Any addition or deletion of an Owner is treated as a change of ownership. We are not responsible for the tax consequences resulting from any change of ownership.

#### **3.3 The Annuitant**

The Annuitant must be an individual and is designated by you at the time this Contract is issued. There may be 2 Annuitants. An Annuitant cannot be changed while he or she is living. You are the Annuitant if no other Annuitant is named.

You may name a Contingent Annuitant. The Contingent Annuitant cannot be changed while he or she is living. If you are a sole Owner and not also the Annuitant, you will be the Contingent Annuitant if no other Contingent Annuitant is named. If there are multiple Owners, we will treat the youngest Owner as the Contingent Annuitant unless you direct otherwise.

If the sole Annuitant who is not an Owner dies prior to the Annuity Commencement Date and no other Contingent Annuitant exists, we will allow you 60 days from the date of the Annuitant's death but not later than the Annuity Commencement Date to name someone other than yourself as the Annuitant. However, if at the time of any Annuitant's death any Owner is not an individual, the death of any Annuitant prior to the Annuity Commencement Date will be treated as the death of an Owner as described in Section 6.3.

#### **3.4 The Beneficiary**

The Beneficiary is designated by you. You may designate any Beneficiary to be an Irrevocable Beneficiary. There may be different classes of Beneficiaries, such as primary and contingent. These classes set the order under which the Death Benefit is paid. There may be more than one Beneficiary in each class. If there are multiple Owners, at the death of the first Owner, any surviving Owner will take the place of and be deemed to be the primary Beneficiary. If there is a sole Owner and all Beneficiaries die before such Owner, or if there is no Beneficiary designation in effect, the Owner's estate or legal successor will be deemed to be the primary Beneficiary.

We will deem that any Beneficiary died before the Owner:

- (1) If that Beneficiary dies at the same time as the Owner;
- (2) If that Beneficiary dies within 24 hours after the Owner's death;
- (3) If there is not sufficient evidence to determine that the Beneficiary and Owner died other than simultaneously; or
- (4) As provided by applicable law.

Unless you designate an Irrevocable Beneficiary, you may change the Beneficiary at any time prior to the Annuity Commencement Date. To make a Beneficiary change, you must provide Notice to Us. Unless you specify otherwise, the change cancels any existing Beneficiary designations in the same class and will take effect as of the date the notice is signed. However, we are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us.

When naming or changing the Beneficiary, you may specify the form of the Death Benefit payments. We will honor the specified form to the extent permitted under Section 72(s) of the Code. If the form of payments is not specified, the Beneficiary may determine the manner of payment to the extent allowed by the Code.

The rights of any Beneficiary, including an Irrevocable Beneficiary, will end if he or she dies prior to the Owner and will pass to any other Beneficiary then living according to their respective rights unless you provide Notice to Us directing otherwise.

## 4. PREMIUMS AND TRANSFERS

### 4.1 Premiums

The Initial Premium for this Contract is payable no later than the Contract Date. There is no Contract until the Initial Premium is paid. If any check presented as payment of any part of the Initial Premium is not honored, the Contract is void.

You may pay Additional Premiums at any time after the Right to Examine Period ends provided:

- (1) The Contract remains in force;
- (2) The Contract Anniversary following the oldest Owner's or Annuitant's 85th birthday has not been reached; and
- (3) The Annuity Commencement Date has not been reached.

Additional Premiums are subject to the following limitations:

- (1) The minimum Additional Premium we will accept is \$500.
- (2) Our prior approval is required for any Additional Premium if the sum of all Premiums paid or the Accumulation Value under all annuity contracts you have with us, including this Contract, exceeds or would exceed \$1,500,000.
- (3) We may refuse, defer acceptance of or return any Premium in order to comply with any law or regulation.

Additional Premiums must be received at our Customer Service Center at the address shown on the first page of this Contract.

### 4.2 Premium Credits

On the date each Premium is paid, we will add a Premium Credit to the Contract's Accumulation Value, allocated proportionately in the same manner as the related Premium. The Premium Credit will equal a percentage of Premium, which varies based on the sum of all Premium paid, as shown in the Contract Schedule.

Premium Credits will not be added for any Additional Premium paid:

- (1) After the date we receive Proof of Death of any Owner (any Annuitant, if any Owner is not an individual) unless the Contract is continued by the deceased Owner's spouse as described in Section 6.3;
- (2) After the date we receive a Surrender or Withdrawal request for which Surrender charges are waived as provided for Extended Medical Care or Terminal Condition in Section 5.3.

### 4.3 Premium Credit Recapture

We may deduct all or a percentage of Premium Credits added to the Contract's Accumulation Value if the related Premium is withdrawn or surrendered. This is termed a Premium Credit recapture. The recapture percentage depends on the number of complete years that have elapsed since the related Premium was paid. Premium Credit recapture percentages are shown in the Contract Schedule. In addition:

- (1) If the Contract is returned during the Right to Examine Period, all Premium Credits will be recaptured.
- (2) If the Owner (Annuitant, if any Owner is not an individual) dies, any Premium Credits added to the Contract's Accumulation Value for Premium received 12 months prior to the date of death and later will be recaptured, until, if applicable, the Contract is continued by the deceased Owner's spouse as provided in Section 6.3.
- (3) If the Contract is continued by the deceased Owner's spouse as provided in Section 6.3, any Premium Credits added for Premium received after the Contract is continued will be recaptured based on the number of complete years that have elapsed since the related Premium was paid as shown in the Contract Schedule.
- (4) If a Surrender or Withdrawal is requested and Surrender charges are waived because the Owner (Annuitant, if any Owner is not an individual) receives Extended Medical Care or is diagnosed with a Terminal Condition pursuant to Section 5.3, any Premium Credits added to the Contract's Accumulation Value for Premium received within 12 months prior to the date we receive the Owner's request will be deducted from the Accumulation Value.

#### **4.4 Premium Allocation**

You select how to distribute the Initial Premium among the available Variable Sub-accounts. We reserve the right to allocate the Initial Premium to the Specially Designated Variable Sub-account during the Right to Examine Period. If we do so, upon expiration of the Right to Examine Period, allocation will be made proportionately in accordance with your selection.

Additional Premiums will be allocated among the Variable Sub-accounts as you direct. If you do not provide such directions, allocation of Additional Premiums will be among the Variable Sub-accounts then available in proportion to the Accumulation Value in those Variable Sub-accounts on the date the Additional Premium is applied to the Contract.

Premium allocations will be made as of the close of business on the Business Day such Premium is received by us. However, any Premium received after the close of regular trading on the NYSE will be allocated as of the close of business on the next Business Day.

#### **4.5 Transfers**

On any Business Day 30 days or more after the Contract Date and prior to the Annuity Commencement Date, you may transfer Accumulation Value among available Variable Sub-accounts. To make a transfer, you must provide Notice to Us.

Transferred values may be reduced by excess transfer charges and redemption fees imposed by the investment portfolio in which a Variable Sub-account invests. See Section 5.3.

Transfers will occur as of the close of business on the Business Day we receive your request. However, any transfer requests received by us after the close of regular trading on the NYSE will take effect as of the close of business on the next Business Day.

We will monitor transfer activity and will restrict transfers that constitute excessive trading. Currently, the definition of excessive trading is more than one purchase and sale of the same Variable Sub-account within a 60-day period or more than 5 such purchases and sales within any 12-month period. We may modify this standard, or the standard as it may apply to a particular Variable Sub-account, at any time without prior notice, depending on, among other factors, the needs of the underlying investment portfolio(s) in which the Variable Sub-account(s) invest, the best interest of the contract owners, and/or state and federal regulatory requirements. If this standard is modified, it will be applied uniformly to all contracts or as applicable, to all contracts investing in the underlying investment portfolio. We will notify you of any such modification.

#### **4.6 Automatic Transfers (Dollar Cost Averaging)**

Prior to the Annuity Commencement Date, if you elect by providing Notice to Us, we will automatically transfer Accumulation Value from the Specially Designated Variable Sub-account (the "Source Account") to one or more of the other Variable Sub-accounts, on a monthly basis, subject to the following:

- (1) This option cannot begin until the first Business Day 30 days or more after the Contract Date.
- (2) You must specify the Variable Sub-accounts to which the transfers are to be made.
- (3) The transfer date will be the Business Day on or following the same day each month as the Contract Date. If this day is later than the 28th day of the month, the transfer date will be the first Business Day of the following month. No automatic transfers will be made after the Annuity Commencement Date.
- (4) You elect the amount to be transferred. The minimum monthly transfer amount is \$100.
- (5) The maximum monthly transfer is the Accumulation Value in the Source Account at the time this option is elected divided by 3.
- (6) If, on any transfer date, the Accumulation Value in the Source Account is equal to or less than the scheduled transfer amount, the entire balance remaining in the Source Account will be transferred and this option will end.
- (7) This option is not available if you elect automatic rebalancing.

Automatic transfers are not subject to any excess transfer charges or limitations pertaining to frequent trading. You may discontinue or modify the option at any time by sending Notice to Us at least 7 days before the next scheduled transfer. However, we are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us.

#### **4.7 Automatic Rebalancing**

Prior to the Annuity Commencement Date, if you elect by providing Notice to Us, we will periodically transfer Accumulation Value as necessary to maintain a predetermined distribution among the Variable Sub-accounts. Automatic rebalancing will occur as of the close of business on the Business Day on or following the last day of each calendar quarter on a quarterly, semi-annual or annual basis as specified by you, subject to the following:

- (1) This option cannot begin until the first Business Day 30 days or more after the Contract Date.
- (2) The Accumulation Value at the time this option is elected must be at least \$10,000.
- (3) The predetermined distribution amount among the Variable Sub-accounts must be expressed in full percentage points.
- (4) This option is not available if you elect automatic transfers.

Transfers made to maintain the predetermined distribution you have specified are not subject to any excess transfer charges or limitations pertaining to frequent trading. You may discontinue or modify the option by sending Notice to Us at least 7 days before the next scheduled automatic rebalancing date. However, we are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us. This option will automatically terminate if any of the following occur:

- (1) You choose to change the allocation of the Accumulation Value among the Variable Sub-accounts in a manner that does not conform to the predetermined distribution instructions;
- (2) Your allocation instructions for any Additional Premium are other than pro-rata; or
- (3) You make a Withdrawal on other than a pro-rata basis.

#### **4.8 What Happens if a Variable Sub-account is Not Available**

If a Variable Sub-account is no longer available for the allocation of Additional Premium or for transfers because it has been substituted by or merged into another Variable Sub-account, we will execute your instructions using the substituted or merged Variable Sub-account. The portfolio in which the substitute or proposed replacement Variable Sub-account invests may have higher fees and charges than the portfolio it replaces. If a Variable Sub-account is no longer available for the allocation of Additional Premium or for transfers for any other reason, we will allocate the Additional Premium pro-rata among the remaining Variable Sub-accounts in which you are invested. However, if no Variable Sub-accounts remain in which you are invested or if you have provided specific allocation instructions for any Additional Premium and a specified Variable Sub-account is no longer available, we will attempt to contact you or your designated representative and obtain alternate instructions. If we are unable to obtain alternate instructions within 5 Business Days, we will return the Additional Premium to you.

## 5. CONTRACT VALUE

### 5.1 The Variable Separate Account

The Variable Separate Account is kept separate from our General Account and any other separate accounts we may have. We own the assets in the Variable Separate Account. Assets equal to the reserves and other liabilities of the Variable Separate Account will not be charged with liabilities that arise from any other business we conduct. We may transfer to our General Account assets of the Variable Separate Account which exceed the reserves and other liabilities of the Variable Separate Account. Income and realized and unrealized gains or losses from assets in the Variable Separate Account are credited to or charged against the Variable Separate Account without regard to other income, gains or losses in our General Account and other separate accounts.

The Variable Separate Account is treated as a unit investment trust under federal securities laws. It is registered with the SEC under the Investment Company Act of 1940. The Variable Separate Account is also governed by the laws of Iowa, our state of domicile.

#### Variable Sub-accounts

The Variable Separate Account is divided into Variable Sub-accounts, each of which invests in a designated mutual fund, unit investment trust or other investment portfolio that we determine to be suitable for the Contract's purposes. The Variable Sub-accounts, mutual funds, unit investment trusts and other investment portfolios may be managed by a separate investment adviser. Such adviser may be registered under the Investment Advisers Act of 1940.

#### Changes Within the Variable Separate Account

We may, from time to time, make additional Variable Sub-accounts available. We also have the right to eliminate Variable Sub-accounts, combine two or more Variable Sub-accounts or substitute a new investment portfolio for the investment portfolio in which a Variable Sub-account invests. A substitution may become necessary if, in our judgment, an investment portfolio or Variable Sub-account no longer suits the purpose of the Contract. This may happen due to a change in laws or regulations, a change in a portfolio's investment objectives or restrictions, because the investment portfolio or Variable Sub-account is no longer available for investment or for some other reason. We will obtain any required regulatory approvals before making a substitution.

Subject to any required regulatory approvals, we reserve the right to transfer assets of the Variable Separate Account or any Variable Sub-account that we determine to be associated with the class of contracts to which this Contract belongs to another variable separate account or to another Variable Sub-account.

When permitted by law, we reserve the right to:

- (1) Deregister the Variable Separate Account under the Investment Company Act of 1940;
- (2) Operate the Variable Separate Account as a management company under the Investment Company Act of 1940 if it is operating as a unit investment trust;
- (3) Operate the Variable Separate Account as a unit investment trust under the Investment Company Act of 1940 if it is operating as a managed variable separate account;
- (4) Restrict or eliminate any voting rights of Owners or other persons who have voting rights to the Variable Separate Account; and
- (5) Combine the Variable Separate Account with other variable separate accounts.

### 5.2 The Accumulation Value

The Accumulation Value of this Contract is the sum of the Accumulation Value in the Variable Sub-accounts. Each Variable Sub-account will be valued at the end of each Business Day for the preceding Valuation Period.

On the Contract Date, the Accumulation Value in each Variable Sub-account equals the Initial Premium plus Premium Credits allocated to that Variable Sub-account, less any Premium Tax, if applicable.

