PHOENIX

Where Excellence Grows

Phoenix Personal Income Annuity

Single premium indexed annuity product and suitability guide

June 2011

Phoenix Personal Income Annuity

Product & Suitability Guide

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Introduction

Phoenix Personal Income Annuity is a single-premium indexed annuity designed to appeal to a middle market audience within the age range of 50-85, which positions it well to capture market share through Independent Marketing Organizations (IMOs) and Brokerage General Agents (BGAs).

Phoenix Personal Income Annuity is a non-registered product that provides a broad range of index choices as well as different crediting methods. There are several separate Indexed Accounts that earn credits based on the performance of three measuring indices; S&P 500 Index®, Dow Jones Industrial Average® Index, and the Euro Stoxx 50® Index - all excluding dividends. There is also a Fixed Account available.

In addition, there are two versions of the Guaranteed Minimum Withdrawal Benefit (GMWB) rider available. This rider guarantees a minimum lifetime withdrawal benefit regardless of the return of the account(s) selected.

This guide describes the standard contract for Phoenix Personal Income Annuity. The contract is subject to state availability. Actual product details may vary in a particular state based on the terms of that state's approval. Please see the state variations page at the end of this document for further details.

This guide is intended to be both a general reference document and a training resource for producers. It is not intended to provide legal, tax or financial advice to your clients. Tax references in this guide are based upon current laws. Please encourage your clients to consult with their own tax and legal advisors with respect to the suitability of this product for their specific needs.

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Product Summary

Suitability and Marketing Emphasis

Phoenix Personal Income Annuity may be an appropriate product for individuals who:

- need an alternative to fixed and low-yielding savings vehicles
- seek control and flexibility within a conservative investment
- are concerned about the effects of negative market volatility
- are approaching or are in retirement and wish to limit portfolio volatility
- understand the nature of indexed annuities and can tolerate the risk of 0% return for any given time period;
- want to conservatively invest a retirement plan distribution, inheritance, or other lump sum
- want to secure a fixed retirement annuity payment option, and/or
- want to preserve principal

Non-Security Status Disclosure - The Contract has not been approved or disapproved by the Securities and Exchange Commission. The Contract is not registered under the Securities Act of 1933 and is being offered and sold in reliance on an exemption therein. The Separate Account has not been registered under the Investment Company Act of 1940 and is being offered and sold in reliance on an exemption therein.

This insurance product is:
- Not insured by FDIC, NCUSIF, or any other state or federal agency which insures deposits;
- Not a deposit or obligation of, underwritten or guaranteed by any depository institution;
- Subject to surrender charges which could result in loss of principal invested.

Product Summary (continued)

Product Basics

- Issue ages 0-85
- Available for nonqualified plans as well as IRAs[1]
- Single premium design
  - Minimum single premium – $15,000
  - Amounts over $1,000,000 require Home Office approval
- Six Point-to-Point Indexed Accounts:
  - One Year Point to Point - S&P 500®
  - Two-Year Point to Point – S&P 500 (not available in AK, MN, MO, NC, NH, NJ, VA, WA)
  - Five Year Soft Landing – S&P 500 (available only in AK, MN, MO, NC, NJ, VA, WA)
  - Monthly Point to Point - S&P 500
  - One Year Point to Point - DJIA®
  - One Year Point to Point - Euro Stoxx 50®
  - One Year Point to Point - Balanced Allocation
- Minimum Indexed Account allocation :$2,000
- Fixed Account
  - Current fixed account credited rate
  - Credited rate guaranteed for one year
  - Interest credited daily
- Choice of two optional Living Benefit riders:
  - Income Strategy: Today
  - Income Strategy : Tomorrow
  - Riders require a fee that is deducted periodically from contract value.
- 10 year surrender charge schedule
- Annual 10% free withdrawals available during surrender charge period [2]
- Market Value Adjustment (MVA) during surrender charge period [3]
- Minimum withdrawal amount $250 – may vary by state
- Tax-deferred accumulation and tax-free transfers between accounts
- Optional account value reallocation, systematic withdrawal and required minimum distribution programs[2]

[1]It is important to disclose that purchasing an annuity within a qualified plan does not provide any additional tax benefit. Annuities should not be sold in IRAs/qualified plans because of the tax-deferral feature alone, but rather when other benefits, such as lifetime income payments and Death Benefit protection support the recommendation.

[2] Withdrawals will be subject to tax and, if prior to age 59 ½, will also be subject to a 10% federal income tax penalty, except as provided for under IRC Sec. 72.

[3]Can be positive or negative based on the change in the interest rate environments. See “Market Value Adjustment (MVA)” under “Product Features.”

Product Summary (continued)

Target Prospects and Key Uses

- Middle Market audience, sold primarily through Independent Brokers.
  - Retirement funding
    - Tax-advantaged alternative to mutual funds or CDs[1]
    - Rollovers from IRAs/qualified plans[2] into IRA
    - Single premium payment
  - Conservative investors who want to participate in the upside potential of the market without risking the loss of principal
  - Taxable income management
  - Tax deferred growth potential
  - Funding for retirement income needs
  - Two versions of the GMWB rider, each tailored to meet the specific needs and goals of various ages.
  - Death Benefit of the greater of contract value or Total Guaranteed Value[3] (as defined herein).

[1]Bank CDs are FDIC-insured and offer a fixed rate of return, whereas both principal and yield of securities will fluctuate with changes in market conditions. Crediting to the indexed accounts is not guaranteed and can be zero in any given year. Guarantees are based on the claims-paying ability of PHL Variable Insurance Company.

[2] It is important to disclose that purchasing an annuity within an IRA/ qualified plan does not provide any additional tax benefit. Annuities should not be sold in qualified plans because of the tax-deferral feature alone, but rather when other benefits, such as lifetime income payments and Death Benefit protection support the recommendation.

[3]Death benefit proceeds are generally taxable to the beneficiaries.

Product History

- May 2011: Personal Income Annuity launched
- June 2011: CA approved Personal Income Annuity product
- June 2011: NH – Two Year Point-to-Point Indexed Account not available

Issue Requirements

Owner(s)

- Issue ages: 0 – 85
- For nonqualified contracts, the annuitant and the owner may be different. *(The annuitant is simply the person on whose life the annuitization calculations are based.)*
- For IRAs, the owner and annuitant must be the same. [1]
- A change of ownership will only be considered under two circumstances:
  - ✓ Transfer ownership of entire contract from individual to grantor trust
  - ✓ Transfer ownership of entire contract between spouses

Note: *A change of ownership may be considered a taxable distribution. See your tax advisor for more details.*

Annuitant(s)

- Issue ages: 0 – 85
- A joint annuitant may be named for purpose of annuitization.
- Annuitants may be changed after the contract date, but not after the maturity date.

Note*: For contracts owned by non-natural owner for the benefit of a natural person, such as a trust, death of the primary annuitant is treated the same as the death of the owner.*

Premium Limits

- Minimum single premium: $15,000
- Amounts over $1,000,000 require Home Office approval.
- Subsequent premium payments are not permitted.
- With certain limitations, this contract may accept multiple premium payments from direct transfers, rollovers or section 1035 exchanges
- All premiums received from a transfer, rollover or 1035 exchange must be received within the 30-day window beginning with the date on which the first money is received; if additional money is received after the 30-day window, a new 30-day window will begin for a second contract

[1] It is important to disclose that purchasing an annuity within an IRA/qualified plan does not provide any additional tax benefit. Annuities should not be sold in qualified plans because of the tax-deferral feature alone, but rather when other benefits, such as lifetime income payments and Death Benefit protection support the recommendation

Definitions

Contract Value

- The total sum of the value of the Fixed Account and Indexed Accounts. At issue the Contract Value is equal to the single premium payment.

Cash Surrender Value

- The Cash Surrender Value is equal to the Contract Value, less any applicable Surrender Charge and adjusted by any applicable Market Value Adjustment and taxes. This amount will never be less than the Total Guaranteed Value.

Total Guaranteed Value (TGV)

- TGV is the minimum value available to you as a surrender value, a Death Benefit, or an annuitization value. It is equal to 87.5% of the single premium accumulated at the applicable TGV interest rate, less prior withdrawals.

- The TGV rate is set at contract issue, and ranges from 1% - 3% and is guaranteed for the life of the contract.

Contract Issue Date

- The date the contract is issued and the date from which contract years are measured.

- The contract will be in effect on the Contract Issue Date provided the single premium is received and the owner is alive.

- The Contract Issue Date is also the start of the first Segment duration.

Segments

- Each time a transfer is made to an Indexed Account, an Indexed Account Segment is created.

- Each Segment, except for the S&P Five Year Soft Landing Account and the Two Year S&P 500 Index Account will be one year in length and will have its own “Segment Maturity”.

- Upon Segment Maturity, the Indexed Account value will roll into a new Segment of the same Indexed Account. However, owners may request that as Segments mature, the money be re-allocated among the Fixed and Indexed Accounts according to their instructions.

Contract Mechanics

Creating a Segment

- At the time a single premium is paid into a contract, there is an allocation of the premium among the available accounts. Once the funds are allocated to a given account or accounts, a "Segment" is created. All Segments, except for the S&P Five Year Soft Landing Account and the Two Year S&P 500 Index Account, have a duration of one year.

Calculating Index Credits

- Index Credits are always a function of the values of the declared cap rate, participation rate or trigger rates, the stipulated methodology of the account, and the performance of the defined index or indices used to credit the account selected.

- The Indexed Account examples on the following pages illustrate how the values of the cap rate, participation rate and the trigger rate as well as the performance of the index or indices can impact the Index Credit that is applied to the account value.

- Current rates for new and upcoming segments are subject to change at any time and are only guaranteed for each segment duration. The guaranteed minimums and maximums for the indexed and fixed rates will not change for the life of the contract.

Account Reallocation

- The reallocation period is 30 days prior to the end of each Segment. During this time, changes may be made to the current account allocations. Reallocations are allowed to any available account(s) – indexed and/or fixed. Any changes will become effective on the ensuing contract anniversary date and will be locked in for the next Segment duration.

- Changes to the account allocations will not be accepted again until the next reallocation period corresponding to the Segment maturity date of each individual account.

