

SERFF Tracking Number: NALF-126385141 State: Arkansas  
Filing Company: National Life Insurance Company State Tracking Number: 44104  
Company Tracking Number: 8818(0410)  
TOI: A02I Individual Annuities- Deferred Non- Sub-TOI: A02I.002 Flexible Premium  
Variable  
Product Name: Freedom Flex  
Project Name/Number: Freedom Flex/8818(0410)

## Filing at a Glance

Company: National Life Insurance Company

Product Name: Freedom Flex

TOI: A02I Individual Annuities- Deferred Non-  
Variable

Sub-TOI: A02I.002 Flexible Premium

Filing Type: Form

SERFF Tr Num: NALF-126385141 State: Arkansas

SERFF Status: Closed-Approved- State Tr Num: 44104  
Closed

Co Tr Num: 8818(0410)

State Status: Approved-Closed

Reviewer(s): Linda Bird

Authors: Susan Carey, Laurie  
Trombly, Junan Boldrey, Dionne  
Wills

Disposition Date: 11/19/2009

Date Submitted: 11/16/2009

Disposition Status: Approved-  
Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: Freedom Flex

Project Number: 8818(0410)

Requested Filing Mode: Review & Approval

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments: This form was  
submitted in domicile.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 11/19/2009

Explanation for Other Group Market Type:

State Status Changed: 11/19/2009

Deemer Date:

Created By: Dionne Wills

Submitted By: Dionne Wills

Corresponding Filing Tracking Number:

Filing Description:

Submission: Enclosed for your review is a copy of the above referenced form. This is a new form and will not replace any existing form. The form has not been previously submitted to your department.

Readability Statistics: The policy has a Flesch Readability Score of 63.5.

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Variable  
Product Name: Freedom Flex  
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Description: The policy is an individual fixed-rate flexible premium deferred annuity. It does not have any unusual features: it is not equity-indexed nor is it two-tiered.

The policy has guaranteed values based on the 5-year Treasury Constant Maturity rate ("CMT-5") reported by the Federal Reserve for the calendar month two months prior to the month of issue, rounded to the nearest 20th of 1%, reduced by 125 basis points, the resulting answer limited to not more than 3.00% and not less than 1.00%. The guaranteed minimum interest rate does not change for a given annuity contract once that contract is issued.

We will pay an additional interest rate for one year on premiums received in the first policy year. This additional interest rate will be shown on the Data Page.

No loads are assessed against the policy. Withdrawal charges are a percentage of the Accumulation Value withdrawn and are fully identified in the policy form and enclosed actuarial memorandum. The owner may access up to 10% of the Accumulation Value each year after the first without imposition of a withdrawal charge. This is provided contractually.

The Accumulation Value is subject to a surrender penalty, termed a Withdrawal Charge, which declines to zero over 10 policy years. It is 10% in the first policy year. It reduces by one percent per year for the next ten policy years. The Withdrawal Charge is zero after the tenth policy year. After the first (1st) policy year, reductions due to a partial withdrawal from the Cash Value are not subject to a Withdrawal Charge to the extent the withdrawal does not exceed ten percent (10%) of the Accumulation Value. Other than the Withdrawal Charge, the Accumulation Value is not subject to loads. Partial withdrawals above this penalty-free amount or during the first policy year include the amount of applicable Withdrawal Charge.

Minimum and Maximum Issue Ages, Maturity Age. The minimum and maximum issue ages are 0 and 80, respectively. Maturity is fixed at attained age 99.

The Market. National Life will offer the policy through all licensed agents contracted with the company for sale to the general public.

The Application. Application Form No. 8754(1009) is a previously approved application that will be used in conjunction with this policy.

Advertising Material. Advertising material for this product is still under development and will be filed in the appropriate jurisdictions upon receipt.

Actuarial Requirements. A Memorandum demonstrating compliance of the form with the Standard Valuation Law and the Standard Nonforfeiture Law for Annuities is enclosed.

<i>SERFF Tracking Number:</i>	<i>NALF-126385141</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>National Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>44104</i>
<i>Company Tracking Number:</i>	<i>8818(0410)</i>		
<i>TOI:</i>	<i>A02I Individual Annuities- Deferred Non-Variable</i>	<i>Sub-TOI:</i>	<i>A02I.002 Flexible Premium</i>
<i>Product Name:</i>	<i>Freedom Flex</i>		
<i>Project Name/Number:</i>	<i>Freedom Flex/8818(0410)</i>		

Statement of Variability. A Statement of Variability disclosing the policy's non-guaranteed elements that are bracketed is enclosed.

