



**TEXAS ASSOCIATION  
OF COLLEGE TEACHERS**



**TEXAS COMMUNITY COLLEGE  
TEACHERS ASSOCIATION**

## 2003 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. 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-ninth 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*

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. 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 often 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 ser-

*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?*



**Table 1 — Company Rankings**

Company	AM Best	S & P	D & P	Moody's
Ann. Inv. Life Ins.(AILIC)	A	A-	A+	A3
Diversified Investment Adv.	A+	AA	NR	Aa3
Equitable	A+	AA-	AA	Aa3
Great Amer. Life Ins.(GALIC)	A	A-	A+	A3
Horace Mann	A	A+	AA	A2
Lincoln Life	A+	AA-	AA	Aa3
Security Benefit Group	A+	AA-	AA-	A2
State Farm	A++	AA	NR	Aaa
Transamerica	A+	AA	AA+	Aa3
Travelers Life & Annuity	A++	AA	AA	Aa1
VALIC	A+	AAA	AA+	Aa1

Footnote: As of 12/31/02

vices 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.

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 to invest will usually range from zero percent for Money Market Funds to more than five percent for International Funds. The load immediately reduces

*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
AILIC	Commodore Spirit	30.00	1.25	0.26-1.25	0.10-0.85	\$25 over 12/year
AILIC	Commodore Advantage	30.00	1.25	0.26-1.25	0.10-0.85	\$25 over 12/year
AILIC	Commodore Helmsman	30.00	1.25	0.57-2.40	0.25-1.15	\$25 over 12/year
Diversified Investment Adv.	ORP	25.00	1.10	none	0.20-1.50	none
Equitable	EQUI-VEST TSA	2% or \$30	1.09-1.15	0.25	0.32-3.77	none
Horace Mann	New Solutions	25.00	1.250	0.76	0.64-1.72	none
The Legend Group	Custodial Account	none	none	\$20 per year	.45-2.75	none
Lincoln Life	Multi-Fund Individual	25.00	1.002	none	0.30-1.50	none
Security Benefit Group	Variflex Variable Annuity	30.00	1.200	none	0.58-2.28	none
Security Benefit Group	Security Funds	25.00	none	none	1.00-3.17	none
State Farm	Variable Deferred Annuity	30.00	1.250	none	0.31-0.78	\$25 over 12/year
Texas Retirement Trust	Texas Retirement Trust	none	none	1.00	1.00-2.21	none
T. Rowe Price	403(b)7 Mutual Funds	none	none	none	0.30-1.75	none
Travelers	Gold Track Select	none	0.80	none	0.40-1.00	none
Travelers	Universal Annuity	30.00	1.25	none	0.26-1.35	none
VALIC	Portfolio Director	none	none	none	none	none

**Total M&E**—Mortality and Expense Risk **Expense Ratio**—the range of sub-accounts for 2002

**5**  
*Is my contract surrenderable for cash value, in whole or in part, after leaving covered employment for ORP, and after I turn 59½ for TDA? Does it allow lump sum withdrawals in lieu of annuitization at retirement?*

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 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

**6**  
*Do I have sufficient choices between fixed and variable types of investments and can I shift between them easily and without cost?*

**Table 3 — TDA Loans**

Company	Contract ID	Interest Charged	Fee	Other Features
AILIC	Commodore	3.5%	0	Minimum \$1,000
Diversified Investment Adv.	ORP	6.0%	3%	Minimum \$1,000
GALIC	TSA	3.5%	0	Minimum \$1,000
Horace Mann	New Solutions	2.4% spread	0	Minimum \$500
The Legend Group	Custodial Account	prime rate	0	
Lincoln Life	Multi-Fund Individual	2.5%	0	Minimum \$2,500
Security Benefit Group	Variflex Var. Annuity	2% spread	0	Minimum \$1,000
Texas Retirement Trust	Texas Retirement Trust	2%	0	
Transamerica	TransMark 900	6% (net 3%)	0	Minimum \$1000
Travelers	Gold Track Select/T-Flex	2.5% spread	0	Minimum \$1,000
Travelers	Universal Annuity	2% spread	0	Minimum \$1,000
VALIC	Portfolio Director	3% spread	0	Minimum \$1,000
Van Kampen	403(b)(7) Custodial Account	8% fixed	\$25	Minimum \$1,000

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 guarantees 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.

**Table 4 — Fixed Rates**

Company	Contract Name	Interest rates		Crediting Method
		2002	Min %	
AILIC	Commodore Distinction	3.60	3.00	Banded
Diversified Investment Adv.	ORP	4.20	3.40	N/A
Equitable	EQUI-VEST	3.75	3.00	New Money & Pool Rt.
GALIC	TSA III	3.00	3.00	Banded
GALIC	TSA VIII	3.50	3.00	Banded
Horace Mann	New Solutions	4.25	3.00	New Money Banded
Lincoln Life	Multi Fund Individual	3.50	3.00	New Money/Portfolio
Security Benefit Group	Variflex Variable Annuity	3.67	3.00	New Money /Portfolio
State Farm	Future Income Annuity	3.35	3.00	New Money
Transamerica	TransMark 900	4.10	3.00	Banded
Travelers	Gold Track Select Fixed Rate	5.00	3.00	Portfolio
Travelers	T-Flex	4.25	3.50	Banded
VALIC	Portfolio Dir. - Sht-Term Fixed	4.50	3.00	Portfolio
VALIC	Portfolio Dir. - Fixed Acct Plus	4.94	3.00	Modified New Money

ing. The availability of this option could be an additional feature to consider.

**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.

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



## 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.

8  
Have I checked my  
company’s Web site for  
the most current  
information?

### New for 2003

HB 264 (by Fred Brown, R-College Station), recently passed by the 78th Legislature, allows institutions participating in the Optional Retirement Program to supplement the state employer contribution for all participants up to 8.5 percent of salary. This legislation overturns the previous prohibition of such supplements for participants hired since 1995.

Table 5 — Mutual Fund Money Market Accounts

Firm	Fund Name	1 year	5 year	10 year	20 year	Since Inception	Exp. R.	Mgmt	Frft Load	12-b-1
American Funds	Cash Mgmt. Trust	1.15	4.05	4.20	5.74	6.90	0.59	0.28	—	0.07
American Funds	U.S. Treas. Money	1.07	3.64	3.84	—	3.87	0.63	0.30	—	0.09
CitiStreet	SSgA Money Market	1.56	4.38	4.53	—	5.33	0.39	—	—	—
Diversified Investment Adv.	Money Market	0.54	3.22	3.73	—	6.51	.80	.25	—	0.25
Security Management Co.	Cash Fund	0.85	3.74	3.88	—	0.45	1.00	0.50	—	—
State Farm	Money Market	1.14	—	—	—	2.42	0.46	0.10	3.00	0.15
T. Rowe Price	U.S. Treasury	1.34	3.94	4.06	5.38	5.47	0.49	0.32	—	—
T. Rowe Price	Prime Reserve	1.39	4.22	4.29	5.77	6.95	0.62	0.37	—	—
T. Rowe Price	Summit Cash Reserve	1.56	3.93	4.41	—	—	4.66	0.45	—	—
Pioneer	Pioneer Cash Reserves	1.15	3.80	3.96	—	4.82	0.69	0.40	—	0.15
Van Kampen	Reserve Fund	0.99	3.86	3.90	—	6.69	0.91	0.39	—	0.15

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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

**AIG 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.*

**American Funds** is a family of mutual funds with 22 retirement-plan appropriate 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. 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. There are total operating expense ratios that range from 0.59% to 1.34% and the custodial account charges are \$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.*

**Diversified Investment Advisors** is dedicated to providing comprehensive retirement solutions that reflect our singular focus of helping individuals save and invest wisely for retirement. Our investment philosophy is grounded in fundamental, prudent investment principles, which promote long-term, consistent performance: Performance is overwhelmingly influenced by

asset allocation. Asset allocation requires a broad array of funds representing major asset classes and investment styles. Highly accomplished independent portfolio managers to best achieve investment goals. Continuous monitoring of these managers ensures strict adherence to investment objectives.

In order to achieve true diversification, an investor must be able to choose among funds, which have different return and risk characteristics. Therefore, we create funds which represent the various asset classes and adhere to stringent investment style guidelines. Diversified utilizes nationally recognized investment management firms in our manager-of-managers structure. We believe we add significant value by selecting and monitoring experienced, proven portfolio managers with expertise in distinct asset classes and styles. We believe that this comprehensive investment approach affords our clients sound retirement solutions. *Phone: 1-800-926-0044. Web: www.divinvest.com.*

**Equitable.** The EQUI-VEST program includes individual variable annuity contracts and associated services for participants who choose to invest with Equitable. EQUI-VEST TSA contracts will be issued to participants of the 403(b) plan as owner of each contract. The EQUI-VEST program offers a variety of investment options: a Guaranteed Interest Option ("GIO"), 10 Fixed Maturity Options ("FMOs") and 43 investment options including equity, fixed-income and asset allocation funds. This wide range of options will allow providers to customize either plan and investment options to meet employee diverse needs and risk tolerances. *Phone: 1-212-314-5783.*

**Great American Financial Resources Inc. (GAFRI)** offers both Fixed and Variable products through the subsidiaries Great American Life Insurance Co. (GALIC) and Annuity investors Life Insurance Co. (AILIC).

**TSA III** - There are no annual fees, administrative fees or sales charges. GALIC does not deduct any fees to purchase or maintain an annuity. The annuity funds earn interest at a competitive annual rate determined by the Board of Directors. The interest rate is guaranteed never to fall below 3%, even if economic conditions

cause interest rates to drop dramatically. Contributing to the TSA III is convenient because it's all done through payroll reduction. There can be changes to the amount of contributions as your financial situation changes. TSA III also accepts single sum transfers from another TSA and annual periodic payments from annuitizations from another company. The account value (referred to as the annuity value) and surrender value for the TSA III contract are equal to 100% of all premiums paid, plus interest earned, less any amount previously returned and early withdrawal charges applicable to these distributions, and less any premium tax or other taxes paid. The account value is payable on annuitizations after five years and upon death. Withdrawals in the first five years are subject to an early withdrawal charge. The early withdrawal charge does not apply to single sum transfers. TSA III allows low interest loans. The loans are subject to minimum and maximum loan amounts and repayment requirements.

