

SERFF Tracking Number: NALF-126187972 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 43014  
Company Tracking Number:  
TOI: A02I Individual Annuities- Deferred Non- Sub-TOI: A02I.002 Flexible Premium  
Variable  
Product Name: IRA Endorsements  
Project Name/Number: /7814(0609)

## Filing at a Glance

Company: Life Insurance Company of the Southwest

Product Name: IRA Endorsements SERFF Tr Num: NALF-126187972 State: Arkansas  
TOI: A02I Individual Annuities- Deferred Non- SERFF Status: Closed-Approved- State Tr Num: 43014  
Variable Closed  
Sub-TOI: A02I.002 Flexible Premium Co Tr Num: State Status: Approved-Closed  
Filing Type: Form Reviewer(s): Linda Bird  
Authors: Junan Boldrey, Dionne Disposition Date: 07/27/2009  
Wills  
Date Submitted: 07/22/2009 Disposition Status: Approved-  
Closed  
Implementation Date Requested: Implementation Date:  
State Filing Description:

## General Information

Project Name: Status of Filing in Domicile: Pending  
Project Number: 7814(0609) Date Approved in Domicile:  
Requested Filing Mode: Review & Approval Domicile Status Comments: These forms are  
being filed simultaneously in our domiciliary  
state, Texas, as an "exempt" filing under 28  
TAC §3.4004(a) (6) of the Texas Insurance  
Code.  
Explanation for Combination/Other: Market Type: Individual  
Submission Type: New Submission Group Market Size:  
Overall Rate Impact: Group Market Type:  
Filing Status Changed: 07/27/2009 Explanation for Other Group Market Type:  
State Status Changed: 07/27/2009  
Created By: Dionne Wills  
Deemer Date: Corresponding Filing Tracking Number:  
Submitted By: Dionne Wills  
Filing Description:  
Enclosed for your review are copies of the above referenced forms. These are new forms and have not been previously  
submitted to your department. Form No. 7809(0609) will replace Form No. 7809. Form No. 7811(0609) will replace  
Form No. 7811. Form No. 7814(0609) will replace Form No. 7814. All three submitted endorsements reflect current

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interpretation of the Internal Revenue Code as pertains to the subject type annuities.

One of these endorsements will be attached to a newly issued annuity when a request is made for the annuity to be issued as Individual Retirement Account Annuity. These endorsements will amend the annuity to meet the requirements of the applicable Internal Revenue Code. These endorsements are only for the purpose of ensuring that the annuities to which they are attached comply with all applicable federal laws and the associated regulations

Additionally, the appropriate endorsement will be sent to all current IRA annuity policyholders with instructions to place the endorsement in the annuity.

As the following chart depicts, these forms are revisions to previously approved forms, which revisions, when approved, will replace the forms shown:

| Description              | Form Number | Approval Date |
|--------------------------|-------------|---------------|
| IRA Endorsement          | 7814        | 06/18/2003    |
| ROTH IRA Endorsement     | 7809        | 11/04/2002    |
| SIMPLE (IRA) Endorsement | 7811        | 06/18/2003    |

Readability Language. Readability language drafted to conform to the requirements of federal law, regulation, or agency interpretation is exempt from the policy readability standards. Conformity with applicable Internal Revenue Code is the sole reason for each form to exist. As such, no readability scores for the forms listed above are being submitted. Readability Explanation for Lower Scores will be included in filings for those states that require readability certification.

Filing Fees. Filing fees, if applicable are enclosed. Our domiciliary state, Texas, requires a filing fee of \$50.00 for a form exempt from review.

Filing in Other Jurisdictions. These forms are being filed simultaneously in our domiciliary state, Texas, as an "exempt" filing under 28 TAC §3.4004(a) (6) of the Texas Insurance Code and are being filed in all other states where LSW is licensed to do business. LSW is licensed in all states except New York.

## Company and Contact

### Filing Contact Information

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

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

SERFF Tracking Number: NALF-126187972 State: Arkansas  
 Filing Company: Life Insurance Company of the Southwest State Tracking Number: 43014  
 Company Tracking Number:  
 TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.002 Flexible Premium  
 Variable  
 Product Name: IRA Endorsements  
 Project Name/Number: /7814(0609)

**Filing Company Information**

|   |                         |                          |
|---|-------------------------|--------------------------|
| Life Insurance Company of the Southwest | CoCode: 65528           | State of Domicile: Texas |
| 1300 West Mockingbird Lane              | Group Code: -99         | Company Type:            |
| Dallas, TX 75247                        | Group Name:             | State ID Number: 1117    |
| (214) 638-9316 ext. [Phone]             | FEIN Number: 75-0953004 |                          |

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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$150.00  
 Retaliatory? Yes  
 Fee Explanation: Domicile fee is \$50.00 per form for exempt filings. Since this filing includes three forms, the total cost of this filing is \$150.00.  
 Per Company: No

| COMPANY                                 | AMOUNT   | DATE PROCESSED | TRANSACTION # |
|---|----------|----------------|---------------|
| Life Insurance Company of the Southwest | \$150.00 | 07/22/2009     | 29360111      |