Calculating Index Credits

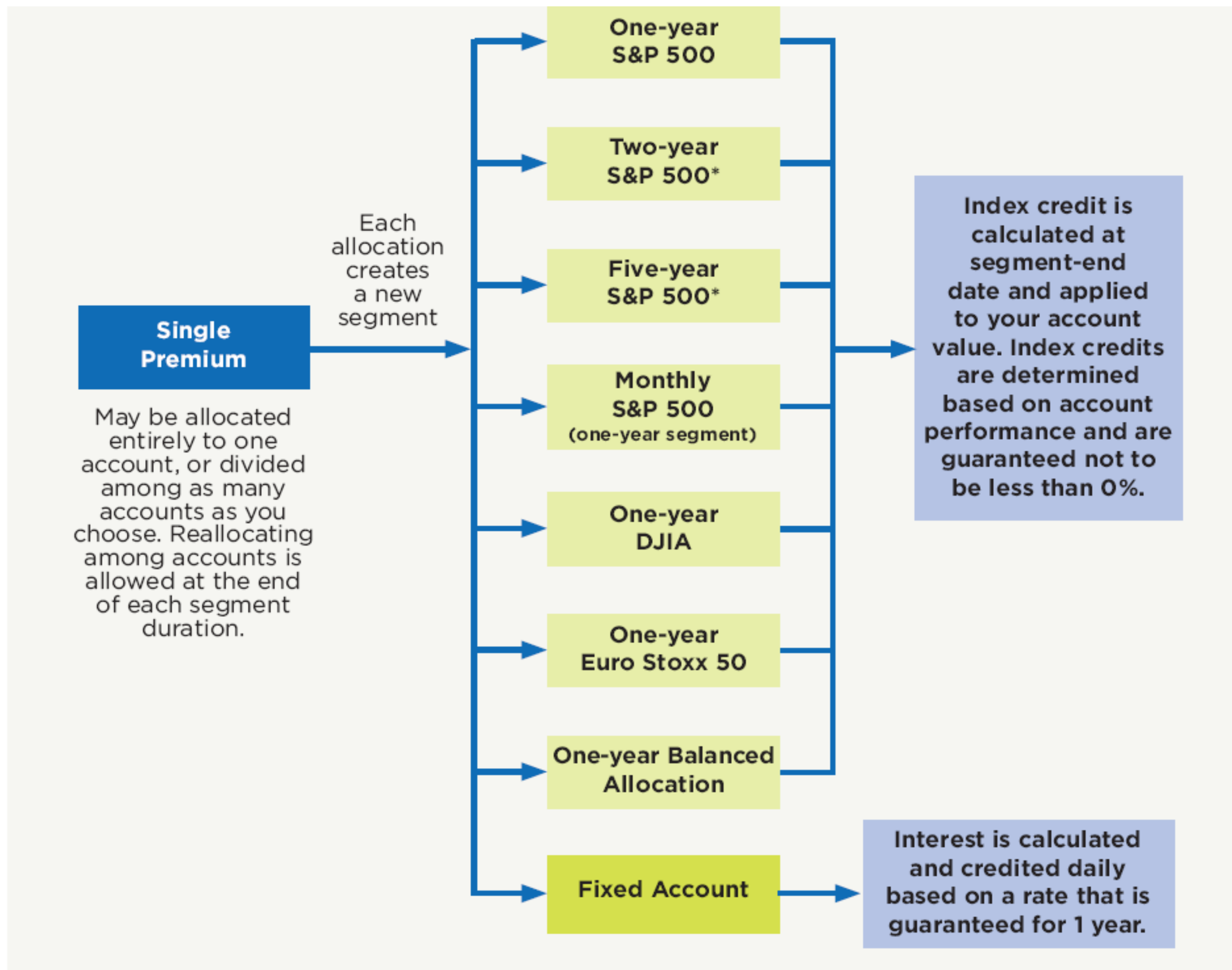
All of the indexed accounts grow based on “index credits” that are calculated at the end of the segment duration and added to your account value. Your index credits are based on index performance and the parameters of cap, participation, and spread rates:

Cap rate: Maximum percentage increase credited to the account, based on positive index performance.

Participation rate: Percentage of increase in the index value used to determine the index credit.

Spread rate: Percentage deducted from the increase in index value used to determine the index credit.

Each rate is stipulated at the beginning of the segment and guaranteed for its duration. Rates are subject to periodic change, are not guaranteed and may be different at the beginning of each new segment. You should consult a financial representative to ascertain the current rates for each of the indexed accounts.



*Subject to state availability.

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Account Options

The Indexed Accounts:

- One-Year Point-to-point – S&P 500
- Two-Year Point to Point – S&P 500 (not available in AK, MN, MO, NC, NH, NJ, VA, WA)
- Five Year Soft Landing – S&P 500 (available only in AK, MN, MO, NC, NJ, VA, WA)
- Monthly Point-to-point – S&P 500
- One-Year Point-to-point – DJIA
- One-Year Point-to-point – Euro Stoxx 50
- One-Year Point-to-point – Balanced Allocation

All of the Indexed Accounts available with the Phoenix Personal Income Annuity grow based on Index Credits that are calculated at the end of the Segment duration and added to the account value.

The Fixed Account:

- The Fixed Account earns interest daily at a specified rate of return that is guaranteed for one contract year. It offers modest growth with no risk of principal loss due to market conditions and a reliable, predictable return.

Understanding the Indexed Accounts

One Year - S&P 500 Index

How it works:

- To determine the Index Credits for this account, the value of the S&P 500 Index[1] on the day a Segment is created is compared to its value at the end of the Segment duration (one year). If the performance of the index is positive during that period, the Index Credit will equal the percentage gain, unless the index performance exceeds the cap declared on the Segment creation date. In that case, the Index Credit will be equal to the cap rate. If the value at the end of the Segment duration is less than or equal to the value on the day the Segment was created, there will be a 0% Index Credit to the account.

- The following example shows actual returns of the S&P 500 index for the past ten years in the top row of the table. Though this example cites year end returns, it is important to keep in mind that all Segments run for one year from the date they are opened, and index returns are calculated on that basis. Thus, the Segment year is not the same as the calendar year.

- The second row in the table depicts the impact of these returns on Index Credits and the third row shows the resulting hypothetical impact on account values. The bottom row displays the Total Guaranteed Value, the minimum amount available for Death Benefit, annuitization or surrender. ***This hypothetical account assumes a $10,000 allocation and a 6% cap.[2] The Total Guaranteed Value is equal to 87.5% of the single premium and in this example assumes an interest rate of 1% credited annually.***

When the S&P 500 Index[1] returned	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
	-10.1%	-13.0%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%	-38.5%	23.5%
Index Credit would have been[2]	0.0%	0.0%	0.0%	6.0%	6.0%	3.0%	6.0%	3.5%	0.0%	6.0%
Account Value would have been	$10,000	$10,000	$10,000	$10,600	$11,236	$11,464	$12,095	$12,522	$12,522	$13,210
Total Guaranteed Value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and Total Guaranteed Value (TGV).

1. Index values used to determine credits always exclude dividends. Small variances in account values may exist due to Index Credit rounding to one decimal place.
2. The value of the cap rate used in this example is hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed.

Understanding the Indexed Accounts (continued)

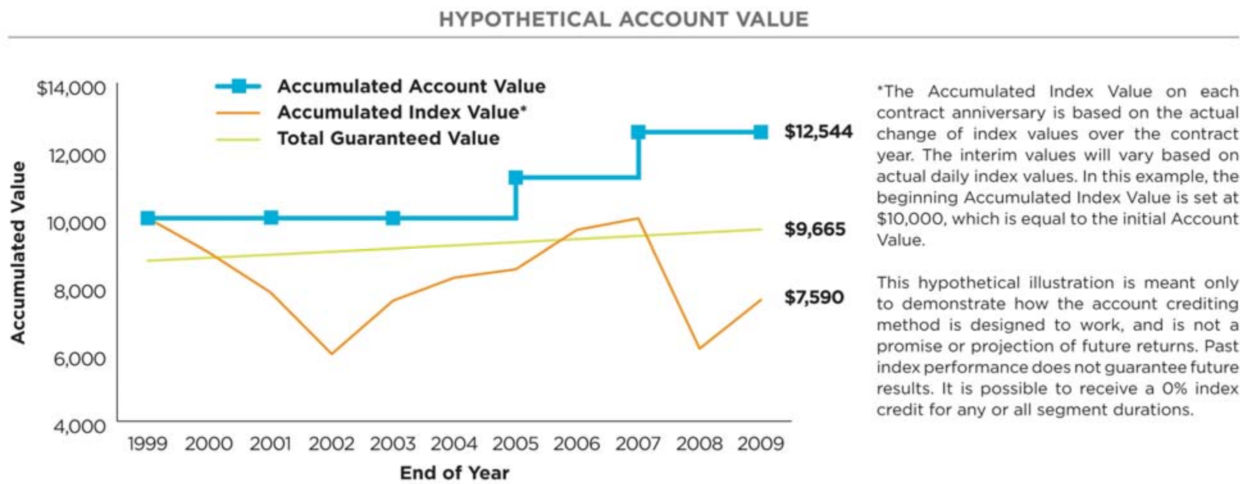
Two Year Point to Point – S&P 500 Index (not available in AK, MN, MO, NC, NH, NJ, VA, WA)

How it works:

- This account has a two-year segment duration that is tied to the S&P 500 index.[1] The index credit is applied at the end of the second year. On the last day of the two-year segment, the value of the S&P 500 is compared to its value at the start date of the segment. The cap rate declared on the segment start date is then applied to determine the index credit. Currently, the participation rate is 100% for this account and the spread rate is 0%.
- In the following example, the top row of the table shows actual returns for the S&P 500 index for the past 10 years. Though year-end returns are cited, it is important to keep in mind that all segments run point to point for two years from the date they are opened and index returns are calculated on that basis. The second row depicts the impact of these returns on index credits, and the third row shows the impact on account values. The bottom row displays the total guaranteed value (TGV), the minimum amount available for death benefit, annuitization or surrender.

