



TEXAS ASSOCIATION
OF COLLEGE TEACHERS



TEXAS COMMUNITY COLLEGE
TEACHERS ASSOCIATION

2002 Analysis of Possibilities for ORP/TDA

The Texas Optional Retirement Program (ORP) is designed for full-time faculty at state supported institutions of higher education. Created by the Texas Legislature in 1967, it is offered as an alternative to participation in the Teacher Retirement System of Texas (TRS). Upon employment at an institution, an employee is given 90 days to choose whether to invest his or her retirement fund in ORP or TRS. This choice is irrevocable. If a decision is not made within 90 days, an employee will be enrolled in TRS by default.

More often than not, new faculty members participate in ORP. Why? While there are many reasons, the following are a few of the most important. First, there is a contribution of up to 15.15 percent of salary placed into a retirement plan. This is the sum of the employee's contribution (6.65 percent of gross salary) and the state's contribution (from 6.0 to 8.5 percent of salary). Second, the retirement savings plan is self-directed, and the vesting period is one year and one day. If an employee does not vest, the state's monies are returned. The retirement benefit or monthly income is based on contributions and earnings on those contributions.

The Teacher Retirement System is for all persons who opt not to be in ORP or are not eligible for ORP. TRS is a defined benefit program, in which the employee's retirement benefit is 2.3 percent of average salary in the highest three years, multiplied by the number of years of participation in the program. The current vesting period for TRS is five years.

Whether the choice is ORP or TRS, most employees are eligible to place additional pre-tax contributions into a Tax Deferred Account (TDA). A TDA is a supplemental investment that may be made in addition to the mandatory program. TDAs receive no state contribution.

The IRS has adopted certain guidelines and restrictions that affect ORP and TDA accounts. Whether one is a new employee or a veteran faculty member, there are four important dates to consider when analyzing retirement. First, the Tax Reform Act of 1986 added required minimum distributions beginning at the age of 70½ for all contributions made after 1986, including the earnings on the Dec. 31, 1986 balance.

There is one exception to this rule. A faculty member still employed in the college system past age 70½ need not begin distributions until the calendar year in which the faculty member retires. Distributions on pre-1987 values are required at age 75.

The 1986 law also added withdrawal restrictions to TDA annuities (mutual funds have always been restricted) and a ten percent penalty for premature distributions. The ten percent premature distribution penalty was effective Jan. 1, 1987, while withdrawal restrictions were effective Jan. 1, 1989. Those restrictions mean that money cannot be withdrawn before age 59½ except in the event of death, disability, hardship (limited to contributions only) or separation from service. The ten percent penalty applies before age 59½ unless the employee separates from service at age 55 or later, has a medical hardship, disability, Qualified Domestic Resolution Order, or dies. The Dec. 31, 1988 account value for annuities is "grandfathered" so that withdrawals can be made for any reason; however, the ten percent penalty will still apply.

The most recent federal overhaul of retirement rules is included in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This law raises the limits of pre-tax contributions to deferred compensation plans, and also provides for additional "catch up contributions" for participants over 50 who have not contributed enough for their retirement.

A particular benefit for faculty in the Act is the repeal of the Maximum Exclusion Allowance, a complex formula that limited the tax-advantaged treatment of combined contributions to ORP and other deferred compensation programs. Higher education employees should seek the advice of a financial advisor to learn how changes due to EGTRRA may affect individual retirement planning.

Most companies have incorporated TDA loan provisions into their policies or custodial agreements under the Tax Equity and Fiscal Responsibility Act of 1982. The IRS and each firm will have certain guidelines and criteria that must be followed. If the IRS rules are not followed, the loan could be considered a withdrawal or premature distribution and subject to

Editor's Note: For the twenty-eighth consecutive year, this Analysis has been made available to members of the Texas Association of College Teachers and the Texas Community College Teachers Association to assist in their retirement planning. The staff of the two associations who compiled this year's Analysis are grateful for the efforts of Frank L. Wright, who managed the Analysis for most of its history, and the many professionals of the ORP/TDA companies who cooperated in making this service possible.

No investment decision should be based solely on the data reported in this Analysis. Investment needs vary, and, as we all know, "Past performance does not guarantee future success."



Formulating the Decision

What will be my financial needs at retirement, and should I supplement my ORP with other investments such as a tax deferred account?

What is the likelihood of a good return throughout the term of my investment? Is it diversified enough to ensure stability?

tax and ten percent penalties. For specific information, the investor should contact representatives of the company.

All performance figures quoted in this study are net of all administrative or management fees for the specific years mentioned. Net performance is a good starting place for comparison. Neither low nor high expenses and charges assure the best investment. Is an investment that has a gain of ten percent and charges only one percent per year (nine percent net) better than an investment that has a gain of 30 percent and charges three percent per year (27 percent net)? Historical investment performance does not and cannot guarantee future results. However, many individuals will use past performance to assist in the decision process. Flexibility and portability should also be considered.

As an investor, it is important to analyze front end charges (which reduce the amount of money that goes to work immediately), and contingent deferral charges (which tend to limit flexibility and the portability of the investments). In order to maximize potential gains in the future through new products or innovations, flexibility and the allowance of change are important factors.

Fixed Accounts

Fixed accounts are traditionally investments in the “general accounts” of an insurance company. These accounts function similar to a bank’s Certificate of Deposit. The dollars on deposit are “lent” to the insurance company. The insurance company agrees to repay both principal and a contractually-guaranteed minimum interest rate, presently ranging between 3 percent and 8 percent. Most companies pay the current interest rate, which is normally higher than the contractual minimum. This rate may change daily, monthly, quarterly, or annually. The current rate of interest is derived from the company’s earnings, and is set by the board of directors. The actual formula for the current interest rate varies from firm to firm. It is largely an unknown and discretionary formula, subject to change.

Other types of fixed accounts offer more specific information regarding their yields. They may offer a rate based upon a pool of specific underlying assets such as government bonds, treasuries, or other securities. These are sometimes called Market Value Adjusted accounts. Only when a firm will disclose and contractually guarantee the formula can investors be assured of the interest crediting method for their contract. While most insurance companies work on an old banking principle, paying policyholders two percent less than the company earns on its investments, the choice of formulas is still at the discretion of the company’s board.

Insurance companies credit or pay interest in many different methods. A widely used method is to “band” interest rates. As money is received by the company the current interest rate is applied. The current interest rate can be guaranteed for any period of time. However, as the rate changes, monies received from that point forward would be considered a new band and credited at the new rate. The old money, or band, may continue to earn the former rate of interest for the specified period of time. Once that time has elapsed, a new rate may be applied to that band. Over time, the contract may have many bands of different rates. Some firms band for a year and then the dollars drop into a pool or portfolio. The current rate paid on the pool or

portfolio may be higher than the initial band. If the rates are quoted on a portfolio basis, the dollars earn the stated interest rate when deposited.

To attract new participants, many companies will increase or enhance third quarter current rate declarations, when companies receive the lowest contributions of the year. Not all companies engage in this practice; however, one should be aware that this strategy is used to entice participation in certain programs.

Another tool to entice participation is the “two-tier” crediting process. This process enhances the rate for dollars that are annuitized at retirement, and credits less interest to those wishing a cash option. Annuity contracts have two phases, accumulation and distribution. Annuitization is a distribution phase. By utilizing this distribution process, a participant can buy an “income stream.” The insurance company will guarantee, according to the contract choice made, to provide an income the annuitant cannot outlive. Other options can include: receiving money for a set period of time, or even an income stream for the spouse upon the annuitant’s death (known as joint and last survivor option) or any other mutually-agreed combination. The loss of flexibility and liquidity for the dollars annuitized is assured, since the purchase of an income for life guarantees the accumulation in the account to be with the insurance company for a very long time.

When comparing interest rates, be careful of the manipulations that companies may use to “enhance” their contracts. The highest interest rate is not necessarily the best bargain. Since interest rates have declined, a number of companies will pay a first-year bonus thereby enticing a move to that company. However, the enhanced first-year rate can be at the expense of the renewal rate.

Not all enhancements to contracts are negative. Some bonus contracts truly provide a positive enhancement to earning potential. Annuitization is necessary to some people’s financial planning, but is typically not recommended for all accumulations. Keep in mind, the firms currently available for ORP and TDA are focused upon creating competitive products for accumulations. At retirement, shopping for the best annuitization rate is a very prudent decision. In addition to checking with one’s current firms, there are several companies that specialize in the distribution phase (annuitization). At retirement, all accumulations in both ORP and TDA accounts become 403(b)s. 403(b) is the section of the Internal Revenue Code that allows for these retirement programs. Therefore, all dollars could be comingled. By placing a larger sum on deposit, one could purchase a higher income stream, but do not forget to shop because it is a lifelong decision.

Most fixed contracts, like CDs, will have a penalty for early withdrawal. The term for this is surrender or withdrawal penalty. This charge is usually assessed on payments made to the contract that have not been “on-deposit” for a specified period of time.

Finally, it is important to consider ratings of firms if the dollars are invested in the fixed side of any contract. Since the money is guaranteed by the insurance company, solvency of the firm should be a factor for consideration. When placing assets in a fixed account, utilizing two or even three different rating services is considered prudent. (See Table 1.) Each rating service (such as A.M. Best, Standard and Poor’s,

Duff and Phelps, and Moody's) has a different area of expertise and specific evaluation criteria. Some of those areas include solvency and claims-paying ability. However, be advised that even these rating services are not infallible. In the past, several companies have been placed into "receivership" despite having high ratings by these services. Texas does have a guarantee program. This program offers protection of up to \$100,000 of account value with each company.

Mutual Funds

Mutual funds are available for ORP and TDA deposits. An investment company or a mutual fund is either a corporation or a trust in which investors pool their funds and invest them in a wide variety of securities. An investment company or mutual fund is engaged in the business of investing in securities, managing funds for people more effectively than individuals ordinarily could for themselves. A fund operates as a single large account that is owned by many shareholders. Today, there are more mutual fund choices available than companies listed on the New York Stock Exchange. As the world economy continues to grow, opportunities for investing beyond our shores become increasingly viable options. Additionally, most funds are now grouped in "families" that offer a broad array of funds within one package or company.

Here is a brief description of the kinds of investments available.

1. Money Market Funds invest in securities that mature in less than one year. These funds can be composed of one or more of the following: Treasury bills, certificates of deposit, commercial paper, Euro-dollar CDs, and notes. The objective is to maintain a constant share value while producing a return slightly above bank money market funds.

2. Bond Funds can come in many varieties, including a government bond fund, a corporate bond fund, high yield bond fund, or others. Typically, the investment criterion requires that any holding purchased be a bond.

3. Stock Funds can be classified in three categories. Equity-Income Funds focus on income, with capital appreciation as a secondary concern. Growth and Income Funds attempt to produce both capital appreciation and current income. Growth Funds seek capital appreciation first while current income is a distant secondary concern.

4. Balanced Funds are also called "total return" funds. The objective is to provide total returns through growth and income. The fund typically purchases stocks, bonds, and convertible securities. Weighting of each asset class will depend upon the manager's perception of the market, interest rates, and risk levels.

5. International (Global) Equity Funds consist of two types. International or Foreign Funds may only invest in stocks of foreign companies. Global Funds can invest in both foreign and U.S. stocks. The objective of either category is growth of capital.

6. Aggressive Growth (Small Company) Funds are mutual funds that focus strictly on appreciation, with no concern about generating income.

Table 1 — Company Rankings

Company	AM Best	S & P	D & P	Moody's
Annuity Investors Life	A	A+	AA-	A3
CUNA Mutual Life	A	NR	AA	NR
Delta Life and Annuity	A	BBB+	NR	A3
Great American Life	A	A	AA-	A3
ING	A+	AA+	AA+	Aa2
Lincoln National Life	A	AA-	AA	Aa3
Mass Mutual	A++	AAA	AAA	Aa1
MetLife	A+	AA	AA+	Aa2
Security Benefit	A+	AA-	AA-	A2
State Farm Life	A++	AAA	AAA	Aaa
TIAA-CREF	A++	AAA	AAA	Aaa
Travelers Life	A++	AA	AA	Aa1
VALIC	A+	AA+	AA+	Aa1

7. Special Funds are grouped in two categories: Metal Funds and Non-Diversified Funds. A metal fund purchases metals in one or more ways: bullion, gold stocks, and mining stocks. Non-Diversified Funds are defined by the Securities and Exchange Commission as holding more than five percent of the funds' total holdings in the security of one company. These funds can also be industry specific.

The above definitions have been modified from those found in the Certified Fund Specialists guide.

Each mutual fund comes with a prospectus, which must be provided to the investor before purchase. This prospectus will provide information such as the name and credentials of the fund manager, the goals and objectives of the specific fund, and information regarding fees and other expenses. It will also describe the limitations placed on the manager. All funds instruct the investor to "read the prospectus carefully before investing or sending any money." Unfortunately, the prospectus is written in such technical terminology, most people would have difficulty interpreting its contents.

All mutual funds have fees, including so-called "no-load" funds. Who has not read beautiful, glossy brochures that funds use to market their products? Who pays for the marketing, research, administrative support, reports, fund managers, and other costs? The investor pays these expenses. Accepting the fact that there is "no free lunch," what charges should one review before investing?

The investment advisor or advisors, making the daily decisions—to buy, sell, or hold the investments of the fund—must be paid. The research and overhead costs for administering the fund must be paid. These are usually described as "investment advisory expenses" or "management fees." Always find out what the management fees are. Does the fee amount affect the performance of the fund? Yes, it does. While one does not want to make this an overriding concern, an investor needs to be comfortable and understand the fees assessed. Generally, net performance, not internal cost, is the important factor to consider when investing.

There are three pricing strategies for mutual funds. A-share mutual funds are front-loaded funds. The cost

What are the outside rating firms' evaluations of the carrier? Does the company have soundness and experience to fulfill its contract and provide good management?

What are the expenses involved with the program? Do transfer fees, surrender charges, and other costs permit flexibility as my investment needs change?