**TSA VIII** - There are no annual fees, administrative fees or sales charges. GALIC does not deduct any fees to purchase or maintain an annuity. The annuity funds earn interest at a competitive annual rate determined by the Board of Directors. The interest rate is guaranteed never to fall below 3%, even if economic conditions cause interest rates to drop dramatically. Contributing to the TSA VIII is convenient because it's all done through payroll reduction. There can be changes to the amount of contributions as your financial situation changes. TSA VIII also accepts single sum transfers from another TSA and annual periodic payments from annuitizations from another company. Upon the 10<sup>th</sup> contract anniversary, the total amount of premiums contributed in years two through 10 (less any distributions and early withdrawal charges on those distributions) will be compared to first-year regular premiums. If this figure is equal to at least three times the amount of first-year regular premiums, the contract will qualify for five 1% persistency bonuses. TSA VIII offers the opportunity to receive an additional 5% incentive when you annuitize after the 5<sup>th</sup> contract anniversary and select a payout period of at least 7 years. The account value (referred to as the annuity value) for the TSA VIII contract is equal to 100% of all premiums paid, plus interest earned, plus any persistency bonuses

**Table 6 — Mutual Fund Stock Accounts  
Equity-Income, Income, or Growth**

Firm	Fund Name	1 year	5 year	10 year	20 year	Since Inception	Exp. R.	Mgt.	Frnt. Load	12-b-1
American Funds	Income Fund of Amer.	(4.38)	4.05	9.43	11.80	12.44	0.61	0.27	—	0.24
American Funds	AMCAP Fund	(18.66)	5.63	10.82	12.27	12.23	0.71	0.36	—	0.23
American Funds	Growth Fund of America	(22.02)	7.14	11.82	13.46	15.19	0.75	0.31	—	0.25
American Funds	New Economy Fund	(26.01)	(0.75)	7.69	—	11.21	0.89	0.41	—	0.24
American Funds	Capital Income Builder	0.66	5.21	10.17	—	10.83	0.67	0.31	—	0.24
CitiStreet	Dreyfus Premier Mid Cap	(13.22)	1.61	—	—	10.57	1.35	—	—	—
CitiStreet	Dreyfus S&P 500	(23.07)	(3.50)	8.06	—	8.55	0.50	—	—	—
CitiStreet	Fidelity Adv. Value Strategic T	(26.27)	1.95	8.09	—	9.05	1.34	—	—	—
CitiStreet	Salomon Bros. Investors Value	(21.76)	1.99	—	—	11.89	1.03	—	—	—
CitiStreet	Smith Barney Appreciation	(16.98)	2.29	8.91	—	10.97	0.92	—	—	—
CitiStreet	Smith Barney Fund. Value	(26.51)	3.96	10.05	—	11.70	1.02	—	—	—
CitiStreet	Smith Barney Large Cap Value	(26.28)	(2.92)	6.63	—	10.09	0.89	—	—	—
CitiStreet	SSgA Growth and Income	(24.48)	0.93	—	—	9.21	1.10	—	—	—
CitiStreet	SSgA S&P 500 Index	(22.34)	(0.78)	9.10	—	9.10	0.17	—	—	—
Diversified Investment Adv.	Growth & Income	(3.75)	(5.74)	6.91	—	9.21	1.15	0.60	—	0.25
Diversified Investment Adv.	Equity Growth	(0.18)	(2.39)	7.10	—	7.24	1.21	0.62	—	0.25
Diversified Investment Adv.	Mid Cap Value	(0.37)	—	—	—	—	1.25	0.67	—	0.25
Diversified Investment Adv.	Small Cap Value	(2.83)	—	—	—	—	1.50	0.82	—	0.25
Diversified Investment Adv.	Short/Interm. Horizon SAF	5.85	3.42	—	—	—	0.20	0.20	—	0.00
Diversified Investment Adv.	Short Horizon SAF	6.42	4.73	—	—	—	0.20	0.20	—	0.00
Diversified Investment Adv.	Special Equity	(6.91)	(0.87)	9.85	—	11.45	1.41	0.80	—	0.25
Pioneer	Equity-Income	(17.02)	0.90	8.88	—	10.24	1.10	0.60	5.75	0.25
Pioneer	Pioneer Fund	(20.26)	1.14	9.70	11.25	12.44	1.14	0.66	5.75	0.25
Pioneer	Value	(18.79)	(3.13)	6.70	9.72	12.25	1.16	0.54	5.75	0.25
Pioneer	Mid Cap Growth	(29.56)	(3.35)	2.98	8.57	8.52	0.93	0.43	5.75	0.25
Pioneer	Small Company	(18.72)	(0.38)	—	—	6.36	1.60	0.85	5.75	0.25
Pioneer	Small Cap Value	(12.70)	6.20	—	—	8.00	1.76	1.10	5.75	0.25
Security Management Co.	Equity	(28.00)	(4.87)	6.71	—	11.66	1.20	0.75	5.75	0.25
Security Management Co.	Mid Cap Growth	(31.79)	4.80	7.97	—	10.47	1.30	0.75	5.75	0.25
Security Management Co.	Mid Cap Value	(19.74)	9.87	—	—	13.71	1.59	1.00	5.75	0.25
Security Management Co.	Select 25	(30.55)	—	—	—	(10.96)	1.46	0.75	5.75	0.25
Security Management Co.	Large Cap Growth	(31.34)	—	—	—	(24.94)	1.99	1.00	5.75	0.25
Security Management Co.	Enhanced Index	(27.84)	—	—	—	(10.32)	1.61	0.75	5.75	0.25
Security Management Co.	Large Cap Value	(28.48)	(8.55)	2.50	—	8.64	1.33	0.75	5.75	0.25
State Farm	Equity Fund	(21.18)	—	—	—	(17.67)	0.39	0.60	3.00	0.25
State Farm	S&P 500 Index	(24.94)	—	—	—	(18.84)	0.41	0.20	3.00	0.25
Texas Retirement Trust	Babson Enterprise	(3.42)	2.95	9.92	—	11.59	1.08	—	—	—
Texas Retirement Trust	Neuberger Ber. Genesis In.	(2.96)	6.90	13.28	—	13.10	1.10	—	—	—
Texas Retirement Trust	Babson Shadow Stock	(12.23)	4.36	10.09	—	8.35	1.03	—	—	—
Texas Retirement Trust	T. Rowe Price Small Value	(1.76)	4.91	12.28	—	12.05	0.89	—	—	—
T. Rowe Price	Blue Chip Growth	(24.23)	(0.46)	—	—	10.27	0.96	0.62	—	—
T. Rowe Price	Capital Appreciation	0.54	8.93	11.85	—	12.31	0.85	0.62	—	—
T. Rowe Price	Dividend Growth	(18.47)	(0.68)	9.80	—	9.80	0.83	0.52	—	—
T. Rowe Price	Equity Income	(13.04)	2.54	10.90	—	12.76	0.79	0.57	—	—
T. Rowe Price	Growth and Income	(23.84)	(1.52)	7.82	10.33	10.49	0.81	0.57	—	—
T. Rowe Price	Growth Stock	(23.00)	1.63	9.81	11.41	8.95	0.77	0.57	—	—
T. Rowe Price	Mid-Cap Growth	(21.22)	4.82	12.80	—	14.53	0.88	0.67	—	—
T. Rowe Price	Mid-Cap Value	(7.38)	6.42	—	—	11.39	0.96	0.67	—	—
T. Rowe Price	New Era	(6.34)	3.33	9.05	10.69	9.66	0.72	0.57	—	—
T. Rowe Price	Small-Cap Stock	(14.21)	3.40	11.32	11.85	12.89	0.96	0.77	—	—
T. Rowe Price	Small-Cap Value	(1.76)	4.91	12.28	—	12.05	0.89	0.67	—	—
T. Rowe Price	Value	(16.58)	2.73	—	—	13.00	0.95	0.67	—	—
Van Kampen	Comstock	(19.59)	5.08	11.29	—	11.71	0.87	0.42	5.75	0.25
Van Kampen	Growth and Income	(14.71)	4.94	11.25	—	9.08	0.84	0.37	5.75	0.25
Van Kampen	Value Opportunities	(16.43)	—	—	—	(14.10)	1.45	0.75	5.75	0.25
Van Kampen	Value	(24.98)	(2.59)	—	—	(2.04)	1.46	0.80	5.75	0.25
Van Kampen	Harbor	(11.47)	3.70	7.43	—	9.97	0.99	0.53	5.75	0.24
Van Kampen	Pace	(25.42)	(5.34)	5.40	—	10.40	0.92	0.47	5.75	0.25
Van Kampen	Growth	(25.09)	2.80	—	—	13.17	1.43	0.75	5.75	0.25
Van Kampen	Equity Growth	(28.38)	—	—	—	(4.69)	1.60	0.80	5.75	0.25
Van Kampen	Focus Equity	(29.47)	(2.70)	—	—	6.76	1.55	0.90	5.75	0.25
Van Kampen	Mid Cap Growth	(31.51)	—	—	—	(16.67)	1.58	0.75	5.75	0.25
Van Kampen	American Value	(19.76)	(0.83)	—	—	7.54	1.46	0.85	5.75	0.25
Van Kampen	Small Cap Value	(14.15)	—	—	—	4.79	1.62	0.75	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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.

credited, less any amount previously returned and early withdrawal charges applicable to these distributions, and less any premium tax or other taxes paid. The early withdrawal charge does not apply to single sum transfers. TSA VIII allows low interest loans. The loans are subject to minimum and maximum loan amounts and repayment requirements.

*Commodore Distinction* - There are annual or administrative fees or sales charges. Accepts Flexible or single purchase payments. Contributions may be through payroll deduction. In addition, there is the flexibility to change the amount contributed as financial situation changes. The contract accepts single sum transfers and periodic payments from annuitizations of another company tax free. Annuity funds earn compounded interest at a competitive annual rate determined periodically by our Board of Directors. The declared interest rate is

guaranteed never to fall below 3% annually for the duration of the contract. For each purchase payment received during the first contract year, additional interest will be added to the current interest rate for a period of one year from date of receipt. The additional interest does not apply to interest credited more than on year after the purchase payment is received. The account value is equal to 100% of all purchase payments, plus interest credited, less amounts previously withdrawn and charges applied to those amounts and less premium tax or otherof 0.15%. An individual contract maintenance fee of \$30 per year that can be waived if the account balance is at least \$40,000 on the contract anniversary (individual contracts only); Contingent Deferred Sales Charges (CDSC) on Purchase Payments withdrawn within seven years of making the Purchase Payment. The CDSC may be waived if there is a

death, become disabled or enter a nursing home. See prospectus for details.

*Commodore Advantage* - In addition to the power of tax deferral, The Commodore Advantage offers an immediate 4% Bonus applied to each Purchase Payment. If the contract is cancelled or surrendered during the first contract year, the bonus will be forfeited. Invest with confidence by choosing among 33 Investment Portfolios, managed by eight leading investment advisors. One can diversify investments and customize retirement strategy to meet needs. Portfolio options range from aggressive to conservative and domestic to international. During the first contract year, one can enjoy free withdrawals of up to a total of 10% of Purchase Payments. After the first contract anniversary, one can withdraw annually—without contingent deferred sales charges—the greater of: 1) 10% of the Account Value as of the last

**Table 7 — Mutual Fund Bond Accounts**

Firm	Fund Name	1 year	5 year	10 year	20 year	Since Inception	Exp.R.	Mgmt	Fr't Load	12-b-1
American Funds	US Gov. Securities	9.02	6.63	6.45	—	7.69	0.80	0.33	—	0.30
American Funds	High Income Trust Fund A	(3.58)	1.84	6.50	—	8.26	0.88	0.45	—	0.29
American Funds	Bond Fund of America A	6.11	5.37	6.86	9.37	9.52	0.71	0.31	—	0.25
American Funds	Intern. Bond Fund of Am. A	7.05	6.33	6.21	—	6.96	0.76	0.33	—	0.30
CitiStreet	Salomon Bros. U.S. Gov.	8.58	6.91	—	—	7.06	0.84	—	—	—
CitiStreet	Scudder Pres. Plus Inv.	4.95	5.32	—	—	5.32	0.65	—	—	—
CitiStreet	Smith Barney Gov Sec.	10.12	5.94	6.45	—	6.60	0.96	—	—	—
CitiStreet	Smith Barney U.S. Gov.	7.78	6.07	6.46	—	8.64	0.85	—	—	—
CitiStreet	SSgA Intermediate	8.65	6.88	—	—	5.99	0.60	—	—	—
Diversified Investment Adv.	High Quality	(4.27)	11.68	8.50	16.73	7.04	0.96	0.35	—	0.25
Diversified Investment Adv.	Intermediate Government	5.88	5.67	5.42	—	6.52	0.97	0.35	—	0.25
Diversified Investment Adv.	Core Bond Fund	10.39	5.95	6.38	—	8.24	0.95	0.35	—	0.25
Diversified Investment Adv.	High Yield	19.51	2.61	—	—	5.79	1.10	0.55	—	0.25
Pioneer	Bond	8.77	5.75	6.38	8.36	8.45	1.16	0.50	4.50	0.25
Pioneer	Amer. Income Trust	9.78	6.39	6.32	—	7.27	1.00	0.50	4.50	0.25
Pioneer	High Yield	(2.70)	—	—	—	8.95	1.10	0.69	4.50	0.25
Pioneer	Strategic Income	10.63	—	—	—	5.76	0.94	0.75	4.50	0.25
Security Management Co.	High Yield	(6.31)	(0.09)	—	—	2.60	1.48	0.60	4.75	0.25
Security Management Co.	Diversified Income	3.78	5.16	6.11	—	7.42	1.02	0.35	4.75	0.25
Security Management Co.	Capital Preservation	0.87	—	—	—	4.72	1.50	0.70	3.50	0.25
State Farm	Bond Fund	5.75	—	—	—	6.59	0.36	0.10	3.00	0.25
Texas Retirement Trust	Vanguard Lng. Term Indx.	14.35	8.28	7.21	—	8.76	0.21	—	—	—
T. Rowe Price	Short-Term	5.32	6.13	5.38	—	6.93	0.55	0.42	—	—
T. Rowe Price	GNMA	9.03	6.82	6.81	—	7.76	0.69	0.47	—	—
T. Rowe Price	New Income	7.48	5.96	6.61	8.45	8.41	0.73	0.47	—	—
T. Rowe Price	U.S. Bond Index	9.67	—	—	—	9.45	0.30	—	—	—
T. Rowe Price	U.S. Treas. Intern.	12.03	7.58	6.92	—	7.72	0.62	0.37	—	—
T. Rowe Price	Corporate Income	4.24	4.62	—	—	6.13	0.80	0.47	—	—
T. Rowe Price	Emerging Market	9.53	5.48	—	—	12.82	1.14	0.77	—	—
T. Rowe Price	High Yield	3.08	2.86	6.67	—	8.45	0.82	0.62	—	—
T. Rowe Price	International	21.81	3.95	6.00	—	7.28	0.93	0.67	—	—
T. Rowe Price	U.S. Treas. Long Term	15.13	7.86	8.39	—	8.80	0.66	0.37	—	—
T. Rowe Price	Summit GNMA	8.97	6.85	—	—	6.89	0.60	0.39	—	—
USAA Investment	GNMA	9.51	2.94	16.76	(0.20)	7.11	0.31	0.13	—	—
Van Kampen	Corporate	3.38	4.80	6.41	—	7.99	1.03	0.45	4.75	0.25
Van Kampen	Government Securities	9.73	6.67	6.39	—	8.04	1.00	0.53	4.75	0.25
Van Kampen	High Income	(9.42)	(3.33)	3.80	—	6.96	1.07	0.54	4.75	0.24
Van Kampen	High Yield	(9.39)	(3.89)	3.19	—	4.28	1.32	0.75	4.75	0.24
Van Kampen	Ltd. Mat. Gov't.	5.34	5.43	4.94	—	5.73	1.01	0.40	2.25	0.16

