Variable Annuity Overview

Protective.
Protect Tomorrow. Embrace Today.™

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Not a Deposit	Not Insured By Any Federal Government Agency	
No Bank or Credit Union Guarantee	Not FDIC/NCUA Insured	May Lose Value

Protect Tomorrow.
Embrace Today.™

When planning for your retirement, you'll find there are a variety of products, investments and strategies that can be utilized and combined to create a unique retirement strategy to meet your personal saving and income needs. A variable annuity is one such product.

You may have heard about variable annuities from your financial advisor, from a friend, or on a television commercial. You may have read articles about them in newspapers, magazines or online. Or, you may have never heard of them at all.

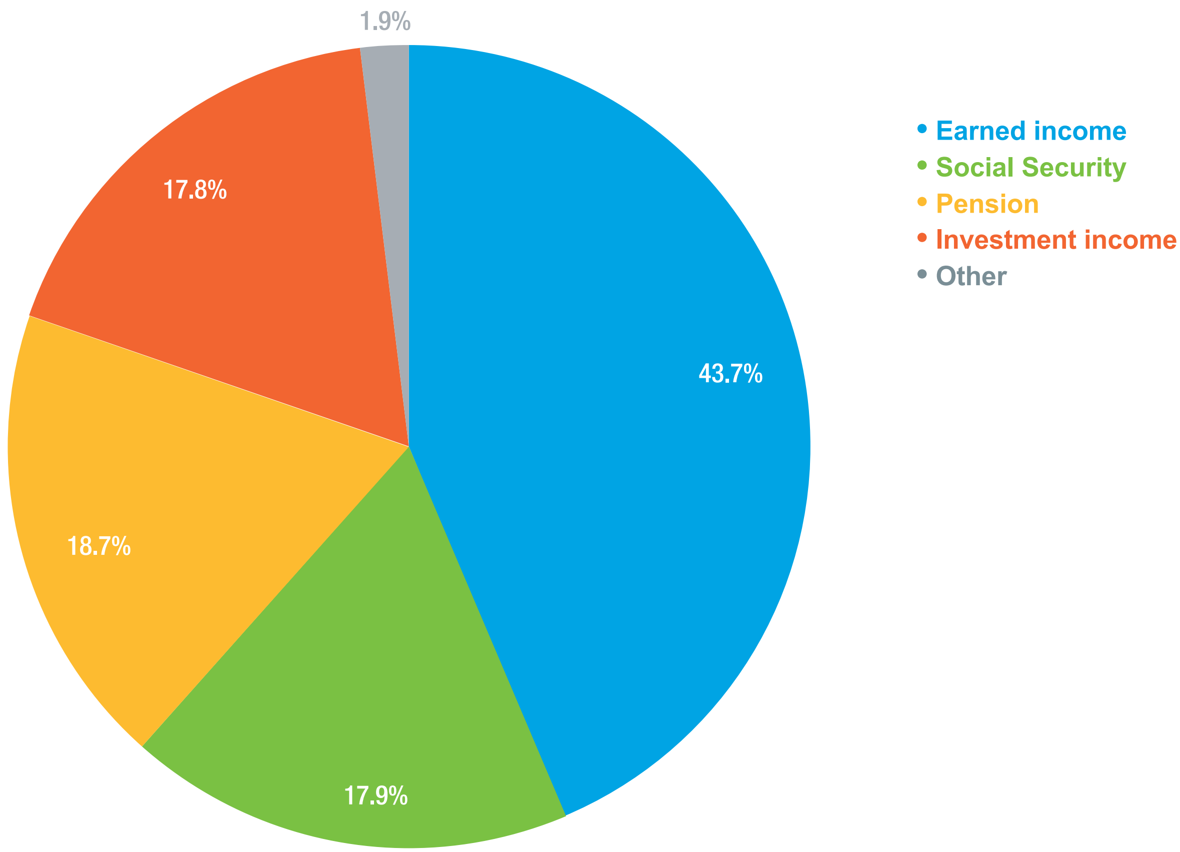
Whatever the case, this guide is designed to introduce you to variable annuities – what they are, how they work and how their features can help meet retirement planning needs. With this information in hand, you can be better prepared to further discuss with your financial advisor whether variable annuities are right for you.

