

**UNITED OF OMAHA LIFE INSURANCE COMPANY**  
A MUTUAL of OMAHA COMPANY

# SELECTING AN ANNUITY PROVIDER YOU CAN DEPEND ON





## **DOL GUIDELINES HELP YOU SELECT ANNUITY PROVIDERS**

To assist plan sponsors in the selection of an annuity provider, the Department of Labor (DOL) released guidelines in Interpretive Bulletin 95-1. The DOL emphasizes that, under the Employee Retirement Income Security Act of 1974 (ERISA), shifting the plan's liability for benefit payments to an insurance company is a fiduciary decision. Further, ERISA requires that the selection of an insurance company must be made solely in the interest of participants and beneficiaries.

The guidelines set forth by the Department of Labor apply to the selection of an annuity provider for the purpose of pension plan benefit distributions where the plan intends to transfer liability for benefits to the annuity provider. Interpretive Bulletin 95-1 applies to annuities purchased:

- Upon termination of a defined benefit plan
- By a defined benefit plan as a participant retires or terminates employment or
- By exercising the annuity payout option of an insurance product held by a retirement plan

The six factors of Interpretive Bulletin 95-1 that should be considered by plan fiduciaries in evaluating the creditworthiness and claims-paying ability of an annuity provider are addressed in detail on the following pages.

### **INDUSTRY RATINGS**

The DOL advises plan sponsors to assess a variety of factors in evaluating a provider's ability to pay claims and its credit quality. Independent financial ratings\* reflect the strength and sound investment strategy of United of Omaha Life Insurance Company.

While insurance industry ratings can be useful in assessing potential annuity providers, reliance solely on ratings is not sufficient. Other factors also should be considered in conducting an objective, thorough and analytical evaluation of an annuity provider. The following are United of Omaha's responses to the six factors and additional considerations the DOL has established in its guidelines for evaluating and choosing an annuity provider.

\*Refer to our "Security Backed by Financial Strength" insert (MUGC8254\_0409) for our current financial strength ratings.

## 1 QUALITY AND DIVERSIFICATION OF INVESTMENT PORTFOLIO

United of Omaha understands that a sound investment strategy is essential to effectively serve our customers' needs. For decades, United of Omaha has provided security and protection based on a well-diversified, prudently managed portfolio of bonds, mortgage loans, common stocks, and real estate. Disciplined asset management strategies help to insulate portfolio assets from the effects of adverse interest rate movements and to ensure sufficient funding of all policyholder obligations.

United of Omaha's investment policy for the Retirement Plans Division portfolio reflects the regulatory requirements of the state of Nebraska, the effect of interest rate volatility on the market value of portfolio holdings, and the potential for attractive returns from bond and mortgage loan investments.

Such investment policy is based upon controlling (1) **interest rate risk**, which arises from interest rate fluctuations and affects market values, reinvestment rates, and both asset and liability durations, and (2) **credit risk**, which arises from specific changes affecting a bond issuer's ability to meet its interest and principal payment obligations.

Interest rate risk is controlled globally through the use of actuarially determined, liability-linked duration targets and range limits, as well as through limits placed on certain investments, such as mortgage-backed securities, that inherently involve higher degrees of convexity risk.

Credit risk is controlled on a macro basis through a strict, well-reasoned, "top-down" diversification discipline capturing economic sector, industry, and issuer limits, and on a micro basis through superior fundamental credit analysis, both at the time of purchase and throughout the holding period.

Return objectives are measured in terms of the overall portfolio yield relative to the crediting rates provided by the contracts issued and capital market conditions. Such yields are pursued within the risk control guidelines by (1) seeking out issues that are priced attractively to the market, especially new issue and secondary market private placement bonds; (2) anticipating upgrades in credit quality based upon United's internal analysis; and (3) shifting modestly between sectors and maturities as market conditions warrant.

**Skilled Investment Management** – United of Omaha has a strong, experienced team of investment decision-making professionals who average more than two decades in the investment management business. Experience with various economic cycles provides the skills needed to be proactive, not just reactive, in managing through such cycles.

**Diversification of Assets** – United of Omaha's strategy of managing a broadly diversified investment portfolio helps the Company reduce risks and support each product offered with assets that meet specific cash flow requirements. United of Omaha invests in the types of assets that can most effectively fund its products and offer competitive, risk-adjusted returns.