Hypothetical assumptions: $10,000 allocation; 12% cap; 100% participation rate; 0% spread rate; 2 TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
When the S&P 500 Index returned	-10.1%	-13.0%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%	-38.5%	23.5%
Index Credit would have been	0.0%		0.0%		12.0%		12.0%		0.0%	
Account value would have been	$10,000	$10,000	$10,000	$10,000	$10,000	$11,200	$11,200	$12,544	$12,544	$12,544
Total guaranteed value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665



1. Index values used to determine credits always exclude dividends. Small variances in account values due to index credit rounding to one decimal place.
2. The value of the cap, participation and spread rates used in this example are hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed. Consult with your financial representative to obtain current parameter values for this indexed account.

One Year - Monthly S&P 500® Index

How it works:

- With this account, the index credit rate is based on the 12 monthly percentage changes in the S&P 500[1] index over a one year segment. Positive monthly percentage changes are subject to a monthly cap that is declared at the beginning of the segment (there is no cap on negative index performance for each month). At the end of the segment, the 12 monthly percentage changes are added, including any "capped" changes. If the sum equals zero or less, no interest will be credited. If the sum is a positive percentage, that will be the index credit.

- Examples of how the index credits are calculated for this account are on the next page. Currently, the participation rate is 100% for this account and the spread rate is 0%. In the following example, the top row of the table shows actual returns for the S&P 500 index for the past 10 years. Though this example cites year-end returns, it's important to keep in mind that all segments run point to point on a monthly basis from the date they are created, and that the sum of the 12 monthly percentage changes (not shown and subject to the monthly cap) is used to calculate the index credit.

- The second row depicts the impact of the percentage changes on index credits, and the third row shows the impact on account values. The bottom row displays the total guaranteed value (TGV), the minimum amount available for Death Benefit, annuitization or surrender.

Hypothetical assumptions: $10,000 allocation; 2.5% monthly cap; 100% participation rate; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
When the S&P 500 Index returned	-10.1%	-13.0%	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%	-38.5%	23.5%
Index credit would have been	0.0%	0.0%	0.0%	10.5%	6.8%	0.6%	12.3%	0.2%	0.0%	0.0%
Account value would have been	$10,000	$10,000	$10,000	$11,045	$11,794	$11,868	$13,327	$13,359	$13,359	$13,359
Total guaranteed value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and Total Guaranteed Value (TGV).

1. Index values used to determine credits always exclude dividends. Small variances in account values may exist due to Index Credit rounding to one decimal place.
2. The value of the cap rate used in this example is hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed.

Calculating the Index Credit

The following hypothetical examples illustrate how the index credit rates are calculated for the Monthly S&P 500 Point-to-Point indexed account. These examples show how the index credit would be calculated for a one-year segment based on real S&P 500 index returns.[1] Although these examples illustrate index credits based on calendar years, a segment is measured from its start date and its end date 12 months later.

Understanding the Indexed Accounts (continued)

The chart on the left shows the index credit calculations for 2006, a year in which the annual return for the index was positive. In this example, the sum of monthly capped index charges for the one-year segment is 12.3%, so that would be the index credit applied to the account.

The chart on the right shows the index credit calculations for 2008, a year in which the annual return for the index was negative. In this case, the sum of monthly capped index charges is -47.72%, however, the index credit would be 0%, and the account would be protected against loss despite the precipitous decline in the index.

Hypothetical assumptions: 2.5% monthly cap; 100% participation rate; 0% spread rate[2]

A Positive Year for the S&P 500

Date	S&P Index Value	Index return for Previous Month	Monthly Capped Index Changes (2.50% Cap)
Jan. 1, 2006	1248.29	—	—
Feb. 1, 2006	1280.08	2.55%	2.50%
Mar. 1. 2006	1280.66	0.05%	0.05%
Apr. 1, 2006	1294.87	1.11%	1.11%
May 1, 2006	1310.61	1.22%	1.22%
June 1, 2006	1270.09	-3.09%	-3.09%
July 1, 2006	1270.20	0.01%	0.01%
Aug. 1, 2006	1276.66	0.51%	0.51%
Sept. 1, 2006	1303.82	2.13%	2.13%
Oct. 1, 2006	1335.85	2.46%	2.46%
Nov. 1, 2006	1377.94	3.15%	2.50%
Dec. 1, 2006	1400.63	1.65%	1.65%
Jan 1, 2007	1418.30	1.26%	1.26%
Sum of Monthly Capped Index Changes			**12.30%**
Index Credit would be 12.3%			

A Negative Year for the S&P 500

Date	S&P Index Value	Index return for Previous Month	Monthly Capped Index Changes (2.50% Cap)
Jan. 1, 2008	1468.36	—	—
Feb. 1, 2008	1378.55	-6.12%	-6.12%
Mar. 1. 2008	1330.63	-3.48%	-3.48%
Apr. 1, 2008	1322.70	-0.60%	-0.60%
May 1, 2008	1385.59	4.75%	2.50%
June 1, 2008	1400.38	1.07%	1.07%
July 1, 2008	1280.00	-8.60%	-8.60%
Aug. 1, 2008	1267.38	-0.99%	-0.99%
Sept. 1, 2008	1282.83	1.22%	1.22%
Oct. 1, 2008	1164.74	-9.21%	-9.21%
Nov. 1, 2008	968.75	-16.83%	-16.83%
Dec. 1, 2008	896.24	-7.48%	-7.48%
Jan 1, 2009	903.25	0.78%	0.78%
Sum of Monthly Capped Index Changes			**-47.72%**
Index Credit would be 0.00%, not a loss, even though the S&P 500 declined			

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

[1.] Index values used to determine credits always exclude dividends. Small variances in account values may exist due to Index Credit rounding to one decimal place.
[2]. The value of the cap rate used in this example is hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed.

Five Year Soft Landing - S&P 500® Index (available only in AK, MN, MO, NC, NJ, VA, WA)

How it works:

Example 1:

- This account has a five-year segment duration tied to the S&P 500 Index.[1] The index credit is determined by comparing the index value on the segment creation date and the average of the index values for the last six months preceding the segment maturity date. The six-month average index value provides a soft landing should the index decline sharply in that period. Currently, this account has no cap and a 0% spread rate. The following hypothetical examples show how an allocation to this account would have been impacted based on different account opening dates and 10-year performance periods. All other assumptions are identical.

- This example assumes an account opening date of December 31, 1999 and performance based on S&P 500 index returns for 2000-2009. The top row of the table shows the average of actual month-end returns for the S&P 500 for the final six months (July through December) of 2004 and 2009, which represent the end of the first and second segment durations. The second row depicts the impact of these returns on the index credits, and the third row shows the impact on account values. The bottom row displays the total guaranteed value (TGV), the minimum amount available for death benefit, annuitization or surrender.

- In this example, the 2004 S&P 500 index average ending value of 1,139 compares unfavorably to the index opening value of 1,469 (not shown), and the 2009 index average of 1,052 compares unfavorably with the segment opening value of 1,212 (not shown), resulting in a 0% index credit for both segments. Though the account would not have earned credits for these segments, it would have been protected from losses.

- **Hypothetical assumptions: $10,000 allocation on December 31, 1999; 60% participation rate with no cap; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.**

Example 1					Year 5					Year 10
When the calculated value was	2000	2001	2002	2003	2004 1,139[3] - 22.4%	2005	2006	2007	2008	2009 1,052[4] - 13.2%
Index credit would have been	—	—	—	—	0.0%	—	—	—	—	0.0%
Account Value would have been	—	—	—	—	$10,000	—	—	—	—	$10,000
Total Guaranteed Value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

Example 2:

- This example assumes an account opening date of March 31, 1998 and performance based on S&P 500 index returns for 1999-2008. The top row of the table shows the average of actual month-end returns for the S&P 500 for the last six months of the first segment (October 2002 through March 2003) and for the last six months of the second segment (October 2007 through March 2008).
- The second row depicts the impact of these returns on the index credits, and the third row shows the impact on account values. The bottom row displays the total guaranteed value (TGV), the minimum amount available for death benefit, annuitization or surrender.
- In this example, the 2003 S&P 500 index average ending value of 874 compares unfavorably to the index opening value of 1,102 (not shown), resulting in a 0% index credit for this segment. However, the 2008 S&P 500 six-month index average of 1,422 compares favorably with the segment opening value of 849 (not shown), resulting in a 40.6% index credit for the second segment.

Understanding the Indexed Accounts (continued)

- **Hypothetical assumptions: $10,000 allocation on March 31, 1998; 60% participation rate with no cap; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.**

Example 2					Year 5					Year 10
When the calculated value was	**1999**	**2000**	**2001**	**2002**	**2003** 874[5] - 20.6%	**2004**	**2005**	**2006**	**2007**	**2008** 1,422[6] 67.6%
Index credit would have been	—	—	—	—	0.0%	—	—	—	—	40.6%
Account Value would have been	—	—	—	—	$10,000	—	—	—	—	$14,058
Total Guaranteed Value	$8,838	**$8,926**	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

1. *Index values used to determine credits always exclude dividends. Small variances in account values due to index credit rounding to one decimal place.*
2. *The value of the cap, participation and spread rates used in this example are hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed. Consult with your financial representative to obtain current parameter values for this indexed account.*
3. *Actual 2004 year-end S&P 500 index value was 1,212. Illustrated figure is the average of last six month-end index values (soft landing) of S&P 500 for the year 2004, the value upon which an index credit would be based.*
4. *Actual 2009 year-end S&P 500 index value was 1,115. Illustrated figure is the average of last six month-end index values (soft landing) of S&P 500 for the year 2009, the value upon which an index credit would be based.*
5. *Actual S&P 500 index value as of March 31, 2003 was 1,126. Illustrated figure is the average of the previous six month-end index values (soft landing) of S&P 500, 10-31-2002 through 3-31-2003, the value upon which an index credit would be based.*
6. *Actual S&P 500 index value as of March 31, 2008 was 1,323. Illustrated figure is the average of the previous six month-end index values (soft landing) of S&P 500, 10-31-2007 through 3-31-2008, the value upon which an index credit would be based.*

One Year - DJIA Index

How it works:

- In this account, segments have a one-year duration. The index credit is determined by comparing the value of the Dow Jones Industrial Average Index[1] on the segment creation date and the value at the end of the segment duration. The cap declared on the segment creation date is then applied. Currently the participation rate is 100% and there is a 0% spread rate.
- The following example shows actual returns of the DJIA index for the past 10 years in the top row of the table. Though this example cites year-end returns, it is important to keep in mind that all segments run point to point from the date they are opened, and index returns are calculated on that basis.
- The second row in the table depicts the impact of these returns on index credits, and the third row shows the impact on account values. The bottom row displays the Total Guaranteed Value (TGV), the minimum amount available for death benefit, annuitization or surrender.

