



ING FIXEDDESIGN
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Important Changes to ING FIXEDDESIGN Products Beginning August 1, 2005



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We have several changes and enhancements to the ING FIXEDDESIGN products including:

- New Trail Commission Options
- No Commission Chargebacks Upon Death of Client
- Full Commissions Paid to Age 80
- New Maximum Issue Age 80
- New Internal Replacement Program to Include Trail Commission Options
- Discontinued Products
- Disclosure Form Changes: Suitability and Compensation

New Trail Commission Options

We are pleased to announce that new trail commissions options will be available August 1, 2005 on most of our ING FIXEDDESIGN annuities. Currently, all ING FIXEDDESIGN products pay full commissions up front, when the new contract is issued. For applications received on or after August 1, 2005, ING FIXEDDESIGN will offer three commission options on the following products:

- Secure Index
- Selectra
- Income Outcome
- MarketSmart
- MultiSet Plus.

For each contract sold, you will be able to choose from three commission payment options: **Option A:** all up-front commissions; **Option B:** upfront with trail commission; or **Option C:** upfront with maximum trail commission. Details of trail options will be provided on new commission schedules, which will be mailed in the next couple of weeks. Trail commissions will be paid quarterly beginning in the 2nd contract year. The fixed annuity applications have been adapted to give you your choice of all 3 commission options and these applications will be available for order the week of August 1. After August 1, for states that have not yet approved our new application, you can write in your choice of commission options under Compensation Alternative in the Agent Information section of the application. **We will not be able to pay trail commissions on any applications received prior to August 1.**

These trail commission options will allow you to create a long-term stream of income for your ING FIXEDDESIGN annuity business.

No Commission Chargebacks Upon Death of Client

Beginning August 1, there will no longer be a chargeback of commissions upon the death of a client. Our current practice of charging back commissions on a prorated basis if the client dies within the first year will be discontinued. This change impacts only those contracts with the application received by ING on or after August 1, 2005. The previous chargeback rules regarding death of the client will still apply to applications received prior to August 1.

We will also be implementing a change to commission chargebacks applied to full and partial surrenders. Beginning with contracts received on or after August 1, 2005, the following schedule will apply to full and partial surrenders on fixed annuity contracts:

- Contract months 1 - 6: 100% chargeback
- Contract months 7 - 12: 50% chargeback

Full Commissions Paid to Age 80

Beginning August 1, 2005, we will pay full commissions for all issue ages for all ING FIXEDDESIGN annuities. We are eliminating the current commission reductions based on older issue ages. All applications received on or after August 1, 2005 will receive full commissions upon issue of the new contract. For applications

received prior to August 1, and for all in-force contracts, commissions will be paid according to the commission structure in force at the time those applications were received - NO EXCEPTIONS!

New Maximum Issue Age 80

Our industry is keenly focused on the suitability of fixed annuities sold to senior clients. In order to better assure our annuities are suitable for the senior client market, we are adjusting the maximum issue age for our ING FIXEDDESIGN annuities to age 80 effective August 1, 2005. This change applies to all applications received by ING on or after August 1, 2005. Any applications received prior to August 1 will be issued at our current issue ages. Income Outcome will continue to have issue ages 0 - 75. Immediate annuities (SPIAs) will have issue ages 35 - 80 for any payouts based on life expectancy. Payouts for a period certain only will still be issued for ages 0 - 100.

New Internal Replacement Program to Include Trail Commission Options

Effective August 1, 2005, the ING FIXEDDESIGN Internal Replacement Program will incorporate the new trail commission options (Option B and Option C). You must select one of these two trail options for any internal replacement cases. This will replace the current commission structure for internal replacement cases. The revised guidelines for the new trail options and the Internal Replacement Disclosure form can be found at www.ingvfc.com or by calling the ING FIXEDDESIGN Sales Desk at 800-369-5301.

Discontinued Products

Effective August 1, 2005, due to limited sales, we will close sales for the following ING FIXEDDESIGN products:

- Max Guarantee
- MultiBuilder
- FPA 9.

Applications for these products must be received in ING's home office by July 29, 2005.

Disclosure Form Changes: Suitability and Compensation

Effective August 1, 2005, our product disclosure forms will contain additional language on suitability and compensation. This language will be general in nature and will describe how commissions are paid. No specific percentage rates or dollar amounts will be disclosed. These revised disclosures must be completed at the time an application is taken, and must be signed by both you and your client. You should begin using these revised disclosures with new ING FIXEDDESIGN applications submitted on or after August 1. As of September 1, 2005, use of the revised disclosures will be mandatory, and will be required prior to issue of the new contract. New disclosures will be available on August 1.

ING FIXEDDESIGN Sales Desk: 800-369-5301

For agents only. Contracts issued by ING USA Annuity and Life Insurance Company. Products not available in all states. Information subject to change.