Table 2 — Contract Expenses

Company	Contract ID	Annual Policy Fee	Total M&E	Contract Admin. Exp.	Expense Ratios	Excess Transfer Fees
Annuity Investors Life	All	30.00	1.25	0.15	0.26 - 1.37	\$25.00 over 12/year
CitiStreet Associates LLC	Mutual Fund Select Port.	0.00	0.000	0.000	0.18 - 1.25	n/a
CUNA Mutual Life	MEMBERS	30.00	1.15	0.000	0.46 - 1.21	\$10 over 12/year
Delta Life and Annuity	Flex No Load	12.00	0.000	1.25 - 2.00	n/a	n/a
Delta Life and Annuity	Flex Front Load	12.00	0.000	1.000	n/a	n/a
Fidelity	All	12.00	n/a	n/a	0.08 - 2.83	n/a
Great American Life	All	0.00	0.000	0.000	0.000	n/a
ING	ORP	0.00	1.00	0.00	0.34 - 1.65	n/a
ING	TDA	0.00	1.25	0.00	0.34 - 1.65	n/a
Lincoln National Life	Multi Fund Individual	25.00	1.002	n/a	0.30 - 1.50	n/a
Lincoln National Life	Multi Fund Group	0.00	0.750	n/a	0.30 - 1.50	n/a
Mass Mutual	Artistry	0.00	1.180	0.150	0.39 - 1.19	lesser of \$20 or 2%
MetLife	Preference Plus	20.00	1.25	0.00	0.31 - 1.25	n/a
MetLife	Financial Freedom	0.00	0.95	0.00	0.28 - 1.25	n/a
Security Benefit	Variflex	30.00	1.20	0.000	1.77 - 3.25	n/a
Security Benefit	Security Funds	25.00	n/a	0.000	0.86 - 2.46	n/a
State Farm	Deferred Life Annuity	0.00	0.000	0.000	0.000	n/a
State Farm	Variable Deferred Annuity	30.00	1.150	0.000	0.31 - 0.75	\$25 over 12/year
Texas Retirement Trust	Custodial Account	0.00	1.00	1.00	1.00 - 5.84	n/a
TIAA-CREF	Ret. Ann./SRA/GSRA	0.00	0.000	0.000	0.34 - 0.64	n/a
Travelers Life	Universal Annuity	30.00	1.250	0.000	0.32 - 1.50	n/a
Travelers Life	Gold Track Select	0.00	0.800	0.000	0.32 - 0.00	n/a
VALIC	Portfolio Director	0.00	n/a	0.000	0.000	n/a

Total M&E—Mortality and Expense Risk **Expense Ratio**—the range of sub-accounts for 2001

Is my contract surrenderable for cash value, in whole or in part, after leaving covered employment for ORP, and after I turn 59 1/2 for TDA? Does it allow lump sum withdrawals in lieu of annuitization at retirement?

Do I have sufficient choices between fixed and variable types of investments and can I shift between them easily and without cost?

to invest will usually range from zero percent for Money Market Funds to more than five percent for International Funds. The load immediately reduces the amount going to work. These funds will typically be presented by a salesperson who receives a commission to represent that company.

B-share mutual funds are sometimes known as no-load with a contingent deferred sales charge. These shares have an early withdrawal penalty if the amount does not remain on deposit for a specified period of time. These funds typically have higher management fees than the A-shares and are often clones of an A-share fund.

C- and D-share mutual funds are no load in, and if held for a period of time (up to one year), no load out. These are deemed no-service or self-service funds. This class of funds can be brought to the investor in two ways. The old line of funds has no sales force; transaction are made using a toll-free phone number. The new line of funds uses salespersons that may or may not receive an up front commission. The management fees will probably be higher than B-shares, therefore one should check the prospectus. More families will begin offering C- and D-shares.

Another fee that may be assessed is a 12-b-1 fee, named after a federal government rule. This fee pays

Table 3 — TDA Loans

Company	Contract ID	Interest Charged	Fee	Other Features
Annuity Investors Life	All	3% spread	0	Minimum \$1000
CUNA Mutual Life	MEMBERS	2.1% spread	0	n/a
Delta Life and Annuity	Flex No Load, Front Load	2% spread	0	Minimum \$100
Great American Life	All	3.5% spread	0	Minimum \$1,000
ING	G-CD -HF	3% spread	0	Minimum \$1,000
Lincoln National Life	Multi Fund Individual	2.5% spread	0	Minimum \$2,500
Lincoln National Life	Multi Fund Group	4.75% spread	0	Minimum \$1,000
Mass Mutual	Artistry	3% spread	\$35	Minimum \$1,000
MetLife	Pref. Plus/Fin. Freedom	2% spread	\$25	Minimum \$1,000
Security Benefit	Variflex	2% spread	0	Minimum \$1,000
Security Benefit	Security Funds	Prime plus 1	\$100	Minimum \$1000
Texas Retirement Trust	Custodial	2% spread	0	4% less than \$5000
TIAA-CREF	GSRA	Moody's Corp. Bond Rate	0	Minimum \$1,000
Travelers Life	Universal Annuity	5.50%	0	Minimum \$1,000
Travelers Life	Gold Track Select	5.00%	0	Minimum \$1000
VALIC	Portfolio Director	2% spread	0	\$1,000 - \$50,000



for distribution costs, including advertising and dealer compensation. The 12-b-1 fee may provide a venue for use, compensating a professional to work with an investor in the design of an investment plan. The professional will be paid based upon the amount invested and the performance of the account. If applicable, this fee will be found in the prospectus.

It has long been the subject of much discussion whether paying an up front charge is best or if it is preferable to have a contingent charge. One position holds that if the investment is for the long term (ten years) it will be better to pay up front charges, since this will make the annual management or investment charge significantly lower. However, this argument does not take into consideration personal, economic, or product changes. The original investment chosen today may not be the best investment for an individual in the future.

Variable Annuities

Variable annuities can be described as a combination of fixed annuities and mutual funds with a twist. Variable annuity contracts are life insurance contracts that have as few as one or as many as 30 variable investment options. These options are referred to as sub-accounts. The sub-accounts are, by law, separate accounts. The variable choices offered differ from the fixed account in that the investor, not the insurance company, absorbs the investment risk. There are no guarantees. The money is never commingled in the insurance company's general account. All earnings or losses are tied to investment performance of the underlying account.

Many variable annuity contracts have fixed accounts. Research shows that almost 60 percent of assets in variable annuity contracts are in fixed accounts. While this may be prudent for a particular investor, the discussion provided in the fixed annuity section applies here. In some cases, the fixed portions of these contracts are not as competitive as a fixed only contract. Variable annuities are by design variable investments.

The variable annuity is a product that is constantly evolving. The horizontal integration of these contracts is an innovation that seems to be growing. Previously, all programs were vertically integrated. Management, marketing, administration, and sales were all performed by the same company. In the late 1980s, several firms began adding external fund managers to the proprietary funds offered in the contract. Today, an investor can even cross fund families in one contract.

Remembering that the variable annuity contract is offered by an insurance company may assist an investor with the following discussion regarding fees. The expense risk and mortality charge are fees assessed in most variable annuities. The expense charge guarantees from the date a contract is signed that the charges for management and annual contractual charges will not increase for the life of that contract. The mortality charge is unique to variable annuities. Mortality charges are guaranteed by the insurance company that in the event of death, heirs will receive either the contributions (deposits) or the face value of the contract, whichever is greater.

Today, several contracts have expanded the mortality feature. This is called a "stepped-up death benefit." If available, the contract will increase the amount invested at a certain rate (e.g., five percent per year) or at a contract anniversary date (e.g., the fifth contract year). This value is the new "floor" that the heirs will receive. This can be a very attractive feature for older faculty investing in stock accounts late in their careers. Another fee assessed by the variable annuity is the investment advisory fee and, if applicable, a 12-b-1 fee.

The surrender or withdrawal structure of the variable annuity is very similar to B-share Mutual Funds (no-load with a contingent deferred sales charge). Most contracts will not have front end charges, but will have surrender charges. These charges may be level (say, three percent for three years, then dropping to zero), reducing (say, six percent the first year, then reducing one percent per year), or level for a certain period of time then declining (say, six percent the first two years, then declining each year to zero). This penalty may be assessed upon each contribution. This type of surrender charge is called a "rolling surrender charge." The penalty can also be based upon contract years. This type of surrender charge is called a "non-rolling surrender charge." If dollars are moved to another firm before the time period for surrender charges has elapsed, the contributions can be penalized for early withdrawal. Unlike mutual funds, most companies allow a ten percent free withdrawal, allowing a transfer to another firm. This ten percent free withdrawal is usually not a cumulative privilege.

Another feature offered by variable annuities is dollar cost averaging. This allows an investor to place a systematic transfer of a specific amount each month from one sub-account to another. Theoretically, if the investor purchases shares over a period of time when prices are high and low, the cost per share will be less expensive in the long term using dollar cost averaging. The availability of this option could be an additional feature to consider.

Are my company's reporting and servicing policies sufficient for my needs?

Table 4 — Fixed Rates

Company	Contract Name	Interest rates		Crediting Method
		2001	Min %	
CUNA Mutual Life	MEMBERS VA II	4.40	3.00	Portfolio
Delta Life and Annuity	Flex No Load	4.00	4.00	New Money
Delta Life and Annuity	Flex Front Load	5.75	4.00	New Money
Great American Life	TSA III	4.15	3.00	Banded
Great American Life	Equilink Choice Plus	5.00	3.00	Fixed or Indexed
Great American Life	TSA VIII	5.23	3.00	Banded
ING	GCRAFP	6.00	3.00	Portfolio
Lincoln National Life	Multi Fund	5.30	3.00	New Money/ Portfolio
Mass Mutual	Artistry	4.00	3.00	New Money
MetLife	Preference Plus	4.73	3.00	Banded
MetLife	Financial Freedom	5.50	3.00	Portfolio
Security Benefit	Variflex	4.25	4.00	Portfolio
State Farm	Deferred Life Annuity	3.85	3.00	New Money
TIAA-CREF	Retirement Annuity	6.50	3.00	Banded
TIAA-CREF	SRA/GSRA	6.00	3.00	Banded
Travelers Life	Gold Track Select Fixed	6.25	3.00	Portfolio
Travelers Life	T-Flex	5.30	3.50	Banded
VALIC	Portfolio Dir.—Short-Term	4.50	3.00	Portfolio
VALIC	Portfolio Dir.—Fixed Plus	5.44	3.00	Modified New Money

Additional Options

A recent innovation in ORP and TDA investment products is the trust. This option allows the investor to design a very personal investment. Unlike investing in one family with limited options, through the trust arrangement the investor can mix different funds and cross family lines. The ability to select the top performers, or specific asset classes from several mutual fund families, is a powerful investment tool. Currently, this option is available for fund use only (not multiple variable annuities) through several different trust programs.

Another innovation is on the money management side. Texas law, under the section of law that created ORP, allows the use of independent professional investment advisors. The fee for this service can vary, but may not exceed two percent annually. The recognition by the investment community that this service can be provided to faculty has added a new dimension to ORP and TDA accounts.

Money management has many schools of thought. There are extremes. At one extreme are the institutional investors who typically use asset class selection with systematic rebalancing. At the other extreme are the market timers. This theory purports the ability to take advantage of upswings while limiting the downside. Of course, most theories and services fall between these extremes.

Summary

This study seeks to inform the potential investor of the pros and cons of many different types of investments, products, and styles of money management. As with all cash accumulation plans, investment performance may vary. There are no guarantees. This study should not be the sole basis for investment decisions. As investment decisions are very personal, criteria important to some may not be important to others.

The final decision regarding retirement investments should remain between the investor and the investment professional, when utilized. A properly designed program can be developed to enhance performance and maximize gains given the investor's risk tolerance level. This study has been designed to assist in analyzing the cost, performance, and flexibility of programs available for the investor.

Glossary of Terms

Annual Policy Fee—Fee assessed by an insurance company for administrative costs associated with printing the contract and mailing statements and confirmations. This is sometimes called a contract charge.

Banded interest rate—Rate of interest that is attached and credited to each deposit. The rate, when changed, constitutes a new band and the old band will continue to earn the rate through the guarantee period.

Contingent Deferred Sales Charge (CDSC)—Fee assessed from the date of purchase; can be a rolling charge or a non-rolling charge. This is as a back-end load.

Current Interest Rate—Rate of interest paid by an insurance company on deposits and accumulations in a fixed account. The current interest rate is usually higher than the minimum guaranteed rate.

Custodian charge—Fee assessed by a mutual fund for administrative costs associated with printing the contract and mailing statements and confirmations.

Dollar Cost Averaging—Systematic purchase of shares at a specified period of time each month. Shares purchased in this manner are typically less expensive over the long term.

EGTRRA—The Economic Growth and Tax Relief Reconciliation Act of 2001 increased the tax-advantaged savings limits and changed many IRS policies on education savings plans, tax rates, "catch up" limits, low income savings benefits, rollover opportunities, and purchasing service credits from defined benefit plans.

Expense Risk—Cost paid by the holder of a variable annuity contract that guarantees all expenses associated with the contract will not increase for the life of that contract.

Investment Advisory Expenses—Fee assessed against a variable account or mutual fund for the cost of administering the fund, such as the investment advisor, overhead costs, research, and other expenses.

Load—Sales charges assessed for buying a product, usually certain types of mutual funds.

Minimum Guaranteed Rate—Contractually guaranteed minimum amount or floor interest rate paid on deposits and accumulations in a fixed account by an insurance company.

Mortality Expense—An insurance cost, unique to a variable annuity, that guarantees the greater of deposits or face value of the contract to the heirs at the participant's death.

No-Load—Denotes no front-end charges are assessed upon the purchase.

Non-Rolling Charge—Upon expiration of some specified contract anniversary, penalties will no longer be assessed on any deposit.

Portfolio interest rate—A stated rate of interest paid on a pool of money regardless of when the money is received.

Rolling Charge—Penalty assessed for early withdrawal based upon a contract period calculated for each deposit.

Stepped-up death benefit—An enhanced mortality feature under which an insurance company guarantees to pay the heirs a value greater than deposits.

Surrender Charges—Penalty charge assessed on contributions when the contract owner does not meet his obligations of time in the contract.

TEFRA—Tax Equity & Fiscal Responsibility Act of 1982.

12-b-1 charge—An ongoing expense paid to the investment professional by the investor.

Two-tier interest rates—A contract stating two rates of interest. If annuitized, the rate is A; if a cash option is elected, the rate is B. The A rate is always higher than the B rate.

Withdrawal Charges—Penalty charge assessed on contributions when the contract owner does not meet his obligations of time in the contract.