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **Mgmt.**—the cost associated with the investment advisor, which is included in the expense ratio. **Fr't. 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	20 year	Since Inception	Exp. R	Mgmt	Frnt Load	12-b-1
American Funds	American Mutual Fund	(12.18)	3.22	10.00	12.26	12.39	0.60	0.28	—	0.22
American Funds	Fundamental Inv. Fund A	(17.34)	2.54	10.72	13.33	13.50	0.67	0.27	—	0.25
American Funds	Investment Co. of America	(14.47)	3.96	10.63	13.25	12.82	0.59	0.24	—	0.23
American Funds	Washington Mutual Inv.	(14.85)	2.62	11.33	13.65	12.72	0.65	0.29	—	0.25
CitiStreet	Smith Barney Agg. Gr. A	(32.75)	10.98	13.66	—	13.63	1.21	—	—	—
Diversified Investment Adv.	Aggressive Equity	(2.46)	(1.27)	—	—	2.81	1.50	0.97	—	0.25
Diversified Investment Adv.	Mid Cap Growth	1.32	—	—	—	(15.83)	1.35	0.72	—	0.25
Diversified Investment Adv.	Small Cap Growth	7.79	—	—	—	(2.79)	1.55	0.87	—	0.25
Diversified Investment Adv.	Intern./Long Horizon	0.43	1.10	—	—	5.62	0.20	0.20	—	—
Diversified Investment Adv.	Long Horizon	(4.90)	(1.20)	—	—	(1.18)	0.20	0.20	—	—
Diversified Investment Adv.	Stock Index	(0.38)	2.26	—	—	9.46	0.65	0.40	—	—
Pioneer	Growth Shares	(34.89)	(7.37)	5.50	10.04	7.47	1.18	0.56	5.75	0.25
Pioneer	Mid Cap Value	(11.99)	3.24	10.42	—	11.53	1.30	0.69	5.75	0.25
Security Management Co.	Small Cap Growth	(31.50)	(1.87)	—	—	(2.53)	2.14	1.00	5.75	0.25
Security Management Co.	Technology	(42.77)	—	—	—	(38.55)	3.17	1.00	5.75	0.25
State Farm	Small Cap Equity	(28.40)	—	—	—	—	0.43	0.80	3.00	0.25
State Farm	Small Cap Index	(23.43)	—	—	—	(9.81)	0.47	0.33	3.00	0.25
Texas Retirement Trust	Federated Kaufmann K	(21.41)	3.58	11.09	—	13.12	1.95	0.36	—	0.38
Texas Retirement Trust	Janus Olympus	(28.19)	3.74	—	—	9.20	0.89	—	—	—
T. Rowe Price	Capital Opportunity	(22.25)	(3.49)	—	—	7.02	1.37	0.67	—	—
T. Rowe Price	Developing Technology	(48.69)	—	—	—	(44.15)	1.50	0.92	—	—
T. Rowe Price	Diversified Small-Cap	(27.50)	(4.53)	—	—	2.92	1.25	0.67	—	—
T. Rowe Price	Financial Services	(10.10)	6.20	—	—	13.17	1.00	0.67	—	—
T. Rowe Price	Health Sciences	(27.74)	6.44	—	—	10.93	1.04	0.67	—	—
T. Rowe Price	Media & Telecomm.	(28.39)	5.43	—	—	9.71	1.15	0.67	—	—
T. Rowe Price	New America Growth	(28.54)	(5.62)	5.50	—	10.23	0.99	0.67	—	—
T. Rowe Price	New Horizons	(26.60)	(0.29)	9.19	9.86	10.60	0.92	0.67	—	—
T. Rowe Price	Real Estate	5.38	4.94	—	—	s6.32	1.00	0.62	—	—
T. Rowe Price	Science & Technology	(40.58)	(8.03)	5.51	—	9.73	1.11	0.67	—	—
Van Kampen	Select Growth	(27.81)	—	—	—	(32.99)	1.48	0.74	5.75	0.25
Van Kampen	Enterprise	(29.60)	(5.81)	5.73	—	10.85	1.05	0.46	5.75	0.25
Van Kampen	Aggressive Growth	(33.88)	1.35	—	—	3.96	1.43	0.70	5.75	0.25
Van Kampen	Emerging Growth	(33.22)	1.83	10.06	—	14.93	1.06	0.44	5.75	0.25
Van Kampen	Technology	(48.98)	—	—	—	(31.03)	2.39	0.90	5.75	0.25
Van Kampen	Small Cap Growth	(26.86)	—	—	—	(29.45)	1.72	0.80	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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 9 — Mutual Fund Stock–Bond Accounts  
Total Return, Balanced, or Managed**

Firm	Fund Name	1 year	5 year	10 year	20 year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
American Funds	American Balanced Fund	(6.27)	6.20	10.14	12.00	12.07	0.70	0.27	—	0.25
CitiStreet	Salomon Bros. Balanced	(3.33)	2.95	—	—	7.86	0.95	—	—	—
Diversified Investment Adv.	Balanced	3.68	(0.21)	7.39	—	7.73	1.07	0.45	—	0.25
Diversified Investment Adv.	Intermediate Horizon SAF	2.59	2.34	—	—	5.55	0.20	0.20	—	—
Pioneer	Balanced	(11.20)	(1.06)	4.33	7.91	7.44	1.30	0.65	4.50	0.25
State Farm	Equity and Bond	(10.71)	—	—	—	(8.06)	0.48	0.40	3.00	0.25
Texas Retirement Trust	Berwyn Income	9.38	4.96	8.71	—	9.77	0.69	—	—	—
Texas Retirement Trust	FPA Crescent Instl.	3.71	7.10	—	—	12.31	1.50	—	—	—
Texas Retirement Trust	Vanguard Wellesley Inc.	4.64	6.96	10.03	—	10.84	0.33	—	—	—
Texas Retirement Trust	Caldwell & Orkin Mkt. Opp.	2.93	8.10	12.41	—	13.18	1.22	—	—	—
T. Rowe Price	Balanced	(8.54)	2.77	8.04	10.60	7.89	0.79	0.47	—	—
T. Rowe Price	Personal Strategy Balanced	(7.74)	3.16	—	—	8.83	0.90	0.57	—	—
T. Rowe Price	Personal Strategy Growth	(12.37)	2.09	—	—	9.27	1.10	0.62	—	—
T. Rowe Price	Personal Strategy Income	(3.37)	4.04	—	—	8.39	0.80	0.47	—	—
T. Rowe Price	Spectrum Growth	(19.83)	0.37	8.68	—	8.82	0.88	0.63	—	—
T. Rowe Price	Spectrum Income	6.85	5.11	7.38	—	8.27	0.80	0.56	—	—
T. Rowe Price	Spectrum International	(16.61)	(2.21)	—	—	(1.45)	1.12	0.78	—	—
T. Rowe Price	Equity Index 500	(22.21)	(0.83)	9.01	—	9.79	0.35	0.15	—	—
T. Rowe Price	Extended Equity Market Index	(18.12)	—	—	—	(1.27)	0.40	—	—	—
T. Rowe Price	Total Equity Market Index	(21.16)	—	—	—	(0.97)	0.40	—	—	—
Van Kampen	Equity and Income	(8.32)	6.74	11.60	—	10.92	0.83	0.36	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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.

contract anniversary, adjusted for withdrawals; or 2) the accumulated earnings. There is no initial sales charge, so all money goes to work immediately. There are other expenses associated with the Commodore Advantage variable annuity: An annual Mortality & Expense Risk Charge of 1.25% and an annual administrative charge of 0.15%. An individual contract maintenance fee of \$30 per year that can be waived if the account balance is at least \$40,000 on the contract anniversary

(individual contracts only); Contingent Deferred Sales Charges (CDSC) on Purchase Payments withdrawn within seven years of making the Purchase Payment. The CDSC may be waived if there is a death, become disabled or enter a nursing home. See prospectus for details.

*Commodore Helmsman* - Invest with confidence by choosing among 36 Investment Portfolios, managed by eight leading investment advisors. One can

diversify investments and customize retirement strategy to meet needs. Portfolio options range from aggressive to conservative and domestic to international. Each contract year you can enjoy—without Contingent Deferred Sales Charges—withdrawals of up to a total of 15% of Purchase Payments still subject to these charges. There is no initial sales charge, so all money goes to work immediately. There are other expenses associated with the Commodore Spirit variable annuity: An