Previously Approved Riders and Endorsements. Several of our previously approved endorsements will be used with this policy and are identified in the chart below:

Description	Form Number	Approval Date
IRA Endorsement	7422(0303)	04/29/2003
ROTH IRA Endorsement	9513(0303)	04/29/2003
SIMPLE IRA Endorsement	7459(0303)	04/29/2003
Guaranteed Lifetime Withdrawal Benefit Rider	8749(1009)	09/18/2009

## Company and Contact

### Filing Contact Information

Junan Boldrey, Manager, Policy Filings  
 1300 West Mockingbird Lane  
 Dallas, TX 75247

[jboldrey@nationallife.com](mailto:jboldrey@nationallife.com)  
 800-543-3794 [Phone] 9316 [Ext]  
 214-638-9196 [FAX]

### Filing Company Information

National Life Insurance Company  
 One National Life Drive  
 Montpelier, VT 05604  
 (802) 229-3333 ext. [Phone]

CoCode: 66680 State of Domicile: Vermont  
 Group Code: -99 Company Type:  
 Group Name: State ID Number:  
 FEIN Number: 03-0144090

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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	Yes

SERFF Tracking Number: NALF-126385141 State: Arkansas  
Filing Company: National Life Insurance Company State Tracking Number: 44104  
Company Tracking Number: 8818(0410)  
TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.002 Flexible Premium  
Variable  
Product Name: Freedom Flex  
Project Name/Number: Freedom Flex/8818(0410)  
Fee Explanation: Retaliatory fee is \$50.00  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
National Life Insurance Company	\$50.00	11/16/2009	32082692

SERFF Tracking Number: NALF-126385141 State: Arkansas  
Filing Company: National Life Insurance Company State Tracking Number: 44104  
Company Tracking Number: 8818(0410)  
TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.002 Flexible Premium  
Variable  
Product Name: Freedom Flex  
Project Name/Number: Freedom Flex/8818(0410)

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved- Closed	Linda Bird	11/19/2009	11/19/2009

*SERFF Tracking Number:* NALF-126385141      *State:* Arkansas  
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*TOI:* A021 Individual Annuities- Deferred Non-      *Sub-TOI:* A021.002 Flexible Premium  
Variable  
*Product Name:* Freedom Flex  
*Project Name/Number:* Freedom Flex/8818(0410)

## **Disposition**

Disposition Date: 11/19/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification		No
<b>Supporting Document</b>	Application		No
<b>Supporting Document</b>	Life & Annuity - Actuarial Memo		No
<b>Supporting Document</b>	Third Party Authorization		No
<b>Supporting Document</b>	Statement of Variability		No
<b>Form</b>	Flexible Premium Deferred Annuity		No

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 Variable  
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## Form Schedule

**Lead Form Number: 8818(0410)**

Schedule Item Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
	8818(0410)	Policy/Cont Flexible Premium ract/Fratern Deferred Annuity al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		63.500	8818(0410).p df

# YOUR FLEXIBLE PREMIUM DEFERRED ANNUITY POLICY

**Policy Number:** NG000001X

**Annuitant:** John Doe

**Owner:** John Doe

**Issue Date:** November 15, 2009

**Annuity Date:** November 15, 2073

**Issue Age:** 35

## Annuity Benefits

We will pay an annuity income beginning on the Annuity Date if the Annuitant and Owner and, if named, Joint Owner are then living, subject to the terms of this Policy.

## Death Benefits

We will pay a Death Benefit to the Beneficiary when We receive due proof of the death of the Owner, Joint Owner, or the Annuitant occurring before the Annuity Date, subject to the terms of this Policy.

## Flexible Premiums

Premiums may be paid at any time before the Annuity Date with a minimum payment of \$100.00.

## Right to Examine this Policy

This Policy may be returned within thirty days after it is received. Return it to Our Administrative Office or to the agent through whom it was purchased. We will cancel the Policy and return any premium paid.

## Request for Information

Upon written request from You, We will provide, within a reasonable time, factual information regarding the benefits and provisions of this Policy.

This Policy is signed for **National Life Insurance Company, Montpelier, Vermont**, by

  
*Mehman Assad*  
President & Chief Executive Officer

  
*James K. McQuinn*  
Secretary

This Policy is a legal contract between You and the Company. Please read it carefully. We want You to understand the coverage it provides.

**Flexible Premium Deferred Annuity.** Income payments starting on the Annuity Date. Death Benefit payable before the Annuity Date. Nonparticipating.



## NATIONAL LIFE INSURANCE COMPANY

Administrative Office: 1300 West Mockingbird Lane • Dallas, Texas 75247-4921 • Telephone: 800-579-2878

Home Office: One National Life Drive • Montpelier, Vermont 05604 • [www.nationallife.com](http://www.nationallife.com)

8818(0410)

## DATA PAGE

**Policy Number:** [NG000001X]

**Issue Date:** [November 15, 2009]

**Annuitant:** [John Doe]

**Annuity Date:** [November 15, 2073]

**Owner:** [John Doe]

**Issue Age:** [35]

### Coverage

Flexible Premium Deferred Annuity Policy With Initial Premium of \$[1,000.00]

### Planned Premium

[\$[1,000.00] [Per Year]

### Guaranteed Minimum Annual Effective Interest Rate:

[1.10]%

### Additional Interest for One Year on Premiums Received in the First Policy Year

[5.00%]

This page contains the facts and figures for the benefits this Policy provides. Refer to this page as necessary when reading through this Policy.