On each Business Day thereafter, the Accumulation Value in each Variable Sub-account is calculated as follows:

- (1) We start with the Accumulation Value in the Variable Sub-account on the preceding Business Day.
- (2) We multiply (1) by the Variable Sub-account's Net Return Factor for the current Valuation Period.
- (3) We add to (2) any Additional Premium less Premium Taxes if applicable, plus Premium Credits allocated to the Variable Sub-account during the current Valuation Period.
- (4) We add or subtract transfers to or from that Variable Sub-account during the current Valuation Period.
- (5) We subtract from (4) any Withdrawals, including any recapture of Premium Credits, if applicable, and any applicable Surrender charges from the Variable Sub-account during the current Valuation Period.
- (6) We subtract from (5) any charges, other than daily charges, allocated to that Variable Sub-account for:
  - (a) Any optional benefit Riders and Endorsements shown in the Contract Schedule; and
  - (b) Any deductions from Accumulation Value as shown in the Contract Schedule.

#### How We Determine the Variable Sub-account's Net Return Factor

The Net Return Factor for each Variable Sub-account is calculated as follows:

- (1) We take the net asset value of the portfolio in which the Variable Sub-account invests at the end of the current Business Day.
- (2) We add to (1) the amount of any dividend or capital gains distribution declared for the portfolio and reinvested in such portfolio during the current Valuation Period. We subtract from that amount a charge for any applicable Premium Taxes and any other applicable taxes.
- (3) We divide (2) by the net asset value of the portfolio at the end of the preceding Business Day.
- (4) We subtract the daily mortality and expense risk charge set forth in the Contract Schedule for each Variable Sub-account for each day in the current Valuation Period.
- (5) If any Riders or Endorsements have a daily charge, we subtract that daily charge set forth in the Contract Schedule for each Variable Sub-account for each day in the current Valuation Period.
- (6) We subtract the daily asset based administrative charge set forth in the Contract Schedule for each day in the current Valuation Period.

Calculations for Variable Sub-accounts investing in unit investment trusts are on a per unit basis.

### **5.3 Charges and Expenses**

#### Annual Administrative Charge

We may assess an annual administrative charge to cover a portion of our ongoing administrative expenses. The charge is deducted from the Accumulation Value in each Variable Sub-account on each Contract Anniversary prior to the Annuity Commencement Date, on the Annuity Commencement Date or at Surrender in the same proportion that the Accumulation Value in that Variable Sub-account bears to the total Accumulation Value in all Variable Sub-accounts on that date. If the Contract Anniversary, Annuity Commencement Date or Surrender falls on a non-Business Day, the charge is calculated at the close of business on the next Business Day. We may, at any time, charge less but will never charge more than the annual administrative charge shown in the Contract Schedule. At the time of deduction, this charge will be waived if:

- (1) The Accumulation Value is at least \$100,000; or
- (2) The sum of Premiums received to date is at least \$100,000.

We may, at any time, reduce but will never increase the amounts stated above for waiving the annual administrative charge.

#### Excess Transfer Charge

We may assess a charge for each transfer in excess of 12 per Contract Year. Any excess transfer charge will be deducted from the Accumulation Value in the Variable Sub-account(s) from which a transfer is made. The transfer of Accumulation Value from any Variable Sub-account is deemed to be one transfer regardless of the number of Variable Sub-accounts into which the value is transferred. We may, at any time, charge less but will never charge more than the excess transfer charge shown in the Contract Schedule.

### Surrender Charge

A Surrender charge may be imposed as a percentage of Premium not previously withdrawn if the Contract is Surrendered or a Withdrawal is made. The percentage imposed at the time of Surrender or Withdrawal of a particular Premium depends on the number of complete years that have elapsed since that particular Premium was paid. Unless you direct otherwise, Surrender charges will be deducted from all Variable Sub-accounts on a pro-rata basis. Surrender charges are shown in the Contract Schedule.

No Surrender charges will be assessed on a Withdrawal and the amount of such Withdrawal will not be treated as a Withdrawal of Premium if the Withdrawal, as determined on the date of such Withdrawal, does not exceed 10% of the Accumulation Value less any Withdrawals already taken during the current Contract Year. For purposes of determining the Surrender charge, Withdrawals are considered to come from Premium in the same order as paid ("first in, first out" basis).

In addition, we will waive any Surrender charges otherwise incurred due to Surrender or Withdrawal in the event you receive Extended Medical Care (as defined below) or are diagnosed with a Terminal Condition (as defined below).

To qualify for this waiver as a result of Extended Medical Care:

- (1) You (or any Annuitant, if any Owner is not an individual) must first begin receiving Extended Medical Care on or after the first Contract Anniversary and receive such care for at least 45 days during any continuous 60-day period; and
- (2) Your request for Surrender or Withdrawal, together with proof of such Extended Medical Care, must be provided in a Notice to Us during the term of such care or within 90 days after the last day you received such care.

To qualify for this waiver as a result of a Terminal Condition:

- (1) You (or any Annuitant, if any Owner is not an individual) must first be diagnosed by a Qualifying Medical Professional (as defined below) as having the Terminal Condition on or after the first Contract Anniversary; and
- (2) Your request for Surrender or Withdrawal, together with proof of such Terminal Condition, must be provided in a Notice to Us.

We may, at any time and at our expense, require a secondary medical opinion by a Qualifying Medical Professional of our choosing.

In this section:

*Extended Medical Care* means confinement in a Hospital or Nursing Home prescribed by a Qualifying Medical Professional.

*Hospital or Nursing Home* means a Hospital or a skilled care or intermediate care nursing facility, operating as such according to applicable law and at which medical treatment is available on a daily basis. This does not include a rest home or other facility whose primary purpose is to provide accommodations, board or personal care services to individuals who do not need medical or nursing care.

*Qualifying Medical Professional* means a legally licensed practitioner of the healing arts who: (1) is acting within the scope of his or her license; (2) is not a resident of your household or that of the Annuitant; and (3) is not related to you or the Annuitant by blood or marriage.

*Terminal Condition* means an illness or injury which results in a life expectancy of 12 months or less, as measured from the date of diagnosis by a Qualifying Medical Professional.

### Mortality and Expense Risk Charge

We assess a mortality and expense risk charge ("M & E Charge") against each Variable Sub-account on a daily basis. We may, at any time, charge less but will never charge more than the daily M & E Charge shown in the Contract Schedule.

#### Asset Based Administrative Charge

We assess an asset based administrative charge against each Variable Sub-account on a daily basis to compensate us for a portion of our ongoing administrative expenses. We may, at any time, charge less but will never charge more than the daily asset based administrative charge shown in the Contract Schedule.

#### Premium Tax

We may deduct the amount of any Premium Tax when:

- (1) Such Premium Tax is incurred by us;
- (2) The Contract is Surrendered, a Withdrawal is taken or the Death Benefit is paid; or
- (3) The Accumulation Value is applied to an Annuity Plan on the Annuity Commencement Date.

If Premium Tax is not deducted when it is incurred, we have the right to deduct any Premium Tax then due when the Contract is Surrendered, a Withdrawal is taken or the Death Benefit is paid. We have the right to change the amount we charge for any Premium Tax on future Premiums to conform with changes in the law or if you change your state of residence. Unless you direct otherwise, any Premium Taxes will be deducted from all Variable Sub-accounts on a pro-rata basis.

#### Other Taxes

No federal income tax liability attributable to the Variable Separate Account is expected. However, changes in federal laws and/or their interpretation may result in our being taxed on income or gains attributable to the Variable Separate Account. In this case, a charge may be deducted from the Variable Separate Account to provide for the payment of such taxes.

#### Redemption Fees

We may deduct the amount of any redemption fees imposed by a mutual fund or other investment portfolio in which the Variable Sub-accounts invest as a result of Surrender, Withdrawals, transfers or other transactions directed by you.

#### Consolidated Charge Deduction Option

We will deduct all charges, except the mortality and expense risk charge, the asset based administrative charge and any daily optional Rider and Endorsement charges from the Specially Designated Variable Sub-account if you elect this option by providing Notice to Us. If the charges are greater than the Accumulation Value in the Specially Designated Variable Sub-account, or you have not elected this consolidated charge deduction option, charges will be deducted from all Variable Sub-accounts on a pro-rata basis.

At any time while this Contract is in effect, you may change your election of this option. To do this you must provide Notice to Us. Any change will take effect within 7 days after the date we receive your request.

## 6. CONTRACT BENEFITS

### 6.1 Contract Surrender

On or at any time prior to the Annuity Commencement Date, you may Surrender this Contract for its Cash Surrender Value. To do so, you must provide Notice to Us. The Cash Surrender Value varies daily and will be determined as of the close of business on the Business Day on or following the date we receive your notice. We may require the Contract to be returned to us before the Cash Surrender Value is paid. If the Contract has been lost, we may require that you complete and return to our Customer Service Center the applicable lost contract form. Upon Surrender, the Contract will cease to have any further value.

#### Cash Surrender Value

The Cash Surrender Value equals:

- (1) The Accumulation Value; less
- (2) Any recapture of Premium Credits, if applicable; less
- (3) Any applicable Surrender charges; less
- (4) Any charges that have been incurred but not deducted, including but not limited to:
  - (a) Any annual administrative charges;
  - (b) The pro-rata part of any charges for optional benefit Riders or Endorsements;
  - (c) Any applicable Premium Tax; and
  - (d) Any redemption fees.

### 6.2 Withdrawals

At any time prior to the Annuity Commencement Date, you may withdraw a portion of the Accumulation Value, subject to the terms and conditions stated below, by providing Notice to Us. All Withdrawals may be reduced by the amount of any Premium Tax assessed, any redemption fees, any recapture of Premium Credits, if applicable, and any applicable Surrender charges. Unless you direct otherwise, Withdrawals will be withdrawn from all Variable Sub-accounts on a pro-rata basis.

The minimum Withdrawal is \$100.

A Withdrawal will be deemed to be a full Surrender and the Cash Surrender Value will be paid if, at the time of the Withdrawal, no Premiums have been received for the prior 24 months and the Withdrawal reduces the Cash Surrender Value remaining after the Withdrawal to less than \$1,000.

#### Systematic Withdrawals

At any time prior to the Annuity Commencement Date, you may elect to receive recurring systematic Withdrawals on a monthly, quarterly or annual basis by providing Notice to Us. If you elect this systematic Withdrawal option, the following terms and conditions apply:

- (1) You may select any Business Day 30 days or more after the Contract Date and not later than the 28th day of a month as the date when systematic Withdrawals begin.
- (2) Monthly systematic Withdrawals will be executed each month on the same day of the month as the date you selected for systematic Withdrawals to begin. Quarterly and annual systematic Withdrawals will be paid on the same day in the last month of the frequency period chosen.
- (3) If the day on which a systematic Withdrawal is scheduled is not a Business Day, that systematic Withdrawal will be executed on the next Business Day.
- (4) The maximum systematic Withdrawal that may be taken from the Accumulation Value in the Variable Sub-accounts is :
  - (a) 0.833% monthly;
  - (b) 2.50% quarterly; or
  - (c) 10.00% annually.
- (5) If any portion of a systematic Withdrawal is subject to Surrender charges, only that portion of the systematic Withdrawal not subject to Surrender charges will be processed unless you direct otherwise.

### 6.3 The Death Benefit

If any Owner (any Annuitant if any Owner is not an individual) dies before the Annuity Commencement Date, we will pay the Death Benefit to the primary Beneficiary. If all primary Beneficiaries die before any Owner (any Annuitant, if applicable), the Death Benefit is paid to the Contingent Beneficiary, if any. Only one Death Benefit is payable under this Contract. If there are multiple Beneficiaries, the Death Benefit will be paid in equal shares to all Beneficiaries in the same class unless you provide Notice to Us directing otherwise. The Death Benefit is the Accumulation Value less any recapture of Premium Credits.

The Death Benefit may be received in a single lump sum or applied to any of the Annuity Plans, subject to applicable law. If the Death Benefit is applied to an Annuity Plan, the Beneficiary is deemed to be the Annuitant. See Section 6.4.

#### Spousal Beneficiaries

If the sole primary Beneficiary is the deceased Owner's spouse as defined by federal law, upon Notice to Us, the Contract may be continued with the surviving spouse as the new Owner, pursuant to Section 72(s) of the Code and the following will apply:

- (1) If the deceased Owner was also an Annuitant, the surviving spouse will also become an Annuitant.
- (2) The Age of the surviving spouse will be used as the Owner's Age under the continued Contract.
- (3) Receipt of Additional Premiums will be deemed to be an election to continue the Contract.
- (4) Any Surrender charges applicable to Premiums paid prior to the date of the Owner's death will be waived. Premiums paid after the date of the Owner's death will be subject to any applicable Surrender charge.
- (5) At the subsequent death of the new Owner (the surviving spouse), the Death Benefit must be distributed as required for non-spousal Beneficiaries as stated below and the Contract will terminate.

If the deceased Owner's spouse does not choose to continue the Contract, the Death Benefit will be distributed as stated below for non-spousal Beneficiaries.

#### Non-spousal Beneficiaries

If any Beneficiary is someone other than the deceased Owner's spouse, the following will apply:

- (1) No Additional Premiums may be made following the date of the Owner's death; and
- (2) The Death Benefit must be distributed to the Beneficiary:
  - (a) In its entirety within 5 years of the Owner's death; or
  - (b) Over the life of the Beneficiary or over a period not greater than the Beneficiary's life expectancy with payments beginning within one year after the Owner's death.

If any Beneficiary dies before all Death Benefit payments have been distributed, any remaining distributions will be paid as directed by you or to such Beneficiary's estate, as applicable.

#### How to Claim the Death Benefit

The Death Benefit will become payable upon Notice to Us of the Owner's (or Annuitant's, if applicable) death and our receipt of Proof of Death and any other information necessary for us to administer the claim. The claimant should contact our Customer Service Center for instructions.

### 6.4 Annuity Payments

If the Accumulation Value is less than \$2,000 on the Annuity Commencement Date, we will pay the Accumulation Value less any applicable Premium Tax in one lump sum as directed by you and this Contract will have no further value. If the Accumulation Value is equal to or greater than \$2,000 on the Annuity Commencement Date shown in the Contract Schedule or as later changed as provided below and the Annuitant is living, we will commence Annuity Payments as directed by you.