**Table 10 — Mutual Fund International/Global Accounts**

Firm	Fund Name	1 year	5 year	10 year	20 year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
American Funds	EuroPacific Growth	(13.61)	2.49	8.53	—	12.13	0.88	0.46	—	0.25
American Funds	New Perspective	(16.05)	5.15	10.56	12.90	13.08	0.82	0.40	—	0.25
American Funds	New World	(4.62)	—	—	—	(3.65)	1.34	0.79	—	0.23
American Funds	SMALL CAP World	(22.25)	(2.51)	6.22	—	7.48	1.17	0.67	—	0.25
American Funds	Capital World Gr.& Inc.	(7.15)	5.76	—	—	11.32	0.82	0.42	—	0.25
American Funds	Capital World Bond	16.45	5.05	6.59	—	7.41	1.08	0.57	—	0.26
CitiStreet	Templeton Foreign	(8.64)	1.42	7.50	—	12.47	1.16	—	—	—
CitiStreet	SSgA Emerging Markets	(5.03)	(1.53)	—	—	(0.35)	1.25	—	—	—
Diversified Investment Adv.	International Equity	(8.49)	(1.67)	5.76	—	6.99	1.40	0.75	—	0.25
Pioneer	Europe	(19.71)	(5.04)	6.73	—	5.72	1.89	1.00	5.75	0.25
Pioneer	Intern. Equity	(19.61)	(4.17)	—	—	(1.29)	1.75	1.00	5.75	0.25
Pioneer	Intern. Value	(15.16)	(8.86)	—	—	1.85	1.99	1.00	5.75	0.25
Pioneer	Emerging Markets	(2.05)	(5.05)	—	—	(0.39)	2.74	1.25	5.75	0.25
Security Management Co.	Global	(28.53)	3.36	—	—	5.94	1.78	1.00	5.75	0.25
Security Management Co.	International	(26.92)	—	—	—	(13.76)	2.50	1.10	5.75	0.25
State Farm	International Equity	(19.65)	—	—	—	(18.99)	0.95	0.80	3.00	0.25
State Farm	International Index	(19.54)	—	—	—	(19.98)	0.62	0.40	3.00	0.25
Texas Retirement Trust	Oakmark Int'l. I	(8.46)	4.85	9.75	—	9.55	1.33	—	—	—
Texas Retirement Trust	Oakmark Int'l. Sm. Cap I	(5.12)	10.41	—	—	6.61	1.74	—	—	—
T. Rowe Price	Global Stock	(20.75)	(0.54)	—	—	4.07	1.20	0.67	—	—
T. Rowe Price	Global Technology	(29.89)	—	—	—	(38.62)	1.50	0.77	—	—
T. Rowe Price	European Stock	(18.66)	(1.93)	7.99	—	6.01	1.15	0.82	—	—
T. Rowe Price	Emerg. Europe & Medit.	3.72	—	—	—	(12.59)	1.75	1.07	—	—
T. Rowe Price	Emerging Markets Stock	(4.92)	(2.48)	—	—	0.94	1.45	1.07	—	—
T. Rowe Price	International Discovery	(16.27)	7.58	7.44	—	6.98	1.45	1.07	—	—
T. Rowe Price	International Equity Index	(15.37)	—	—	—	(16.77)	0.50	—	—	—
T. Rowe Price	International Growth & Inc.	(11.65)	—	—	—	(4.04)	1.25	0.67	—	—
T. Rowe Price	International Stock	(18.18)	(3.73)	4.32	10.18	9.90	0.96	0.67	—	—
T. Rowe Price	Japan	(16.86)	(3.86)	(2.63)	—	(3.66)	1.48	0.82	—	—
T. Rowe Price	Latin America	(18.10)	(5.67)	—	—	(1.99)	1.60	1.07	—	—
T. Rowe Price	New Asia	(9.36)	0.06	0.72	—	3.08	1.19	0.82	—	—
Van Kampen	Emerging Markets	(6.75)	(4.23)	—	—	(3.83)	2.47	1.25	5.75	0.25
Van Kampen	Global Equity Allocation	(18.37)	(1.47)	—	—	6.05	1.68	1.00	5.75	0.25
Van Kampen	Global Value Equity	(18.09)	(0.69)	—	—	(0.80)	1.60	1.00	5.75	0.25
Van Kampen	Global Franchise	6.60	—	—	—	15.01	1.80	1.00	5.75	0.25
Van Kampen	International Magnum	(17.61)	(5.51)	—	—	(3.06)	1.75	0.80	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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	20 year	Since Inception	Exp. R.	Mgmt	Frnt Load	12-b-1
Pioneer	Real Estate Shares	3.61	1.94	—	—	7.50	1.57	0.80	5.75	0.25
Security Management Co.	Social Awareness	(25.35)	(3.07)	—	—	0.76	1.82	1.00	5.75	0.25
Texas Retirement Trust	Vanguard Precious Met.	33.35	12.60	6.72	—	3.57	0.63	—	—	—
Texas Retirement Trust	FBR Small Cap Fin. A.	18.68	9.72	—	—	16.65	1.53	—	—	—
Van Kampen	Real Estate Securities	1.09	3.30	—	—	9.89	1.67	1.00	4.75	0.25
Van Kampen	Utility	(18.58)	0.85	—	—	5.77	1.27	0.65	5.75	0.25

Footnotes: **Exp. R.**—expense ratio for each fund for fiscal year 2002. **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 12 — Variable Annuity Money Market Accounts**

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inception	Exp.R.
Diversified Investment Adv.	ORP	Money Market	0.97	3.63	4.06	—	6.77	0.28
Equitable	EQUI-VEST TSA	EQ/Money Market	(0.18)	2.58	3.03	4.46	4.99	0.39
Lincoln Life	Multi Fund Individual	Money Market	0.40	3.22	3.32	—	5.10	0.52
Security Benefit Group	Variflex Var. Annuity	Money Market	0.05	1.20	3.63	—	4.26	0.58
State Farm	Variable Def. Annuity	Money Market	0.12	3.05	—	—	3.05	0.47
Travelers	Gold Track Select	Money Market	0.48	3.33	3.04	—	3.88	0.40
Travelers	Universal Annuity	Money Market	0.20	3.10	3.24	—	4.67	0.32
VALIC	Portfolio Director	Money Market I	0.44	3.33	3.47	—	—	0.60
VALIC	Portfolio Director	Money Market II	0.71	—	—	—	3.41	0.56

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

annual Mortality & Expense Risk Charge of 1.25% and an annual administrative charge of 0.15%. An individual contract maintenance fee of \$30 per year that can be waived if the account balance is at least \$40,000 on the contract anniversary or if you are a TSA contract holder. Contingent Deferred Sales Charges (CDSC) on Purchase Payments withdrawn

within seven full years of making the Purchase Payment. Each purchase become disabled or enter a nursing home. See prospectus for details. *GALIC—Phone: 1-800-438-3398. Web: www.galic.com. AILIC—Phone: 1-800-789-6771. Web: www.annuityinvestors.com.*

**Horace Mann** has partnered with a number

of well-known investment firms to provide educators with a full range of investment options in our New Solutions variable annuity. Our options span a wide spectrum of investment styles. From large company growth to fixed income, we can help match personal investment comfort levels with the appropriate investment options. This

**Table 13 — Variable Annuity Bond Accounts**

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inc.	Exp.R.
AILIC	Commodore Spirit/Adv.	High Yield/INVESCO	(2.66)	(5.19)	—	—	2.11	1.02
AILIC	Commodore Spirit/Adv.	Core Plus Fixed Income/Van Kampen	5.85	5.23	—	—	5.76	0.70
AILIC	Commodore/Helmsman	Government Securities/AIM	6.74	—	—	—	5.20	1.32
AILIC	Commodore/Helmsman	High Yield/Admin/PIMCO	(2.55)	—	—	—	(0.32)	0.65
AILIC	Commodore/Helmsman	Real Return/PIMCO	16.17	—	—	—	11.12	0.66
AILIC	Commodore/Helmsman	Total Return/PIMCO	7.58	—	—	—	5.59	0.65
AILIC	Commodore/Helmsman	Core Plus/Van Kampen	5.85	5.23	—	—	5.76	0.70
Diversified Investment Adv.	ORP	High Quality	4.13	5.22	4.94	—	5.70	0.38
Diversified Investment Adv.	ORP	Intermediate Government	5.33	5.22	4.98	—	6.10	0.39
Diversified Investment Adv.	ORP	Core Bond	9.77	5.49	5.77	—	7.80	0.39
Diversified Investment Adv.	ORP	High Yield	18.78	2.07	—	—	5.16	0.60
Equitable	EQUI-VEST TSA	EQ/Alliance Intern. Gov't. Securities	7.85	5.36	4.71	—	5.46	0.59
Equitable	EQUI-VEST TSA	EQ/Alliance Quality	9.00	5.54	—	—	5.06	0.62
Equitable	EQUI-VEST TSA	EQ/High Yield	7.82	(3.81)	4.39	—	5.96	0.69
Equitable	EQUI-VEST TSA	EQ/J.P. Morgan Core	9.24	5.92	—	—	5.95	0.80
Horace Mann	New Solutions	Income Fund	7.85	5.28	5.24	—	5.86	0.80
Horace Mann	New Solutions	Short Term Inv. Fund	0.46	3.17	3.08	—	0.02	0.52
Horace Mann	New Solutions	VIP Inv. Grade Bond/Fidelity	8.74	6.02	5.91	—	6.53	0.82
Horace Mann	New Solutions	VIP High Income/Fidelity	2.02	(7.27)	2.13	—	2.99	0.98
Lincoln Life	Multi Fund Individual	Bond	9.10	6.10	6.20	—	9.10	0.48
Lincoln Life	Multi Fund Individual	Global Bond	23.80	4.40	—	—	4.90	0.81
Security Benefit Group	Variflex Var. Annuity	Diversified Income.	7.99	4.47	4.75	—	6.28	0.83
Security Benefit Group	Variflex Var. Annuity	High Yield	(0.80)	0.84	—	—	3.39	0.86
State Farm	Variable Def. Annuity	Bond Fund	7.82	5.45	—	—	5.45	0.55
Travelers	Gold Track Select	Long Term/CitiStreet	7.99	5.81	—	—	6.40	0.65
Travelers	Gold Track Select	Federated High Yield/Travelers	2.79	0.04	—	—	3.32	0.81
Travelers	Gold Track Select	High Yield/Smith Barney	3.64	4.23	7.53	—	7.26	0.73
Travelers	Gold Track Select	Short Term/Travelers	4.86	4.93	—	—	5.38	0.45
Travelers	Gold Track Select	Long Term Gov/Travelers	12.61	6.80	6.91	—	6.96	0.45
Travelers	Universal Annuity	Long Term/CitiStreet	7.61	5.44	—	—	6.03	0.65
Travelers	Universal Annuity	High Yield/Fidelity	2.16	(7.20)	2.18	—	5.44	0.70
Travelers	Universal Annuity	Short Term/Travelers	0.75	3.34	4.60	—	6.69	0.32
Travelers	Universal Annuity	Long Term Gov./Travelers	12.22	6.43	6.54	—	6.60	0.45
VALIC	Portfolio Director	International Gov. Bond	16.45	3.22	4.71	—	—	0.62
VALIC	Portfolio Director	Long-Term Treasury/Vanguard	15.75	7.62	8.01	—	—	0.29
VALIC	Portfolio Director	Core Bond	8.28	—	—	—	5.21	0.77
VALIC	Portfolio Director	Strategic Bond	6.02	—	—	—	5.75	0.89
VALIC	Portfolio Director	High Yield	(2.36)	—	—	—	0.82	0.99
VALIC	Portfolio Director	Asset Allocation	(10.08)	1.47	6.59	—	—	0.62
VALIC	Portfolio Director	Wellington/Vanguard	(7.87)	3.52	9.24	—	—	0.36
VALIC	Portfolio Director	Capital Conservation	8.06	5.66	5.90	—	—	0.62
VALIC	Portfolio Director	Basic U.S. Mortgage Sec./Dreyfus	8.00	6.13	6.43	—	—	0.65
VALIC	Portfolio Director	Government Securities	11.14	6.57	6.18	—	—	0.62
VALIC	Portfolio Director	Long Term Corporate/Vanguard	12.32	6.38	7.31	—	—	0.32