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In this Policy, the words **We, Us, Our,** and **The Company** mean National Life Insurance Company. **You** and **Your** mean the Owner of the Policy.

## PART 1: OWNERSHIP OF THE POLICY

### **Owner**

The Owner on the Issue Date of this Policy is named in the application. If the Owner is not designated in the application, the Annuitant is the Owner.

### **Joint Owner**

A Joint Owner may be named in the application on the Issue Date of this Policy. If a Joint Owner is named, You and Your shall refer to both the Owner and the Joint Owner together.

### **Rights of Owner**

You may exercise all rights and privileges under this Policy, while the Annuitant is living, prior to the Annuity Date. Use of these rights may be subject to the consent of any Assignee or irrevocable Beneficiary.

### **Transfer of Ownership**

Subject to the limitations described below, You may transfer ownership of this Policy. We will not be responsible for any payment We make or other action We take before a copy of the written request for transfer of ownership is received at Our Administrative Office. We are not responsible for the validity of the transfer. We may require the Policy to record the transfer.

Under certain provisions of the Internal Revenue Code, ownership and assignment of annuity policies are restricted. If this annuity is issued to qualify under such a provision, this will be specified in the application. We will restrict ownership and assignment of this Policy so that it will comply with the provisions of the Internal Revenue Code or any successor statute.

### **Assignment**

Subject to the limitations described in the Transfer of Ownership provision, this Policy may be assigned. We will not be responsible for any payment We make or any other action We take before a written copy of the assignment is received at Our Administrative Office. We are not responsible for the validity of the assignment.

## PART 2: THE ANNUITANT

### **Annuitant**

The Annuitant is named in the application and on the Data Page of this Policy. The Annuitant may not be changed after this Policy is issued, except as otherwise provided in this Policy. If the Annuitant is living on the Annuity Date while this Policy is in force, We will pay an annuity income as provided in Payment of Benefits, Part 5.

### **Contingent Annuitant**

If the Owner and the Joint Owner, if one has been named, are both natural persons, and neither the Owner nor the Joint Owner is the Annuitant, You may name a Contingent Annuitant by written request. The written request must be signed while the Annuitant is living and prior to the Annuity Date. The designation of a Contingent Annuitant takes effect on the date We approve it and is subject to any action We take before receiving the request. Any designation of a Contingent Annuitant expires on the Annuity Date.

If the Annuitant dies prior to the Annuity Date while this Policy is in force and while the Contingent Annuitant is alive:

- The Death Benefit will not be payable;
- The Contingent Annuitant becomes the Annuitant for purposes of this Policy; and
- All other rights and benefits provided by this Policy will continue in effect.

Under certain provisions of the Internal Revenue Code, You are not permitted to name a Contingent Annuitant. If this annuity is issued to qualify under such a provision in the Internal Revenue Code, the Contingent Annuitant provision will not apply.

## PART 3: BENEFICIARY PROVISIONS

### **Beneficiary**

The Beneficiary on the Issue Date of this Policy is named in the application. The primary Beneficiary will receive any Death Benefit payable under this Policy. A contingent Beneficiary may be named to receive the Death Benefit if the primary Beneficiary is not living at the time the Death Benefit is payable. If no named Beneficiary is living at the time the Death Benefit is payable, it will be paid to Your estate.

You may name more than one primary Beneficiary and more than one contingent Beneficiary. If more than one Beneficiary is to receive the Death Benefit, it will be paid in equal shares unless You specify otherwise in writing.

If a Joint Owner is named under the Policy, on the death of either the Owner or Joint Owner, the surviving Owner will be the sole Beneficiary.

### **Minors**

If a Beneficiary is a minor, We will make payment to the minor's court appointed guardian. If there is no court appointed guardian, We will hold the Death Benefit at interest until the minor reaches the age of majority as defined by the state where this Policy was issued. We may require proof of age of any Beneficiary.

### **Change of Beneficiary**

You may change the Beneficiary at any time during the Annuitant's life. You must make a written request to Our Administrative Office in a form acceptable to Us. We may require the Policy to record the change. The request will take effect when signed, subject to any action We take before receiving it.

## PART 4: POLICY DATES AND VALUES

### **Issue Date**

The Issue Date of this Policy is shown on the Data Page. It is the date that Your Policy takes effect.

### **Policy Years**

Policy Years are yearly periods which start on the Issue Date and on the same month and day of each year thereafter.

### **Annuity Date**

Annuity income payments begin on the Annuity Date shown on the Data Page if the Annuitant is living.