Table 5 — Mutual Fund Money Market Accounts

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frft Load	12-b-1
American Funds	Cash Mgmt. Trust	3.54	4.86	4.40	7.13	0.59	0.28	—	0.07
American Funds	U.S. Treasury Money	3.33	4.38	4.04	4.14	0.66	0.30	—	0.10
CitiStreet Select Portfolios	SSgA Money Market	4.01	5.10	4.74	5.54	0.39	—	—	—
CUNA Mutual Life	USF Money Market	3.76	4.86	4.32	—	0.46	0.45	—	—
Fidelity	Cash Reserves	4.09	5.18	4.73	7.35	0.40	0.21	—	—
Fidelity	Cash Reserves	4.09	5.18	4.73	7.35	0.40	0.21	—	—
Fidelity	Retirement Money Market	4.05	5.23	4.80	5.48	0.42	—	—	—
Pioneer	Retirement Gov't Money Market	4.09	5.16	4.72	5.39	0.42	—	—	—
Security Management Co.	Cash Fund	3.20	4.55	4.09	—	0.86	0.50	—	—
Texas Retirement Trust	Fidelity Cash Reserves	2.83	4.95	4.65	—	0.39	0.21	—	—
T. Rowe Price	Prime Reserve	3.92	4.97	4.49	7.17	0.64	0.37	—	—
T. Rowe Price	US Treasury Money	3.77	4.65	4.25	5.68	0.50	0.32	—	—
Waddell & Reed	Cash Management	3.69	4.82	4.31	7.08	—	0.40	—	—
Waddell & Reed	Money Market	3.62	—	—	4.30	—	0.40	—	—
Van Kampen	Reserve Fund	3.41	4.60	4.09	6.88	0.95	0.40	—	0.15

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frft. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

ORP/TDA PRODUCT DESCRIPTIONS

American Funds is a front-load family of mutual funds with 22 investment options. This family of mutual funds offers break points at certain levels of investment. The maximum sales charge for stock and stock-bond funds is 5.75%. The maximum sales charge for bond funds is 3.75%, while money market funds have no sales load. The American Funds A Shares are currently sold to eligible retirement plans without a sales charge. Investments of \$1 million or more may be subject to a 1% contingent deferred sales charge if shares are sold within 1

year of purchase. Employer-sponsored defined-contribution type plans investing \$1 million or more, or with 100 or more eligible employees, and individual retirement account (IRA) rollovers involving retirement plan assets invested in the American Funds, may invest with no sales charge and are not subject to a contingent deferred sales charge. Also exempt are investments made through retirement plans, endowments, or foundations, or \$50 million or more in assets. Additionally, there is a total operating expense ratio that ranges from 0.57% to 1.29% and

the custodial account charges \$10 for setup and \$10 annually. This family's investment choices include: 2-Money Market, 5-Bond, 1-Balanced, 4-Domestic Growth, 1-Small Cap Global Growth, 3-International/Global, 4-Domestic Growth and Income, 2-Equity Income. *Phone: 1-800-421-9900. Web: www.americanfunds.com.*

Annuity Investors Life Insurance Company offers the *Commodore* family of variable annuities, a flexible financial instrument that permits adjustment of investment strategy in response to

Table 6 — Mutual Fund Bond Accounts

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frt Load	12-b-1
American Funds	American High Income Trust	7.44	4.98	8.33	9.17	0.83	0.47	—	0.25
American Funds	Bond Fund of America	7.15	5.98	7.37	9.64	0.71	0.32	—	0.25
American Funds	Interm. Bond Fund of America	6.93	6.32	6.14	6.95	0.81	0.38	—	0.30
American Funds	U.S. Government Securities	6.41	6.51	6.31	7.61	0.85	0.37	—	0.30
CitiStreet Select Portfolios	Salomon Bros. US Gov Inc. A	9.01	6.65	—	6.73	0.84	—	—	—
CitiStreet Select Portfolios	Smith Barney Gov Secs A	5.61	6.15	—	6.05	0.92	—	—	—
CitiStreet Select Portfolios	Smith Barney US Gov	7.10	6.44	6.36	8.55	0.85	—	—	—
CUNA Mutual Life	USF Bond	8.32	6.12	6.12	—	0.56	0.55	—	—
CUNA Mutual Life	USF High Income	3.45	—	—	2.93	0.76	0.75	—	—
Fidelity	Capital & Income	(4.66)	3.29	8.84	10.14	0.79	0.58	—	—
Fidelity	Ginnie Mae	7.24	6.81	6.55	8.06	0.63	0.43	—	—
Fidelity	Bond Fund	8.83	6.84	6.60	9.09	0.60	0.43	—	—
Fidelity	Investment Grade Bond	8.54	6.96	7.10	8.23	0.61	0.43	—	—
Fidelity	Short-Term Bond	7.63	6.21	5.74	6.46	0.63	0.43	—	—
Fidelity	International Bond	(0.41)	1.30	2.27	5.14	1.20	—	—	—
Pioneer	Pioneer Bond	7.54	5.82	6.30	8.44	1.21	0.50	4.50	0.25
Pioneer	High Yield Fund 2	16.74	—	—	12.14	0.93	0.66	4.50	0.25
Pioneer	Strategic Income	7.02	—	—	4.02	0.75	0.00	4.50	0.25
Pioneer	America Income Trust	5.92	6.14	5.99	7.06	1.00	0.34	4.50	0.25
Security Management Co.	High Yield	4.93	3.65	—	4.34	1.14	0.50	—	0.25
Security Management Co.	Capital Preservation/Deutsche	6.02	—	—	6.20	1.64	0.70	—	0.25
T. Rowe Price	Balanced	(3.98)	8.32	9.82	10.27	0.77	0.47	—	—
T. Rowe Price	Personal Strategy Balanced	(2.49)	8.32	—	11.28	1.03	0.57	—	—
T. Rowe Price	Personal Strategy Growth	(6.00)	8.82	—	12.56	1.10	0.62	—	—
T. Rowe Price	Personal Strategy Income	0.95	7.73	—	10.07	0.90	0.47	—	—
Texas Retirement Trust	Vanguard GNMA	7.94	7.25	6.96	9.99	0.27	0.24	—	—
Texas Retirement Trust	Scudder US Gov. Securities A	7.23	6.74	6.16	8.64	0.83	0.42	—	—
Texas Retirement Trust	Scudder Short-term Bond S	6.52	5.19	5.51	8.18	0.85	—	—	—
Van Kampen	Corporate	9.41	6.25	6.86	8.12	1.07	0.47	4.75	0.24
Van Kampen	Government Securities	6.84	6.56	6.08	7.96	1.02	0.53	4.75	0.25
Van Kampen	High Income Corporate	(2.65)	0.92	6.54	7.59	1.06	0.54	4.75	0.24
Van Kampen	High Yield	(5.22)	0.09	5.86	5.96	1.26	0.75	4.75	0.24
Van Kampen	Limited Maturity Government	7.16	5.57	4.74	5.74	1.33	0.40	4.75	0.21
Van Kampen	U.S. Government	8.17	6.46	6.19	8.95	0.97	0.52	4.75	0.23
Van Kampen	U.S. Gov Trust for Inc	7.31	6.18	—	5.65	1.24	0.60	4.75	0.25
Waddell & Reed	Bond	7.51	6.44	6.90	7.59	1.01	0.52	5.75	0.25
Waddell & Reed	Global Bond	8.74	4.40	7.76	7.49	1.19	0.62	5.75	0.25
Waddell & Reed	High Income	6.71	4.05	7.83	8.87	1.08	0.62	5.75	0.25
Waddell & Reed	Government Securities	6.74	6.73	6.66	8.82	1.11	0.50	4.25	0.25
Waddell & Reed	W&R Limited Term Bond	4.23	4.60	—	4.36	1.86	0.50	4.25	0.25
Waddell & Reed	W&R High Income	4.48	—	—	2.20	1.98	0.63	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

Table 7 — Mutual Fund Stock Accounts
Equity-Income, Income, or Growth

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frt Load	12-b-1
American Funds	AMCAP	(5.01)	16.11	13.92	13.28	0.67	0.36	—	0.22
American Funds	Growth Fund of America	(12.28)	18.09	15.46	16.81	0.71	0.31	—	0.25
American Funds	New Economy Fund	(17.34)	10.90	12.72	13.75	0.82	0.40	—	0.23
American Funds	Capital Income Builder	4.75	9.57	11.16	11.57	0.66	0.33	—	0.24
American Funds	Income Fund of America	5.41	9.28	11.18	13.09	0.62	0.29	—	0.24
American Funds	American Mutual Fund	6.67	11.02	12.28	12.93	0.59	0.29	—	0.22
American Funds	Fundamental Investors Fund	(9.55)	11.68	13.95	15.04	0.65	0.27	—	0.25
American Funds	Investment Company of America	(4.59)	13.00	13.14	13.28	0.57	0.24	—	0.23
American Funds	Washington Mutual Investors Fund	1.51	12.25	14.12	13.36	0.65	0.29	—	0.24
CitiStreet Select Portfolios	Salomon Bros. Inv. Val. A	(4.43)	12.22	—	17.49	1.00	—	—	—
CitiStreet Select Portfolios	Smith Barney Appreciation A	(3.44)	11.28	11.60	11.92	0.90	—	—	—
CitiStreet Select Portfolios	Smith Barney Fundmntl. Val. A	(6.26)	13.75	15.03	14.00	1.06	—	—	—
CitiStreet Select Portfolios	Smith Barney Lrg. Cap. Val. A	(8.79)	8.39	10.68	9.22	0.90	—	—	—
CitiStreet Select Portfolios	SSgA S&P 500 Index	(12.34)	10.45	—	13.25	0.18	—	—	—
CitiStreet Select Portfolios	SSgA Intermediate	6.95	6.41	—	5.54	0.60	—	—	—
CUNA Mutual Life	USF Growth and Income	(10.71)	10.48	12.64	—	0.61	0.60	—	—
CUNA Mutual Life	USF Capital Appreciation	(9.11)	13.55	—	15.47	0.81	0.80	—	—
CUNA Mutual Life	USF Mid-Cap Stock	11.16	—	—	18.30	1.01	1.00	—	—
CUNA Mutual Life	USF Emerging Growth	(30.89)	—	—	(33.15)	0.86	0.85	—	—
Fidelity	Equity Income	(5.02)	10.07	13.65	13.80	0.69	0.48	—	—
Fidelity	Growth & Income	(9.35)	10.38	13.76	16.10	0.68	0.48	—	—
Fidelity	Blue Chip Growth	(16.55)	9.69	13.07	15.90	0.89	0.66	—	—
Fidelity	Small Cap Stock	6.44	—	—	11.56	1.13	0.86	—	—
Fidelity	Mid Cap Stock	(12.80)	18.71	—	19.72	0.94	0.69	—	—
Fidelity	Dividend Growth	(3.74)	15.36	—	19.33	0.97	0.74	—	—
Fidelity	Low Priced Stock	26.71	15.05	17.90	18.25	1.02	0.77	—	—
Pioneer	Equity-Income	(5.78)	11.20	13.06	13.01	1.06	0.58	5.75	0.25
Pioneer	Fund	(11.04)	12.96	13.66	12.96	1.09	0.67	5.75	0.25
Pioneer	Value Fund	(3.09)	5.38	9.93	13.38	0.99	0.52	5.75	0.25
Pioneer	Mid-Cap Growth Fund	(11.39)	5.12	8.63	11.00	0.85	0.41	5.75	0.25
Pioneer	Small Company Fund	6.14	7.50	—	11.09	1.55	0.82	5.75	0.25
Pioneer	Small Cap Value Fund	13.08	—	—	12.85	1.69	1.10	5.75	0.25
Security Management Co.	Equity	(11.85)	7.00	11.41	12.91	1.02	1.02	—	—
Security Management Co.	Enhanced Index/Deutsche	(13.08)	6.99	—	6.79	1.44	0.75	—	0.25
Security Management Co.	Diversified Income	7.33	6.22	6.22	7.64	1.22	0.35	—	0.25
Security Management Co.	Large Cap Growth	(15.59)	—	—	(20.82)	1.92	1.00	—	0.25
Security Management Co.	Growth and Income/Dreyfus	4.93	3.65	—	4.34	1.27	1.27	—	—
Security Management Co.	Mid Cap Value	11.29	—	—	22.52	1.29	1.00	—	—
Security Management Co.	Social Awareness	(13.08)	6.99	—	6.79	1.42	1.00	—	—
T. Rowe Price	Capital Appreciation	10.26	12.13	12.79	13.11	0.82	0.62	—	—
T. Rowe Price	Equity Income	1.64	10.93	13.96	14.59	0.76	0.57	—	—
T. Rowe Price	Blue Chip Growth	(14.42)	10.47	—	15.24	0.93	0.62	—	—
T. Rowe Price	Dividend Growth	(3.64)	9.17	—	13.49	0.81	0.52	—	—
T. Rowe Price	Equity Index 500	(12.17)	10.38	12.56	13.06	0.35	0.15	—	—
T. Rowe Price	Growth and Income	2.17	8.49	12.39	12.67	0.78	0.57	—	—
T. Rowe Price	Mid Cap Value	14.36	13.37	—	15.18	0.93	0.67	—	—
T. Rowe Price	New Era	(4.35)	6.89	10.00	10.28	0.72	0.57	—	—
T. Rowe Price	Spectrum Growth	(7.63)	11.88	8.33	11.75	0.85	0.63	—	—
T. Rowe Price	Total Equity Market Index	(11.20)	—	—	4.96	0.40	—	—	—
T. Rowe Price	Value	1.60	12.13	—	17.82	0.90	0.67	—	—
T. Rowe Price	Capital Opportunity	(10.10)	4.53	—	11.96	1.32	0.67	—	—
T. Rowe Price	Extended Equity Mkt. Index	(9.55)	—	—	3.55	0.40	—	—	—
T. Rowe Price	Mid Cap Growth	(0.98)	13.71	—	19.12	0.87	0.67	—	—
T. Rowe Price	New America Growth	(11.89)	4.88	10.13	13.21	0.95	0.67	—	—
T. Rowe Price	Small Cap Stock	6.81	12.15	14.52	14.14	0.94	0.77	—	—
T. Rowe Price	Small Cap Value	21.94	10.60	14.63	13.14	0.86	0.67	—	—
Texas Retirement Trust	Babson Enterprise	29.50	9.66	12.75	12.48	1.15	1.12	—	—
Texas Retirement Trust	Wasatch Core Growth	28.82	22.30	18.26	16.71	1.32	1.00	—	—
Texas Retirement Trust	Fidelity Low-Priced Stock	26.71	15.05	17.90	17.97	1.00	0.77	—	—
Texas Retirement Trust	Babson Shadow Stock	22.64	12.47	13.34	9.96	1.03	1.00	—	—
Texas Retirement Trust	SAFECO Growth Opporunity	22.03	13.44	12.99	11.41	1.05	0.66	—	—
Van Kampen	Comstock	(1.79)	15.66	14.46	12.82	0.93	0.46	5.75	0.25
Van Kampen	Equity Growth	(15.40)	—	—	3.19	1.58	0.80	5.75	0.25
Van Kampen	Equity Income	(2.23)	13.41	13.73	10.16	0.82	0.36	5.75	0.25
Van Kampen	Growth	(19.64)	14.25	—	21.21	1.33	0.75	5.75	0.25
Van Kampen	Growth and Income	(6.06)	13.19	14.06	10.16	0.88	0.37	5.75	0.24
Van Kampen	Harbor	(14.38)	9.63	9.80	9.80	1.02	0.52	5.75	0.25
Van Kampen	Mid-Cap Growth	(30.28)	—	—	(8.83)	1.58	0.75	5.75	0.25
Van Kampen	Pace	(16.17)	5.82	9.00	11.73	0.87	0.44	5.75	0.25
Van Kampen	Real Estate Securities	8.56	7.49	—	11.42	1.63	1.00	5.75	0.25
Van Kampen	Utility	(21.37)	10.01	—	9.10	1.16	0.65	5.75	0.25
Van Kampen	Value	0.53	—	—	3.97	1.47	0.80	5.75	0.25
Van Kampen	American Value	(2.79)	10.27	—	11.45	1.46	0.85	5.75	0.25
Van Kampen	Small Cap Value	14.27	—	—	13.39	2.71	0.75	5.75	0.25
Waddell & Reed	New Concept	(18.05)	13.02	12.77	12.68	1.44	0.84	5.75	0.25
Waddell & Reed	Vanguard	(24.67)	11.00	10.98	5.89	1.11	0.66	5.75	0.25
Waddell & Reed	Accumulative	(15.45)	15.20	14.30	11.39	1.04	0.66	5.75	0.25
Waddell & Reed	Core Investment	(15.30)	11.30	13.02	11.76	0.98	0.58	5.75	0.25
Waddell & Reed	Value	8.03	—	—	7.99	1.47	0.70	5.75	0.25
Waddell & Reed	Large Cap Growth	(23.50)	—	—	(6.50)	1.86	0.70	5.75	0.25
Waddell & Reed	Mid Cap Growth	(12.71)	—	—	(3.74)	1.48	0.85	5.75	0.25
Waddell & Reed	W&R Core Equity	(20.11)	7.99	—	11.10	2.03	0.70	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