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

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

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inc.	Exp. R.
AILIC	Commodore Spirit/Adv.	VIF Appreciation/Dreyfus	(17.86)	(0.32)	—	—	8.66	0.75
AILIC	Commodore Spirit/Adv.	Growth and Income/Dreyfus	(26.36)	(3.78)	—	—	6.74	0.80
AILIC	Commodore Spirit/Adv.	Stock Index/Dreyfus	(24.53)	—	—	—	(19.19)	0.26
AILIC	Commodore Spirit/Adv.	Growth/Janus Aspen	(27.52)	(2.95)	—	—	5.42	0.66
AILIC	Commodore Spirit/Adv.	Growth II/PBHG	(31.39)	(7.14)	—	—	(5.29)	1.07
AILIC	Commodore Spirit/Adv.	Large Cap/PBHG	(30.30)	0.11	—	—	2.93	1.02
AILIC	Commodore Spirit/Adv.	Equity Index/Scudder	(22.68)	(6.56)	—	—	(7.41)	0.65
AILIC	Commodore Spirit/Adv.	Value/Van Kampen	(23.23)	(2.27)	—	—	1.04	0.85
AILIC	Commodore Helmsman	Stock Index/Dreyfus	(23.62)	—	—	—	(18.76)	0.57
AILIC	Commodore Helmsman	Growth/Janus Aspen	(27.73)	—	—	—	(23.47)	0.91
AILIC	Commodore Helmsman	Capital Appreciation/Oppenheimer	(28.08)	—	—	—	(13.72)	0.91
AILIC	Commodore Helmsman	Large Cap Growth/PBHG	(30.30)	(0.11)	—	—	2.93	1.02
AILIC	Commodore Helmsman	UIF Value/Van Kampen	(23.23)	(2.27)	—	—	1.04	0.85
Diversified Investment Adv.	ORP	Value & Income	(4.40)	0.97	9.11	—	11.54	0.48
Diversified Investment Adv.	ORP	Growth & Income	(3.75)	(5.74)	6.91	—	9.21	0.65
Diversified Investment Adv.	ORP	Equity Growth	(0.61)	(2.69)	6.82	—	6.97	0.65
Diversified Investment Adv.	ORP	Special Equity	(7.38)	(1.31)	9.37	—	11.05	0.84
Diversified Investment Adv.	ORP	Short Horizon SAF	5.92	4.23	—	—	5.13	0.20
Diversified Investment Adv.	ORP	Intermediate Horizon SAF	2.10	1.81	—	—	4.66	0.20
Equitable	EQUI-VEST TSA	AXA Premier VIP Large Cap Core Equity	(7.09)	—	—	—	(10.41)	2.27
Equitable	EQUI-VEST TSA	AXA Premier VIP Large Cap Growth	(7.37)	—	—	—	(17.22)	2.09
Equitable	EQUI-VEST TSA	AXA Premier VIP Large Cap Value	(10.81)	—	—	—	(8.96)	2.02
Equitable	EQUI-VEST TSA	EQ/Alliance Common Stock	(5.38)	(3.34)	(7.81)	10.00	9.48	0.54
Equitable	EQUI-VEST TSA	EQ/Alliance Growth and Income	(8.10)	3.05	—	—	8.79	0.64
Equitable	EQUI-VEST TSA	EQ/Alliance Premier Growth	(12.94)	—	—	—	14.53	1.24
Equitable	EQUI-VEST TSA	EQ/Bernstein Diversified Value	(8.10)	0.11	—	—	1.86	0.98
Equitable	EQUI-VEST TSA	EQ/Capital Guardian Research	(8.69)	—	—	—	(2.53)	1.06
Equitable	EQUI-VEST TSA	EQ/Capital Guardian U.S. Equity	(6.59)	—	—	—	(3.18)	1.02
Equitable	EQUI-VEST TSA	EQ/Equity 500 Index	(9.49)	(2.72)	—	—	8.24	0.32
Equitable	EQUI-VEST TSA	EQ Evergreen Omega	(7.83)	—	—	—	9.23	1.54
Equitable	EQUI-VEST TSA	EQ/Janus Large Cap Growth	(9.27)	—	—	—	(23.02)	1.26
Equitable	EQUI-VEST TSA	EQ/Marsico Focus	(5.10)	—	—	—	6.72	1.33
Equitable	EQUI-VEST TSA	EQ/Mercuty Vasic Value Equity	(10.89)	2.77	—	—	7.30	0.95
Equitable	EQUI-VEST TSA	EQ/MFS Emerging Growth Companies	(12.17)	(5.13)	—	—	0.93	0.98
Equitable	EQUI-VEST TSA	EQ/MFS Investors Trust	(10.11)	—	—	—	(6.89)	0.96
Equitable	EQUI-VEST TSA	EQ/Putnam Growth and Income Value	(10.96)	(3.34)	—	—	0.76	0.95
Equitable	EQUI-VEST TSA	PQ/Putnam Voyager	(13.24)	(6.31)	—	—	0.03	1.02
Equitable	EQUI-VEST TSA	AXA Premier VIP Small/Mid Cap Value	(15.81)	—	—	—	(21.91)	2.18
Equitable	EQUI-VEST TSA	AXA Premier VIP Small/Mid Cap Growth	(13.33)	—	—	—	(11.91)	2.31
Equitable	EQUI-VEST TSA	EQ Alliance Small Cap Growth	(14.43)	(3.50)	—	—	1.80	0.83
Equitable	EQUI-VEST TSA	EQ/FI Small/Mid Cap Value	(15.17)	(3.91)	—	—	0.27	1.10
Equitable	EQUI-VEST TSA	EQ/Lazard Small Cap Value	(9.84)	2.45	—	—	2.85	1.11
Equitable	EQUI-VEST TSA	EQ/Small Company Index	(10.51)	(1.05)	—	—	(0.34)	0.85
Horace Mann	New Solutions	U.S. Lg. Cap Core Equity/J.P Morgan	(25.57)	(4.20)	—	—	(15.04)	0.35
Horace Mann	New Solutions	VIP Growth & Income/Fidelity	(17.89)	(1.09)	—	—	(8.38)	0.73
Horace Mann	New Solutions	Wilshire 5000 Index	(22.21)	—	—	—	(14.65)	0.64
Horace Mann	New Solutions	VIP Index 500/Fidelity	(23.42)	(2.17)	7.64	—	(14.57)	0.61
Horace Mann	New Solutions	Premier Growth/Alliance Bernstein	(31.72)	(2.68)	7.87	—	(16.82)	1.54
Horace Mann	New Solutions	VIP Growth/Fidelity	(31.18)	(1.68)	7.04	—	(18.97)	0.93
Horace Mann	New Solutions	Large Company Growth/Wilshire	(22.75)	(0.51)	7.77	—	(12.60)	0.83
Horace Mann	New Solutions	Equity Fund	(20.44)	6.24	5.33	—	(14.95)	0.80
Horace Mann	New Solutions	Value Portfolio/Davis	(17.31)	—	—	—	(11.75)	1.00
Horace Mann	New Solutions	Large Company Value/Wilshire	(18.27)	(1.60)	7.19	—	(16.84)	0.95
Horace Mann	New Solutions	Small/Mid Cap. Equity/Rainier	(21.02)	(1.37)	—	—	(16.91)	1.26
Horace Mann	New Solutions	VIP Mid Cap/Fidelity	(11.15)	—	—	—	(11.54)	0.94
Horace Mann	New Solutions	VT Vista Fund/Putnam	(31.48)	—	—	—	(20.99)	0.89
Horace Mann	New Solutions	Mid Cap Growth Fund II/Strong	(38.35)	(3.31)	—	—	(23.63)	1.20
Horace Mann	New Solutions	Genesis Assets/Neuberger Berman	(4.42)	5.29	—	—	(9.28)	1.11
Horace Mann	New Solutions	Small Cap Stock Fund/T. Rowe Price	(15.49)	1.94	9.72	—	(13.55)	1.16
Horace Mann	New Solutions	Small Cap Growth Fund	(39.71)	(7.98)	—	—	(21.54)	1.55
Horace Mann	New Solutions	Small Cap Growth/Credit Suisse	(34.53)	(6.79)	—	—	(20.82)	1.12
Horace Mann	New Solutions	Ariel Fund	(6.36)	6.32	10.26	—	(13.47)	1.19
Horace Mann	New Solutions	Small Cap Value Fund/T. Rowe Price	(3.24)	3.41	10.65	—	(10.79)	1.05
Horace Mann	New Solutions	Appreciation Fund/Ariel	(11.47)	6.00	10.18	—	(16.32)	1.26
Horace Mann	New Solutions	Small Company Growth/Wilshire	(15.02)	3.16	4.44	—	(16.18)	1.72
Horace Mann	New Solutions	Small Company Value/Wilshire	(19.13)	(1.02)	5.89	—	(14.91)	1.18
Horace Mann	New Solutions	Opportunity Fund II/Strong	(27.74)	1.57	9.21	—	(19.52)	1.10

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

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inc.	Exp. R.
Lincoln Life	Multi-Fund Individual	Capital Appreciation	(27.7)	(2.80)	—	—	5.50	0.82
Lincoln Life	Multi-Fund Individual	Large Cap Value	(19.50)	(2.20)	7.80	—	7.10	0.75
Lincoln Life	Multi-Fund Individual	Equity Income	(16.50)	(0.30)	—	—	8.50	0.83
Lincoln Life	Multi-Fund Individual	Growth and Income	(22.80)	(3.40)	7.10	—	10.50	0.38
Lincoln Life	Multi-Fund Individual	Special Opportunities	(12.60)	0.30	8.40	—	10.60	0.51
Lincoln Life	Multi-Fund Individual	VIT Equity 500 Index	(23.10)	(1.80)	—	—	(1.40)	0.30
Lincoln Life	Multi-Fund Individual	VIP Growth	(30.90)	(1.50)	7.20	—	9.20	0.77
Lincoln Life	Multi-Fund Individual	AMT Partners	(24.90)	(4.60)	—	—	6.40	0.91
Lincoln Life	Multi-Fund Individual	AFIS Growth	(25.20)	5.50	10.90	—	12.50	0.65
Lincoln Life	Multi-Fund Individual	AVP Growth	(29.00)	(5.90)	—	—	6.50	1.13
Lincoln Life	Multi-Fund Individual	REIT (Real Estate)	3.50	—	—	—	5.10	0.84
Lincoln Life	Multi-Fund Individual	Utilities	(23.50)	(1.60)	—	—	8.10	0.94
Lincoln Life	Multi-Fund Individual	Small Cap Value	(6.70)	1.30	—	—	8.70	1.10
Security Benefit Group	Variflex Var. Annuity	Small Cap Value	(8.09)	—	—	—	6.47	1.18
Security Benefit Group	Variflex Var. Annuity	Mid Cap Growth	(30.31)	4.73	8.03	—	10.14	0.84
Security Benefit Group	Variflex Var. Annuity	Main Street Growth and Income	(20.25)	—	—	—	(15.70)	1.25
Security Benefit Group	Variflex Var. Annuity	Mid Cap Value	(15.13)	10.77	—	—	14.51	0.85
Security Benefit Group	Variflex Var. Annuity	Select 25	(27.51)	—	—	—	(10.87)	0.88
Security Benefit Group	Variflex Var. Annuity	Large Cap Growth	(27.99)	—	—	—	(24.28)	1.23
Security Benefit Group	Variflex Var. Annuity	Equity	(25.02)	(5.62)	5.47	—	8.73	0.83
Security Benefit Group	Variflex Var. Annuity	Enhanced Index	(23.88)	—	—	—	(11.21)	0.91
Security Benefit Group	Variflex Var. Annuity	Large Cap Value	(25.04)	(7.20)	2.98	—	7.88	0.93
Security Benefit Group	Variflex Var. Annuity	Equity Income	(14.47)	0.93	—	—	8.31	1.08
State Farm	Variable Def. Annuity	Large Cap Equity Index	(23.29)	(1.92)	—	—	(1.92)	0.31
Travelers	Gold Track Select	Large Cap Blend/Alliance	(34.17)	(5.14)	—	—	6.88	0.82
Travelers	Gold Track Select	Capital Appreciation/Janus	(25.76)	0.51	9.01	—	7.49	0.84
Travelers	Gold Track Select	Large Value/CitiStreet	(23.54)	(9.44)	—	—	2.98	0.69
Travelers	Gold Track Select	Small Cap Value/Delaware	(6.45)	1.55	—	—	8.66	0.84
Travelers	Gold Track Select	Large Blend/Dreyfus	(17.46)	0.81	—	—	9.19	0.78
Travelers	Gold Track Select	Large Cap/TIMCO	(23.07)	(1.77)	8.40	—	9.18	0.49
Travelers	Gold Track Select	Large Value TAMIC	(20.05)	0.19	—	—	6.59	0.81
Travelers	Gold Track Select	Large Blend/Smith Barney	(25.52)	(1.58)	6.53	—	6.96	0.74
Travelers	Gold Track Select	Large Cap Value/Smith Barney	(26.09)	4.03	—	—	5.44	0.93
Travelers	Universal Annuity	Large Cap Blend/Alliance	(34.40)	(5.48)	—	—	6.50	0.82
Travelers	Universal Annuity	Large Growth/Alliance	(31.70)	(2.68)	7.87	—	8.73	1.29
Travelers	Universal Annuity	Large Growth/Janus	(26.02)	0.17	8.63	—	7.05	0.84
Travelers	Universal Annuity	Large Value/CitiStreet	(23.80)	(9.76)	—	—	2.60	0.69
Travelers	Universal Annuity	Large Blend/Dreyfus	(23.33)	(2.12)	7.57	—	7.87	0.26
Travelers	Universal Annuity	Mid Cap Core/Fidelity	(11.14)	—	—	—	13.98	0.88
Travelers	Universal Annuity	Large Value/Fidelity	(17.98)	(0.93)	8.42	—	8.67	0.57
Travelers	Universal Annuity	Large Growth/Fidelity	(30.98)	(1.59)	7.08	—	9.04	0.65
Travelers	Universal Annuity	Mid Cap Growth/MFS	(49.47)	—	—	—	(8.20)	0.92
Travelers	Universal Annuity	Large Blend/Smith Barney	(25.78)	(1.92)	6.16	—	6.58	0.74
Travelers	Universal Annuity	Small Value/Putnam	(19.29)	—	—	—	4.77	1.35
Travelers	Universal Annuity	Mid Cap Blend/Salomon Bros.	(25.99)	—	—	—	4.23	1.00
Travelers	Universal Annuity	Large Value/Salomon Bros.	(24.01)	—	—	—	(0.26)	0.82
Travelers	Universal Annuity	Small Growth/Salomon Bros.	(35.53)	—	—	—	(5.84)	1.47
Travelers	Universal Annuity	Mid Cap Blend/TAMIC	(15.39)	3.63	—	—	8.41	0.83
Travelers	Universal Annuity	Large Blend/Travelers	(21.74)	(2.03)	7.56	—	8.42	0.63
Travelers	Universal Annuity	Large Cap Core/Citi Funds	(18.55)	(0.03)	6.85	—	6.96	0.77
Travelers	Universal Annuity	Large Growth/Citi Funds	(25.70)	—	—	—	(1.27)	0.78
VALIC	Portfolio Director	Large Cap Value/State Street	(12.47)	—	—	—	1.99	0.81
VALIC	Portfolio Director	Value/Evergreen	(19.57)	(1.04)	7.18	—	—	1.08
VALIC	Portfolio Director	Windsor II/Vanguard	(17.73)	(0.48)	9.00	—	—	0.40
VALIC	Portfolio Director	Blue Chip Growth/T.Rowe Price	(24.92)	—	—	—	(21.32)	0.91
VALIC	Portfolio Director	Core Equity/Wellington	(22.75)	(5.50)	—	—	5.37	0.85
VALIC	Portfolio Director	Growth & Income/SunAmerica	(22.15)	(3.19)	—	—	6.02	0.85
VALIC	Portfolio Director	Income & Growth/American Century	(20.22)	—	—	—	(15.32)	0.83
VALIC	Portfolio Director	Growth/Lou Holland	(22.10)	0.42	—	—	6.03	1.35
VALIC	Portfolio Director	Stock Index	(23.05)	(1.69)	8.14	—	—	0.38
VALIC	Portfolio Director	Ultra/American Century	(23.76)	(0.81)	7.58	—	—	0.98
VALIC	Portfolio Director	Capital Appreciation	(31.12)	—	—	—	(8.72)	0.85
VALIC	Portfolio Director	Blue Chip Growth/INVESCO	(41.63)	(15.53)	(1.19)	—	—	1.16
VALIC	Portfolio Director	Janus Fund	(28.14)	(2.20)	6.01	—	—	0.84
VALIC	Portfolio Director	Large Cap Growth/SunAmerica	(28.70)	—	—	—	(29.44)	1.06
VALIC	Portfolio Director	NASDAQ-100 Index	(38.75)	—	—	—	(43.99)	0.52
VALIC	Portfolio Director	Opportunities Fund/Putnam	(30.56)	—	—	—	(35.10)	1.05
VALIC	Portfolio Director	New Opportunities/Putnam	(31.18)	(6.21)	6.61	—	—	0.89

