

SERFF Tracking Number: MCHX-G126992393 State: Arkansas
 Filing Company: Harleysville Life Insurance Company State Tracking Number: 47738
 Company Tracking Number: TAX QUAL ENDORS
 TOI: A02I Individual Annuities- Deferred Non- Variable Sub-TOI: A02I.003 Single Premium
 Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
 Project Name/Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company /SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company

Filing at a Glance

Company: Harleysville Life Insurance Company

Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
 TOI: A02I Individual Annuities- Deferred Non-Variable
 Sub-TOI: A02I.003 Single Premium
 Filing Type: Form

SERFF Tr Num: MCHX-G126992393
 SERFF Status: Closed-Approved-Closed
 Co Tr Num: TAX QUAL ENDORS
 Author: SPI McHughConsulting
 Date Submitted: 01/19/2011

State: Arkansas
 State Tr Num: 47738
 State Status: Approved-Closed
 Reviewer(s): Linda Bird
 Disposition Date: 01/21/2011
 Disposition Status: Approved-Closed
 Implementation Date:

Implementation Date Requested: On Approval
 State Filing Description:

General Information

Project Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity Status of Filing in Domicile: Pending - Harleysville Life Insurance Company
 Project Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company
 Requested Filing Mode: Review & Approval
 Explanation for Combination/Other:
 Submission Type: New Submission
 Overall Rate Impact:

Date Approved in Domicile:
 Domicile Status Comments:
 Market Type: Individual
 Individual Market Type:
 Filing Status Changed: 01/21/2011
 State Status Changed: 01/21/2011
 Created By: SPI McHughConsulting
 Corresponding Filing Tracking Number:

Deemer Date:
 Submitted By: SPI McHughConsulting
 Filing Description:
 Re: HARLEYSVILLE LIFE INSURANCE COMPANY
 NAIC # 64327, FEIN # 23-1580983
 Individual Deferred Non-Variable Annuity Filing
 Form AM-001 (ED 11-10), Traditional/Roth/SEP Individual Retirement Annuity Endorsement and Disclosure Statement
 Form AM-002 (ED 11-10), SIMPLE Individual Retirement Annuity Endorsement

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Premium Deferred Annuity - Harleysville Life Insurance Company

and Disclosure Statement

Form AM-003 (ED 11-10), 403(b)(1) Annuity Endorsement

Form AM-004 (ED 11-10), 403(b)(1) Annuity Disclosure Statement

Dear Commissioner Bradford:

McHugh Consulting Resources, Inc. has been requested to file the attached forms on behalf of Harleysville Life Insurance Company. We respectfully attach an authorization letter for your files.

We are attaching the above-captioned filing for your review and approval for Harleysville Life Insurance Company. These forms are new and are not intended to replace any existing forms currently on file with your Department.

The forms are in final printed form subject only to changes in font style, margins, page numbers, positioning and format. For example, formatting may change slightly when the document is assembled through an automated document assembly system. Printing standards will not be lower than those required under your law.

The above captioned Annuity Endorsements and Disclosure Statements comply with the current IRS regulations and will be used with Flexible Premium Deferred Annuity Contract, FPDA-001 (ED 11-10) and Single Premium Deferred Annuity Contract, SPDA-001 (ED 11-10) when they are intended to be issued as tax qualified plans under such specified tax code. These annuity contracts were approved by your Department on January 5, 2011.

These endorsements can only be made a part of the contract at issue. If an Insured wants to add/modify an endorsement after issue, a new contract will be issued. Therefore, the information on the Schedule of Benefits and Premium(s) applies to both the contract and the endorsement.

Attached are the Statements of Variability. Readability is not required as these forms were written to meet the requirements of federal law.

We trust the attached is found to be in order and look forward to receiving your favorable reply. Should you have any questions or if we may provide any additional information, please do not hesitate to contact the undersigned. Thank you for your consideration in this matter.

Very truly yours,

Linda Boyce

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Consultant

Company and Contact

Filing Contact Information

Tim Hager, Compliance Project Specialist mcr@mchughconsulting.com
 McHugh Consulting Resources, Inc. 215-230-7960 [Phone]
 2005 South Easton Road, Suite 207 215-230-7961 [FAX]
 Doylestown, PA 18901

Filing Company Information

(This filing was made by a third party - McHughConsulting)

Harleysville Life Insurance Company CoCode: 64327 State of Domicile: Pennsylvania
 355 Maple Avenue Group Code: 253 Company Type: Life
 Harleysville, PA 19438 Group Name: State ID Number:
 (215) 393-6118 ext. [Phone] FEIN Number: 23-1580983

Filing Fees

Fee Required? Yes
 Fee Amount: \$200.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Harleysville Life Insurance Company	\$200.00	01/19/2011	43893499

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 Premium Deferred Annuity - Harleysville Life Insurance Company

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved- Closed	Linda Bird	01/21/2011	01/21/2011

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Premium Deferred Annuity - Harleysville Life Insurance Company

Disposition

Disposition Date: 01/21/2011

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: MCHX-G126992393 State: Arkansas
 Filing Company: Harleysville Life Insurance Company State Tracking Number: 47738
 Company Tracking Number: TAX QUAL ENDORS
 TOI: A021 Individual Annuities- Deferred Non- Sub-TOI: A021.003 Single Premium
 Variable
 Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
 Project Name/Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company /SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Life & Annuity - Actuarial Memo		No
Supporting Document	Submission Letter		Yes
Supporting Document	Authorization Letter		Yes
Supporting Document	GAN-009 (AR) (Ed. 01-04) Guaranty Association Notice		Yes
Supporting Document	LFEA-138 (Ed. 10-09) ARK Notice to Policyholders		Yes
Supporting Document	Statement of Variability - AM-001 (ED 11-10)		Yes
Supporting Document	Statement of Variability - AM-002 (ED 11-10)		Yes
Supporting Document	Statment of Variability - AM-003 (ED 11-10)		Yes
Supporting Document	Statement of Variability - AM-004 (ED 11-10)		Yes
Form	Traditional/Roth/SEP Individual Retirement Annuity Endorsement and Disclosure Statement		Yes
Form	SIMPLE Individual Retirement Annuity Endorsement and Disclosure Statement		Yes
Form	403(b)(1) Annuity Endorsement		Yes
Form	403(b)(1) Annuity Disclosure Statement		Yes

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Form Schedule

Lead Form Number: AM-001 (ED 11-10)

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	AM-001 (ED 11-10)	Certificate Amendmen t, Insert Page, Endorseme nt or Rider	Traditional/Roth/SEP Individual Retirement Annuity Endorsement and Disclosure Statement	Initial		0.000	AM-001 (ED 11-10) Trad - Roth - SEP IRA End & Discl 1_17_11.PDF
	AM-002 (ED 11-10)	Certificate Amendmen t, Insert Page, Endorseme nt or Rider	SIMPLE Individual Retirement Annuity Endorsement and Disclosure Statement	Initial		0.000	AM-002 (ED 11-10) Simple IRA End & Discl- 1_13_11.PDF
	AM-003 (ED 11-10)	Certificate Amendmen t, Insert Page, Endorseme nt or Rider	403(b)(1) Annuity Endorsement	Initial		0.000	AM-003 (ED 11-10) - 403(b) Annuity Endo 1_11_11.PDF
	AM-004 (ED 11-10)	Other	403(b)(1) Annuity Disclosure Statement	Initial		0.000	AM-004 (ED 11-10) - 403(b) Annuity Disclosure Stmtnt 1_17_11.PDF



Harleysville Life Insurance Company

[355 Maple Avenue • Harleysville, PA 19438-2297
Tel 800.222.1981 • www.harleysvillegroup.com]

TRADITIONAL/ROTH/SEP INDIVIDUAL RETIREMENT ANNUITY ENDORSEMENT

ARTICLE I

- 1.01 *Purpose of the Endorsement:* The purpose of this Endorsement, which is attached to and made a part of the annuity Contract issued by the Issuer, is to qualify the Contract as a Traditional individual retirement annuity (IRA) under Code section 408(b) or a Roth IRA under Code sections 408A and 408(b), as indicated on the Application, to provide for the IRA Owner's retirement and for the support of his or her Beneficiary(ies) after death. The Contract is established for the exclusive benefit of the IRA Owner and his or her Beneficiary(ies). If any provisions of the Contract conflict with this Endorsement, the provisions of this Endorsement will apply. In no event will this Endorsement operate as both a Traditional IRA and a Roth IRA.
- 1.02 *Ownership Provisions:* The IRA Owner's interest in the Contract is nonforfeitable and nontransferable and the IRA Owner may exercise all rights under the Contract during his or her lifetime. In addition, the Contract may not be sold, assigned, discounted, or pledged as collateral or as security for the performance of an obligation or for any other purpose.
- 1.03 *For More Information:* To obtain more information concerning the rules governing this Endorsement, contact the Issuer listed on the Application.

ARTICLE II – DEFINITIONS

The following words and phrases, when used in this Endorsement with initial capital letters, shall, for the purpose of this Endorsement, have the meanings set forth below unless the context indicates that other meanings are intended.

- 2.01 *Application:* Means the document executed by the IRA Owner through which the IRA Owner adopts this Endorsement and thereby agrees to be bound by all terms and conditions of this Endorsement.
- 2.02 *Beneficiary:* Means the individual(s) or entity(ies) properly named to receive any remaining IRA benefits upon the death of the IRA Owner.
- 2.03 *Code:* Means the Internal Revenue Code of 1986, as amended from time to time.
- 2.04 *Compensation:* For purposes of sections 3.01 and 4.01 of this Endorsement, Compensation means 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). Compensation for a self-employed individual includes earned income, as defined in Code section 401(c)(2) (reduced by the deduction the self employed IRA Owner takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code section 401(c)(2) shall be applied as if the term trade or business for purposes of Code section 1402 included service described in Code section 1402(c)(6). Compensation shall include any amount includible in the IRA Owner's gross income under Code section 71 with respect to a divorce or separation instrument. In the case of a married

individual 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 nonRoth IRA.

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.

2.05 *Contract*: Means the annuity contract used in conjunction with this Endorsement.

2.06 *Conversion Premium*: Means a contribution described in Code section 408A(e) from a Traditional or SIMPLE IRA to a Roth IRA.

2.07 *Designated Beneficiary*: Means the Beneficiary named as of the date of the IRA Owner's death who remains a Beneficiary as of September 30 of the year following the year of the IRA Owner's death.

2.08 *Endorsement*: Means this IRA Endorsement, including the Application, that was completed and signed to establish this IRA.

2.09 *IRA*: Means either a Traditional IRA or Roth IRA unless otherwise indicated.

2.10 *IRA Owner*: Means the individual who participates in this IRA, thereby owning the Contract.

2.11 *Issuer*: Means Harleysville Life Insurance Company.

2.12 *Premium*: Means any payments made to the IRA.

2.13 *Roth IRA*: Means an individual retirement annuity as defined in Code sections 408A and 408(b).

2.14 *Regulations*: Means the Treasury regulations.

2.15 *SIMPLE IRA*: Means an IRA which satisfies the requirements of Code sections 408(b) and 408(p).

2.16 *Traditional IRA*: Means an individual retirement annuity as defined in Code section 408(b).

ARTICLE III – PROVISIONS GOVERNING TRADITIONAL IRAS

This Article III shall only apply if this IRA has been designated by the IRA Owner on the Application as a Traditional IRA.

3.01 *Premium Payments*

A. Maximum Permissible Premiums. The Issuer may accept Premiums on behalf of the IRA Owner for a tax year of the IRA Owner. Except in the case of a rollover Premium (as permitted by Code sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) and 457(e)(16)) or a Premium made in accordance with the terms of a Simplified Employee Pension (SEP) plan as described in Code section 408(k), no Premiums will be accepted unless they are in cash, and the total of such Premiums shall not exceed the lesser of 100 percent of the IRA Owner's Compensation, or \$3,000 for any taxable year beginning in 2002 through 2004; \$4,000 for any taxable year beginning in 2005 through 2007; and \$5,000 for any taxable year beginning in 2008 and years thereafter.

After 2008, the Premium limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

If the IRA Owner makes regular Premiums to both Traditional and Roth IRAs for a taxable year, the maximum regular Premium that can be made to all the IRA Owner's Traditional IRAs for that taxable year is reduced by the regular Premiums made to the IRA Owner's Roth IRAs for the taxable year.

B. Catch-Up Premiums. In the case of an IRA Owner who is age 50 or older by the close of the taxable year, the annual Premium is increased by \$500 for any taxable year beginning in 2002 through 2005; and \$1,000 for any taxable year beginning in 2006 and years thereafter.

C. Qualified Reservist Repayments. A Traditional IRA Owner may make a repayment of a qualified reservist distribution described in Code section 72(t)(2)(G) during the two-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later.

D. Employees of Certain Bankrupt Employers. A Traditional IRA Owner who was a participant in a Code section 401(k) plan of a certain employer in bankruptcy described in Code section 219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. A Traditional IRA Owner who makes Premiums under this section may not also make catch-up Premiums.

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

3.02 Distribution Requirements

A. IRA Owner Distributions. Notwithstanding any provision of this Traditional IRA to the contrary, the distribution of the IRA Owner's interest in the Traditional IRA shall be made in accordance with the requirements of Code 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 Traditional IRA (as determined under Article 3.02(A)(4)) must satisfy the requirements of Code section 408(a)(6) and the Regulations thereunder, rather than paragraphs (1), (2) and (3) of this Article 3.02.

1. The entire interest of the IRA Owner for whose benefit the Traditional IRA is maintained will commence to be distributed no later than the first day of April following the calendar year in which such IRA Owner attains age 70½ (the "required beginning date") over
 - a. the IRA Owner's life or the lives of such IRA Owner and his or her Designated Beneficiary(ies), or
 - b. a period certain not extending beyond the IRA Owner's life expectancy or the joint and last survivor expectancy of such IRA Owner and his or her Designated Beneficiary(ies).

Distributions must be made in periodic payments at intervals of no longer than one year and must be either nonincreasing or they may increase only as provided in Q&As-1 and 4 of Regulations section 1.401(a)(9)-6. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of 1.401(a)(9)-6.

2. The distribution periods described in paragraph (1) of this article cannot exceed the periods specified in Regulations section 1.401(a)(9)-6.
3. The first required distribution can be made as late as the required beginning date and must be the distribution that is required for one payment interval. The second distribution need not be made until the end of the next payment interval.
4. The value of the Traditional IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the Traditional IRA, such as guaranteed death benefits.
5. If the IRA Owner fails to elect a method of distribution by his or her required beginning date the Issuer shall have complete and sole discretion to do any one of the following:
 - make no distribution until the IRA Owner provides a proper withdrawal request;
 - distribute the IRA Owner's entire interest in a single sum payment;
 - distribute the IRA Owner's entire interest over a period certain not extending beyond the IRA Owner's life expectancy or the life expectancy of the IRA Owner and his or her Beneficiary; or
 - annuitize the Traditional IRA within the parameters described in this Section.

The Issuer will not be liable for any penalties or taxes related to the IRA Owner's failure to take a required minimum distribution.

B. Beneficiary Rights. If the IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.

1. Death on or after Required Beginning Date. If the IRA Owner dies on or after the required beginning date for distributions, the remaining portion of such IRA Owner's interest will continue to be distributed under the contract option chosen.
2. Death before Required Beginning Date. If the IRA Owner dies before required distributions commence, such IRA Owner's entire interest will be distributed at least as rapidly as follows.
 - a. If the Designated Beneficiary is someone other than the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death, over 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 IRA Owner's death, or, if elected, in accordance with paragraph 3.02(B)(2)(c) of this Endorsement.
 - b. If the IRA Owner's sole Designated Beneficiary is the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death (or by the end of the calendar year in which the IRA Owner would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph 3.02(B)(2)(c) of this Endorsement. If the surviving spouse dies before required distributions are required to begin, 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 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 paragraph 3.02(B)(2)(c) of this Endorsement. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the contract option chosen.
 - c. If there is no Designated Beneficiary, or, if applicable by operation of paragraph 3.02(B)(2)(a) or (b) of this Endorsement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the IRA Owner's death (or the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 4.02(B)(2) of this Endorsement).
 - d. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations section 1.401(a)(9)-9. 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 paragraph 3.02(B)(2)(a) or (b) of this Endorsement and reduced by one for each subsequent year.
3. The value of the Traditional IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the Traditional IRA, such as guaranteed death benefits.

4. For purposes of paragraphs 3.02(B)(1) and (2) of this Endorsement, required distributions are considered to commence on the IRA Owner's required beginning date, or, if applicable, on the date distributions are required to begin to the surviving spouse under paragraph 3.02(B)(2)(b) of this Endorsement. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Regulations section 1.401(a)(9)-6, the required distributions are considered to commence on the annuity starting date.
5. If the Designated Beneficiary is the IRA Owner's surviving spouse, the spouse may elect to treat the Traditional IRA as his or her own Traditional IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the Traditional IRA, makes a Premium to the Traditional IRA or fails to take required distributions as a Beneficiary.
6. If the Beneficiary payment election described in Section 3.02(B) is not made by December 31 of the year following the year the IRA Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any one of the following:
 - make no distribution until the Beneficiary(ies) provides a proper withdrawal request;
 - distribute the entire Traditional IRA to the Beneficiary(ies) in a single sum payment;
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraphs 3.02(B)(1) or (2) of this Endorsement.