Table 8 — Mutual Fund Aggressive Growth Accounts

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
CitiStreet Select Portfolios	Smith Barney Aggr. Growth A	(5.00)	26.36	18.50	16.93	1.14	—	—	—
Fidelity	Aggressive Growth	(47.27)	5.95	10.54	14.81	1.08	0.80	—	—
Fidelity	Contrafund	(12.59)	10.51	14.32	13.58	0.93	0.73	—	—
Fidelity	Growth Company	(25.31)	13.70	14.28	16.62	0.96	0.74	—	—
Pioneer	Growth Shares	(19.23)	8.54	10.26	9.08	1.19	0.63	5.75	0.25
Pioneer	Mid-Cap Value	5.56	9.37	14.72	13.87	1.22	0.67	5.75	0.25
Security Management Co.	Ultra	(14.61)	16.90	13.02	12.13	1.11	1.11	—	—
Security Management Co.	Small Cap Growth/Strong	(28.84)	—	—	5.99	1.64	1.00	—	0.25
Security Management Co.	Select 25	(10.93)	—	—	(3.07)	1.35	0.75	—	0.25
T. Rowe Price	Div. Small Cap Growth	(9.81)	—	—	3.58	1.39	0.67	—	—
T. Rowe Price	New Horizons	(2.84)	8.07	13.75	11.69	0.89	0.67	—	—
Texas Retirement Trust	Federated Kaufmann K	7.85	11.30	15.02	15.73	1.88	1.50	—	0.36
Texas Retirement Trust	Fidelity Aggressive Growth	(47.27)	5.95	10.54	14.83	0.89	0.66	—	—
Van Kampen	Aggressive Growth	(39.70)	—	—	12.72	1.24	0.68	5.75	0.24
Van Kampen	Technology	(64.51)	—	—	(22.55)	1.65	0.86	5.75	0.25
Van Kampen	Enterprise	(20.75)	6.24	10.39	12.46	0.88	0.42	5.75	0.23
Van Kampen	Emerging Growth	(32.59)	14.75	15.66	16.94	0.93	0.43	5.75	0.23
Van Kampen	Select Growth	(37.94)	—	—	(36.13)	1.42	0.72	5.75	0.25
Van Kampen	Small Cap Growth	(39.92)	—	—	(31.72)	1.96	0.80	5.75	0.25
Waddell & Reed	W&R Science and Tech.	(18.42)	—	—	21.94	2.45	0.85	5.75	0.25
Waddell & Reed	W&R Small Cap Growth	(7.54)	17.04	—	18.59	2.19	0.85	5.75	0.25
Waddell & Reed	Small Cap	(3.95)	—	—	9.28	1.59	0.85	5.75	0.25
Waddell & Reed	Science and Tech.	(13.42)	20.89	17.39	12.23	1.32	0.83	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frnt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

changing economic opportunities. It offers a variety of investment options (stocks, bonds and money market portfolios, and fixed account options).

Commodore Navigator offers investment flexibility that allows modification of a portfolio mix as needs change, while matching personal investment style; tax-deferred growth and earnings; a wide selection of diversified investment sub-accounts, along with five fixed account options with interest rates guaranteed by Annuity Investors Life Insurance Company; the flexibility to help balance risk and return over time; a stepped-up death benefit guaranteed by Annuity Investors Life Insurance Company; and a variety of settlement options including a lifetime income option.

Commodore Advantage offers an immediate 3% bonus on each purchase payment, guaranteed by Annuity Investors Life Insurance Company; investment flexibility that permits modification of a portfolio mix as needs change, while matching personal investment style; tax-deferred growth and earnings; a wide selection of diversified investment sub-accounts, along with five fixed account options with interest rates guaranteed by Annuity Investors Life

Insurance Company; the flexibility to help balance risk and return over time; a stepped-up death benefit guaranteed by Annuity Investors Life Insurance Company; and a variety of settlement options including a lifetime income option.

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CUNA Mutual Life Insurance Company offers two individual variable annuities. *MEMBERS Choice Variable Annuity* offers 10 fund choices: 1-Money Market, 2-Bond, 4-Growth/Income, 1-Balanced, and 2-International. There are no surrender charges. The annual contract

fee of \$30 is waived for contracts with values of \$25,000 or more.

MEMBERS Variable Annuity II includes the 10 funds in *MEMBERS Choice VA* plus a fixed account. Surrender charges are 7, 6, 5, 4, 3, 2, and 1% for years 0-7, and 0 thereafter. The contract fee of \$30 is waived for contract values of \$25,000 or more.

Delta Life and Annuity only offers fixed annuities. Two versions of flexible premium annuities are available. The *Flexible Premium No Load* annuity has a 10 year declining surrender charge beginning at 8% for the first three years, declining by 1 percent each year thereafter. It has a contractual minimum interest rate of 4%. There is a minimum policy fee of \$3 per quarter, not to exceed \$6 per quarter, and is waived for accounts of \$100,000 or more. This product has a yield spread (pass-through) method of crediting interest.

The *Flexible Premium Front Load* annuity has no surrender charge. Sales charges range from 3 to 5% and guarantees a 4% return. There is a minimum policy fee of \$3 per quarter, not to exceed \$6 per quarter and is waived for accounts of \$100,000 or more. The front load has

Table 9 — Mutual Fund Stock-Bond Accounts
Total Return, Balanced, or Managed

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frt Load	12-b-1
American Funds	Balanced	8.19	11.77	11.86	12.83	0.83	0.47	—	0.25
CitiStreet Select Portfolios	Salomon Bros. Balanced A	0.86	7.27	—	9.62	0.95	—	—	—
CUNA Mutual Life	USF Balanced	(3.07)	8.84	9.29	—	0.71	0.70	—	—
Fidelity	Balanced	2.25	11.71	10.30	10.94	0.67	0.43	—	—
Fidelity	Puritan	(1.05)	9.37	12.06	12.08	0.64	0.43	—	—
Fidelity	Fidelity	(11.22)	11.18	13.54	10.81	0.56	0.37	—	—
Fidelity	Four-In-One Index	(10.04)	—	—	(2.92)	0.08	0.10	—	—
Fidelity	USF Balanced	(3.07)	8.84	9.29	—	0.71	0.70	—	—
Pioneer	Stock Selector	(14.38)	8.23	12.41	15.62	0.67	0.43	—	—
Security Management Co.	Total Return	(14.48)	0.61	—	3.54	1.49	0.75	—	0.74
T. Rowe Price	Short Term	8.47	6.32	5.35	7.02	0.55	0.42	—	—
T. Rowe Price	GNMA	7.69	6.91	6.55	7.68	0.70	0.47	—	—
T. Rowe Price	New Income	8.15	6.32	6.35	8.44	0.73	0.47	—	—
T. Rowe Price	Spectrum Income	4.59	6.13	7.48	8.39	0.80	0.55	—	—
T. Rowe Price	US Treasury Intermediate	7.52	6.83	—	7.37	0.65	0.37	—	—
T. Rowe Price	US Treasury Long Term	3.42	7.79	—	8.30	0.66	0.37	—	—
T. Rowe Price	Corporate Income	9.79	6.24	—	6.44	0.80	0.47	—	—
T. Rowe Price	High Yield	6.10	5.04	7.82	8.77	0.84	0.62	—	—
Texas Retirement Trust	UAM FBA Crescent Instl.	33.14	10.62	—	13.36	1.87	1.00	—	—
Texas Retirement Trust	American Funds Amer. Bal. A	8.19	11.77	11.86	6.47	0.69	0.29	—	0.25
Texas Retirement Trust	Vanguard Asset Allocation	(5.30)	10.79	11.85	13.08	0.47	0.47	—	—
Texas Retirement Trust	American Funds Income Fund A	5.41	9.28	11.18	11.02	0.62	0.30	—	0.25
Texas Retirement Trust	Vanguard Wellesley Income	7.39	9.96	10.44	11.04	0.33	0.33	—	—
Waddell & Reed	Asset Strategy	(10.70)	10.11	—	9.35	1.42	0.70	5.75	0.25
Waddell & Reed	Continental Income	(7.69)	7.03	9.11	10.52	1.20	0.70	5.75	0.25
Waddell & Reed	Retirement Shares	(12.65)	8.88	10.21	9.78	1.11	0.69	5.75	0.25
Waddell & Reed	W&R Asset Strategy	(16.10)	8.17	—	7.12	2.22	0.70	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

a 1% yield spread for the life of the policy. *Phone: 1-800-669-9609.*

Great American Life Insurance Company (GALIC) has three products available, including the TSA III, TSA VIII, and Equilink Choice Plus. There are no policy fees assessed against any of these contracts, and all offer 10% “free-out” withdrawals. All contracts use a “banding” method of interest crediting, except for the Equilink Choice Plus, which offers an Indexed Account option whose performance is tied to the S&P 500 Index. There are differences in the rate of interest credited and the surrender charges assessed.

1. *TSA III* (A109), available since 1987, offers a minimum guaranteed rate of interest of 3%. This policy earned an average rate of interest of 4.15% in 2001. The contract has a declining surrender charge based on a contract year that starts at 5% in year 1 and declines by 1% annually to 0% in year 6 and thereafter.

2. *TSA VIII* (A108), first offered in 1994, has a guaranteed minimum interest rate of 3%. The average interest rate in 2001 was 5.25%. This contract has a declining surrender charge based upon contract year, and the age of the policy holder. A

persistence bonus equal to 1% of the account value is available during policy years 10-14, subject to qualifications.

3. *Equilink Choice Plus*, available in Texas since 1999, is an annuity with two account options—a Fixed Account and an Indexed Account. The policy owner decides how much to allocate to each account. Funds in the Fixed Account earn a competitive interest rate guaranteed not to fall below 3%. In 2001, the Fixed Account earned an average rate of interest of 5%. The Indexed Account is linked in part to the S&P 500 and gains are locked in each year. The account value will never be less than 85% of purchase payments made in year 1, and 90% of payments thereafter. Loans and annual 10% penalty-free withdrawals are available. *Phone: 1-800-438-3398. Web: www.galic.com*

ING Life Insurance and Annuity Company has an ORP product with a number of investment options. There are three fixed options and more than 58 variable options. The company utilizes several fund managers, including ING, AIM, Calvert, Fidelity, Janus, Lord Abbett, MFS, Oppenheimer, Pioneer, Scudder, and T. Rowe Price. There are no annual fees or deferred sales charges

on withdrawals. The Web site allows participants to access account information, change the allocation of future contributions, and make transfers between existing investment options. In addition, the Web site allows customers to look up contact information on their local ING representatives by campus. *Phone: 1-800-585-4225. Web: www.orptx.com.*

Lincoln National Life Insurance (LNL) offers two products, the *Multi-Fund Individual Variable Annuity* for 403(b) plans and the *Multi-Fund Group Variable Annuity* for ORP plans. Both products have one fixed option and 30 variable separate accounts. Both products use the multi-manager approach that offers sub-advisors such as: Janus, Fidelity Investments, Putnam Investments, Delaware Investments, Neuberger Berman, MFS Investment Management, and Vantage Investments Advisors. For both products, there are no surrender/withdrawal charges at any time for the following reasons: death, total and permanent disability, termination of employment, or retirement. In addition, the individual variable annuities do not charge surrender/withdrawal fees for partial withdrawals of up to 15% of your account value in any contract year,

hardship, or annuitization of 36 months or more. There are no surrender charges for the *Multi-Fund Group Variable Annuity*. Withdrawal charges may be assessed on the individual annuity or the fixed account of the group annuity. Lincoln Life offers an Internet Web site providing participants direct access to information about their accounts at <https://lincolnlife.iscaccount.com/iss>. Phone: 1-800-454-6265. Web: www.lincolnlife.com.

Pioneer Investments offers 19 mutual fund alternatives. This mutual fund family offers A-shares (front-loaded), B-shares (back-loaded), and C-shares (1%

front loaded). The maximum load (A-shares) varies depending on the fund and the amount invested. The load ranges between 0% and 5.75%. There is also a 12-b-1 fee associated with this investment. There is no front load on B-shares, although a contingent deferred sales charge of up to 4% may be assessed on contributions withdrawn within six years of the purchase date. The custodial account assesses a fee of \$10 annually for a single fund, up to a maximum of \$20 for two or more funds, or an investor may pay a one time fee of \$100 to waive any further annual custodial fee. The choices of investment options include: Money Market, Stock, Bond, Balanced,

Aggressive Growth, Growth and Income, International/Global, and Specialty Funds. This custodial account offers a loan provision for TSA accounts. This provision allows a participant to request a minimum loan of \$1,000 annually. The interest rate charged for each loan is the prime rate on the business date prior to the loan's approval. All interest is paid directly back into the investor's TSA account. There is a \$50 loan initiation charge. Phone: 1-800-622-0176. Web: www.pioneerfunds.com.