Annuity Payments will be made monthly unless you direct us otherwise by Notice to Us. However, payments other than monthly, quarterly, semi-annually and annually require our consent. If you elect monthly Annuity Payments, the Annuity Payments will be paid each month following the Annuity Commencement Date on the same day of the month as the Annuity Commencement Date. If you elect quarterly or semi-annual Annuity Payments, the Annuity Payments will be paid on the same day as the Annuity Commencement Date in the last month of the frequency period chosen. If you elect annual

Annuity Payments, the Annuity Payments will be paid on each anniversary of the Annuity Commencement Date. You may elect other payment modes if we agree.

If the day an Annuity Payment should be paid is not a Business Day or does not exist in any month in which an Annuity Payment is due, that Annuity Payment will be paid on the next Business Day.

The payment amount will be determined by applying the Accumulation Value, less any applicable Premium Tax, to the Annuity Plan elected. Each Annuity Payment must equal at least \$20. If the Annuity Plan and frequency of Annuity Payments do not meet this minimum requirement, we have the right to make payments less frequently as necessary to do so.

We have the right to change the minimums stated in this provision based upon increases reflected in the Consumer Price Index for All Urban Consumers (CPI-U) since January 1, 2005.

#### Selecting an Annuity Commencement Date

The Annuity Commencement Date may be selected by you at the time of application or anytime thereafter by providing Notice to Us at least 30 days in advance. The Annuity Commencement Date may be any date following the 5th Contract Anniversary but not later than the Contract Anniversary on or next following the oldest Annuitant's 95th birthday. If no Annuity Commencement Date is selected, it will be the Contract Anniversary on or next following the oldest Annuitant's 95th birthday. You may change the Annuity Commencement Date upon Notice to Us at least 30 days prior to the Annuity Commencement Date you previously selected.

#### Electing an Annuity Plan

You may elect any of the Annuity Plans described below which provide for fixed payments only. In addition, you may elect any other Annuity Plan if we agree. The Annuity Plan may be changed at any time before the Annuity Commencement Date upon 30 days prior Notice to Us. If an Annuity Plan is not elected by the Annuity Commencement Date, payments will be made automatically each month for a minimum of 120 months and as long thereafter as the last surviving Annuitant lives unless otherwise limited by applicable law.

Upon request, we will send you the proper forms to choose or change an Annuity Plan. The chosen Annuity Plan will go into effect when the forms are received and recorded by us.

Election of the Annuity Plan is subject to the following terms and conditions:

- (1) If you do not direct otherwise, Annuity Payments will be paid to you.
- (2) Our consent is necessary if the payee is other than an individual, such as a trust or corporation, in order to ensure compliance with any applicable tax laws.
- (3) If for any reason the payee is changed, the change will take effect at the time Notice to Us is received and recorded.
- (4) We are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us.

#### The Annuity Plans

##### (1) Payments for a Period Certain

Annuity Payments are paid in equal installments for a fixed number of years as shown in Table A below. The number of years cannot be less than 10 or more than 30 unless otherwise limited by applicable law.

##### (2) Payments for a Period Certain and Life

Annuity Payments are paid for a fixed number of years and as long thereafter as the Annuitant is living as shown in Table B below. However, the number of years cannot be less than 10 or more than 30 unless otherwise limited by applicable law.

##### (3) Single Life Payments

Annuity Payments are paid for as long as the Annuitant is living as shown in Table B below.

##### (4) Joint and Last Survivor Life Payments

Annuity Payments are paid for as long as either of two Annuitants are living as shown in Table C below.

If any Owner (or any Annuitant who is not an Owner) dies on or after the Annuity Commencement Date but before all guaranteed Annuity Payments have been paid, we are required to pay the remaining value of any such guaranteed payments at least as rapidly as it was being paid before death. Consequently, we will continue payments as mandated under the Annuity Plan that was in effect at the time of death until all guaranteed Annuity Payments due have been paid.

Annuity Plan Tables

The following tables show the minimum monthly payments for each \$1,000 applied under the Annuity Plan, assuming fixed payments with a net investment return of 1.5%, using the Annuity 2000 Mortality Tables. We may pay a higher rate at our discretion.

In Table B, the amount of each payment will depend on the Annuitant's sex and Age at the time Annuity Payments commence. Payments other than monthly for Ages, number of years or joint life combinations not shown will be calculated on the same basis as those shown and may be obtained from us.

Table A: Payments for a Period Certain

Years		Years		Years	
10	\$8.97	17	\$5.55	24	\$4.13
11	8.22	18	5.28	25	3.99
12	7.59	19	5.04	26	3.87
13	7.05	20	4.82	27	3.75
14	6.60	21	4.62	28	3.64
15	6.20	22	4.44	29	3.54
16	5.86	23	4.28	30	3.45

Table B: Life Payments (Single Annuitant)

Annuitant's Age	Life Only	Life with 10 Years Period Certain	Life with 20 Years Period Certain
	Male/Female	Male/Female	Male/Female
50	\$3.25/3.01	\$3.23/3.00	\$3.15/2.96
55	3.65/3.35	3.61/3.33	3.46/3.25
60	4.17/3.79	4.09/3.75	3.80/3.59
65	4.87/4.39	4.71/4.30	4.15/3.97
70	5.85/5.22	5.47/5.02	4.45/4.34
75	7.20/6.43	6.35/5.93	4.66/4.61
80	9.10/8.22	7.25/6.96	4.77/4.75
85	11.75/10.91	8.02/7.89	4.81/4.81
90	15.40/14.76	8.56/8.50	4.82/4.82

Table C: Joint and Last Survivor Life Payments (Joint Annuitants)

Female Age	Male Age				
	50	55	60	65	70
50	\$2.72	\$2.81	\$2.88	\$2.93	\$2.96
55	2.85	2.99	3.10	3.19	3.25
60	2.97	3.16	3.33	3.48	3.59
65	3.06	3.31	3.55	3.79	3.99
70	3.13	3.42	3.75	4.09	4.41

## 7. OTHER IMPORTANT INFORMATION

### 7.1 Annual Report to Owner

At least once each year we will send you, without charge, a report which provides at a minimum the following information:

- (1) The beginning and end dates of the current report period;
- (2) The total Premium paid since the date of the last report;
- (3) The Accumulation Value and its distribution among the Variable Sub-accounts as of the beginning and end dates of the current report period;
- (4) The date and amount of any Withdrawals since the date of the last report;
- (5) The date and amount of any other transactions since the date of the last report;
- (6) Any Surrender charges, additional Rider charges, M & E Charges, administration charges or other transaction costs incurred since the date of the last report;
- (7) The Cash Surrender Value as of the report date; and
- (8) Any other information required by law or regulation.

This report will be sent to you at your last known address within 60 days after the report date. Upon your request, we will provide additional reports providing such information but may charge up to \$50 for each such additional report. We will also provide you with copies of any shareholder reports of the portfolios in which the Variable Sub-accounts invest as well as any other notices, reports or documents as required by law or regulation.

### 7.2 Assignment

You may assign this Contract as security for a loan or other obligation. Such an assignment is not a change of ownership. However, your rights, and those of any Beneficiary, are subject to the terms of any assignment. Written consent of any Irrevocable Beneficiary is required before any assignment is effective. To make, modify or release an assignment, provide Notice to Us. Unless otherwise specified by you, any such change will take effect as of the date the notice is signed. We are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us. In addition, we are not responsible for the validity, tax consequences or other effects of an assignment.

### 7.3 Misstatement of Age or Sex

We may require proof of the Age and/or sex of any person upon whose life Death Benefits or Annuity Payments are determined. If the Age or sex of such person has been misstated, we will adjust future benefit payments to reflect those that the Premiums would have purchased at the correct Age or sex. Any underpayments due to such misstatement will be included in the next payment from us with interest credited at the rate of 1.5% annually. Any overpayments plus interest at 1.5% annually will be deducted from future payments until the overpayment has been repaid in full.

### 7.4 Payments We May Defer

We may not be able to determine the value of the assets in the Variable Sub-accounts when:

- (1) The NYSE is closed;
- (2) Trading on the NYSE is restricted;
- (3) An emergency exists as determined by the SEC so that the sale of securities held in the Variable Separate Account may not reasonably occur or so that we may not reasonably determine the value of the Variable Separate Account's net assets; or
- (4) The SEC so permits for the protection of security holders.

During such times, as to amounts allocated to the Variable Sub-accounts, we may delay:

- (1) Determination and payment of the Cash Surrender Value;
- (2) Determination and payment of any Death Benefit;
- (3) Allocation changes of the Accumulation Value; or
- (4) Application of the Accumulation Value under an Annuity Plan.

**7.5 Claims of Creditors**

No payments, benefits, rights, privileges or options which are due or prospectively due the Owner under this Contract are subject to the claims of any creditor except as may be determined in accordance with applicable law.

**7.6 Incontestability**

This Contract shall be incontestable from the Contract Date.

**7.7 Basis of Computation**

If required, we have filed a detailed statement of our computations with the insurance supervisory official in the jurisdiction where this Contract is issued. The reserves and guaranteed values will at no time be less than the minimums required by the laws of that state or jurisdiction.

**7.8 Rules for Interpreting this Contract**

In this Contract, headings and captions are intended for convenience in reference only and do not affect interpretation of the Contract's provisions. Unless the context clearly indicates otherwise:

- (1) All language which implies the singular also includes the plural (and vice versa) and any words indicating gender include all genders; and
- (2) Where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning.





# **ING USA Annuity and Life Insurance Company**

**Des Moines, Iowa**

**Customer Service Center**

**[P.O. Box 9271**

**909 Locust Street**

**Des Moines, Iowa 50306-9271]**

**[1-800-366-0066]**

## **FLEXIBLE PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT WITH PREMIUM CREDIT PROVISION**

Variable Cash Surrender Values. Non-Participating. Investment results reflected in value.

Surrender charges waived under specified conditions (see Section 5.3).

# ING USA Annuity and Life Insurance Company

ING USA is a stock company domiciled in Iowa  
(Hereinafter called we, us and our)

## Market Value Adjusted Fixed Interest Account Endorsement

### Endorsement Data Table

Contract Number	Endorsement Effective Date	MVA Account
[123456]	[July 1, 2008]	[The Fixed Account II]

**FOR INQUIRIES, INFORMATION OR RESOLUTION OF COMPLAINTS, CALL [1-800-366-0066].**

The Contract to which this Market Value Adjusted Fixed Interest Account Endorsement (this "Endorsement") is attached is modified by the provisions of this Endorsement. The Endorsement's provisions shall control when there is a conflict between this Endorsement and the Contract. Any capitalized terms not defined in this Endorsement shall have the meaning given to them in the Contract.

This Endorsement adds a Market Value Adjusted Fixed Interest Account option to your Contract.

If you exercise your right to cancel or void the Contract as stated in the Contract's "Right to Examine this Contract" provision, the amount refunded to you will be adjusted for any applicable Market Value Adjustment as described below.

**All payments and values based on the MVA Account may be subject to a Market Value Adjustment, the operation of which may cause such payments and values to increase or decrease.**

### 1. IMPORTANT TERMS AND DEFINITIONS

In this Endorsement:

The **Contract** means the Contract to which this Endorsement is attached.

A **Dollar Cost Averaging ("DCA") Guarantee Period** is a 6-month or 12-month Guarantee Period as we may make available for the sole purpose of allowing you to make automatic monthly transfers of all or any portion of any Premium payment allocated to the MVA Account to one or more Variable Sub-accounts. Accumulation Value subject to a DCA Guarantee Period will earn a specified rate of interest equal to or greater than the interest rate declared for other Guarantee Periods of the same duration.

An **Early Transaction** is any Surrender, Withdrawal or transfer of, or application of a new Guarantee Period to, any portion of the Accumulation Value in the MVA Account more than 30 days prior to the end of the then applicable Guarantee Period. Similarly, the application of any portion of the Accumulation Value in the MVA Account to an Annuity Plan more than 30 days before the end of the then applicable Guarantee Period is an Early Transaction.

The **Endorsement Effective Date** is the date this Endorsement becomes effective. The Endorsement Effective Date is the same as the Contract Date unless a different Endorsement Effective Date is shown in the Endorsement Data Table above.

A **Guarantee Period** is the number of months or years during which Premium and any Premium Credits, if applicable, or a transfer of Accumulation Value allocated to the MVA Account earns a specified interest rate, as declared by us.

The **Index Rate** is the average of the ask yield, according to a national quoting service, for U.S. Treasury Strips of a certain maturity length over a period of time. The period of time will be from the 22nd day of the

calendar month 2 months prior to the calendar month of Index Rate determination to the 21st day of the calendar month immediately prior to the calendar month of Index Rate determination. If ask yields become unavailable, the Index Rate will be determined using a suitable replacement period as approved by the appropriate regulatory authority. We currently set the Index Rate once each calendar month, but reserve the right to do so more frequently than monthly. In no event will the average ask yield be based on a period of time less than 28 days.

A **Market Value Adjustment** is a positive or negative adjustment to Accumulation Value in the MVA Account as a result of an Early Transaction. The MVA Account is shown in the Endorsement Data Table.

The **Market Value Adjusted Fixed Interest Account or MVA Account** is part of our General Account and is established by us to hold assets supporting the fixed return benefits for this and other variable annuity or life insurance contracts.

## 2. PREMIUMS AND TRANSFERS

**The section entitled “Premium Allocation” is deleted and replaced by the following:**

You select how to distribute the Initial Premium among the available Variable Sub-accounts and the MVA Account. We reserve the right to allocate the Initial Premium to the Specially Designated Variable Sub-account during the Right to Examine Period. If we do so, upon expiration of the Right to Examine Period, allocation will be made proportionately in accordance with your selection.

Additional Premiums will be allocated among the Variable Sub-accounts and the MVA Account as you direct. If you do not provide such directions, allocation of Additional Premiums will be among the Variable Sub-accounts then available and the MVA Account in proportion to the Accumulation Value in those Variable Sub-accounts and/or the MVA Account on the date the Additional Premium is applied to the Contract.

Premium allocations will be made as of the close of business on the Business Day such Premium is received by us. However, any Premium received after the close of regular trading on the NYSE will be allocated as of the close of business on the next Business Day.

**The first paragraph of the section entitled “Transfers” is deleted and replaced by the following:**

On any Business Day 30 days or more after the Contract Date and prior to the Annuity Commencement Date, you may transfer Accumulation Value among available Variable Sub-accounts and the MVA Account. To make a transfer, you must provide Notice to Us. A transfer of Accumulation Value from the MVA Account may be subject to a Market Value Adjustment.