SERFF Tracking Number: NALF-126187972 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 43014  
Company Tracking Number:  
TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.002 Flexible Premium  
Variable  
Product Name: IRA Endorsements  
Project Name/Number: /7814(0609)

## Correspondence Summary

### Dispositions

| Status              | Created By | Created On | Date Submitted |
|---------------------|------------|------------|----------------|
| Approved-<br>Closed | Linda Bird | 07/27/2009 | 07/27/2009     |

*SERFF Tracking Number:* NALF-126187972      *State:* Arkansas  
*Filing Company:* Life Insurance Company of the Southwest      *State Tracking Number:* 43014  
*Company Tracking Number:*  
*TOI:* A021 Individual Annuities- Deferred Non-      *Sub-TOI:* A021.002 Flexible Premium  
Variable  
*Product Name:* IRA Endorsements  
*Project Name/Number:* /7814(0609)

## **Disposition**

Disposition Date: 07/27/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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 Variable  
 Product Name: IRA Endorsements  
 Project Name/Number: /7814(0609)

| Schedule            | Schedule Item                   | Schedule Item Status | Public Access |
|---------------------|---------------------------------|----------------------|---------------|
| Supporting Document | Flesch Certification            |                      | Yes           |
| Supporting Document | Application                     |                      | No            |
| Supporting Document | Life & Annuity - Actuarial Memo |                      | No            |
| Form                | IRA Endorsement                 |                      | Yes           |
| Form                | Simple IRA Endorsement          |                      | Yes           |
| Form                | Roth IRA Endorsement            |                      | Yes           |

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## Form Schedule

### Lead Form Number:

| Schedule Item Status | Form Number         | Form Type Form Name  | Action  | Action Specific Data                                       | Readability | Attachment              |
|----------------------|---------------------|--|---------|--|-------------|-------------------------|
|                      | Form No. 7814(0609) | Policy/Cont IRA Endorsement ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider        | Revised | Replaced Form #: 7814<br>Previous Filing #: None available |             | Form No. 7814(0609).pdf |
|                      | Form No. 7811(0609) | Policy/Cont Simple IRA ract/Fratern Endorsement al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider | Revised | Replaced Form #: 7811<br>Previous Filing #: None available |             | Form No. 7811(0609).pdf |
|                      | Form No. 7809(0609) | Policy/Cont Roth IRA ract/Fratern Endorsement al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider   | Revised | Replaced Form #: 7809<br>Previous Filing #: None available |             | Form No. 7809(0609).pdf |

# Individual Retirement Annuity (IRA) Endorsement

Life Insurance Company of the Southwest (LSW) · www.lifeofsouthwest.com  
1300 West Mockingbird Lane · Dallas, Texas 75247-4921 · Customer Service 800-579-2878

The annuity policy, contract or certificate under a group annuity Policy (collectively, the "Policy") to which this Endorsement is attached is amended as specified below to qualify as an IRA described in section 408(b) of the Internal Revenue Code of 1986, as amended (the "IRC"). All the provisions of the Policy and this Endorsement shall be interpreted in accordance with IRC section 408 and the Income Tax Regulations thereunder. Where the provisions of the Endorsement are inconsistent with the provisions of the Policy, including the provisions of any other endorsements or riders issued with the Policy, the provisions of this Endorsement will control.

The Owner of the Policy must be an individual who is the sole Owner and the Annuitant. Except as provided in this Endorsement, and otherwise permitted under the IRC and the Income Tax Regulations, neither the Owner nor the Annuitant may be changed. All distributions while the Owner is alive must be made to the Owner. All distributions made under a joint and survivor annuity option after the Owner's death and while the joint Annuitant is alive must be made to the joint Annuitant. This Policy is established for the exclusive benefit of the Owner or the Owner's beneficiaries.

## 1. Contributions

(a) Except in the case of a rollover contribution (as permitted by IRC sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) and 457(e)(16)), a non-taxable transfer from an individual retirement plan under IRC section 7701(a)(37), or a contribution made in accordance with the terms of a Simplified Employee Pension (SEP) as described in IRC section 408(k), no contributions will be accepted unless they are in cash, and the total of such contributions shall not exceed \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under IRC section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

(b) In the case of an Owner who is 50 or older, the annual cash contribution limit is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.

(c) In addition to the amounts described in items 1(a) and 1(b) above, an individual may make a repayment of a qualified reservist distribution described in IRC section 72(t)(2)(G) during the 2-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later.

(d) In addition to the amounts described in items 1(a) and 1(c) above, an Owner who was a participant in a IRC section 401(k) plan of a certain employer in bankruptcy described in IRC section 219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. An Owner who makes contributions under this item 1(d) may not also make contributions under item 1(b).

(e) No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to IRC section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the

2-year period beginning on the date the Owner first participated in that employer's SIMPLE IRA plan.