### **Premium Payments**

A premium shall be due on the Issue Date. Premiums, after the first one, must be at least \$100, unless We agree otherwise and may be paid to Our Administrative Office at any time. Transfer and/or Rollover premiums may only be paid during the first ten Policy Years. In the event that no premiums are paid after the first premium, this Policy will remain in force to its Annuity Date in accordance with its provisions. You are responsible for determining that any premiums meet the dollar and compensation limitations of the Internal Revenue Code, if any.

### **Net Premium**

A Net Premium is any premium paid minus any applicable Premium Taxes (see Premium Taxes, Part 6).

### **Total Withdrawals**

You may withdraw all of the Cash Value of this Policy at any time at or before the commencement of any annuity income payments. If You withdraw all of the Cash Value of this Policy, this Policy will terminate.

## Cash Value

The Cash Value of this Policy is the Accumulation Value less applicable Withdrawal Charges and less any applicable Premium Tax (see Premium Taxes, Part 6). We reserve the right to defer the payment of the Cash Value for a period not to exceed six (6) months after making written request and receiving written approval of the commissioner of insurance of the state in which this Policy is issued. If We exercise the right to defer the payment of the Cash Value and if required by state law, We will pay interest according to the laws of the state in which this Policy is issued.

You may withdraw all of the value of this annuity to provide a periodic income from Us. If You do so before the end of the fifth Policy Year, We will determine the annuity payments using the Cash Value. If You do so after the end of the fifth Policy Year, We will determine the annuity payments by applying the Accumulation Value, less any applicable Premium Tax (see Premium Taxes, Part 6).

## Accumulation Value

The benefits We pay depend on the Accumulation Value. We determine the Accumulation Value by adding:

- The Net Premiums received; and
- Interest earned,

And subtracting:

- Any cash withdrawals made; and
- Any Withdrawal Charges assessed.

## Withdrawal Charges

If You request a Total or Partial Withdrawal during the first ten Policy Years, We will deduct a Withdrawal Charge from the Accumulation Value. If the amount withdrawn during a Policy Year is less than or equal to the Free Withdrawal Amount, then the Withdrawal Charge is zero. The Withdrawal Charge on any additional amount withdrawn equals (a) times (b), where:

- (a) is the additional amount withdrawn; and
- (b) is the Withdrawal Charge Percentage for the Policy Year in which the withdrawal occurs.

## Withdrawal Charge Percentage

The Withdrawal Charge Percentage is ten percent in Policy Year one, reducing by one percent per year for the next ten Policy Years. **The Withdrawal Charge Percentage is zero after the tenth Policy Year.**

## Free Withdrawal Amount

In the first Policy Year, the Free Withdrawal Amount is zero. In Policy Years two and later, the Free Withdrawal Amount equals ten percent of the Accumulation Value at the time of the first Partial Withdrawal in that Policy Year. If the first Partial Withdrawal in a Policy Year exceeds the Free Withdrawal Amount, Withdrawal Charges are assessed as defined above, and the Free Withdrawal Amount for the remainder of the Policy Year is zero. If the first Partial Withdrawal is less than or equal to the Free Withdrawal Amount, no Withdrawal Charges are assessed and the Free Withdrawal Amount is reduced by the amount withdrawn. Each Partial Withdrawal after the first one in a Policy Year is then treated in the same manner as the first Partial Withdrawal, measured against any remaining Free Withdrawal Amount at the time of the Partial Withdrawal.

## Partial Withdrawals

Prior to the Annuity Date, You may withdraw part of the Cash Value of this Policy at any time. Partial Withdrawals are subject to the following limits:

- each Partial Withdrawal must be at least \$500, and
- a Partial Withdrawal may not reduce the Accumulation Value to less than \$2,500.

Please note that the order of withdrawal, whether interest or principal, may not be identical to the order of withdrawal of earnings or premium as regarded by the Internal Revenue Service.

## **Interest**

We will add interest to the Accumulation Value each day. The Guaranteed Minimum Annual Effective Interest Rate is shown on the Data Page. We may declare an excess interest rate in addition to the guaranteed rate at any time. However, interest already added will not be affected by any such change.

# **PART 5: PAYMENT OF BENEFITS**

## **Death Benefits**

While this Policy is in force and prior to the Annuity Date, We will pay a Death Benefit at the earlier of:

- the death of the Owner or
- the death of the Joint Owner or
- if neither the Owner nor the Joint Owner is the Annuitant, the death of the Annuitant, unless a validly designated Contingent Annuitant is living.

The Death Benefit will be the Accumulation Value as of the date of death if the Annuitant dies. The Death Benefit will be the Cash Value as of the date of death if the Owner dies and the Owner is not the Annuitant. The Death Benefit will be the Cash Value as of the date of death if the Joint Owner dies and the Joint Owner is not the Annuitant. Payment will be made to the Beneficiary upon receipt of due proof of death. You may specify how the Death Benefit is to be paid, subject to the limits imposed by Section 72(s) of the Internal Revenue Code. If You do not specify how the Death Benefit is to be paid, the payment will be in a single sum unless the Beneficiary elects otherwise. In any event, the Death Benefit will be paid within five years of the date of death, unless one of the following exceptions applies.

