Penn Mutual

# Prospectus

## Penn Mutual Variable Life Account III

■ PennFreedom Variable Annuity

May 1, 2021

**PROSPECTUS — MAY 1, 2021**
**Individual Variable and Fixed Annuity Contract - Flexible Purchase Payments**

# PENN FREEDOM

**PENN MUTUAL VARIABLE ANNUITY ACCOUNT III**
**THE PENN MUTUAL LIFE INSURANCE COMPANY**
**PO Box 178 Philadelphia, Pennsylvania 19105 • Telephone (800) 523-0650**

## Overview

This prospectus describes an individual variable and fixed annuity contract ("Contract") offered by The Penn Mutual Life Insurance Company ("Penn Mutual" or the "Company") and contains information that you should know before purchasing a Contract. Please read it carefully and save it for future reference.

The Contract is an agreement between you and Penn Mutual. You agree to make one or more payments to us and we agree to make annuity and other payments to you at a future date. The Contract:

- has a variable component, which means that your Variable Account Value and any variable payout will be based upon investment experience (see investment options on next page);
- has a fixed component, which means that your Fixed Account Value and any fixed payout will be based on purchase payments accumulated with interest which will vary, but will never be less than a guaranteed minimum rate (guaranteed rate is determined at the issue of the Contract and stays the same for the life of the Contract, the guaranteed rate is 3% for contracts purchased prior to November 17, 2011);
- is tax-deferred, which means that you will not pay taxes until we begin to make annuity payments to you or you take money out;
- allows you to choose to receive annuity payments over different periods of time, including over your lifetime;
- offers enhanced guaranteed minimum death benefit options;
- offers an estate enhancement death benefit option;
- offers death benefit enhancement rider options;
- offers an optional guaranteed minimum accumulation benefit rider;
- offers an optional guaranteed minimum accumulation benefit and guaranteed minimum withdrawal benefit rider;
- offers a growth and income advantage benefit rider; and
- offers a purchasing power protector benefit rider with an adjustment for changes in the inflation rate.

The Contracts described in this Prospectus are not available in New York.

**The U.S. Securities and Exchange Commission (the "Commission") has not approved or disapproved these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The Contract is not suitable for short-term investment. You may pay a deferred sales charge of up to 8% on early withdrawals. If you withdraw money before age 59 $^1/_2$, you may pay a 10% additional income tax. The Contract is not a bank deposit and is not federally insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency.**

**You may return your Contract within ten days of receipt for a refund in accordance with applicable state law (you may have longer than ten days to obtain a refund in some states). Your purchase payment will be allocated to the Subaccounts you have selected on the date we issue your Contract. To return your Contract, simply mail the contract to our office or to our representative who delivered the Contract to you. The date of the cancellation will be the date we receive your Contract.**

You may obtain a Statement of Additional Information ("SAI"), dated May 1, 2021, from us free of charge by writing The Penn Mutual Life Insurance Company, Attn: SAI Request - CNN, PO Box 178, Philadelphia, Pennsylvania 19105 or by visiting our web site at www.pennmutual.com or you can call us at (800) 523-0650. The SAI contains more information about the Contract. The SAI filed with the Commission, and we incorporate the SAI by reference into this prospectus. The table of contents of the SAI is at the end of this prospectus.

The Commission maintains a web site (http://www.sec.gov) that contains this prospectus, the SAI, material incorporated by reference, and other information regarding registrants that file electronically with the Commission.