The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

ARTICLE IV – PROVISIONS GOVERNING ROTH IRAS

This Article IV shall apply if this IRA has been designated by the IRA Owner on the Application as a Roth IRA.

4.01 *Premium Limits*

A. Maximum Permissible Amount. Except in the case of a rollover Premium described in Code section 408A(e), a recharacterized Premium described in Code section 408A(d)(6), or a Conversion Premium, no Premiums will be accepted unless they are in cash, and the total of such Premiums shall not exceed the lesser of 100 percent of the IRA Owner's Compensation, or: \$3,000 for any taxable year beginning in 2002 through 2004; \$4,000 for any taxable year beginning in 2005 through 2007; and \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the applicable Premium limit may be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

If the IRA Owner makes regular Premiums to both Roth and Traditional IRAs for a taxable year, the maximum regular Premium that can be made to all the IRA Owner's IRAs for that taxable year is reduced by the regular Premiums made to the IRA Owner's Traditional IRAs for the taxable year.

Premiums may be further limited if the IRA Owner's modified adjusted gross income (MAGI) exceeds the limits described in paragraph 4.01(C) of this Endorsement.

Qualified rollover Premium means a rollover Premium of a distribution from an IRA that meets the requirements of Code section 408(d)(3), except the one-rollover-per-year rule of Code section 408(d)(3)(B) does not apply if the rollover Premium is from an IRA other than a Roth IRA. For

taxable years beginning after 2005, a qualified rollover Premium includes a rollover from a designated Roth account described in Code section 402A; and for taxable years beginning after 2007, a qualified rollover Premium also includes a rollover from an eligible retirement plan described in Code section 402(c)(8)(B).

B. Catch-Up Premiums. In the case of a IRA Owner who is age 50 or older by the close of the taxable year, the annual Premium is increased by \$500 for any taxable year beginning in 2002 through 2005; and \$1,000 for any taxable year beginning in 2006 and years thereafter.

C. Qualified Reservist Repayments. Notwithstanding the dollar limits on Premiums, a Roth IRA Owner may make a repayment of a qualified reservist distribution described in Code section 72(t)(2)(G) during the two-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later.

D. Employees of Certain Bankrupt Employers. A Roth IRA Owner who was a participant in a Code section 401(k) plan of a certain employer in bankruptcy described in Code section 219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. A Roth IRA Owner who makes Premiums under this section may not also make catch-up Premiums.

E. Regular Premium Limit. If a IRA Owner's MAGI falls within certain limits, as described in the following table, the maximum regular Premium that can be made to all the IRA Owner's IRAs for a taxable year is phased out ratably in accordance with the following table:

Filing Status	Full Premium	Phase-Out Range MAGI	No Premium
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 IRA Owner's MAGI for a taxable year is in the phase-out range, the maximum regular Premium 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 modified adjusted gross income limits above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

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

1. the IRA Owner is married and files a separate return,
2. the IRA Owner is not married and has MAGI in excess of \$100,000 or
3. the IRA Owner is married and together the IRA Owner and the IRA Owner's spouse have MAGI 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 MAGI and filing limits in this section do not apply to qualified rollover Premiums.

G. Recharacterization. A regular Premium to a Traditional IRA may be recharacterized pursuant to the rules in Regulations section 1.408A-5 as a regular Premium to this Roth IRA, subject to the limits in paragraph 4.01(E) of this Endorsement.

H. Modified Adjusted Gross Income. For purposes of paragraphs 4.01(E) and (F) of this Endorsement, an IRA Owner's MAGI for a taxable year is defined in Code 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).

I. SIMPLE IRA. No Premiums will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to Premiums 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 two-year period beginning on the date the employee first participated in that employer's SIMPLE IRA plan.

4.02 Distribution Requirements

A. IRA Owner Distributions. No amount is required to be distributed from the Contract prior to the death of the IRA Owner for whose benefit the contract was originally established.

B. Beneficiary Rights. If the IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.

1. Notwithstanding any provision of this Roth IRA to the contrary, the distribution of the IRA Owner's interest in the Roth IRA shall be made in accordance with the requirements of Code section 408(b)(3), as modified by Code 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 Roth IRA (as determined under paragraph 4.02(B) of this Endorsement) must satisfy the requirements of Code section 408(a)(6), as modified by Code section 408A(c)(5), and the Regulations thereunder, rather than the distribution rules in paragraphs 4.02(B)(2), (3), (4) and (5) of this Endorsement.

2. Upon the death of the IRA Owner, his or her entire interest will be distributed at least as rapidly as follows:

a. If the Designated Beneficiary is someone other than the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the IRA Owner's death, or, if elected, in accordance with paragraph 4.02(B)(2)(c) of this Endorsement.

b. If the IRA Owner's Designated Beneficiary is the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death (or by the end of the calendar year in which the IRA Owner would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph

4.02(B)(2)(c) of this Endorsement. 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 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 paragraph 4.02(B)(2)(c) of this Endorsement. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the Contract option chosen.

- c. If there is no Designated Beneficiary, or if applicable by operation of paragraph 4.02(B)(2)(a) or (b) of this Endorsement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the IRA 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 paragraph 4.02(B)(2)(b) of this Endorsement).
 - d. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations section 1.401(a)(9)-9. 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 Designated Beneficiary's age in the year specified in paragraph 4.02(B)(2)(a) or (b) of this Endorsement, and reduced by one for each subsequent year.
3. The value of the Roth IRA for purposes of this Article is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the Roth IRA, such as guaranteed death benefits.
 4. For purposes of paragraph 4.02(B)(2)(b) of this Endorsement, required distributions are considered to commence on the date distributions are required to begin to the surviving spouse under such paragraph. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Regulations section 1.401(a)(9)-6, then required distributions are considered to commence on the annuity starting date.
 5. If the Designated Beneficiary is the IRA Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own Roth IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the Roth IRA, makes a Premium to the Roth IRA or fails to take required distributions as a Beneficiary.
 6. If the Beneficiary payment election described above is not made by December 31 of the year following the year the IRA Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any one of the following:
 - make no distribution until the Beneficiary(ies) provides a proper withdrawal request;
 - distribute the entire Roth IRA to the Beneficiary(ies) in a single sum payment; or
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraph 4.02(B)(2) of this Endorsement.

The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

ARTICLE V – PROVISIONS GOVERNING BOTH TRADITIONAL AND ROTH IRAS

5.01 Premium Payments

A. Excess Premium. Any refund of Premiums (other than those attributable to excess Premiums) will be applied, before the close of the calendar year following the year of the refund, toward the payment of future Premiums or the purchase of additional benefits.

B. Contract Requirements. If Premiums are interrupted, the Contract will be reinstated at any date prior to maturity upon payment of a Premium other than a rollover or transfer Premium, to the Issuer, and the minimum Premium amount for reinstatement shall be \$25. However, the Issuer may, at its option, either accept additional future Premiums or terminate the contract by payment in cash of the then present value of the paid up benefit if no Premiums have been received for two full consecutive policy years and the paid up annuity benefit at maturity would be less than \$20 per month.

5.02 *Reporting:* The IRA Owner agrees to provide the Issuer with information necessary for the Issuer to prepare any report required under the Code and related Regulations including Code sections 408(i) and 408A(d)(3)(D) (pertaining to Roth IRAs), Regulations sections 1.408-5 and 1.408-6 and under guidance published by the Internal Revenue Service (IRS).

The Issuer shall furnish annual calendar year reports concerning the status of the annuity and such information concerning required minimum distributions as is prescribed by the IRS.

5.03 *Amendments:* Any amendment made for the purpose of complying with provisions of the Code and related Regulations may be made without the consent of the IRA Owner. The IRA Owner will be deemed to have consented to any other amendment unless the IRA Owner notifies the Issuer that he or she does not consent within 30 days from the date the Issuer mails the amendment to the IRA Owner.

5.04 *Responsibility of the Parties:* The Issuer shall not be responsible for any penalties, taxes, judgments or expenses incurred by the IRA Owner in connection with this IRA and shall have no duty to determine whether any Premiums to or distributions from this IRA comply with the Code, Regulations, rulings or this Endorsement.

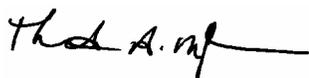
Signed for Harleysville Life Insurance Company.



[

[Robert A. Kauffman]

[Director and Secretary]



[

[Theodore A. Majewski]

[President and Chief Operating Officer]

TRADITIONAL/ROTH/SEP INDIVIDUAL RETIREMENT ANNUITY DISCLOSURE STATEMENT

This Disclosure Statement explains the rules governing the type of IRA you designated on the Application. The term IRA will be used in this Disclosure Statement to refer to a Traditional IRA (under Internal Revenue Code (Code) section 408(b) or a Roth IRA (under Code sections 408A) unless specified otherwise.

RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the Premiums you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Issuer at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the Issuer at the telephone number listed on the Application.

REQUIREMENTS OF AN IRA

- A. *CASH PREMIUMS* – Your Premium must be in cash, unless it is a rollover or conversion premium.
- B. *MAXIMUM TRADITIONAL IRA PREMIUM* – The total amount of the Premiums to your Traditional IRA for any taxable year cannot exceed the lesser of 100 percent of your Compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and thereafter. If you also maintain a Roth IRA, the maximum Premium to your Traditional IRAs (i.e., IRAs subject to Code sections 408(a) or 408(b)) is reduced by any Premiums you make to your Roth IRA. Your total annual Premiums to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your Compensation.
- C. *MAXIMUM ROTH IRA PREMIUM* – The total amount of the Premiums to your Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your Compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008 with possible cost-of-living adjustments in years 2009 and beyond. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)) the maximum Premium to your Roth IRA is reduced by any Premiums you make to your Traditional IRA. Your total annual Premiums to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your Compensation.

Your Roth IRA Premium is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$150,000 if you are a married individual filing a joint income tax return, or equals or exceeds \$95,000 if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$160,000 may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$110,000 may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2006.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phaseout range for the year, your maximum Roth IRA Premium is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable Premium for the year, including catch-up Premiums if you are age 50 or older. For example, if you are age 30 and your MAGI is \$155,000, your maximum Roth IRA Premium for 2002 is \$1,500. This amount is determined as follows: ((\$160,000 minus \$155,000) divided by \$10,000) multiplied by \$3,000.

If you are single and your MAGI is between the applicable MAGI phaseout for the year, your maximum Roth IRA Premium is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable Premium for the year, including catch-up Premiums if you are age 50 or older. For example, if you are age 30 and your MAGI is \$98,000, your maximum Roth IRA Premium for 2002 is \$2,400. This amount is determined as follows: ((\$110,000 minus \$98,000) divided by \$15,000) multiplied by \$3,000.

- D. *TRADITIONAL IRA PREMIUM ELIGIBILITY* – You are eligible to make a regular Premium to your Traditional IRA if you have Compensation and have not attained age 70½ by the end of the taxable year for which the Premium is made.
- E. *ROTH IRA PREMIUM ELIGIBILITY* – You are eligible to make a regular Premium to your Roth IRA, regardless of your age, if you have Compensation and your MAGI is below the maximum threshold. Your Roth IRA Premium is not limited by your participation in a retirement plan, other than a Traditional IRA.
- F. *CATCH-UP PREMIUMS* – If you are age 50 or older by the close of the taxable year, you may make an additional Premium to your IRA. The maximum additional Premium is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.
- G. *CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES* – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401(k) plan in which the employer matched at least 50% of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401(k) plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contribution for individuals age 50 and older.
- H. *NONFORFEITABILITY* – Your interest in your IRA is nonforfeitable.
- I. *COMMINGLING ASSETS* – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- J. *LIFE INSURANCE* – No portion of your IRA may be invested in life insurance contracts.
- K. *REFUND OF PREMIUMS* – Any refund of Premiums must be applied before the close of the calendar year following the year of the refund toward the payment of future Premiums, paid-up annuity additions or the purchase of additional benefits.
- L. *COLLECTIBLES* – You may not invest the assets of your IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as IRA investments.

M. REQUIRED MINIMUM DISTRIBUTIONS AND BENEFICIARY OPTIONS FOR TRADITIONAL IRAS –
You are required to take minimum distributions from your Traditional IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the Traditional IRA distribution rules.

1. You are required to take a minimum distribution from your Traditional IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. Minimum distributions may be taken by annuitizing your contract to receive a series of periodic distributions made at intervals not longer than one year. The first distribution that must be made must be the distribution that is required for one payment interval. Payment intervals are the periods for which distributions are made to you (e.g., bimonthly, monthly, etc.). The second distribution need not be made until the end of the next payment interval.

The size of your distributions will depend on the rate of return, your age (and the ages of your Beneficiary(ies)), the amount of Premiums you have made to your Traditional IRA, and your distribution option. Your distributions must be made at intervals not longer than one year, over your life or the life of you and your Designated Beneficiary. Distributions may also be made over a period certain not longer than your life expectancy or the joint life expectancy of you and your Beneficiary determined using the Uniform Lifetime Table provided by the IRS.

2. If you do not annuitize your Traditional IRA, the minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

The applicable divisor is generally determined using the Uniform Lifetime Table provided by the IRS. The table assumes a Designated Beneficiary exactly 10 years younger than you, regardless of who is named as your Beneficiary(ies), if any. If your spouse is your sole Designated Beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse, obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

3. We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:

- (a) make no distribution until you give us a proper withdrawal request,

- (b) distribute your entire Traditional IRA to you in a single sum payment,

- (c) determine your required minimum distribution each year based on your life expectancy, calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise, or

- (d) annuitize your Traditional IRA.

4. Your Designated Beneficiary(ies) is determined based on the Beneficiary(ies) designated as of the date of your death, who remains your Beneficiary(ies) as of September 30 of the year following the year of your death. If you die,

- (a) on or after your required beginning date, distributions must be made to your Beneficiary(ies) under the contract option chosen. If distributions are not made in the form of an annuity, distributions must be made over the longer of the single life expectancy of your Designated Beneficiary(ies), or your remaining life expectancy. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary of your Traditional IRA for purposes of determining the distribution period. If there is no Designated

Beneficiary of your Traditional IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

(b) before your required beginning date, the entire amount remaining in your account will, at the election of your Designated Beneficiary(ies), either

(i) be distributed by December 31 of the year containing the fifth anniversary of your death, or

(ii) be distributed over the remaining life expectancy of your Designated Beneficiary(ies).

If your spouse is your sole Designated Beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your Designated Beneficiary(ies), other than a spouse who is the sole Designated Beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distributions will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. If your spouse is the Designated Beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary(ies) of your Traditional IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your Traditional IRA, the entire Traditional IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole Designated Beneficiary of your entire Traditional IRA may elect to redesignate your Traditional IRA as his or her own. Alternatively, the sole spouse Beneficiary will be deemed to elect to treat your Traditional IRA as his or her own by either (1) making Premiums to your Traditional IRA or (2) failing to timely remove a required minimum distribution from your Traditional IRA. Regardless of whether or not the spouse is the sole Designated Beneficiary of your Traditional IRA, a spouse Beneficiary may roll over his or her share of the assets to his or her own Traditional IRA.

N. *WAIVER OF 2009 RMD* – If you are an IRA Owner age 70½ or older, you may not be required to remove an RMD for calendar year 2009 if permitted by the IRA contract. In addition, no Beneficiary life expectancy payments are required for calendar year 2009. This waiver will be administered in accordance with applicable law and any additional rules, regulations or other pronouncements released by the IRS. If the five-year rule applies to an IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2009. For example, if an IRA Owner died in 2007, the Beneficiary's five-year period ends in 2013 instead of 2012.

O. *REQUIRED MINIMUM DISTRIBUTIONS FOR ROTH IRAS* – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional IRAs). However, your Beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Payouts for Roth IRAs* in this Disclosure Statement regarding Beneficiary's(ies)' required minimum distributions.

P. *BENEFICIARY PAYOUTS FOR ROTH IRAS* – Your Designated Beneficiary is determined based on the Beneficiary(ies) designated as of the date of your death who remains your Beneficiary(ies) as of September 30 of the year following the year of your death. If you die,

1. on or after your distributions have irrevocably commenced due to the annuitization of the Contract, distributions must be made to your Beneficiary(ies) according to the distribution option you chose.

2. before your distributions have irrevocably commenced, distributions will, at the election of your Beneficiary(ies), either

(a) be distributed by December 31 of the year containing the fifth anniversary of your death, or

(b) be distributed over the remaining life expectancy of your Designated Beneficiary(ies).