### ***Death of the Owner or Joint Owner***

If the Owner or the Joint Owner dies and the Beneficiary is the surviving spouse of the decedent, the Beneficiary may elect to be treated as the successor Owner of the Policy and continue the Policy. If the Owner or Joint Owner who dies is also the Annuitant, and the Beneficiary is the surviving spouse of the decedent who elects to be treated as the successor Owner and continue the Policy, the Beneficiary will become the Annuitant. In the event of such an election, on the death of the surviving spouse, the Death Benefit will be paid within five years of the date of such death, or distributed in accordance with the next paragraph, even if the Beneficiary at that time is a surviving spouse.

If the Owner or the Joint Owner dies and the surviving spouse of the decedent is not the Beneficiary, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

### ***Death of the Annuitant, if neither the Owner nor the Joint Owner is the Annuitant***

Except as provided in the next section (*Non-Natural Owners*), if neither the Owner nor the Joint Owner is the Annuitant and the Annuitant dies, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

### ***Non-Natural Owners***

If either the Owner or the Joint Owner is not an individual and the Annuitant dies, and the Annuitant's surviving spouse is the Beneficiary, the Beneficiary may elect to be treated both as the successor Owner and as the successor Annuitant of the Policy and continue the Policy. In the event of such an election, on the death of the Annuitant's surviving spouse, the Death Benefit will be paid within five years of the date of such death, or distributed in accordance with the next paragraph, even if the Beneficiary at that time is a surviving spouse.

If either the Owner or the Joint Owner is not an individual and the Annuitant dies, and the Annuitant's surviving spouse is not the Beneficiary, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

### **Annuity Benefits**

If the Annuitant is living on the Annuity Date and this Policy is in effect, We will apply the Cash Value to provide an annuity.

The Annuity Benefits will be paid to You unless You direct Us in writing to pay another person. The amount and duration of the annuity depend on the amount applied and the Payment Option under which it is applied. If the Payment Option is one involving the life of the Annuitant, We reserve the right to require periodic proof that the Annuitant is still living.

If the Annuitant dies on or after the Annuity Date, (or if both the Annuitant and the joint annuitant die if the selected Payment Option is a Joint and Survivor Life Income Payment Option), any remaining payments provided by the selected Payment Option will be paid to the Beneficiary.

If:

- (a) neither the Owner nor the Joint Owner is the Annuitant or the joint annuitant; and
- (b) the Owner or the Joint Owner dies on or after the Annuity Date;

any remaining payments provided by the selected Payment Option will be paid to the Beneficiary.

If the Owner, the Joint Owner, the Annuitant, or the joint annuitant dies on or after the Annuity Date, or if You direct Us in writing irrevocably to pay the Annuity Benefits to another person, and that person dies on or after the Annuity Date, any remaining benefits will be paid at least as rapidly as under the Payment Option in effect as of the date of death.

If You elect to receive the Annuity Benefits in a single sum, We will pay You the Cash Value on the Annuity Date.

## **PART 6: OTHER PROVISIONS**

This part contains important general and required provisions.

### **This Agreement**

This Policy, the application, and any attached riders and endorsements constitute the complete agreement between You and Us. We have issued this Policy in exchange for the application and the payment of the premium. Any change in this Policy must be in writing, signed by one of Our officers, and in the form of an amendment or endorsement to this Policy. No agent has the power or authority to waive, change, or alter any of the terms or conditions of this Policy. Only one of Our officers has the power or authority to waive, change, or alter any of the terms or conditions of this Policy.

### **Incontestability**

We cannot contest this Policy.

## **Misstatement of Age or Gender**

If the Annuitant's age or gender has been misstated on the application, the benefits will be those which the premium paid would have bought for the correct age and gender. We will adjust the annuity payments on the basis of the correct age and gender. The total amount of any underpayment that may have been made will be credited with 5% interest and added to the annuity payment next following the adjustment. The total amount of any overpayment that may have been made will be charged with 5% interest and deducted from the annuity payments, as required, next following the adjustment.

## **Protection from Creditors**

Benefits and Values payable under this Policy will be free from claims of creditors to the extent allowed by law.

## **Premium Taxes**

Some states impose a Premium Tax on annuities. In the event that a Premium Tax is imposed on the premium received, such tax will be deducted from the premium. In the event that a Premium Tax is imposed at any other time, such Premium Tax will be deducted from any benefit payable under this Policy.

## **Reports**

At least once each year, We will send You a report showing the Accumulation Value. The report will also show all amounts added to and subtracted from the Accumulation Value during the period the report covers.

## **Nonparticipating**

This Policy is not entitled to share in the profits or surplus of the Company.