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

product has 32 investment options available. These include: 11 Large Company Stock Funds, 6 Mid-Size Company Stock Funds, 8 Small Company Stock Funds, 2 International Stock Funds, 1 Balanced Fund, and 4 Bond Funds. *Web: www.horaceman.com.*

**The Legend Group** offers a unique 403(b)(7) Custodial Account with a wide range of mutual fund investment options, providing employees with the flexibility to invest their salary deferrals in a manner that reflects their individual financial goals. Employees have access to over 1, 200 mutual funds from the following nationally known mutual fund families: American Skandia Advisor Funds; Evergreen Funds; Federated Investors Mutual Funds; Fidelity Advisor Funds; Franklin Templeton Investments; Ivy Funds; MFS Investment Services; One Group Mutual Funds; Oppenheimer Funds; Pioneer Investments; Security Funds; Van Kampen Investments; and Waddell & Reed Advisor Funds. Legend retirement advisors can offer employees objective advice in selecting

which mix of funds most appropriately meets each individual's retirement goals. Mutual funds offered through Legend's Custodial Account are available in Class A, B, and C shares. Front loads, surrender charges, and investment management fees vary by share class and fund family. For more complete information about the mutual funds offered by these investment companies, including charges and expenses, contact Legend Equities and request a prospectus. Read the prospectus carefully before you invest or send money.

Employees also have access to innovative advisory services that are available to assist them in managing their investment portfolios. These investment advisory services have been utilized by educators for over 12 years. Strategic Asset Management (SAM) and SAM Select monitors mutual fund performance, stock indices, and a wide variety of economic data to identify potential investment opportunities. The primary objective of the SAM advisory service is to minimize volatility while seeking to maximize capital

gains and income. SAM Select is designed to suit investors with risk-oriented investment objectives. Securities are distributed through Legend Equities Corporation, Member NASD and SIPC. Investment advisory services are offered through Legend Advisory Corporation, a registered investment advisor. *Web: legendgroup.com. Phone: 1-800-749-4221.*

**Lincoln National Life Insurance (LNL)** is offering one product, the Multi-Fund Individual Variable Annuity for 403(b) plans and for ORP plans. They include one fixed option and 30 variable separate accounts.

Products use the multi-manager approach that offers outside sub advisors such as: Janus, Fidelity Investments, Putnam Investments, Delaware Investments, Neuberger Berman, MFS Investment Management, and Vantage Investment Advisors.

There are no surrender/withdrawal charges for: partial withdrawals of up to 15% of your account value in any contract year;

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

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inception	Exp. R.
AILIC	Commodore Spirit/Adv.	Core Equity/INVESCO	(20.23)	(0.94)	—	—	7.72	1.09
AILIC	Commodore Spirit/Adv.	Balanced/Janus Aspen	(7.74)	6.72	—	—	10.33	0.66
AILIC	Commodore Spirit/Adv.	Select Value/PBHG	(26.10)	4.71	—	—	5.36	0.86
AILIC	Commodore Spirit/Adv.	Mid Cap Value/Van Kampen	(29.02)	0.06	—	—	5.70	1.05
AILIC	Commodore Helmsman	Appreciation/Drefus	(18.04)	—	—	—	(14.50)	1.10
AILIC	Commodore Helmsman	Core Equity/INVESCO	(20.23)	(0.94)	—	—	7.72	1.09
AILIC	Commodore Helmsman	Balanced/Janus Aspen	(7.96)	—	—	—	(5.66)	0.91
AILIC	Commodore Helmsman	Select Value/PBHG	(26.10)	4.71	—	—	5.36	0.86
AILIC	Commodore Helmsman	Mid Cap/Van Kampen	(29.02)	0.06	—	—	5.70	1.05
Diversified Investment Adv.	ORP	Balanced	3.11	(0.66)	6.93	—	7.28	0.50
Equitable	EQUI-VEST TSA	EQ/Balanced/Hybrid	(2.12)	1.90	5.54	—	7.48	0.66
Horace Mann	New Solutions	Balanced	(9.41)	(1.25)	6.03	—	(6.44)	0.80
Lincoln Life	Multi-Fund Individual	Managed	(11.90)	(0.10)	6.30	—	8.20	0.50
Lincoln Life	Multi-Fund Individual	Global Asset Allocation	(12.90)	(1.60)	5.60	—	6.10	1.05
Lincoln Life	Multi-Fund Individual	VIP II Contrafund	(10.30)	2.60	—	—	11.00	0.78
Security Benefit Group	Variflex Var. Annuity	Managed Asset Allocation	(10.69)	0.79	—	—	4.97	1.25
State Farm	Variable Def. Annuity	Balanced	(11.54)	0.42	—	—	0.42	0.46
Travelers	Gold Track Select	Domestic Hybrid/Travelers	(9.42)	2.51	7.33	—	7.90	0.59
Travelers	Universal Annuity	Domestic Hybrid/Fidelity	(9.86)	0.19	5.71	—	7.01	0.63
Travelers	Universal Annuity	Domestic Hybrid/MFS	(6.44)	3.53	—	—	8.17	0.83
Travelers	Universal Annuity	Large Value/Citi Funds	(22.28)	1.56	—	—	8.42	0.77
Travelers	Universal Annuity	Domestic Hybrid/Travelers	(9.74)	2.15	6.95	—	7.50	0.59
VALIC	Portfolio Director	Aggressive Growth Lifestyle	(18.91)	—	—	—	(0.30)	0.10
VALIC	Portfolio Director	Conservative Growth Lifestyle	(5.56)	—	—	—	4.42	0.10
VALIC	Portfolio Director	Moderate Growth Lifestyle	(10.91)	—	—	—	2.72	0.10
VALIC	Portfolio Director	Lifestrategy Conservative/Vanguard	(6.35)	2.91	—	—	7.31	0.00
VALIC	Portfolio Director	Lifestrategy Growth/Vanguard	(16.72)	(0.42)	—	—	6.82	0.00
VALIC	Portfolio Director	Lifestrategy Mod. Growth/Vanguard	(11.26)	1.41	—	—	7.22	0.00

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

**Table 16 — Variable Annuity International/Global Accounts**

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inception	Exp. R.
AILIC	Commodore Spirit/Adv.	Worldwide Growth/Janus Aspen	(32.07)	(0.21)	—	—	8.87	0.69
AILIC	Commodore Spirit/Adv.	International Growth/Janus Aspen	(26.61)	(0.87)	—	—	6.59	0.71
AILIC	Commodore Helmsman	Worldwide Growth/Janus Aspen	(26.73)	—	—	—	(22.63)	0.94
Diversified Investment Adv.	ORP	International Equity	(9.08)	(2.16)	5.20	—	6.44	0.87
Equitable	EQUI-VEST TSA	AXA Premier VIP International Equity	(15.34)	—	—	—	(11.78)	2.97
Equitable	EQUI-VEST TSA	EQ/Alliance International	(9.65)	(6.54)	—	—	(0.87)	1.04
Equitable	EQUI-VEST TSA	EQ/Capital Guardian International	(13.92)	—	—	—	(6.55)	1.39
Equitable	EQUI-VEST TSA	EQ/Emerging Markets Equity	(8.81)	(2.32)	—	—	(8.00)	1.87
Equitable	EQUI-VEST TSA	EQ/Putnam International Equity	(14.52)	(2.00)	—	—	2.55	1.30
Lincoln Life	Multi-Fund Individual	Aspen Worldwide Growth	(26.20)	(0.40)	—	—	9.30	0.70
Lincoln Life	Multi-Fund Individual	International	(11.70)	0.60	5.90	—	4.10	1.05
Lincoln Life	Multi-Fund Individual	AFIS International	(15.70)	1.50	7.20	—	5.80	0.88
Horace Mann	New Solutions	International Equity Fund	(21.99)	(4.03)	—	—	(19.33)	1.25
Horace Mann	New Solutions	VIP Overseas/Fidelity	(21.46)	(5.19)	3.37	—	(19.89)	1.18
Security Benefit Group	Variflex Var. Annuity	Global	(23.63)	4.06	7.97	—	3.37	1.20
Security Benefit Group	Variflex Var. Annuity	International	(21.53)	—	—	—	(13.26)	2.25
State Farm	Variable Def. Annuity	International Equity Index	(17.21)	(4.77)	—	—	(4.77)	0.78
Travelers	Gold Track Select	Foreign Stock/CitiStreet	(23.01)	(3.96)	—	—	2.92	0.86
Travelers	Gold Track Select	Foreign Stock/Smith Barney	(26.36)	(7.82)	—	—	2.11	1.00
Travelers	Universal Annuity	Foreign Stock/Janus	(26.68)	(0.88)	—	—	6.64	0.96
Travelers	Universal Annuity	Foreign Stock/CitiStreet	(23.28)	(4.29)	—	—	2.57	0.86
Travelers	Universal Annuity	Foreign Stock/Putnam	(18.69)	1.17	—	—	3.29	1.19
Travelers	Universal Annuity	Foreign Stock/Templeton	(5.36)	1.28	7.50	—	7.67	0.81
Travelers	Universal Annuity	Foreign Stock/Templeton Global	(19.34)	1.30	8.46	—	8.09	0.85
VALIC	Portfolio Director	International Equities	(19.44)	(5.04)	2.31	—	—	0.46
VALIC	Portfolio Director	Int'l. Growth I/American Century	(18.93)	—	—	—	(22.58)	1.06
VALIC	Portfolio Director	Int'l. Growth II/Putnam	(17.86)	—	—	—	(1.22)	1.01
VALIC	Portfolio Director	Worldwide/Janus	(26.59)	0.11	—	—	—	1.20
VALIC	Portfolio Director	Global Growth/Putnam	(19.77)	0.48	—	—	7.77	1.15
VALIC	Portfolio Director	Asset Strategy/Templeton	(5.17)	1.49	7.70	—	—	0.81
VALIC	Portfolio Director	Foreign/Templeton	(9.37)	0.60	6.62	—	—	1.15

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

death; total and permanent disability; annuitization of 36 months or more; hardship; termination of employment; or retirement.

