



INVESTORS HERITAGE

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UNDERSTANDING YOUR SINGLE PREMIUM DEFERRED ANNUITY

Please sign and date below, acknowledging that you have read and understand all of the following:

This form is not intended to be a complete explanation of the annuity. Only the annuity contract contains all the details. If there is a conflict between this disclosure and that contract, the annuity contract shall take precedence.

Terms, Definitions and Understanding the Basics of the Annuity

What is an annuity? – An annuity is a long-term contract between the contract owner (“you” or “Owner”) and an insurance company, in which you give Investors Heritage Life Insurance Company (“IHLIC” or “we”) a sum of money (called a premium). This premium accumulates over time on a tax-deferred basis until you withdraw it from the annuity or begin taking a set of payments from the annuity contract. You can use an annuity to save money for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

This Annuity – This annuity is a single premium annuity, which means you may make only one premium payment to the contract. It also is a fixed annuity, which means it earns a specified interest rate during each rate period. This annuity also is deferred, which means payouts begin at a future date and you do not pay taxes on the interest it earns until the money in it is paid to you.

Free-Look Period – Within 30 days after the annuity contract is first received, you may cancel it for any reason by delivering or mailing it to the agent through whom it was purchased or to the administrative office of IHLIC shown above. Upon cancellation, IHLIC will return any premium paid and the annuity contract will be void from the contract date.

Who is the Annuitant? – The Annuitant is the Natural Person on whose life Annuity Payout Options (see below) are based and who receives the payments made under that option. The initial Annuitant is shown on the contract data page of the annuity contract.

Annuitization – Applying the annuity's Account Value to an Annuity Payout Option is called "annuitization". When you annuitize, you can choose one of several Annuity Payout Options stated in the annuity contract. Once you have chosen to apply all the Account Value to annuitize the annuity, you may not change the Annuity Payout Option or surrender the annuity or have access to any value of the annuity, other than the payments being made under the Annuity Payout Option.

Account Value – The Account Value of the annuity contract equals the single premium paid into the annuity, plus all interest credited, minus any withdrawal amounts including any charges and fees, minus any Account Value applied to an Annuity Payout Option, and minus any applicable taxes. Amounts surrendered may include withdrawal charges and fees and applicable taxes.

Market Value Adjustment - When you make a withdrawal in which you would incur a Surrender Charge, we may also increase or decrease the amount you receive based on a Market Value Adjustment (MVA). If interest rates increase after you purchase your annuity, the MVA likely will decrease the amount you receive from a withdrawal or cash surrender. If interest rates decrease, the MVA likely will increase the amount you receive from the withdrawal or cash surrender.

Minimum Guaranteed Interest Rate – The interest rate declared by IHLIC for the annuity after the initial guarantee period will never be less than this rate. It is shown on the contract data page in the annuity contract. This rate is set at the time you purchase the annuity and is guaranteed never to change for the life of the contract.

Cash Surrender Value – The Cash Surrender Value is the amount you will receive if you surrender the entire contract (a “Full Surrender”). The Cash Surrender Value is the Account Value minus withdrawal charges and taxes.

Full Surrender – A Full Surrender occurs when you request we pay out, as a lump sum, the full value available under the annuity contract. That value is the Cash Surrender Value, and is specifically defined in the annuity contract. A Full Surrender terminates the annuity contract.

Death of the Owner – The phrase Death of the Owner has a very specific meaning under the annuity contract because the death of different persons can trigger the payment of a death benefit or other benefits under the contract depending on the circumstances. Specifically, under the annuity contract the Death of an Owner means: (a) the death of the Owner if, at the

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time in question, there is only an Owner who is a natural person, and no Joint Owner; or (b) the death of the first to die of the Owner and Joint Owner, if, at the time in question, there is both an Owner and Joint Owner; or (c) the death of the Annuitant under the contract, if, at the time in question, the Owner is not a Natural Person.

Benefits and Features of the Annuity

Interest Crediting – Interest is earned and credited daily on the Account Value in the annuity. The initial interest rate will be guaranteed from the contract date of the annuity up to the end of the initial rate period. The initial interest rate and the initial rate period are shown on the contract data page of the annuity contract. For each succeeding rate period after the initial rate period, IHLIC will credit interest at a rate equal to or in excess of the Minimum Guaranteed Interest Rate. IHLIC will declare the interest rate for each new rate period on or before the start of that rate period.

Annuity Payout Options – These are the choices you have as to how your Account Value will be paid out as a set of payments. You can choose from several Annuity Payout Options that provide a stream of payments for life and/or for a specific period of years. These options are listed in the annuity contract.

Death Benefit – A death benefit will be provided upon the Death of the Owner prior to the Maturity Date (which is shown on the contract data page of the annuity contract). If the owner is not a natural person, the death of the annuitant will be treated as the death of the owner. The amount of the death benefit will be the Account Value.