## **Tax Qualification**

We may amend this Policy as necessary to comply with the Internal Revenue Service requirements. Otherwise, this Policy may not be amended unless You agree in writing.

## **Required Standards**

All values under this Policy meet the requirements of the Standard Nonforfeiture Law for individual deferred annuities. A detailed statement of Our computation method for all values and reserves has been filed with the insurance department of the state where this Policy is delivered. All values and reserves are equal to, or greater than, those required by the laws of such state. Any paid up annuity, cash values or Death Benefits or reserves under this Policy are not less than the minimum benefits required by any statute of the state in which the Policy is delivered.

## **Our Liability**

We will not incur any liability or be responsible for Your failure, in whole or in part, to comply with the provisions set forth in the Internal Revenue Code or any other law.

# PART 7: THE PAYMENT OPTIONS

This part contains methods of payments of the Death and Annuity Benefits. Death Benefits must be paid in accordance with Part 5: Payment of Benefits. Monthly income payments are illustrated, but other frequencies of payments may be available. We may agree to other Installment Income or Life Income options.

## Option Selection

You may select the option under which benefits will be paid while the Annuitant is still alive and prior to the Annuity Date. If no option is selected on the Annuity Date, Life Income Option 2(b) will be used automatically.

## Installment Income (Option 1)

We will pay monthly income for a selected term or amount. The first payment is due on the Annuity Date. The right to withdraw money under an Installment Income option will be as agreed upon when the option is elected. The following Installment Income options are available:

**1(a) Income for a Selected Term.** We will make equal monthly payments for the number of years selected (not less than 5 years or more than 25 years). The monthly income for each \$1,000 applied will not be less than those shown in Table 1. This table is based on interest guaranteed at a 1% annual effective rate.

**1(b) Income of Selected Amount.** We will make equal monthly payments of an amount selected. Payments will continue until the amount applied, including interest, has been paid. Payments must be made for at least 5 years and for not more than 25 years. We guarantee interest at a 1% annual effective rate.

Table 1 - Installment Income Payments for a Selected Term (Per \$1,000)					
Years	Monthly Income	Years	Monthly Income	Years	Monthly Income
5	\$17.08	12	\$7.36	19	\$4.81
6	14.30	13	6.83	20	4.59
7	12.32	14	6.37	21	4.40
8	10.83	15	5.98	22	4.22
9	9.68	16	5.63	23	4.05
10	8.75	17	5.33	24	3.90
11	7.99	18	5.05	25	3.76

## Life Income (Option 2)

Payments depend on the life of the Annuitant. The monthly income for each \$1,000 applied will not be less than those shown in Table 2. We will pay monthly income to the named person for the certain period selected and then for as long as the Annuitant is alive. The first payment is due on the Annuity Date. The money applied under a Life Income option cannot be withdrawn once payments begin. The following Life Income options are available:

### 2(a) Payments For Life Only.

We will make equal monthly payments for the lifetime of the Annuitant. Payments stop when the Annuitant dies.

### 2(b) Payments For At Least 10 Years.

We will make equal monthly payments for 10 years and then for as long as the Annuitant is alive.

### 2(c) Payments For At Least 20 Years.

We will make equal monthly payments for 20 years and then for as long as the Annuitant is alive.

### 2(d) Payments For At Least The Amount Applied (Installment Refund).

We will make equal monthly payments until We have paid the amount applied and then for as long as the Annuitant is alive.

Age	2(a) Life Only	2(b) 10 Yrs. Certain	2(c) 20 Yrs. Certain	2(d) Install. Refund	Age	2(a) Life Only	2(b) 10 Yrs. Certain	2(c) 20 Yrs. Certain	2(d) Install. Refund
54	\$3.11	\$3.09	\$3.01	\$2.82	77	\$7.01	\$6.21	\$4.46	\$5.08
55	3.19	3.17	3.07	2.88	78	7.37	6.40	4.49	5.25
56	3.27	3.25	3.14	2.94	79	7.75	6.60	4.51	5.43
57	3.36	3.33	3.21	3.00	80	8.16	6.80	4.53	5.62
58	3.45	3.42	3.28	3.06	81	8.61	6.99	4.54	5.82
59	3.55	3.51	3.35	3.13	82	9.09	7.18	4.56	6.03
60	3.66	3.61	3.42	3.20	83	9.61	7.36	4.57	6.24
61	3.77	3.71	3.49	3.27	84	10.17	7.53	4.58	6.48
62	3.88	3.82	3.57	3.35	85	10.77	7.68	4.58	6.72
63	4.01	3.93	3.64	3.43	86	-	7.83	4.59	6.98
64	4.14	4.05	3.72	3.51	87	-	7.96	4.59	7.24
65	4.28	4.18	3.79	3.60	88	-	8.08	4.59	7.53
66	4.43	4.31	3.87	3.69	89	-	8.19	4.59	7.82
67	4.59	4.45	3.94	3.79	90	-	8.28	4.59	8.13
68	4.77	4.60	4.01	3.89	91	-	8.37	4.59	-
69	4.95	4.75	4.07	4.00	92	-	8.44	4.59	-
70	5.15	4.91	4.14	4.11	93	-	8.51	4.59	-
71	5.36	5.08	4.20	4.23	94	-	8.56	4.59	-
72	5.59	5.25	4.26	4.36	95	-	8.61	4.59	-
73	5.83	5.44	4.31	4.49	96	-	8.65	4.59	-
74	6.10	5.62	4.35	4.63	97	-	8.68	4.59	-
75	6.38	5.81	4.39	4.77	98	-	8.71	4.59	-
76	6.68	6.01	4.43	4.92	99	-	8.72	4.59	-

