403(b) Tax-Sheltered Annuity
Tax-Qualified Savings and Growth

As an employee of a nonprofit 501(c)(3) organization, you are eligible to participate in your employer’s 403(b) Tax-Sheltered Annuity plan. This is a special type of retirement plan, organized and operated by educational, charitable, religious and hospital organizations.

Standard Insurance Company is a recognized provider of quality 403(b) TSAs, which we have designed especially for people like you, those committed to a lifetime of giving to others.

The Standard’s 403(b) TSA can help you:
- customize your retirement plan by allowing you to choose your contribution level (subject to IRS limits and rules);
- reduce your taxable income by using pre-tax dollars through a payroll-deduction arrangement;
- build your savings on a tax-deferred basis;
- maintain access to your funds with special loan and hardship withdrawal provisions; and
- when you retire, you can spread out your tax liability by choosing income options that match your specific needs, subject to IRS distribution requirements and rules.

Investing in your TSA is a safe, secure way to save for your retirement future.
- Start today.
- Save regularly.
- Take advantage of pre-tax contributions.
- Stand back and watch that tax-deferred growth!

Using Pre-Tax Contributions Adds Up

<table>
<thead>
<tr>
<th>Annual Salary</th>
<th>Annual Savings</th>
<th>Taxable Income</th>
<th>35% Tax Federal</th>
<th>Total Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>With a TSA</td>
<td>$30,000</td>
<td>$4,800</td>
<td>$25,200</td>
<td>$7,056</td>
</tr>
<tr>
<td>Without a TSA</td>
<td>$30,000</td>
<td>$4,800</td>
<td>$30,000</td>
<td>$8,400</td>
</tr>
</tbody>
</table>

Total Annual Tax Savings $1,344

Net Positive Effect on Monthly Paycheck $112

This table is for illustration purposes only. Individual results vary.
Contributions
You decide how much to contribute to your TSA each year, subject to limits set by the IRS. Those age 50 and older may take advantage of the catch-up contributions allowance. Your ongoing contributions will be made through a payroll-deduction plan.

<table>
<thead>
<tr>
<th>Year</th>
<th>Limit</th>
<th>Catch-up Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$13,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>2005</td>
<td>$14,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>2006</td>
<td>$15,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

For 2007 and beyond, the contribution limits will be indexed above $15,000 in $500 increments. Employees of qualified employers may be eligible to contribute up to an additional $3,000 per year after 15 years of service. Certain long-term employees of qualified organizations may be eligible for a “lifetime catchup;” see your employer for details.

Accessing Funds
You may withdraw funds from your TSA prior to retirement only in the following circumstances:

- termination of employment;
- financial hardship due to medical bills or college expenses;
- disability; and
- death.

Withdrawals may be subject to surrender charges in the contract.

Withdrawals made prior to age 59½ will generally result in an IRS 10% early-withdrawal penalty in addition to income taxes. There is no IRS penalty on withdrawals after age 55 if you terminate employment or after age 59½ for any reason.

Loan Provisions
You may be eligible to receive one loan per calendar year from your TSA. Each loan must be at least $1,000 and the amount you may borrow may be reduced if you already have an outstanding loan balance or if you have taken another loan within the prior 12 months.

Minimum Distributions
You may receive IRS Required Minimum Distributions without a surrender charge.

Tax Advantages
Lower Taxable Income
Contributions are made on a pre-tax basis, which lowers your current taxable income.

Compound Savings
Income taxes on your TSA savings are due only when you make withdrawals or begin taking regular distributions — generally at retirement, when your tax bracket may be lower. As a result, interest accumulates on your principal, your earnings and on the money you would otherwise pay in income taxes.

Direct Transfers
If you are in transition between employers, any retirement-savings funds your employer distributes directly to you are subject to 20% federal tax withholding, leaving considerably less money for you to transfer into another qualified plan. In addition, if you don’t transfer an amount equal to your direct distribution within 60 days, the amount not transferred is subject to income taxes and an IRS penalty.

An ideal way to avoid this blow to your savings is to have that money transferred directly into a TSA. You can avoid taxes and penalties and allow your money to grow in a safe, tax deferred annuity.

Integrity and Stability
Since 1906, The Standard has been dedicated to treating customers with integrity — a philosophy that results in strong financial strength ratings.

The following applies if the annuity is purchased through a bank or a credit union: (a) the annuity is not a deposit; (b) the annuity is not guaranteed by any bank or credit union; (c) the annuity is not insured by the FDIC or any other governmental agency; (d) the purchase of an annuity is not a provision or condition of any bank or credit union activity; and (e) some annuities are subject to investment risk and may go down in value.

Riders: ERTSA-DEF (09/01), NERTSA-DEF (09/01), TSALN (09/01)