If your spouse is your sole Designated Beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your Designated Beneficiary(ies), other than a spouse who is the sole Designated Beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of a distribution under option (b), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the Designated Beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary(ies) of your Roth IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole Designated Beneficiary of your entire Roth IRA will be deemed to elect to redesignate your Roth IRA as his or her own. Alternatively, the sole spouse Beneficiary will be deemed to elect to treat your Roth IRA as his or her own by either (1) making Premiums to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole Designated Beneficiary of your Roth IRA, a spouse Beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

Q. *WAIVER OF 2009 BENEFICIARY PAYMENT* – Life expectancy payments for Beneficiaries may not be required from an inherited Roth IRA for calendar year 2009 if permitted by the Roth IRA contract. This payment waiver will be administered in accordance with applicable law and any additional rules, regulations or other pronouncements released by the IRS. If the five-year rule applies to a Roth IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2009. For example, if a Roth IRA Owner died in 2007, the Beneficiary's five-year period ends in 2013 instead of 2012.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

A. *PREMIUM DEDUCTIBILITY FOR TRADITIONAL IRAS* – If you are eligible to make Premiums to your Traditional IRA, the amount of the Premium for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse, if married) are not an active participant, the amount of your entire Traditional IRA Premium will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your Premium will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the Premium was paid. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible Traditional IRA Premiums.

Definition of Active Participant – Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

1. a qualified pension, profit sharing, 401(k), or stock bonus plan;
2. a qualified annuity plan of an employer;
3. a simplified employee pension (SEP) plan;

4. a retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under Code section 457);
5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. a plan meeting the requirements of Code section 501(c)(18);
7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
8. a SIMPLE IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phase out range listed below, the deductible amount of your Premium is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable Premium for the applicable year, including catch-up Premiums if you are age 50 or older. The resulting figure will be the maximum Traditional IRA deduction you may take. For example, if you are age 30 with MAGI of \$36,000 in 2002, your maximum deductible Premium is \$2,400 (the 2002 phase-out range maximum of \$44,000 minus your MAGI of \$36,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000 and multiplied by the Premium limit of \$3,000.)

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phaseout ranged listed below, the deductible amount of your Premium is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable Premium for the applicable year, including catch-up Premiums if you are age 50 or older. The resulting figure will be the maximum Traditional IRA deduction you may take. For example, if you are age 30 with MAGI of \$56,000 in 2002, your maximum deductible Premium is \$2,400 (the 2002 phase-out maximum of \$64,000 minus your MAGI of \$56,000, divided by the difference between the maximum and minimum phase-out limits of \$10,000 and multiplied by the Premium limit of \$3,000.).

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0 - \$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-out Range*	Phase-out Range*
	<i>(minimum) (maximum)</i>	<i>(minimum) (maximum)</i>
2002	\$54,000 – \$64,000	\$34,000 – \$44,000
2003	\$60,000 – \$70,000	\$40,000 – \$50,000
2004	\$65,000 – \$75,000	\$45,000 – \$55,000
2005	\$70,000 – \$80,000	\$50,000 – \$60,000
2006	\$75,000 – \$85,000	\$50,000 – \$60,000
2007**	\$80,000 – \$100,000	\$50,000 – \$60,000

*MAGI limits are subject to cost-of-living increases for tax years beginning after 2006.

**The MAGI limits for 2007 listed above may be subject to additional increases.

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$150,000-\$160,000. This limit is also subject to cost-of-living increases for tax years beginning after 2006. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phaseout range for the year, your maximum deductible Premium is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable Premium for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

- B. *PREMIUM DEDUCTIBILITY FOR ROTH IRAS* – No deduction is allowed for Roth IRA Premiums, including transfers, rollovers and conversion Premiums.
- C. *PREMIUM DEADLINE* – The deadline for making an IRA Premium is your tax return due date (not including extensions). You may designate a Premium as a Premium for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA Premium on or before April 15, your Premium is considered to have been made for the previous tax year if you designate it as such.
- D. *TAX CREDIT FOR PREMIUMS* – You may be eligible to receive a tax credit for your Traditional or Roth IRA Premiums. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are
 - age 18 or older as of the close of the taxable year,
 - not a dependent of another taxpayer, and
 - not a full-time student.

The credit is based upon your income (see chart below) and will range from 0 to 50 percent of eligible Premiums. In order to determine the amount of your Premiums, add all of the Premiums made to your Traditional or Roth IRAs and reduce these Premiums by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your Premiums that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

E. **TAX-DEFERRED EARNINGS** – The investment earnings of your IRA are not subject to federal income tax as they accumulate in your IRA. Investment earnings distributed from your Traditional IRA will be taxed when the distribution is made. Distributions of your Roth IRA investment earnings will be free from federal income tax if you take a qualified distribution, as defined in the *Taxation of Roth IRA Distributions* section of this Disclosure Statement.

F. **NONDEDUCTIBLE PREMIUMS** – You may make nondeductible Premiums to your Traditional IRA to the extent that deductible Premiums are not allowed. The sum of your deductible and nondeductible IRA Premiums cannot exceed your Premium limit (the lesser of the allowable Premium limit described previously, or 100 percent of Compensation). You may elect to treat deductible Traditional IRA Premiums as nondeductible.

If you make nondeductible Premiums for a particular tax year, you must report the amount of the nondeductible Premium along with your income tax return using IRS Form 8606, *Nondeductible IRAs and Coverdell ESAs*. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible Premiums for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

G. **TAXATION OF TRADITIONAL IRA DISTRIBUTIONS** – The taxation of Traditional IRA distributions depends on whether or not you have ever made nondeductible Traditional IRA Premiums. If you have only made deductible Premiums, any Traditional IRA distribution will be fully included in income.

If you have ever made nondeductible Premiums to any Traditional IRA, the following formula must be used to determine the amount of any Traditional IRA distribution excluded from income.

$$\frac{(\text{Aggregate Nondeductible Premiums}) \times (\text{Amount Withdrawn})}{(\text{Aggregate IRA Balance})} = \text{Amount Excluded From Income}$$

NOTE: *Aggregate nondeductible Premiums include all nondeductible Premiums made by you through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate Traditional IRA balance includes the total balance of all of your Traditional IRAs as of the end of the year of distribution, and any distributions occurring during the year.*

H. **TAXATION OF DISTRIBUTIONS** – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. **Qualified Distributions** – Qualified distributions from your Roth IRA (both the Premiums and earnings) are not included in your income. A qualified distribution is a distribution which is made after the expiration of the five-year period beginning January 1 of the first year for which you made any Premiums to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events:

- attainment of age 59½,
- disability,
- the purchase of a first home, or
- death.

For example, if you made a Premium payment to your Roth IRA for 1998, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2003.

2. **Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty. However, when you take a distribution, the Premiums you contributed annually to any Roth IRA account and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion Premiums made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual Premiums, military death gratuity or SGLI payments and your conversions.
- I. **ROLLOVERS AND CONVERSIONS** – Your IRA may be rolled over to an IRA of yours, or may receive rollover Premiums. Your Traditional IRA or SIMPLE IRA may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from any of your IRAs of the same type, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to your Traditional IRA. Conversion is a term used to describe the movement of Traditional or SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.
 1. **Traditional IRA to Traditional IRA Rollovers** – Funds distributed from your IRA may be rolled over to a Traditional IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Traditional IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Traditional IRA to Traditional IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may rollover the same dollars or assets only once every 12 months.
 2. **SIMPLE IRA to Traditional IRA Rollovers** – Funds may be distributed from your SIMPLE IRA and rolled over to your Traditional IRA without IRS penalty, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to Traditional IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
 3. **Roth IRA to Roth IRA Rollovers** – Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA).
 4. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers** – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined, generally, as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, a hardship distribution, or a distribution of Roth 401(k) or 403(b) elective deferrals.

If you elect to receive your rollover distribution prior to placing it in a Traditional IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your Traditional IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax and, if you are under age 59½, the 10 percent early distribution penalty (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to a Traditional IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the Traditional IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirement does not apply to direct rollovers.

- 5. Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution from a Traditional IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from a Traditional IRA that is not a part of a required minimum distribution.
- 6. Rollovers of Roth Elective Deferrals** – Roth elective deferrals distributed from a 401(k) cash or deferred arrangement or 403(b) tax-sheltered annuity may be rolled into your Roth IRA.
- 7. Traditional IRA or SIMPLE IRA to Roth IRA Conversions** – If your modified adjusted gross income is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). You may also convert your SIMPLE IRA to your Roth IRA provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your Employer. Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA or SIMPLE IRA. The amount of the conversion from your Traditional IRA or SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible Premiums). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA or SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
- 8. Rollovers from Employer-Sponsored Retirement Plans to Roth IRA** – Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Roth IRA conversion rules, as described above, will apply to rollovers by beneficiaries or plan participants, including the requirement to include the taxable portion in income in the year distributed.
- 9. Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

- 10. Rollover of Military Death Benefits** – If you receive or have received a military death gratuity or a payment from the Servicemembers' Group Life Insurance (SGLI) program, you may be able to roll over the proceeds to your Roth IRA. The rollover amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.
- 11. Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
- 12. Rollovers of Settlement Payments From Bankrupt Airlines** – If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your Roth IRA by the later of 180 days after receipt of such amount, or June 21, 2009. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
- 13. Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to an IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
- 14. Written Election** – At the time you make a proper rollover to an IRA, or conversion to a Roth IRA, you must designate in writing to the Issuer, your election to treat that Premium as a rollover or conversion. Once made, the election is irrevocable.
- J. *TRANSFER DUE TO DIVORCE* – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of the same type, of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another or from one Roth IRA to another.
- K. *RECHARACTERIZATIONS* – If you make a Premium to a Traditional IRA and later recharacterize either all or a portion of the original Premium to a Roth IRA along with net income attributable, you may elect to treat the original Premium as having been made to the Roth IRA. The same methodology applies when recharacterizing a Premium from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original Premium was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

- A. *SEP PLANS* – Under a simplified employee pension (SEP) plan that meets the requirements of Code section 408(k), your employer may make Premiums to your Traditional IRA. Your employer is required to provide you with information which describes the terms of your employer's SEP Plan. No SEP contributions may be made to a Roth IRA.
- B. *SPOUSAL IRA* – If you are married and have Compensation, you may make Premiums to a Traditional IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has Compensation. You may make these spousal Premiums even if you are age 70½ or older. You must file a joint income tax return for the year for which the Premium is made.

You may make Premiums to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has Compensation, and regardless of your spouse's age. The Roth IRA Premium may be further limited if your MAGI falls within the minimum and maximum thresholds for eligibility. You must file a joint income tax return for the year for which the contribution is made.

The amount of the Premiums you may make to your IRA and your spouse's IRA is the lesser of 100 percent of your combined Compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007, and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual Premium limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional Premium to your spouse's IRA. The maximum additional Premium is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

- C. *DEDUCTION OF ROLLOVERS, TRANSFERS AND CONVERSIONS* – A deduction is not allowed for rollover, transfer or conversion Premiums to your IRA.
- D. *GIFT TAX* – Transfers of your IRA assets to a named Beneficiary(ies) made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. *SPECIAL TAX TREATMENT* – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. *INCOME TAX TREATMENT* – Any withdrawal from your Traditional IRA is subject to federal income tax withholding. Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. *PROHIBITED TRANSACTIONS* – If you or your Beneficiary(ies) engage in a prohibited transaction with your IRA, as described in Code section 4975, your IRA will lose its tax-deferred status. For Traditional IRAs, you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. For Roth IRAs, you must generally include the value of the earnings in your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. *PLEDGING* – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets. If you pledge your Roth IRA, the amount pledged will be included in income if it represents a taxable portion of the account (i.e., earnings).
- I. *LOANS* – The policy loans provision of this Contract shall not be operative.

FEDERAL TAX PENALTIES

- A. *EARLY DISTRIBUTION PENALTY* – If you are under age 59½ and receive a nonqualified Roth IRA distribution or Traditional IRA distribution, an additional tax of 10 percent will generally apply to the amount includible in income in the year of distribution. If you are under age 59½ and receive a distribution of conversion amounts from your Roth IRA within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally not apply if a distribution is made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your Beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. *EXCESS PREMIUM PENALTY* – An additional tax of six percent is imposed upon any excess Premiums you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess Premium is any Premium that exceeds the amount that you are eligible to make.
- C. *EXCESS ACCUMULATION PENALTY* – As previously described, you must take a required minimum distribution from your Traditional IRA by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your Beneficiary(ies) is required to take certain minimum distributions from your IRA after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. *PENALTY REPORTING* – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. *IRS PLAN APPROVAL* – The Endorsement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. *ADDITIONAL INFORMATION* – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM or by visiting www.irs.gov on the Internet.
- C. *IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ANNUITY* – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an annuity. What this means for you: When you open an annuity, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **HURRICANE-RELATED RELIEF** – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified distributions include Roth IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting www.irs.gov on the Internet.

E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

F. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

G. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.



Harleysville Life Insurance Company

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SIMPLE INDIVIDUAL RETIREMENT ANNUITY ENDORSEMENT

ARTICLE I – PURPOSE OF THE ENDORSEMENT

- 1.01 *Purpose:* The purpose of this Endorsement, which is attached to and made a part of the annuity Contract issued by the Issuer, is to qualify the Contract as a SIMPLE individual retirement annuity (IRA) under Code section 408(p) and 408(b) to provide for the SIMPLE IRA Owner's retirement and for the support of his or her Beneficiary(ies) after death. The Contract is established for the exclusive benefit of the SIMPLE IRA Owner and his or her Beneficiary(ies). If any provisions of the Contract conflict with this Endorsement, the provisions of this Endorsement will apply.
- 1.02 *Ownership Provisions:* The SIMPLE IRA Owner's interest in the Contract is nonforfeitable and nontransferable and the SIMPLE IRA Owner may exercise all rights under the Contract during his or her lifetime. In addition, the Contract may not be sold, assigned, discounted, or pledged as collateral or as security for the performance of an obligation or for any other purpose.
- 1.03 *For More Information:* To obtain more information concerning the rules governing this Endorsement, contact the Issuer listed on the Application.

ARTICLE II – DEFINITIONS

The following words and phrases, when used in this Endorsement with initial capital letters, shall, for the purpose of this Endorsement, have the meanings set forth below unless the context indicates that other meanings are intended.

- 2.01 *Application:* Means the document executed by the SIMPLE IRA Owner through which the SIMPLE IRA Owner adopts this Endorsement and thereby agrees to be bound by all terms and conditions of this Endorsement.
- 2.02 *Beneficiary:* Means the individual(s) or entity(ies) properly named to receive any remaining SIMPLE IRA benefits upon the death of the SIMPLE IRA Owner.
- 2.03 *Code:* Means the Internal Revenue Code of 1986, as amended from time to time.
- 2.04 *Contract:* Means the annuity contract used in conjunction with this Endorsement.
- 2.05 *Designated Beneficiary:* Means the Beneficiary named as of the date of the SIMPLE IRA Owner's death who remains a Beneficiary as of September 30 of the year following the year of the SIMPLE IRA Owner's death.
- 2.06 *Endorsement:* Means this SIMPLE IRA Endorsement, including the Application, that was completed and signed to establish this SIMPLE IRA.
- 2.07 *IRA:* Means a SIMPLE IRA as defined in Code section 408(p) and 408(b) unless otherwise indicated.
- 2.08 *SIMPLE IRA Owner:* Means the individual who participates in this SIMPLE IRA, thereby owning the Contract.

- 2.09 *Issuer*: Means Harleysville Life Insurance Company.
- 2.10 *Premium*: Means any payments made to the SIMPLE IRA.
- 2.11 *Regulations*: Means the Treasury regulations.
- 2.12 *SIMPLE IRA*: Means an IRA which satisfies the requirements of Code sections 408(b) and 408(p).

ARTICLE III – PREMIUM PAYMENTS

- 3.01 *Permissible Premiums*. The only Premiums permitted to this contract are cash Premiums under a qualified salary reduction arrangement as defined in Code section 408(p) and rollover Premiums or transfers of assets from another SIMPLE IRA of the SIMPLE IRA Owner. No other Premiums will be accepted. Both elective deferrals and employer Premiums may be permitted. Premiums shall not exceed the limits specified in Code section 408(p) and other applicable sections of the Code and related Regulations.
- 3.02 *Excess Premium*. Any refund of Premiums (other than those attributable to excess Premiums) will be applied, before the close of the calendar year following the year of the refund, toward the payment of future Premiums or the purchase of additional benefits.
- 3.03 *Contract Requirements*. If the Premiums are interrupted, the Contract will be reinstated at any date prior to maturity upon payment of a Premium other than a rollover or transfer Premium, to the Issuer, and the minimum Premium amount for reinstatement shall be \$25. However, the Issuer may, at its option, either accept additional future Premiums or terminate the contract by payment in cash of the then present value of the paid up benefit if no Premiums have been received for two full consecutive policy years and the paid up annuity benefit at maturity would be less than \$20 per month.