## Joint and Survivor Life Income (Option 3)

We will make equal monthly payments during the joint lifetime of two persons and the remaining lifetime of the survivor. The monthly income for each \$1,000 applied for sample age combinations will not be less than those shown in Table 3. The first payment is due on the Annuity Date. The money applied under a Joint and Survivor Life Income Option cannot be withdrawn once payments begin.

If the Joint Annuitant is the Annuitant's spouse, the amount of each monthly payment made to the spouse as survivor will not exceed the amount of each monthly payment made to the Annuitant.

If the Joint Annuitant is not the Annuitant's spouse, the option elected must be in such form that the present value of the payments to the Annuitant will exceed one-half of the present value of all payments to be made to the Annuitant and Joint Annuitant. Present values will be determined as of the Annuity Date on the basis of the actuarial assumptions We use in determining the amount of the annuity payments.

The values in Tables 2 and 3 are based on the Annuitant's (or Annuitants') age(s) (nearer birthday) on the Annuity Date. We may require proof of ages. Tables 2 and 3 are based on interest guaranteed at a 1% annual effective rate and the a2000 Individual Annuity Mortality Table blended for unisex use. Amounts of income for any age or of ages not shown will be furnished on request.

Age	55	60	65	70	75	80	85	90	95
55	\$2.72	\$2.86	\$2.97	\$3.05	\$3.11	\$3.14	\$3.17	\$3.18	\$3.18
60	2.86	3.06	3.24	3.39	3.49	3.56	3.60	3.63	3.64
65	2.97	3.24	3.51	3.75	3.94	4.08	4.17	4.22	4.25
70	3.05	3.39	3.75	4.12	4.45	4.71	4.90	5.01	5.07
75	3.11	3.49	3.94	4.45	4.96	5.43	5.80	6.04	6.19
80	3.14	3.56	4.08	4.71	5.43	6.17	6.84	7.34	7.68
85	3.17	3.60	4.17	4.90	5.80	6.84	7.91	8.85	9.55
90	3.18	3.63	4.22	5.01	6.04	7.34	8.85	10.35	11.62
95	3.18	3.64	4.25	5.07	6.19	7.68	9.55	11.62	13.58

## More Information About Our Payment Options

### *Right to Increase Monthly Income*

Subject to Our approval, a person who is to receive payments may make an extra contribution at the time of option selection to increase the income to be received. The contribution will be applied under the option at the same rates as are the benefits. We may make a charge, which will not exceed 3% of the extra contribution, plus any Premium Tax required. We may limit the extra contribution to an amount equal to the benefits.

### *Minimum Payments*

If payments under the selected payment option would be less than \$20, We may change the frequency of payments or pay the benefits in cash.

### *Automatic Cancellation*

A previous election of a Payment Option for Death Benefits will be cancelled if the Beneficiary is changed.

### *Payments to Minors*

While a person named to receive benefits is a minor, We will make all payments to the court appointed guardian of the minor's estate. We may require proof of age of any such person in determining his or her status as a minor.



NATIONAL LIFE INSURANCE COMPANY IS A MEMBER OF A DYNAMIC AND GROWING FAMILY OF INSURANCE AND FINANCIAL SERVICE COMPANIES OFFERING A COMPREHENSIVE RANGE OF LIFE INSURANCE, ASSET ACCUMULATION AND RETIREMENT PLANNING PRODUCTS. WE HAVE BEEN SERVING CUSTOMERS WITH VALUE AND INTEGRITY SINCE 1850, AND ARE LICENSED IN ALL 50 STATES AND THE DISTRICT OF COLUMBIA.

**Flexible Premium Deferred Annuity.** Income payments starting on the Annuity Date. Death Benefit payable before the Annuity Date. Nonparticipating.

The Owner is a member of National Life Holding Company while this Policy is in force. The annual meetings of National Life Holding Company are held at its Home Office in Montpelier, Vermont, on the second Friday in May in each year at 9 o'clock A.M.