Under the variable component of the Contract, you may direct us to invest your payments in one or more of the following underlying Funds through Penn Mutual Variable Annuity Account III (the "Separate Account").

| Penn Series Funds, Inc. | Manager |
|---|---|
| Money Market Fund | Penn Mutual Asset Management, LLC |
| Limited Maturity Bond Fund | Penn Mutual Asset Management, LLC |
| Quality Bond Fund | Penn Mutual Asset Management, LLC |
| High Yield Bond Fund | Penn Mutual Asset Management, LLC |
| Flexibly Managed Fund | T. Rowe Price Associates, Inc. |
| Balanced Fund | Penn Mutual Asset Management, LLC |
| Large Growth Stock Fund | T. Rowe Price Associates, Inc. |
| Large Cap Growth Fund | Massachusetts Financial Services Company |
| Large Core Growth Fund | Morgan Stanley Investment Management Inc. |
| Large Cap Value Fund | Alliance Bernstein, L.P. |
| Large Core Value Fund | Eaton Vance Management |
| Index 500 Fund | SSGA Funds Management, Inc. |
| Mid Cap Growth Fund | Ivy Investment Management Company |
| Mid Cap Value Fund | Janus Capital Management LLC |
| Mid Core Value Fund | American Century Investment Management, Inc. |
| SMID Cap Growth Fund | Goldman Sachs Asset Management, L.P. |
| SMID Cap Value Fund | AllianceBernstein L.P. |
| Small Cap Growth Fund | Janus Capital Management LLC |
| Small Cap Value Fund | Goldman Sachs Asset Management L.P. |
| Small Cap Index Fund | SSGA Funds Management, Inc. |
| Developed International Index Fund | SSGA Funds Management, Inc. |
| International Equity Fund | Vontobel Asset Management, Inc. |
| Emerging Markets Equity Fund | Vontobel Asset Management, Inc. |
| Real Estate Securities Fund | Cohen & Steers Capital Management, Inc. |
| Aggressive Allocation Fund | Penn Mutual Asset Management, LLC |
| Moderately Aggressive Allocation Fund | Penn Mutual Asset Management, LLC |
| Moderate Allocation Fund | Penn Mutual Asset Management, LLC |
| Moderately Conservative Allocation Fund | Penn Mutual Asset Management, LLC |
| Conservative Allocation Fund | Penn Mutual Asset Management, LLC |

**A prospectus for Penn Series Funds, Inc. (the "Funds") accompanies this prospectus.**

## GLOSSARY

We have included in this section additional explanation of certain words or terms used in this prospectus. These words or terms are capitalized throughout this prospectus.

***Accumulation Period:*** A period that begins with your first purchase payment and ends on the Annuity Date.

***Accumulation Unit:*** A unit of measure used to compute the Variable Account Value under the Contract prior to the Annuity Date.

***Administrative Office:*** A reference to our administrative office means The Penn Mutual Life Insurance Company, Administrative Office, 600 Dresher Road, Horsham, Pennsylvania 19044.

***Age Actual:*** True calendar age in exact years (including fractions).

***Age Nearest Birthday:*** Age rounded to nearest whole number of years.

***Annuitant:*** The person during whose life annuity payments are made.

***Annuity Date:*** The date on which annuity payments start.

***Annuity Payout Period:*** The period of time, starting on the Annuity Date, during which we make annuity payments.

***Annuity Unit:*** A unit of measure used to calculate the amount of each variable annuity payment.

***Beneficiary:*** The person(s) named by the Contract Owner to receive the death benefit payable upon the death of the Contract Owner or Annuitant.

***Code:*** The Internal Revenue Code of 1986, as amended.

***Contract:*** The combination variable and fixed annuity contract described in this prospectus.

***Contract Anniversary:*** Any subsequent anniversary date of the Contract Date. All values determined on a Contract Anniversary are based on the next close of regular trading on the NYSE. To the extent the Contract Anniversary falls on a date other than a business day any value to be determined as of the Contract Anniversary will be determined as of the close of regular trading of the NYSE on the next business day.

***Contract Date:*** The date the Contract is issued.

***Contract Owner:*** The person specified in the Contract as the Contract Owner.

***Contract Value:*** The sum of the Variable Account Value and the Fixed Account Value.

***Contract Year:*** Each twelve-month period following the contract date.

***Dollar Cost Averaging Accounts:*** The two fixed account options available under the Contract that are used in conjunction with our dollar cost averaging program. We offer a Six Month Dollar Cost Averaging Account and a Twelve Month Dollar Cost Averaging Account.