ARTICLE IV – DISTRIBUTION REQUIREMENTS

4.01 SIMPLE IRA Owner Distributions

Notwithstanding any provision of this SIMPLE IRA to the contrary, the distribution of the SIMPLE IRA Owner's interest in the SIMPLE IRA shall be made in accordance with the requirements of Code 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 SIMPLE IRA (as determined under Article 4.01(D)) must satisfy the requirements of Code section 408(a)(6) and the Regulations thereunder, rather than paragraphs (A), (B) and (C) below and Article 4.02.

- A. The entire interest of the SIMPLE IRA Owner for whose benefit the SIMPLE IRA is maintained will commence to be distributed no later than the first day of April following the calendar year in which such SIMPLE IRA Owner attains age 70½ (the "required beginning date") over
1. the SIMPLE IRA Owner's life or the lives of such SIMPLE IRA Owner and his or her Designated Beneficiary(ies), or
 2. a period certain not extending beyond the SIMPLE IRA Owner's life expectancy or the joint and last survivor expectancy of such SIMPLE IRA Owner and his or her Designated Beneficiary(ies).

Distributions must be made in periodic payments at intervals of no longer than one year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of Regulations section 1.401(a)(9)-6T. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of 1.401(a)(9)-6T.

- B. The distribution periods described in paragraph (A) of this article cannot exceed the periods specified in Regulations section 1.401(a)(9)-6T.
- C. The first required distribution can be made as late as the required beginning date and must be the distribution that is required for one payment interval. The second distribution need not be made until the end of the next payment interval.
- D. If the SIMPLE IRA Owner fails to elect a method of distribution by his or her required beginning date the Issuer shall have complete and sole discretion to do any one of the following:
- make no distribution until the SIMPLE IRA Owner provides a proper withdrawal request;
 - distribute the SIMPLE IRA Owner's entire interest in a single sum payment;
 - distribute the SIMPLE IRA Owner's entire interest over a period certain not extending beyond the SIMPLE IRA Owner's life expectancy or the life expectancy of the SIMPLE IRA Owner and his or her Beneficiary; or
 - annuitize the SIMPLE IRA within the parameters described in this Section.

The Issuer will not be liable for any penalties or taxes related to the SIMPLE IRA Owner's failure to take a required minimum distribution.

- E. If this SIMPLE IRA is maintained by a designated financial institution (within the meaning of Code section 408(p)(7)) under the terms of a SIMPLE IRA Plan of the SIMPLE IRA Owner's employer, the SIMPLE IRA Owner must be permitted to transfer the SIMPLE IRA Owner's balance without cost or penalty (within the meaning of Code section 408(p)(7)) to another SIMPLE IRA of the SIMPLE IRA Owner that is qualified under Code section 408(a), (b) or (p), or to another eligible retirement plan described in Code section 402(c)(8)(B).
- F. Prior to the expiration of the two-year period beginning on the date the SIMPLE IRA Owner first participated in any SIMPLE IRA Plan maintained by the SIMPLE IRA Owner's employer, any rollover or transfer by the SIMPLE IRA Owner of funds from this SIMPLE IRA must be made to another SIMPLE IRA of the SIMPLE IRA Owner. Any distribution of funds to the SIMPLE IRA Owner during this two-year period may be subject to a 25-percent additional tax if the SIMPLE IRA Owner does not roll over the amount distributed into a SIMPLE IRA. After the expiration of this two-year period, the SIMPLE IRA Owner may roll over or transfer funds to any IRA of the SIMPLE IRA Owner that is qualified under Code section 408(a), (b) or (p), or to another eligible retirement plan described in Code section 402(c)(8)(B).

4.02 *Beneficiary Rights.* If the SIMPLE IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.

- A. *Death on or after Required Beginning Date.* If the SIMPLE IRA Owner dies on or after the required beginning date for distributions, the remaining portion of such SIMPLE IRA Owner's interest will continue to be distributed under the contract option chosen.
- B. *Death before Required Beginning Date.* If the SIMPLE IRA Owner dies before required distributions commence, such SIMPLE IRA Owner's entire interest will be distributed at least as rapidly as follows.
1. If the Designated Beneficiary is someone other than the SIMPLE IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the SIMPLE IRA Owner's death, over 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 SIMPLE IRA Owner's death, or, if elected, in accordance with paragraph 4.02(B)(3) of this Endorsement.

2. If the SIMPLE IRA Owner's sole Designated Beneficiary is the SIMPLE IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the SIMPLE IRA Owner's death (or by the end of the calendar year in which the SIMPLE IRA Owner would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph 4.02(B)(3) of this Endorsement. If the surviving spouse dies before required distributions are required to begin, 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 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 paragraph 4.02(B)(3) of this Endorsement. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the contract option chosen.
 3. If there is no Designated Beneficiary, or, if applicable by operation of paragraph 4.02(B)(1) or (B)(2) of this Endorsement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the SIMPLE IRA Owner's death (or the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 4.02(B)(2) of this Endorsement).
 4. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations section 1.401(a)(9)-9. 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 paragraph 4.02(B)(1) or (2) of this Endorsement and reduced by one for each subsequent year.
- C. The value of the SIMPLE IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the SIMPLE IRA, such as guaranteed death benefits.
- D. For purposes of paragraphs 4.02(A) and (B) of this Endorsement, required distributions are considered to commence on the SIMPLE IRA Owner's required beginning date or, if applicable, on the date distributions are required to begin to the surviving spouse under paragraph 4.02(B)(2) of this Endorsement. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Regulations section 1.401(a)(9)-6T, the required distributions are considered to commence on the annuity starting date.
- E. If the Designated Beneficiary is the SIMPLE IRA Owner's surviving spouse, the spouse may elect to treat the SIMPLE IRA as his or her own SIMPLE IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the SIMPLE IRA, makes a Premium to the SIMPLE IRA (permitted under the Premium rules for SIMPLE IRAs as if the surviving spouse were the Owner) or fails to take required distributions as a Beneficiary.
- F. If the Beneficiary payment election described in Section 4.02 is not made by December 31 of the year following the year the SIMPLE IRA Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any one of the following:
- make no distribution until the Beneficiary(ies) provides a proper withdrawal request;
 - distribute the entire SIMPLE IRA to the Beneficiary(ies) in a single sum payment;
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraphs 4.02(A) or (B) of this Endorsement.

The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

ARTICLE V – REPORTING

The SIMPLE IRA Owner agrees to provide the Issuer with information necessary for the Issuer to prepare any report required under Code sections 408(l) and 408(l)(2)(B) and Regulations sections 1.408-5 and 1.408-8.

The Issuer shall furnish annual calendar year reports concerning the status of the annuity and such information concerning required minimum distributions as is prescribed by the IRS.

If Premiums made on behalf of the SIMPLE IRA Owner under a SIMPLE IRA plan maintained by the SIMPLE IRA Owner's employer are received directly by the Issuer from the employer, the Issuer will provide the employer with the summary description required by Code section 408(l)(2)(B). Notwithstanding the foregoing, the Issuer will be deemed to have satisfied its summary description reporting requirements under Section 408(l)(2) of the Code if either:

- a. the Issuer provides a summary description directly to the SIMPLE IRA Owner, or
- b. the Issuer provides its name, address and withdrawal procedures to the SIMPLE IRA Owner and the SIMPLE IRA Owner's employer provides the SIMPLE IRA Owner with all other required information.

ARTICLE VI – AMENDMENTS

Any amendment made for the purpose of complying with provisions of the Code and related Regulations may be made without the consent of the SIMPLE IRA Owner. The SIMPLE IRA Owner will be deemed to have consented to any other amendment unless the SIMPLE IRA Owner notifies the Issuer that he or she does not consent within 30 days from the date the Issuer mails the amendment to the SIMPLE IRA Owner.

ARTICLE VII – RESPONSIBILITY OF THE PARTIES

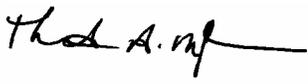
The Issuer shall not be responsible for any penalties, taxes, judgments or expenses incurred by the SIMPLE IRA Owner in connection with this SIMPLE IRA and shall have no duty to determine whether any Premiums to or distributions from this SIMPLE IRA comply with the Code, Regulations, rulings or this Endorsement.

Signed for Harleysville Life Insurance Company.

[]

[Robert A. Kauffman]

[Director and Secretary]

[]

[Theodore A. Majewski]

[President and Chief Operating Officer]

SIMPLE INDIVIDUAL RETIREMENT ANNUITY DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR SIMPLE IRA

This Disclosure Statement explains the rules governing a SIMPLE IRA. The term IRA will be used in this Disclosure Statement to refer to a SIMPLE IRA (under Internal Revenue Code (Code) section 408(p) and 408(b)) unless specified otherwise.

RIGHT TO REVOKE YOUR IRA

If you receive this Disclosure Statement at the time you establish your SIMPLE IRA, you have the right to revoke your SIMPLE IRA within seven (7) days of its establishment. If revoked, you are entitled to a full return of the Premiums you made to your SIMPLE IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Issuer at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your SIMPLE IRA, please contact the Issuer listed on the Application.

DISCLOSURE STATEMENT

REQUIREMENTS OF A SIMPLE IRA

- A. **CASH PREMIUMS** - Your Premium must be in cash, unless it is a rollover.
- B. **MAXIMUM PREMIUM** - The only Premiums which may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions and other contributions allowed by Internal Revenue Code (Code) or related Regulations, which are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals shall not exceed the lesser of 100 percent of your compensation for the calendar year or \$7,000 for 2002, \$8,000 for 2003, \$9,000 for 2004, and \$10,000 for 2005 with possible cost-of-living adjustments in 2006 and beyond. Your employer may make additional payments to your SIMPLE IRA within the limits prescribed in Code section 408(p). Your employer is required to provide you with information which describes the terms of its SIMPLE IRA plan.
- C. **CATCH-UP PREMIUMS** - If you are age 50 or older by the close of the plan year, you may make an additional Premium to your SIMPLE IRA. The maximum additional Premium is \$500 for 2002, \$1,000 for 2003, \$1,500 for 2004, \$2,000 for 2005, \$2,500 for 2006 with possible cost-of-living adjustments in year 2007 and beyond.
- D. **NONFORFEITABILITY** - Your interest in your SIMPLE IRA is nonforfeitable.
- E. **COMMINGLING ASSETS** - The assets of your SIMPLE IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **LIFE INSURANCE** - No portion of your SIMPLE IRA may be invested in life insurance contracts.
- G. **REFUND OF PREMIUMS** - Any refund of Premiums must be applied before the close of the calendar year following the year of the refund toward the payment of future Premiums, paid-up annuity additions, or the purchase of additional benefits.

H. **COLLECTIBLES** - You may not invest the assets of your SIMPLE IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins and certain state-issued coins are permissible SIMPLE IRA investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as SIMPLE IRA investments.

I. **REQUIRED MINIMUM DISTRIBUTIONS** - You are required to take minimum distributions from your SIMPLE IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the SIMPLE IRA distribution rules.

1. You are required to take a minimum distribution from your SIMPLE IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. Minimum distributions may be taken by annuitizing your contract to receive a series of periodic distributions made at intervals not longer than one year. The first distribution that must be made must be the distribution that is required for one payment interval. Payment intervals are the periods for which distributions are made to you (e.g., bimonthly, monthly, etc.). The second distribution need not be made until the end of the next payment interval.

The size of your distributions will depend on the rate of return, your age (and the ages of your Beneficiary(ies)), the amount of Premiums you have made to your SIMPLE IRA, and your distribution option. Your distributions must be made at intervals not longer than one year over your life or the life of you and your Designated Beneficiary. Distributions may also be made over a period certain not longer than your life expectancy or the joint life expectancy of you and your Beneficiary determined using the Uniform Lifetime Table provided by the IRS.

2. If you do not annuitize your SIMPLE IRA, the minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

The applicable divisor is generally determined using the Uniform Lifetime Table provided by the IRS. The table assumes a Designated Beneficiary exactly 10 years younger than you, regardless of who is named as your Beneficiary(ies), if any. If your spouse is your sole Designated Beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse, obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

3. We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:

- (a) make no distribution until you give us a proper withdrawal request,
- (b) distribute your entire SIMPLE IRA to you in a single sum payment,
- (c) determine your required minimum distribution each year based on your life expectancy, calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise, or
- (d) annuitize your IRA.

4. Your Designated Beneficiary(ies) is determined based on the Beneficiary(ies) designated as of the date of your death, who remains your Beneficiary(ies) as of September 30 of the year following the year of your death. If you die,
 - (a) on or after your required beginning date, distributions must be made to your Beneficiary(ies) under the contract option chosen. If distributions are not made in the form of an annuity, distributions must be made over the longer of the single life expectancy of your Designated Beneficiary(ies), or your remaining life expectancy. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary of your IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
 - (b) before your required beginning date, the entire amount remaining in your account will, at the election of your Designated Beneficiary(ies), either
 - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
 - (ii) be distributed over the remaining life expectancy of your Designated Beneficiary(ies).

Your Designated Beneficiary(ies) must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distributions will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. If your spouse is the Designated Beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a Beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no Designated Beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse Beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your SIMPLE IRA as his or her own.

5. To the extent the IRS permits use of the required minimum distribution rules provided in either the 1987 or 2001 Proposed Regulations under Code sections 408 and 401(a)(9), those rules, as specifically described in the Regulations, and as summarized in the applicable IRS Publication 590, Individual Retirement Arrangement, may continue to be applied. These transactions are often complex. If you have any questions regarding required minimum distributions, please see a competent tax advisor.

INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA

- A. **DEDUCTIBILITY FOR SIMPLE IRA PREMIUMS** - You may not take a deduction for the payments to your SIMPLE IRA as either employee elective deferrals or employer contributions. However, elective deferrals to a SIMPLE IRA will reduce your taxable income. Further, employer SIMPLE IRA payments, including earnings, will not be taxable to you until you take a distribution from your SIMPLE IRA.

Participation in your employer's SIMPLE IRA plan renders you an active participant for purposes of determining whether or not you can deduct Premiums to a Traditional IRA.

B. TAX CREDIT FOR PREMIUMS - For taxable years beginning on or after January 1, 2002, and ending on or before December 31, 2006, you may be eligible to receive a tax credit for your SIMPLE IRA deferrals. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below) and will range from 0 to 50 percent of eligible Premiums. In order to determine the amount of your Premiums, add all of the deferrals made to your SIMPLE IRA and reduce these Premiums by any distributions that you may have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your Premiums that do not exceed \$2,000.

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 - 30,000	\$1 - 22,500	\$1 - 15,000	50
30,001 - 32,500	22,501 - 24,375	15,001 - 16,250	20
32,501 - 50,000	24,376 - 37,500	16,251 - 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

* Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico.

C. TAX-DEFERRED EARNINGS - The investment earnings of your SIMPLE IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

D. ROLLOVERS AND CONVERSIONS - Your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property from your SIMPLE IRA to either a Traditional IRA or another SIMPLE IRA. Conversion is a term used to describe the movement of SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **SIMPLE IRA to SIMPLE IRA Rollovers** - Funds distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours if the requirements of Code section 408(d)(3) are met. A proper SIMPLE IRA to SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

2. **SIMPLE IRA to Traditional IRA Rollovers** - Funds may be distributed from your SIMPLE IRA and rolled over to your Traditional IRA without IRS penalty, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with SIMPLE IRA to SIMPLE IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to Traditional IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
 3. **SIMPLE IRA to Employer-Sponsored Retirement Plans** - As permitted by Code or applicable Regulations, you may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. However, the employer-sponsored retirement plan must allow for such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from a SIMPLE IRA that is not a part of a required minimum distribution. An employer-sponsored retirement plan may not be rolled over to a SIMPLE IRA.
 4. **SIMPLE IRA to Roth IRA Conversions** - If your modified adjusted gross income is not more than \$100,000, and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing SIMPLE IRA(s) into your Roth IRA(s) provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. However, if you are age 70½ or older you must remove your required minimum distribution prior to converting your SIMPLE IRA. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
 5. **Written Election** - At the time you make a proper rollover to a SIMPLE IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- E. **RECHARACTERIZATIONS** - If you have converted from a SIMPLE IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the SIMPLE IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year in which the conversion was completed.

LIMITATIONS AND RESTRICTIONS

- A. **DEDUCTION OF ROLLOVERS AND TRANSFERS** - A deduction is not allowed for rollover or transfer Premiums to your SIMPLE IRA.
- B. **GIFT TAX** - Transfers of your SIMPLE IRA assets to a Beneficiary(ies) made during your life and at your request may be subject to federal gift tax under Code section 2501.
- C. **SPECIAL TAX TREATMENT** - Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to SIMPLE IRA distributions.
- D. **INCOME TAX TREATMENT** - Any withdrawal from your SIMPLE IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your SIMPLE IRA withdrawal. If withholding is applied to your withdrawal not less than 10 percent of the amount withdrawn must be withheld.