  Hypothetical assumptions: $10,000 allocation; 6% cap; 100% participation rate; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
When the DJIA Index returned	-6.2%	-7.1%	-16.8%	25.3%	3.1%	-0.6%	16.3%	6.4%	-33.8%	18.8%
Index credit would have been	0%	0%	0%	6.0%	3.1%	0%	6.0%	6.0%	0%	6.0%
Account value would have been	$10,000	$10,000	$10,000	$10,600	$10,934	$10,934	$11,590	$12,285	$12,285	$13,022
Total guaranteed value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

[1]. *Index values used to determine credits always exclude dividends. Small variances in account values may exist due to Index Credit rounding to one decimal place.*
[2]. *The values of the cap and participation rates used in this example are hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed.*

One Year - Euro Stoxx 50 Index

How it works:

- This account has segments with duration of one year. To determine the index credit, the value of the Euro Stoxx 50 Index[1] on the segment creation date is compared to its value at the end of the segment duration, and then the cap declared on the segment creation date is applied. Currently the participation rate in the account is 100% and the spread rate is 0%.

- The following example shows actual returns of the Euro Stoxx 50 index for the past 10 years in the top row of the table. Though this example cites year-end returns, it is important to keep in mind that all segments run point to point from the date they are opened, and index returns are calculated on that basis.

- The second row in the table depicts the impact of these returns on index credits, and the third row shows the impact on account values. The bottom row displays the Total Guaranteed Value (TGV), the minimum amount available for death benefit, annuitization or surrender.

  Hypothetical assumptions: $10,000 allocation; 6% cap; 100% participation rate; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
When the Euro Stoxx 50 returned	-2.7%	-20.2%	-37.3%	15.7%	6.9%	21.3%	15.1%	6.8%	-44.4%	21.1%
Index credit would have been	0%	0%	0%	6.0%	6.0%	6.0%	6.0%	6.0%	0%	6.0%
Account value would have been	$10,000	$10,000	$10,000	$10,600	$11,236	$11,910	$12,625	$13,382	$13,382	$14,185
Total guaranteed value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

[1.] Index values used to determine credits always exclude dividends. Small variances in account values may exist due to Index Credit rounding to one decimal place.
[2]. The value of the cap and participation rates used in this example is hypothetical and for illustration purposes only. Future rates are determined by the company and are not guaranteed.

One-Year Balanced Allocation

How it works:

- This account works much like the other one-year accounts except that, instead of using one index to determine credits, it uses a weighted average of three: **S&P 500 (34%), Dow Jones Industrial Average (33%), and Euro Stoxx 50 (33%).**[1] The value for each index at the beginning of the one-year segment duration is compared to the value at the end, the resulting values are subject to a cap and then weighted to derive the index credit. For this account there currently is a cap, a 100% participation rate and a 0% spread rate.

- In the following example, the top row of the table shows what the index credit would have been based on the weighted average index returns of the three indices for the past 10 years. Though this example cites year-end returns, it is important to keep in mind that all segments run point to point from the date they are opened, and index returns are calculated on that basis.

- The second row depicts the impact of these returns on account values. The bottom row displays the total guaranteed value (TGV), the minimum amount available for death benefit, annuitization or surrender.

- **Hypothetical assumptions: $10,000 allocation; 6% cap; 100% participation rate; 0% spread rate;[2] TGV equal to 87.5% of the premium; and an interest rate of 1% credited annually.**

Understanding the Indexed Accounts (continued)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Index credit would have been	0.0%	0.0%	0.0%	6.0%	5.1%	3.0%	6.0%	5.2%	0.0%	6.0%
Account value would have been	$10,000	$10,000	$10,000	$10,600	$11,136	$11,470	$12,159	$12,786	$12,786	$13,553
Total guaranteed value	$8,838	$8,926	$9,015	$9,105	$9,196	$9,288	$9,381	$9,475	$9,570	$9,665

These hypothetical examples are based on past index performance and are provided solely to illustrate how crediting to the account is designed to work. Future index performance can in no way be predicted or guaranteed and crediting rates are subject to change. No attempt has been made to represent the effect of optional rider fees which would decrease Account Value and TGV.

Accounts at a glance

There are six indexed accounts and one fixed account available with Phoenix Index Select. Below is a summary description of each of these accounts and some reasons why you might want to consider them. Indexed account credits are based on the index performance and the parameters of cap, participation and spread rates.

Point-to-Point Indexed Account	Index performance measure is	Reasons to consider this option
One-year S&P 500	Value of the S&P 500 index at the beginning of the segment duration compared to the index value one year later.	Regarded by many as the best single gauge of the U.S. equities market, the S&P 500 index comprises 500 major companies representing leading industries of the U.S. economy. Segments in this account have a one-year duration.
Five-year S&P 500	Value of the S&P 500 index at the start of the five-year segment duration compared to the average index value of the final six months of the segment.	Also tied to the S&P index, this account's 6-month "soft landing" calculation protects against undermining long-term growth due to a sudden severe market drop at the end of the five-year segment duration.
Monthly S&P 500	Sum of 12 monthly percentage changes in the S&P 500 index value	This account option offers 12 unique (monthly) opportunities to capture the upside potential of the S&P 500 over the course of its one-year segment duration.
One-year DJIA	Value of the Dow Jones Industrial Average index (DJIA) at the beginning of the segment duration compared to index value one year later.	Computed from the stock prices of 30 of the largest and most widely held public companies in the U.S., the Dow is a closely-watched benchmark that offers customers an opportunity to earn index credits tied to the performance of American "Blue Chip" companies. Segments in this account have a one-year duration.
One-year Euro Stoxx 50	Value of the Euro Stoxx 50 index at the beginning of the segment duration compared to the index value one year later.	The Euro Stoxx 50, an index made up of 50 large and moderate capital European companies, offers customers an opportunity to earn index credits tied to the performance of international markets, which include European "Blue Chip" companies. Segments in this account have a one-year duration.
One-year Balanced Allocation	Index values of three indices (S&P 500, DJIA and Euro Stoxx 50) at the beginning of the segment duration compared to their index values one year later, which are then weighted appropriately.	For customers who prefer a diversified investment approach, this account provides an opportunity to participate in the potential growth of all three indices through a weighted average of their returns over a one-year period. Segments in this account have a one-year duration.
Fixed Account	**Growth due to** A reliable, fixed rate declared by Phoenix and guaranteed for one year.	**Reasons to consider this option** If indices post a negative return there is no loss and no growth in the indexed accounts, but the Fixed Account provides a steady annual return regardless of market performance.

Product Features

Principal Protection and Total Guaranteed Value

If a withdrawal is made during the surrender charge period, a negative Market Value Adjustment can reduce or entirely eliminate interest credited to the contract but it cannot reduce the principal investment. However, surrender charges and other fees can reduce the principal investment to a certain extent but the majority of that investment is guaranteed under the contract. The amount guaranteed is called the Total Guaranteed Value ("TGV"). The TGV is the minimum value the annuity will provide as the Cash Surrender Value or Death Benefit. On the Contract Issue Date, we determine this amount by multiplying the Initial Premium (excluding any applicable Premium Bonus) by 87.5%. During the life of the contract the TGV accumulates at the interest rate specified on the contract schedule pages and is then adjusted for any withdrawals and rider fee deductions.

Withdrawal Provisions

- Withdrawals are permitted at any time prior to or on the maturity date; however the amount withdrawn from any Indexed Account prior to any Segment Maturity Date will not receive any Index Credit for that contract year. Withdrawals will impact any GMWB riders.

- Amounts taken during the surrender charge period (first 10 contract years) may be subject to a Surrender Charge, and Market Value Adjustment.

- Early withdrawals are subject to Surrender Charges. Withdrawals are subject to ordinary income tax, and if taken prior to age 59½, a 10% federal income tax penalty may apply. Withdrawals may also proportionately reduce the Death Benefit.

- Amounts taken under the following provisions are **exempt** from a Surrender Charge and Market Value Adjustment (MVA) (see below):
  - ✓ Free Withdrawal Amount of 10% per year up to 50% of total premium over the life of the contract.
  - ✓ Upon Death
  - ✓ Required Minimum Distributions (RMDs) for IRA contracts applicable to this contract
  - ✓ If the optional GMWB rider is elected, the greater of GMWB Annual Benefit Amount (ABA) and Free Withdrawal Amount can be withdrawn without incurring the surrender charge.
  - ✓ Annuitization (after the fifth contract anniversary in AK, MN, MO, NC, NJ, VA, WA)
  - ✓ Nursing Home Waiver (Surrender Charge exemption only, MVA still applies)
  - ✓ Terminal Illness Waiver (Surrender Charge exemption only, MVA still applies)

Free Withdrawal Amount

- Each contract year during the surrender charge period, **10%** of the Contract Value may be withdrawn without incurring a surrender charge or Market Value Adjustment.*
- During the first year, the Free Withdrawal Amount is based on the Contract Value at the time of the withdrawal and in subsequent contract years, the amount is based on the Contract Value as of the previous contract anniversary.
- For IRA contracts, the Required Minimum Distribution (RMD) computed per Internal Revenue Code requirements allocable to this contract can be withdrawn without incurring a surrender charge or Market Value Adjustment. This amount is not in addition to the 10% free withdrawal amount.
- The amount withdrawn from any Indexed Account prior to any Segment Maturity Date will not receive any Index Credit for that contract year.

Effect of Withdrawals on Death Benefit

- Partial withdrawals will reduce the Death Benefit along with the Contract Value.

