

PRODUCT PORTFOLIO



NATIONAL LIFE

As the average age of our population increases and more Americans approach retirement, annuities are becoming more important and more popular. They offer advantages that are unavailable in other accumulation vehicles. Not only do annuities provide tax-deferred accumulation, they also provide tax-advantaged methods of drawing an income, including an advantage only an annuity can offer: a guaranteed lifetime income.

An annuity placed under a lifetime income option becomes a reliable source of income that will continue through the remainder of an individual's lifetime.

Annuity payouts can also be continued during the lifetime of a surviving spouse or can be structured to continue only for a predetermined number of years.

Such flexibility helps make annuities an accumulation and distribution method of choice for retirement and other long-range objectives.

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Among National Life's varied portfolio are annuities designed to:

- Become an immediate source of income from a single premium ("Single Premium Immediate Annuity").
- Accumulate on a tax-deferred basis until a future payout date ("Single Premium Deferred Annuity or SPDA").

Some of our deferred annuities provide for withdrawals during the accumulation stage, prior to the time that regular payouts begin.

Other annuities, such as the Green Mountain Security single premium deferred annuity, offers a tax-deferred multi-year guarantee for either Three or Five years.

National Life's Green Mountain Liberty single premium deferred annuity is designed to keep a single premium intact while allowing systematic withdrawal of accumulated interest. Ideal for individuals who want to live off the interest earnings of substantial sums, this annuity is also appropriate as a funding vehicle for a charitable remainder trust.

Our Green Mountain Heritage single premium deferred annuity is ideal for retirement planning or funding executive fringe benefits. Its flexibility and accessibility allow for partial withdrawals to meet unforeseen short-term needs. Includes a 1% first year interest enhancement.

And finally our Green Mountain Privilege single premium deferred annuity, designed for long-term growth, pays our highest initial credited interest rate due to a 1% first year interest enhancement.

No two individuals are exactly alike, nor are their financial plans likely to be quite the same. That's why National Life has assembled a portfolio of annuities with features designed to meet a variety of objectives. One may be ideal for you.

Some Features Common to National Life Single Premium Deferred Annuities

Dollar Limits

- Minimum single premium: $5,000
- Maximum single premium: $600,000
- Larger amounts may be accepted with prior approval.

Age Limits

Owner: No minimum issue age. Maximum issue age is 85. If the annuitant is different from the owner, no age limits apply to the annuitant as long as the owner is a person. If the owner is another entity, the maximum age of the annuitant is 85.

Annuitization Options

When you decide to take money from your annuity, you may choose from a variety of payout methods, including payments guaranteed to continue for a predetermined number of years, payments guaranteed to continue for your lifetime, and payments which can continue through the lifetime of a surviving beneficiary.

Green Mountain Security

Type

Single Premium Deferred Annuity

This single premium deferred annuity allows you to lock-in today's interest rate for either Three or Five Years – your choice. All the while, tax-deferred accumulation helps your money grow faster.

Options at End of Each Interest Guarantee Period

At the end of each 3-year or 5-year interest guarantee period, you may elect to surrender the annuity for its entire account value,** renew the annuity for an additional interest guarantee period or move the account value into a different National Life annuity. If you elect to do nothing your annuity will continue to earn a rate of interest which will be declared annually, and a decreasing schedule of surrender charges will apply.

No Charge Annuitization

At any time you may turn your annuity into a continuing source of income – without incurring a contract surrender charge provided the payout is for lifetime, five years or longer.**

Withdrawals — Interest Only

Interest earned during the interest guarantee period may be withdrawn without a surrender charge,** either systematically or by individual request. Systematic withdrawals of interest may be made annually, semi-annually, quarterly or monthly (monthly amounts must be at least $100).

* *Annuities are not FDIC insured.*

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

Premium and Interest

Systematic withdrawals of premium and interest may be made periodically in fixed dollar amounts or as a fixed percentage of the beginning-of-year account value. Withdrawals of premium during the guarantee period are subject to a 5% surrender charge.

Benefit for Nursing Home Confinement

The value of your annuity may be accessed without surrender charges after 30 continuous days of confinement to an eligible nursing home.

Death Benefit

At death, the full accumulated value of your annuity is payable to your named beneficiary, without the delays or undesirable publicity of probate. If your surviving spouse is the named beneficiary, the annuity may be continued in force as before.

Security SPDA (6994-6995)

Schedule of Surrender Charges:

Security-3:

Contract Year	1	2	3	4	5	6	7+
Surrender Charge (%)	5	5	5	3	2	1	0

If contract remains as is:

Security-5:

Contract Year	1	2	3	4	5	6	7	8	9	10+
Surrender Charge (%)	5	5	5	5	5	4	3	2	1	0

If contract remains as is:

Green Mountain Heritage

Type

Single Premium Deferred Annuity

This is a traditional single premium deferred annuity that is suited to a broad variety of situations. This annuity includes a 1% interest enhancement in the first year, plus annual withdrawal privileges.