## 2. Distributions to the Owner

(a) Notwithstanding any provision of this IRA to the contrary, the distribution of the Owner's interest in the IRA shall be made in accordance with the requirements of IRC section 408(b)(3) and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined in accordance with item 3(c)) must satisfy the requirements of IRC section 408(a)(6) and the regulations thereunder, rather than items 2(b), 2(c), 2(d), and 3. To the extent provided in IRC section 401(a)(9)(H), the requirements of IRC section 401(a)(9) shall not apply for calendar year 2009.

(b) Except to the extent provided under IRC section 401(a)(9)(H), the entire interest of the Owner for whose benefit the Policy is maintained will commence to be distributed no later than the first day of April following the calendar year in which the Owner attains age 70½ (the "required beginning date") over (a) the life of the Owner or the lives of the Owner and the Owner's designated beneficiary (within the meaning of IRC section 401(a)(9)(E)) or (b) a period certain not extending beyond the life expectancy of the Owner or the joint and last survivor expectancy of the Owner and the Owner's designated beneficiary. Payments must be made in periodic payments at intervals of no longer than 1 year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of sec. 1.401(a)(9)-6 of the Income Tax Regulations. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of sec. 1.401(a)(9)-6 of the Income Tax Regulations.

(c) Except to the extent provided under IRC section 401(a)(9)(H), the distribution periods described in item 2(b), above cannot exceed the periods specified in sec. 1.401(a)(9)-6 of the Income Tax Regulations.

(d) Except to the extent provided under IRC section 401(a)(9)(H), the first required payment can be made as late as April 1 of the year following the year the Owner attains age 70½ and must be the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval. If all or a portion of an individual account is used to purchase an annuity after distributions are required to commence (the required beginning date, in the case of distributions commencing before death, or the date determined under Q&A-3 of sec. 1.401(a)(9)-3 of the Income Tax Regulations, in the case of distributions commencing after death), payments under the annuity, and distributions of any remaining account, must be made in accordance with Q&A-5(e) of sec. 1.401(a)(9)-5 of the Income Tax Regulations.

## 3. Distributions After the Owner's Death

(a) **Death On or After Required Distributions Commence.** Except to the extent provided under IRC section 401(a)(9)(H), if the Owner dies on or after required distributions commence, the remaining portion of the Owner's interest will continue to be distributed under the Policy option chosen.

(b) **Death Before Required Distributions Commence.** Except to the extent provided under IRC section 401(a)(9)(H), if the Owner dies before required distributions commence, the Owner's entire interest will be distributed at least as rapidly as follows:

(1) If the designated beneficiary is someone other than the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death, over the designated beneficiary's life, or over a period not extending beyond the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the Owner's death, or, if elected, in accordance with item 3(b)(3), below.

(2) If the Owner's sole designated beneficiary is the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death (or by the end of the calendar year in which the Owner would have attained age 70½, if later), over such spouse's life, over a period not extending beyond the remaining life expectancy of the surviving spouse, or, if elected, in accordance with item 3(b)(3) below. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated beneficiary's life, or over a period not extending beyond the spouse's designated beneficiary's remaining life expectancy determined using such beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with item 3(b)(3) below. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the Policy option chosen.

(3) If there is no designated beneficiary, or if applicable by operation of item 3(b)(1) or 3(b)(2), above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under item 3(b)(2), above).

(4) Life expectancy is determined using the Single Life Table in Q&A-1 of sec. 1.401(a)(9)-9 of the Income Tax Regulations. If distributions are being made to a surviving spouse as the sole designated beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the beneficiary's age in the year specified in items 3(b)(1) or 3(b)(2) and reduced by 1 for each subsequent year. If distributions are being made in the form of an annuity, life expectancy will not be recalculated.

(c) Prior to the date that the Policy is annuitized, the Policy will be treated as an individual account for purposes of IRC section 401(a)(9), and the "interest" in the IRA includes the amount of any outstanding rollover, transfer and re-characterization under Q&As-7 and -8 of sec. 1.408-8 of the Income Tax Regulations and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.

(d) For purposes of items 3(a) and 3(b) above, required distributions are considered to commence on the Owner's required beginning date or, if applicable, on the date distributions are required to begin to the surviving spouse under item 3(b)(2), above. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity Policy meeting the requirements of sec. 1.401(a)(9)-6 of the

Income Tax Regulations, then required distributions are considered to commence on the annuity starting date.

(e) **Surviving Spouse Election.** If the Owner dies prior to the date annuity payments commence under the Policy and the sole designated beneficiary is the Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the IRA or fails to take required distributions as a beneficiary. This election may only be made once, and thus may not be made a second time if the surviving spouse elects to treat the IRA as his or her own, remarries, and names his or her new spouse as the sole designated beneficiary.

#### 4. Inherited IRAs

Notwithstanding any provision of this IRA to the contrary, and unless otherwise provided by federal tax law, this item 4 shall apply if this IRA is issued as an inherited individual retirement annuity within the meaning of IRC section 408(d)(3)(C).

(a) **Permissible Contribution.** A contribution must be in the form of a direct rollover from an eligible retirement plan of a deceased employee that is permitted under IRC section 402(c)(11), or a non-taxable transfer from an individual retirement plan under IRC section 7701(a)(37) of a deceased individual. The deceased employee and deceased individual are collectively referred to herein as the "Deceased Individual."