***Fixed Account Value:*** The value of amounts held under the Contract in all fixed interest accounts.

***Fund:*** An open-end management investment company registered with the Commission (commonly known as a “mutual fund”) in which a Subaccount of a Separate Account invests all of its assets.

***NYSE:*** New York Stock Exchange.

***Separate Account:*** Penn Mutual Variable Annuity Account III, a separate account of The Penn Mutual Life Insurance Company that is registered with the Commission as a unit investment trust under the Investment Company Act of 1940.

***Subaccount:*** A division of the Separate Account which holds shares of a corresponding Fund.

***Valuation Period:*** The period from one valuation of Separate Account assets to the next. Valuation is performed on each day the NYSE is open for trading.

***Variable Account Value:*** The value of amounts held under the Contract in all Subaccounts of the Separate Account.

***We or Us:*** A reference to “we” or “us” denotes The Penn Mutual Life Insurance Company, also referred to in this prospectus as Penn Mutual or the Company.

***You:*** A reference to “you” denotes the Contract Owner or prospective Contract Owner.

## EXPENSES

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the Contract. The first table describes the fees and expenses that you will pay at the time you buy the Contract, surrender the Contract, or transfer cash value between Subaccounts. State premium taxes may also be deducted.

| | |
|---|---|
| **Contract Owner Transaction Expenses** | |
| Sales Load Imposed on Purchase Payments | None |
| Maximum Contingent Deferred Sales Charge | 8% of purchase payments withdrawn[(a)] |
| Transfer Fee | None |

The next table describes the fees and expenses that you will pay periodically during the time that you own the Contract, not including Fund fees and expenses.

| | |
|---|---|
| **Maximum Annual Contract Administration Charge** | $40[(b)] |
| **Separate Account Annual Expenses (as a percentage of Variable Account Value)** | |
| Mortality and Expense Risk Charge | 1.30% |
| Asset Based Contract Administration Charge | 0.15% |
| **Total Separate Account Annual Expenses (without riders)** | 1.45% |
| **Contract Rider Charges (Optional)** | |
| Enhanced Guaranteed Minimum Step-Up Death Benefit Rider | 0.25%[(c)(d)] |
| Enhanced Guaranteed Minimum Rising-Floor Death Benefit Rider | 0.35% |
| Estate Enhancement Death Benefit Rider (for Annuitants Age 60 and Under) | 0.20%[(e)] |
| Estate Enhancement Death Benefit Rider (for Annuitants Age 61 to 70) | 0.30%[(f)] |
| Estate Enhancement Death Benefit Rider (for Annuitants Ages 71 to 80) | 0.60%[(g)] |
| Guaranteed Minimum Accumulation Benefit Rider | 1.00%[(h)] |
| Guaranteed Minimum Accumulation Benefit and Guaranteed Minimum Withdrawal Benefit Rider (for Annuitants Ages 35 to 80) | 1.00%[(i)] |
| Growth and Income Advantage Benefit Rider | 1.00%[(j)] |
| Purchasing Power Protector Benefit Rider | 1.25%[(k)] |
| **Total Separate Account Annual Expenses, Including Maximum Charges for Contract Riders (as a percentage of Variable Account Value)** | 3.05%[(l)] |

| **Optional Death Benefit Enhancement Riders[(m)]** | **Monthly Charge Per $1,000 Benefit** | |
|---|---|---|
| | **Minimum** | **Maximum** |
| | $0.208 | $17.292 |