QUADS is a trust company specializing in the qualified retirement plan market. They act as custodian for participants

Table 10 — Mutual Fund International/Global Accounts

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
American Funds	EuroPacific Growth	(12.18)	7.40	10.38	13.79	0.84	0.45	—	0.25
American Funds	New Perspective	(8.30)	11.98	12.95	14.26	0.78	0.40	—	0.24
American Funds	SMALLCAP World	(17.35)	4.84	9.63	10.50	1.09	0.66	—	0.23
American Funds	World Growth and Income	(4.96)	10.96	—	13.65	0.78	0.42	—	0.24
American Funds	New World	(3.96)	—	—	(3.27)	1.29	0.79	—	0.21
American Funds	Capital World Bond	1.53	1.83	5.07	6.81	1.12	0.64	—	0.24
CitiStreet Select Portfolios	SSgA Emerging Markets	0.45	(2.33)	—	0.26	1.25	—	—	—
CUNA Mutual Life	USF International Stock	(18.46)	—	—	(17.89)	1.21	1.20	—	—
CUNA Mutual Life	USF Global Securities	(10.32)	—	—	(9.00)	0.96	0.95	—	—
Fidelity	Diversified International	(12.99)	9.20	10.10	10.15	1.21	0.89	—	—
Fidelity	Overseas	(20.22)	3.11	6.08	13.37	1.18	0.81	—	—
Fidelity	Worldwide	(6.21)	6.27	9.92	8.12	1.12	0.73	—	—
Pioneer	Europe	(22.02)	3.14	—	8.46	1.74	0.98	5.75	0.25
Pioneer	International Value Fund	(24.60)	(4.75)	—	4.00	1.69	0.98	5.75	0.25
Pioneer	Emerging Markets	(8.33)	(2.84)	—	(0.17)	2.16	1.25	5.75	0.25
Pioneer	International Equity	(19.28)	1.24	—	2.71	1.75	1.00	5.75	0.25
Security Management Co.	Global/Oppenheimer	(13.21)	12.03	—	11.11	1.92	1.90	—	—
Security Management Co.	International/Deutsche	(24.31)	—	—	(8.74)	1.96	1.10	—	0.25
T. Rowe Price	Emerging Markets Bond	9.35	6.84	—	13.28	1.11	0.77	—	—
T. Rowe Price	International Bond	(3.41)	(0.81)	4.09	6.34	0.95	0.67	—	—
T. Rowe Price	Global Stock	(15.39)	6.81	—	8.90	1.20	0.67	—	—
T. Rowe Price	Internat. Growth and Income	(17.57)	—	—	(1.38)	1.25	0.67	—	—
T. Rowe Price	Internat. Stock	(22.02)	0.75	6.05	11.41	0.91	0.67	—	—
T. Rowe Price	Spectrum International	(19.71)	1.90	—	1.90	1.08	0.78	—	—
T. Rowe Price	European Stock	(20.65)	5.47	9.61	8.41	1.11	0.82	—	—
T. Rowe Price	Emerging Markets Stock	(5.69)	(1.25)	—	1.84	1.51	1.07	—	—
T. Rowe Price	International Discovery	(24.64)	10.18	8.33	9.01	1.42	1.07	—	—
T. Rowe Price	Latin America	(0.23)	3.76	—	0.23	1.48	1.07	—	—
T. Rowe Price	New Asia	(10.00)	(7.00)	2.79	4.24	1.15	0.82	—	—
Texas Retirement Trust	Oakmark Int'l Small Cap I	12.98	6.73	—	8.64	1.76	1.21	—	—
Texas Retirement Trust	American Funds EuroPacific A	(12.18)	7.40	10.38	13.42	0.84	0.45	—	0.84
Texas Retirement Trust	Janus Worldwide	(22.88)	9.83	13.57	15.03	0.86	0.65	—	—
Van Kampen	International Magnum	(21.18)	(0.62)	—	(0.15)	1.60	0.80	5.75	0.25
Van Kampen	World Wide High Income	(4.18)	0.65	—	6.13	1.55	0.75	4.75	0.25
Van Kampen	Asian Growth	(7.75)	(13.48)	—	(4.06)	2.13	1.00	5.75	0.25
Van Kampen	Emerging Markets	(5.78)	(3.27)	—	(3.43)	2.30	1.25	5.75	0.25
Van Kampen	European Value Equity	(15.11)	—	—	1.85	2.50	1.00	5.75	0.25
Van Kampen	Global Equity Allocation	(14.97)	5.78	—	9.19	1.65	1.00	5.75	0.25
Van Kampen	Global Value Equity	(9.04)	—	—	3.85	1.64	1.00	5.75	0.25
Van Kampen	Latin American	(2.94)	4.32	—	5.14	2.20	1.25	5.75	0.25
Van Kampen	Global Franchise	(1.04)	—	—	17.30	2.76	1.00	5.75	0.25
Waddell & Reed	International Growth	(22.36)	5.46	9.42	10.49	1.44	0.84	5.75	0.25
Waddell & Reed	W&R International Growth	(30.87)	8.75	—	7.49	2.56	0.85	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frnt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

**Table 11 — Mutual Fund Specialty Accounts
Metal Funds or Non-Diversified**

Firm	Fund Name	1 Year	5 Year	10 Year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
Fidelity	Select Gold	24.99	(9.28)	1.84	3.19	1.30	0.57	—	—
Fidelity	Banking	0.44	11.71	19.09	15.98	1.07	0.57	—	—
Fidelity	Medical Delivery	(2.32)	5.41	7.68	11.89	1.18	0.57	—	—
Pioneer	Real Estate	7.47	4.93	—	7.99	1.63	0.80	5.75	0.25
Security Management Co.	Technology/Wellington	(24.80)	—	—	(35.87)	1.49	0.75	—	0.74
T. Rowe Price	Financial Services	3.13	16.28	—	18.24	0.97	0.67	—	—
T. Rowe Price	Media and Telecomm.	(6.93)	18.42	—	15.55	1.09	0.67	—	—
T. Rowe Price	Science and Technology	(41.19)	2.41	13.08	14.56	1.05	0.67	—	—
Texas Retirement Trust	Fidelity Sel Electronics	(14.73)	20.11	28.04	16.76	0.87	0.58	—	—
Texas Retirement Trust	FBR Small Cap Financial A	23.85	16.24	—	16.24	1.90	0.90	—	0.25
Texas Retirement Trust	Vanguard Health Care	(6.87)	23.47	19.81	22.05	0.34	0.29	—	—
Texas Retirement Trust	Fidelity Sel Chemicals	12.36	6.35	10.96	14.57	1.55	0.58	—	—
Texas Retirement Trust	Seligman Comm. & Info. A	3.58	13.22	20.41	16.76	1/31	0.85	—	0.25
Texas Retirement Trust	AIM Global Health Care A	4.70	16.52	12.48	15.55	1.73	0.97	—	0.50
Texas Retirement Trust	Fidelity Real Estate Investment	9.50	7.00	11.27	10.06	0.82	0.58	—	—
Van Kampen	Focus Equity	(15.60)	10.24	—	14.40	1.52	0.90	5.75	0.25

Footnote: **Exp. R.**—expense ratio for each fund for 2001. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Frnt. Load**—the sales charge associated with the fund. **12-b-1**—an ongoing expense for the fund.

funding 403(b)(7) TSA and ORP accounts. QUADS offers the participant all mutual fund companies as investment options. The fee schedule is as follows: \$25 one time setup fee; \$75 annual custodial account fee; \$150 TDA loan administration fee; \$15 transaction fee between different fund families; no charge for fund exchanges within same family fund; \$50 distribution fee. *Phone: 1-800-888-3520. Web: www.quadswb.com.*

Security Benefit Life Insurance Company offers the *General Account* that is a fixed account within in its *Variflex* variable annuity. This combination contract has the advantage of offering a fixed investment account and variable investment options under the same contract. It has been available to faculty members since 1984. New deposits earn the current rate of interest for one year and then are placed in a “pool” that earns at the “pool” rate. The interest is compounded and credited daily from date

of deposit until date of withdrawal. The rate of interest for new deposits in the *General Account* was 4.5% as of 12/31/01 and is guaranteed during the accumulation period at 4%. *Variflex* features a non-rolling, eight-year declining deferred withdrawal charge starting at 8%. After the eighth contract year, both monies in the contract and monies deposited thereafter are not subject to surrender charges. The contract administrative fee is \$30 annually and is waived during a contract year if a contract has been in force for eight years or more or the contract value is \$25,000 or more at year-end.

The *Variflex* variable annuity is a combination variable and fixed annuity contract also available to faculty members since 1984. It offers 23 variable investment options and one guaranteed general account. The variable investment options are managed and advised by multiple professional investment managers. *Variflex* features a non-rolling,

eight-year declining deferred withdrawal charge starting at 8% with both monies in the contract and monies deposited after the eighth contract year not subject to a surrender charge. It has a stepped-up death benefit. The contract administrative fee is \$30 annually and is waived during a contract year if a contract has been in force for eight years or more or contract value is \$25,000 or more at year-end. The variable options include a Money Market, Growth, Growth-Income, Equity Income, High Grade Income Bond, Aggressive Growth, Managed & Balanced Stock-Bond, Social Awareness and Global Equity funds.

Security Management Company offers the *Security Funds* family of 18 A, B, and C class mutual funds. The funds are managed and advised by multiple professional investment managers. All share classes are available offering flexibility in cost planning and retirement. A-shares have a front-end load with no deferred

(Cont. on page A-18)

Table 12 — Variable Annuity Money Market Accounts

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
CUNA Mutual Life	MEMBERS	Money Market/MEMBERS Capital	2.58	—	—	2.74	1.15
ING	GCRA	Money Market	2.90	4.22	3.82	—	0.34
Lincoln National Life	Multi-Fund Individual	Money Market/Delaware	3.00	4.00	3.5	5.3	0.58
Lincoln National Life	Multi-Fund Group	Money Market/Delaware	3.20	4.20	3.8	5.6	0.58
MetLife	Financial Freedom	Fidelity VIP	5.27	4.33	3.94	3.97	0.35
Security Benefit	Variflex	Money Market	2.78	—	—	—	1.77
State Farm	Var. Deferred Annuity	Money Market	2.57	—	—	3.81	0.50
TIAA-CREF	RA,SRA,GSRA	Money Market	4.04	5.27	4.83	5.65	0.34
Travelers	Gold Track Select	Money Market/TAMIC	2.95	4.17	3.33	4.23	0.32
Travelers	Universal Annuity	Money Market/Travelers	2.69	3.89	3.46	4.92	0.32
VALIC	Portfolio Director	Money Market I	2.86	4.12	3.67	—	0.60
VALIC	Portfolio Director	Money Market II	3.12	—	—	4.25	0.56

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

Table 13 — Variable Annuity Bond Accounts

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	Fixed Income/Morgan Stanley	7.80	—	—	5.75	1.08
CUNA Mutual Life	MEMBERS	Bond/MEMBERS Capital	7.08	—	—	8.85	1.15
CUNA Mutual Life	MEMBERS	High Income/MEMBERS Capital	2.19	—	—	2.23	1.15
ING	GCRA	VP Bond Portfolio	7.66	5.69	5.70	—	0.50
ING	GCRA	Flexible Income/Janus Aspen	6.66	6.17	—	7.06	0.67
ING	GCRA	Strategic Bond/Oppenheimer	3.80	3.32	—	4.56	0.79
Lincoln National Life	Multi-Fund Individual	Bond/Delaware	8.10	5.90	6.00	9.10	0.54
Lincoln National Life	Multi-Fund Individual	DGPF Global Bond/Delaware	(1.50)	0.00	—	1.90	0.85
Lincoln National Life	Multi-Fund Group	Bond/Delaware	8.30	6.20	6.30	9.40	0.54
Lincoln National Life	Multi-Fund Group	DGPF Global Bond/Delaware	(1.20)	0.30	—	2.10	0.85
MetLife	Preference Plus	U.S. Government/Salomon Bros.	5.38	5.30	—	3.57	0.70
MetLife	Preference Plus	Aggregate Bond Index/Lehman Bros.	6.08	—	—	4.57	0.38
MetLife	Preference Plus	Bond Income/State Street	7.03	5.87	5.96	7.06	0.49
MetLife	Preference Plus	Strategic Bond Opportunities/Salomon Bros.	5.53	4.37	—	2.98	0.65
MetLife	Preference Plus	Bond Debenture/Lord Abbot	(2.56)	—	—	1.31	0.84
MetLife	Financial Freedom	U.S. Government/Salomon Bros.	5.77	5.63	—	5.80	0.70
MetLife	Financial Freedom	Aggregate Bond Index/Lehman Bros.	10.41	—	—	4.89	0.38
MetLife	Financial Freedom	Bond Income/State Street	10.15	6.16	6.27	7.14	0.49
MetLife	Financial Freedom	Investment Grade Bond/Fidelity	7.42	6.20	6.30	6.58	0.54
MetLife	Financial Freedom	Strategic Bond Opportunity/Salomon Bros.	5.81	4.65	—	4.69	0.84
MetLife	Financial Freedom	Bond Debenture/Lord Abbot	(2.26)	—	—	1.61	0.70
Security Benefit Life	Variflex	High Yield	3.23	3.30	—	4.18	2.06
Security Benefit Life	Variflex	Diversified Income	5.88	4.61	4.58	6.18	2.02
Security Benefit Life	Variflex	Global Strategic Income	3.23	3.30	—	5.47	2.82
State Farm	Var. Deferred Annuity	Bond	8.44	—	—	4.86	0.59
TIAA-CREF	RA,SRA,GSRA	Bond Market Account	7.93	7.25	7.05	8.03	0.38
TIAA-CREF	RA,SRA,GSRA	Inflation-Linked Bond Account	7.67	—	—	6.05	0.39
Travelers	Gold Track Select	Long Term Bond/CitiStreet	6.01	6.50	—	6.32	0.62
Travelers	Gold Track Select	High Yield Bond/Travelers	1.13	2.31	—	3.52	0.83
Travelers	Gold Track Select	High Yield/Travelers	8.68	6.63	8.49	7.56	0.83
Travelers	Gold Track Select	High Income/Smith Barney	(4.51)	(0.04)	—	3.64	0.66
Travelers	Gold Track Select	US Government Securities/Travelers	4.97	6.72	—	6.52	0.48
Travelers	Gold Track Select	Short Term Bond/Travelers	6.27	5.29	—	5.59	0.49
Travelers	Universal Annuity	Long Term Bond/CityStreet	5.53	6.03	—	5.85	0.62
Travelers	Universal Annuity	High Income Portfolio/Fidelity VIP	(12.84)	(4.78)	3.99	5.65	0.68
Travelers	Universal Annuity	High Income Portfolio/Travelers	8.19	6.15	8.00	7.45	0.83
Travelers	Universal Annuity	Short Term Bond/Travelers	4.05	4.51	5.20	7.01	0.49
Travelers	Universal Annuity	Long Term Gov/Travelers	4.50	6.24	—	6.04	0.48
VALIC	Portfolio Director	Long Term Corporate/Vanguard	8.74	6.42	6.95	—	0.32
VALIC	Portfolio Director	Long Term Treasury/Vanguard	3.52	7.03	7.09	—	0.29
VALIC	Portfolio Director	Core Bond Fund	6.19	—	—	4.30	0.77
VALIC	Portfolio Director	Strategic Bond	9.94	—	—	5.67	0.89
VALIC	Portfolio Director	International Government Bond	2.67	(1.02)	3.39	—	0.56
VALIC	Portfolio Director	High Yield Bond	5.42	—	—	1.81	0.99
VALIC	Portfolio Director	Asset Allocation	(4.98)	7.79	7.57	—	0.59
VALIC	Portfolio Director	Wellington/Vanguard	3.09	9.47	10.87	—	0.35
VALIC	Portfolio Director	Capital Conservation	6.92	5.59	5.87	—	0.59
VALIC	Portfolio Director	Basic U.S. Mortgage Securities/Dreyfus	6.83	6.26	6.25	—	0.65
VALIC	Portfolio Director	Government Securities	5.93	6.97	5.71	—	0.59