(b) **Non-spouse beneficiary.** This IRA must be established and maintained for the benefit of a beneficiary under the Deceased Individual's eligible retirement plan or individual retirement plan from which the premium is rolled over or transferred, and the beneficiary must not be the surviving spouse of the Deceased Individual. If the beneficiary is an individual, the individual must be a designated beneficiary of the Deceased Individual within the meaning of IRC section 401(a)(9)(E). The IRA may be established on behalf of a trust that is the Deceased Individual's beneficiary, provided that the beneficiaries of the trust meet the requirements to be designated beneficiaries within the meaning of IRC section 401(a)(9)(E).

(c) **Distributions Before Death Rules Do Not Apply.** Items 2(b), 2(c), and 2(d), relating to distributions during the Owner's life, do not apply.

(d) **Distribution Upon Death Rules Apply.** The distribution of the interest in the IRA shall be made in accordance with the applicable requirements of IRC sections 401(a)(9)(B), 401(a)(9)(H), and 408(b)(3). Item 3 shall apply as if the Deceased Individual is the Owner. Whether the Owner died on or after required distributions commenced, or before required distributions commenced, is determined by whether the Deceased Individual died on or after required distributions commenced, or before required distributions commenced, respectively, under the eligible retirement plan or individual retirement plan from which the premium is rolled over or transferred.

(e) **Surviving Spouse Provisions.** The provisions of item 3 relating to a designated beneficiary who is a surviving spouse do not apply.

## 5. Transferability Restrictions

The Owner's interest in the Policy is nontransferable and, except as provided by law, is nonforfeitable. In particular, the Policy may not be sold, assigned, discounted or pledged as collateral for a loan or as security for the performance of any obligation or for any other purpose, to any person other than the us (other than a transfer incident to a divorce or separation instrument in accordance with IRC section 408(d)(6)).

## 6. General Terms

References to IRC sections and to Income Tax Regulations are intended also to reference those items as amended and supplemented.

We may amend the terms of this Endorsement without the prior consent of the Owner if such amendment:

- (a) applies to all Policies with this Endorsement; and
- (b) is in response to changes to federal law.

We will send annual calendar year reports to the Owner concerning the status of the Policy and such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue.

The effective date of this Endorsement amendment is the effective date of the Policy or August 1, 2009, if later.



Secretary

# Simple Individual Retirement Annuity (Simple-Ira) Endorsement

Life Insurance Company of the Southwest (LSW) · www.lifeofsouthwest.com  
1300 West Mockingbird Lane · Dallas, Texas 75247-4921 · Customer Service 800-579-2878

The annuity policy, contract or certificate under a group annuity Policy (collectively, the “Policy”) to which this Endorsement is attached is amended as specified below to qualify as a SIMPLE IRA described in section 408(p) of the Internal Revenue Code of 1986, as amended (the “IRC”). All the provisions of the [Policy] and this Endorsement shall be interpreted in accordance with IRC section 408(p) and the Income Tax Regulations thereunder. Where the provisions of the Endorsement are inconsistent with the provisions of the Policy, including the provisions of any other endorsements or riders issued with the Policy, the provisions of this Endorsement will control.

The Owner of the Policy must be an individual who is the sole Owner and the Annuitant. Except as provided in this Endorsement, and otherwise permitted under the IRC and the Income Tax Regulations, neither the Owner nor the Annuitant may be changed. All distributions while the Owner is alive must be made to the Owner. All distributions made under a joint and survivor annuity option after the Owner’s death and while the joint Annuitant is alive must be made to the joint Annuitant. This Policy is established for the exclusive benefit of the Owner or the Owner’s beneficiaries.

The effective date of this Endorsement amendment is the effective date of the Endorsement or [Date].

## 1. Contributions

This SIMPLE IRA will accept only:

- (a) a cash contribution made by an employer on behalf of the Owner under a SIMPLE IRA plan that meets the requirements of IRC section 408(p); and
- (b) a rollover contribution or a transfer of assets from another SIMPLE IRA of the Owner.

No other contributions will be accepted.

## 2. Distributions to Owner

- (a) Notwithstanding any provision of this IRA to the contrary, the distribution of the Owner’s interest in the IRA shall be made in accordance with the requirements of IRC section 408(b)(3) and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined in accordance with item 3(c)) must satisfy the requirements of IRC section 408(a)(6) and the Income Tax Regulations thereunder, rather than items 2(b), 2(c), 2(d),

and 3. To the extent provided in IRC section 401(a)(9)(H), the requirements of IRC section 401(a)(9) shall not apply for calendar year 2009.