**STATE OF ARKANSAS**  
**DEPARTMENT OF INSURANCE**  
**READABILITY CERTIFICATION**

Arkansas Rule ACA 23-80-206

**Company Name** National Life Insurance Company      **NAIC #** 66680,

hereby certifies that the following form(s) achieve a Flesch reading ease test score of:

**FORM NUMBER**

**FLESCH SCORE**

8818(0410)

63.5

\_\_\_\_\_  
Signature

Carl J. Lutz, Vice President

November 16, 2009

Date



July 23, 2009

To Whom It May Concern:

This letter is to authorize the following Life Insurance Company of the Southwest employees as Designated Representatives of National Life Insurance Company to author documents, submit and respond to product filings on its behalf:

Daniel R. Adams, ASA, MAAA  
Actuarial Associate – Product Development of Life Insurance Company of the Southwest  
[dadams@nationallife.com](mailto:dadams@nationallife.com)  
214-638-9200

Michelle R. Beilharz, ASA, MAAA  
Actuary – Product Development of Life Insurance Company of the Southwest  
[mbeilharz@nationallife.com](mailto:mbeilharz@nationallife.com)  
214-638-9218

Geoff Bird, FSA, MAAA  
Vice President – Product Development of Life Insurance Company of the Southwest  
[gbird@nationallife.com](mailto:gbird@nationallife.com)  
214-638-9357

Junan Boldrey  
Manager, Policy Filing – Product Development of Life Insurance Company of the Southwest  
[jbaldrey@nationallife.com](mailto:jbaldrey@nationallife.com)  
214-638-9316

Michael C. Ward, FSA, MAAA  
Vice President – Product Development of Life Insurance Company of the Southwest  
[mward@nationallife.com](mailto:mward@nationallife.com)  
214-638-9129

Dionne Wills  
Insurance Product Analyst – Product Development of Life Insurance Company of the Southwest  
[dwills@nationallife.com](mailto:dwills@nationallife.com)  
214-638-9316

The Designated Representatives may be contacted at their email addresses and direct phone numbers listed above or by mail, toll-free telephone, or fax as follows:

Life Insurance Company of the Southwest  
1300 West Mockingbird Lane  
Dallas, Texas 75247  
Phone: 800-543-3794  
Fax: 214-638-9129

National Life Insurance Company thanks you for your consideration in this matter.

Sincerely,

Wade H. Mayo  
Senior Vice President

## Policy Form 8818(0410) - Statement of Variability

Variable for the Policy Number is assigned by National Life Insurance Company when the policy is issued.

Variables for the Annuitant, Owner, and Issue Age are based on the information in the application.

Variable for the Issue Date is the date when the policy is issued.

Variable for the Annuity Date is the date at which the policy must end in either lump-sum distribution or commencement of a periodic income payout. The Annuity Date is the policy anniversary for attained age 99 of the Annuitant.

Variable for the Initial Premium under the Coverage Section:

- [\$1,000.00] – the dollar amount prints automatically based on the amount received.

Variables for the Planned Premium:

- [\$1,000.00] – the dollar amount is based on the information in the application
- [Per Year] = the billing frequency, if any, translated as follows:
  - [Per Year]
  - [Semi-Annually]
  - [Per Quarter]
  - [Per Month]
  - [Every Four Weeks]
  - [Every Three Weeks]
  - [Semi-Monthly]
  - [Bi-Weekly]
  - [Per Week]

Variables for the Guaranteed Minimum Annual Effective Interest Rate:

- (1.00% - 3.00%) The methodology for setting such rate is listed below.

Variables for the Additional Interest for One Year on Premiums Received in the First Policy Year:

- (1.00% - 10.00%)

### Determination of the Guaranteed Minimum Annual Effective Interest Rate

The Guaranteed Minimum Annual Effective Interest Rate will change from calendar month to calendar month for policies issued in the month as determined in the following. The rates employed during a calendar month for issues in that month will be the 5-year Treasury Constant Maturity rate (“CMT-5”) reported by the Federal Reserve for the calendar month two months prior to the month of issue, rounded to the near 20<sup>th</sup> of 1%, reduced by 125 basis points, the resulting answer limited to not more than 3% and not less than 1%.

### Sample Calculation of Guaranteed Minimum Annual Effect Interest Rate for Current Issues

The policy form submitted with an Issue Date of November 15, 2009 would use the rate of 2.37% reported by the Federal Reserve for the month of September 2009. The rate is rounded to the near 1/20<sup>th</sup> of 1% with a result of 2.35%. That rate is then reduced by 125 basis points with a result of 1.10%.

### Determination of Additional Interest for One Year on Premiums Received in the First Policy Year

The additional interest rate is declared at policy issue. At the time a policy is issued the additional interest rate so declared becomes guaranteed for that policy. It is bracketed in the form submitted to permit the company to declare different additional interest rates for policies issued at different times. The company intends to declare and guarantee additional interest of 5.00% to all policies issued on this form. If the company ever declares a different additional interest rate, it will be applied only to new issues from that date forward. Additional interest will not be declared in any manner that discriminates unfairly between classes of policyowners.