**The following is added to the section entitled “Automatic Transfers (Dollar Cost Averaging)”:**

### Dollar Cost Averaging in the MVA Account

Prior to the Annuity Commencement Date, any Premium allocated to the MVA Account and subject to a DCA Guarantee Period will be automatically transferred to one or more Variable Sub-accounts, on a monthly basis, subject to the following:

- (1) Automatic transfers from the MVA Account cannot begin until the first Business Day 30 days or more after the Contract Date.
- (2) You must specify the Variable Sub-accounts to which the transfers are to be made.
- (3) The transfer date will be the Business Day on or following the same day each month as the Contract Date. If this day is later than the 28th day of the month, the transfer date will be the first Business Day of the following month. No automatic transfers will be made after the Annuity Commencement Date.
- (4) The minimum monthly transfer amount is \$100.
- (5) The amount that will be transferred each month is that portion of the Accumulation Value in the MVA Account subject to a DCA Guarantee Period divided by the number of months in the applicable DCA Guarantee Period. The last transfer will include the interest earned during the DCA Guarantee Period.

- (6) Transfers of Accumulation Value from a Variable Sub-account to the MVA Account are not eligible for automatic transfer from the MVA Account.

Dollar cost averaging of Accumulation Value in the MVA Account subject to a DCA Guarantee Period may not be modified or discontinued, and the entire balance of such Accumulation Value will be transferred by the end of the applicable DCA Guarantee Period. Automatic transfers are not subject to any excess transfer charges, Market Value Adjustment or limitations pertaining to frequent trading.

**The following is added to the section entitled “Automatic Rebalancing”:**

Automatic rebalancing is not available for and will not apply to any Accumulation Value in the MVA Account.

### **3. CONTRACT VALUE**

**The following section is added:**

**The MVA Account**

The transfer of Accumulation Value and any Premium, including any Premium Credits thereon, if applicable, allocated to the MVA Account earns interest at an annual interest rate declared in advance by us, based on the Guarantee Period you elect. You may elect to apply one or more Guarantee Periods, from among those then offered by us, to all or any portion of any transfer of Accumulation Value or any Premium, and any Premium Credits thereon, if applicable, allocated to the MVA Account. You may also elect to change the Guarantee Period applicable to any portion of the Accumulation Value in the MVA Account, with the exception of Accumulation Value subject to a DCA Guarantee Period. However, in no case may a Guarantee Period elected extend beyond the Annuity Commencement Date.

Any interest rate declared applies to that specific Premium and any Premium Credits thereon, if applicable, transfer or portion of Accumulation Value in the MVA Account and is guaranteed not to change for a single duration of that specific Guarantee Period only. Any Accumulation Value in the MVA Account subject to an Early Transaction will earn the declared interest rate only until the date of the Early Transaction.

Changes within the MVA Account

We may, from time to time, make available Guarantee Periods of durations other than those available on the Contract Date. We also have the right to discontinue renewing any or all Guarantee Periods or discontinue offering any or all Guarantee Periods for Additional Premiums or transfers. However, if we exercise this right, such discontinuance will not apply to any portion of the Accumulation Value then allocated to the MVA Account until the end of the applicable Guarantee Period.

Renewal

We will notify you at least 30 days prior to the end of any Guarantee Period then applicable to any portion of the Accumulation Value in the MVA Account and advise you of your options. If you do not provide Notice to Us otherwise by the time the applicable Guarantee Period ends, a new Guarantee Period of the same length will be applied to that portion of the Accumulation Value. If a similar Guarantee Period is not then available, we will apply the next shortest Guarantee Period that is available. If no shorter Guarantee Period is then available, the Accumulation Value subject to the Guarantee Period then ending will be transferred to the Specially Designated Variable Sub-account.

If the period remaining from the end of the Guarantee Period then ending to the Annuity Commencement Date is less than the Guarantee Period you elect or the Guarantee Period then ending, the next shortest Guarantee Period then available that does not extend beyond the Annuity Commencement Date will be offered to you. If no Guarantee Period is available that does not extend beyond the Annuity Commencement Date, the applicable Accumulation Value will be transferred to the Specially Designated Variable Sub-account.

### Market Value Adjustments

A Market Value Adjustment may be applied to any Accumulation Value in the MVA Account subject to an Early Transaction. During the Right to Examine Period, the Market Value Adjustment is determined by multiplying the Accumulation Value in the MVA Account subject to the Early Transaction by

$$\left( \frac{1 + I}{1 + J} \right)^{N/365} - 1$$

After the Right to Examine Period ends, the Market Value Adjustment is determined by multiplying the Accumulation Value in the MVA Account subject to the Early Transaction by

$$\left( \frac{1 + I}{1 + J + .0025} \right)^{N/365} - 1$$

In each of the Market Value Adjustment calculations above:

- I is an Index Rate, calculated using the month that the then applicable Guarantee Period was first applied to that portion of the Accumulation Value subject to the Early Transaction as the month of determination and using U.S. Treasury Strips with a maturity length equal to the then applicable Guarantee Period;
- J is an Index Rate, calculated using the month in which the calculation is being made as the month of determination and using U.S. Treasury Strips with a maturity length equal to the number of years left in the then applicable Guarantee Period (rounded up to the next whole year); and
- N is the remaining number of days in the then applicable Guarantee Period at the time of calculation.

Market Value Adjustments will be applied as follows:

- (1) The Market Value Adjustment will be calculated on the amount of Accumulation Value of the Early Transaction before deduction of any applicable Surrender charge or any recapture of Premium Credits, if applicable.
- (2) If an Early Transaction includes all of the Accumulation Value to which the then current Guarantee Period is applicable, the Market Value Adjustment will be calculated on the total Accumulation Value and will adjust the total Accumulation Value upwards or downwards, as applicable.
- (3) If an Early Transaction includes only a portion of the Accumulation Value to which the then current Guarantee Period is applicable and you request to receive a specific net amount, the following applies:
  - (a) The Market Value Adjustment will be calculated on and applied to the total amount of Accumulation Value that must be withdrawn, transferred or applied to an Annuity Plan in order to provide you the net amount that you requested (after application of Market Value Adjustment and deduction of applicable Surrender charges and any recapture of Premium Credits, if applicable).
  - (b) If the Market Value Adjustment, any recapture of Premium Credits if applicable, and any applicable Surrender charges causes the total amount of Accumulation Value upon which the Market Value Adjustment is calculated to be more than the total amount of the Accumulation Value to which that Guarantee Period applies, we will calculate the Market Value Adjustment as described in paragraph (2) above.
- (4) If an Early Transaction includes only a portion of the Accumulation Value to which the then current Guarantee Period is applicable and you request that a specific gross amount be deducted from your Accumulation Value, the Market Value Adjustment will be calculated on the amount of Accumulation Value specified by you and will adjust such Accumulation Value upwards or downwards, as applicable.

**The first paragraph of the section entitled “The Accumulation Value” is deleted and replaced by the following:**

The Accumulation Value of the Contract is the sum of the Accumulation Value in the MVA Account and the Variable Sub-accounts. Each Variable Sub-account and the MVA Account will be valued at the end of each Business Day for the preceding Valuation Period.

**The following provision is added to the section entitled “The Accumulation Value”:**

Calculating the Value of the MVA Account

On the Contract Date, the Accumulation Value in the MVA Account equals the Initial Premium allocated to the MVA Account, plus any Premium Credits, if applicable, less any Premium Tax, if applicable.

On each Business Day thereafter, the Accumulation Value in the MVA Account is calculated as follows:

- (1) We start with the Accumulation Value in the MVA Account on the preceding Business Day.
- (2) We calculate and add to (1) the interest to be credited to the MVA Account for the current Valuation Period.
- (3) We add to (2) any Additional Premium less Premium Taxes if applicable, plus any Premium Credits, if applicable, allocated to the MVA Account during the current Valuation Period.
- (4) We add or subtract transfers to or from the MVA Account, including any applicable Market Value Adjustments, during the current Valuation Period.
- (5) We subtract from (4) any Withdrawals from the MVA Account, including any Market Value Adjustments, any recapture of Premium Credits, if applicable, and any applicable Surrender charges, during the current Valuation Period.
- (6) We subtract from (5) the amount of any other charges allocated to the MVA Account.

**The “Annual Administrative Charge” provision in the section entitled “Charges and Expenses” is deleted and replaced by the following:**

We may assess an annual administrative charge to cover a portion of our ongoing administrative expenses. The charge is deducted from the Accumulation Value in each Variable Sub-account on each Contract Anniversary prior to the Annuity Commencement Date, on the Annuity Commencement Date or at Surrender in the same proportion that the Accumulation Value in that Variable Sub-account bears to the total Accumulation Value in all Variable Sub-accounts on that date. If no Variable Sub-accounts remain or the Accumulation Value in the Variable Sub-accounts is insufficient to pay the charge, the annual administrative charge will be deducted from the Accumulation Value in the MVA Account, starting with that portion of the Accumulation Value nearest the end of its applicable Guarantee Period until the charge has been paid. If the Contract Anniversary, Annuity Commencement Date or Surrender falls on a non-Business Day, the charge is calculated at the close of business on the next Business Day. We may, at any time, charge less but will never charge more than the annual administrative charge shown in the Contract Schedule. At the time of deduction, this charge will be waived if:

- (1) The Accumulation Value is at least \$100,000; or
- (2) The sum of Premiums received to date is at least \$100,000.

We may, at any time, reduce but will never increase the amounts stated above for waiving the annual administrative charge.

**The “Excess Transfer Charge” provision in the section entitled “Charges and Expenses” is deleted and replaced by the following:**

We may assess a charge for each transfer in excess of 12 per Contract Year. Any excess transfer charge will be deducted from the Accumulation Value in the MVA Account or the Variable Sub-account(s) from which a transfer is made. The transfer of Accumulation Value from the MVA Account or any Variable Sub-account is deemed to be one transfer regardless of how that Accumulation Value is subsequently allocated. We may, at any time, charge less but will never charge more than the excess transfer charge shown in the Contract Schedule.

**The first paragraph of the “Surrender Charge” provision in the section entitled “Charges and Expenses” is deleted and replaced by the following:**

A Surrender charge may be imposed as a percentage of Premium not previously withdrawn if the Contract is Surrendered or a Withdrawal is made. The percentage imposed at the time of Surrender or Withdrawal of a particular Premium depends on the number of complete years that have elapsed since that particular Premium was paid. Unless you direct otherwise, Surrender charges will be deducted from all Variable Sub-accounts on a pro-rata basis. If no Variable Sub-accounts remain or the Accumulation Value in the

Variable Sub-accounts is insufficient to pay all Surrender charges, any Surrender charges remaining will be deducted from the Accumulation Value in the MVA Account, starting with that portion of the Accumulation Value nearest the end of its applicable Guarantee Period until all such charges have been paid. Surrender charges are shown in the Contract Schedule.

**The second paragraph of the “Premium Tax” provision in the section entitled “Charges and Expenses” is deleted and replaced by the following:**

If Premium Tax is not deducted when it is incurred, we have the right to deduct any Premium Tax then due when the Contract is Surrendered, a Withdrawal is taken or the Death Benefit is paid. We have the right to change the amount we charge for any Premium Tax on future Premiums to conform with changes in the law or if you change your state of residence. Unless you direct otherwise, any Premium Taxes will be deducted from all Variable Sub-accounts and from Accumulation Value in the MVA Account subject to the Guarantee Periods you have elected on a pro-rata basis.

**The following is added to the “Consolidated Charge Deduction Option” provision in the section entitled “Charges and Expenses”:**

If the charges are greater than the Accumulation Value in the Variable Sub-accounts, any remaining charges will be deducted from the Accumulation Value in the MVA Account starting with that portion of the Accumulation Value nearest the end of its applicable Guarantee Period until such charges have been paid.

#### **4. CONTRACT BENEFITS**

**The following is added to the section entitled “Contract Surrender”:**

In calculating the Cash Surrender Value, any applicable Market Value Adjustment is applied before deducting any other applicable fees and charges, including those incurred but not yet deducted.

**The first paragraph of the section entitled “Withdrawals” is deleted and replaced by the following:**

At any time prior to the Annuity Commencement Date, you may withdraw a portion of the Accumulation Value, subject to the terms and conditions stated below, by providing Notice to Us. All Withdrawals may be reduced by the amount of any Premium Tax assessed, any redemption fees, any recapture of Premium Credits, if applicable, and any applicable Surrender charges. Unless you direct otherwise, Withdrawals will be withdrawn first from all Variable Sub-accounts on a pro-rata basis. If no Accumulation Value remains in the Variable Sub-accounts, Withdrawals will be withdrawn from Accumulation Value in the MVA Account, starting with that portion of the Accumulation Value nearest the end of its applicable Guarantee Period until the requested amount has been withdrawn.

**The following is added to the section entitled “Withdrawals”:**

The maximum systematic Withdrawal that may be taken from the MVA Account is the amount of interest earned during the prior month, quarter or year, depending on the frequency of Withdrawals elected by you.

**The first paragraph of the section entitled “The Death Benefit” is deleted and replaced by the following:**

If any Owner (any Annuitant if any Owner is not an individual) dies before the Annuity Commencement Date, we will pay the Death Benefit to the primary Beneficiary. If all primary Beneficiaries die before any Owner (any Annuitant, if applicable), the Death Benefit is paid to the Contingent Beneficiary, if any. Only one Death Benefit is payable under this Contract. If there are multiple Beneficiaries, the Death Benefit will be paid in equal shares to all Beneficiaries in the same class unless you provide Notice to Us directing otherwise. The Death Benefit is the greater of:

- (1) The Accumulation Value less any recapture of Premium Credits, if applicable; or
- (2) The Cash Surrender Value.

## 5. OTHER IMPORTANT INFORMATION

### The following is added to the section entitled "Annual Report to Owner":

In addition to the other information provided, the annual report sent to you will include the allocation of Accumulation Value within the MVA Account as of the beginning and end dates of the current report period.

### The following is added to the section entitled "Payments We May Defer":

With respect to any portion of the Accumulation Value allocated to the MVA Account, we may defer payment of any Surrender or Withdrawal for up to 6 months after we receive a request for it, contingent upon written approval by the insurance supervisory official in the jurisdiction in which this Contract is issued.