(a) The charge decreases each year to zero in the fifth contract year as follows: first contract year — 8%; second contract year — 7%; third contract year — 6%; fourth contract year — 5%; fifth contract year and thereafter — 0%. See **What Charges Do I Pay?** in this prospectus.
(b) You pay $40 or 2% of the Variable Account Value, whichever is less. You do not pay this charge if your Variable Account Value is more than $100,000.
(c) The current annual charge for this rider is 0.20% and may not be increased beyond the maximum of 0.25%.
(d) This rider is not available on Contracts issued after November 1, 2002.
(e) The current annual charge for this rider is 0.15% and may not be increased beyond the maximum of 0.20%.
(f) The current annual charge for this rider is 0.25% and may not be increased beyond the maximum of 0.30%.
(g) The current annual charge for this rider is 0.55% and may not be increased beyond the maximum of 0.60%.
(h) The current annual charge for this rider is 0.60% and may not be increased beyond the maximum of 1.00%.
(i) The current annual charge for this rider is 0.90% for a single life guarantee and 1.00% for a joint life guarantee and neither may be increased beyond the maximum of 1.00%.
(j) The current annual charge for this rider is 0.90% for a single life guarantee and 1.00% for a joint life guarantee and neither may be increased beyond the maximum of 1.00%.
(k) The current annual charge for this rider is 1.15% for a single life guarantee and 1.25% for a joint life guarantee assessed as a percent of the Withdrawal Base, and neither may be increased beyond the maximum of 1.25%.
(l) This is the total of the maximum total Separate Account Annual Expenses that may be charged with all available riders attached. Your total current charges will be between 1.45% and 3.05%, depending on whether you choose optional riders and which rider(s) you choose to purchase. You may purchase only one of the enhanced guaranteed minimum death benefit riders.

(m) A Contract Owner may elect one of two Optional Death Benefit Enhancement Riders. The charge for a rider depends on the attained age of the Annuitant and on the amount of the Death Benefit Enhancement. It will be assessed on a pro rata basis on the Subaccounts of the Separate Account. See **What Charges Do I Pay?** in this prospectus.

The next item shows the minimum and maximum total operating expenses charged by the Funds that you may pay periodically during the time that you own the Contract. The information is based on data for the year ended December 31, 2020. More detail concerning each Fund's fees and expenses is contained in the prospectus for each Fund.

| Maximum and Minimum Total Fund Operating Expenses | Minimum: | Maximum: |
|---|---|---|
| (expenses that are deducted from assets of the Funds, including management fees and other expenses) | 0.36% | 1.30% |

The following table provides more specific detail about the total fund operating expenses for each Fund.

**Penn Series Funds, Inc.**
**Underlying Fund Annual Expenses (as a % of an Underlying Fund's average daily net assets) as of December 31, 2020**