Withdrawals taken for any other reason will be subject to the following surrender charge schedule: 6% for years 1-5, 4% for years 6-7, and 0% in year 8 and thereafter. *Web: www.lfg.com/retirement. Phone: 1-800-454-6265.*

**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 upon the fund and the amount invested. The load ranges between 0% and 5.75%. There is also a 12b-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 fees.

The choices of investment options include: Money Market, Stock, Bond, Balanced, Aggressive Growth, Growth and Income, International/Global, and Specialty Funds. The custodial account offers a loan provision for TSA accounts. This provision allows a participant to request a minimum loan of \$1,000 up to maximum allowable amount. 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. *Web: www.pioneer.com. Phone: 1-800-622-0176.*

**Security Benefit Group** specializes in

providing retirement programs, investments, education, administration and recordkeeping services for various markets and employer groups including non-profit, governmental and for-profit organizations. Our customers include elementary and secondary education institutions, hospital and healthcare organizations, and private sector corporations. Security Benefit has been offering investments since 1944, and providing retirement savings programs and administrative services since 1974. With approval in over 6,000 institutions and organizations, our retirement programs are nationally recognized.

The Variflex Variable Annuity program offers participants an outstanding array of features that includes, 19 variable investment options from 9 world-class investment managers; Guaranteed fixed account; No fees to transfer between the investment options and/or investment managers; State-of-the-art plan

administration technology; Daily updates of account values and prices; Dollar cost averaging; Automatic asset rebalancing; Systematic withdrawals; Loans; Stepped-up death benefit; Transactional participant Internet site available 24-hours a day; Voice response access 24-hours a day; Award-winning customer service center; Detailed quarterly statements; Personalized service and education from local financial representatives.

Variflex Variable Annuity has an 8 year non-rolling surrender charge reduced annually. The \$30 annual participant fee is waived for individual contracts over 8 years old that have at least a \$25,000 balance.

Security Management Company offers the Security Funds family of 17 A, B, and C class mutual funds. The funds are managed and advised by multiple professional investment managers. Three share classes are available offering flexibility in cost planning and retirement. A-shares have a front-end load with no deferred sales charge upon liquidation, while 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. *Phone: 800-888-2461. Web: www.securitybenefit.com*

**State Farm Life** is currently marketing the Future Income Annuity (formerly known as Deferred Life Annuity) to new

participants. This product was originally introduced in January, 1994. It offers a base rate of interest for contract values of \$10,000 or less. The base rate was 3.35% as of 12/31/2002. The average annual interest rate was 3.75% for 2002. The minimum guaranteed interest rate for this contract is 3%. The contract also credits bonus interest at certain break points. The Future Income 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 the issue age of 66 must be at least \$600. The initial premium for special monthly payment modes is \$50. The initial premium for individuals age 66 and over is \$25,000. The surrender charge assessed for this product is based upon issue age. For contracts with issue ages 65 and under the surrender charge is 7% for years 1-2, 6% for year 3, 4% in year 4, 2% in years 5-10, and 0% in year 11 and thereafter. For contracts with issue ages 66 and over the surrender charge is 5% in years 1-2, 4% in year 3, 3% in year 4, 2% in 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.

The Variable Deferred Annuity has a fixed account plus 6 variable sub-accounts. Fund

choices include: Large Cap Equity Index, Small Cap Equity Index, Stock/Bond Balanced, Bond Fund and Money Market Fund. The surrender charge is 7% in year 1 and declines by 1% each year until it reaches 0% in year 8 and thereafter. The policy has an annual administrative fee of \$30, 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 .31% to .78%. *Phone: 1-888-702-2307.*

State Farm Mutual Funds is a family of mutual funds with 14 investment options. This family of funds offers two classes of shares for purchase. The A share class is a 3% front-load offering for purchase and the B share class is a deferred sales charge offering with a 3% deferred sales charge assessed if shares are sold within the first year. Deferred sales charge rates are 2.75%, 2.75%, 2.5%, 2%, 1%, 0% for years 2 thru 7 and thereafter. No sales charges are assessed for money market fund purchases. Purchase break points are available at certain levels of investment. Total operating expense ratio ranges from .71% - 1.88%. This family of funds investment choices include: 1 Money Market, 1 Bond, 1 Balanced (Equity & Bond), 2 Domestic Growth, 2 Small Cap, 2 International/Global, and 5 Asset Allocation (LifePath).

**Table 17 — Variable Annuity Social Awareness and Gold Specialty Accounts**

Company	Contract Name	Portfolio Name/Advisor	1 year	5 year	10 year	20 year	Since Inception	Exp. R.
AILIC	Commodore Spirit/Adv.	Socially Responsible/Dreyfus	(29.93)	(5.13)	—	—	(5.60)	0.78
AILIC	Commodore Spirit/Adv.	Health Sciences/INVESCO	(25.49)	3.79	—	—	5.05	1.06
AILIC	Commodore Spirit/Adv.	Financial Services/INVESCO	(16.08)	—	—	—	0.45	1.07
AILIC	Commodore Spirit/Adv.	Tech and Comm./PBHG	(54.62)	(12.14)	—	—	1.05	1.05
AILIC	Commodore Spirit/Adv.	U.S. Real Estate/Van Kampen	(2.16)	2.91	—	—	5.23	1.10
AILIC	Commodore Helmsman	Socially Responsible Growth/Dreyfus	(30.11)	—	—	—	(27.03)	1.09
AILIC	Commodore Helmsman	Financial Services/INVESCO	(16.08)	—	—	—	0.45	1.07
AILIC	Commodore Helmsman	Health Sciences/INVESCO	(25.49)	3.79	—	—	5.05	1.06
AILIC	Commodore Helmsman	Tech and Comm./PBHG	(54.62)	(12.14)	—	—	(10.31)	1.05
AILIC	Commodore Helmsman	U.S. Real Estate	(2.16)	2.91	—	—	5.23	1.10
Diversified Investment Adv.	ORP	Calvert Series	2.83	(0.55)	6.16	—	7.46	0.91
Equitable	EQUI-VEST TSA	EQ/Calvert Socially Responsible	(11.77)	—	—	—	(9.66)	2.07
Equitable	EQUI-VEST TSA	AXA Premier VIP Health	(4.05)	—	—	—	(8.27)	2.59
Equitable	EQUI-VEST TSA	AXA Premier VIP Technology	(8.34)	—	—	—	(22.22)	3.77
Equitable	EQUI-VEST TSA	EQ/Alliance Technology	(15.62)	—	—	—	(24.82)	1.25
Horace Mann	New Solutions	Socially Responsible	(14.57)	(0.50)	—	—	(13.34)	1.10
Lincoln Life	Multi-Fund Individual	Social Awareness	(22.90)	(3.20)	8.90	—	10.30	0.43
Security Benefit Group	Variflex Var. Annuity	Social Awareness.	(22.86)	(3.04)	4.92	—	5.88	0.83
Travelers	Gold Track Select	Specialty Utilities/Smith Barney	(30.84)	(5.49)	—	—	2.89	0.81
Travelers	Universal Annuity	Specialty Utilities/Smith Barney	(31.09)	5.82	—	—	2.53	0.81
VALIC	Portfolio Director	Socially Responsible	(23.79)	—	—	—	(3.85)	0.56
VALIC	Portfolio Director	Social Awareness	(24.05)	(2.47)	7.58	—	—	0.62