This brochure is intended to provide a general overview of the features and benefits of variable annuities. For information about the specific benefits and features of Protective Life's variable annuity contracts, please see the product-specific literature, contracts and prospectuses.

Why consider a variable annuity?

If you are like many of today's retirees, traditional sources of retirement income, such as employee sponsored pension plans and Social Security benefits, will only fund a portion of your retirement. In fact, over reliance on Social Security as part of your retirement strategy could compromise your ability to meet your retirement income needs. You will likely need to bridge this gap to live the comfortable retirement you desire.

Typical Sources of Retirement Income



Pension includes all defined benefit and defined contribution plans. Estimates are not guaranteed.

A variable annuity can help fill this gap by providing protection for your retirement savings, as well as a reliable stream of lifetime income.

What is a variable annuity?

In simple terms, a variable annuity is a long-term contract between you and a life insurance company. Variable annuities are designed for retirement planning and are one of the few investments that can provide a stream of payments for life with options that can help protect against market risk. They offer a combination of investment and insurance benefits such as:

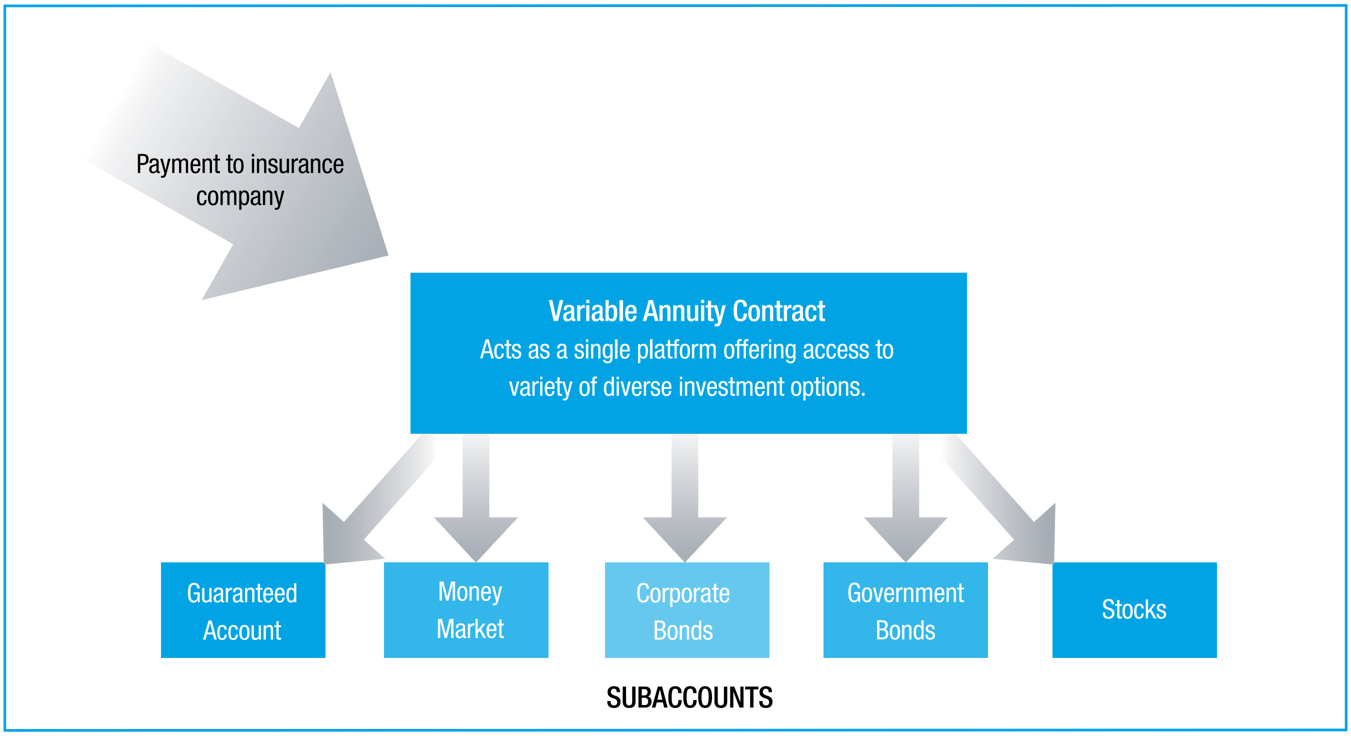
- *Access to a variety of asset classes and professionally managed investments*
- *Tax-deferred growth*
- *Access to your money*
- *Choice of annuity income payment options, including income for life*
- *Protected growth and income benefits*
- *Estate planning benefits*

