

pilot gold

A Single Premium Deferred Annuity Series

# Client Brochure

*Working together  
to achieve financial freedom...*

Jefferson Pilot LifeAmerica Insurance Company

**pilot gold**

*A Single Premium Deferred Annuity Series*

Did you know that, according to the Social Security Administration, only a small part (a maximum of 35%) of your retirement income will be funded by Social Security? Only 15% more will be funded by pension plans. That leaves a big part (50%) of your retirement income to be funded by “other sources”. A popular “source” for building retirement income is a deferred annuity.

A deferred annuity is a contract between you and a life insurance company that offers key benefits as part of a bigger plan to help you achieve your financial goals. An important part of your retirement plan may be a Pilot Gold, Single Premium Deferred Annuity with Market Value Adjustment (“MVA”), from Jefferson Pilot LifeAmerica Insurance Company (“Jefferson Pilot LifeAmerica” or “Company”).

**Features and Benefits**

A Pilot Gold annuity enables you to defer taxes on interest earnings until you request a surrender or begin receiving income payments. Your annuity also provides a wide selection of income payment options, including an income you cannot outlive.

**Easy To Start**

You can purchase a Pilot Gold annuity with as little as \$10,000. The sooner you start, the sooner the power of tax deferral and interest compounding go to work for you.

**Competitive Interest Rates**

A fixed annuity from Jefferson Pilot LifeAmerica provides a competitive current interest rate. At the end of each interest rate guarantee period, the interest rate may be changed by Jefferson Pilot LifeAmerica, at its discretion, but is guaranteed to never be less than 3%. Although renewal interest rates have historically been higher than 3%, you are assured of earning no less than 3% no matter how low market interest rates fall. And that is guaranteed by your Jefferson Pilot LifeAmerica contract!

All interest rates are expressed as annual effective interest rates.

**Interest Rate Bonus**

An interest rate bonus, if any, is guaranteed only for the first contract year of the initial interest rate guarantee period and is not included in subsequent contract years’ rates.

pilot gold

A Single Premium Deferred Annuity Series

### Tax Deferral

Money in an annuity has the potential to accumulate faster than in traditional taxable accumulation products because it accumulates on a tax deferred basis. Under current tax laws, you do not have to pay taxes until you start taking interest earnings from your annuity.

Tax deferral means your money is protected from current income taxes and, unlike some other taxable accumulation products, all of the principal and interest earnings in an annuity continue to work for your benefit. With tax deferral, each dollar of interest earnings and principal is allowed to compound – earning more interest, year after year. Consequently, earnings that otherwise would have been paid in taxes continue to earn more interest.

Please note, if you are considering placing your Pilot Gold annuity in a tax qualified retirement plan, such as an IRA, you will receive no additional tax advantage from the annuity. You should only consider the annuity's other features including the availability of lifetime payments and death benefit protection.

### No Expense Charges

The Pilot Gold annuity has no front-end charges or administrative fees, so all of your premium goes to work for you immediately. Jefferson Pilot LifeAmerica deducts premium taxes if it is required to pay them.

### Surrender Charge Schedule

Surrenders in the first contract year and surrenders in excess of 10% of the accumulation value in any contract year after the first contract year are subject to the contract's schedule of surrender charges. Surrender charges are expressed as a percent of the accumulation value after the application of the MVA. The Pilot Gold Sales Guide contains the schedule of surrender charges. (Please see the next page for examples of surrender charge calculations.)

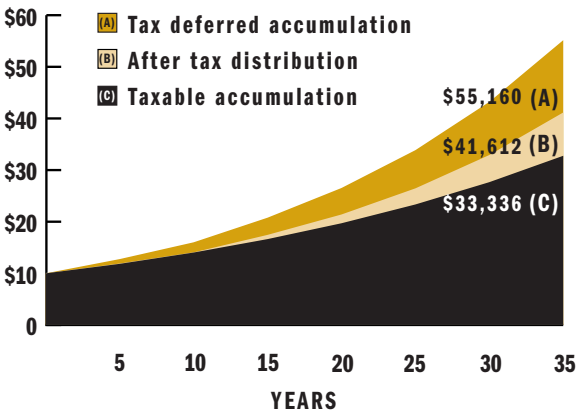
### Access To Your Money

A deferred annuity is designed as a long-term contract. However, you always have access to your money should you need it.