(b) Except to the extent provided under IRC section 401(a)(9)(H), the entire interest of the Owner for whose benefit the Policy is maintained will commence to be distributed no later than the first day of April following the calendar year in which such individual attains age 70½ (the *required beginning date*) over (a) the life of such Owner or the lives of such Owner and the Owner's designated beneficiary (within the meaning of IRC section 401(a)(9)(E)) or (b) a period certain not extending beyond the life expectancy of such Owner or the joint and last survivor expectancy of such Owner and the Owner's designated beneficiary. Payments must be made in periodic payments at intervals of no longer than 1 year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of sec. 1.401(a)(9)-6 of the Income Tax Regulations. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of sec. 1.401(a)(9)-6 of the Income Tax Regulations.

(c) Except to the extent provided under IRC section 401(a)(9)(H), the distribution periods described in item 2(b) above cannot exceed the periods specified in sec. 1.401(a)(9)-6 of the Income Tax Regulations.

(d) Except to the extent provided under IRC section 401(a)(9)(H), the first required payment can be made as late as April 1 of the year following the year the individual attains age 70½ and must be the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval. If all or a portion of an individual account is used to purchase an annuity after distributions are required to commence (the required beginning date, in the case of distributions commencing before death, or the date determined under Q&A-3 of sec. 1.401(a)(9)-3 of the Income Tax Regulations, in the case of distributions commencing after death), payments under the annuity, and distributions of any remaining account, must be made in accordance with Q&A-5(e) of sec. 1.401(a)(9)-5 of the Income Tax Regulations.

### **3. Distributions After the Owner's Death**

(a) **Death On or After Required Distributions Commence.** Except to the extent provided under IRC section 401(a)(9)(H), if the Owner dies on or after required distributions commence, the remaining portion of the Owner's interest will continue to be distributed under the Policy option chosen.

(b) **Death Before Required Distributions Commence.** Except to the extent provided under IRC section 401(a)(9)(H), if the Owner dies before required distributions commence, the Owner's entire interest will be distributed at least as rapidly as follows:

(1) If the designated beneficiary is someone other than the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death, over the designated beneficiary's life, or over a period not extending beyond the remaining life

expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the Owner's death, or, if elected, in accordance with item 3(b)(3) below.

(2) If the Owner's sole designated beneficiary is the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death (or by the end of the calendar year in which the Owner would have attained age 70½, if later), over such spouse's life, over a period not extending beyond the remaining life expectancy of the surviving spouse, or, if elected, in accordance with item 3(b)(3) below. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated beneficiary's life, or over a period not extending beyond the spouse's designated beneficiary's remaining life expectancy determined using such beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with item 3(b)(3) below. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the Policy option chosen.

(3) If there is no designated beneficiary, or if applicable by operation of item 3(b)(1) or 3(b)(2) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under item 3(b)(2), above).

(4) Life expectancy is determined using the Single Life Table in Q&A-1 of sec. 1.401(a)(9)-9 of the Income Tax Regulations. If distributions are being made to a surviving spouse as the sole designated beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the beneficiary's age in the year specified in item 3(b)(1) or 3(b)(2) and reduced by 1 for each subsequent year. If distributions are being made in the form of an annuity, life expectancy will not be recalculated.

(c) **IRA Interest.** Prior to the date that the Policy is annuitized, the Policy will be treated as an individual account for purposes of IRC section 401(a)(9), and the "interest" in the IRA includes the amount of any outstanding rollover, transfer and re-characterization under Q&As-7 and -8 of sec. 1.408-8 of the Income Tax Regulations and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.

(d) **Distributions.** For purposes of items 3(a) and 3(b) above, required distributions are considered to commence on the Owner's required beginning date or, if applicable, on the date distributions are required to begin to the surviving spouse under item 3(b)(2) above.

However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity Policy meeting the requirements of sec. 1.401(a)(9)-6 of the Income Tax Regulations, then required distributions are considered to commence on the annuity starting date.

(e) **Surviving Spouse Election.** If the Owner dies prior to the date annuity payments commence under the Policy and the sole designated beneficiary is the Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the IRA (as permitted under the contribution rules for SIMPLE IRAs as if the surviving spouse were the owner) or fails to take required distributions as a beneficiary. This election may only be made once, and thus may not be made a second time if the surviving spouse elects to treat the IRA as his or her own, remarries, and names his or her new spouse as the sole designated beneficiary.

#### **4. Transferability Restrictions**

The Owner's interest in the Policy is nontransferable and, except as provided by law, is nonforfeitable. In particular, the Policy may not be sold, assigned, discounted or pledged as collateral for a loan or as security for the performance of any obligation or for any other purpose, to any person other than the us (other than a transfer incident to a divorce or separation instrument in accordance with IRC section 408(d)(6)).

#### **5. Rollover or Transfer of Funds**

Prior to the expiration of the 2-year period beginning on the date the Owner first participated in any SIMPLE IRA plan maintained by the Owner's employer, any rollover or transfer by the Owner of funds from this SIMPLE IRA must be made to another SIMPLE IRA of the Owner. Any distribution of funds to the Owner during this 2-year period may be subject to a 25-percent additional tax if the Owner does not roll over the amount distributed into a SIMPLE IRA. After the expiration of this 2-year period, the Owner may roll over or transfer funds to any IRA of the Owner that is qualified under IRC section 408(a), (b) or (p), or to another eligible retirement plan described in IRC section 402(c)(8)(B).