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

**Table 14 — Variable Annuity Stock Accounts
Equity-Income, Income, or Growth**

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	SmallCap/Dreyfus	(7.42)	6.62	19.67	27.49	0.78
Annuity Investors Life	Navigator, Adv., Indep.	Opportunity Fund II/Strong	(5.04)	12.97	—	15.04	1.11
Annuity Investors Life	Navigator, Adv., Indep.	Mid-Cap Growth Fund II/Strong	(31.73)	11.76	—	11.76	1.15
Annuity Investors Life	Navigator, Adv., Indep.	Equity Index/INVESCO	(10.23)	8.61	—	12.18	1.08
Annuity Investors Life	Navigator, Adv., Indep.	Appreciation/Dreyfus	(10.57)	9.33	—	12.20	0.78
Annuity Investors Life	Navigator, Adv., Indep.	Large Cap Growth/Pilgrim Baxter	(29.28)	—	—	11.90	1.20
Annuity Investors Life	Navigator, Adv., Indep.	Growth and Income/Dreyfus	(7.15)	5.12	—	12.03	0.78
Annuity Investors Life	Navigator, Adv., Indep.	Mid Cap/Morgan Stanley	(4.49)	—	—	14.46	1.05
CUNA Mutual Life	MEMBERS	Growth and Income/MEMBERS Capital	(11.78)	—	—	(12.04)	1.15
CUNA Mutual Life	MEMBERS	Capital Appr./ MEMBERS Capital	(10.20)	—	—	(13.45)	1.15
CUNA Mutual Life	MEMBERS	Mid-Cap Stock/MEMBERS Capital	9.89	—	—	10.37	1.15
CUNA Mutual Life	MEMBERS	Emerging Growth/MEMBERS Capital	(31.68)	—	—	(36.12)	1.15
ING	Group Ret. Annuity	Value Opportunity VP	(10.52)	14.08	—	14.41	0.71
ING	Group Ret. Annuity	Growth VP	(27.80)	8.59	—	8.83	0.70
ING	Group Ret. Annuity	VIP Growth Portfolio/Fidelity	(18.48)	10.54	12.27	—	0.68
ING	Group Ret. Annuity	VIP II Contrafund /Fidelity	(13.12)	9.34	—	14.61	0.68
ING	Group Ret. Annuity	Growth Portfolio/Janus Aspen	(25.49)	7.96	—	10.72	0.66
ING	Group Ret. Annuity	Growth and Income VP	(19.22)	3.83	7.86	—	0.59
ING	Group Ret. Annuity	Index Plus Large Cap VP	(14.49)	10.27	—	11.54	0.45
ING	Group Ret. Annuity	VIP Equity Income/Fidelity	(5.91)	8.31	12.48	—	0.58
ING	Group Ret. Annuity	Growth/AIM V.I.	(34.55)	2.85	—	7.74	0.88
ING	Group Ret. Annuity	Premier Equity/AIM V.I.	(13.44)	8.60	—	12.29	0.85
ING	Group Ret. Annuity	Capital Opportunities/MFS	(25.51)	9.96	9.35	6.61	1.15
ING	Group Ret. Annuity	Research/MFS	(21.68)	1.25	3.17	2.05	0.85
ING	Group Ret. Annuity	Growth Equity/ T. Rowe Price	(11.12)	11.31	13.38	8.07	0.75
ING	Group Ret. Annuity	Core Equity/AIM V.I.	(23.61)	6.22	—	10.26	0.82
ING	Group Ret. Annuity	Growth Opportunities VP	(39.19)	—	—	(30.88)	0.90
ING	Group Ret. Annuity	MagnaCap VP	(11.34)	—	—	(6.45)	0.90
ING	Group Ret. Annuity	Growth and Income/Lord Abbett	(7.65)	11.03	12.99	—	0.97
ING	Group Ret. Annuity	Equity Income VCT/Pioneer	(7.89)	11.12	—	13.45	0.75
ING	Group Ret. Annuity	Pioneer Fund VCT	(11.73)	—	—	7.16	0.74
Lincoln National Life	Multi-Fund Individual	Capital Appreciation/Janus	(26.60)	8.30	—	10.60	0.76
Lincoln National Life	Multi-Fund Individual	Growth and Income/Delaware	(12.10)	7.10	10.00	12.50	0.36
Lincoln National Life	Multi-Fund Individual	Equity-Income/Fidelity	(8.30)	8.80	—	12.10	0.79
Lincoln National Life	Multi-Fund Individual	Special Opportunities/Vantage	1.10	8.00	10.50	11.90	0.49
Lincoln National Life	Multi-Fund Individual	IFT Equity 500 Index/Deutsche	(13.10)	—	—	4.50	0.30
Lincoln National Life	Multi-Fund Individual	VIP Growth/Fidelity	(18.50)	10.10	12.00	12.40	0.76
Lincoln National Life	Multi-Fund Individual	AMT Partners/Neuberger Berman	(3.80)	6.40	—	11.30	0.92
Lincoln National Life	Multi-Fund Individual	AFIS Growth/Capital Research	(19.00)	17.60	15.20	15.10	0.63
Lincoln National Life	Multi-Fund Individual	AVP Growth/Alliance Capital	(24.40)	5.90	—	12.60	1.08
Lincoln National Life	Multi-Fund Individual	DGPF Real Estate/Delaware	7.70	—	—	5.60	0.85
Lincoln National Life	Multi-Fund Individual	Utilities/MFS	(25.00)	9.40	—	13.60	0.91
Lincoln National Life	Multi-Fund Group	DGPF Growth and Income/Delaware	(4.60)	7.80	11.20	9.60	0.68
Lincoln National Life	Multi-Fund Group	Capital Appreciation/Janus	(26.40)	8.60	—	10.90	0.76
Lincoln National Life	Multi-Fund Group	Growth and Income/Delaware	(11.90)	7.40	10.30	12.50	0.36
Lincoln National Life	Multi-Fund Group	Equity-Income/Fidelity	(8.00)	9.10	—	12.40	0.79
Lincoln National Life	Multi-Fund Group	Special Opportunities/Vantage	1.40	8.30	10.80	12.20	0.49
Lincoln National Life	Multi-Fund Group	IFT Equity 500 Index/Deutsche	(12.80)	(2.10)	—	4.80	0.30
Lincoln National Life	Multi-Fund Group	VIP Growth/Fidelity	(18.30)	10.40	12.30	12.70	0.76
Lincoln National Life	Multi-Fund Group	AMT Partners/Neuberger Berman	(3.60)	6.70	—	11.50	0.92
Lincoln National Life	Multi-Fund Group	AFIS Growth/Capital Research	(18.80)	17.90	15.50	15.40	0.63
Lincoln National Life	Multi-Fund Group	AVP Growth/Alliance Capital	(24.20)	6.20	—	12.80	1.08
Lincoln National Life	Multi-Fund Group	DGPF Real Estate/Delaware	8.00	—	—	5.90	0.85
Lincoln National Life	Multi-Fund Group	Utilities/MFS	(24.80)	9.70	—	13.69	0.91
MetLife	Financial Freedom	Investment Trust/State Street	(17.80)	7.67	10.73	11.96	0.53
MetLife	Financial Freedom	Managers/MFS	(21.65)	—	—	(21.35f)	0.90
MetLife	Financial Freedom	Investors Trust/MFS	(16.72)	—	—	(15.86)	0.90
MetLife	Financial Freedom	Stock Index	(12.98)	9.22	11.43	12.01	0.31
MetLife	Financial Freedom	Growth-Income/American Funds	(18.93)	17.61	15.27	(21.11f)	0.60
MetLife	Financial Freedom	Equity-Income/Fidelity	(5.85)	8.37	12.65	12.92	0.58
MetLife	Financial Freedom	Large Cap Value/Harris Oakmark	17.23	—	—	5.12	0.86
MetLife	Financial Freedom	Venture Value/Davis	(11.99)	10.74	—	(6.89)	0.83
MetLife	Financial Freedom	Large Cap Growth/T. Rowe Price	(10.73)	—	—	5.20	0.76
MetLife	Financial Freedom	Large Cap Growth/Putnam	(31.45)	—	—	(36.68)	1.00
MetLife	Financial Freedom	Growth/Fidelity	(18.43)	10.60	12.27	14.00	0.68
MetLife	Financial Freedom	Growth/American Funds	(18.93)	17.61	15.27	(21.11)	0.63
MetLife	Financial Freedom	Mid Cap Stock Index	(2.16)	—	—	13.48	0.45
MetLife	Financial Freedom	Mid Cap Value/Neuberger Berman	(3.40)	—	—	14.57	0.81
MetLife	Financial Freedom	Focused Value/Harris Oakmark	(25.74)	10.17	—	18.57	0.87
MetLife	Financial Freedom	Aggressive Growth/State Street	(24.48)	1.65	6.72	9.36	0.77

**Table 14, continued — Variable Annuity Stock Accounts
Equity-Income, Income, or Growth**

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
MetLife	Financial Freedom	Mid Cap/Janus	(37.92)	—	—	10.41	0.74
MetLife	Preference Plus	Investment Trust/State Street	(18.04)	7.37	10.42	10.17	0.53
MetLife	Preference Plus	Managers/MFS	(21.93)	—	—	(15.01)	0.90
MetLife	Preference Plus	Investors Trust/MFS	(17.00)	—	—	(11.08)	0.90
MetLife	Preference Plus	Stock Index	(13.25)	8.91	11.15	11.33	0.31
MetLife	Preference Plus	Growth-Income/American Funds	1.28	11.69	11.99	(3.32)	0.60
MetLife	Preference Plus	Large Cap Value/Harris Oakmark	16.94	—	—	4.83	0.86
MetLife	Preference Plus	Venture Value/Davis	(12.24)	10.42	—	(7.17)	0.83
MetLife	Preference Plus	Large Cap Growth/T. Rowe Price	(11.03)	—	—	4.89	0.76
MetLife	Preference Plus	Large Cap Growth/Putnam	(31.63)	—	—	(36.85)	1.00
MetLife	Preference Plus	Growth/American Funds	(19.17)	17.28	14.94	(14.83)	0.63
MetLife	Preference Plus	Mid Cap Stock Index	(2.45)	—	—	2.40	0.45
MetLife	Preference Plus	Mid Cap Value/Neuberger Berman	(3.68)	—	—	14.24	0.81
MetLife	Preference Plus	Focused Value/Harris Oakmark	16.94	—	—	4.83	0.87
MetLife	Preference Plus	Aggressive Growth/State Street	(24.70)	1.35	6.41	8.45	0.77
MetLife	Preference Plus	Mid Cap/Janus	(38.12)	—	—	10.09	0.74
Security Benefit	Variflex	Large Cap Value	(6.75)	2.80	6.51	9.88	2.04
Security Benefit	Variflex	Equity Income/T. Rowe Price	0.09	9.22	—	12.27	2.29
Security Benefit	Variflex	Equity	(12.47)	4.90	9.57	10.80	2.02
Security Benefit	Variflex	Mid Cap Value	9.78	—	—	22.28	2.06
Security Benefit	Variflex	Select 25	(11.01)	—	—	(3.68)	2.18
Security Benefit	Variflex	Large Cap Growth	(16.54)	—	—	(21.97)	2.56
Security Benefit	Variflex	Mid Cap Growth	(15.93)	16.46	—	15.73	2.03
Security Benefit	Variflex	Enhanced Index/Deutsche	(14.06)	—	—	(5.92)	2.24
Security Benefit	Variflex	Capital Growth/Alliance	(15.77)	—	—	(21.13)	2.56
State Farm	Variable Deferred Annuity	Large Cap Equity /Barclay's	(13.13)	—	—	4.38	0.34
TIAA-CREF	RA, SRA, GSRA	Stock Account	(13.89)	8.27	10.90	10.84	0.40
TIAA-CREF	RA, SRA, GSRA	Growth Account	(22.91)	6.73	—	12.43	0.42
TIAA-CREF	RA, SRA, GSRA	Equity Index	(11.73)	9.92	—	14.05	0.36
Travelers	Gold Track Select	Large Value/CitiStreet	(16.41)	0.91	—	6.68	0.65
Travelers	Gold Track Select	Small Cap Value/Delaware	10.95	8.86	—	10.82	0.85
Travelers	Gold Track Select	Growth Portfolio/Alliance	(14.05)	8.43	—	14.09	0.82
Travelers	Gold Track Select	Large Cap Portfolio/Smith Barney	(8.90)	6.79	—	10.64	0.67
Travelers	Gold Track Select	Large Blend/Dreyfus	(10.04)	9.97	—	12.86	0.78
Travelers	Gold Track Select	Large Value/TAMIC	0.86	10.90	—	12.60	0.82
Travelers	Gold Track Select	Large Blend/Smith Barney	(16.35)	9.47	—	11.14	0.75
Travelers	Universal Annuity	Large Cap Blend/Alliance	(14.44)	7.95	—	13.58	0.82
Travelers	Universal Annuity	Large Growth/Alliance	(18.46)	11.06	—	14.17	1.30
Travelers	Universal Annuity	Large Growth/Janus	(27.01)	11.16	13.63	9.19	0.83
Travelers	Universal Annuity	Large Value/CitiStreet	(16.79)	0.43	—	6.18	0.65
Travelers	Universal Annuity	Large Blend/Dreyfus	(13.28)	9.00	11.08	10.92	0.26
Travelers	Universal Annuity	Large Value/Fidelity	(6.14)	8.03	12.18	10.69	0.55
Travelers	Universal Annuity	Large Growth/Fidelity	(18.68)	10.26	11.98	12.36	0.64
Travelers	Universal Annuity	Mid Cap Growth/MFS	(24.62)	—	—	7.51	0.90
Travelers	Universal Annuity	Large Blend/Smith Barney	(16.73)	8.98	—	10.65	0.75
Travelers	Universal Annuity	Small Value/Putnam	18.03	—	—	16.00	1.39
Travelers	Universal Annuity	Mid Cap Blend/Salomon Bros.	0.63	—	—	13.87	1.00
Travelers	Universal Annuity	Large Value/Salomon Bros.	(5.35)	—	—	6.99	0.91
Travelers	Universal Annuity	Small Growth/Salomon Bros.	(8.38)	—	—	12.14	1.50
Travelers	Universal Annuity	Mid Cap Blend/TAMIC	(5.22)	—	—	14.21	0.88
Travelers	Universal Annuity	Large Blend/Travelers	(15.87)	8.68	10.33	10.34	0.60
Travelers	Universal Annuity	Large Growth/Citi Funds	(13.61)	—	—	6.71	0.77
VALIC	Portfolio Director	Value/Evergreen	(3.32)	8.03	10.29	—	1.03
VALIC	Portfolio Director	Winsor II/Vanguard	(4.41)	9.20	12.30	—	0.37
VALIC	Portfolio Director	Growth and Income/SunAmerica	(10.80)	6.05	—	10.38	0.85
VALIC	Portfolio Director	Blue Chip Growth/T. Rowe Price	(14.95)	—	—	(18.09)	0.90
VALIC	Portfolio Director	Core Equity/Wellington	(15.95)	3.20	—	9.72	0.85
VALIC	Portfolio Director	Income and Growth/American Century	(9.10)	—	—	10.43	0.83
VALIC	Portfolio Director	Growth/Lou Holland	(5.93)	10.72	—	11.95	1.35
VALIC	Portfolio Director	Stock Index	(12.90)	9.51	11.64	—	0.35
VALIC	Portfolio Director	Ultra/American Century	(15.31)	8.96	10.58	—	0.99
VALIC	Portfolio Director	Capital Appreciation	(21.89)	—	—	0.53	0.85
VALIC	Portfolio Director	Growth/INVESCO	(49.48)	(1.44)	4.49	—	1.04
VALIC	Portfolio Director	Janus	(26.70)	8.67	10.21	—	0.85
VALIC	Portfolio Director	Large Cap Growth/SunAmerica	(2.36)	—	—	6.87	0.81
VALIC	Portfolio Director	NASDAQ 100 Index	(33.02)	—	—	47.86	0.54
VALIC	Portfolio Director	Opportunities/Putnam	(31.03)	—	—	(38.53)	1.05
VALIC	Portfolio Director	New Opportunities/Putnam	(30.65)	5.08	13.13	—	0.86