### Free Partial Surrenders

After the first contract year, up to 10% of the accumulation value may be surrendered each contract year without the MVA and without surrender charges, subject to a maximum of 4 surrenders per contract year. The remaining accumulation value must be at least \$2,000.

#### How Much Difference Can Tax Deferral Make For You?



**Note:** The chart compares tax deferred and taxable accumulations of a single \$10,000 premium payment, assuming a 5% interest rate and a 30% Federal tax rate.

Interest earnings on the tax deferred product accumulate without current taxation, as shown by (A). These earnings are taxed on distribution, reducing the net amount available as shown by (B). Interest earnings on the taxable alternative products are taxed each year as earned. Consequently, earnings accumulate more slowly, as shown by (C).

A 5% interest rate is used for illustrative purposes only, and is not a promise of current or future interest rates. The tax deferred product's relative performance would be improved at higher tax rates and reduced at lower tax rates. However, distributions from an annuity prior to age 59½ may be subject to a 10% Federal penalty tax.

The tax deferred accumulation and distribution values do not reflect surrender charges or any MVA. Had these charges been reflected, the relative performance of the tax deferred product would be reduced.



pilot gold

A Single Premium Deferred Annuity Series

The Market Value Adjustment (“MVA”)

The MVA is an amount by which the accumulation value surrendered is adjusted during the initial interest rate guarantee period. Depending on the direction interest rates move, the MVA may increase or decrease the accumulation value surrendered before application of the surrender charge. The amount of this increase or decrease is determined by the relationship between the base interest rate being credited to the contract, the current base interest rate applicable to new issues of the contract at the time of surrender, and the time remaining to the end of the current interest rate guarantee period. In general, the MVA decreases the accumulation value surrendered when interest rates rise and increases the accumulation value surrendered when interest rates fall. However, in no case will the MVA reduce your cash surrender value below the guaranteed minimum cash surrender value provided by your contract.

Examples of MVA & Surrender Charge Calculations:

The following examples assume a 5-year surrender charge schedule and a 5-year initial interest rate guarantee period.

Definitions:

A = base interest rate being credited to your contract  
B = base interest rate applicable to new issues of the contract at the time of surrender  
N = number of days from the surrender date to the end of the current interest rate guarantee period  
MVA Factor = .75 (B – A + .0025) x (N/365)  
MVA = accumulation value surrendered x MVA Factor  
Surrender Charge = accumulation value surrendered less the MVA, times the applicable surrender charge percentage  
Cash Surrender Value = accumulation value, less the MVA, less the applicable surrender charge

Assumptions:

Single Premium = \$117,700  
Accumulation Value (end of contract year 4) = \$150,000  
10% Free Partial Surrender Amount = \$15,000  
Accumulation value surrendered in excess of free partial amount = \$135,000  
Base Interest Rate (A) = 6.25%  
Surrender Charge (4th year) = 4.00%  
N: (365 x 1) = 365

Example 1

The following is an example of a surrender in a rising interest rate environment: B = 7.25%

MVA Factor = 0.75 x (0.0725 - 0.0625 + 0.0025) x (365 / 365) = 0.009375  
MVA = \$135,000 x 0.009375 = \$1,265.63  
Surrender Charge = (\$135,000 - \$1,265.63) x 0.04 = \$5,349.37  
Cash Surrender Value = \$150,000 - \$1,265.63 - \$5,349.37 = \$143,385

Example 2

The following is an example of a surrender in a falling interest rate environment: B = 5.25%

MVA Factor = 0.75 x (0.0525 - 0.0625 + 0.0025) x (365 / 365) = -0.005625  
MVA = \$135,000 x -0.005625 = -\$759.38  
Surrender Charge = (\$135,000 - (-\$759.38)) x 0.04 = \$5,430.38  
Cash Surrender Value = \$150,000 - (-\$759.38) - \$5,430.38 = \$145,329