Market Value Adjustment (MVA)

- MVA will be applied to all withdrawals or upon surrender during the Surrender Charge Period and is intended to compensate for changes in interest rates since the inception of the contract.
- MVA may be positive or negative and it applies to the Fixed Account and all Indexed Accounts within the contract.
  - ✓ MVA is determined by a formula* linked to the Constant Maturity Treasury yields.
- MVA is waived on the free withdrawal amount, on Death Benefit, and on annuitization (annuitization after five contract years in AK, MN, MO, NC, NJ, VA, WA).
- Upon full surrender, MVA cannot increase or decrease by more than the lesser of
  - ✓ Contract Value over TGV, if any,
  - ✓ Contract Value over the premium paid, less any prior gross withdrawal (negative MVA can reduce the interest earned, but can never reduce the principal investment).
- Upon partial withdrawal, MVA cannot increase or decrease by more than the amount of Contract Value over the premium paid, less any prior gross withdrawal.
- *MVA Formula

  Full surrender: MVA is $\{[(1 + i) \div (1 + j)]^{n/12} - 1\}$ times the Accumulation Value.

  Partial withdrawal MVA is $\{[(1 + i) \div (1 + j)]^{n/12} - 1\}$ times gross withdrawal amount in excess of the Free Withdrawal Amount.

Parameters:

i = the Treasury Constant Maturity Yield as published by the Federal Reserve for the maturity matching the duration of the Surrender Charge period as of the business day prior to the Contract Issue Date.

j = the Treasury Constant Maturity Yield as published by the Federal Reserve for the maturity matching the remaining years in the Surrender Charge period (fractional years rounded up to the next full year) as of the business day prior to date of withdrawal or surrender.

n = the number of complete months from the date of withdrawal or surrender until the end of the Surrender Charge period.

Death Benefit

- The Death Benefit will be determined upon the death of the first Owner. It is equal to the greater of the Contract Value or the Total Guaranteed Value as of the date of death. No Surrender Charge or MVA will be included in the Death Benefit calculation.
- No Index Credit will be applied if the death occurs prior to the Segment Maturity Date.
- If the contract is held by a single Owner, we will pay the Death Benefit to the designated Beneficiary. If there is more than one Owner, we will pay the Death Benefit to the surviving Owner(s)
- The Death Benefit is generally taxable to the beneficiary
- *Spousal Continuation Option*

  If the federal spouse of a deceased Owner is the designated Beneficiary, the surviving spouse may elect to continue the contract as the new Owner, with all the rights of the deceased Owner. In this event, no Death Benefit is paid and the contract continues in force.

Transfers

- Transfers are only allowed on contract anniversaries and only if a Segment has matured.
- If there are funds in the Fixed Account, they may be transferred to an Indexed Account on the contract anniversary.
- No transfers are allowed to or from an Indexed Account that has not completed its Segment duration (maturity).

Free Look Period

- There are variations by state as to the number of days in the free look period. For some states the free look period may also vary by new issues and replacements. The free look period appears on the front cover of the contract.

- Prior to the end of the free look period, if the owner returns the contract, Phoenix will refund the total premium paid (less any withdrawals).

Contract Maturity Date

✓ The Contract Maturity Date is the date that annuitization is set to begin. However, for IRAs, this definition is replaced with the requirement that the policy owner being to take RMDs beginning at age 70½.

Annuity Payments

✓ Annuity Payments will begin on the contract's Maturity Date if the owner is alive and the contract is still in force. Fixed annuitization options will be available - variable annuitization options are NOT available.

- The basis for annuity payments will be determined as follows:

    - Annuitization value will be the greater of the Contract Value or the TGV. (Surrender Value will apply until the fifth contract anniversary in AK, MN, MO, NC, NJ, VA, WA)

Nursing Home Waiver

- Surrender charges will be waived for an owner admitted into a licensed nursing home with the following conditions:
    - ✓ Contract must be in second year or later;
    - ✓ Withdrawal or surrender must be requested within two years of admission; and
    - ✓ Owner must have been confined in the facility for at least the 90 preceding days.
- Availability is subject to state approval.
- The Market Value Adjustment is not waived for the Nursing Home Waiver
- There will be no Index Credit for amounts withdrawn from the Indexed Accounts prior to Segment Maturity.

Terminal Illness Waiver

- Surrender charges will be waived for an owner who is diagnosed with a terminal illness that is expected to result in death within six months.
- Availability subject to state approval.
- The Market Value Adjustment is not waived for the Terminal Illness Waiver
- There will be no Index Credit for amounts withdrawn from the Indexed Accounts prior to Segment Maturity.

Contract Fees and Charges

Annual Administrative Charge

- None

Premium Tax Charge

- The premium tax charge will be the actual state premium tax where it is required by law.

Please refer to the contract for more details.

Surrender Charge

- The Surrender Charge is applied to a withdrawal amount less the Free Withdrawal Amount, adjusted by the Market Value Adjustment.
- Surrender Charges will never reduce the Cash Surrender Value below the Total Guaranteed Value.

- The 10 year Surrender Charge schedule for AL, AZ, AR, CO, DC, GA, HI, ID, IL, KS, LA, MI, MT, NE, NM, ND ,RI, SC, SD, TN, VT, WV, WI, WY is as follows:

Contract Year	***Surrender Charge %***
1	12%
2	12%
3	12%
4	11%
5	10%
6	9%
7	8%
8	7%
9	6%
10	4%
11+	0%

- The 10 year Surrender Charge schedule for AK,CT, FL, IA, IN, MD, MN, MO, MS, NC, NJ, NV, NH, OK, PA, UT, VA, WA is as follows:

Contract Year	***Surrender Charge %***
1	10%
2	9%
3	8%
4	7%
5	6%
6	5%
7	4%
8	3%
9	2%
10	1%
11+	0%

- The 10 year Surrender Charge schedule for KY, OH, TX is as follows:

Contract Year	***Surrender Charge %***
1	9.1%
2	8.2%
3	7.3%
4	6.4%
5	5.5%
6	4.6%
7	3.7%
8	2.8%
9	1.8%
10	.90%
11+	0%

Note: Personal Income Annuity is not available in DE, ME, NY, OR.

Optional Guaranteed Minimum Withdrawal Benefit Riders

Phoenix Personal Income Annuity currently offers two optional guaranteed minimum withdrawal benefit riders. Each guaranteed minimum withdrawal benefit rider offers unique features that allow the annuity to be tailored to meet particular income requirements.

Income Strategy: Today provides a cumulative bonus to the initial Benefit Base up to 45% percent of the Contract Value at issue if no withdrawals are taken during the first three years.
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Income Strategy: Tomorrow provides a guaranteed annual increase to the Benefit Base of 14% of the Benefit Base for the first 10 years or until the first withdrawal, whichever occurs first.

Each rider has an associated "Benefit Base" which is used only to calculate the fees and benefits for the rider. The Benefit Base is not a guarantee of contract value or an amount available for withdrawal. The percentage of the Benefit Base available for guaranteed withdrawal varies by rider. Please see individual rider discussion for information on how the Benefit Base can increase, how the fees can increase and for the withdrawal percentages for each rider.

Each rider provides an annual guaranteed withdrawal amount that is determined by multiplying the Benefit Base by the applicable withdrawal percentage (varies by rider, age and whether joint or single life). Each withdrawal is taken from the Contract Value: when the Contract Value is reduced to zero the Annual Benefit Amount will continue to be paid except for under certain circumstances as described below.

It is important to note that withdrawals in excess of the Annual Benefit Amount reduce the Benefit Base in the same proportion as the Contract Value is reduced: this could result in a dramatic reduction in guaranteed Annual Benefit Amount if the Contract Value has been drawn down over the course of several years.

Example: Assuming the Contract Value and the Benefit Base were equal at $15,000 each and the Annual Benefit Amount is $5,000 the Contract Value is reduced to $10,000, then an excess withdrawal of another $5,000 would reduce the Benefit Base by 50% to $7,500 and the Annual Benefit amount by 50% to $2,500.

A. INCOME STRATEGY: TODAY

Phoenix Income Strategy: Today adds a cumulative upfront bonus of 45% of the initial Contract Value directly to the Benefit Base after two contract years if there have been no withdrawals. Owners may chose to take income immediately; however the bonus amount is limited to 30% of the initial Contract Value if withdrawals are taken during the first contract year and 37.5% if withdrawals are taken in the second contract year. This bonus does not affect the Contract Value, but it adds a substantial sum to the Benefit Base, which is a value used solely to calculate the Annual Benefit Amount (defined below). The Benefit Base, including the Benefit Base bonus, is not a guarantee of Contract Value and is not available for withdrawal.

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Annual Benefit Amount

- This is the lifetime income amount that is guaranteed to be available for withdrawal each contract year regardless of account performance, provided no excess withdrawals have been taken.
- The Annual Benefit Amount is calculated on the later of the date of the first withdrawal and the date the youngest covered person attains the Benefit Eligibility Age. Prior to that time, the Annual Benefit Amount is zero.
- The Annual Benefit Amount is set equal to Annual Benefit Percentage at the time of first withdrawal, multiplied by the Benefit Base.
- Withdrawals can begin as early as age 50 up to the Annual Benefit Amount, which is defined as a set percentage of the Benefit Base, and determined by the age of the youngest covered person at the time of the first withdrawal.
- The table below shows age ranges at first withdrawal and the corresponding Annual Benefit Percentages. Once initiated, the Annual Benefit Percentage remains fixed for life.

Annual Benefit Percentage Options for Income Strategy: Today

Attained	Percentage of Benefit Base	
Age	Single Life	Spousal Life
50-54	4%	3.5%
55-59	4%	3.5%
60-64	4.5%	4%
65-69	4.85%	4.35%
70-74	5.35%	4.85%
75-79	5.55%	5.05%
80-84	6.5%	6%
85+	6.5%	6%

*Withdrawals taken before the Benefit Eligibility Date or in excess of the Annual Benefit Amount will be considered excess withdrawals under the contract. *Excess withdrawals will reduce the amount of your Benefit Base, thereby reducing the Annual Benefit Amount.*

Annual Benefit Percentage

- This is the percentage used to determine the Annual Benefit Amount under the rider. The Annual Benefit Percentage is based on the youngest covered person's issue age and age of the youngest covered person on the date of the first withdrawal.
- If the first withdrawal is made prior to the Benefit Eligibility Age, the Annual Benefit Percentage will be set based on the age of the youngest covered person at the time of the first withdrawal.