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

Table 15 — Variable Annuity Stock–Bond Accounts
Total Return, Balanced, or Managed

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	Balanced Portfolio/Janus	(5.99)	12.55	—	12.73	0.67
Annuity Investors Life	Navigator, Adv., Indep.	Equity Index/Deutsche	(25.73)	9.33	—	(3.50)	0.65
Annuity Investors Life	Navigator, Adv., Indep.	Small Cap Index/Deutsche	0.65	—	—	3.07	0.45
Annuity Investors Life	Navigator, Adv., Indep.	Stock Index/Dreyfus	(13.40)	8.85	11.00	10.83	0.26
Annuity Investors Life	Navigator, Adv., Indep.	Dynamics Fund/INVESCO	(32.09)	—	—	4.29	1.09
Annuity Investors Life	Navigator, Adv., Indep.	Financial Services/INVESCO	(11.13)	—	—	8.70	1.09
Annuity Investors Life	Navigator, Adv., Indep.	Health Services/INVESCO	(13.80)	—	—	13.18	1.07
Annuity Investors Life	Navigator, Adv., Indep.	Small Company Growth/INVESCO	(19.67)	—	—	8.68	1.37
Annuity Investors Life	Navigator, Adv., Indep.	High Yield/INVESCO	(16.11)	1.86	—	2.75	1.05
Annuity Investors Life	Navigator, Adv., Indep.	Capital Appreciation/Janus	(22.76)	—	—	16.10	0.69
Annuity Investors Life	Navigator, Adv., Indep.	Growth Portfolio/Janus	(25.78)	7.54	—	10.28	0.67
Annuity Investors Life	Navigator, Adv., Indep.	Value/Morgan Stanley	0.85	6.75	—	6.75	0.85
Annuity Investors Life	Navigator, Adv., Indep.	U.S. Real Estate Portfolio/Morgan Stanley	8.32	—	—	6.83	0.85
Annuity Investors Life	Navigator, Adv., Indep.	Growth II Portfolio/PBHG	(41.29)	1.49	—	1.49	0.97
Annuity Investors Life	Navigator, Adv., Indep.	Mid Cap Value/PBHG	6.45	22.15	—	22.15	1.06
Annuity Investors Life	Navigator, Adv., Indep.	Select Value/PBHG	0.31	14.70	—	14.70	1.20
CUNA Mutual Life	MEMBERS	Balanced/MEMBERS Capital	(4.13)	—	—	(4.13)	1.15
ING	Group Ret. Annuity	Balanced VP	(7.87)	6.09	7.71	—	0.59
ING	Group Ret. Annuity	Balanced Portfolio/Janus Aspen	(5.62)	12.99	—	13.18	0.66
ING	Group Ret. Annuity	Ascent VP	(12.43)	3.63	—	7.59	0.74
ING	Group Ret. Annuity	Crossroads VP	(7.92)	4.04	—	7.09	0.70
ING	Group Ret. Annuity	Legacy VP	(3.35)	5.00	—	7.04	0.65
Lincoln National Life	Multi-Fund Individual	Managed/Delaware	(2.60)	6.40	7.90	9.40	0.44
Lincoln National Life	Multi-Fund Individual	Global Asset Allocation/Putnam	(8.70)	4.60	7.60	7.60	0.94
Lincoln National Life	Multi-Fund Individual	VIP II Contrafund/Fidelity	(13.20)	9.00	—	14.30	0.76
Lincoln National Life	Multi-Fund Group	Managed/Delaware	(2.30)	6.70	8.20	9.60	0.44
Lincoln National Life	Multi-Fund Group	Global Asset Allocation/Putnam	(8.50)	4.80	7.90	7.90	0.94
Lincoln National Life	Multi-Fund Group	VIP II Contrafund/Fidelity	(13.00)	9.30	—	14.60	0.76
MetLife	Preference Plus	Diversified/State Street	(7.49)	6.88	8.60	8.95	0.49
MetLife	Financial Freedom	Diversified/State Street	(7.23)	7.19	8.91	10.01	0.49
MetLife	Financial Freedom	Asset Manager/Fidelity	(5.00)	6.27	8.17	8.58	0.64
Security Benefit Life	Variflex	Global Total Return/Wellington	(14.06)	(0.05)	—	2.78	2.56
Security Benefit Life	Variflex	Managed Asset Allocation/T. Rowe Price	(6.26)	6.39	—	7.58	2.37
Security Benefit Life	Variflex	Main Street Growth and Income/Oppenheimer	(11.07)	—	—	(12.85)	2.42
State Farm	Variable Deferred Annuity	Balanced	(4.71)	—	—	3.72	0.00
Travelers	Universal Annuity	Domestic Hybrid/Fidelity	(5.29)	5.94	7.88	8.51	0.61
Travelers	Universal Annuity	Domestic Hybrid/MFS	(1.25)	8.76	—	10.27	0.84
Travelers	Universal Annuity	Large Value/Citi Funds	(6.45)	9.91	—	12.98	0.79
Travelers	Universal Annuity	Domestic Hybrid/Travelers	(6.27)	8.10	8.46	8.51	0.59
VALIC	Portfolio Director	Aggressive Growth Lifestyle	(12.95)	—	—	6.19	0.10
VALIC	Portfolio Director	Conservative Growth Lifestyle	(2.27)	—	—	7.68	0.10
VALIC	Portfolio Director	Moderate Growth Lifestyle	(6.21)	—	—	7.28	0.10
VALIC	Portfolio Director	LifeStrategy Conservative/Vanguard	(1.06)	7.34	—	9.35	0.00
VALIC	Portfolio Director	LifeStrategy Growth/Vanguard	9.81	7.30	—	10.55	0.00
VALIC	Portfolio Director	LifeStrategy Moderate Growth/Vanguard	(5.43)	7.45	—	10.06	0.00

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

Table 16 — Variable Annuity International/Global Accounts

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	Worldwide /Janus	(23.51)	—	—	14.15	0.70
Annuity Investors Life	Navigator, Adv., Indep.	International /Janus	(24.30)	8.80	—	11.91	0.71
CUNA Mutual Life	MEMBERS	International Stock/MEMBERS Capital	(19.34)	—	—	(18.83)	1.15
CUNA Mutual Life	MEMBERS	Global Securities/MEMBERS Capital	(11.39)	—	—	(8.46)	1.15
ING	Group Ret. Annuity	VIP Overseas Portfolio/Fidelity	(19.91)	9.33	—	7.88	0.91
ING	Group Ret. Annuity	Worldwide Growth Portfolio/Janus Aspen	(23.21)	10.01	—	14.60	0.69
ING	Group Ret. Annuity	International Growth/Scudder	(27.66)	2.82	6.33	—	1.00
ING	Group Ret. Annuity	International Value VP	(12.56)	—	—	10.51	1.00
ING	Group Ret. Annuity	Global Securities/Oppenheimer	(12.92)	14.25	12.77	—	0.70
ING	Group Ret. Annuity	International Equity VP	(24.64)	—	—	1.85	1.15
ING	Group Ret. Annuity	VIP Overseas/Fidelity	(21.96)	1.70	4.84	—	0.95
Lincoln National Life	Multi-Fund Individual	International/Delaware	(10.90)	4.10	6.30	5.80	0.96
Lincoln National Life	Multi-Fund Individual	Aspen Worldwide Growth/Janus	(23.20)	10.00	—	14.60	0.69
Lincoln National Life	Multi-Fund Individual	AFIS International/Capital Research	(20.70)	6.60	8.80	7.90	0.84
Lincoln National Life	Multi-Fund Group	Aspen Worldwide Growth/Janus	(23.00)	10.30	—	14.90	0.69
Lincoln National Life	Multi-Fund Group	International/Delaware	(10.60)	4.30	6.50	6.00	0.96
Lincoln National Life	Multi-Fund Group	AFIS International/Capital Research	(20.50)	6.80	9.10	8.20	0.84
MetLife	Preference Plus	Global Equity/Scudder	(17.15)	—	—	4.50	0.80
MetLife	Preference Plus	International Stock/Putnam	(21.57)	(1.34)	1.95	2.43	1.16
MetLife	Preference Plus	EAFE Index/Morgan Stanley	(22.76)	—	—	(4.37)	0.75
MetLife	Preference Plus	Global Small Cap/American Funds	(13.90)	—	—	8.83	1.08
MetLife	Financial Freedom	Global Equity/Scudder	(16.89)	—	—	4.81	0.80
MetLife	Financial Freedom	International Stock/Putnam	(21.33)	(1.04)	2.55	2.74	1.16
MetLife	Financial Freedom	EAFE Index/Morgan Stanley	(22.53)	—	—	(4.09)	0.75
MetLife	Financial Freedom	Overseas/Fidelity	(21.94)	1.75	4.83	5.49	0.92
MetLife	Financial Freedom	Global Small Cap/American Funds	(13.66)	—	—	(12.62)	1.08
Security Benefit Life	Variflex	Global/Oppenheimer	(13.30)	10.94	10.49	10.12	2.41
Security Benefit Life	Variflex	International/Deutsche	(25.35)	—	—	(9.93)	3.45
State Farm	Variable Deferred Annuity	International Equity Index/Barclay's	(22.60)	—	—	(1.32)	0.75
TIAA-CREF	RA, SRA, GSRA	Global Equities	(19.52)	5.19	—	10.03	0.46
Travelers	Gold Track Select	Foreign Stock/CitiStreet	(22.07)	2.11	—	6.53	0.74
Travelers	Gold Track Select	Foreign Stock/Smith Barney	(31.72)	(1.55)	—	1.76	1.00
Travelers	Universal Annuity	Foreign Stock/Janus	(24.39)	8.83	—	11.98	0.96
Travelers	Universal Annuity	Foreign Stock/CitiStreet	(22.42)	1.66	—	6.06	0.74
Travelers	Universal Annuity	Foreign Stock/Putnam	(21.06)	—	—	8.35	1.17
Travelers	Universal Annuity	International Hybrid/Templeton	(10.85)	5.13	8.79	8.71	0.81
Travelers	Universal Annuity	World Stock/Templeton	(2.22)	7.88	11.43	10.49	0.88
VALIC	Portfolio Director	Foreign/Templeton	(8.66)	3.76	7.60	—	1.15
VALIC	Portfolio Director	Global Growth/Putnam	(30.38)	2.62	6.72	—	1.07
VALIC	Portfolio Director	International Equities	(22.59)	(0.57)	2.97	—	0.45
VALIC	Portfolio Director	International Growth I	(26.63)	—	—	(25.86)	1.06
VALIC	Portfolio Director	International Growth II/Putnam	(19.40)	—	—	4.51	1.01
VALIC	Portfolio Director	Worldwide/Janus	(21.71)	—	—	—	1.20
VALIC	Portfolio Director	Asset Strategy/Templeton	(10.67)	5.35	9.01	—	0.81

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

(Continued from page A-12)

sales charge upon liquidation, while the B-shares have no front-end load but a deferred sales charge upon liquidation, and C-shares offer no sales charge, a 1% CDSC for one year, and slightly higher distribution fees. These include a Money Market, Growth, Bond, Aggressive Growth, Growth-Income, Balanced & Managed Stock-Bond, Global Equity, Value, and Specialty funds. *Phone: 800-888-2461. Web: www.securitybenefit.com.*

State Farm Life is currently marketing the *Deferred Life Annuity* (DLA) to new participants. This product was introduced in January 1994. It offers a base rate of interest for contract values of \$10,000 or less. The base rate was 3.85% as of 12/31/01. The average annual interest rate was 4.26% for 2001. The minimum guaranteed interest rate for this contract is 3%. The contract also credits bonus interest at certain break points. The *Deferred Life Annuity* allows premium payments of \$25 or more on any date as long as minimum initial premium requirements are met. The initial annual premium for individuals under issue age 66 must be at least \$600. The initial premium for special monthly payment modes is \$50. The initial premium for individuals issue age 66 and over must be at least \$25,000. The surrender charge assessed for this product is based on issue age. For clients issue ages 65 and under the surrender charge is 7% for years 1-2, 6% in year 3, 4% in year 4, 2% in years 5-10, and 0% in year 11 and thereafter.