Deferred variable annuities can generally be described as providing benefits for two phases of retirement planning:

- *Accumulation – the time period in which you are investing and growing your retirement savings*
- *Distribution – the time period in which you are utilizing the annuity value to provide for retirement income needs*

How does it work?

You purchase a variable annuity contract by making either a single payment or a series of payments to the insurance company. The insurance company then allows you to invest your purchase payments (minus certain fees and charges) in a variety of diverse investment options, or **subaccounts**.



Each subaccount has a unique investment objective and level of risk, allowing you the opportunity to customize a combined investment that best suits your personal objectives and level of risk tolerance. The return on your variable annuity investment is then dependent upon the individual performance of each your selected subaccounts, which can be negative, positive or neutral.

You may reallocate your investment among the various subaccounts by transferring money from one to another, thus changing your allocation, investment objectives and level of risk as you desire over the life of the contract.

It's important to understand that although the names of the investment portfolios available through the subaccounts may be similar to those of mutual funds available to the public, they are not the same funds. In addition, the inclusion of certain optional benefits in your variable annuity may limit the investment options available to you or your ability to transfer money. Make sure to talk with your financial advisor about these differences and possible limitations.

Paying for a variable annuity.

There are various types of charges and fees that may be associated with the purchase of a variable annuity. The types and amounts of these will vary based on the specific variable annuity and optional benefits you choose to purchase, so it is important to talk with your financial advisor and review the product prospectus to ensure you understand what fees your contract may be subject to.