### UNITED OF OMAHA — ASSETS \$12,879,237,328 AS OF DEC. 31, 2008\*

UNITED OF OMAHA — ASSETS	
\$12,879,237,328 as of Dec. 31, 2008	
	<u>% of Assets</u>
Government & Agency Bonds	0.2%
Corporate Bonds	34.2
Mortgage & Asset-Backed Securities	34.1
Commercial Mortgage Loans	12.6
Equity Interests	1.1
Real Estate	0.6
Short-Term Investments, Policy Loans & Other Invested Assets	4.5
Separate Accounts and Other Assets	<u>12.7</u>
	100%

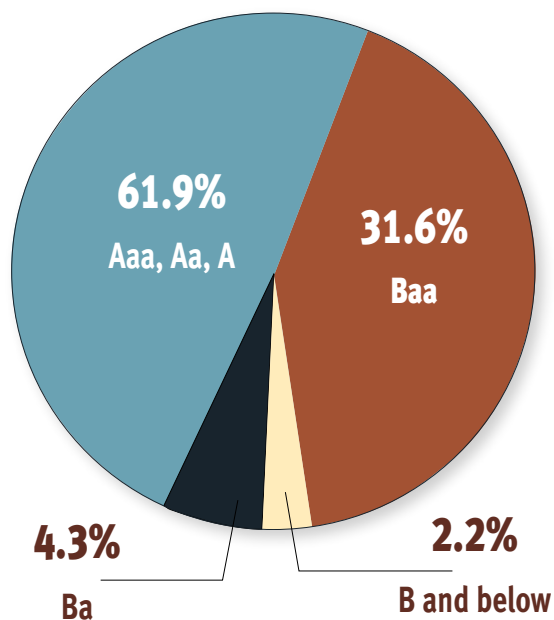
\*United of Omaha's total liabilities at year-end 2008 totaled \$11.683 billion.

**Selectively Chosen Bond Investments**– United of Omaha’s investment policy strictly limits the Company’s bond holdings by type, quality and maturity to create a stable, low-risk bond portfolio. The bond portfolio is well diversified, with corporate bonds, asset-backed securities and mortgage-backed securities representing the largest holdings, 49.9%, 11.2% and 38.6%, respectively. Private-placement bonds and Rule 144A bonds, which enhance the portfolio yield, represent 33.6% and 10.1% of the bond portfolio, respectively.

As of year-end 2008, 93.5% of United of Omaha’s bond holdings were investment-grade, or category 1 (highest quality) and 2 (high quality) securities, as defined by the NAIC. Just 6.5% of United of Omaha’s bond holdings were in category 3 (medium quality) or below. Of the Company’s bonds rated in categories 3, 4 and 5, many were private-placement corporate bonds that are well secured.

**BOND QUALITY DISTRIBUTION**

United of Omaha Bond Holding Percentages and NAIC Quality Classification

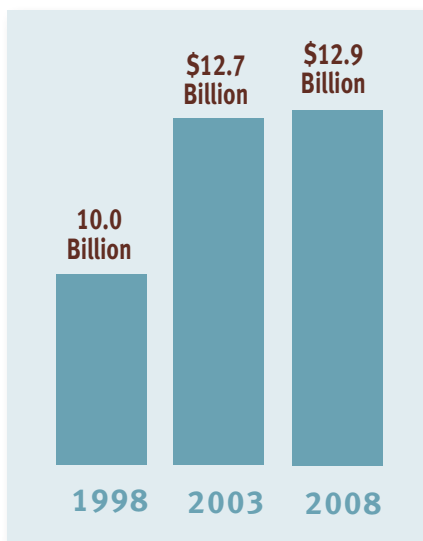


**Geographically Diverse Mortgage Loans** – United of Omaha maintains rigorous standards for underwriting mortgage loans, and strictly adheres to diversification guidelines, both geographically and by property type. We concentrate on lower-risk types of real estate property that are already constructed and substantially leased. Commercial mortgages are diversified among 108 metropolitan areas, and property types include General Office (25.8%); Industrial (19.6%); Retail (35.0%); and Apartments/Other (19.6%).

**2 SIZE OF INSURER RELATIVE TO PROPOSED CONTRACT**

Quality products and services, along with a progressive, yet conservative, investment strategy, have provided significant growth in United of Omaha’s assets under management. United of Omaha has experienced solid growth. Since 1998, United of Omaha’s assets under management have increased by 29%.

**UNITED OF OMAHA’S GROWTH OF ASSETS UNDER MANAGEMENT**



**AS OF DEC. 31, 2008 (IN MILLIONS)**

	United of Omaha
Total Assets*	\$12,879.2
Total Invested Assets	11,240.0
Policyholder Reserves	10,110.8
Capital and Surplus	1,196.3
Surplus (including AVR)	1,274.9
% of Bond Portfolio Classified as Investment-Grade	93.5%
Common Stock Investments as a % of Total Assets	0.3%

\*United of Omaha’s total liabilities at year-end 2008 totaled \$11.683 billion.