- E. **PROHIBITED TRANSACTIONS** - If you or your Beneficiary(ies) engage in a prohibited transaction with your SIMPLE IRA, as described in Code section 4975, your SIMPLE IRA will lose its tax-deferred status and you must include the value of your SIMPLE IRA in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your SIMPLE IRA: (1) taking a loan from your SIMPLE IRA; (2) buying property for personal use (present or future) with SIMPLE IRA funds; or (3) receiving certain bonuses or premiums because of your SIMPLE IRA.
- F. **PLEDGING** - If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.
- G. **LOANS** - The policy loans provision of this contract shall not be operative.

FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** - If you are under age 59½ and receive a SIMPLE IRA distribution, an additional tax of 10 percent will apply, unless made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess Premium, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your Beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), or 10) a levy issued by the IRS. This additional tax will apply only to the portion of a distribution which is includible in your taxable income. If less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer, the additional tax shall be increased from 10 percent to 25 percent.
- B. **EXCESS PREMIUM PENALTY** - An additional tax may be assessed against you by the IRS for Premiums which exceed the permissible limits under Code sections 408(b) and 408(p).
- C. **EXCESS ACCUMULATION PENALTY** - As previously described, you must take a minimum distribution by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your Designated Beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. **PENALTY REPORTING** - You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

OTHER

- A. **IRS PLAN APPROVAL** - The Endorsement used to establish this SIMPLE IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **ADDITIONAL INFORMATION** - You may obtain further information on SIMPLE IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM or by visiting www.irs.gov on the Internet.



Corporate Address:
Harleysville Life Insurance Company
[355 Maple Avenue, Harleysville, PA 19438
Tel 800.222.1981 www.harleysvillegroup.com]

Please mail forms to the
Administrative Address:
Harleysville Life Insurance Company
[P.O. Box 253, Harleysville, PA 19438-0253]

403(b)(1) Annuity Endorsement

The purpose of this Endorsement is to establish an annuity authorized under Code Section 403(b)(1) and, where applicable, to satisfy the written plan requirements under Treasury Regulation 1.403(b)-3. The Endorsement is attached to and made a part of the Contract. If any provisions of the Contract conflict with the Endorsement, the provisions of this Endorsement will apply.

ARTICLE I – DEFINITIONS

The following words and phrases when used in this Endorsement with initial capital letters shall have the meanings set forth below unless the context indicates that other meanings are intended.

- 1.01 **Annuity** – Means the 403(b)(1) annuity established pursuant to this Endorsement and the underlying Contract for the benefit of the 403(b) Owner and, when the context so implies, refers to the assets, if any, then held by the Issuer hereunder.
- 1.02 **Beneficiary** – Means the individual(s) or entity(ies) designated by the 403(b) Owner in accordance with Article 3.05 of this Endorsement or provisions of the Plan to receive any distributions from the Annuity upon the 403(b) Owner's death.
- 1.03 **Code** – Means the Internal Revenue Code of 1986, as amended from time to time.
- 1.04 **Compensation** – Means the compensation received from the 403(b) Owner's Employer that is includible in income of the Employee and recognized under the Plan. Compensation shall not exceed \$200,000, as adjusted for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B). Notwithstanding the foregoing, Compensation shall mean includible compensation as defined in Code Section 403(b) and the corresponding Treasury Regulations, where applicable.
- 1.05 **Contract** – Means the annuity contract used in conjunction with this Endorsement. That annuity contract shall not be purchased under a qualified plan (under Code Sections 401(a) or 403(a)) or an eligible governmental plan under Code Section 457(b).
- 1.06 **Deemed Severance From Employment** – Means, effective for years beginning on or after January 1, 2009, and notwithstanding the definition of Differential Wage payment, an individual is deemed to cease to be an Employee for purposes of Code Section 414(u)(12)(B) during any period the individual is performing service in the uniformed services as defined in Code Section 3401(h)(2)(A).
- 1.07 **Designated Beneficiary** – Means the Beneficiary named as of the date of the 403(b) Owner's death who remains a Beneficiary as of September 30 of the year following the year of the 403(b) Owner's death.
- 1.08 **Distribution Calendar Year** – Means a calendar year for which a minimum distribution is required. If the 403(b) Owner's required beginning date under Article 3.04 of this Endorsement is April 1 following a year in which the 403(b) Owner either attains age 70½ or retires, that year is the 403(b) Owner's first Distribution Calendar Year. The first Distribution Calendar Year may be another year as provided in the regulatory requirements and rules referred to in Article 3.04 of this Endorsement.

- 1.09 **Elective Deferral** – Means contributions, as defined in Treasury Regulation 1.402(g)-1, made either as pre-tax Elective Deferrals or Roth Elective Deferrals to this Annuity at the election of the Participant, in lieu of cash compensation, made pursuant to a salary reduction agreement within the meaning of Code Section 3121(a)(5)(D).
- 1.10 **Employee** – Means any person employed by an Employer maintaining the Plan or of any other employer required to be aggregated with such Employer under Code Sections 414(b), (c), (m) or (o) and under Treasury Regulation 1.414(c)-5. In addition, if applicable, those employers that must be so aggregated shall be determined under the guidance of IRS Notice 89-23 or any subsequent successor guidance, as such guidance relates to employers who are eligible employers as described in the Plan definition of Employer. For purposes of the universal availability requirements, an Employee will be determined in accordance with Treasury Regulation 1.403(b)-5(b)(3). No former employee, independent contractor, or leased employee (as defined in Code Section 414(n)(6)) shall be considered an Employee. A minister may be considered to be an Employee as provided in Treasury Regulation 1.403(b)-2(b)(9).
- 1.11 **Employer** – Means an entity described in Code Section 501(c)(3) that is exempt from tax under Code Section 501(a), an educational organization of a State (as defined in Treasury Regulation 1.403(b)-2(b)(20)) described in Code Section 170(b)(1)(A)(ii) or any other entity eligible under Code Section 403(b)(1) to pay Premiums to annuities that adopts a Plan under which this Agreement is maintained.
- 1.12 **Endorsement** – Means this 403(b)(1) Annuity Endorsement.
- 1.13 **403(b) Owner** – Means the Employee or former Employee who has entered the Plan and who is eligible to receive a benefit from the Plan, or whose Beneficiary may be eligible to receive any such benefit, and who has established an Annuity by signing this Endorsement in conjunction with the Issuer.
- 1.14 **Issuer** – Means the insurance company who issues the Contracts used in conjunction with this Endorsement to establish an annuity contract described in Code Section 403(b)(1).
- 1.15 **Plan** – Means the plan of the 403(b) Owner's Employer under which this Endorsement and the Annuity are maintained. That Plan should be designed to satisfy the provisions of Treasury Regulation 1.403(b)-3(b)(3), which includes a requirement that the Plan be a written defined contribution plan and contain material terms and conditions for eligibility, benefits, applicable limitations, the contracts available under the plan, and the time and form under which benefit distributions will be made. The plan should also be designed to satisfy Code Section 403(b)(12) (relating to nondiscrimination requirements, including universal availability, as described in Treasury Regulation 1.403(b)-5).
- 1.16 **Premium** – Means any payments made to the Issuer regarding the Annuity.
- 1.17 **Roth Elective Deferral** – Means an Elective Deferral that is irrevocably designated as a Roth Elective Deferral by the 403(b) Owner and that is treated by the 403(b) Owner's Employer as includible in a 403(b) Owner's gross income at the time of the salary reduction. Roth Elective Deferrals must be separately accounted for pursuant to the Plan or the Contract and must satisfy any other applicable provisions of Treasury Regulation 1.403(b)-3(c).
- 1.18 **Severance from Employment** – Means an Employee ceases to be an Employee of the Employer, and any related employer (as described in Treasury Regulation 1.401(k)-1(d)). An Employee does not have a Severance from Employment if, in connection with a change of employment, their new Employer maintains the Plan with respect to the Employee.

Severance from Employment shall also occur with respect to such an Employee who ceases to be employed by their Employer on account of a sale of the assets or stock of that Employer, provided that the subsequent or continuing Employer doesn't maintain the Plan and Plan assets are not transferred to a plan maintained by that subsequent or continuing Employer.

Severance from Employment occurs on any date on which an Employee ceases to be an Employee of an eligible employer as defined in Treasury Regulation 1.403(b)-2(b)(8), which describes employers that may participate in 403(b) arrangements, even though the Employee may continue to be employed either (a) by another entity that is treated as the same employer where the other entity isn't such an eligible employer or (b) in a capacity for the same employer that is not employed with such an eligible employer.

ARTICLE II – PREMIUMS

2.01 Elective Deferrals and Catch-Up Premiums

(a) **Elective Deferrals** – Elective Deferrals may be contributed as Premiums by the Employer to the Issuer regarding the Annuity on behalf of a 403(b) Owner. Elective Deferrals shall also include catch-up Premiums made to the Annuity pursuant to Article 2.01(b) of this Endorsement. The 403(b) Owner shall designate the amount or percentage of their Compensation that is to be deferred pursuant to the salary reduction agreement and paid to the Issuer. If Roth Elective Deferrals are permitted under the Plan, the 403(b) Owner shall also designate whether the Elective Deferral will be characterized as a pre-tax Elective Deferral or a Roth Elective Deferral. Such designations shall be effective until otherwise modified by the 403(b) Owner in writing or through any other means approved by the Employer and permitted by applicable law and regulations. The 403(b) Owner may amend or terminate their salary reduction agreement at such times as may be permitted by the Plan.

The Elective Deferrals made for the 403(b) Owner shall be fully vested at all times. The 403(b) Owner may take a distribution of the Elective Deferrals and earnings thereon at times specified in Article Three of this Endorsement.

(b) Catch-up Premiums

(i) **Age 50 Catch-up Premiums** – Age 50 catch-up Premiums, if permitted by the Plan, may be made for a calendar year by a 403(b) Owner who is eligible to make Elective Deferrals, has attained or will attain age 50 before the end of that calendar year, and has Premiums in excess of a statutory or Employer-provided limit. Such Premiums must comply with provisions of the Plan and Code Section 414(v) and the guidance thereunder.

(ii) **Special Catch-up Premiums for Employees with 15 Years of Service** – Special Section 403(b) catch-up contributions described in Treasury Regulation 1.403(b)-4(c)(3), if permitted by the Plan, may also be made to the Annuity by the Employer for any 403(b) Owner who satisfies the eligibility requirements for such Premiums.

Notwithstanding the foregoing, either the 403(b) Owner's Employer or the Issuer may require a 403(b) Owner who is eligible to make catch-up Premiums to designate the amount or percentage of their Compensation which is to be deferred as a Catch-up Contribution. Such catch-up Premiums will not be taken into account for purposes of the provisions of the Endorsement implementing the required limitations of Code Sections 402(g) and 415. The Endorsement shall not be treated as failing to satisfy the requirements of Code Sections 403(b)(1) or 410(b) by reason of making such catch-up Premiums. Any Elective Deferrals that exceed a statutory or Employer-provided limit will first be applied to special Section 403(b) catch-up Premiums for Employees with 15 years of service, with any additional Elective Deferrals being treated as age 50 catch-up Premiums, if applicable.

2.02 **Rollover to Annuity** – Unless prohibited by the Plan, the Issuer may accept a contribution of eligible rollover distributions to the Annuity from a qualified plan described in Code Section 401(a) or 403(a) (other than after-tax employee contributions unless the rollover is a direct rollover), an annuity contract or custodial account described in Code Section 403(b) (other than after-tax employee contributions unless the rollover is a direct rollover), or an eligible plan under Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The Issuer may accept a contribution of an eligible rollover distribution from an individual retirement account or annuity described in Code Section 408(a) or 408(b) that is eligible to be rolled over and would otherwise be includible in gross income.

The Issuer may also accept contributions of eligible rollover distributions made to the 403(b) Owner who is a surviving spouse, or a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Code Section 414(p).

No amount that is distributed on account of hardship will be an eligible rollover distribution, and the 403(b) Owner may not elect to have any portion of such a distribution paid directly to the Annuity.

The 403(b) Owner shall certify, in a manner acceptable to the Issuer, that such amounts are eligible rollover distributions. The Issuer shall not be responsible for determining whether any rollover is proper and reserves the right not to accept any rollovers.

2.03 **Transfer to Annuity** – Unless prohibited by the Plan, the 403(b) Owner may transfer (or arrange for the transfer of) assets from another annuity contract or custodial account described in Code Section 403(b) to this Annuity. The 403(b) Owner shall certify, in a manner acceptable to the Issuer, that the transfer satisfies all current requirements for such a transaction. The Issuer shall not be responsible for determining whether any such transfer is proper and reserves the right not to accept any transfer. The transfer must meet the requirements of Treasury Regulation 1.403(b)-10(b)(3).

2.04 **Employer Premiums** – If the Plan provides for the 403(b) Owner's Employer Premiums to be made to the Annuity, the Employer may make Employer Premiums on behalf of the 403(b) Owner. The amount of the Premiums, their Vested status and other provisions applicable to those Employer Premiums shall be set forth in the Employer's Plan. To the extent that any amounts are not vested, those amounts shall be accounted for separately. The amount of the Premiums shall not exceed any applicable federal or state limitations on such Employer Premiums, and shall be made in a nondiscriminatory manner as determined by applicable law and regulation.

2.05 **Premium Limits** – In no event shall the Premiums to the Annuity for a tax year on behalf of the 403(b) Owner exceed the maximum amount permitted under current law or regulation.

(a) The Premiums made during a tax year on behalf of the 403(b) Owner, when aggregated with other Premiums made through the 403(b) Owner's Employer (or controlled group of Employers under Code Sections 414(b), (c), (m) or (o)), shall not exceed the limitations set forth in Code Section 403(b)(1) for that year (including the limits under Code Section 415). If the limits under Code Section 415 are exceeded, then, for the year of the excess and each year thereafter, the Issuer shall separately account for the excess.

(b) With respect to Elective Deferrals, the Contract must satisfy Code Section 401(a)(30). That means that the maximum of all applicable elective deferrals (including Elective Deferrals made to this Annuity or any other elective deferrals made under the Plan or any other plan of the 403(b) Owner's Employer or other entities that are required to be treated as an employer with that Employer under Treasury Regulations or other guidance) made on the 403(b) Owner's behalf during the 403(b) Owner's tax year shall not exceed the limitations set forth in Code Section 402(g)(1). The Contract must also satisfy any other limitations described in

Treasury Regulation 1.403(b)-4, including the limitations applicable to age 50 catch-up provisions and to special Section 403(b) catch-up provisions.

- (c) Notwithstanding any provision of this Endorsement to the contrary, effective December 12, 1994, Premiums, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).
- (d) Catch-Up Premiums under Code Section 414(v) will be subject to the maximum contribution limits of that section.
- (e) The Issuer may accept contributions for the 403(b) Owner from a former Employer, if Treasury Regulation 1.403(b)-4(d) is satisfied.
- (f) The 403(b) Owner is solely responsible for determining their maximum annual Elective Deferrals.
- (g) Each type of contribution described in this Article 2.05 and earnings or losses attributable to the type of contributions shall be separately accounted for.
- (h) If the 403(b) Owner elects to receive a distribution for a financial hardship described in Article 3.02 of this Endorsement, he or she shall cease making Elective Deferrals as described therein.

2.06 **Contract Exchanges** – Unless prohibited by the Plan, the 403(b) Owner may make a contract exchange (or arrange for the exchange) of assets from another annuity contract or custodial account described in Code Section 403(b) to this Contract. The 403(b) Owner shall certify, in a manner acceptable to the Issuer, that the exchange satisfies all current requirements for such a transaction. The Issuer shall not be responsible for determining whether any such exchange is proper and reserves the right not to accept any exchange. The contract exchange must meet the requirements of Treasury Regulation 1.403(b)-10(b)(2).

ARTICLE III – PAYMENT OF BENEFITS

3.01 **Timing of Payment of Benefits**

- (a) Subject to any applicable limitations described in this Endorsement, the 403(b) Owner (or a Beneficiary) may request a distribution from the Annuity of amounts attributable to Elective Deferrals upon the occurrence of one of the following events:
 - (1) the 403(b) Owner's Severance from Employment with the Employer maintaining the Plan;
 - (2) the 403(b) Owner's death;
 - (3) the 403(b) Owner's financial hardship, as described in Article 3.02 of this Endorsement;
 - (4) the 403(b) Owner's disability within the meaning of Code Section 72(m)(7); or
 - (5) the 403(b) Owner's attainment of age 59½.