#### **6. General Terms**

We may amend the terms of this Endorsement without the prior consent of the Owner if such amendment:

- (a) applies to all Policies with this endorsement; and
- (b) is in response to changes in federal law.

We will send annual calendar year reports to the Owner concerning the status of this Endorsement and such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue.

If contributions made on behalf of the Owner under a SIMPLE-IRA plan maintained by the Owner's employer are received directly by the issuer of this SIMPLE-IRA Policy from the employer, the issuer will provide the employer with the summary description required by IRC section 408(1)(2)(B).

This Policy, with this endorsement, may not be used in connection with a SIMPLE plan as to which the Company is a designated financial institution (as defined in IRC section 408(p)(7)) or as to which any trustee or custodian which is listed as Owner is a designated financial institution.

The effective date of this Endorsement amendment is the effective date of the Policy or August 1, 2009, if later.

A handwritten signature in cursive script that reads "Jacques Crawford".

Secretary

# Roth Individual Retirement Annuity (Roth IRA) Endorsement

Life Insurance Company of the Southwest (LSW) · www.lifeofsouthwest.com  
1300 West Mockingbird Lane · Dallas, Texas 75247-4921 · Customer Service 800-579-2878

The annuity policy, contract or certificate under a group annuity Policy (collectively, the “Policy”) to which this Endorsement is attached is amended as specified below to qualify as a Roth IRA described in section 408A of the Internal Revenue Code of 1986, as amended (the “IRC”). All the provisions of the Policy and this Endorsement shall be interpreted in accordance with IRC section 408A and the Income Tax Regulations thereunder. Where the provisions of the Endorsement are inconsistent with the provisions of the Policy, including the provisions of any other endorsements or riders issued with the Policy, the provisions of this Endorsement will control.

The Owner of the Policy must be an individual who is the sole Owner and the Annuitant. Except as provided in this Endorsement, and otherwise permitted under the IRC and the Income Tax Regulations, neither the Owner nor the Annuitant may be changed. All distributions while the Owner is alive must be made to the Owner. All distributions made under a joint and survivor annuity option after the Owner’s death and while the joint Annuitant is alive must be made to the joint Annuitant. This Policy is established for the exclusive benefit of the Owner or the Owner’s beneficiaries.

## 1. Contributions

(a) **Maximum Permissible Amount.** Except in the case of a qualified rollover contribution, a non-taxable transfer from another Roth IRA, or a re-characterization (as defined in item (1)(f) below), no contribution will be accepted unless it is in cash and the total of such contributions to all the Owner’s Roth IRAs for a taxable year does not exceed the applicable amount (as defined in item 1(b) below), or the Owner’s compensation (as defined in item 1(h), below), if less, for that taxable year.

The contribution described in the previous sentence that may not exceed the lesser of the applicable amount or the Owner’s compensation is referred to as a *regular contribution*. However, notwithstanding the dollar limits on contributions, an Owner may make a repayment of a qualified reservist distribution described in IRC section 72(t)(2)(G) during the 2-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later. A *qualified rollover contribution* is a rollover contribution of a distribution from an IRA that meets the requirements of IRC section 408(d)(3), except the one-rollover-per-year rule of IRC section 408(d)(3)(B) does not apply if the rollover contribution is from an IRA other than a Roth IRA (a *non-Roth IRA*). A qualified rollover contribution includes a rollover from a designated Roth account described in IRC section 402A and a rollover from an eligible retirement plan described in IRC section 402(c)(8)(B). Contributions may be limited under items 1(c) through 1(e), below.

(b) **Applicable Amount.** The applicable amount is determined below:

(i) If the Owner is under age 50, the applicable amount is \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the \$5,000 amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under IRC section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

(ii) If the Owner is 50 or older, the applicable amount under item 1(b)(i), above is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.

(iii) If the Owner was a participant in a IRC section 401(k) plan of a certain employer in bankruptcy described in IRC section 219(b)(5)(C), then the applicable amount under item 1(b)(i), above is increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. An Owner who makes contributions under this item 1(b)(iii) may not also make contributions under item 1(b)(ii).

(c) **Regular Contribution Limit.** The maximum regular contribution that can be made to all the Owner's Roth IRAs for a taxable year is the smaller amount determined under items 1(c)(i) or 1(c)(ii), below.

(i) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income (*modified AGI* defined in item 1(g), below) in accordance with the following table:

| Filing Status                        | Full Contribution | Phase-out Range<br>Modified AGI | No Contribution   |
|--------------------------------------|-------------------|---------------------------------|-------------------|
| Single or Head of Household          | \$95,000 or less  | Between \$95,000 and \$110,000  | \$110,000 or more |
| Joint Return Or Qualifying Widow(er) | \$150,000 or less | Between \$150,000 and \$160,000 | \$160,000 or more |
| Married-Separate Return              | \$0               | Between \$0 and \$10,000        | \$10,000 or more  |

If the Owner's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200. After 2006, the dollar amounts above will be adjusted by the Secretary of the Treasury

for cost-of-living increases under IRC section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

(ii) If the Owner makes regular contributions to both Roth and non-Roth IRAs for a taxable year, the maximum regular contribution that can be made to all the Owner's Roth IRAs for that taxable year is reduced by the regular contributions made to the Owner's non-Roth IRAs for the taxable year.

