



Frequently Asked Questions For Premium Limits

1. What has changed with my Destinations VA/Farmers VA I Contract? There are two major changes.

- a. For some time, the maximum total Purchase Payments that could be deposited or contributed into the Contract was \$1,000,000. Beginning August 1, 2014, that limit has been lowered to \$10,000. If as of August 1, 2014, you have deposited \$10,000 in total Purchase Payments into the Contract, then you cannot make addition Purchase Payments into your Contract.
- b. For some time, if your Contract is a Qualified Plan Contract, you have been able to rollover or transfer other “qualified” monies into your Qualified Plan Contract. Beginning August 1, 2014, ZALICO will no longer accept rollovers or transfers of “qualified” monies into your Contract. Qualified Plan Contracts include 403(b)/TSAs, 401(k)s, various types of IRAs, and Roth IRAs.

2. What right does ZALICO have to make these changes? Are these changes legal?

- a. In your Contract with ZALICO, ZALICO reserved the right to do several things. One of these things was the right to waive or modify the maximum subsequent Purchase Payments that may be made into your Contract. ZALICO has chosen to exercise this reserved right at this time.
- b. In general, rollovers and transfers are permitted from “qualified” plans into IRAs and other “qualified” plans. ZALICO has accepted rollovers and transfers into its Qualified Plan Contracts for some time. However, there is no requirement that ZALICO’s Qualified Plan Contracts accept rollover or transfer contributions. ZALICO has chosen at this time to suspend its acceptance of rollovers and transfers into Qualified Plan Contracts. Qualified Plan Contracts include 403(b)/TSAs, 401(k)s, various types of IRAs, and Roth IRAs.

3. Why has ZALICO chosen to take these actions at this time?

ZALICO offered this Contract for sale for approximately 5 years (roughly between the years 1998 and 2003). ZALICO stopped selling this Contract in or about 2003, and this has been a “closed block” of business for some 11 years. While ZALICO has continued throughout this time to live up to its obligations under the Contract and to provide superior customer service, the business as a whole has been managed on a “run-off” basis. This means, among other things, that management makes decisions with respect to the management of this business that are within its legal rights and that further other goals of the company. One such goal is risk management. Exercising our right to limit prospective Purchase Payments into the Contracts is a strategy for risk management that protects the assets of the Company to the ultimate benefit of all policy holders and all of its constituents.

4. Is my money safe? Is there something wrong with the Company?

In making these changes, ZALICO is not reacting to any particular event or set of events that cause concern regarding the safety of your Contract Value or the safety and strength of the Company in general. As mentioned above, ZALICO is taking these actions now as a risk management strategy in the context of a “closed block” of business.

5. What if my total Purchase Payments into my Contract already exceed \$10,000? Will ZALICO refund my monies to me to lower my Contract Value to \$10,000?

Any Purchase Payments that you have already made into your Contract prior to August 1, 2014 will not be affected. ZALICO will not refund Purchase Payments that were already deposited into the Contract as of August 1, 2014. The change is that ZALICO will not accept any further Purchase Payments into the Contract if you have already made Purchase Payments of \$10,000 or more.

6. Is the \$10,000 limitation on total Purchase Payments net of withdrawals?

No. The \$10,000 limitation is on the total of Purchase Payments made into the Contract, notwithstanding any withdrawals that you may have taken.

- 7. I have authorized ZALICO to draw on an account via check or electronic debit to make Purchase Payments into my Contract. Will these debits automatically stop when I reach the \$10,000 limit? What if I already have \$10,000 or more in Purchase Payments, will these debits automatically stop?**

Once you reach the \$10,000 limit on total Purchase Payments, ZALICO will no longer draw on an account via check or electronic debit. Likewise, if you have already deposited \$10,000 or more Purchase Payments into your Contract, these debits will be stopped on or about August 1, 2014.

- 8. How do these changes affect the Company's rules regarding 1035 Exchanges into my Non-Qualified Plan Contract?**

These changes do not affect ZALICO's rules regarding 1035 Exchanges into a Non-Qualified Plan Contract. 1035 Exchanges into Non-Qualified Plan Contracts were accepted as the initial Purchase Payment deposit at the time of Contract issue. ZALICO does not accept subsequent Purchase Payment deposits into Non-Qualified Contracts by way of 1035 Exchanges.

- 9. What effect will these changes have on my Contract Value and, potentially, on any death benefit that may be payable under the Contract?**

These changes do not affect your Contract Value as it existed on August 1, 2014. If a death benefit should become payable, the amount of the death benefit can vary with factors, such as Contract Value and/or accumulated Purchase Payments less withdrawals, accumulated at 5% interest per year and/or greatest anniversary value before death.

- 10. What if I initiated a rollover or transfer into my Qualified Plan Contract before August 1, 2014, but the funds had not yet been received by ZALICO before August 1, 2014? Will you permit accept this rollover or transfer into my Qualified Plan Contract.**

If the documents evidencing and supporting the rollover or transfer indicate that the transaction was commenced before August 1, 2014, we will accept the rollover or transfer into your Qualified Plan Contract.