In all other respects, the Contract is unchanged.

Signed:

[ *Joy M. Benner* ]

Secretary

SERFF Tracking Number: WEST-125717168 State: Arkansas  
Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
Company Tracking Number: IU-IA-4000 ET AL  
TOI: A03I Individual Annuities - Deferred Variable Sub-TOI: A03I.002 Flexible Premium  
Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: WEST-125717168 State: Arkansas  
Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
Company Tracking Number: IU-IA-4000 ET AL  
TOI: A03I Individual Annuities - Deferred Variable Sub-TOI: A03I.002 Flexible Premium  
Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Supporting Document Schedules

### Review Status:

**Satisfied -Name:** Certification/Notice

06/30/2008

#### Comments:

The following four certifications are attached:

- Certification regarding Rule 19
- Certification regarding Regulation 49
- Certification regarding ACA 23-79-138
- Certification regarding Rule 6.

A readability certification is not attached as it not applicable to variable annuity products.

#### Attachments:

AR Rule 19 Cert.pdf  
AR Reg. 49 Certification.pdf  
AR Code 23-79-138 Certification.pdf  
AR Cert Rule 6.pdf

### Review Status:

**Satisfied -Name:** Statements of Variability for IU-IA-4000, IU-RA-4004

08/04/2008

#### Comments:

A statement of variability each is attached for variable annuity contract IU-IA-4000 and MVA endorsement IU-RA-4004.

#### Attachments:

Statement of Variability for IU-IA-4000.pdf  
Statement of Variability for IU-RA-4004.pdf

**ARKANSAS  
POLICY FORM CERTIFICATION**

**ING USA ANNUITY AND LIFE INSURANCE COMPANY**

Form Number: IU-IA-4000, IU-RA-4004

Form Title: Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision, Market Value Adjusted Fixed Interest Account Endorsement

By my signature below, I hereby certify that I have reviewed the enclosed policy forms and certify that the forms submitted meet the provisions of Rule 19 as well as all applicable requirements of the Arkansas Insurance Department.

Signed:



Alice W. Su  
Vice President, FSA, MAAA

August 1, 2008

Date





**ARKANSAS  
POLICY FORM CERTIFICATION**

**ING USA Annuity and Life Insurance Company**

Form Number(s): IU-IA-4000, IU-RA-4004

Form Title(s): Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision, Market Value Adjusted Fixed Interest Account Endorsement

By my signature below, I hereby certify that I have reviewed the enclosed policy form(s) and certify that the form(s) submitted meets the provisions of Rule 6 as well as all applicable requirements of the Arkansas Insurance Department.

Signed:



Alice W. Su  
Vice President, FSA, MAAA

August 1, 2008  
Date

**ING USA Annuity and Life Insurance Company**  
**Statement of Variability for**  
**Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision**  
**Form No. IU-IA-4000**

**Page 1**

<b>Item</b>	<b>Variability</b>
<b>Company Address</b>	The company's address may be modified to the extent necessary to accurately reflect current company operations.
<b>Company Telephone Number</b>	The company's telephone number may be modified to the extent necessary to accurately reflect current company operations.
<b>Product Name</b>	The company reserves the right to change the marketing name.
<b>Contract Number</b> <b>Annuitant</b> <b>Annuitant's Age</b> <b>Annuitant's Sex</b> <b>Owner</b> <b>Owner's Age</b> <b>Residence State</b> <b>Contract Date</b> <b>Issue State</b> <b>Initial Premium</b> <b>Premium Tax</b> <b>Initial Premium Less Premium Tax</b> <b>Annuity Commencement Date</b> <b>Annuity Plan</b>	This information will vary to the extent necessary to reflect "issue specific" data.
<b>Variable Separate Account</b>	The Variable Separate Account may be modified to the extent necessary to accurately reflect current company operations.
<b>Officers' Signatures</b>	The Officers' signatures may be modified as appropriate to reflect changes in company operations.

**Contract Schedule**

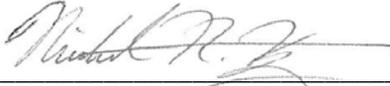
<b>Item</b>	<b>Variability</b>
<b>Annual Administrative Charge</b>	The company reserves the right to change the annual administrative charge for new issues on a uniform basis. The maximum amount that this charge will be is \$80. A charge of \$0 would mean that this charge is waived. Reasons we may change the charge include: a change in market conditions, a change in competitive pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Excess Transfer Charge</b>	The company reserves the right to change the excess transfer charge on a uniform basis. Should there be a charge imposed the charge maximum would be \$50 per transfer. Reasons we may change the charge include: a change in market conditions, a change in competitive

**ING USA Annuity and Life Insurance Company**  
**Statement of Variability for**  
**Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision**  
**Form No. IU-IA-4000**

	pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Daily M &amp; E Charge</b>	The company reserves the right to change the Daily M&E charge. The maximum Daily M&E charge would be 3.20%. Any such change would apply only to new issues on a uniform basis. A charge of 0% would mean that this charge is waived. Reasons we may change the charge include: a change in market conditions, a change in competitive pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Daily Asset Based Administrative Charge</b>	We reserve the right to change the daily asset based administrative charge. The maximum daily asset based administrative charge would be 0.000823% (0.30% Annually). Any such change would apply only to new issues on a uniform basis. A charge of 0% would mean that this charge is waived. Reasons we may change the charge include: a change in market conditions, a change in competitive pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Premium Credits</b>	We reserve the right to change the percentage that new premium is being credited. Premium credit percentages may vary from 1% to 10%. Premium credit percentages for higher premium bands will be equal to or greater than the next lowest premium band. The company reserves the right to change or remove premium bands as well as add additional bands. The number of bands will not exceed five. Any such change in the credit percentage or premium bands would only apply to new issues on a uniform basis. Reasons we may change the credit percentage include: a change in market conditions, a change in competitive pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Premium Credit Recapture</b>	We reserve the right to change the credit recapture percentage. Premium credit recapture percentages may vary from 0 to 100%. The percentage may vary by the number of complete years that have elapsed since the related Premium was paid. Each elapsed year's percentage will be less than or equal to the previous year's percentage. The premium credit recapture percentage period will not extend beyond 9 years. Any such change in the credit recapture percentage would only apply to new issues on a uniform basis. Reasons we may change the credit recapture percentage include: a change in market conditions, a change in competitive pressures, a change in the cost of doing business, or based upon requirements of a carrier.
<b>Specially Designated Variable Sub-account</b>	This division is the "ING Liquid Assets Portfolio". The fund name may change or we may change the fund that is designated as the Specially Designated Variable Sub-account. Any such change would apply only on a uniform basis. After any such change, the previous Specially

**ING USA Annuity and Life Insurance Company**  
**Statement of Variability for**  
**Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision**  
**Form No. IU-IA-4000**

	Designated Variable Sub-account does not need to be closed.
<b>Attached Riders and Endorsements</b>	This field will vary by contract dependant upon rider and endorsement election.



---

Michael Katz, FSA, MAAA  
Associate Actuary  
ING USA Annuity and Life Insurance Company

July 24, 2008  
Date

**ING USA Annuity and Life Insurance Company  
Statement of Variability for  
Market Value Adjusted Fixed Interest Account Endorsement  
Form No. IU-RA-4004**

**Endorsement Data Table**

<b>Item</b>	<b>Variability</b>
<b>Contract Number</b> <b>Endorsement Effective Date</b>	This information will vary to the extent necessary to reflect "issue specific" data.
<b>MVA Account</b>	The MVA Account may be modified to the extent necessary to accurately reflect current company operations.

**Page 7**

<b>Item</b>	<b>Variability</b>
<b>Officers' Signatures</b>	The Officers' signatures may be modified as appropriate to reflect changes in company operations.



\_\_\_\_\_  
Michael Katz, FSA, MAAA  
Associate Actuary  
ING USA Annuity and Life Insurance Company

July 24, 2008  
Date

SERFF Tracking Number: WEST-125717168 State: Arkansas  
 Filing Company: ING USA Annuity and Life Insurance Company State Tracking Number: 39828  
 Company Tracking Number: IU-IA-4000 ET AL  
 TOI: A031 Individual Annuities - Deferred Variable Sub-TOI: A031.002 Flexible Premium  
 Product Name: IU-IA-4000 Flexible Premium Deferred Variable Annuity  
 Project Name/Number: IU-IA-4000 Flexible Premium Deferred Variable Annuity/IU-IA-4000 et al

## Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Flexible Premium Deferred Variable Annuity Contract With Premium Credit Provision	08/04/2008	IU-IA-4000.pdf

# ING USA Annuity and Life Insurance Company

Des Moines, Iowa

**Customer Service Center**  
**[P.O. Box 9271**  
**909 Locust Street**  
**Des Moines, Iowa 50306-9271]**  
**[1-800-366-0066]**

In this Contract, you or your refers to the Owner and we, our, or us refers to ING USA Annuity and Life Insurance Company, a stock company.

Product Name [Premium Plus]	Contract Number [123456]	
Annuitant [Thomas J. Doe]	Annuitant's Age [55]	Annuitant's Sex [Male]
Owner [John Q. Doe]	Owner's Age [35]	Residence State [Delaware]
Contract Date [July 1, 2008]	Issue State [Delaware]	
Initial Premium [\$10,000.00]	Premium Tax [\$0.00]	Initial Premium Less Premium Tax [\$10,000.00]
Annuity Commencement Date [July 1, 2038]	Annuity Plan [Payments for a 10-Year Period Certain and Life]	
Variable Separate Account [Separate Account B of ING USA Annuity and Life Insurance Company]		

If this Contract is in force on the Annuity Commencement Date, we will commence Annuity Payments based on the Annuity Plan you have selected according to the terms on this and the following pages. If you die prior to the Annuity Commencement Date and this Contract is in force, we will pay the Death Benefit to the Beneficiary.

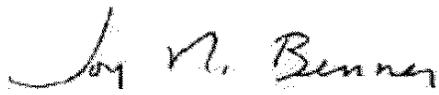
**READ YOUR CONTRACT CAREFULLY.** This is a legal Contract between you and us.

All payments and values, when based on the investment experience of the Variable Sub-accounts, are not guaranteed as to dollar amount and may increase or decrease, depending on the Variable Sub-accounts' investment results. Surrender charges may apply if the Contract is Surrendered or Withdrawals are taken prior to the Annuity Commencement Date. Provisions regarding the variable nature of this Contract are found on pages 11-14.

## RIGHT TO EXAMINE THIS CONTRACT

You may cancel or void this Contract by mailing or delivering it to us at the address shown above or to the agent through whom you purchased it within 10 days (30 days or longer as may be required by applicable law in the state where this Contract is delivered or issued for delivery as a replacement contract) after the date you receive it. If so returned, we will promptly refund the Accumulation Value, plus any charges we have deducted as of the date the returned Contract is received by us, less any Premium Credit. The Contract will then be deemed void.

**WE WILL PROVIDE YOU WITH ADDITIONAL INFORMATION REGARDING THE BENEFITS AND PROVISIONS OF THIS CONTRACT UPON WRITTEN REQUEST. YOU MAY ALSO CALL [1-800-366-0066] FOR INQUIRIES, INFORMATION OR RESOLUTION OF COMPLAINTS.**

[  ]

Secretary

[  ]

President

## FLEXIBLE PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT WITH PREMIUM CREDIT PROVISION

Variable Cash Surrender Values. Non-Participating. Investment results reflected in value.  
Surrender charges waived under specified conditions (see Section 5.3).

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  - 7.8 Rules for Interpreting this Contract

## 1. CONTRACT SCHEDULE

### A. Charges and Fees:

Annual Administrative Charge	[\$40]
Excess Transfer Charge	[\$25]
Daily M & E Charge	[0.004697]%, equal to an annual rate of [1.70]%
Daily Asset Based Administrative Charge	[0.000411]%, equal to an annual rate of [0.15]%
Surrender Charge Schedule	
Complete Years Elapsed Since Premium Paid	0    1    2    3    4    5    6    7    8    9+
Percentage of Premium Withdrawn	9% 9% 9% 8% 7% 6% 5% 4% 2% 0%

### B. Premium Credits

Total Premiums	Premium Credit Percentage
[\$25,000 - \$499,999.99]	[3%]
[\$500,000 - \$999,999.99]	[4%]
[\$1,000,000+]	[5%]

There may be situations in which the Premium Credit is not fully earned. Read Sections 4.2 Premium Credits and 4.3 Premium Credit Recapture of this Contract carefully.

### C. Premium Credit Recapture

Premium Credit Recapture Schedule	
Complete Years Elapsed Since Premium Paid	0    1    2    3    4    5    6    7    8    9
Percentage of Premium Credit Recaptured	[100%][100%][75%][75%][50%][50%][25%][25%][0%][0%]

### D. Specially Designated Variable Sub-account

[ING Liquid Assets] or its successor

### E. Attached Riders and Endorsements

[IU-RA-4004    Market Value Adjusted Fixed Interest Account Endorsement]

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## 2. IMPORTANT TERMS AND DEFINITIONS

**Accumulation Value** is defined in Section 5.2.

**Additional Premium** means any payment, other than the Initial Premium, made by you to us for this Contract.

**Age** means the age of a person on his or her last birthday.

The **Annuitant** is the person upon whose life the Annuity Payments are based.

The **Annuity Commencement Date** is the date after which you have the right to receive Annuity Payments and is the date used in determining the timing of such Annuity Payments.

**Annuity Payments** are periodic payments made by us to you, or to some other payee as directed by you, beginning on the Annuity Commencement Date.

The **Annuity Plan** is an option elected by you that determines the frequency, duration and amount of the Annuity Payments.

**Beneficiary** means the person or entity who will receive the Death Benefit.

**Business Day** means the hours of any day the New York Stock Exchange ("NYSE") is open for trading, exclusive of federal holidays, or any day the Securities and Exchange Commission ("SEC") requires that mutual funds, unit investment trusts or other investment portfolios be valued.

The **Cash Surrender Value** is the amount you receive upon Surrender of this Contract.

**Code** means the Internal Revenue Code of 1986, as amended.

The **Contingent Annuitant** is the person who will become the Annuitant if the named Annuitant dies prior to the Annuity Commencement Date.

The **Contingent Beneficiary** is the person who will become the Beneficiary if the named Beneficiary dies prior to any Owner (any Annuitant if any Owner is not an individual).