| Fund | Investment Advisory Fees | Other Expenses | Acquired Fund Fees and Expenses | Total Fund Operating Expenses | Less Expense Waivers; Plus Recapture | Total Fund Operating Expenses (After Expense Waivers/ Recapture) | Expense Limitation[1] |
|---|---|---|---|---|---|---|---|
| Money Market | 0.33% | 0.25% | 0.03% | 0.61%[2][3] | 0.00% | 0.61%[3] | 0.64% |
| Limited Maturity Bond | 0.46% | 0.24% | 0.00% | 0.70% | 0.00% | 0.70% | 0.74% |
| Quality Bond | 0.44% | 0.23% | 0.00% | 0.67% | 0.00% | 0.67% | 0.73% |
| High Yield Bond | 0.46% | 0.26% | 0.01% | 0.73%[3] | 0.00% | 0.73%[3] | 0.92% |
| Flexibly Managed | 0.69% | 0.19% | 0.00% | 0.88% | 0.00% | 0.88% | 0.94% |
| Balanced | 0.00% | 0.20% | 0.48% | 0.68%[3] | 0.00% | 0.68%[3] | 0.79% |
| Large Growth Stock | 0.71% | 0.24% | 0.00% | 0.95% | 0.00% | 0.95% | 1.02% |
| Large Cap Growth | 0.55% | 0.33% | 0.00% | 0.88% | 0.00% | 0.88% | 0.89% |
| Large Core Growth | 0.60% | 0.25% | 0.00% | 0.85% | 0.00% | 0.85% | 0.90% |
| Large Cap Value | 0.67% | 0.25% | 0.01% | 0.93%[3] | 0.00% | 0.93%[3] | 0.96% |
| Large Core Value | 0.67% | 0.24% | 0.00% | 0.91% | 0.00% | 0.91% | 0.96% |
| Index 500 | 0.13% | 0.23% | 0.00% | 0.36% | 0.00% | 0.36% | 0.42% |
| Mid Cap Growth | 0.70% | 0.25% | 0.00% | 0.95% | 0.00% | 0.95% | 1.00% |
| Mid Cap Value | 0.55% | 0.27% | 0.00% | 0.82% | 0.00% | 0.82% | 0.83% |
| Mid Core Value | 0.69% | 0.35% | 0.01% | 1.05%[3] | 0.00% | 1.05%[3] | 1.11% |
| SMID Cap Growth | 0.75% | 0.30% | 0.00% | 1.05% | 0.00% | 1.05% | 1.07% |
| SMID Cap Value | 0.84% | 0.33% | 0.00% | 1.17% | 0.00% | 1.17% | 1.26% |
| Small Cap Growth | 0.73% | 0.28% | 0.00% | 1.01% | 0.00% | 1.01% | 1.13% |
| Small Cap Value | 0.72% | 0.30% | 0.00% | 1.02% | 0.00%[4] | 1.02% | 1.02% |
| Small Cap Index | 0.30% | 0.45% | 0.00% | 0.75% | 0.00%[4] | 0.74% | 0.74% |
| Developed International Index | 0.30% | 0.59% | 0.00% | 0.89% | 0.00% | 0.89% | 0.94% |
| International Equity | 0.78% | 0.27% | 0.00% | 1.05%[5] | 0.00% | 1.05% | 1.20% |
| Emerging Markets Equity | 0.87% | 0.43% | 0.00% | 1.30%[5] | 0.00% | 1.30% | 1.78% |
| Real Estate Securities | 0.70% | 0.27% | 0.00% | 0.97% | 0.00% | 0.97% | 1.02% |

| Fund | Investment Advisory Fees | Other Expenses | Acquired Fund Fees and Expenses | Total Fund Operating Expenses | Less Expense Waivers; Plus Recapture | Total Fund Operating Expenses (After Expense Waivers/ Recapture) | Expense Limitation(1) |
|---|---|---|---|---|---|---|---|
| Aggressive Allocation | 0.12% | 0.21% | 0.92% | 1.25%(3) | 0.00% | 1.25%(3) | 0.40% |
| Moderately Aggressive Allocation | 0.12% | 0.18% | 0.88% | 1.18%(3) | 0.00% | 1.18%(3) | 0.34% |
| Moderate Allocation | 0.12% | 0.18% | 0.83% | 1.13%(3) | 0.00% | 1.13%(3) | 0.34% |
| Moderately Conservative Allocation | 0.12% | 0.20% | 0.77% | 1.09%(3) | 0.00% | 1.09%(3) | 0.35% |
| Conservative Allocation | 0.12% | 0.21% | 0.71% | 1.04%(3) | 0.00% | 1.04%(3) | 0.38% |

(1) The Funds are subject to an expense limitation agreement under which a portion of each Fund's fees and expenses will be waived and/or reimbursed to the extent necessary to keep total operating expenses of each Fund from exceeding the amounts shown in the table. This agreement is limited to a Fund's direct operating expenses and, therefore, does not apply to nonrecurring account fees, fees on portfolio transactions, such as exchange fees, dividends and interest on securities sold short, acquired fund fees and expenses ("AFFE"), service fees, interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with generally accepted accounting principles, and other non-routine expenses or extraordinary expenses not incurred in the ordinary course of the Fund's business. Notwithstanding the foregoing, for the Balanced Fund, AFFE shall be included as a direct operating expense of the Fund for purposes of the expense limitation agreement. To the extent Penn Mutual and the Fund's investment adviser do not have an obligation to waive fees and/or reimburse expenses, Penn Mutual and the Fund's investment adviser may seek to recapture from the Fund amounts previously waived or reimbursed during the Fund's preceding three fiscal years, subject to certain limitations. This agreement is expected to continue through April 30, 2022, and may be terminated prior to April 30, 2022 only by a majority vote of the Board of Directors of Penn Series Funds, Inc. for any reason and at any time.