Full, Partial Surrender (Withdrawal) Withdrawal Charge Waiver Features –

- **Accumulated Interest** – After the contract has been in force for 30 days the Owner may request a withdrawal of the interest credited to the Account Value. Payments can be paid in three, six or twelve month options; with a minimum payment of \$100.00.
- **Required Minimum Distribution (RMD)** – After the contract has been in force for six months, an RMD may be made and the Withdrawal Charges may be waived subject to the requirements of the contract.
- **Free Withdrawal** – After the contract has been in force for one year, the Owner may request to withdraw, once per contract year, up to 10% of the Account Value subject to a minimum withdrawal of \$200.
- **Nursing Home Withdrawal** – After the contract has been in force for one year, the withdrawal charge will be waived on a withdrawal equal to 50% of the Account Value, subject to the requirements of the Nursing Home Withdrawal provision being satisfied.

Full Surrenders and Partial Surrenders (also known as Withdrawals) – You may access the value in the annuity contract by taking all the Account Value available for surrender, a Full Surrender, or less than all that value as a Partial Surrender (Withdrawal). No more than four (4) Partial Surrenders may be taken each Contract Year unless Systematic Withdrawals are being made. Partial Surrenders and Systematic Withdrawals are subject to a minimum withdrawal amount and the contract must retain a minimum account value. See the annuity contract for details. Partial Surrenders may be assessed withdrawal charges for each occurrence that a Partial Surrender is made, unless those charges are waived. All minimum values and withdrawal charges are specified on the contract data page of the annuity contract. Partial Surrenders (Withdrawals) or Full Surrenders may be subject to tax and/or tax penalties in addition to any charges imposed under the contract. Withdrawal charges may not apply to certain features. Please refer to the annuity contract and your tax advisor for full details. Partial Surrenders and Withdrawals are the same.

Market Value Adjustment

An MVA is applied only during the Surrender Charge Period. An MVA is not applied to the Death Benefit or to any applicable Free Withdrawal amount.

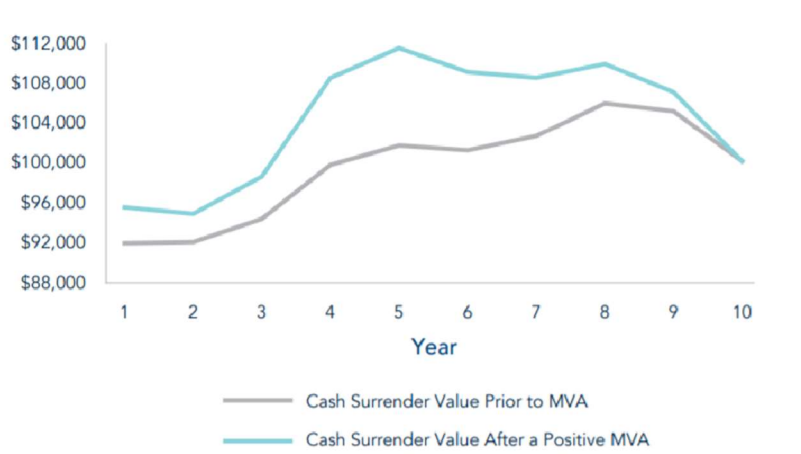
The amount of the MVA is determined by a formula using an external index which measures changes in the interest rate environment. The MVA will never be more than the difference between the Account Value less Surrender Charges and the Guaranteed Minimum Cash Surrender Value. In California, the MVA will also never be more than the MVA Limit Percentage multiplied by the Account Value. The MVA will vary depending on the time remaining in the Surrender Charge Period and the levels of the external index.

The examples below show the projected Cash Surrender Value under sample MVA scenarios during the Surrender Charge Period of the Contract. These graphs and the sample guaranteed interest rates on new contracts used are for demonstration purposes only and are not intended to be a projection of how guaranteed interest rates on new contracts are likely to behave. These examples do not reflect the additional California specific MVA Limit.

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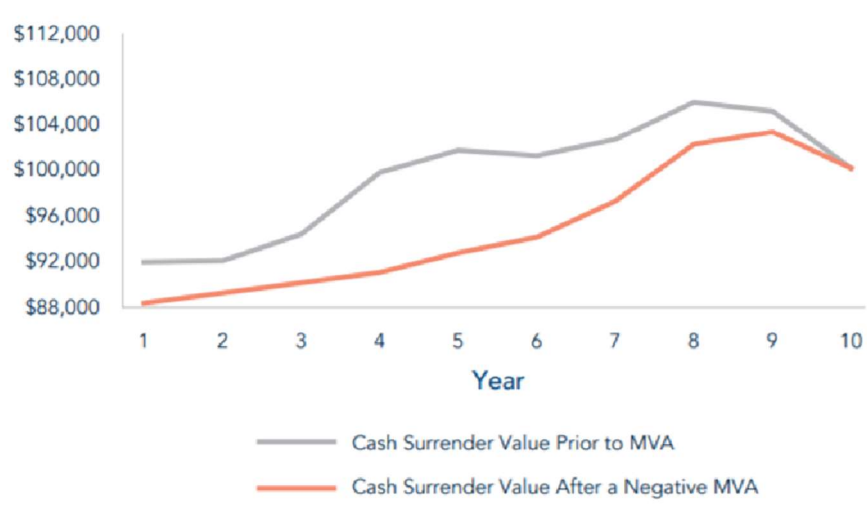
Positive MVA Scenario Example

The graph below shows the impact of an MVA on the hypothetical Cash Surrender Value if the external index DECREASES by 2% from the assumed initial rate.