- (b) Subject to any applicable limitations described in this Endorsement, the 403(b) Owner (or a Beneficiary) may request a distribution from the Annuity of amounts attributable to amounts other than Elective Deferrals upon the occurrence of one of the following events:
- (1) the 403(b) Owner's Severance from Employment with the Employer maintaining the Plan;
 - (2) the 403(b) Owner's death;
 - (3) the 403(b) Owner's disability within the meaning of Code Section 72(m)(7);
 - (4) the 403(b) Owner's attainment of age 59½ or another age specified in the Plan; or
 - (5) the occurrence of an event (such as the passage of a period of years) specified in the Plan.
- (c) If the Contract includes both Elective Deferrals and other contributions and the Elective Deferrals are not separately accounted for, then distributions may not be made earlier than the later of any date permitted under Article 3.01(a) or Article 3.01(b) of this Endorsement.
- (d) Distribution of amounts held under the Contract may occur prior to one of those events as provided in Treasury Regulation 1.403(b)-4(f) (relating to correction of excess deferrals) or Treasury Regulation 1.403(b)-10(a) (relating to plan termination). Also, special rules may apply to Elective Deferrals held as of the close of the taxable year beginning before January 1, 1989 (but not earnings thereon) as provided in Treasury Regulation 1.403(b)-6(d)(1)(ii). Also, the Plan may provide for distribution of any after-tax employee contributions or earnings thereon as of earlier dates than specified above. Further, as provided in Treasury Regulations 1.403(b)-6(d)(1)(i), the limitations on distributions in the preceding subsections do not apply to amounts separately accounted for that are eligible rollover distributions and Plan provisions on distributions of such amounts shall apply.
- (e) Unless prohibited by the Plan, the following distributions will be allowed:
- (1) A qualified reservist distribution under Code Section 72(t)(2)(G);
 - (2) Payment of qualified health insurance premiums for eligible public safety officers under Code Section 402(l);
 - (3) Permissible withdrawals under Code Section 414(w)(2);
 - (4) A Deemed Severance From Employment distribution under Code Section 414(u)(12)(B); and
 - (5) Disaster Relief Distributions under Code Section 1400Q.

All requests for withdrawal shall be in writing or submitted in another manner acceptable to the Issuer and must specify the method of distribution. The tax identification number of the 403(b) Owner (or Beneficiary, if applicable) must be provided to the Issuer before it is obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, surrender charges and other investment related fees and withholding requirements.

- 3.02 **Financial Hardship** – For purposes of Article 3.01(a)(3) of this Endorsement, financial hardship is an immediate and heavy financial need of the Participant, as described in Treasury Regulation 1.401(k)-1(d)(3), where such Participant lacks other available resources. Financial needs considered immediate and heavy include, but are not limited to, 1) expenses incurred or necessary for medical care, described in Code Section 213(d), of the Employee, the Employee's primary Beneficiary, the Employee's Spouse or dependents, 2) the purchase (excluding mortgage

payments) of a principal residence for the Employee, 3) payment of tuition and related educational fees for the next 12 months of post-secondary education for the Employee, the Employee's primary Beneficiary, the Employee's Spouse, children or dependents, 4) payment to prevent the eviction of the Employee from, or a foreclosure on the mortgage of, the Employee's principal residence, 5) funeral or burial expenses for the Participant's deceased parent, Spouse, primary Beneficiary, child or dependent, and 6) payment to repair damage to the Employee's principal residence that would qualify for a casualty loss deduction under Code Section 165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income).

No distributions on account of financial hardship shall exceed the amount determined to be necessary to meet the immediate financial need created by the hardship as described in those same regulations and the Plan and that cannot be otherwise reasonably accommodated from other resources of the 403(b) Owner. Any distribution made on account of the 403(b) Owner's financial hardship shall be made to the 403(b) Owner in a single sum payment in cash pursuant to instructions provided in writing or in another form acceptable to the Issuer, and delivered to the Issuer.

Hardship distributions described in this Article 3.02 may consist only of the amounts contributed pursuant to the 403(b) Owner's salary reduction agreement, excluding the earnings on such Premiums.

The determination of whether a financial hardship exists shall be made pursuant to the terms of the Plan or by the 403(b) Owner if the Plan doesn't contain such terms and not by the Issuer. A 403(b) Owner who requests a distribution on account of financial hardship shall certify, in a manner acceptable to the Issuer, that a financial hardship exists.

If the Participant receives a hardship distribution, they will be prohibited from making any Elective Deferrals for a period of six months from the date of such distribution.

3.03 Form of Distributions – The form of distribution shall be determined under the terms of the Contract and Plan. If the Plan provides for a mandatory lump sum distribution, then the requirements of Code Section 401(a)(31) (as expressed in the Plan) shall apply to distributions (including automatic rollover requirements for certain mandatory distributions).

3.04 Required Minimum Distributions

(a) Notwithstanding any provision of this Endorsement to the contrary, the distribution of the 403(b) Owner's interest in the Annuity shall be made in accordance with the requirements of Treasury Regulation 1.403(b)-6(e) and the Plan. The minimum distribution requirements of Code Section 401(a)(9) must for this Endorsement and for purposes of applying the distributions rules of Code Section 401(a)(9) to this Endorsement, the minimum distribution rules applicable to individual retirement annuities and accounts described in Code Sections 408(b) and Section 408(a), respectively apply, with several exceptions. Those rules are described in Treasury Regulation 1.408-8 and the exceptions are described in Treasury Regulation 1.403(b)-6(e). Those rules and exceptions are incorporated herein by reference.

(b) Notwithstanding Article 3.01(a) of this Endorsement, the undistributed portion of a 403(b) Owner's interest in the Annuity valued as of December 31, 1986, exclusive of subsequent earnings, is not subject to the required minimum distribution rules under Code Section 401(a)(9) but must be distributed in accordance with the incidental benefit requirements of Treasury Regulation 1.401-1(b)(1)(i) (which generally requires that distributions begin at the later of age 75 or separation from service), if such amounts are accounted for separately.

(c) Under the requirements and rules referred to in Article 3.04(a) of this Endorsement, the 403(b) Owner must begin taking distributions from the Annuity no later than the 403(b) Owner's required beginning date. The required beginning date for a 403(b) Owner is the first day of April of the calendar year following the calendar year in which the 403(b) Owner either attains age 70½ or retires, whichever is later. Further, the entire interest of the 403(b) Owner for whose

benefit the Annuity is maintained must be distributed over the 403(b) Owner's life or the lives of such 403(b) Owner and their Designated Beneficiary(ies), or a period certain not extending beyond the 403(b) Owner's life expectancy or the joint and last survivor expectancy of such 403(b) Owner and their Designated Beneficiary(ies).

(d) If the Contract has not been annuitized, then pursuant to those requirements and rules, the minimum amount that must be distributed to the 403(b) Owner for each Distribution Calendar Year of the 403(b) Owner is determined under Treasury Regulation 1.401(a)(9)-5, is an amount referred to as the "required minimum distribution." Except as otherwise provided herein, the requirement minimum distribution is generally calculated as follows:

(1) the required minimum distribution for any Distribution Calendar Year is the 403(b) Owner's Annuity value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Treasury Regulation 1.401(a)(9)-9. However, if the 403(b) Owner's Designated Beneficiary is their surviving spouse, the required minimum distribution for a Distribution Calendar Year shall not be more than the 403(b) Owner's Annuity value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Treasury Regulation 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (1) is determined using the 403(b) Owner's (or, if applicable, the 403(b) Owner's and spouse's) attained age (or ages) in the year.

(2) the required minimum distribution for a year, beginning with the year following the year of the 403(b) Owner's death (or the year the 403(b) Owner would have reached age 70½, if applicable under Article 3.04(e)(2)(B) of this Endorsement) is the Annuity value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Treasury Regulation 1.401(a)(9)-9) of the individual specified in paragraphs (e)(1) and (e)(2) below.

(3) the required minimum distribution for the year before the required beginning date of the 403(b) Owner can be made as late as that required beginning date. The required minimum distribution for any other year must be made by the end of such year.

(e) If the Contract has not been annuitized, and the 403(b) Owner dies before their entire interest is distributed to them, the remaining interest will be distributed at least as rapidly as provided in Treasury Regulation 1.401(a)(9)-5, which generally will be as follows:

(1) If the 403(b) Owner dies on or after the 403(b) Owner's required beginning date and:

(A) the Designated Beneficiary is the 403(b) Owner's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (e)(1)(C) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (e)(1)(C) below, over such period.

(B) the Designated Beneficiary is not the 403(b) Owner's surviving spouse, the remaining interest will be distributed over the Beneficiary's remaining life expectancy as determined in the year following the death of the 403(b) Owner and reduced by 1 for each subsequent year, or over the period in paragraph (e)(1)(C) below if longer.

(C) there is no Designated Beneficiary, the remaining interest will be distributed over the remaining life expectancy of the 403(b) Owner as determined in the year of the 403(b) Owner's death and reduced by 1 for each subsequent year.

- (2) If the 403(b) Owner dies before the 403(b) Owner's required beginning date, such 403(b) Owner's entire interest will be distributed at least as rapidly as follows.
- (A) If the Designated Beneficiary is someone other than the 403(b) Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the 403(b) Owner's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of their birthday in the year following the year of the 403(b) Owner's death, or, if elected, in accordance with paragraph 3.04(e)(2)(C) of this Endorsement.
 - (B) If the 403(b) Owner's sole Designated Beneficiary is the 403(b) Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the 403(b) Owner's death (or by the end of the calendar year in which the 403(b) Owner would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph 3.04(e)(2)(C) of this Endorsement. If the surviving spouse dies before required distributions are required to begin, 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 remaining life expectancy determined using such Beneficiary's age as of their birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph 3.04(e)(2)(C) of this Endorsement. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the contract option chosen.
 - (C) If there is no Designated Beneficiary, or, if applicable by operation of paragraph 3.04(e)(2)(A) or (2)(B) of this Endorsement, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the 403(b) Owner's death (or the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 3.04(e)(2)(B) of this Endorsement).
 - (D) 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 paragraph 3.04(e)(2)(A) or (B) of this Endorsement and reduced by one for each subsequent year.

Life expectancy is determined using the Single Life Table in Q&A-1 of Treasury Regulation 1.401(a)(9)-9.

For purposes of paragraphs 3.04(e)(1) and (2) of this Endorsement, required distributions are considered to commence on the 403(b) Owner's required beginning date, or, if applicable, on the date distributions are required to begin to the surviving spouse under paragraph 3.04(e)(2)(B) of this Endorsement. However, if distributions start prior to the applicable date in the preceding sentence on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Treasury Regulation 1.401(a)(9)-6, the required distributions are considered to commence on the annuity starting date.

- (f) If the Contract has been annuitized, the minimum distribution requirements and rules are described in Treasury Regulation 1.401(a)(9)-6 as applied to account balance plans and generally include the following:
- (1) Distributions must be made in periodic payments at intervals of no longer than one year and must be either nonincreasing or they may increase only as provided in Q&A-1 of Treasury Regulation 1.401(a)(9)-6. In addition, any distribution must satisfy the minimum incidental benefit requirements specified in Q&A-2 of Treasury Regulation 1.401(a)(9)-6.
 - (2) The distribution periods described in paragraph (1) of this subarticle cannot exceed the periods specified in Treasury Regulation 1.401(a)(9)-6.
 - (3) The first required distribution can be made as late as the required beginning date and must be the distribution that is required for one payment interval. The second distribution need not be made until the end of the next payment interval.
- (g) If the Contract has been annuitized and if the 403(b) Owner dies on or after the required beginning date for distributions to him or her, the entire remaining interest will be distributed as described in Treasury Regulation 1.401(a)(9)-6 as applied to account balance plans, which generally means that the remaining portion of such 403(b) Owner's interest will continue to be distributed under the Contract option chosen.
- (h) Additional requirements include the following:
- (1) If the 403(b) Owner participates in two or more 403(b) arrangements, they may satisfy the minimum distribution requirements described above by taking from one 403(b) arrangement the amount required to satisfy the requirement for another in accordance with Treasury Regulation 1.403(b)-6(e)(7).
 - (2) Amounts distributed during a calendar year from the Annuity are part of the minimum required distribution until the total required minimum distribution has been satisfied for that year under Code Section 401(a)(9) for the Annuity have not been satisfied.
 - (3) The 403(b) Owner acknowledges that it is their sole responsibility to satisfy the required minimum distribution rules. The 403(b) Owner agrees that the Issuer shall not be liable for any tax or penalty imposed upon the 403(b) Owner if the 403(b) Owner fails to receive any required minimum distribution from the Annuity.
 - (4) If the 403(b) Owner fails to elect a method of distribution by their required beginning date the Issuer shall have complete and sole discretion to do any one of the following:
 - make no distribution until the 403(b) Owner provides a proper withdrawal request;
 - distribute the 403(b) Owner's entire interest in a single sum payment;
 - distribute the 403(b) Owner's entire interest over a period certain not extending beyond the 403(b) Owner's life expectancy or the life expectancy of the 403(b) Owner and their Beneficiary; or
 - annuitize the Annuity within the parameters described in this Article.
- The Issuer will not be liable for any penalties or taxes related to the 403(b) Owner's failure to take a required minimum distribution.
- (5) The value of the Annuity for purposes of this Article is the prior December 31 balance adjusted to include the amount of any outstanding rollovers and transfers under Q&As-7 and -8 of Treasury Regulation 1.408-8 and the actuarial value of any other benefits provided under the Annuity, such as guaranteed death benefits.

- (6) The special rule in Treasury Regulation 1.408-8, A-5 relating to spousal beneficiaries does not apply to the Contract, which means that the surviving spouse is not permitted to treat the Contract as the spouse's own 403(b) contract.
- (7) If the Beneficiary payment election described in Article 3.04(e) is not made by December 31 of the year following the year the 403(b) Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any one of the following:
- make no distribution until the Beneficiary(ies) provides a proper withdrawal request;
 - distribute the entire Annuity to the Beneficiary(ies) in a single sum payment;
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraphs 3.04(e)(1) or (2) of this Endorsement.

The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

3.05 Designation of Beneficiary – The 403(b) Owner may designate one or more persons or entities as Beneficiary of their Annuity. This designation can only be made on a form provided by or acceptable to the Issuer, and it will only be effective when it is filed with the Issuer during the 403(b) Owner's lifetime. Unless otherwise specified, each Beneficiary designation the 403(b) Owner files with the Issuer will cancel all previous ones. The consent of a Beneficiary(ies) shall not be required for the 403(b) Owner to revoke a Beneficiary designation. If the 403(b) Owner has designated both primary and contingent Beneficiaries and no primary Beneficiary(ies) survives the 403(b) Owner, the contingent Beneficiary(ies) shall acquire the designated share of the 403(b) Owner's Annuity. If the 403(b) Owner does not designate a Beneficiary, or if all of the 403(b) Owner's primary and contingent Beneficiary(ies) predecease the 403(b) Owner, the 403(b) Owner's estate will be the Beneficiary.

If the 403(b) Owner designates a spouse Beneficiary and the individual later ceases to be the 403(b) Owner's spouse, such designation of the individual who becomes an ex-spouse (other than by death) will be deemed void and the ex-spouse shall have no rights as a Beneficiary unless redesignated as a Beneficiary by the 403(b) Owner subsequent to becoming an ex-spouse.

The Issuer may allow, if permitted by state law, an original Beneficiary(ies) (the Beneficiary(ies) who is entitled to receive distribution(s) from an inherited Annuity at the time of the 403(b) Owner's death) to name a successor Beneficiary(ies) for the inherited Annuity. This designation can only be made on a form provided by or acceptable to the Issuer, and it will only be effective when it is filed with the Issuer during the 403(b) Owner's Beneficiary's(ies') lifetime. Unless otherwise specified, each Beneficiary designation form that the original Beneficiary(ies) files with the Issuer will cancel all previous ones. The consent of a successor Beneficiary(ies) shall not be required for the original Beneficiary(ies) to revoke a successor Beneficiary(ies) designation. If the original Beneficiary(ies) does not designate a successor Beneficiary(ies), their estate will be the successor Beneficiary. In no event shall the successor Beneficiary(ies) be able to extend the distribution period beyond that required for the original Beneficiary.

3.06 Distribution of Excess Amounts – If required or permitted by law or regulations, upon the request of the 403(b) Owner, the Issuer may distribute any excess amount to the 403(b) Owner as permitted by Treasury Regulation 1.403(b)-4(f)(3) and (4). Generally, an excess amount is the amount of any contribution made on behalf of the 403(b) Owner for the 403(b) Owner's tax year that exceeds the maximum amount allowable as a contribution for such tax year, as described in Article 2.05 of this Agreement.

3.07 Eligible Rollover Distributions – This Contract shall satisfy the requirements of Treasury Regulation 1.403(b)-3(a)(7), including further requirements described in Treasury Regulation 1.403(b)-7(b)(2). Accordingly, at the election of the 403(b) Owner (or the surviving spouse Beneficiary of the 403(b) Owner) the Issuer shall pay any eligible rollover distribution to an eligible

retirement plan described in Code Section 402(c)(8)(B) (including an individual retirement plan described in Code Section 408, qualified retirement plan under Code Section 401(a) or 403(a), another annuity contract or custodial account described in Code Section 403(b), or an eligible plan under Code Section 457(b) maintained by a government employer) in a direct rollover for the 403(b) Owner (or Beneficiary). The definition of eligible retirement plan will also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p). Further, a Beneficiary (including a nonspouse Beneficiary) may directly roll over their portion of any eligible rollover distribution to an inherited individual retirement arrangement (under Code Section 408 or 408A). No amount that is distributed on account of hardship will be an eligible rollover distribution, and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

The 403(b) Owner (or surviving spouse Beneficiary, former spouse, or non-spouse Beneficiary) who desires such a direct rollover must specify the individual retirement plan, qualified plan, 403(b) plan, or eligible plan under Code Section 457(b) to which the eligible rollover distribution is to be paid, and satisfy such other reasonable requirements as the Issuer may impose.