(d) **Qualified Rollover Contribution Limit.** A rollover from an eligible retirement plan other than a Roth IRA or a designated Roth account cannot be made to this IRA if, for the year the amount is distributed from the other plan, the Owner:

(i) is married and files a separate return;

(ii) is not married and has modified AGI in excess of \$100,000; or

(iii) is married and together the Owner and the Owner's spouse have modified AGI in excess of \$100,000.

For purposes of the preceding sentence, a husband and wife are not treated as married for a taxable year if they have lived apart at all times during that taxable year and file separate returns for the taxable year. For taxable years beginning after 2009, the limits in this item 1(d) do not apply to qualified rollover contributions.

(e) **SIMPLE IRA Limits.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to IRC section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the Owner first participated in that employer's SIMPLE IRA plan.

(f) **Re-characterization.** A regular contribution to a non-Roth IRA may be re-characterized pursuant to the rules in sec. 1.408A-5 of the Income Tax Regulations as a regular contribution to this IRA, subject to the limits in item 1(c), above.

(g) **Modified AGI.** For purposes of items 1(c) and 1(d) above, an Owner's modified AGI for a taxable year is defined in IRC section 408A(c)(3)(C)(i) and does not include any amount included in adjusted gross income as a result of a rollover from an eligible retirement plan other than a Roth IRA (*a conversion*).

(h) **Compensation.** Unless otherwise provided by law, for purposes of item 1(a) above, compensation is defined as wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in IRC section 401(c)(2) (reduced by the deduction the self-employed

individual takes for contributions made to a self-employed retirement plan). For purposes of this definition, IRC section 401(c)(2) shall be applied as if the term trade or business for purposes of IRC section 1402 included service described in subsection (c)(6).

Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to interest and dividends) or amounts not includible in gross income. Compensation also does not include any amount received as a pension or annuity or as deferred compensation.

The term *compensation* shall include any amount includible in the Owner's gross income under IRC section 71 with respect to a divorce or separation instrument described in subparagraph (A) of IRC section 71(b)(2). The term "compensation" includes any differential wage payment, as defined in IRC section 3401(h)(2). For purposes of this definition, the amount of compensation includible in an Owner's gross income shall be determined without regard to IRC section 112. In the case of a married Owner filing a joint return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse's compensation is not being used for purposes of the spouse making a contribution to a Roth IRA or a deductible contribution to a non-Roth IRA.

## **2. Distributions**

No amount is required to be distributed prior to the earlier of (a) the death of the Owner for whose benefit the Policy was originally established or (b) the maturity of the Policy.

(a) Notwithstanding any provision of this IRA to the contrary, the distribution of the Owner's interest in the IRA shall be made in accordance with the requirements of IRC section 408(b)(3), as modified by IRC section 408A(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined in accordance with item 2(c)) must satisfy the requirements of IRC section 408(a)(6), as modified by IRC section 408A(c)(5), and the regulations thereunder, rather than the distribution rules in items 2(b), 2(c), 2(d) and 2(e) below. To the extent provided in IRC section 401(a)(9)(H), the requirements of IRC section 401(a)(9) shall not apply for calendar year 2009.

(b) Except to the extent provided under IRC section 401(a)(9)(H), upon the death of the Owner, his or her entire interest will be distributed at least as rapidly as follows:

(i) If the designated beneficiary (within the meaning of IRC section 401(a)(9)(E)) is someone other than the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death, over the designated beneficiary's life, or over a period not extending beyond the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary

as of his or her birthday in the year following the year of the Owner's death, or, if elected, in accordance with item 2(b)(iii), below.

(ii) If the Owner's sole designated beneficiary is the Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Owner's death (or by the end of the calendar year in which the Owner would have attained age 70½, if later), over such spouse's life, over a period not extending beyond the remaining life expectancy of the surviving spouse, or, if elected, in accordance with item 2(b)(iii), below. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated beneficiary's life, or over a period not extending beyond the spouse's designated beneficiary's remaining life expectancy determined using such beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with item 2(b)(iii), below. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the Policy option chosen.

(iii) If there is no designated beneficiary, or if applicable by operation of item 2(b)(i) or 2(b)(ii), above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under item 2(b)(ii), above).

(iv) Life expectancy is determined using the Single Life Table in Q&A-1 of sec. 1.401(a)(9)-9 of the Income Tax Regulations. If distributions are being made to a surviving spouse as the sole designated beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the beneficiary's age in the year specified in item 2(b)(i) or 2(b)(ii) and reduced by 1 for each subsequent year. If distributions are being made in the form of an annuity, life expectancy will not be recalculated.