Additional Guarantees

The initial interest rate and subsequent interest rates set at anniversary dates are guaranteed for 12 full months.

Premium is 100% guaranteed by National Life.‡ This means that at any time you may receive a refund of your entire deposit (less withdrawals or state premium taxes if applicable) or the current surrender value if greater.

No Charge Annuitization

At any time you may turn your annuity into a continuing source of income – without incurring a contract surrender charge provided the payout is for lifetime, or five years or longer.**

Withdrawals

Up to 10% of the beginning of year account value of your annuity can be withdrawn each year without charge.** Subsequent withdrawals in the same year, or amounts over 10%, may be withdrawn subject to a surrender charge which decreases from 7% in the first two contract years to 3% in the sixth year. After six years, no surrender charges apply.**

‡ *Guarantees are subject to the claims paying ability of the issuer.*

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

In addition to withdrawals upon request, you may arrange for automatic withdrawals annually, semi-annually, quarterly or monthly (monthly amounts must be at least $100).**

You may withdraw regular dollar amounts, a fixed percentage of the beginning-of-year account value or you may limit withdrawals to the amount of earned interest. Surrender charges apply only after the amount withdrawn during the year exceeds 10% of the annuity's beginning-of-year value.**

Benefit for Nursing Home Confinement

The value of your annuity may be accessed *without surrender charges* after 30 continuous days of confinement in an eligible nursing home.

Death Benefit

At death, the full accumulated value of your annuity is payable to your named beneficiary without the delays or undesirable publicity of probate. If your surviving spouse is the named beneficiary, the annuity may be continued in force as before.

Heritage SPDA (6998-6999)

Schedule of Surrender Charges:

Heritage:

Contract Year	1	2	3	4	5	6	7+
Surrender Charge (%)	7	7	6	5	4	3	0

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

Green Mountain Liberty and Liberty II

Type

Single Premium Deferred Annuity

Green Mountain Liberty and Liberty II provide tax-deferred growth of premium while allowing systematic withdrawal of interest without charge.**

The initial interest rate is guaranteed for Five Years. Subsequent interest rates will be set at anniversary dates and guaranteed for 12 full months.

It is appropriate as a funding vehicle for a charitable remainder trust or as an interest accumulation and payout method designed to keep the premium intact.

No Charge Annuitization

At any time you may turn your annuity into a continuing source of income without incurring a surrender charge provided the payout is for lifetime, or five years or longer.**

Withdrawals

Interest earned by your annuity can be withdrawn at any time without a surrender charge, either by individual request or systematically. Systematic withdrawals of interest may be made annually, semi-annually, quarterly or monthly (monthly amounts must be at least $100).**

Premium may be withdrawn subject to a surrender charge.

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

Surrender Charges

Liberty*:

Contract Year	1	2	3	4	5	6	7	8	9+
Surrender Charge (%)	8	7.5	7	6	5	4.5	3.5	2	0

Liberty II*:

Contract Year	1	2	3	4	5	6	7	8	9	10+
Surrender Charge (%)	8.5	7.5	6.5	6	5	4	3	2	1	0

Benefit for Nursing Home Confinement

The value of your annuity may be accessed without surrender charges after 30 continuous days of confinement to an eligible nursing home.

Death Benefit

At death, the full accumulated value of your annuity is payable to your named beneficiary without the delays or undesirable publicity of probate. If your surviving spouse is the named beneficiary, the annuity may be continued in force as before.

Liberty SPDA (6996-6997)

Green Mountain Privilege

Type

Single Premium Deferred Annuity

Our Green Mountain Privilege annuity offers the highest initially credited interest rate of any National Life single premium deferred annuity, including a 1% interest enhancement in the first year, plus annual withdrawal privileges.

Guarantee of Premium

Your premium is 100% guaranteed by National Life.‡ This means that at any time you may receive a refund of your entire premium (less any withdrawals or state premium taxes if applicable) or the current surrender value, if greater.

Guarantees are subject to the claims paying ability of the issuer.