Negative MVA Scenario Example

The graph below shows the impact of an MVA on the hypothetical Cash Surrender Value if the external index INCREASES by 2% from the assumed initial rate.



Charges and Fees of the Annuity

Withdrawal Charges – Withdrawal charges are assessed upon a Full or Partial Surrender of the annuity contract. Withdrawal Charges are equal to a percentage multiplied by the Account Value being surrendered according to the Withdrawal Charge Schedule of your contract. The full schedule is shown on the Contract Specifications page of your annuity contract and on the Certificate of Disclosure.

Tax Guideline Applicable to the Annuity

Tax Treatment – When you make any Partial Surrender (including Systemic Withdrawals) or a Full Surrender under the annuity, you may be subject to federal income tax on the amount withdrawn. Federal law requires that withdrawals be taken first from interest earnings. In addition, you may be subject to a 10% federal penalty tax on any amount withdrawn if you make withdrawals or surrender the annuity before age 59 1/2, unless another statutory exemption applies. Withdrawals and surrenders may also be subject to state income tax. If this is a qualified annuity, all withdrawals and surrenders may be taxable. Please consult your tax advisor as to the tax impact of any withdrawal or surrender on your own situation.

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Other Matters You Should Be Aware of Concerning the Annuity

Other Notes -

- If you are purchasing this annuity contract for use in an IRA or other qualified plan, you should consider other features of the annuity besides tax deferral as reasons for it being appropriate for your needs, because IRAs and qualified plans already receive tax-deferred treatment under the IRS Code.
- Neither IHLIC nor its agents or representatives give legal, tax or accounting advice. Please consult an attorney or independent tax advisor as to the applicability of this information to your own situation.
- If this annuity is replacing an existing annuity, it is important that you compare the two, taking into account whatever surrender charges or withdrawal charges you may incur on the surrender of your existing annuity and your need to access your funds. For information about your existing annuity, contact the issuing company.

Agent Compensation – The agent is appointed to represent IHLIC and to provide services to you on our behalf. The agent will earn a commission for each annuity contract sold. The actual percentage or amount of compensation paid to the agent will vary based on specific circumstances.

Changes to the annuity – The owner will be notified in writing of any changes to the annuity contract.

Regulation of the annuity in New Jersey – In New Jersey, the sale and suitability of annuities is regulated by the New Jersey Department of Banking and Insurance. You may obtain assistance from the Department by contacting 609-292-7272 or 1-800-446-7467, or by visiting the Department’s website at www.state.nj.us/dobi.

Applicant Disclosure Statement and USA Patriot ACT Customer Information:

I (we) acknowledge that this document has been read to me (us), or that I (we) have read this document, and I (we) fully understand the information contained in this document and that all information provided below is accurate to the best of my (our) knowledge.

1. I (we) understand that this annuity is a long-term contract with penalties for withdrawals and early surrender.
2. I (we) understand that this annuity is not FDIC, NCUA or NCUSIF insured, is not guaranteed by any Bank or Credit Union, is not a deposit, nor insured by any Federal Government Agency.
3. I (we) acknowledge that the annuity meets my current financial needs and objectives and is suitable for me.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you is that when you apply for an annuity, we will ask for your name, address, date of birth and other information that will allow us to identify you. Please list your current driver’s license, valid passport or other official identifying documents and their numbers on the appropriate line below to verify your identity; and show that (or those) document(s) to the annuity representative, if one is involved in taking your application.

Owner: Identifying Document: _____
DOCUMENT NAME (DRIVER’S LICENSE, PASSPORT, VISA) DOCUMENT IDENTIFYING NUMBER

X _____
OWNER SIGNATURE DATE

Joint Owner: Identifying Document: _____
DOCUMENT NAME (DRIVER’S LICENSE, PASSPORT, VISA) DOCUMENT IDENTIFYING NUMBER

X _____
JOINT OWNER SIGNATURE DATE

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Agent Statement:

By signing, I certify that:

- (1) I have reviewed this document with the applicant(s);
- (2) I have provided a copy of this document to the applicant(s);
- (3) I have made no statements that differ in any significant manner from this document;
- (4) I have made no promises or guarantees about the future value of any non-guaranteed elements of this annuity; and
- (5) I have verified the identity of the applicant(s).

PRINTED NAME OF AGENT

DATE

X

SIGNATURE OF AGENT