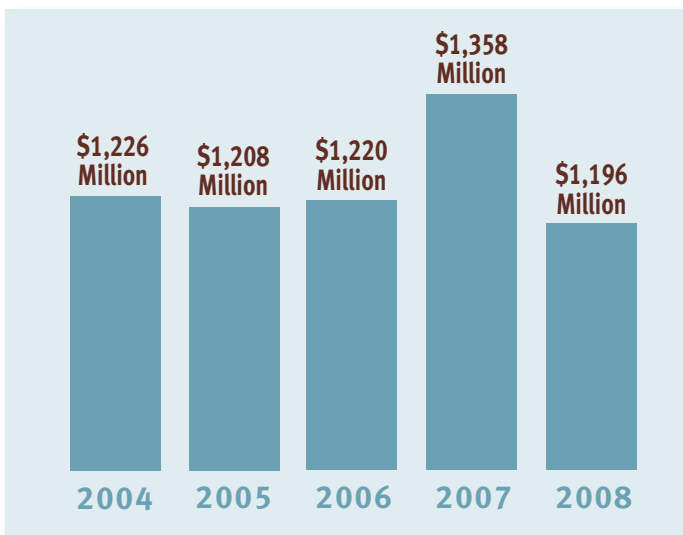
### 3 LEVEL OF INSURER'S CAPITAL AND SURPLUS

Capital, surplus, and special reserves represented 9.90% of United of Omaha's assets as of Dec. 31, 2008. This margin offers additional security for plan participants.

**Policyowner Reserves** – At year-end 2008, policyowner reserves for United of Omaha, including surplus, reached \$11.2 billion.

**Surplus** – Surplus is an important indicator of an insurer's financial strength. Despite current economic conditions, United of Omaha's capital and surplus remains strong at \$1.196 billion at December 31, 2008, demonstrating our sound management, consistent profitability, and aggressive, yet prudent, pursuit of new business.

#### GROWTH OF CAPITAL & SURPLUS



### 4 LINES OF BUSINESS AND OTHER INDICATIONS OF EXPOSURE TO LIABILITY

United of Omaha is a wholly owned subsidiary of Mutual of Omaha Insurance Company. Chartered in 1926, United of Omaha has provided insurance and annuity products for more than 80 years. Today, the Company offers a full line of quality individual and group insurance and annuity products.

The Retirement Plans Division offers guaranteed investment contracts, annuity contracts and administrative services for all types of qualified pension and profit-sharing retirement plans as well as products designed for nonqualified markets. Products and services include: guaranteed investment contracts; single premium and terminal funding group annuities; a 401(k) product; funding agreements; separate accounts; and recordkeeping and benefit services.

United of Omaha has experienced steady growth, as evidenced by such indicators as total assets and capital and surplus.

### 5 STRUCTURE OF ANNUITY CONTRACT AND GUARANTEES SUPPORTING ANNUITIES

All single premium and terminal funding group annuities are guaranteed by United of Omaha's General Asset Account.

### 6 AVAILABILITY AND EXTENT OF ADDITIONAL PROTECTION THROUGH STATE GUARANTY ASSOCIATIONS

The availability and extent of any coverage for an insurance product is the same for all insurers doing business in a state. Additional information may be available from the appropriate state insurance department.



## **ADDITIONAL CONSIDERATIONS**

In addition to the six factors on the preceding pages, the Department of Labor has indicated that a prudent plan fiduciary also should take into consideration the cost of the annuity as well as the provider's financial stability and ability to administer the benefits.

### **Cost and Benefit Administration**

United of Omaha's group annuity products are competitively priced, based on current market conditions. In addition, our knowledgeable, personalized administrative services are what help to set us apart. Our services include:

- Efficient annuity installation
- Toll-free customer service number for annuitants' questions (1-800-843-2455, 7 a.m.-4:30 p.m. CST, Monday-Friday)
- Electronic funds transfer, at no additional charge
- Withholding and reporting of federal and state income tax, if requested by the annuitant
- Exclusion ratio calculations to reflect the nontaxable portion of the annuitant's benefit payment
- Preparation of annuity certificates for each annuitant to thoroughly explain the plan benefits and guarantees

- Notification to participants with deferred benefits prior to the scheduled annuity starting date
- Address verification and locating service for lost participants
- Annual cost-of-living adjustments (COLA), if applicable
- Special withholdings of medical or other insurance premiums, if applicable

### **Financial Stability**

The almost unprecedented economic upheaval we are experiencing has shaken confidence in the strength and stability of our financial system. Now, more than ever, people need more information about the companies they do business with. How strong are they? Will those companies be there when it comes time to pay the promised benefits?

At United of Omaha, we've never been stronger. As a wholly owned subsidiary of Mutual of Omaha Insurance Company (a mutual company, owned by our policyholders), we don't share Wall Street's obsession with quarterly earnings. United has consistently taken a disciplined approach to investing which has contributed to our ability to better withstand the recent market turmoil.

So while the nation grapples with new financial realities, we stand ready to meet our customers' financial and retirement needs – just like we always have.



## **UNITED OF OMAHA LIFE INSURANCE COMPANY**

A MUTUAL *of* OMAHA COMPANY

Retirement Plans Division

Mutual of Omaha Plaza

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*mutualofomaha.com*

United of Omaha Life Insurance Company accepts full responsibility for all of United's contractual obligations under its group annuity contracts. No financial liability will be incurred by the parent or affiliate companies for business transacted by United of Omaha Life Insurance Company. For a complete product description, including benefits, exclusions and limitations, please refer to the specific proposal and contract.

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**WILD KINGDOM**  
on Animal Planet