For clients issue ages 66 and over the surrender charge starts at 5% for years 1-2, 4% in year 3, 3% in year 4, 2% for year 5, and 0% in year 6 and thereafter. If annuitized after the 5th year, the surrender charge does not apply. The product offered by State Farm Life prior to January 1994 was the *Flexible Premium Retirement Annuity*. *Phone: 1-309-766-3332.*

State Farm Life offers a *Variable Annuity* and a fixed-only *Deferred Life Annuity* (DLA). The *Variable Annuity* has a fixed account plus 6 variable sub-accounts. Fund choices include: Large Cap Equity Index, Small Cap Equity Index, Stock/Bond balanced fund, Bond fund and Money Market fund. The surrender charge starts at 7% in the first policy year and declines by 1% in each following policy year until it reaches 0% in the eighth policy year. The separate account portion of the contract has a \$30 annual administrative fee, which is waived if total premiums of at least \$50,000 have been paid. The mortality and expense charge is 1.15% of net assets. The fund advisory fees range from 0% to 0.75%. *Phone: 1-800-702-2307.*

Texas Retirement Trust is a custodial account which utilizes the combined purchasing power of participants to reduce the cost of mutual fund investments. Participants have access to the broadest range of investments available in the market. Currently, participants are invested in over 300

mutual funds. The participants select from either A-share (front load funds) or no load funds. Participants can purchase the A-shares without incurring a load and transfer between funds free of charge. Certain A-shares may have a 12-b-1 fee. Representatives receive no additional compensation for transferring participant accounts from one fund to another. Participants pay a 1% custodial fee which is assessed at the rate of 1/12th of 1% per month on mutual fund assets. There are no other fees for accounts. The product has a loan provision for supplemental TDA accounts which has an interest rate of just 2% for loans over \$5,000 (4% for lesser amounts). *Phone: 1-800-275-7569. Web: www.trtfunds.com.*

TIAA-CREF, a not-for-profit organization, offers one contract for ORP participants and two other contracts for TDA participants. The contract for ORP participants is the *Retirement Annuity* (RA) contract. TDA participants are offered either *Supplemental Retirement Annuity* (SRA) or *Group Supplemental Retirement Annuity* (GSRA) contracts. Under all three contracts participants are offered a choice of a guaranteed annuity (TIAA Traditional) and nine variable annuity options (TIAA Real Estate and 8 CREF accounts including the Stock Account, the Money Market Account, the Bond Market Account, the Growth Account, the Social Choice Account, the Equity Index Account, the Global Equities Account, and the Inflation-Linked Bond Account). There are no front-end loads,

Table 17 — Variable Annuity Social Awareness and Gold Specialty Accounts

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	Socially Responsible /Dreyfus	(23.65)	6.79	—	11.00	0.78
Annuity Investors Life	Navigator, Adv., Indep.	Small Cap/Timothy Plan	9.93	—	—	10.23	1.20
ING	Group Ret. Annuity	Socially Balanced Portfolio/Calvert	(7.87)	6.09	7.71	—	0.88
Lincoln National Life	Multi-Fund Individual	Social Awareness/Vantage	(10.40)	8.50	12.00	13.20	0.38
Lincoln National Life	Multi-Fund Group	Social Awareness/Vantage	(10.20)	8.70	12.30	13.50	0.38
MetLife	Preference Plus	Social Balanced/Calvert	(8.11)	5.83	7.44	8.37	0.88
MetLife	Financial Freedom	Social Balanced/Calvert	(7.84)	6.14	8.10	8.23	0.88
MetLife	Financial Freedom	Mid Cap Growth/Calvert	(13.01)	9.89	9.65	9.89	1.13
Security Benefit	Variflex	Social Awareness	(14.15)	6.12	9.20	9.07	2.03
TIAA-CREF	RA, SRA, GSRA	Social Choice	(4.77)	9.37	10.88	11.59	0.38
TIAA-CREF	RA, SRA, GSRA	Real Estate	6.29	8.64	—	8.45	0.64
Travelers	Gold Track Select	Specialty Utilities/SSB Citi Fund	(23.62)	6.34	—	8.29	0.84
Travelers	Universal Annuity	Specialty Utilities/SSB Citi Fund	(23.96)	5.87	—	7.81	0.84
VALIC	Portfolio Director	Socially Responsible	(12.19)	—	—	3.23	0.56
VALIC	Portfolio Director	Socially Aware	(12.09)	9.05	10.86	—	0.59

Footnote: **Exp. R.**—expense ratio for each fund for 2001.

surrender charges, or annual administration fees for any of the RA, SRA, or GSRA contracts. All funds are managed by internal investment advisors.

As of 12/31/01, TIAA Traditional Annuities' total current interest rate (including both the minimum guaranteed rate and additional dividends) was 6.50% for RA contracts and 6.00% for SRA and GSRA contracts. The guaranteed minimum interest rate paid on accumulations in TIAA Traditional Annuities is 3%. There are no restrictions on withdrawals or transfers from TIAA Traditional Annuities under SRA or GSRA contracts. Withdrawals or transfers from TIAA Traditional Annuities under RA contracts are made in annual installments over a 10-year period.

There are no restrictions on transfers or withdrawals from CREF accounts under RA, SRA, or GSRA contracts. Transfers from the TIAA Real Estate account are limited to one per quarter. *Phone: 1-800-842-2776. Web: www.tiaa-cref.org.*

Travelers, represented by CitiStreet, offers three investment options: *Gold Track Select*, *Universal Annuity*, and *T-Flex*.

Gold Track Select, a group variable annuity contract tailored for the Texas Optional Retirement Program only, offers 22 investment alternatives and a fixed rate account. Investment advisors include: Alliance, CitiStreet, Delaware, Dreyfus, Federated, Janus, Smith Barney, and Travelers. There is no front-end charge, administrative charge, or surrender charge. Expense ratios range from 0.32 to 1.00% for separate accounts. The annual mortality and expense risk charge is 0.80%.

Universal Annuity, a variable annuity contract issued by Travelers Insurance Company, offers a comprehensive package of investment options, including a fixed rate account. Investment professionals include: Alliance, CitiStreet, Dreyfus, Fidelity, Franklin, Janus, MFS, Putnam, Smith Barney, Templeton, and Travelers. There is no front-end charge, although a contingent deferred sales charge of 5% may be assessed on contributions withdrawn within 5 years of deposit. There is a \$15 semi-annual contract administrative charge. The annual mortality and expense risk charge

is 1.25%.

T-Flex is a fixed rate annuity contract which offers a new money interest rate declared each month and guaranteed for one year. The minimum guaranteed interest rate is 3.5%. There is no front-end charge, although a contingent deferred sales charge of 7% may be assessed on contributions withdrawn within 5 years of deposit.

Additionally, CitiStreet offers 13 mutual funds as part of its *Mutual Fund Select Portfolios*, a 403 (b)(7) mutual fund custodial account that draws from a universe of over 300 no-load or load-waived mutual funds. These funds, from such well known fund managers as Salomon Bros., Smith Barney, and State Street Global Advisors, span a wide range of asset classes to help address each participant's individual level of investment risk tolerance. *Phone: 1-800-842-6915, Ext. 2.*

T. Rowe Price is a no-load mutual fund company founded in Baltimore, Maryland in 1937. Currently, the company services over 8 million individual and institutional accounts, offering over 60 available mutual funds for retirement plans. These funds range from the stability of a money market to the aggressive growth of the developing technologies fund. *Phone: 1-800-492-7670. Web: www.troweprice.com.*

Van Kampen Trust Company offers its ORP/TSA account owners the opportunity to invest in regulated investment companies pursuant to section 403(b)(7) of the Internal Revenue Code. Van Kampen has been marketing TSA products since 1984 and has roots in investment management services dating back to 1927. Van Kampen offers 37 Van Kampen mutual funds to participants in both its TSA and ORP. Van Kampen offers each of the mutual funds in 3 different share classes. Fund choices are: 1-Money Market, 13-Growth and Income, 7-Bond, 6-Aggressive Growth, 9-International, 1-Non-Diversified. *Phone: 1-800-341-2911. Web: www.vankampen.com.*

VALIC Retirement Services (VALIC) offers participants an enhanced version of its *Portfolio Director* product, featuring a competitive current interest rate on the long-term fixed account, no policy fee,

no surrender charge, and a liberal transfer provision. *Portfolio Director* is a combination fixed and variable annuity featuring a selection of 66 investment options including two fixed sub-accounts (long-term and short-term) and a full range of variable fund options. The variety of fund options provides participants with the flexibility to create an investment portfolio based upon personal objectives and goals. *Phone: 1-800-448-2542. Web: www.aigvalic.com.*

Waddell & Reed offers two fund families. The Waddell & Reed Advisors Fund, formerly the United Group of Mutual Funds, offers 16 mutual fund alternatives; W & R Funds, formerly the Waddell & Reed Funds Inc., offer 9 mutual fund alternatives. These mutual fund families offer A, B, and C shares pricing structures with investment options in the following categories: domestic and international equity funds, growth and income funds, fixed income funds, and money market funds. *Phone: 1-913-236-2231. Web: www.waddell.com.*

Table 18 — Variable Annuity Aggressive Growth Accounts

Company	Contract Name	Portfolio Name/Advisor	1 Year	5 Year	10 Year	Since Incept.	Exp. R.
Annuity Investors Life	Navigator, Adv., Indep.	Aggressive Growth/Janus	(40.29)	5.60	—	10.96	0.66
Annuity Investors Life	Navigator, Adv., Indep.	Technology and Communications/PBHG	(52.98)	—	—	3.80	0.70
ING	Group Ret. Annuity	Small Company VP	2.96	13.44	—	13.68	0.86
ING	Group Ret. Annuity	Aggressive Growth/Janus Aspen	(40.06)	6.01	—	11.39	0.67
ING	Group Ret. Annuity	Capital Appreciation/AIM VI	(24.05)	4.95	—	10.64	0.85
ING	Group Ret. Annuity	Index Plus Mid Cap	(2.31)	—	—	13.91	0.55
ING	Group Ret. Annuity	Index Plus Small Cap	1.38	—	—	5.29	0.60
ING	Group Ret. Annuity	Emerging Equities/MFS	(25.96)	1.60	5.68	(0.27)	0.81
ING	Group Ret. Annuity	Small Cap Value/Franklin	12.66	—	—	2.20	1.05
ING	Group Ret. Annuity	Mid Cap Opportunities VP	(33.60)	—	—	(26.54)	0.90
ING	Group Ret. Annuity	Small Cap Opportunities VP	(29.97)	17.39	—	15.69	0.90
ING	Group Ret. Annuity	Technology VP	(23.73)	—	—	(38.46)	1.11
Lincoln National Life	Multi-Fund Individual	Aggressive Growth/Putnam	(34.00)	0.30	—	4.00	0.78
Lincoln National Life	Multi-Fund Individual	DGPF Trend/Delaware	(16.20)	12.50	—	13.40	0.83
Lincoln National Life	Multi-Fund Individual	AMT Mid-Cap Growth/Neuberger Berman	(25.40)	—	—	13.30	0.98
Lincoln National Life	Multi-Fund Individual	Small Cap Index/Deutsche	1.10	—	—	3.40	0.45
Lincoln National Life	Multi-Fund Individual	Capital Asset/Baron	11.20	—	—	21.90	1.50
Lincoln National Life	Multi-Fund Individual	AVP Technology/Alliance Capital	(26.20)	11.10	—	10.80	1.33
Lincoln National Life	Multi-Fund Individual	Health Sciences/Putnam	(20.60)	—	—	3.40	1.08
Lincoln National Life	Multi-Fund Group	Aggressive Growth/Putnam	(33.80)	0.60	—	4.30	0.78
Lincoln National Life	Multi-Fund Group	DGPF Trend/Delaware	(16.00)	12.80	—	13.70	0.83
Lincoln National Life	Multi-Fund Group	AMT Mid-Cap Growth/Neuberger Berman	(25.20)	—	—	13.60	0.98
Lincoln National Life	Multi-Fund Group	Small Cap Index/Deutsche	1.30	—	—	3.70	0.45
Lincoln National Life	Multi-Fund Group	AVP Technology/Alliance Capital	(26.00)	11.30	—	11.10	1.33
Lincoln National Life	Multi-Fund Group	Capital Asset/Baron	11.50	—	—	22.20	1.50
Lincoln National Life	Multi-Fund Group	Health Sciences/Putnam	(20.30)	—	—	3.70	1.08
MetLife	Preference Plus	Russell 2000 Index	(0.41)	—	—	6.19	0.55
MetLife	Preference Plus	Small Cap/Loomis Sayles	(9.95)	7.84	—	(7.42)	1.00
MetLife	Preference Plus	Aurora Small Cap Value/State Street	14.53	—	—	25.51	0.98
MetLife	Preference Plus	Small Cap Growth/T. Rowe Price	(10.19)	—	—	4.29	0.61
MetLife	Financial Freedom	Russell 2000 Index	(0.08)	—	—	6.50	0.55
MetLife	Financial Freedom	Small Cap/Loomis Sayles	(9.68)	8.15	—	(7.13)	1.00
MetLife	Financial Freedom	Aurora Small Cap Value/State Street	14.83	—	—	25.87	0.98
MetLife	Financial Freedom	Small Cap Growth/T. Rowe Price	(9.86)	—	—	4.60	0.61
Security Benefit	Variflex	Small-Cap Growth/Strong	(28.70)	—	—	5.48	2.53
Security Benefit	Variflex	Small-Cap Value/Strong	20.75	—	—	16.27	2.56
Security Benefit	Variflex	Technology/Wellington	(28.70)	—	—	(37.54)	3.15
State Farm	Variable Deferred Annuity	Small Cap Equity Index/Barclay's	0.82	—	—	2.73	0.50
Travelers	Gold Track Select	Small Growth/CitiStreet	(0.67)*	7.50	—	9.12	0.81
Travelers	Gold Track Select	Small Cap Value/Dreyfus	(6.87)	7.24	20.36	28.23	0.78
Travelers	Universal Annuity	Small Growth/CitiStreet	0.30	7.00	—	8.61	0.81
Travelers	Universal Annuity	Small Cap Value/Drefus	(7.29)	6.85	19.88	27.21	0.78
Travelers	Universal Annuity	Small Growth/Franklin	(16.31)	—	—	2.30	1.02
Travelers	Universal Annuity	Small Growth/Citi Funds	(5.28)	—	—	13.16	0.99
VALIC	Portfolio Director	Appreciation/Ariel	15.30	16.06	13.29	—	1.31
VALIC	Portfolio Director	Mid Cap Value/Wellington	(2.38)	—	—	20.13	1.05
VALIC	Portfolio Director	Growth and Income/Evergreen	(15.51)	3.87	—	10.02	1.41
VALIC	Portfolio Director	Mid Cap Index	(1.73)	14.86	13.51	—	0.40
VALIC	Portfolio Director	Mid Cap Growth/INVESCO	(30.84)	—	—	(2.75)	0.85
VALIC	Portfolio Director	Mid Cap Institutional Trust/MS	(30.34)	—	—	13.41	0.87
VALIC	Portfolio Director	OTC & Emerging Growth/Putnam	(46.56)	(6.89)	5.24	—	0.93
VALIC	Portfolio Director	Mid Cap Growth/SIT	(33.92)	5.56	8.08	—	1.25
VALIC	Portfolio Director	Fund/Ariel	13.30	14.84	12.57	—	1.24
VALIC	Portfolio Director	Small Cap Value/Evergreen	16.51	10.22	—	14.12	1.58
VALIC	Portfolio Director	Small Cap Value/One Group	6.51	—	—	9.24	0.95
VALIC	Portfolio Director	Small Cap/Founders, T. Rowe Price	(5.77)	—	—	(9.13)	1.05
VALIC	Portfolio Director	Small Cap Index	1.18	6.62	—	9.85	0.44
VALIC	Portfolio Director	Small Cap Growth/Credit Suisse	(13.77)	12.78	—	12.78	1.40
VALIC	Portfolio Director	Small Cap Growth/SIT	(28.77)	10.92	—	16.84	1.50
VALIC	Portfolio Director	Small Cap Growth/Franklin	(24.22)	—	—	6.49	1.16
VALIC	Portfolio Director	Special Equity/Evergreen	(9.94)	11.85	—	13.13	1.60

Footnote: **Exp. R.**—expense ratio for each fund for 2001.