

ProSaver Secure II

A Limited Flexible Premium Fixed Deferred Annuity Contract

Protective Life Insurance Company¹
Protective Life and Annuity Insurance Company
1707 N. Randall Road, Elgin, IL 60123-9409
800-456-6330 or 800-628-6390
www.protective.com

ANNUITY DISCLOSURE STATEMENT

The *ProSaver Secure II* annuity is a way to accumulate money for retirement on a tax-deferred basis and create a guaranteed stream of income for life. An annuity is a long term investment. It is not intended to meet short term financial needs or goals.

The *ProSaver Secure II* annuity offers these features:

- It is a limited flexible premium annuity contract. This means that you may – but are not required to – make additional payments into the contract, but only during the first contract year.
- We do not charge a fee to issue a *ProSaver Secure II* contract, and we do not assess any ongoing or annual fee. However, withdrawals from the contract (in excess of the penalty-free amount) may be subject to a withdrawal charge. Please refer to section 4 of this Disclosure Statement ("Withdrawals and Withdrawal Charges") for a description of these charges.
- You may allocate your purchase payments to one interest guarantee period selected from among those we are offering when you purchase the contract.
- When you purchase the contract, you may add an optional money-back guarantee. If you select this option and liquidate your contract before you begin taking annuity income payments, the total amount you receive from the contract will not be less than the total amount you paid for it. That means, even if withdrawal charges would otherwise apply, we will waive those charges to the extent necessary to return the full amount you paid. However, if you choose this option, your contract will have a lower interest rate than a similar contract issued on the same day without the money-back guarantee.
- In most states, after a withdrawal charge period expires, you may apply the contract value to a new interest guarantee period to earn a competitive interest rate and continue income tax deferral without purchasing a new contract.

This Disclosure Statement summarizes important information you should consider before buying a *Secure II* contract. Please read it carefully, along with the Buyer's Guide for Fixed and Equity Indexed Annuity Contracts, which was prepared by the National Association of Insurance Commissioners to help consumers understand the different types of annuity contracts available and the general features of each type. You may also receive other product information from your sales agent. We encourage you to read all this material carefully and discuss it with your sales agent to determine if a *Secure II* annuity is appropriate considering your financial needs and goals.

The Secure II Annuity Contract Governs Your Rights Under The Contract.

This disclosure statement and the other literature you receive provide only a summary description of the annuity. The Secure II contract itself governs your rights. After you receive your annuity contract, you will have a specified period of time to review it. If, during that period, you decide you do not want the contract, you may cancel it and receive a complete refund of the amount you paid for it.

Purchasing and Managing Your Contract

1. Purchase Payments. The minimum initial purchase payment is \$2,000. We will accept additional purchase payments of not less than \$50 each, provided we receive them within one year from the date we issue the contract. The maximum total purchase payments we will accept is \$1,000,000, unless we agree to accept a greater amount before you submit it.
2. Declared Interest Rates and Interest Guarantee Periods. When you purchase a contract, you select one interest guarantee period from among those we are offering at that time. That interest guarantee period applies to each purchase payment you make. We, in our sole discretion, declare the interest rate applicable to each interest guarantee period. Interest rates vary from time to time, so different interest rates may apply to each purchase payment you make. However, the interest rate in effect at the time you make a purchase payment will apply for the entire interest guarantee period.

When an interest guarantee period expires, we will credit interest at the declared rate in effect for your contract at that time. Declared rates after an interest guarantee period expires remain in effect for one year.

Interest is credited daily at a rate that, when compounded, yields an annual effective interest rate equal to the declared rate.

3. Guaranteed Minimum Interest Rate. We set a minimum interest rate when you purchase a contract. The minimum interest rate will be between 1% and 3%, and will remain in effect at least until the initial withdrawal charge period expires. (See, the "Withdrawals and Withdrawal Charges", below.) We will not declare an interest rate that is lower than the guaranteed minimum interest rate.

Please ask your financial advisor for the current minimum and declared interest rates for the Secure II contract.

4. Withdrawals and Withdrawal Charges. The *ProSaver Secure II* annuity is intended to be used as a long-term investment vehicle for retirement planning. However, you do have access to the contract value by requesting a withdrawal or surrender.

- Anytime before the annuity income payments begin, you may request a withdrawal or full surrender of the contract. The minimum withdrawal request we will process is \$500. If, immediately after any withdrawal is processed, your contract value would be less than \$2,000, we will terminate the contract and send you the entire surrender value in a lump sum.
- Generally, a withdrawal charge will be assessed for any withdrawal or surrender that exceeds the contract's penalty-free amount. The withdrawal charge is a percentage of the amount withdrawn (in excess of the penalty-free amount) based on the number of complete years that have elapsed since the beginning of the withdrawal charge period, typically, the date the contract was issued.

# OF YEARS ELAPSED SINCE BEGINNING THE WITHDRAWAL CHARGE PERIOD	WITHDRAWAL CHARGE %
0	8.0%
1	8.0%
2	7.0%
3	6.5%
4	5.5%
5	4.5%
6	3.0%
7+	0%

- You may withdraw up to the penalty-free amount each contract year without any withdrawal charge. The penalty-free amount is equal to 10% of the contract value as of the prior contract anniversary. During the first contract year, the penalty-free amount is 10% of your initial purchase payment.
- In most states, we will also waive withdrawal charges if you or your spouse meet the qualifying conditions and: a) enter a nursing home; b) are diagnosed with a terminal illness; or c) become unemployed. We will also waive withdrawal charges if you decide to surrender your contract after we declare a renewal interest rate that is more than 0.50% lower than the base interest rate.
- All withdrawals reduce interest earnings due to the interruption of compounding. More frequent withdrawals (such as monthly withdrawals) reduce interest earnings more than annual withdrawals. All withdrawals will reduce the death benefit, contract value and surrender value.

Withdrawals of earnings are subject to income tax, and may be subject to a 10% IRS penalty tax if taken before age 59½. Under current tax law, any withdrawal from the contract will be deemed a withdrawal of earnings until all earnings attributable to the contract at the time of the withdrawal are withdrawn. Only then will a withdrawal reduce principal.

If your contract is issued as a Traditional IRA or other tax qualified plan, you may be subject to required minimum distributions ("RMDs"). Generally, RMDs must begin by the end of the calendar year in which you reach the age of 70½. However, the rules are complex and exceptions may apply. You should consult with a qualified tax advisor to learn if your contract is subject to RMDs, and if so, how if the RMD rules apply to your particular situation.

5. Death Benefit. The contract provides a death benefit equal to the contract value if the owner dies before annuity income payments begin.
6. Annuity Options. Anytime after the first contract anniversary, you may apply the contract value to an annuity option and begin receiving income payments. Income payments must begin before the oldest owner's or annuitant's 96th birthday. You may select an option that will make regular, fixed periodic payments for a specific period, for life, or for life with payments guaranteed for a specific period. Annuity options can be based on the life of one or two people. You may request the income payments be made monthly, quarterly or annually, provided each income payment is at least \$100. The amount of each income payment depends upon the annuity option and payment mode you select, the amount that is applied to the annuity option, and the payment rates we are using for that annuity option at that time.

The ProSaver Secure II Annuity, policy form number series P-3270 (and state variations), is issued by Protective Life Insurance Company, Birmingham, Alabama. Product features and availability may vary by state. All benefits, payments and guarantees are subject to the claims paying ability of Protective Life Insurance Company.