Benefit Eligibility Age

- This is used in the determination of the Annual Benefit Percentage above. These percentages will vary depending upon the election of the Single Life or Spousal Life options.

Benefit Base

- The Benefit Base is separate from the Contract Value and equals the initial Contract Value plus the bonus amount, and applicable automatic annual step-ups, adjusted for gross excess withdrawals.
- The Benefit Base is used solely to calculate the rider fee and the withdrawal benefit, is not a guarantee of Contract Value and is not available for withdrawal.
- The Benefit Base may grow up to 500% of the initial Benefit Base. The Annual Benefit Amount, once determined, is guaranteed for life, provided there are no excess withdrawals.
- If the Contract Value declines to zero, Phoenix will make payments equal to the Annual Benefit Amount for the life of the covered person (and the spouse's life, if Spousal Life is elected).
- Excess withdrawals will permanently reduce the Benefit Base, therefore permanently reducing Annual Benefit Amount available.

Automatic Annual Step-ups

- On each contract anniversary, if the Contract Value is greater than the Benefit Base, the Benefit Base will automatically increase ("step-up") to equal the Contract Value.

  ***Note**: The rider fee percentage could be increased as a result of any step-up. If so, notification will be made at least 30 days in advance and the owner may decline the step-up to avoid the higher fee. Once this feature is suspended, the owner will not be eligible for future step-ups unless they request reactivation in writing.*

Annual Fee

- If Income Strategy: Today is added to the annuity, an annual fee will be deducted from the Contract Value.
- The annual fee is assessed as a percentage of the Benefit Base and will increase with the Benefit Base
- The current rate is 0.90% of the Benefit Base on an annual basis and is subject to contractual maximum fee of 1.50%.

Rider Termination

- Each of the following events will result in termination of the rider without value:
  - ✓ There is a change in owners or joint owners (or annuitants, if the owner is a non-natural person).
  - ✓ The commencement of annuity payments under an annuity payment option as described in the base contract
  - ✓ The termination of the contract to which the rider is attached
  - ✓ If the Contract Value has been reduced to zero and the owner has the single life version of the benefit, the rider will terminate on the death of any covered person.
  - ✓ If the Contract Value has been reduced to zero and the owner has the spousal version of the benefit, the rider will terminate on the second death of any covered person.

B. INCOME STRATEGY: TOMORROW

Phoenix Income Strategy: Tomorrow features both roll-ups and step-ups to facilitate the growth of the Benefit Base, which is used to calculate the Annual Benefit Amount and does not affect the Contract Value. During the first 10 contract years, the greater of a roll-up or step-up will be applied to the Benefit Base. The longer the owner waits to take withdrawals, the greater the income growth potential.

- Withdrawals can begin as early as age 50 up to the Annual Benefit Amount, which is defined as a set percentage of the Benefit Base, and determined by the age of the youngest covered person at the time of first withdrawal. Refer to the table in the section on the Benefit Eligibility Date.

Roll-up Period

- The Roll-Up Period for Income Strategy: Tomorrow is the first 10 contract years. On each contract anniversary during this period, if no withdrawals have been made, a 14% simple roll-up will be added to the Benefit Base. The roll-up amount will be equal to the Benefit Base at issue multiplied by 14%. The roll-up feature is applicable for the Income Tomorrow version of this rider only.

Annual Benefit Percentage

- This is the percentage used to determine the Annual Benefit Amount under the rider. The Annual Benefit Percentage is based on the youngest covered person's issue age and age of the on the date of the first withdrawal.

- If the first withdrawal is made prior to the Benefit Eligibility Age, the Annual Benefit Percentage will be set on the contract anniversary following the date the youngest covered person attains the Benefit Eligibility Age (3.75% for Single Life, 3.25% for Spousal Life).

Annual Benefit Amount

- This is the lifetime income amount that is guaranteed to be available for withdrawal each contract year regardless of account performance, provided no excess withdrawals have been taken.

- The Annual Benefit Amount is calculated on the later of the date of the first withdrawal and the date the youngest covered person attains the Benefit Eligibility Age. Prior to that time, the Annual Benefit Amount is zero.

- The Annual Benefit Amount is set equal to Annual Benefit Percentage at the time of first withdrawal, multiplied by the Benefit Base.

Benefit Eligibility Age

- Withdrawals can begin as early as age 50 up to the Annual Benefit Amount, which is defined as a set percentage of the Benefit Base, and determined by the age of the youngest covered person at the time of the first withdrawal.

- The table below shows age ranges at first withdrawal and the corresponding Annual Benefit Percentages. Once initiated, the Annual Benefit Percentage remains fixed for life.

Annual Benefit Percentage Options for Income Strategy: Tomorrow

Attained Age	Percentage of Benefit Base	
	Single Life	Spousal Life
50-54	3.75%	3.25%
55-59	4.25%	3.75%
60-64	4.5%	4%
65-69	5%	4.5%
70-74	5.5%	5%
75-79	6%	5.5%
80-84	6.75%	6.25%
85+	7.5%	7.0%

*Withdrawals taken before the Benefit Eligibility Date or in excess of the Annual Benefit Amount will be considered excess withdrawals under the contract. *Excess withdrawals will reduce the amount of your Benefit Base, thereby reducing the Annual Benefit Amount. Please see Appendix A.*

Benefit Base

The Benefit Base is separate from the Contract Value and equals the initial Contract Value plus any applicable automatic annual step-ups and annual roll-ups, adjusted for gross excess withdrawals.

- The Benefit Base is used solely to calculate the rider fee and the withdrawal benefit, is not a guarantee of Contract Value and is not available for withdrawal.

- The Benefit Base may grow up to 500% of the initial Benefit Base. The Annual Benefit Amount, once determined, is guaranteed for life, provided there are no excess withdrawals Even if the Contract Value declines to zero, Phoenix will make payments equal to the Annual Benefit Amount for life (and the spouse's life, if Spousal Life is elected).

- Excess withdrawals will permanently reduce the Benefit Base, therefore permanently reducing Annual Benefit Amount.

Automatic Annual Step-ups

- On each contract anniversary, if the Contract Value is greater than your Benefit Base, the Benefit Base will automatically increase ("step-up") to equal the Contract Value.

  ***Note**: The rider fee percentage could be increased as a result of any step-up. If so, notification will be made at least 30 days in advance and the owner may decline the step-up to avoid the higher fee. Once this feature is suspended, the owner will not be eligible for future step-ups unless they request reactivation in writing.*

Annual Fee

- If the Income Strategy: Tomorrow rider is added to the annuity, an annual fee will be deducted from the Contract Value.

- The annual fee is assessed a percentage of the Benefit Base and therefore will increase with the Benefit Base

- The current rate is 0.75% of the Benefit Base on an annual basis and is subject to contractual maximum fee of 1.50%.

Rider Termination

- Each of the following events will result in termination of the rider without value:

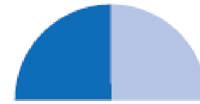
  - ✓ There is a change in owners or joint owners (or annuitants, if the owner is a non-natural person).
  - ✓ The commencement of annuity payments under an annuity payment option as described in the base contract
  - ✓ The termination of the contract to which the rider is attached
  - ✓ If the Contract Value has been reduced to zero and the owner has the single life version of the benefit, the rider will terminate on the death of any covered person.
  - ✓ If the Contract Value has been reduced to zero and the owner has the spousal version of the benefit, the rider will terminate on the second death of any covered person.

Optional Guaranteed Minimum Withdrawal Benefit Riders Summary

INCOME
STRATEGY:
TODAY

- Designed for clients within 3 years of beginning income
- Provides a cumulative 45% bonus to the Benefit Base in years 1-3
- Flexibility to elect income immediately

INCOME
STRATEGY:
TOMORROW



- Designed for clients planning to delay income for 3 or more years
- Credits the Benefit Base with 14% simple interest roll-ups for first 10 years provided no withdrawals are taken
- Provides future income predictability

accumulation phase   withdrawal phase

Product Availability

Contract Form & Issuing Company

- Phoenix Personal Income Annuity[SM] (ICC09EIAN, 09EIAN) is a single premium deferred indexed annuity contract issued by PHL Variable Insurance Company (PHLVIC) (Hartford, CT).

Available for sale in all states **except DE, ME, NY, OR**

Member of the Phoenix Companies, Inc.

Annuity Sales Desk

- Please call the Annuity Sales Desk at (888) 794-4447 for all your annuity sales needs. The Annuity Sales Desk provides assistance with:
  - ✓ product information
  - ✓ current rates
  - ✓ marketing material
  - ✓ applications
  - ✓ service forms

State Variations

Phoenix Personal Income Annuity

Available for sale in all states **except DE, ME, NY, OR**

Income Strategy: Today and Tomorrow GMWB Riders

- The Guaranteed Minimum Withdrawal Benefit Riders (Income Today and Tomorrow) are available for sale in all states **except DE, ME, NY, OR , WA**

The Model Law on Suitability in Annuity Transactions

There are currently two versions of the Model Law on Suitability in Annuity Transactions. As of 12/31/2010 about forty states have adopted the 2006 version of the Model Law. LIMRA and ACLI expect rapid adoption of the new version in 2011. Additionally, regardless of which Model Law is in effect in any particular state, the state may have changed certain provisions of the Model. State law variations will either be spiked out in this training document or, if the variations are significant, the training document you are reading may be a state specific version.[1]

Phoenix's Annuity Suitability Questionnaire is fully compliant with each state's suitability requirements by way of state specific forms. Phoenix may also ask for additional information that Phoenix feels is necessary to process a case. Therefore, the criteria in which producers must consider in their evaluations consists of the questions on the Annuity Suitability Questionnaire. Producers are not prohibited from asking or gathering further information that they may feel they need in making a suitability determination providing there is no state or federal law prohibiting them from doing so.