No Charge Annuitization

At any time you may turn your annuity into a continuing source of income without incurring a contract surrender charge provided the payout is for lifetime, or five years or longer.**

Withdrawals

As much as 10% of the accumulated value of your annuity can be withdrawn once each year without charge. Subsequent withdrawals in the same year, or amounts over 10%, may be withdrawn subject to a surrender charge which decreases from 9% in year one to 1% in year nine. After nine years no surrender charges apply.**

‡ *Guarantees are subject to the claims paying ability of the issuer.*

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

In addition to withdrawals upon request, you may arrange for automatic withdrawals annually, semi-annually, quarterly or monthly (monthly amounts must be at least $100).** You may withdraw regular dollar amounts, a fixed percentage of the beginning-of-year account value or you may limit withdrawals to the amount of earned interest. Surrender charges apply only after the amount withdrawn during the year exceeds 10% of the annuity's beginning-of-year value.

Surrender Charges

Contract Year	1	2	3	4	5	6	7	8	9	10+
Surrender Charge (%)	9	8	7	6	5	4	3	2	1	0

Benefit for Nursing Home Confinement

The value of your annuity may be accessed without surrender charges after 30 continuous days of confinement to an eligible nursing home.

Death Benefit

At death, the full accumulated value of your annuity is payable to your named beneficiary without the delays or undesirable publicity of probate. If your surviving spouse is the named beneficiary, the annuity may be continued in force as before.

Privilege SPDA (6998-6999)

** *Withdrawals made prior to age 59½ may be subject to a 10% federal tax penalty.*

Single Premium Immediate Annuity (SPIA)



Type

Single Premium Immediate Annuity

This type of annuity turns a single sum into an immediate series of payments. Payments are made for either a set period of time, for the remaining lifetime of the annuitant or for the lifetime of the annuitant and a surviving beneficiary. In contrast to a "deferred" annuity, which accumulates at interest for later distribution, an "immediate" annuity turns a single sum of money into a series of payouts over time, earning interest on the remaining balance in the interim.

Payout Modes

Income may be received annually, semi-annually, quarterly or monthly.

Tax Advantage

With non-qualified annuities, part of each payment you receive is taxable interest and part is nontaxable return of premium. (Qualified annuity payments are fully taxable since the premium was not previously taxed.)

Payout Options

National Life's single premium immediate annuity offers a choice of ways to receive income.

Life Annuity

Payments continue as long as you live.

Life Annuity with a Guarantee

Payments are guaranteed to continue for a minimum number of years or for your lifetime, if longer. If you do not outlive the guarantee period, remaining payments during that time will continue to your beneficiary. The length of the guarantee period is up to you and may extend up to 30 years.

Life Annuity with Installment Refund

Payments continue through your lifetime and will total at least the full amount of your single premium. If you do not live to collect the full amount, payments will continue to your beneficiary to make up the difference.

Joint and Survivor

Payments are made through the lifetime of the first two individuals and continue - in your choice of the same amount or a reduced amount - through the lifetime of the second individual.

Joint and Survivor with a Guarantee Period

This is similar to the joint and survivor option, but with a guaranteed minimum time period for payments. If neither of the two individuals survives for the length of the guarantee period, payments will continue to a named beneficiary for the balance of the period.

Period Certain

Under this option, payments are guaranteed to continue for a predetermined length of time and will be paid to a beneficiary if necessary. At the end of the stated period, payments cease.

Note: There is no relationship between the continuation of payments and the lifetime of any individual.

SPIA (1)

"Combination Annuity"



Type

This concept uses two annuities: an "immediate" annuity and a "deferred" annuity.

The single premium immediate annuity may involve a life annuity option, but a period certain is most frequently chosen.

The deferred annuity may be a single premium deferred annuity or a flexible premium annuity. The single premium deferred annuity is more common.

How it Works

Part of the premium accumulates tax deferred, while the rest is paid out under the immediate annuity as a predictable source of current income. The features of the underlying annuities remain unchanged by this arrangement including interest rate guarantees, payout options, surrender charges and the availability of additional withdrawals from the "deferred" portion. Specifics may be found under Single Premium Immediate Annuity (SPIA) and under the various deferred annuities.

The Result

This concept produces a steady stream of guaranteed income payments which may be largely tax exempt, while the deferred annuity allows the remaining premium sum to grow on a tax-deferred basis. The result is tax advantaged income, tax advantaged accumulation and flexibility.

National Life Annuities

Quality • Diversity • Flexibility

- Deferred annuities offer tax-deferred accumulation.
- Immediate annuities provide tax-advantaged income.
- The combination annuity concept does both.

Within the portfolio of "deferred" annuities are products designed to fulfill specific and different objectives.

Your National Life representative can help advise you about the appropriate annuity to match your financial objectives.

These products or features may not be available in all states.

National Life is a dynamic and growing family of insurance and financial service companies offering a comprehensive range of life insurance, asset accumulation and retirement planning products. Our flagship, National Life Insurance Company, has been serving customers with value and integrity since 1850, and is licensed in all 50 states and the District of Columbia.



NATIONAL LIFE



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