The **Contract** is defined in Section 3.1.

The **Contract Anniversary** is the same day and month each year as the Contract Date. If no such day exists, the Contract Anniversary shall be the next calendar day.

**Contract Date** means the date on which this Contract becomes effective. The Contract Date is shown on the first page of this Contract.

A **Contract Year** is the period beginning on a Contract Anniversary (or, in the first Contract Year only, the Contract Date) and ending on the day preceding the next Contract Anniversary.

The **Death Benefit** is the amount paid to the Beneficiary upon death of any Owner (or any Annuitant if any Owner is not an individual) prior to the Annuity Commencement Date.

**Endorsements** are attachments to this Contract that add, change or supersede its terms or provisions.

The **General Account** is an account which contains all of our assets other than those held in our variable separate accounts.

The **Initial Premium** is the payment made by you to us to put this Contract into effect.

An **Irrevocable Beneficiary** is a Beneficiary whose rights and interest under this Contract cannot be changed without his or her consent.

The **Net Return Factor** is a value which reflects: (1) the investment experience of a mutual fund or investment portfolio in which a Variable Sub-account invests; and (2) the charges assessed against that Variable Sub-account during a Valuation Period.

**Non-participating** means that this Contract will not pay dividends resulting from any of our surplus or earnings.

**Notice to Us** means written notification received at our Customer Service Center in a form satisfactory to us or other means of notification to which we and you mutually agree. The address of the Customer Service Center is shown on the first page of this Contract. Notice to Us received when the NYSE is closed for trading will be deemed to be received on the next Business Day.

The **Owner** is the person or entity (if the Owner is not an individual), as shown in our records, who owns the Contract and who is entitled to exercise the rights of ownership.

**Premium** means collectively the Initial Premium and any Additional Premium.

**Premium Credit** means an amount in addition to the Premium payment which we add to the Contract's Accumulation Value at the time that Premium is paid. Premium Credits are not considered Premium but are considered part of earnings under the Contract.

**Premium Tax** means any tax or fee imposed or levied by any state government or political subdivision thereof on us in connection with the Premium you pay for this Contract.

**Proof of Death** means a certified copy of a death certificate, a certified copy of a statement of death from the attending physician, a finding of a court of competent jurisdiction as to the cause of death, or any other proof satisfactory to us.

**Riders** are attachments to this Contract that add, change or supersede its terms or provisions.

The **Right to Examine Period** is the period stated in the "Right to Examine This Contract" provision on the first page of this Contract during which you have the right to cancel or void the Contract.

The **Specially Designated Variable Sub-account** is a Variable Sub-account that is used as a "holding" account or for similar administrative purposes as provided in the provisions of this Contract. The Specially Designated Variable Sub-account is designated by us and is identified in the Contract Schedule.

**Surrender** means a transaction in which the full Cash Surrender Value is taken from the Contract. In the event of a Surrender, the Contract will terminate and be of no further value.

A **Valuation Period** is the time from the close of regular trading on the NYSE on one Business Day to the close of regular trading on the next succeeding Business Day.

The **Variable Separate Account** is an account established by us to hold assets funding the variable benefits for this and other variable annuity or variable life insurance contracts. The Variable Separate Account is named on the first page of this Contract.

**Variable Sub-accounts** are subdivisions of the Variable Separate Account. Variable Sub-accounts are used to determine the allocation of the Contract's assets within the Variable Separate Account.

A **Withdrawal** is a transaction in which only a portion of the Cash Surrender Value is taken from the Contract.

### **3. INTRODUCTION TO THE CONTRACT**

#### **3.1 The Contract**

This Contract and any attached application, amendments, Endorsements or Riders constitute the entire contract between you and us. It is issued in consideration of the Initial Premium. In the absence of fraud, all statements on the basis of which this Contract is issued shall be deemed representations and not warranties.

Only our President, a Vice President or Secretary is authorized to change or modify any of the Contract's terms, provisions or requirements. Any such change must be in writing. We may make changes to the Contract if necessary to continue to qualify it as an annuity contract under applicable law. Riders and Endorsements added to comply with applicable law do not require your consent but are subject to regulatory approval. Any such changes will apply uniformly to all Contracts that are affected.

The provisions of this Contract shall, in all events, be construed to comply with the requirements of Section 72(s) of the Code.

#### **3.2 The Owner**

You are the Owner of this Contract and as the Owner, you may exercise the rights provided under the Contract. There may be multiple Owners. If there is more than one Owner, all Owners must agree to any change or exercise of the Owner's rights under this Contract.

You may change the ownership at any time prior to the Annuity Commencement Date. To change ownership, you must provide Notice to Us. Unless you specify otherwise, a change of ownership will take effect as of the date the notice is signed. However, we are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us.

Any addition or deletion of an Owner is treated as a change of ownership. We are not responsible for the tax consequences resulting from any change of ownership.

#### **3.3 The Annuitant**

The Annuitant must be an individual and is designated by you at the time this Contract is issued. There may be 2 Annuitants. An Annuitant cannot be changed while he or she is living. You are the Annuitant if no other Annuitant is named.

You may name a Contingent Annuitant. The Contingent Annuitant cannot be changed while he or she is living. If you are a sole Owner and not also the Annuitant, you will be the Contingent Annuitant if no other Contingent Annuitant is named. If there are multiple Owners, we will treat the youngest Owner as the Contingent Annuitant unless you direct otherwise.

If the sole Annuitant who is not an Owner dies prior to the Annuity Commencement Date and no other Contingent Annuitant exists, we will allow you 60 days from the date of the Annuitant's death but not later than the Annuity Commencement Date to name someone other than yourself as the Annuitant. However, if at the time of any Annuitant's death any Owner is not an individual, the death of any Annuitant prior to the Annuity Commencement Date will be treated as the death of an Owner as described in Section 6.3.

#### **3.4 The Beneficiary**

The Beneficiary is designated by you. You may designate any Beneficiary to be an Irrevocable Beneficiary. There may be different classes of Beneficiaries, such as primary and contingent. These classes set the order under which the Death Benefit is paid. There may be more than one Beneficiary in each class. If there are multiple Owners, at the death of the first Owner, any surviving Owner will take the place of and be deemed to be the primary Beneficiary. If there is a sole Owner and all Beneficiaries die before such Owner, or if there is no Beneficiary designation in effect, the Owner's estate or legal successor will be deemed to be the primary Beneficiary.

We will deem that any Beneficiary died before the Owner:

- (1) If that Beneficiary dies at the same time as the Owner;
- (2) If that Beneficiary dies within 24 hours after the Owner's death;
- (3) If there is not sufficient evidence to determine that the Beneficiary and Owner died other than simultaneously; or
- (4) As provided by applicable law.

Unless you designate an Irrevocable Beneficiary, you may change the Beneficiary at any time prior to the Annuity Commencement Date. To make a Beneficiary change, you must provide Notice to Us. Unless you specify otherwise, the change cancels any existing Beneficiary designations in the same class and will take effect as of the date the notice is signed. However, we are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us.

When naming or changing the Beneficiary, you may specify the form of the Death Benefit payments. We will honor the specified form to the extent permitted under Section 72(s) of the Code. If the form of payments is not specified, the Beneficiary may determine the manner of payment to the extent allowed by the Code.

The rights of any Beneficiary, including an Irrevocable Beneficiary, will end if he or she dies prior to the Owner and will pass to any other Beneficiary then living according to their respective rights unless you provide Notice to Us directing otherwise.

## 4. PREMIUMS AND TRANSFERS

### 4.1 Premiums

The Initial Premium for this Contract is payable no later than the Contract Date. There is no Contract until the Initial Premium is paid. If any check presented as payment of any part of the Initial Premium is not honored, the Contract is void.

You may pay Additional Premiums at any time after the Right to Examine Period ends provided:

- (1) The Contract remains in force;
- (2) The Contract Anniversary following the oldest Owner's or Annuitant's 85th birthday has not been reached; and
- (3) The Annuity Commencement Date has not been reached.

Additional Premiums are subject to the following limitations:

- (1) The minimum Additional Premium we will accept is \$500.
- (2) Our prior approval is required for any Additional Premium if the sum of all Premiums paid or the Accumulation Value under all annuity contracts you have with us, including this Contract, exceeds or would exceed \$1,500,000.
- (3) We may refuse, defer acceptance of or return any Premium in order to comply with any law or regulation.

Additional Premiums must be received at our Customer Service Center at the address shown on the first page of this Contract.

### 4.2 Premium Credits

On the date each Premium is paid, we will add a Premium Credit to the Contract's Accumulation Value, allocated proportionately in the same manner as the related Premium. The Premium Credit will equal a percentage of Premium, which varies based on the sum of all Premium paid, as shown in the Contract Schedule.

Premium Credits will not be added for any Additional Premium paid:

- (1) After the date we receive Proof of Death of any Owner (any Annuitant, if any Owner is not an individual) unless the Contract is continued by the deceased Owner's spouse as described in Section 6.3;
- (2) After the date we receive a Surrender or Withdrawal request for which Surrender charges are waived as provided for Extended Medical Care or Terminal Condition in Section 5.3.

### 4.3 Premium Credit Recapture

We may deduct all or a percentage of Premium Credits added to the Contract's Accumulation Value if the related Premium is withdrawn or surrendered. This is termed a Premium Credit recapture. The recapture percentage depends on the number of complete years that have elapsed since the related Premium was paid. Premium Credit recapture percentages are shown in the Contract Schedule. In addition:

- (1) If the Contract is returned during the Right to Examine Period, all Premium Credits will be recaptured.
- (2) If the Owner (Annuitant, if any Owner is not an individual) dies, any Premium Credits added to the Contract's Accumulation Value for Premium received 12 months prior to the date of death and later will be recaptured, until, if applicable, the Contract is continued by the deceased Owner's spouse as provided in Section 6.3.
- (3) If the Contract is continued by the deceased Owner's spouse as provided in Section 6.3, any Premium Credits added for Premium received after the Contract is continued will be recaptured based on the number of complete years that have elapsed since the related Premium was paid as shown in the Contract Schedule.
- (4) If a Surrender or Withdrawal is requested and Surrender charges are waived because the Owner (Annuitant, if any Owner is not an individual) receives Extended Medical Care or is diagnosed with a Terminal Condition pursuant to Section 5.3, any Premium Credits added to the Contract's Accumulation Value for Premium received within 12 months prior to the date we receive the Owner's request will be deducted from the Accumulation Value.

#### **4.4 Premium Allocation**

You select how to distribute the Initial Premium among the available Variable Sub-accounts. We reserve the right to allocate the Initial Premium to the Specially Designated Variable Sub-account during the Right to Examine Period. If we do so, upon expiration of the Right to Examine Period, allocation will be made proportionately in accordance with your selection.

Additional Premiums will be allocated among the Variable Sub-accounts as you direct. If you do not provide such directions, allocation of Additional Premiums will be among the Variable Sub-accounts then available in proportion to the Accumulation Value in those Variable Sub-accounts on the date the Additional Premium is applied to the Contract.

Premium allocations will be made as of the close of business on the Business Day such Premium is received by us. However, any Premium received after the close of regular trading on the NYSE will be allocated as of the close of business on the next Business Day.

#### **4.5 Transfers**

On any Business Day 30 days or more after the Contract Date and prior to the Annuity Commencement Date, you may transfer Accumulation Value among available Variable Sub-accounts. To make a transfer, you must provide Notice to Us.

Transferred values may be reduced by excess transfer charges and redemption fees imposed by the investment portfolio in which a Variable Sub-account invests. See Section 5.3.

Transfers will occur as of the close of business on the Business Day we receive your request. However, any transfer requests received by us after the close of regular trading on the NYSE will take effect as of the close of business on the next Business Day.

We will monitor transfer activity and will restrict transfers that constitute frequent trading. Our current definition of frequent trading is more than one purchase and sale in the same Variable Sub-account within a 30-day period. We may modify our standard, or the standard as it may apply to a particular Variable Sub-account, at any time without prior notice, if required by the investment portfolio in which the Variable Sub-account invests and/or if allowed by state or federal regulatory requirements. We will notify you of any such modification.

#### **4.6 Automatic Transfers (Dollar Cost Averaging)**

Prior to the Annuity Commencement Date, if you elect by providing Notice to Us, we will automatically transfer Accumulation Value from the Specially Designated Variable Sub-account (the "Source Account") to one or more of the other Variable Sub-accounts, on a monthly basis, subject to the following:

- (1) This option cannot begin until the first Business Day 30 days or more after the Contract Date.
- (2) You must specify the Variable Sub-accounts to which the transfers are to be made.
- (3) The transfer date will be the Business Day on or following the same day each month as the Contract Date. If this day is later than the 28th day of the month, the transfer date will be the first Business Day of the following month. No automatic transfers will be made after the Annuity Commencement Date.
- (4) You elect the amount to be transferred. The minimum monthly transfer amount is \$100.
- (5) The maximum monthly transfer is the Accumulation Value in the Source Account at the time this option is elected divided by 3.
- (6) If, on any transfer date, the Accumulation Value in the Source Account is equal to or less than the scheduled transfer amount, the entire balance remaining in the Source Account will be transferred and this option will end.
- (7) This option is not available if you elect automatic rebalancing.

Automatic transfers are not subject to any excess transfer charges or limitations pertaining to frequent trading. You may discontinue or modify the option at any time by sending Notice to Us at least 7 days before the next scheduled transfer. However, we are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us.

#### **4.7 Automatic Rebalancing**

Prior to the Annuity Commencement Date, if you elect by providing Notice to Us, we will periodically transfer Accumulation Value as necessary to maintain a predetermined distribution among the Variable Sub-accounts. Automatic rebalancing will occur as of the close of business on the Business Day on or following the last day of each calendar quarter on a quarterly, semi-annual or annual basis as specified by you, subject to the following:

- (1) This option cannot begin until the first Business Day 30 days or more after the Contract Date.
- (2) The Accumulation Value at the time this option is elected must be at least \$10,000.
- (3) The predetermined distribution amount among the Variable Sub-accounts must be expressed in full percentage points.
- (4) This option is not available if you elect automatic transfers.