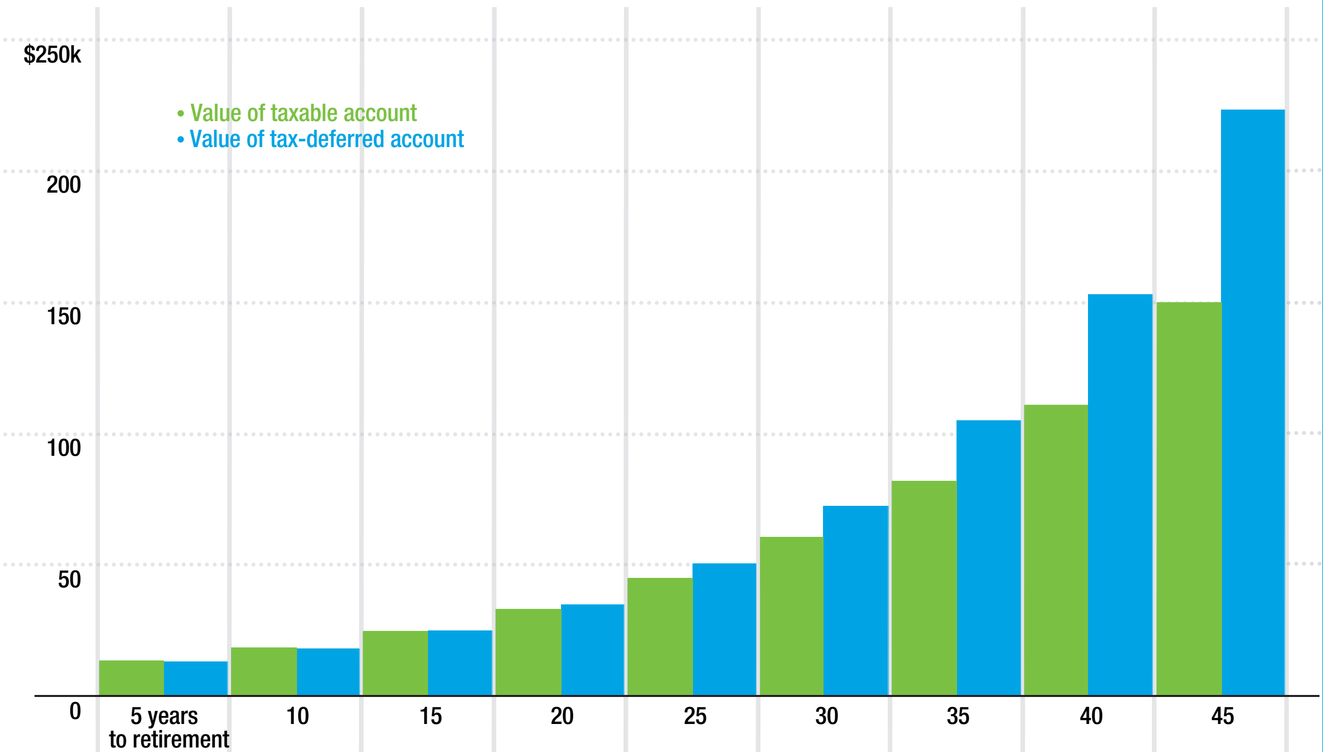
Common Variable Annuity Fees	
Mortality and Expense Charge (M&E)	This charge is equal to a certain percentage of the account value. It is assessed by the insurance company for providing the insurance features of the variable annuity.
Administration Fees	Insurers may also deduct fees to cover record-keeping or other administrative expenses. The fee may be deducted as a flat amount on an annual basis or as a certain percentage of your account value.
Contract Maintenance Fees	This fee is generally a flat amount on an annual basis to cover expenses associated with maintaining the contract. Many insurers waive such fees when account values are above certain amounts.
Underlying Fund Expenses	There are additional expenses assessed by the mutual funds that make up the underlying investment options for the variable annuity. These fees are indirect, and are deducted from the return of the investment rather than from your account value.
Optional Benefit Fees	When you choose to add optional benefits and features to your contract such as protected lifetime income options and enhanced death benefit options, you will also incur additional fees. The type of fee will vary based on the benefits you select.
Sales Charge	Some contracts include a sales charge or “front-end load.” These charges are deducted from each purchase payment as it is invested in the variable annuity. Contracts with sales charges will generally have lower M&E charges than those without.

The benefits of tax deferral.

The investment in your variable annuity grows tax-deferred, allowing you to delay paying taxes on your accumulated earnings until they are withdrawn from the contract. Since the gain in a variable annuity isn't taxed until it is withdrawn, it accumulates at a faster rate, or **compounds**. Compounding means your earnings become part your underlying account value, and they, in return, contribute to future gains.

In the early years of accumulation, the benefits of compounding may not be that significant, but as the years go by, the long-term boost to your total return can be substantial.

Benefits of Deferring Taxes



Hypothetical value of $10,000 invested in stocks. This example is for an investor in the 28% bracket using the 2011 tax code. Assumes an 8% annual total return and no withdrawals. Estimates are not guaranteed. This is for illustrative purposes only and not indicative of any investment. 3/1/2012

Additionally, variable annuities can help you control when you'll pay taxes on the gain in your contract. You have the ability to choose when you'll withdraw money from the contract, so you may be able to determine when the taxation of your gain occurs. Since variable annuities work best for long-term planning, it is likely that withdrawals from the contract will not be made until future years, when you may be in a lower tax bracket, such as during retirement.

For non-qualified annuities a portion of each annuity payment is generally considered to be a return of investment, which is not taxed. The remaining portion of the payment consists of earnings and is taxable as ordinary income. After you have recovered your investment, all of your annuity payments will be taxable. The tax treatment of annuities is subject to change. Neither Protective Life nor its representatives offer legal or tax advice. We recommend you consult a tax advisor regarding your individual situation.

Variable annuities in tax-qualified plans.

Because an IRA or workplace savings plan already provides tax-deferred growth of earnings, using a tax-deferred variable annuity within those accounts does not offer any additional tax-deferral; however, there are other features and benefits a variable annuity can provide in this type of arrangement, such as payments for life and a death benefit.

There are costs associated, so you need to determine if the benefits of owning a variable annuity within a tax-advantaged plan are worthwhile. Please consult a qualified tax and/or financial advisor regarding the use of a variable annuity within a qualified plan or in connection with other employee benefit plans or arrangements.