Special rollover rules apply to Roth Elective Deferrals as specified in Treasury Regulation 1.403(b)-7(b)(2).

ARTICLE IV – ADMINISTRATION

- 4.01 **Duties of the Issuer** – The Issuer shall have the following obligations and responsibilities:
- (a) to hold Premiums received by it in the Annuity, invest such Premiums pursuant to the 403(b) Owner's instructions and distribute Annuity assets pursuant to this Endorsement;
 - (b) to register any property held by it in its own name, or in nominal bearer form, that will pass delivery;
 - (c) to maintain records of all relevant information as may be necessary for the proper administration of the Annuity and such other data information as may be necessary;
 - (d) to allocate earnings, if any, realized from such Premiums; and
 - (e) to file such returns, reports and other information with the Internal Revenue Service and other government agencies as may be required of the Issuer under applicable laws and regulations.
- 4.02 **Reports** – As soon as practicable after December 31st of each calendar year, and whenever required by regulations under the Code, the Issuer shall deliver to the 403(b) Owner a written report of the Issuer's transactions relating to the Annuity during the period from the last previous accounting, and shall file such other reports as may be required under the Code.
- 4.03 **Issuer Not Responsible for Certain Actions** – The Issuer has no duty to take any action with respect to the Annuity except upon the written instruction of the 403(b) Owner or the 403(b) Owner's Beneficiary, if applicable. Further, the Issuer shall have no responsibility for determining the amount of or collecting Premiums to the Annuity made pursuant to this Endorsement; selecting the investments for the Annuity; determining the amount, character or timing of any distribution to the 403(b) Owner under this Endorsement; determining the 403(b) Owner's maximum Premium amount; or maintaining or defending any legal action in connection with this Endorsement, unless agreed upon by the Issuer and the 403(b) Owner.

- 4.04 **Indemnification of Issuer** – The 403(b) Owner acknowledges and agrees that nothing in this Endorsement shall be construed as conferring fiduciary status upon the Issuer. The Issuer shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Endorsement, or as required under the Code and the regulations promulgated thereunder with respect to 403(b) plans. The 403(b) Owner agrees to indemnify and hold the Issuer harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Endorsement.
- 4.05 **Issuer's Fees and Expenses** – The Issuer has the right to charge an annual service fee or other designated fees (e.g., a transfer or rollover fee) for maintaining the 403(b) Owner's Annuity. In addition, the Issuer has the right to be reimbursed for all reasonable expenses, including legal expenses, it incurs in connection with the administration of the 403(b) Owner's Annuity. The Issuer may charge the 403(b) Owner separately for any fees or expenses, or it may deduct the amount of the fees or expenses from the assets in the 403(b) Owner's Annuity at its discretion. The Issuer reserves the right to charge any additional fee upon 30 days notice to the 403(b) Owner that the fee will be effective.

Any brokerage commission attributable to the assets in the 403(b) Owner's Annuity will be charged to their Annuity. The 403(b) Owner cannot reimburse their Annuity for those commissions.

ARTICLE V – AMENDMENT OF ENDORSEMENT

By completion and submission of an executed Endorsement, the 403(b) Owner delegates to the Issuer all authority to amend this Endorsement by written notification from the Issuer to the 403(b) Owner as to any term hereof, at any time (including retroactively) to the extent necessary to satisfy the requirements of Code Section 403(b) (or related regulations). Any amendment the Issuer makes to comply with the Code and related regulations does not require the 403(b) Owner's consent. The Issuer may also amend this Endorsement to the extent necessary or appropriate to permit the efficient administration of the Annuity. The 403(b) Owner will be deemed to have consented to such amendment unless, within 30 days from the date the Issuer mails the amendment, the 403(b) Owner notifies the Issuer in writing that he or she does not consent. No amendment shall be made that may operate to disqualify the Annuity under Code Section 403(b).

ARTICLE VI – LOANS TO 403(b) OWNERS

- 6.01 **General Rules** – The following rules shall apply with respect to loans to the 403(b) Owner from their Annuity.
- (a) Loans shall be authorized by the 403(b) Owner in a written form acceptable to the Issuer.
 - (b) Loans must be adequately secured. Although it is the intention that loans to the 403(b) Owner shall be repaid, the collateral for each loan shall be the assignment of the 403(b) Owner's right, title and interest in and up to 50 percent of the 403(b) Owner's Annuity, and such other security as the Issuer may require.
 - (c) Each loan must bear interest at a reasonable rate. The interest rate shall be the prime rate plus one percent. For purposes of this paragraph (c), the prime rate shall be the prime rate published in the Wall Street Journal on the last business day immediately preceding the day the loan is made to the 403(b) Owner.
 - (d) No 403(b) Owner loan shall exceed the present value of the 403(b) Owner's vested interest in their Annuity.

- (e) In the event of a default, foreclosure on the note and attachment of security will not occur until a distributable event occurs under the Endorsement.
- (f) The Issuer shall not have any duty to determine whether a loan meets the requirements of this Article 6.01 of this Endorsement or any other requirements of the Code or related rules or regulations, and shall not be liable to the 403(b) Owner or any Employer for any failure of the loan to meet such requirements. The Issuer shall have no duty to determine whether any loan is in default.

If the Plan is subject to Title I of the Employee Retirement Income Security Act of 1974 as amended, then the additional requirements of Labor Regulation 2550.408b-1 shall also be apply with respect to such loans.

- 6.02 **403(b) Owner Loan Limit** – No loan to any 403(b) Owner can be made to the extent that such loan, when added to the outstanding balance of all other loans to the 403(b) Owner, would exceed the lesser of (a) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one-year period ending on the day before the loan is made, over the outstanding balance of loans on the date the loan is made, or (b) one-half of the present value of the vested interest of the 403(b) Owner in their Annuity. This limit shall apply in the aggregate to all custodial accounts or annuity contracts established under Code Section 403(b) by the 403(b) Owner's Employer on behalf of the 403(b) Owner.
- 6.03 **Repayment Term** – Any loan shall, by its terms, require that repayment (principal and interest) be amortized in level payments, not less frequently than quarterly, over a period not extending beyond five years from the date of the loan, unless such loan is used to acquire a dwelling unit which within a reasonable time will be used as the principal residence of the 403(b) Owner.

ARTICLE VII – MISCELLANEOUS

- 7.01 **Applicable Law** – This Endorsement is established with the intention that it qualify as an Annuity under Code Section 403(b), and that Premiums to the same be treated accordingly. This Endorsement is subject to all applicable federal and state laws and regulations, particularly regulations issued under Code Section 403(b). If it is necessary to apply any state law to interpret and administer this Endorsement, the law of the Issuer's domicile shall govern.

If any provision of this Endorsement shall for any reason be deemed invalid or unenforceable, the remaining provisions shall, nevertheless, continue in full force and effect, and shall not be invalidated. Neither the 403(b) Owner's nor the Issuer's failure to enforce at any time or for any period of time any of the provisions of this Endorsement shall be construed as a waiver of such provisions, or the 403(b) Owner's right or the Issuer's right thereafter to enforce each and every such provision.

- 7.02 **Nonalienation** – Subject to Article 7.06 of this Endorsement below, the assets of the 403(b) Owner in their Annuity shall be not be subject to alienation, assignment, trustee process, garnishment, attachment, execution or levy of any kind, nor shall such assets be subject to the claims of the 403(b) Owner's creditors.
- 7.03 **Terms of Employment** – Neither the fact of the implementation of this Endorsement nor the fact that an Employee has become a 403(b) Owner, shall give to such Employee any right to continued employment; nor shall either fact limit the right of the 403(b) Owner's Employer to discharge or to deal otherwise with an Employee without regard to the effect such treatment may have upon the Employee's rights as a 403(b) Owner under this Endorsement.

- 7.04 **Notices and Change of Address** – Any required notice regarding this Annuity will be considered effective when the Issuer sends it to the intended recipient at the last address which it has in its records. Any notice to be given to the Issuer will be considered effective when the Issuer actually receives it. The 403(b) Owner or the intended recipient must notify the Issuer of any change of address.
- 7.05 **Restrictions on the Fund** – The assets in the 403(b) Owner's Annuity shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Endorsement.
- 7.06 **Matters Relating to Divorce** – Upon receipt of a domestic relations order, the Issuer may retain an independent third party to determine whether the order is a qualified domestic relations order pursuant to Code Section 414(p). Distributions may be made pursuant to such an order.
- 7.07 **Coordination with Plan** – If any terms of the Plan and the Endorsement conflict, the terms of the Plan shall govern.
- 7.08 **Nontransferability** – The Contract is not transferable. That requirement does not apply to a contract issued before January 1, 1963.
- 7.09 **Death benefits and other incidental benefits** – The Contract shall satisfy the incidental benefit requirement of Treasury Regulation 1.401-1(b)(1)(ii) (in form or in operation) as described in Treasury Regulation 1.403(b)-6(g).
- 7.10 **Representations and Responsibilities** – The 403(b) Owner represents and warrants to the Issuer that any information he or she has given or will give the Issuer with respect to this Endorsement is complete and accurate. Further, the 403(b) Owner agrees that any directions he or she gives the Issuer, or action the 403(b) Owner takes will be proper under this Endorsement, and that the Issuer is entitled to rely upon any such information or directions. If the Issuer fails to receive directions from the 403(b) Owner regarding any transaction, or if the Issuer receives ambiguous directions regarding any transaction, or the Issuer, in good faith, believes that any transaction requested is in dispute, it reserves the right to take no action until further clarification acceptable to the Issuer is received from the 403(b) Owner or the appropriate government or judicial authority. The Issuer shall not be responsible for losses of any kind that may result from the 403(b) Owner's directions to the Issuer or the 403(b) Owner's actions or failures to act, and the 403(b) Owner agrees to reimburse the Issuer for any loss the Issuer may incur as a result of such directions, actions or failures to act. The Issuer shall not be responsible for any penalties, taxes, judgments or expenses the 403(b) Owner incurs in connection with the 403(b) Owner's Annuity. The Issuer has no duty to determine whether the 403(b) Owner Premiums or distributions comply with the Code, regulations, rulings or this Endorsement. The Issuer may permit the 403(b) Owner to appoint, through written notice acceptable to the Issuer, an authorized agent to act on their behalf with respect to this Endorsement (e.g., attorney-in-fact, executor, administrator, investment manager); however, the Issuer has no duty to determine the validity of such appointment or any instrument appointing such authorized agent. The Issuer shall not be responsible for losses of any kind that may result from directions, actions or failures to act by the 403(b) Owner's authorized agent, and the 403(b) Owner agrees to reimburse the Issuer for any loss it may incur as a result of such directions, actions or failures to act by the 403(b) Owner's authorized agent.

The 403(b) Owner will have sixty (60) days after he or she receives any documents, statements or other information from the Issuer to notify the Issuer in writing of any errors or inaccuracies reflected in these documents, statements or other information. If the 403(b) Owner does not notify the Issuer within 60 days, the documents, statements or other information shall be deemed correct and accurate, and the Issuer shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

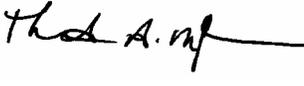
To the extent written instructions or notices are required under this Endorsement, the Issuer may accept or provide such information in any other form permitted by the Code or applicable regulations.

Signed for Harleysville Life Insurance Company.

[]

[Robert A. Kauffman]

[Director and Secretary]

[]

[Theodore A. Majewski]

[President and Chief Operating Officer]

SIGNATURES

Important: Please read before signing.

I understand the eligibility requirements for the 403(b) Annuity and I state that I do qualify to establish a 403(b) Annuity. I have received a copy of the Endorsement and Contract. I understand that the terms and conditions that apply to this 403(b) Annuity are contained in this Endorsement and the Contract. I agree to be bound by those terms and conditions.

I assume complete responsibility for:

1. determining that I am eligible for a 403(b) Annuity each year I make an Elective Deferral;
2. insuring that all contributions I make are within the limits set forth by the tax laws; and
3. the tax consequences of any Premium (including rollover Premiums) and distributions.

403(b) Owner

Date

Witness

Date

Authorized Signature of Issuer

Date



Corporate Address:
Harleysville Life Insurance Company
[355 Maple Avenue, Harleysville, PA 19438
Tel 800.222.1981 www.harleysvillegroup.com]

Please mail forms to the
Administrative Address:
Harleysville Life Insurance Company
[P.O. Box 253, Harleysville, PA 19438-0253]

403(b)(1) ANNUITY DISCLOSURE STATEMENT

Required at the time of application

I acknowledge that I am establishing a 403(b)(1) account with Harleysville Life Insurance Company, and that:

1. Harleysville Life Insurance Company is not the plan administrator. The duties of the plan administrator (or employer) include, but are not limited to:
 - a. Determining eligibility to participate in a 403(b) plan
 - b. Calculation of maximum contribution amounts
 - c. Offering investment choices
 - d. Complying with Internal Revenue Service (IRS) and ERISA requirements*
 - e. Approval for all withdrawal requests other than distribution requests once retirement payments have begun
2. Harleysville Life Insurance Company will provide:
 - a. You with an Annual Statement for this annuity at the beginning of each calendar year
 - b. Calculation of required distributions upon request
 - c. Withholding of taxes on distributed amounts*
3. Please be advised that:
 - a. Loans are not available from this plan
 - b. Surrender charges may apply to any withdrawals

*Harleysville Life Insurance Company will provide information to the Internal Revenue Service on form 1099 upon withdrawal of any funds. We will require a request for any hardship distributions from your plan administrator.

You will receive an annuity contract with a 403(b)(1) Annuity Endorsement upon approval by us. Please read the contract carefully.

Please provide the name and address of your plan administrator (or employer if no plan administrator) or acknowledge that you are retired below:

- I am retired and not making contributions to my 403(b) plan.

I authorize Harleysville Life Insurance Company to provide information regarding my annuity to the Plan Administrator or my employer.

Signature of Annuitant

Date

SERFF Tracking Number: MCHX-G126992393 State: Arkansas
 Filing Company: Harleysville Life Insurance Company State Tracking Number: 47738
 Company Tracking Number: TAX QUAL ENDORS
 TOI: A02I Individual Annuities- Deferred Non- Sub-TOI: A02I.003 Single Premium
 Variable
 Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
 Project Name/Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company /SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company

Supporting Document Schedules

Item Status: **Status Date:**

Satisfied - Item: Flesch Certification
Comments:
Attachments:
 AR Cert of Compliance with Rule 19.PDF
 AR Certificate of Compliance 23-79-138 and R&R 49.PDF

Item Status: **Status Date:**

Satisfied - Item: Application
Comments:
Attachment:
 LFOA-265 (Ed_ 02-06) Def Annuity App.PDF

Item Status: **Status Date:**

Satisfied - Item: Submission Letter
Comments:
Attachment:
 AR TQ Endo_ Submission Letter 1_18_11.PDF

Item Status: **Status Date:**

Satisfied - Item: Authorization Letter
Comments:
Attachment:
 2011 Harleysville Third Party Authorization Letter.PDF

Item Status: **Status**

SERFF Tracking Number: MCHX-G126992393 State: Arkansas
 Filing Company: Harleysville Life Insurance Company State Tracking Number: 47738
 Company Tracking Number: TAX QUAL ENDORS
 TOI: A02I Individual Annuities- Deferred Non- Sub-TOI: A02I.003 Single Premium
 Variable
 Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
 Project Name/Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company /SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company

Date:

Satisfied - Item: GAN-009 (AR) (Ed. 01-04)
 Guaranty Association Notice

Comments:

Attachment:

GAN-009 (AR) (Ed_ 01-04) Guaranty Assoc Notice - AR.PDF

Item Status:

Status

Date:

Satisfied - Item: LFEA-138 (Ed. 10-09) ARK Notice
 to Policyholders

Comments:

Attachment:

LFEA-138 (Ed_ 10-09) ARK Notice to Policyholders.PDF

Item Status:

Status

Date:

Satisfied - Item: Statement of Variability - AM-001
 (ED 11-10)

Comments:

Attachment:

SOV for Trad - Roth - SEP IRA Endo & Disclosure.PDF

Item Status:

Status

Date:

Satisfied - Item: Statement of Variability - AM-002
 (ED 11-10)

Comments:

Attachment:

SOV for Simple IRA Endo & Disclosure.PDF

Item Status:

Status

Date:

SERFF Tracking Number: MCHX-G126992393 State: Arkansas
Filing Company: Harleysville Life Insurance Company State Tracking Number: 47738
Company Tracking Number: TAX QUAL ENDORS
TOI: A02I Individual Annuities- Deferred Non- Sub-TOI: A02I.003 Single Premium
Variable
Product Name: SPDA-001 (ED 11-10) Single Premium Deferred Annuity
Project Name/Number: SPDA-001 (ED 11-10) Single Premium Deferred Annuity - Harleysville Life Insurance Company /SPDA-001 (ED 11-10) Single
Premium Deferred Annuity - Harleysville Life Insurance Company
Satisfied - Item: Statement of Variability - AM-003
(ED 11-10)

Comments:

Attachment:

SOV for 403(b)(1) IRA Endorsement.PDF

Item Status:

Status

Date:

Satisfied - Item: Statement of Variability - AM-004
(ED 11-10)

Comments:

Attachment:

SOV for 403(b)(1) IRA Disclosure.PDF

Certificate of Compliance with Arkansas Rule and Regulation 19

Insurer: Harleysville Life Insurance Company

Form Number(s): AM-001 (ED 11-10), Traditional/Roth/SEP Individual Retirement
Annuity Endorsement and Disclosure Statement
AM-002 (ED 11-10), SIMPLE Individual Retirement Annuity
Endorsement and Disclosure Statement
AM-003 (ED 11-10), 403(b)(1) Annuity Endorsement
AM-004 (ED 11-10), 403(b)(1) Annuity Disclosure Statement

I hereby certify that the filing above meets all applicable Arkansas requirements including the requirements of Rule and Regulation 19.