The following is a summary of legal requirements that apply to both versions of the Model Law:

- Producers and Insurers must have reasonable grounds for believing that the recommendation to purchase or exchange an annuity is suitable for the consumer on the basis of financial status, tax status, investment objectives, investments, insurance, and other information considered reasonable by the producer;

- Producer must evaluate:

  - If the customer can truly afford to purchase the annuity based on their financial situation and needs based on specific Suitability Information as defined in the regulation. For example, if there was a medical emergency, does the customer have enough liquid assets or would they have to take premature or excess withdrawals from the annuity?
  - If the annuity is suitable as a whole, i.e. whether an annuity in general is suitable, whether this particular annuity is suitable, whether the underlying subaccounts and riders are suitable
  - If the benefits of the purchase outweigh the drawbacks

- Many states require the producer to evaluate additional criteria for replacements, such as:
  - the payment of a surrender charge on the existing product
  - if there is a new surrender schedule for the new product
  - loss of any existing benefit
  - more expensive fees/charges
  - product feature comparison to ensure a benefit exists
  - if the consumer has recently replaced the product they are exchanging

[1] The law does not apply to ERISA plans and non-qualified deferred compensation arrangements, 401(a), 401(k), 403(b), 408(k) or 408(p) plans if established or maintained by an employer, government or church plans (414) or deferred compensation plan of a state or local government or tax exempt organization (457) of the IRC, prepaid funeral contracts, and structured settlements;

- The law allows the purchase of a product which is not based on a producer's recommendation or an insurer's recommendation. However, Phoenix will not issue an annuity unless it is fully confident that the annuity is based on the producer's recommendation and meets Phoenix's internal suitability requirements.

- The law also contains other provisions concerning an insurer's requirements that are not discussed here such as an insurer's obligation to adopt supervisory procedures under certain circumstances, penalties, and recordkeeping.

True or False:

Statement	True	False
1. Producers must have a reasonable basis for recommending the purchase of an annuity but not an exchange.		
2. Just because an annuity is the right product for a client does not mean every annuity is the right product for a client.		
3. When replacing an annuity, producers should compare the features of both products to determine if the recommendation is reasonable.		
4. Phoenix's Annuity Suitability Questionnaire contains the criteria required to be evaluated according to state law. Therefore, producers should not ask additional questions.		
5. Sometimes there are no drawbacks at all to purchasing an annuity.		

1. False. Producers are required by law to have a reasonable basis for recommending both the purchase of an annuity and an exchange.

2. True. An annuity may be the right product but annuities vary significantly in their structure, even within the same type of annuity. For example, an index annuity that offers a bonus will generally have a longer surrender charge period, higher charges, and less desirable caps and rates than a non-bonus product. They are appropriate for those who need growth up front and cannot afford to wait for growth to take advantage of lower caps and better rates over a longer time horizon.

3. True. Producers should always make a side by side comparison of features when considering replacing an annuity to determine in what aspects the replacement benefits the customer and in what aspects the replacement does not benefit the customer.

4. False. Producers should ask any questions and should not ignore comments made by clients which could lead the producer to important information regarding suitability. Producers know their customers best and since suitability is determined by each individual's needs, the facts of an individual's life are critical in understanding and creating financial solutions.

5. False. It is hard to conceive of any product in which there are no drawbacks. All Phoenix's indexed products contain surrender charges. Purchasing a product with a surrender charge and a surrender charge period is always a disadvantage because assets are illiquid for a typically substantial period of time and the charges can be significant, especially in the early years. The advantages must outweigh the drawbacks in order for the product to be suitable.

Additional Requirements - 2010 Suitability in Annuity Transactions Model

Must have reasonable grounds for making the recommendation to the client based on the information obtained and that there is a reasonable basis to believe the following:

A. Must reasonably inform the client of the features of the annuity, such as surrender charges, surrender charge period, tax implications, mortality and expense fees, investment advisory fees, limitations on interest returns, market risk, and all other insurance/investment components of the contract:

   Phoenix Note: *Additionally, as explained in this training, Market Value Adjustment features are important features for your client to understand. You should be clear that the index credits are subject to a negative Market Value Adjustment if the client takes withdrawals beyond the free withdrawal amount or guaranteed withdrawal amount if the client is purchasing a guaranteed withdrawal rider.*

   If your client has selected a guaranteed withdrawal rider, it is critical you explain how the guaranteed annual benefit amount can be reduced or even terminated. You should also fully explain the vesting schedule with respect to any bonus amount credited to the contract and how it applies to both withdrawals, surrenders, and upon death.

B. The consumer would benefit from certain features of the annuity, such as a guaranteed withdrawal rider or a death benefit;

C. A producer must evaluate the 12 criteria set forth in the regulation:

   1. **Age** – An annuity is a long-term investment so age is an important consideration.

   2. **Annual Income** – A producer must ensure that the customer's income can support expense and potential future expenses and that the purchase of the annuity will not in the future put them at a financial disadvantage.

3. **Financial situation and need, including the source of premium for the annuity** – The source of the premium of an annuity should be highly scrutinized, especially when dealing with replacements. The purchase of an annuity should never put someone at a financial disadvantage now or in the future. ***Phoenix Note****: Phoenix will not accept business if the source of the premium is from a mortgage or reversed mortgage.*

4. **Financial Experience** – What is their experience level with investing?

5. **Financial Objectives** – A producer must always ensure the financial objective of the customer matches the product and riders selected. If a person's objectives are guaranteed growth and preserving principal, it is inappropriate to allow them to select an indexed annuity with no guaranteed interest.

6. **Intended Use of the Annuity** – A producer must always ensure the way the product is going to be used makes sense and that another product would not be better suited to the person. For example, someone only looking to pass wealth on to their heirs that can qualify for life insurance medically should not buy an annuity.

7. **Financial Time Horizon** – Annuities are long term investment vehicles. Someone who will need to access their investment during their surrender charge period should not purchase an annuity.

8. **Existing assets** – including investment and life insurance holdings.

9. **Liquidity Needs and Liquid Net Worth** – Annuities are illiquid products with typically long surrender charge periods. A consumer should have plenty of liquid assets to cover any emergencies or expenses that could conceivably arise in the future. The customer should not be in a situation where they would need to access their annuity during the surrender charge period in the event of a financial emergency. Producers should carefully evaluate the liquid assets remaining **AFTER** the annuity purchase to determine this. Producers should look at current as well as potential future expenses to determine if the remaining liquid assets are sufficient. For example, producers should discuss things like how old the roof is on the customer's house, the heater, their car, etc. to determine whether or not the customer would have to access the annuity if the roof began leaking and the customer needed $8,000 to fix the roof, or the heater needed to be replaced, or the car broke down.

10. **Risk Tolerance** – The producer should understand whether or not the customer is open to losing principal to gain growth potential. The product should reflect the customer's risk tolerance. A conservative investor does not belong in a product where principal can be lost due to poor market performance.

11. **Tax status.**

12. **Other Products** - Ownership of other insurance or investment products should be evaluated. Is their portfolio balanced or are they over insured in one area?

Replacements

All replacements must evaluate if the client is losing offsets what the client is gaining in the new product. Some examples are the evaluation of the surrender charge being paid, the new surrender charge, the new surrender charge schedule, the loss of existing contract benefits such as a death benefit, the new fees, the new product enhancements, etc.

> ***Phoenix Note:*** *Entering into a new surrender charge schedule is ALWAYS a disadvantage to a client. It is important to understand and fully document what advantage outweighs that disadvantage when you submit your Annuity Suitability Questionnaire. When documenting advantages we expect to see answers like "client will experience $2,500 in additional income" and not vague answers like "more money."*

The 2010 Model law requires insurers to provide training on the suitability law and product specific training. Additionally, the state the producer is licensed in may require the producer to take a state certified continuing education class on the product in general. The 2010 Model Law also contains other provisions concerning insurer's requirements that are not discussed here such as post issue monitoring of sales, and producer product and legal training.

Questions 1 - 3:

1. What training must the producer complete before submitting an application to Phoenix:

a) Any required state training on suitability in general;
b) product specific training provided by Phoenix;
c) legal training on the suitability regulation applicable in my state;
d) all of the above.

The correct answer is "(d) all of the above". The training you are completing now suffices as Phoenix's product training and legal training on suitability. Your state's CE requirements must also be completed. All three training sessions must be completed successfully ***prior*** to submitting an application.

2. The law requires a producer to take, among other things, which of the following into account:

a) financial status;
b) risk tolerance;
c) investment objective;
d) b and c but not a. If the product meets the client's investment objective and the client is comfortable with the risk, there is nothing else to consider;
e) a, b, and c.

The correct answer is e. The product could entirely meet a client's investment objective and risk but be totally inappropriate for the client from a financial standpoint. For example, assume a client needs income but does not want to be in a product where she may lose principal due to market risk. The producer chooses one of Phoenix's index products with an income rider. However, when obtaining the client's financial information, the producer learns that the remaining liquid assets are only $5,000.

If the client had an emergency, she would likely have to access the cash value in the annuity because $5,000 would not carry her through a medical catastrophe or even a lay off in today's economy. The client would likely be forced to make an excess withdrawal from the annuity, subjecting herself to surrender penalties (which are the highest in the early years) in the event of an emergency. She would also have to sacrifice a portion of her annual benefit amount permanently and sacrifice a portion of her bonus premium previously applied to the contract value. Therefore, the producer should not recommend she purchase the product at this time.

3. **Despite the producer's best efforts to convince Lucy Smith otherwise, Lucy insists on rolling over her IRA into a new Phoenix product. She writes a letter to Phoenix explaining to them that she is aware of the heavy surrender charge penalty on her existing product and does not care. Phoenix is required to:**

   a) Accept the business. Phoenix is not legally on the hook since neither the producer nor Phoenix recommended the sale and because the client wrote a letter accepting responsibility;
   b) Deny the application;
   c) It is within Phoenix's discretion to accept a sale that was not recommended; however, Phoenix's policy is that it will not issue an annuity unless the producer has recommended it and the application meets Phoenix's internal suitability standards.

The correct answer is c. Although, the law does not apply to sales that are not recommended, Phoenix has a business practice that it will not issue a case if Phoenix does not feel the product is suitable for the client.

Phoenix Suitability Process

Phoenix is required to perform an appropriate suitability analysis on each annuity case submitted prior to its issue.