These examples are based upon hypothetical fixed interest rates. The purpose of these hypothetical examples is to help you understand how the MVA is calculated. These hypothetical examples are not illustrations or predictions of how an actual contract can be expected to perform.

pilot gold

A Single Premium Deferred Annuity Series

Systematic Surrenders

Your Pilot Gold annuity also provides the option to receive systematic surrenders while continuing to earn interest on your remaining accumulation value. Under this option, you can choose to receive periodic surrender payments based on your credited interest, a stated amount, or a percentage of your accumulation value. You can continue to have access to your accumulation value, and you can change or stop systematic surrenders at any time.

Systematic surrenders can be made monthly, quarterly, semiannually or annually, subject to a minimum accumulation value of \$20,000 for monthly and \$10,000 for other frequencies. A 30-day waiting period is required to process the first systematic surrender payment.

*Federal tax laws require that surrenders be taken first from interest earnings. Interest earnings are taxable as income when distributed. In addition, surrenders taken before age 59½ may be subject to a 10% Federal penalty tax. You are not subject to this penalty tax if you take the distribution after age 59½, become disabled or receive a lifetime income payment option.*

*Any partial or systematic surrenders taken during the contract year will reduce the actual earned interest amount because of interruption of interest compounding.*

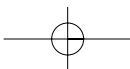
Annuitization

Your Pilot Gold annuity provides a wide choice of ways to receive the accumulation value as an income. Only an annuity can provide an income you cannot outlive.

The contract can be annuitized for full accumulation value after the first contract year, provided a payment option of not less than 5 years is elected. The contract payment options are as follows: Income for a Fixed Period, Life Income, and Income for a Fixed Amount. Under current Company practice, the Owner may also choose from any currently offered Single Premium Immediate Annuity (SPIA) options.

Payment choices can provide valuable tax advantages. Part of every income payment is considered a return of principal, and part is considered interest earnings. Only the interest earnings part of each payment is taxable. This treatment continues until the entire principal has been received. By electing an income payment choice, taxes on interest earnings are spread out over a period of years rather than with the first payments.

Once the contract is annuitized, the accumulation value is no longer available for partial or full surrenders.



**pilot gold**

*A Single Premium Deferred Annuity Series*

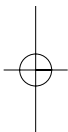
**Death Benefit**

Upon death of the Owner, or Joint Owner, if any, before annuity payments begin, a death benefit is payable to the beneficiary. The death benefit is equal to the accumulation value as of the Owner's or Joint Owner's date of death, without the MVA and without a surrender charge.

**About Jefferson Pilot LifeAmerica Insurance Company**

Jefferson Pilot LifeAmerica Insurance Company is a leader in providing deferred annuities. With Jefferson Pilot LifeAmerica, you have the peace of mind knowing that your financial plans are backed by one of the strongest insurance companies in the industry.

You need a plan for a comfortable retirement. Jefferson Pilot LifeAmerica can work with you to build a successful retirement plan. Let Pilot Gold be a part of your plan. See how together we can help you achieve financial freedom.



*The information in this brochure reflects our understanding of current tax laws as they apply to annuities. The information provided is not intended to be legal, accounting or tax advice. The laws are subject to different interpretations and changes. We suggest you seek the counsel of a qualified tax adviser regarding annuity taxation as it applies to you specifically.*

*This brochure contains a summary description of the Pilot Gold annuities. The exact terms of the annuities are contained in the contracts and any attached riders, which will control Jefferson Pilot LifeAmerica's contractual obligations.*

*Pilot Gold, a Single Premium Deferred Annuity Series, Contract Form 94-521NY is issued by Jefferson Pilot LifeAmerica Insurance Company and is only available in New York.*



Jefferson Pilot LifeAmerica Insurance Company  
Service Center Address For All Inquires:  
PO Box 26074, Greensboro, North Carolina 27420-6074  
Home Office Address: Florham Park, New Jersey