Signature of Company Officer

Theodore A. Majewski

Name

President and Chief Operating Officer
Title

1/18/11

Date

CERTIFICATE OF COMPLIANCE

Insurer: Harleysville Life Insurance Company

Form Numbers: AM-001 (ED 11-10), AM-002 (ED 11-10), AM-003 (ED 11-10) and AM-004 (ED 11-10)

I hereby certify that the filing above meets all applicable Arkansas requirements including Regulation 49 (Life and Health Guaranty Fund Notice) and Ark. Code Ann. 23-79-138 and Bulletin 11-88 (Consumer Information Notice).



Signature of Company Officer

Theodore A. Majewski

Name

President and Chief Operating Officer

Title

1/18/11

Date



Corporate Address:
Harleysville Life Insurance Company
 [355 Maple Avenue, Harleysville, PA 19438
 Tel 800.222.1981 www.harleysvillegroup.com]

Please mail forms to the
 Administrative Address:
Harleysville Life Insurance Company
 [P.O. Box 253, Harleysville, PA 19438-0253]

DEFERRED ANNUITY APPLICATION

1. Owner (All Policyholder correspondence will be sent to this address)	a. Name: _____ Address: _____ _____			Relationship to Annuitant (if different than self):	
	Date of Birth	<input type="checkbox"/> Male <input type="checkbox"/> Female	Social Security/Tax ID Number	Daytime Telephone Number	
	b. If Owner is a Trust, Name of Trust: _____ Trustee: _____ Tax ID #: _____ Trust Date: _____				
2. Joint Owner (Non-Qualified Annuities only)	Name: _____			Relationship to Annuitant:	
	Date of Birth	<input type="checkbox"/> Male <input type="checkbox"/> Female	Social Security/Tax ID Number	Daytime Telephone Number	
3. Annuitant (If different from Owner)	Name: _____ Address: _____ _____				
	Date of Birth	<input type="checkbox"/> Male <input type="checkbox"/> Female	Social Security Number	Daytime Telephone Number	
4. Citizenship of Owner	<input type="checkbox"/> US Citizen <input type="checkbox"/> Resident Alien _____ (country) <input type="checkbox"/> Non-resident Alien _____ (country)				
5. Beneficiary(ies) (the Owner reserves the right to change the Beneficiary(ies). Additional beneficiaries may be added under Special Instructions)	Name(s): _____				
	<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Percentage	Relationship to Annuitant	Social Security Number	Date of Birth
	Name(s): _____				
	<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Percentage	Relationship to Annuitant	Social Security Number	Date of Birth
a. <input type="checkbox"/> Flexible Premium <input type="checkbox"/> Single Premium					
b. If new account, please indicate type: <input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SIMPLE-IRA <input type="checkbox"/> Simplified Employee Pension (SEP) <input type="checkbox"/> 403(b) <input type="checkbox"/> Non-Qualified			c. If money is coming from another account, please indicate type: <input type="checkbox"/> Qualified Rollover (Pension to IRA) <input type="checkbox"/> Transfer of Assets (IRA to IRA) <input type="checkbox"/> 90-24 Transfer (Transfer of 403(b) to 403(b) account) <input type="checkbox"/> 1035 Exchange (non-qualified)		
d. The following forms are included: <input type="checkbox"/> Transfer Request Form (1035 Exchange, Rollover and Transfer Requests) <input type="checkbox"/> Replacement Form (where required by state) <input type="checkbox"/> Suitability Form (where required by state)					
e. Planned Premium: (all checks must be payable to Harleysville Life Insurance Company. Do not make checks payable to the agent or leave the payee blank.) Amount paid with Application: \$ _____ <input type="checkbox"/> Single Premium: \$ _____ <input type="checkbox"/> Quarterly Premium: \$ _____ <input type="checkbox"/> Semi-Annual Premium: \$ _____ <input type="checkbox"/> Annual Premium: \$ _____ <input type="checkbox"/> PAC Monthly Premium (Requires PAC Form and Void Check): \$ _____ <input type="checkbox"/> Monthly List Bill (name of company) _____					

Plan Information (continued)	<p>f. Is this a Qualified Annuity: <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", please provide the following information: Credit payment of \$ _____ to tax year _____</p> <p>g. Is the Annuitant or Owner currently confined to a Nursing Care Facility? <input type="checkbox"/> Yes <input type="checkbox"/> No ("Nursing Care Facility" is defined as a licensed skilled, intermediate or custodial care facility whose primary function is to provide nursing and/or custodial care and room and board to individuals who are not able to care for themselves and require nursing care which is provided under the direction of a physician, a registered nurse (RN), a licensed practical nurse (LPN; or a licensed vocational nurse (LVN)). If "Yes", please indicate name of person: _____</p> <p>h. Has either the Annuitant or Owner been diagnosed as having a Terminal Illness: <input type="checkbox"/> Yes <input type="checkbox"/> No ("Terminal Illness" is defined as an illness that is anticipated to result in death within one year. The diagnosis must be made by a qualified physician.) If "Yes", please indicate name of person: _____</p>
7. Other Policies	Does the Annuitant have any existing life insurance or annuity products? <input type="checkbox"/> Yes <input type="checkbox"/> No
8. Special Instructions	(Transfer Company information, additional beneficiaries, annuity income date, etc.): _____ _____ _____
Warning Notices	<p>District of Columbia: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant. New Jersey: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties. Ohio: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. Tennessee: It is crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. Virginia: It is a crime to knowingly provide false, incomplete, misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits. All other states: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p>
Financial Institution Disclosure	Insurance policies and annuities are not a deposit or other obligation of, or guaranteed by a bank, any affiliate of a bank, or savings association, and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency of the United States, a bank, any affiliate of a bank, or savings association.
Company Disclaimer	Harleysville Life Insurance Company does not provide tax or legal advice. Please consult a personal advisor or your qualified plan administrator.
9. Agent's Report	<p>Agent's Certification: Have you complied with all applicable insurance replacement laws? <input type="checkbox"/> Yes <input type="checkbox"/> No CREDIT WILL BE GIVEN TO:</p> <p>Agency Name: _____</p> <p>Agency Code: _____ Agency Phone Number: _____</p> <p>Arrangement Number for Split Commissions (if applicable): _____</p> <p>If new arrangement, indicate the split: _____</p> <p><input type="checkbox"/> Check here if other than default commission option is desired for this SPDA policy.</p>
10. Required Signatures	<p>I (we) have read the above questions and answers, and hereby declare that to the best of my (our) knowledge and belief, they are complete and true, and that the Company may rely on the statements in the issuance of a policy.</p> <p>Signed at (city and state): _____ Date: _____</p> <p>Signature of Annuitant: _____</p> <p>Signature of Owner (if other than Annuitant): _____</p> <p>Signature of Joint Owner (if applicable): _____</p> <p>Signature of Agent: _____ Date: _____</p>

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McHugh Consulting Resources, Inc.

January 19, 2011

Jay Bradford
Insurance Commissioner
Arkansas Department of Insurance
Compliance - Life and Health
1200 West Third Street
Little Rock, AR 72201-1904

Re: **HARLEYSVILLE LIFE INSURANCE COMPANY**
NAIC # 64327, FEIN # 23-1580983
Individual Deferred Non-Variable Annuity Filing
Form AM-001 (ED 11-10), Traditional/Roth/SEP Individual Retirement Annuity
Endorsement and Disclosure Statement
Form AM-002 (ED 11-10), SIMPLE Individual Retirement Annuity Endorsement
and Disclosure Statement
Form AM-003 (ED 11-10), 403(b)(1) Annuity Endorsement
Form AM-004 (ED 11-10), 403(b)(1) Annuity Disclosure Statement

Dear Commissioner Bradford:

McHugh Consulting Resources, Inc. has been requested to file the attached forms on behalf of Harleysville Life Insurance Company. We respectfully attach an authorization letter for your files.

We are attaching the above-captioned filing for your review and approval for Harleysville Life Insurance Company. These forms are new and are not intended to replace any existing forms currently on file with your Department.

The forms are in final printed form subject only to changes in font style, margins, page numbers, positioning and format. For example, formatting may change slightly when the document is assembled through an automated document assembly system. Printing standards will not be lower than those required under your law.

The above captioned Annuity Endorsements and Disclosure Statements comply with the current IRS regulations and will be used with Flexible Premium Deferred Annuity Contract, FPDA-001 (ED 11-10) and Single Premium Deferred Annuity Contract, SPDA-001 (ED 11-10) when they are intended to be issued as tax qualified plans under such specified tax code. These annuity contracts were approved by your Department on January 5, 2011.

These endorsements can only be made a part of the contract at issue. If an Insured wants to add/modify an endorsement after issue, a new contract will be issued. Therefore, the information on the Schedule of Benefits and Premium(s) applies to both the contract and the endorsement.

Attached are the Statements of Variability. Readability is not required as these forms were written to meet the requirements of federal law.

We trust the attached is found to be in order and look forward to receiving your favorable reply. Should you have any questions or if we may provide any additional information, please do not hesitate to contact the undersigned. Thank you for your consideration in this matter.

Very truly yours,

A handwritten signature in black ink that reads "Linda Boyce". The signature is written in a cursive, flowing style.

Linda Boyce
Consultant

Harleysville Life Insurance
355 Maple Avenue
Harleysville, PA 19438-2297
www.harleysvillelife.com

Tel 800.222.1981
215.513.6400
Fax 215.513.6410



January 3, 2011

NAIC Company Code: 64327

Re: Attached Filing Submission

Please accept this letter as authorization from Harleysville Life Insurance Company for McHugh Consulting Resources, Inc. to file any or all policy forms as well as actuarial materials as referenced in the corresponding SERFF filing on behalf of Harleysville Life Insurance Company.

Sincerely,

A handwritten signature in black ink that reads "Theodore A. Majewski". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Theodore A. Majewski
President and Chief Operating Officer
Harleysville Life Insurance Company

LIMITATIONS AND EXCLUSIONS UNDER THE ARKANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of this state who purchase life insurance, annuities or health and accident insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association"). The purpose of the Guaranty Association is to assure that policy and contract owners will be protected, within certain limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of policy owners who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by the member insurers through the Guaranty Association is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting insurance companies that are well managed and financially stable.

DISCLAIMER

The Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association") may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions and require continued residency in this state. You should not rely on coverage by the Guaranty Association in purchasing an insurance policy or contract.

Coverage is NOT provided for your policy or contract or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life and variable annuity contract.

Insurance companies or their agents are required by law to provide you with this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Guaranty Association to induce you to purchase any kind of insurance policy.

The Arkansas Life and Health Insurance Guaranty Association
c/o The Liquidation Division
1023 West Capitol
Little Rock, Arkansas 72201

Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

The state law that provides for this safety-net is called the Arkansas Life and Health Insurance Guaranty Association Act ("Act"). Below is a brief summary of the Act's coverages, exclusions and limits. This summary does not cover all provisions of the ACT; nor does it in any way change anyone's rights or obligations under the ACT or the rights or obligations of the Guaranty Association.

COVERAGE

Generally, individuals will be protected by the Guaranty Association if they live in this state and hold a life, annuity or health insurance contract or policy, or if they are insured under a group insurance contract issued by a member insurer. The beneficiaries, payees or assignees of policy or contract owners are protected as will, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons owning such policies are NOT protected by the Guaranty Association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);

- The insurer was not authorized to do business in this state;
- Their policy or contract was issued by a nonprofit hospital or medical service organization, an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy or contract owner is subject to future assessments, or by an insurance exchange.

The Guaranty Association also does NOT provide coverage for:

- Any policy or contract or portion thereof which is not guaranteed by the insurer or for which the owner has assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract;
- Any policy of reinsurance (unless an assumption certification was issued):
- Interest rate yields that exceed an average rate;
- Dividends and voting rights and experience rating credits;
- Credits given in connection with the administration of a policy by a group contract holder;
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contract holders, not individuals).
- Unallocated annuity contracts issued to/in connection with benefit plans protected under Federal Pension Benefit Corporation ("FPBC") (whether the FPBC is yet liable or not);
- Portions of an unallocated annuity contract not owned by a benefit plan or a government lottery (unless the owner is a resident) or issued to a collective investment trust or similar pooled fund offered by a bank or other financial institution);
- Portions of a policy or contract to the extent assessments required by law for the Guaranty Association are preempted by State or Federal law;
- Obligations that do not arise under the policy or contract, including claims based on marketing materials or side letters, riders, or other documents which do not meet filing requirements, or claims for policy misrepresentations, or extra-contractual or penalty claims;
- Contractual agreements establishing the member insurer's obligations to provide book value accounting guarantees for defined contribution benefit plan participants (by reference to a portfolio of assets owned by a nonaffiliate benefit plan or its trustees).

LIMITS ON AMOUNT OF COVERAGE

The Act also limits the amount the Guaranty Association is obligated to cover: The Guaranty Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Guaranty Association will pay a maximum of \$300,000 – no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$300,000 in health insurance benefits, \$300,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits or cash surrender values – again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages. There is a \$1,000,000 limit with respect to any contract holder for unallocated annuity benefits, irrespective of the number of contracts held by the contract holder. These are limitations for which the Guaranty Association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer.

HARLEYSVILLE LIFE INSURANCE COMPANY
Harleysville, Pennsylvania

FOR POLICIES ISSUED IN ARKANSAS

Issued by Harleysville Life Insurance Company to the Policyholder.

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

PROBLEMS WITH YOUR INSURANCE? If you are having problems with your insurance company or agent, do not hesitate to contact the insurance company or agent to resolve your problem.

Harleysville Life Insurance Company
355 Maple Avenue
Customer Relations Department
Harleysville PA 19438
1-800-222-1981

Policyholder Service Office of Company: Harleysville Life Insurance Company

Address: 355 Maple Avenue Harleysville, PA 19438

Telephone Number: 1-800-222-1981

Name of Agent: _____

Address: _____

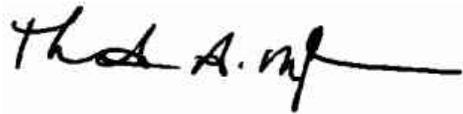
Telephone Number: _____

If we at Harleysville Life Insurance Company fail to provide you with reasonable and adequate service, you should feel free to contact:

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201
(501) 371-2640 or (800) 852-5494



Robert A. Kauffman
Director and Secretary



Theodore A. Majewski
President and Chief Operating Officer

HARLEYSVILLE LIFE INSURANCE COMPANY
STATEMENT OF VARIABILITY

Form AM-001 (ED 11-10), Traditional/Roth/SEP Individual Retirement Annuity Endorsement
and Disclosure

The following items in the Endorsement and Disclosure are bracketed and considered variable.

Page 1

Company address, telephone number and web address could change in the future.

Page 10

Company Officers could change in the future.

HARLEYSVILLE LIFE INSURANCE COMPANY
STATEMENT OF VARIABILITY

Form AM-002 (ED 11-10), Simple Individual Retirement Annuity Endorsement and
Disclosure

The following items in the Endorsement and Disclosure are bracketed and considered variable.

Page 1

Company address, telephone number and web address could change in the future.

Page 5

Company Officers could change in the future.

HARLEYSVILLE LIFE INSURANCE COMPANY
STATEMENT OF VARIABILITY

Form AM-003 (ED 11-10), 403(b)(1) Annuity Endorsement

The following items in the Endorsement are bracketed and considered variable.

Page 1

Company address, telephone number and web address could change in the future.

Page 16

Company Officers could change in the future.

HARLEYSVILLE LIFE INSURANCE COMPANY
STATEMENT OF VARIABILITY

Form AM-004 (ED 11-10), 403(b)(1) Annuity Disclosure

The following items in the Disclosure are bracketed and considered variable.

Page 1

Company address, telephone number and web address could change in the future.