(c) Prior to the date that the Policy is annuitized, the Policy will be treated as an individual account for purposes of IRC section 401(a)(9), and the "interest" in the IRA includes the amount of any outstanding rollover, transfer and re-characterization under Q&As-7 and -8 of sec. 1.408-8 of the Income Tax Regulations and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.

(d) For purposes of item 2(b)(ii), above, required distributions are considered to commence on the date distributions are required to begin to the surviving spouse under item 2(b)(ii). However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity Policy

meeting the requirements of sec. 1.401(a)(9)-6 of the Income Tax Regulations, then required distributions are considered to commence on the annuity starting date.

(e) If the Owner dies prior to the date annuity payments commence under the Policy and the sole designated beneficiary is the Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the IRA or fails to take required distributions as a beneficiary. This election may only be made once, and thus may not be made a second time if the surviving spouse elects to treat the IRA as his or her own, remarries, and names his or her new spouse as the sole designated beneficiary.

### 3. Inherited IRAs

Notwithstanding any provision of this IRA to the contrary, and unless otherwise provided by federal tax law, this section shall apply if this IRA is issued as a Roth IRA that is an inherited individual retirement annuity within the meaning of IRC section 408(d)(3)(C).

(a) **Permissible Contribution.** A contribution must be in the form of a direct rollover from an eligible retirement plan of a deceased employee that is permitted under IRC section 402(c)(11), or a non-taxable transfer from a Roth IRA of a deceased individual. The deceased employee and deceased individual are collectively referred to herein as the "Deceased Individual."

(b) **Non-spouse Beneficiary.** This IRA must be established and maintained for the benefit of a beneficiary under the Deceased Individual's eligible retirement plan or Roth IRA from which the premium is rolled over or transferred, and the beneficiary must not be the surviving spouse of the Deceased Individual. If the beneficiary is an individual, the individual must be a designated beneficiary of the Deceased Individual within the meaning of IRC section 401(a)(9)(C). The IRA may be established on behalf of a trust that is the Deceased Individual's beneficiary, provided that the beneficiaries of the trust meet the requirements to be designated beneficiaries within the meaning of IRC section 401(a)(9)(C).

(c) **Distribution Upon Death Rules Apply.** The distribution of the interest in the IRA shall be made in accordance with the applicable requirements of IRC sections 401(a)(9)(B), 401(a)(9)(H), 408(b)(3), and 408A(c)(5). Item 2 shall apply as if the Owner is the Deceased Individual.

(d) **Surviving Spouse Provisions.** The provisions of item 2(b)(ii) relating to a designated beneficiary who is a surviving spouse do not apply.

### 4. Transferability Restrictions

The Owner's interest in the Policy is nontransferable and, except as provided by law, is nonforfeitable. In particular, the Policy may not be sold, assigned, discounted or pledged as

collateral for a loan or as security for the performance of any obligation or for any other purpose, to any person other than the us (other than a transfer incident to a divorce or separation instrument in accordance with IRC section 408(d)(6)).

### **5. General Terms**

References to IRC sections and to Income Tax Regulations are intended also to reference those items as amended and supplemented.

We may amend the terms of this Endorsement without the prior consent of the Owner if such amendment:

- (a) applies to all Policies with this endorsement; and
- (b) is in response to changes in federal law.

We will send annual calendar year reports to the Owner concerning the status of the Endorsement and such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue.

The effective date of the Endorsement amendment is the effective date of the Policy or August 1, 2009, if later.

  
Secretary

SERFF Tracking Number: NALF-126187972 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 43014  
Company Tracking Number:  
TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.002 Flexible Premium  
Variable  
Product Name: IRA Endorsements  
Project Name/Number: /7814(0609)

## Supporting Document Schedules

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Flesch Certification

**Comments:**

**Attachment:**

AR Readability Lower Score Explanation.pdf

**Item Status:** **Status**  
**Date:**

**Bypassed - Item:** Application

**Bypass Reason:** N/A. This is an endorsement filing.

**Comments:**

**STATE OF ARKANSAS**  
**DEPARTMENT OF INSURANCE**  
**READABILITY CERTIFICATION**  
Arkansas Code 23-80-206

**COMPANY NAME** Life Insurance Company of the Southwest **NAIC #** 65528,

**Readability Explanation for Lower Score**

Pursuant to ACA 23-80-207, the Director may authorize a lower score than the Flesch reading ease test score required by ACA 23-80-206 when, in the director's sole discretion, the director find that a lower required score is caused by certain policy language drafted to conform to the requirements of any state statute, rule, or agency interpretation of law.

I hereby certify that the forms listed below are entitled to be excepted by ACA 23-80-207 because the form is drafted to conform to the requirements of the Internal Revenue Code regulations concerning individual retirement accounts.

| <b><u>FORM NUMBER</u></b> | <b><u>FLESCH SCORE</u></b> |
|---------------------------|----------------------------|
| 7809(0609)                | 27.8                       |
| 7811(0609)                | 25.2                       |
| 7814(0609)                | 25.1                       |

\_\_\_\_\_  
Signature

Michael C. Wards, Vice President, Actuarial

June 15, 2009

Date