Transfers made to maintain the predetermined distribution you have specified are not subject to any excess transfer charges or limitations pertaining to frequent trading. You may discontinue or modify the option by sending Notice to Us at least 7 days before the next scheduled automatic rebalancing date. However, we are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us. This option will automatically terminate if any of the following occur:

- (1) You choose to change the allocation of the Accumulation Value among the Variable Sub-accounts in a manner that does not conform to the predetermined distribution instructions;
- (2) Your allocation instructions for any Additional Premium are other than pro-rata; or
- (3) You make a Withdrawal on other than a pro-rata basis.

#### **4.8 What Happens if a Variable Sub-account is Not Available**

If a Variable Sub-account is no longer available for the allocation of Additional Premium or for transfers because it has been substituted by or merged into another Variable Sub-account, we will execute your instructions using the substituted or merged Variable Sub-account. The portfolio in which the substitute or proposed replacement Variable Sub-account invests may have higher fees and charges than the portfolio it replaces. If a Variable Sub-account is no longer available for the allocation of Additional Premium or for transfers for any other reason, we will allocate the Additional Premium pro-rata among the remaining Variable Sub-accounts in which you are invested. However, if no Variable Sub-accounts remain in which you are invested or if you have provided specific allocation instructions for any Additional Premium and a specified Variable Sub-account is no longer available, we will attempt to contact you or your designated representative and obtain alternate instructions. If we are unable to obtain alternate instructions within 5 Business Days, we will return the Additional Premium to you.

## 5. CONTRACT VALUE

### 5.1 The Variable Separate Account

The Variable Separate Account is kept separate from our General Account and any other separate accounts we may have. We own the assets in the Variable Separate Account. Assets equal to the reserves and other liabilities of the Variable Separate Account will not be charged with liabilities that arise from any other business we conduct. We may transfer to our General Account assets of the Variable Separate Account which exceed the reserves and other liabilities of the Variable Separate Account. Income and realized and unrealized gains or losses from assets in the Variable Separate Account are credited to or charged against the Variable Separate Account without regard to other income, gains or losses in our General Account and other separate accounts.

The Variable Separate Account is treated as a unit investment trust under federal securities laws. It is registered with the SEC under the Investment Company Act of 1940. The Variable Separate Account is also governed by the laws of Iowa, our state of domicile.

#### Variable Sub-accounts

The Variable Separate Account is divided into Variable Sub-accounts, each of which invests in a designated mutual fund, unit investment trust or other investment portfolio that we determine to be suitable for the Contract's purposes. The Variable Sub-accounts, mutual funds, unit investment trusts and other investment portfolios may be managed by a separate investment adviser. Such adviser may be registered under the Investment Advisers Act of 1940.

#### Changes Within the Variable Separate Account

We may, from time to time, make additional Variable Sub-accounts available. We also have the right to eliminate Variable Sub-accounts, combine two or more Variable Sub-accounts or substitute a new investment portfolio for the investment portfolio in which a Variable Sub-account invests. A substitution may become necessary if, in our judgment, an investment portfolio or Variable Sub-account no longer suits the purpose of the Contract. This may happen due to a change in laws or regulations, a change in a portfolio's investment objectives or restrictions, because the investment portfolio or Variable Sub-account is no longer available for investment or for some other reason. We will obtain any required regulatory approvals before making a substitution.

Subject to any required regulatory approvals, we reserve the right to transfer assets of the Variable Separate Account or any Variable Sub-account that we determine to be associated with the class of contracts to which this Contract belongs to another variable separate account or to another Variable Sub-account.

When permitted by law, we reserve the right to:

- (1) Deregister the Variable Separate Account under the Investment Company Act of 1940;
- (2) Operate the Variable Separate Account as a management company under the Investment Company Act of 1940 if it is operating as a unit investment trust;
- (3) Operate the Variable Separate Account as a unit investment trust under the Investment Company Act of 1940 if it is operating as a managed variable separate account;
- (4) Restrict or eliminate any voting rights of Owners or other persons who have voting rights to the Variable Separate Account; and
- (5) Combine the Variable Separate Account with other variable separate accounts.

### 5.2 The Accumulation Value

The Accumulation Value of this Contract is the sum of the Accumulation Value in the Variable Sub-accounts. Each Variable Sub-account will be valued at the end of each Business Day for the preceding Valuation Period.

On the Contract Date, the Accumulation Value in each Variable Sub-account equals the Initial Premium plus Premium Credits allocated to that Variable Sub-account, less any Premium Tax, if applicable.

On each Business Day thereafter, the Accumulation Value in each Variable Sub-account is calculated as follows:

- (1) We start with the Accumulation Value in the Variable Sub-account on the preceding Business Day.
- (2) We multiply (1) by the Variable Sub-account's Net Return Factor for the current Valuation Period.
- (3) We add to (2) any Additional Premium less Premium Taxes if applicable, plus Premium Credits allocated to the Variable Sub-account during the current Valuation Period.
- (4) We add or subtract transfers to or from that Variable Sub-account during the current Valuation Period.
- (5) We subtract from (4) any Withdrawals, including any recapture of Premium Credits, if applicable, and any applicable Surrender charges from the Variable Sub-account during the current Valuation Period.
- (6) We subtract from (5) any charges, other than daily charges, allocated to that Variable Sub-account for:
  - (a) Any optional benefit Riders and Endorsements shown in the Contract Schedule; and
  - (b) Any deductions from Accumulation Value as shown in the Contract Schedule.

#### How We Determine the Variable Sub-account's Net Return Factor

The Net Return Factor for each Variable Sub-account is calculated as follows:

- (1) We take the net asset value of the portfolio in which the Variable Sub-account invests at the end of the current Business Day.
- (2) We add to (1) the amount of any dividend or capital gains distribution declared for the portfolio and reinvested in such portfolio during the current Valuation Period. We subtract from that amount a charge for any applicable Premium Taxes and any other applicable taxes.
- (3) We divide (2) by the net asset value of the portfolio at the end of the preceding Business Day.
- (4) We subtract the daily mortality and expense risk charge set forth in the Contract Schedule for each Variable Sub-account for each day in the current Valuation Period.
- (5) If any Riders or Endorsements have a daily charge, we subtract that daily charge set forth in the Contract Schedule for each Variable Sub-account for each day in the current Valuation Period.
- (6) We subtract the daily asset based administrative charge set forth in the Contract Schedule for each day in the current Valuation Period.

Calculations for Variable Sub-accounts investing in unit investment trusts are on a per unit basis.

### **5.3 Charges and Expenses**

#### Annual Administrative Charge

We may assess an annual administrative charge to cover a portion of our ongoing administrative expenses. The charge is deducted from the Accumulation Value in each Variable Sub-account on each Contract Anniversary prior to the Annuity Commencement Date, on the Annuity Commencement Date or at Surrender in the same proportion that the Accumulation Value in that Variable Sub-account bears to the total Accumulation Value in all Variable Sub-accounts on that date. If the Contract Anniversary, Annuity Commencement Date or Surrender falls on a non-Business Day, the charge is calculated at the close of business on the next Business Day. We may, at any time, charge less but will never charge more than the annual administrative charge shown in the Contract Schedule. At the time of deduction, this charge will be waived if:

- (1) The Accumulation Value is at least \$100,000; or
- (2) The sum of Premiums received to date is at least \$100,000.

We may, at any time, reduce but will never increase the amounts stated above for waiving the annual administrative charge.

#### Excess Transfer Charge

We may assess a charge for each transfer in excess of 12 per Contract Year. Any excess transfer charge will be deducted from the Accumulation Value in the Variable Sub-account(s) from which a transfer is made. The transfer of Accumulation Value from any Variable Sub-account is deemed to be one transfer regardless of the number of Variable Sub-accounts into which the value is transferred. We may, at any time, charge less but will never charge more than the excess transfer charge shown in the Contract Schedule.

### Surrender Charge

A Surrender charge may be imposed as a percentage of Premium not previously withdrawn if the Contract is Surrendered or a Withdrawal is made. The percentage imposed at the time of Surrender or Withdrawal of a particular Premium depends on the number of complete years that have elapsed since that particular Premium was paid. Unless you direct otherwise, Surrender charges will be deducted from all Variable Sub-accounts on a pro-rata basis. Surrender charges are shown in the Contract Schedule.

No Surrender charges will be assessed on a Withdrawal and the amount of such Withdrawal will not be treated as a Withdrawal of Premium if the Withdrawal, as determined on the date of such Withdrawal, does not exceed 10% of the Accumulation Value less any Withdrawals already taken during the current Contract Year. For purposes of determining the Surrender charge, Withdrawals are considered to come from Premium in the same order as paid ("first in, first out" basis).

In addition, we will waive any Surrender charges otherwise incurred due to Surrender or Withdrawal in the event you receive Extended Medical Care (as defined below) or are diagnosed with a Terminal Condition (as defined below).

To qualify for this waiver as a result of Extended Medical Care:

- (1) You (or any Annuitant, if any Owner is not an individual) must first begin receiving Extended Medical Care on or after the first Contract Anniversary and receive such care for at least 45 days during any continuous 60-day period; and
- (2) Your request for Surrender or Withdrawal, together with proof of such Extended Medical Care, must be provided in a Notice to Us during the term of such care or within 90 days after the last day you received such care.

To qualify for this waiver as a result of a Terminal Condition:

- (1) You (or any Annuitant, if any Owner is not an individual) must first be diagnosed by a Qualifying Medical Professional (as defined below) as having the Terminal Condition on or after the first Contract Anniversary; and
- (2) Your request for Surrender or Withdrawal, together with proof of such Terminal Condition, must be provided in a Notice to Us.

We may, at any time and at our expense, require a secondary medical opinion by a Qualifying Medical Professional of our choosing.

In this section:

*Extended Medical Care* means confinement in a Hospital or Nursing Home prescribed by a Qualifying Medical Professional.

*Hospital or Nursing Home* means a Hospital or a skilled care or intermediate care nursing facility, operating as such according to applicable law and at which medical treatment is available on a daily basis. This does not include a rest home or other facility whose primary purpose is to provide accommodations, board or personal care services to individuals who do not need medical or nursing care.

*Qualifying Medical Professional* means a legally licensed practitioner of the healing arts who: (1) is acting within the scope of his or her license; (2) is not a resident of your household or that of the Annuitant; and (3) is not related to you or the Annuitant by blood or marriage.

*Terminal Condition* means an illness or injury which results in a life expectancy of 12 months or less, as measured from the date of diagnosis by a Qualifying Medical Professional.

### Mortality and Expense Risk Charge

We assess a mortality and expense risk charge ("M & E Charge") against each Variable Sub-account on a daily basis. We may, at any time, charge less but will never charge more than the daily M & E Charge shown in the Contract Schedule.

#### Asset Based Administrative Charge

We assess an asset based administrative charge against each Variable Sub-account on a daily basis to compensate us for a portion of our ongoing administrative expenses. We may, at any time, charge less but will never charge more than the daily asset based administrative charge shown in the Contract Schedule.

#### Premium Tax

We may deduct the amount of any Premium Tax when:

- (1) Such Premium Tax is incurred by us;
- (2) The Contract is Surrendered, a Withdrawal is taken or the Death Benefit is paid; or
- (3) The Accumulation Value is applied to an Annuity Plan on the Annuity Commencement Date.

If Premium Tax is not deducted when it is incurred, we have the right to deduct any Premium Tax then due when the Contract is Surrendered, a Withdrawal is taken or the Death Benefit is paid. We have the right to change the amount we charge for any Premium Tax on future Premiums to conform with changes in the law or if you change your state of residence. Unless you direct otherwise, any Premium Taxes will be deducted from all Variable Sub-accounts on a pro-rata basis.

#### Other Taxes

No federal income tax liability attributable to the Variable Separate Account is expected. However, changes in federal laws and/or their interpretation may result in our being taxed on income or gains attributable to the Variable Separate Account. In this case, a charge may be deducted from the Variable Separate Account to provide for the payment of such taxes.

#### Redemption Fees

We may deduct the amount of any redemption fees imposed by a mutual fund or other investment portfolio in which the Variable Sub-accounts invest as a result of Surrender, Withdrawals, transfers or other transactions directed by you.

#### Consolidated Charge Deduction Option

We will deduct all charges, except the mortality and expense risk charge, the asset based administrative charge and any daily optional Rider and Endorsement charges from the Specially Designated Variable Sub-account if you elect this option by providing Notice to Us. If the charges are greater than the Accumulation Value in the Specially Designated Variable Sub-account, or you have not elected this consolidated charge deduction option, charges will be deducted from all Variable Sub-accounts on a pro-rata basis.

At any time while this Contract is in effect, you may change your election of this option. To do this you must provide Notice to Us. Any change will take effect within 7 days after the date we receive your request.

## 6. CONTRACT BENEFITS

### 6.1 Contract Surrender

On or at any time prior to the Annuity Commencement Date, you may Surrender this Contract for its Cash Surrender Value. To do so, you must provide Notice to Us. The Cash Surrender Value varies daily and will be determined as of the close of business on the Business Day on or following the date we receive your notice. We may require the Contract to be returned to us before the Cash Surrender Value is paid. If the Contract has been lost, we may require that you complete and return to our Customer Service Center the applicable lost contract form. Upon Surrender, the Contract will cease to have any further value.

#### Cash Surrender Value

The Cash Surrender Value equals:

- (1) The Accumulation Value; less
- (2) Any recapture of Premium Credits, if applicable; less
- (3) Any applicable Surrender charges; less
- (4) Any charges that have been incurred but not deducted, including but not limited to:
  - (a) Any annual administrative charges;
  - (b) The pro-rata part of any charges for optional benefit Riders or Endorsements;
  - (c) Any applicable Premium Tax; and
  - (d) Any redemption fees.

### 6.2 Withdrawals

At any time prior to the Annuity Commencement Date, you may withdraw a portion of the Accumulation Value, subject to the terms and conditions stated below, by providing Notice to Us. All Withdrawals may be reduced by the amount of any Premium Tax assessed, any redemption fees, any recapture of Premium Credits, if applicable, and any applicable Surrender charges. Unless you direct otherwise, Withdrawals will be withdrawn from all Variable Sub-accounts on a pro-rata basis.

The minimum Withdrawal is \$100.

A Withdrawal will be deemed to be a full Surrender and the Cash Surrender Value will be paid if, at the time of the Withdrawal, no Premiums have been received for the prior 24 months and the Withdrawal reduces the Cash Surrender Value remaining after the Withdrawal to less than \$1,000.