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

**Table 18 — Variable Annuity Aggressive Growth Accounts**

Company	Contract Name	Portfolio Name/Advisor	1year	5 year	10 year	20 year	Since Inception	Exp. R.
AILIC	Commodore Spirit/Adv.	Small Cap/Dreyfus	(20.94)	(0.93)	11.02	—	22.72	0.78
AILIC	Commodore Spirit/Adv.	Dynamics/INVESCO	(32.84)	(4.76)	—	—	(3.95)	1.08
AILIC	Commodore Spirit/Adv.	Small Company/INVESCO	(32.07)	(0.46)	—	—	(0.46)	1.25
AILIC	Commodore Spirit/Adv.	Aggressive/Janus Aspen	(28.93)	(3.43)	—	—	5.77	0.67
AILIC	Commodore Spirit/Adv.	Capital Appreciation/Janus	(16.84)	5.89	—	—	9.46	0.66
AILIC	Commodore Spirit/Adv.	Mid Cap Value/PBHG	(19.78)	—	—	—	10.20	1.20
AILIC	Commodore Spirit/Adv.	Small Cap Inex/Scudder	(21.68)	(3.10)	—	—	(2.08)	0.45
AILIC	Commodore Spirit/Adv.	Opporunity Fund II/Strong	(27.83)	1.43	9.25	—	10.11	1.10
AILIC	Commodore Spirit/Adv.	Mid Cap Growth/Strong	(38.41)	(3.45)	—	—	1.19	1.19
AILIC	Commodore Helmsman	Capital Development/AIM	(22.69)	—	—	—	(17.93)	1.41
AILIC	Commodore Helmsman	Mid Cap Core Eq. Ser. II/AIM	(12.43)	—	—	—	(5.02)	1.45
AILIC	Commodore Helmsman	Small Co. Growth/INVESCO	(32.07)	(0.21)	—	—	(0.46)	1.25
AILIC	Commodore Helmsman	Aggressive/Janus Aspen	(29.11)	—	—	—	(34.26)	0.92
AILIC	Commodore Helmsman	Main St.Sm.Cap/Oppenheimer	(17.09)	—	—	—	(9.98)	1.29
AILIC	Commodore Helmsman	Mid Cap/PBHG	(19.78)	—	—	—	10.20	1.20
AILIC	Commodore Helmsman	Opp.Fund II/Strong	(27.96)	—	—	—	(21.39)	1.44
AILIC	Commodore Helmsman	Mid Cap Growth Fund II/Strong	(38.41)	(3.45)	—	—	1.19	1.19
Diversified Investment Adv.	ORP	Aggressive Equity	(3.07)	(1.81)	—	—	2.28	1.00
Diversified Investment Adv.	ORP	Interm. Long Horizon	(0.74)	0.55	—	—	4.56	0.20
Equitable	EQUI-VEST TSA	EQ/Aggressive Stock	(10.35)	(11.08)	1.05	—	7.42	0.71
Equitable	EQUI-VEST TSA	EQ/FI Mid Cap	(6.74)	—	—	—	(8.35)	1.08
Lincoln Life	Multi-Fund Individual	Aggressive Growth	(30.90)	(10.50)	—	—	(0.60)	0.90
Lincoln Life	Multi-Fund Individual	AMT Mid Cap Growth	(30.00)	0.10	—	—	3.20	0.95
Lincoln Life	Multi-Fund Individual	AVP Technology	(42.40)	(1.50)	—	—	0.90	1.46
Lincoln Life	Multi-Fund Individual	Capital Asset	(15.10)	—	—	—	12.00	1.42
Lincoln Life	Multi-Fund Individual	Trend	(20.70)	3.50	—	—	9.00	0.84
Lincoln Life	Multi-Fund Individual	Small Cap Index	(21.40)	(2.70)	—	—	(1.80)	0.45
Lincoln Life	Multi-Fund Individual	Health Sciences	(21.10)	—	—	—	(2.50)	1.08
Security Benefit Group	Variflex Var. Annuity	Small Cap Growth	(27.48)	(1.02)	—	—	(1.84)	1.15
Security Benefit Group	Variflex Var. Annuity	Technology	(38.38)	—	—	—	(37.85)	1.46
State Farm	Variable Def. Annuity	Small Cap Equity Index	(21.57)	2.74	—	—	(2.74)	0.50
Travelers	Gold Track Select	Small Growth/CitiStreet	(24.40)	0.36	—	—	4.96	0.77
Travelers	Gold Track Select	Small Cap Value/Dreyfus	(19.85)	(0.44)	11.55	—	23.20	0.79
Travelers	Universal Annuity	Small Growth/CitiStreet	(24.67)	0.01	—	—	4.58	0.77
Travelers	Universal Annuity	Small Cap Value/Dreyfus	(20.13)	(0.77)	11.16	—	22.77	0.79
Travelers	Universal Annuity	Small Growth/Franklin	(29.57)	—	—	—	(5.56)	1.01
Travelers	Universal Annuity	Small Growth/Citi Funds	(33.48)	—	—	—	4.32	0.84
VALIC	Portfolio Director	Appreciation/Ariel	(11.07)	6.47	10.67	—	—	1.26
VALIC	Portfolio Director	Mid Cap Value/Wellington	(14.43)	—	—	—	10.97	1.05
VALIC	Portfolio Director	Growth and Income/Evergreen	(17.64)	(5.18)	—	—	6.11	1.48
VALIC	Portfolio Director	Mid Cap Index	(15.58)	5.24	10.65	—	—	0.42
VALIC	Portfolio Director	Mid Cap Growth/INVESCO	(30.62)	—	—	—	(10.13)	0.85
VALIC	Portfolio Director	Inst. Trust Mid Cap Growth/MS	(31.56)	(0.20)	—	—	4.13	0.86
VALIC	Portfolio Director	OTC & Emerging Growth/Putnam	(33.34)	(15.65)	(0.06)	—	—	1.04
VALIC	Portfolio Director	Mid Cap Growth/SIT	(35.16)	(6.11)	3.80	—	—	1.50
VALIC	Portfolio Director	Ariel Fund	(5.94)	6.77	10.74	—	—	1.19
VALIC	Portfolio Director	Small Cap Value/Evergreen	(14.57)	0.99	—	—	10.06	1.55
VALIC	Portfolio Director	Small Cap Value/BancOne	(12.95)	—	—	—	3.58	0.95
VALIC	Portfolio Director	Special Equity/Evergreen	(28.12)	1.27	—	—	7.44	1.24
VALIC	Portfolio Director	Small Cap/Founders/T. Rowe Price	(23.99)	—	—	—	(16.66)	0.95
VALIC	Portfolio Director	Small Cap Index	(21.45)	2.27	5.75	—	—	0.47
VALIC	Portfolio Director	Small Cap Growth/Franklin	(31.33)	0.64	—	—	3.83	1.16
VALIC	Portfolio Director	Small Cap Growth/SIT	(26.81)	2.86	—	—	10.59	1.50

Footnote: **Exp. R.**—expense ratio for each fund for fiscal year 2002.

In May, 2003, this family of funds added the State Farm LifePath Funds. These five funds offer investors asset allocation investment strategies for expected future withdrawal periods. The five funds are State Farm LifePath Income, State Farm LifePath 2010, 2020, 2030 and 2040 Funds. Due to the initial offering, total operating expense ratio ranges from 11.2% – 11.6%. However, the Manager has agreed to reimburse each fund, if and to the extent, any fund's total operating expenses exceed 1.30% for class A share accounts and 1.70% for class B share accounts. *Phone: 1-800-447-4930. Web: www.statefarm.com.*

**Texas Retirement Trust** is universal custodial account which provides access to virtually all publicly traded mutual funds. Participant can select from the highest quality funds managed by superior fund managers. All funds are offered on a no load basis. In situations where fund families offer multiple classes of shares, the least expensive shares are provided to TRT participants. There is no charge for transfers between fund families. Participants are charged an annual 1% custodial fee for the services provided. TRT Representatives are free to provide truly unbiased advice because they are not compensated based on the funds selected by participants. *Phone: 1-800-275-7569. Web: www.trtfunds.com.*

**Transamerica TransMark 900** is a 403(b) flexible premium fixed annuity underwritten by Transamerica Life Insurance & Annuity Company. TransMark 900 accepts both flexible deposits and direct transfers into the same contract. Ideally suited for those clients who wish to enhance their retirement nest egg with the security of a guaranteed interest rate, the TransMark 900 is built with all of the guaranteed contract features clients demand. Some features include: (a) 5% annuitization bonus, (b) disappearing surrender charges (9% over 10 years), (c) 10% penalty-free withdrawals, (d) Extended care and terminal illness waiver. Death benefit is full account value, loans at 3% net cost. *Phone: 1-800- 237-8872.*

**Travelers Life & Annuity**, 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 0.40% 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 Life & Annuity, 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 3.50%. 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 Brothers, 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: 1-800-521-7503.*

**T. Rowe Price** is an investment management firm offering individuals and institutions around the world investment management guidance and expertise. For our 403(b)(7) custodial account product, we offer 58 no-load mutual fund investment options as of December 31, 2002. Our total fund expenses range from .30% to 1.75%. There are no annual account charges currently associated with our 403(b)(7) custodial accounts. T. Rowe Price's fund choices include 3-Money Market funds, 11- Bond funds, 10-Balanced/Total Return/or Managed funds, 12-Equity Income/Income/Growth funds (Domestic), 10-Aggressive Growth funds

(Domestic), 12- International/Global funds (Stock). Most of our account inquires are handled by telephone (1-800-492-7670, Monday through Friday, 8 am EST until 9 pm EST); or through our Plan Account Line (1-800-401-3279, available 24 hours/365 days a year). *Web: www.troweprice.com.*

**Van Kampen Investments**, with roots extending back to 1927, brings financial advisors and investors nearly four generations of experience managing money through bull and bear markets, and economic peaks and valleys. Van Kampen offers one of the broadest mutual fund product lines in the industry, with more than 50 individual portfolios covering almost every investment class and management style. Financial advisors and their clients turn to Van Kampen not only for quality investment options, but for things that are even more important—like the freedom to enjoy the true wealth life has to offer. It is a responsibility we don't take lightly. And it is why Van Kampen favors long-term performance over short-term gain. We also continue to expand and improve our line of investment products, giving advisors and investors an array of quality tools to help build a sound, successful financial future. Of course, we at Van Kampen are proud of a track record of investment excellence dating back some 75 years and our stature as one of the industry's largest investment firms. But we are even more pleased that millions of investors continue to count on our generations of experience to help them enjoy life's true wealth. *Phone: 1-800-341-2911. Web: www.vankampen.com.*



# Have You Reached Your Limit? What Options do You Have?

by Cass Grange

Senior Advisor Associate

Lucien, Stirling, and Gray Advisory Group, Inc.  
Austin, Texas

As educators, you are eligible to participate in TRS or ORP and supplemental plans like the 403(b). In many respects, these are the ideal ways to accumulate assets for retirement, as the growth is not only tax-deferred, but your investments are made with pre-tax dollars. They also allow you to utilize “dollar cost averaging,” which is the practice of making equal investments every set period of time. This strategy will allow you to purchase investment shares at lower than the average cost.

However, if you are already saving the maximum amounts allowed in each of these plans, you may be wondering what other options you have. The issue of tax-deferral is particularly important, as tax-deferred money tends to grow much faster than annually taxable money, due to its ability to compound on 100 cents of every dollar earned.

Traditional sources of retirement income like Social Security and pensions will likely not provide enough retirement income. Annuities and life insurance are two additional tax-deferred savings vehicles that can help you meet your retirement needs and overcome challenges like inflation and living longer in retirement. Importantly, you should look past the traditional perception of annuities and life insurance, as both types of vehicles have become more flexible and much more useful.

### *What is an annuity?*

As most people think of them, annuities represent a sum of money paid out over a given period of time. With annuities, you can enjoy the benefits of tax-deferred accumulation as well as lifetime income. In order to best understand how an annuity works, it is important to consider the two basic types of annuities. First, an immediate annuity is a contract between you and the insurance company in which you give them a lump sum of money and they immediately start paying you a guaranteed or variable income stream, either in set amounts over set periods of time, or over the life expectancy of the annuitant. By contrast, deferred annuities have two different stages. They have an accumulation stage during which assets are built up and a distribution stage while they are drawn down.

In both stages, you can invest in *fixed* or *variable* annuities. In many respects, a fixed annuity acts much like a tax-deferred certificate of deposit where the principle is guaranteed by the insurance company and the account earns a rate of interest determined by the company. It is important, however, to keep in mind that fixed annuities may not provide substantial protection from inflation and generally should be included in a portfolio with other growth-oriented investments. By contrast, variable annuities operate much like a tax-deferred mutual fund family where you can allocate your assets to stocks, bonds, and other marketable securities. In variable annuities, you forgo the principle and interest guarantees for the potential of higher returns. You can decide how aggressive or conservative you want to be in investing. If your objectives

change, you can transfer among portfolios tax-free. The variable annuity is more flexible than the fixed annuity, and it could provide better defense against inflation.

Annuities also offer flexibility in the distribution stage. You can choose to be paid an income stream over your lifetime, over a set period of time, or in set amounts. However, we have found that many of our clients never annuitize the annuity—meaning money is withdrawn only as it is needed rather than in a distribution schedule. This allows clients to maintain flexibility in when distributions occur and in the amounts withdrawn.



Cass Grange

### *How can life insurance work as a supplemental retirement vehicle?*

Life insurance can provide the same tax-deferral, creditor protection, and access to investment options that are found in annuities and qualified retirement plans. However, there is an additional attribute that may make life insurance an attractive vehicle to supplement your other plans. If used correctly, your gains can accumulate tax-deferred, and also be withdrawn tax-free. Life insurance policies also allow you to put away virtually as much as you want and to withdraw it when you want, and there are no required age minimums.

If you currently have a life insurance policy, you should review your options. Newer policies will tend to have lower mortality costs (the actual cost of the insurance) and greater investment options. As such, you may want to meet with a financial professional to determine if your existing policy best suits your needs, or if you might be better served to transfer the existing cash values to a newer, more flexible policy. This can be accomplished through a tax-free exchange under the IRS Code. If you are without a life insurance policy, now is a good time to learn more about using such a policy to help you meet your investment and financial planning objectives.

You can successfully manage your money if you have the knowledge and the will to set aside some of today’s income. Annuities and life insurance are just two more vehicles available to you in navigating the road to retirement. It’s always important to periodically check your progress towards retirement goals, especially as you near retirement. You may want to work with a financial advisor and take a team approach to setting your financial objectives. One hundred dollars invested today may grow to several hundred dollars that you can spend in retirement.

Such is the time value of money.

*Ms. Grange can be reached by phone at (512) 458-2517 or by e-mail at [cgrange@lsggroup.com](mailto:cgrange@lsggroup.com).*

Ms. Grange was the featured speaker at the Financial Planning Seminar at the 2003 TCCTA convention in Austin. Please visit [www.lsggroup.com](http://www.lsggroup.com) for more information.