Once you submit the Annuity Suitability Questionnaire, Phoenix will first determine if you have successfully completed any training required by your state. Once confirmed, a New Business Analyst will input and evaluate the data collected. The New Business Analyst is instructed to obtain information left blank on the Suitability Form or clarify any information as needed.

Some criteria may result in an "Escalate" marker and must go to a second level of review, a review by the New Business Manager. The New Business Manager will either answer the question herself, or convene the Suitability Committee ("SC"), which consists of the Product Actuary, Product Attorney, Compliance Attorney, AML/Risk Investigations Director, a Senior New Business Analyst, New Business Manger and the Suitability Officer. The SC meets daily to discuss any case that escalates beyond the New Business Manager's authority.

The SC or if applicable the New Business Manager will review the case in its entirety to determine suitability. Some specific questions that are considered are:

1. If a replacement, why shouldn't the customer stay in the existing product?
2. Why did the case escalate for review and what other factors about the case may counter balance that issue?
3. What advantages of this product for the customer and what specific need is that advantage meeting?
4. What are the disadvantages? For example, what benefit outweighs taking on a new surrender charge schedule? What benefit outweighs paying a surrender charge?
5. Are there other alternatives that can meet the customer's existing needs, like
    a. annuitizing their current annuity
    b. holding their current annuity until they have more liquid assets available to them, or
    c. holding that annuity becomes a liquid asset itself when the surrender charge period ends?

Often the answers to these questions result in a conversation with the agent to obtain more information. However, sometimes, the issue can be resolved by taking less premium. In those cases, our procedure is to consider the case NIGO until the agent sends us verification, in writing that the customer would like to move forward. The amount of premium Phoenix will accept is applied to the contract and the remainder is returned within five business days of issue.

Triggers

If the answer to a particular question results in an "Escalate" marker, it is often referred to as a "trigger" because the marker triggers a higher level of review. If a case hits a trigger, it does not mean the case is unsuitable or should be rejected. Applying triggers ensures that the most complicated cases are reviewed by those in the company with the highest level of product sophistication.

We review the answers to every question on the Annuity Suitability Questionnaire. The following scenarios are some examples of cases that should be heavily scrutinized:

- Income is less than $20,000 or income is expected to decline for some reason;
- The benefit being gained by the product does not match the customer's investment objectives;
- Customer's liquid assets are not sufficient to weather a financial emergency, such as a medical emergency, without needing access to the annuity;
- Customers over age 65 who have less than $60,000 in liquid assets or expect a reduction in liquid assets;

- Customers under the age of 65 with less than $25,000 in liquid assets;
- Customers who do not expect to hold the annuity longer than the surrender charge period;
- Customer is replacing an annuity that was just purchased 36 months ago;
- Customer is paying a surrender charge with no real benefit; or
- Customer is terminally ill or residing in a nursing home.

You should know that Phoenix also has a post issue monitoring program. Phoenix runs reports to identify trends that may be problematic. Often times Phoenix may identify a need for more training or a change in procedure. However, Phoenix may identify a trend in producer behavior that is problematic. For example, the producer may be employing a "one size fits all" approach that would raise concerns that suitability was not being performed on an individualized basis. Phoenix will take whatever action necessary to ensure the cases being submitted are suitable, including terminating a problematic relationship.

Case Studies

Questions 4 - 6:

Laura Jones is 60 years old and her only retirement assets consist of $197,000 in an IRA/Indexed Annuity at Company X. Even though Laura has been with Company X for five years, her surrender charge is still at 15%. Laura's investment objective is lifetime income payout and ensuring her nest egg is not at risk from market exposure.

You must evaluate whether or not it's appropriate for Laura to leave her current contract to purchase a Phoenix Indexed Annuity with Income 25 Rider and 8% bonus even though she will sacrifice 15% of her modest retirement savings, which is about $29,000. You determine that Laura's guaranteed income stream will be $22,162 per year.

4. How should you determine if the guaranteed income provided by the Phoenix rider is really of value to Laura?

a) Consider what Laura's income stream will be if she annuitizes her current contract, thus avoiding the surrender charge;
b) If Laura prefers to remain somewhat liquid and annuitization is not an option, consider what Laura's income stream will be if she takes out the 10% free withdrawal of her current annuity each year and how long it will last;
c) Consider whether or not there is a real danger that Laura could outlive her retirement savings and discuss with Laura whether or not it is worth it to her to sacrifice $29,000 for that guarantee;
d) Calculate the difference between the guaranteed income under the Phoenix product and option A and/or B to determine: (1) if Laura will have increased income with the Phoenix product; and (2) if so, how long it will take Laura to recoup the cost of the surrender charge.

e) All of the above.

The answer is (e) all of the above. Each time you are evaluating whether or not a client should pay a surrender charge in order to buy a Phoenix product, you must fully understand and document the actual financial benefit and investment need purchasing the contract meets. In the case at hand, assume Laura does not want to become 100% illiquid and does not want to annuitize her current contract.

Also assume that no index credits are applied on either product for the sake of simple comparison. Her options are to stay in her contract, not pay the surrender charge, and take a maximum of 10% of her contract value out per year, penalty free. The benefit is that she will not sacrifice the $29,000 in account value. The drawback is that she will run out of money in 10 years. Since Laura is only 60, it is likely that she could outlive her retirement savings. Additionally, since her investment objective is lifetime income payout, this option does not meet her needs.

If Laura purchases the Phoenix annuity as described above, Laura will be able to take out $22,162 per year penalty free. Her income will increase $2,462 per year ($22,162-$19,700). However, she is sacrificing 1.3 years of total income by paying the surrender charge on the current product.

Additionally, since the income increase is $2,462 per year, that increased income will recoup the surrender charge only that much per year until the charge has fully been absorbed financially. That will take about ten years. The benefits are that at Laura's age, she will likely live beyond age 70 and will benefit from that increased income for a period of years, likely somewhere between 8 and 18 years.

Laura would have run out of money in year 10 under the current scenario. Therefore, a portion of the payment in year ten and all payments beyond that point is income that Laura would not have had but for the purchase of the guaranteed income rider. Lastly, unlike annuitization, Laura's investment will eventually become liquid in approximately ten years, which is a benefit that meets one of Laura's investment objectives as well.

5. Which of the following change in facts would make this case potentially unsuitable?

a) Laura is 82 and would have to live until 92 to recoup the surrender charge;
b) Laura is fine with getting less income and being totally illiquid, as long as her payments are guaranteed for life;
c) A or B;
d) A and B;
e) None of the above.

The answer is (C). If Laura was 82, that increased income would not offset the surrender charge until Laura was about 92. Laura is only better off financially if she lives past 92 and can benefit from the increased guaranteed income. Since Laura will outlive her retirement at 92, she may want to pay for some assurance that she will have guaranteed income.
If Laura does not want to annuitize her current contract, or if there is some other benefit that Phoenix product provides that meets an insurance or investment need, that the current contract does not (i.e. death benefit), the Phoenix product could be suitable.

But, if there is no other reason to purchase the Phoenix product, this could be an unsuitable sale. Likewise, if Laura has no problem living on the amount of money that the existing contract would provide in an annuity payment and has no problem being illiquid, then the current contract can meet her investment objective of guaranteed lifetime income payout and there is no reason to leave, much less any reason to pay a surrender charge. Under those facts, Laura's purchase of the Phoenix product would be unsuitable.

6. Jim Smith is 70 years old and now needs to convert his nest egg into an income stream. He is of modest means. He has about $200,000 in a mutual fund that he wants to convert into guaranteed payments for life and he does not want to be in the market any longer. He has about $250 in his checking account and nothing in savings. How do you advise him?

a) Determine how much he needs to have in an income stream to meet his daily needs;
b) Determine how much he should place in a savings account for emergencies and invest what's left over in an investment that protects from principal loss and provides a guaranteed income stream;
c) Invest the entire $200,000 in an annuity with a guaranteed income stream. Since the mutual fund has no surrender charges, this option is suitable. Additionally, it's important to get the most amount of annuity benefit that he can get for his money;
d) Both A and B;
e) Both A and C.

The correct answer is A and B. It is always unsuitable to take 100% of a person's liquid assets and put them in an illiquid investment. It is critical that people have enough penalty-free money to weather a financial storm or medical emergency without needing to access their annuity early, as annuities are long-term investments and carry the highest penalties in the early years. A and C are not correct because while you do need to know how much Jim needs to pay his bills each month, you don't want Jim to chance that he won't have a financial emergency to get a larger benefit. Jim simply cannot afford to purchase a $200,000 annuity. The producer should look at Jim's expenses and determine the appropriate amount to be invested in the annuity and the appropriate amount left as liquid assets.

Phoenix Position Statement on Suitability

Phoenix takes its suitability obligations very seriously. As noted, we do not accept business where a producer has not recommended our product or where a customer refuses to provide us with appropriate information to perform an appropriate suitability analysis. We rely heavily on producer insight to detect the things that we cannot see from a paper application. We expect you to know and understand our high standards for suitability and apply what you have learned in this training in every day practice.

Phoenix monitors post issue reports to identify trends that may indicate a line of cases which need additional scrutiny. **If we have questions, we expect that you will have maintained records (including your client sales file and all documentation used in connection with the sale) demonstrating your compliance with these procedures for five years.**

Suitability compliance is in your best interests as well as Phoenix's. We hope we have impressed upon you in this training the importance of suitability to us. The integrity of both our business and that of our distribution requires it be a priority.

TRAINING CERTIFICATION

(Signature Required In States That Adopted the 2010 Version of the Model Law)

I understand that if the Phoenixwm.com website shows this training as a required form, my state requires me to complete this training. By signing below, I acknowledge that I read the Product Training and Legal Training for the Phoenix Personal Income Annuity, including the question and answer portion of the training prior to soliciting an application.

____ ____________

Producer Name *(Please print)* Date

____

Producer Signature

Please email or fax your completed certification to the following:

Email: contracts@phoenixwm.com

Fax: 816-221-9672

Phoenix Personal Income Annuity (10FIA) issued by PHL Variable Insurance Company (PHLVIC) (Hartford, CT).

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