Access to your money.

Variable annuities offer varying degrees of liquidity during the accumulation phase, generally governed by a **withdrawal charge** or **surrender charge**. A surrender charge is a fee you pay to the insurance company if you withdraw money from or cancel your contract within a specified period of years.

Surrender and withdrawal charges are generally applied for the first few years of a variable annuity contract. The length of time the charges are in place generally ranges from zero to eight years, depending on the type of contract you purchase. The charge is usually a descending fee that reduces over the specified surrender charge period.

Taxation of withdrawals.

For tax purposes, withdrawals from annuities during the accumulation phase are generally assumed to be a withdrawal of earnings first. The full amount of withdrawals related to earnings is subject to ordinary income tax. Additionally, a 10% federal income tax penalty may apply if distributions are taken prior to age 59½.

Contracts with shorter surrender charge periods will generally have higher surrender charges than those with longer periods. Other fees charged for the variable annuity may also be higher for contracts with shorter surrender charge schedules.

When you withdraw money from or cancel your contract during the surrender charge period, the insurance company will keep a certain percentage of your withdrawal as a fee. Once the surrender charge period has ended, you may withdraw money from your contract at any time without a fee. Some variable annuities also offer “free” withdrawal options that allow you to withdraw a certain percentage of your contract value or initial investment without incurring a surrender charge, even during the surrender charge period.

Creating retirement income.

One of the primary benefits of using a variable annuity as part of your retirement strategy is creating a stream of payments. Variable annuities offer a variety of ways to create the retirement income you need.

Annuity income payments.

The first option for creating a stream of payments from your variable annuity is to annuitize your contract. When you annuitize, your variable annuity account value is exchanged for a guaranteed stream of income payments. There is generally no fee for annuitization.

Available annuity income options vary from contract to contract, but generally include options that allow you to choose when you would like to begin receiving your annuity income payments, how long you would like them to last and if you want them to be paid over your lifetime or over the joint lifetimes of you and your spouse. Common annuity income payment options include:

- *Income for life*
- *Income for a specific period of time*
- *Income for a life with a specific time period guarantee*
- *Income for life with a guaranteed return of principal*

The decisions you make about when and how to receive your annuity income payments should be considered carefully, as they are generally unable to be changed once selected.

Optional Protected Lifetime Income Benefits.

A second option for creating a retirement income stream from your variable annuity is the use of an optional protected lifetime income benefit. There are a variety of these benefits available, and the features offered vary from company to company.

In general, these optional benefits are available to be added to your variable annuity for an extra cost and may change some of the features of the underlying variable annuity. When purchased, they can provide additional features such as:

- *Principal protection*
- *Guaranteed lifetime income*
- *Guaranteed return of principal*

Because of the breadth of the options available, you should work closely with your financial advisor to find the options that best meet your individual needs.

Account Value Withdrawals.

You may also choose to simply withdraw your account value from the contract to meet your income needs. Withdrawals can generally be taken in a lump sum, systematically on a predetermined schedule, or as needed. This option can offer the greatest flexibility, but should be managed carefully as it does not offer any guarantees and can result in greater tax liability when values are withdrawal in a lump sum rather than systematically over time, since the full gain will be taxed all at once rather than allowing a portion of the value to continue to grow tax-deferred.

Protection for loved ones.

Many variable annuities also offer a guaranteed death benefit that can help provide for your loved ones should you die while your variable annuity contract is active. These benefits generally return the amount of your total principal (less any withdrawals you've made) to your beneficiary, even if the investment has declined in value.

Some variable annuities also offer enhanced death benefit options that provide increased death benefits for an additional fee.

Variable annuity death benefits can help more efficiently transfer assets to your beneficiaries by avoiding the delay, cost and publicity of probate.

Seek professional advice.

Variable annuities can be valuable additions to a retirement strategy; however, they should be considered carefully. With such a wide variety of possible products, optional benefits and underlying investments available today it is wise to seek the assistance of a qualified financial advisor who can help you better understand the available options and which may be the most suitable for your specific needs.

Talk with your financial advisor to learn more.

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