#### Systematic Withdrawals

At any time prior to the Annuity Commencement Date, you may elect to receive recurring systematic Withdrawals on a monthly, quarterly or annual basis by providing Notice to Us. If you elect this systematic Withdrawal option, the following terms and conditions apply:

- (1) You may select any Business Day 30 days or more after the Contract Date and not later than the 28th day of a month as the date when systematic Withdrawals begin.
- (2) Monthly systematic Withdrawals will be executed each month on the same day of the month as the date you selected for systematic Withdrawals to begin. Quarterly and annual systematic Withdrawals will be paid on the same day in the last month of the frequency period chosen.
- (3) If the day on which a systematic Withdrawal is scheduled is not a Business Day, that systematic Withdrawal will be executed on the next Business Day.
- (4) The maximum systematic Withdrawal that may be taken from the Accumulation Value in the Variable Sub-accounts is :
  - (a) 0.833% monthly;
  - (b) 2.50% quarterly; or
  - (c) 10.00% annually.
- (5) If any portion of a systematic Withdrawal is subject to Surrender charges, only that portion of the systematic Withdrawal not subject to Surrender charges will be processed unless you direct otherwise.

### **6.3 The Death Benefit**

If any Owner (any Annuitant if any Owner is not an individual) dies before the Annuity Commencement Date, we will pay the Death Benefit to the primary Beneficiary. If all primary Beneficiaries die before any Owner (any Annuitant, if applicable), the Death Benefit is paid to the Contingent Beneficiary, if any. Only one Death Benefit is payable under this Contract. If there are multiple Beneficiaries, the Death Benefit will be paid in equal shares to all Beneficiaries in the same class unless you provide Notice to Us directing otherwise. The Death Benefit is the Accumulation Value less any recapture of Premium Credits.

The Death Benefit may be received in a single lump sum or applied to any of the Annuity Plans, subject to applicable law. If the Death Benefit is applied to an Annuity Plan, the Beneficiary is deemed to be the Annuitant. See Section 6.4.

#### Spousal Beneficiaries

If the sole primary Beneficiary is the deceased Owner's spouse, upon Notice to Us, the Contract may be continued with the surviving spouse as the new Owner, pursuant to Section 72(s) of the Code and the following will apply:

- (1) If the deceased Owner was also an Annuitant, the surviving spouse will also become an Annuitant.
- (2) The Age of the surviving spouse will be used as the Owner's Age under the continued Contract.
- (3) Receipt of Additional Premiums will be deemed to be an election to continue the Contract.
- (4) Any Surrender charges applicable to Premiums paid prior to the date of the Owner's death will be waived. Premiums paid after the date of the Owner's death will be subject to any applicable Surrender charge.
- (5) At the subsequent death of the new Owner (the surviving spouse), the Death Benefit must be distributed as required for non-spousal Beneficiaries as stated below and the Contract will terminate.

If the deceased Owner's spouse does not choose to continue the Contract, the Death Benefit will be distributed as stated below for non-spousal Beneficiaries.

#### Non-spousal Beneficiaries

If any Beneficiary is someone other than the deceased Owner's spouse, the following will apply:

- (1) No Additional Premiums may be made following the date of the Owner's death; and
- (2) The Death Benefit must be distributed to the Beneficiary:
  - (a) In its entirety within 5 years of the Owner's death; or
  - (b) Over the life of the Beneficiary or over a period not greater than the Beneficiary's life expectancy with payments beginning within one year after the Owner's death.

If any Beneficiary dies before all Death Benefit payments have been distributed, any remaining distributions will be paid as directed by you or to such Beneficiary's estate, as applicable.

#### How to Claim the Death Benefit

The Death Benefit will become payable upon Notice to Us of the Owner's (or Annuitant's, if applicable) death and our receipt of Proof of Death and any other information necessary for us to administer the claim. The claimant should contact our Customer Service Center for instructions.

### **6.4 Annuity Payments**

If the Accumulation Value is less than \$2,000 on the Annuity Commencement Date, we will pay the Accumulation Value less any applicable Premium Tax in one lump sum as directed by you and this Contract will have no further value. If the Accumulation Value is equal to or greater than \$2,000 on the Annuity Commencement Date shown in the Contract Schedule or as later changed as provided below and the Annuitant is living, we will commence Annuity Payments as directed by you.

Annuity Payments will be made monthly unless you direct us otherwise by Notice to Us. However, payments other than monthly, quarterly, semi-annually and annually require our consent. If you elect monthly Annuity Payments, the Annuity Payments will be paid each month following the Annuity Commencement Date on the same day of the month as the Annuity Commencement Date. If you elect quarterly or semi-annual Annuity Payments, the Annuity Payments will be paid on the same day as the Annuity Commencement Date in the last month of the frequency period chosen. If you elect annual

Annuity Payments, the Annuity Payments will be paid on each anniversary of the Annuity Commencement Date. You may elect other payment modes if we agree.

If the day an Annuity Payment should be paid is not a Business Day or does not exist in any month in which an Annuity Payment is due, that Annuity Payment will be paid on the next Business Day.

The payment amount will be determined by applying the Accumulation Value, less any applicable Premium Tax, to the Annuity Plan elected. Each Annuity Payment must equal at least \$20. If the Annuity Plan and frequency of Annuity Payments do not meet this minimum requirement, we have the right to make payments less frequently as necessary to do so.

We have the right to change the minimums stated in this provision based upon increases reflected in the Consumer Price Index for All Urban Consumers (CPI-U) since January 1, 2005.

#### Selecting an Annuity Commencement Date

The Annuity Commencement Date may be selected by you at the time of application or anytime thereafter by providing Notice to Us at least 30 days in advance. The Annuity Commencement Date may be any date following the 5th Contract Anniversary but not later than the Contract Anniversary on or next following the oldest Annuitant's 95th birthday. If no Annuity Commencement Date is selected, it will be the Contract Anniversary on or next following the oldest Annuitant's 95th birthday. You may change the Annuity Commencement Date upon Notice to Us at least 30 days prior to the Annuity Commencement Date you previously selected.

#### Electing an Annuity Plan

You may elect any of the Annuity Plans described below which provide for fixed payments only. In addition, you may elect any other Annuity Plan if we agree. The Annuity Plan may be changed at any time before the Annuity Commencement Date upon 30 days prior Notice to Us. If an Annuity Plan is not elected by the Annuity Commencement Date, payments will be made automatically each month for a minimum of 120 months and as long thereafter as the last surviving Annuitant lives unless otherwise limited by applicable law.

Upon request, we will send you the proper forms to choose or change an Annuity Plan. The chosen Annuity Plan will go into effect when the forms are received and recorded by us.

Election of the Annuity Plan is subject to the following terms and conditions:

- (1) If you do not direct otherwise, Annuity Payments will be paid to you.
- (2) Our consent is necessary if the payee is other than an individual, such as a trust or corporation, in order to ensure compliance with any applicable tax laws.
- (3) If for any reason the payee is changed, the change will take effect at the time Notice to Us is received and recorded.
- (4) We are not responsible for any actions we take prior to recording your notice if such actions conform to your directions then on file with us.

#### The Annuity Plans

##### (1) Payments for a Period Certain

Annuity Payments are paid in equal installments for a fixed number of years as shown in Table A below. The number of years cannot be less than 10 or more than 30 unless otherwise limited by applicable law.

##### (2) Payments for a Period Certain and Life

Annuity Payments are paid for a fixed number of years and as long thereafter as the Annuitant is living as shown in Table B below. However, the number of years cannot be less than 10 or more than 30 unless otherwise limited by applicable law.

##### (3) Single Life Payments

Annuity Payments are paid for as long as the Annuitant is living as shown in Table B below.

##### (4) Joint and Last Survivor Life Payments

Annuity Payments are paid for as long as either of two Annuitants are living as shown in Table C below.

If any Owner (or any Annuitant who is not an Owner) dies on or after the Annuity Commencement Date but before all guaranteed Annuity Payments have been paid, we are required to pay the remaining value of any such guaranteed payments at least as rapidly as it was being paid before death. Consequently, we will continue payments as mandated under the Annuity Plan that was in effect at the time of death until all guaranteed Annuity Payments due have been paid.

Annuity Plan Tables

The following tables show the minimum monthly payments for each \$1,000 applied under the Annuity Plan, assuming fixed payments with a net investment return of 1.5%, using the Annuity 2000 Mortality Tables. We may pay a higher rate at our discretion.

In Table B, the amount of each payment will depend on the Annuitant's sex and Age at the time Annuity Payments commence. Payments other than monthly for Ages, number of years or joint life combinations not shown will be calculated on the same basis as those shown and may be obtained from us.

Table A: Payments for a Period Certain

Years		Years		Years	
10	\$8.97	17	\$5.55	24	\$4.13
11	8.22	18	5.28	25	3.99
12	7.59	19	5.04	26	3.87
13	7.05	20	4.82	27	3.75
14	6.60	21	4.62	28	3.64
15	6.20	22	4.44	29	3.54
16	5.86	23	4.28	30	3.45

Table B: Life Payments (Single Annuitant)

Annuitant's Age	Life Only	Life with 10 Years Period Certain	Life with 20 Years Period Certain
	Male/Female	Male/Female	Male/Female
50	\$3.25/3.01	\$3.23/3.00	\$3.15/2.96
55	3.65/3.35	3.61/3.33	3.46/3.25
60	4.17/3.79	4.09/3.75	3.80/3.59
65	4.87/4.39	4.71/4.30	4.15/3.97
70	5.85/5.22	5.47/5.02	4.45/4.34
75	7.20/6.43	6.35/5.93	4.66/4.61
80	9.10/8.22	7.25/6.96	4.77/4.75
85	11.75/10.91	8.02/7.89	4.81/4.81
90	15.40/14.76	8.56/8.50	4.82/4.82

Table C: Joint and Last Survivor Life Payments (Joint Annuitants)

Female Age	Male Age				
	50	55	60	65	70
50	\$2.72	\$2.81	\$2.88	\$2.93	\$2.96
55	2.85	2.99	3.10	3.19	3.25
60	2.97	3.16	3.33	3.48	3.59
65	3.06	3.31	3.55	3.79	3.99
70	3.13	3.42	3.75	4.09	4.41

## 7. OTHER IMPORTANT INFORMATION

### 7.1 Annual Report to Owner

At least once each year we will send you, without charge, a report which provides at a minimum the following information:

- (1) The beginning and end dates of the current report period;
- (2) The total Premium paid since the date of the last report;
- (3) The Accumulation Value and its distribution among the Variable Sub-accounts as of the beginning and end dates of the current report period;
- (4) The date and amount of any Withdrawals since the date of the last report;
- (5) The date and amount of any other transactions since the date of the last report;
- (6) Any Surrender charges, additional Rider charges, M & E Charges, administration charges or other transaction costs incurred since the date of the last report;
- (7) The Cash Surrender Value as of the report date; and
- (8) Any other information required by law or regulation.

This report will be sent to you at your last known address within 60 days after the report date. Upon your request, we will provide additional reports providing such information but may charge up to \$50 for each such additional report. We will also provide you with copies of any shareholder reports of the portfolios in which the Variable Sub-accounts invest as well as any other notices, reports or documents as required by law or regulation.

### 7.2 Assignment

You may assign this Contract as security for a loan or other obligation. Such an assignment is not a change of ownership. However, your rights, and those of any Beneficiary, are subject to the terms of any assignment. Written consent of any Irrevocable Beneficiary is required before any assignment is effective. To make, modify or release an assignment, provide Notice to Us. Unless otherwise specified by you, any such change will take effect as of the date the notice is signed. We are not responsible for any actions we take prior to receiving and recording your notice if such actions conform to your directions then on file with us. In addition, we are not responsible for the validity, tax consequences or other effects of an assignment.

### 7.3 Misstatement of Age or Sex

We may require proof of the Age and/or sex of any person upon whose life Death Benefits or Annuity Payments are determined. If the Age or sex of such person has been misstated, we will adjust future benefit payments to reflect those that the Premiums would have purchased at the correct Age or sex. Any underpayments due to such misstatement will be included in the next payment from us with interest credited at the rate of 1.5% annually. Any overpayments plus interest at 1.5% annually will be deducted from future payments until the overpayment has been repaid in full.

### 7.4 Payments We May Defer

We may not be able to determine the value of the assets in the Variable Sub-accounts when:

- (1) The NYSE is closed;
- (2) Trading on the NYSE is restricted;
- (3) An emergency exists as determined by the SEC so that the sale of securities held in the Variable Separate Account may not reasonably occur or so that we may not reasonably determine the value of the Variable Separate Account's net assets; or
- (4) The SEC so permits for the protection of security holders.

During such times, as to amounts allocated to the Variable Sub-accounts, we may delay:

- (1) Determination and payment of the Cash Surrender Value;
- (2) Determination and payment of any Death Benefit;
- (3) Allocation changes of the Accumulation Value; or
- (4) Application of the Accumulation Value under an Annuity Plan.

**7.5 Claims of Creditors**

No payments, benefits, rights, privileges or options which are due or prospectively due the Owner under this Contract are subject to the claims of any creditor except as may be determined in accordance with applicable law.

**7.6 Incontestability**

This Contract shall be incontestable from the Contract Date.

**7.7 Basis of Computation**

If required, we have filed a detailed statement of our computations with the insurance supervisory official in the jurisdiction where this Contract is issued. The reserves and guaranteed values will at no time be less than the minimums required by the laws of that state or jurisdiction.

**7.8 Rules for Interpreting this Contract**

In this Contract, headings and captions are intended for convenience in reference only and do not affect interpretation of the Contract's provisions. Unless the context clearly indicates otherwise:

- (1) All language which implies the singular also includes the plural (and vice versa) and any words indicating gender include all genders; and
- (2) Where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning.





# **ING USA Annuity and Life Insurance Company**

**Des Moines, Iowa**

**Customer Service Center**

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**909 Locust Street**

**Des Moines, Iowa 50306-9271]**

**[1-800-366-0066]**

## **FLEXIBLE PREMIUM DEFERRED VARIABLE ANNUITY CONTRACT WITH PREMIUM CREDIT PROVISION**

Variable Cash Surrender Values. Non-Participating. Investment results reflected in value.

Surrender charges waived under specified conditions (see Section 5.3).