(2) The Money Market Fund's Total Fund Operating Expenses were less than the Fund's Expense Limitation amount shown because the Fund's investment adviser and Penn Mutual voluntarily waived and/or reimbursed expenses to the extent necessary to maintain the Fund's net yield at a certain level, as determined by Penn Mutual and the Fund's investment adviser. Penn Mutual and the Fund's investment adviser may seek to recapture from the Fund amounts previously waived or reimbursed during the Fund's preceding three fiscal years, subject to certain limitations. This recapture could negatively affect the Fund's future yield. During the prior fiscal year, neither the Fund's investment adviser nor Penn Mutual recaptured any previously waived or reimbursed fees and expenses from the Money Market Fund.

(3) The Fund's Total Annual Fund Operating Expenses may not correlate to the expense ratios in the Fund's financial statements because financial statements reflect only the operating expenses of the Fund and do not include AFFE, which are fees and expenses incurred indirectly by the Fund through its investments in certain underlying investment companies.

(4) During the most recent fiscal year, the Fund's investment adviser recaptured previously waived fees amounting to approximately 0.01% of the Fund's average daily net assets. During this same period, the Fund's investment adviser waived fees in approximately the same amount. The difference in the amounts recaptured and waived was less than 0.01% of the Fund's average daily net assets and, as a result, is reflected as 0.00% in the Less Expense Waivers; Plus Recapture column in the Underlying Fund Expenses table.

(5) The Fund's expense information has been restated to reflect a reduction in the Fund's Investment Advisory Fee rate, effective May 1, 2020. As such, the Fund's Total Fund Operating Expenses may not correlate to the expense ratio in the Fund's financial statements, which reflect the prior Investment Advisory Fee rate.

Please review these tables carefully. They show the expenses that you pay directly and indirectly when you purchase a Contract. Your expenses include Contract expenses and the expenses of the Funds that you select. See the prospectus of Penn Series Funds, Inc. for additional information on Fund expenses.

You also may pay premium taxes. These tables and the examples that follow do not show the effect of premium taxes. See **What Charges Do I Pay?** in this prospectus.

## Examples of Fees and Expenses

This Example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Contract Owner transaction expenses, Contract fees, Separate Account annual expenses, and Fund fees and expenses.

The Example assumes that you invest $10,000 in the Contract for the time periods indicated and that your investment has a 5% return each year. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

(1) If you surrender your Contract at the end of the applicable time period and have purchased riders with maximum charges*:

| | One Year | Three Years | Five Years | Ten Years |
|---|---|---|---|---|
| Assuming Maximum Total Annual Fund Expenses | $1,163 | $1,872 | $2,216 | $4,503 |
| Assuming Minimum Total Annual Fund Expenses | $1,077 | $1,620 | $1,779 | $3,703 |

(2) If you do not surrender your Contract or if you annuitize at the end of the applicable time period and you have purchased riders with maximum charges[1]:

| | One Year | Three Years | Five Years | Ten Years |
|---|---|---|---|---|
| Assuming Maximum Total Annual Fund Expenses | $437 | $1,321 | $2,216 | $4,503 |
| Assuming Minimum Total Annual Fund Expenses | $345 | $1,051 | $1,779 | $3,703 |

(3) If you surrender your Contract at the end of the applicable time period and have not purchased any riders:

| | One Year | Three Years | Five Years | Ten Years |
|---|---|---|---|---|
| Assuming Maximum Total Annual Fund Expenses | $1,017 | $1,438 | $1,460 | $3,091 |
| Assuming Minimum Total Annual Fund Expenses | $930 | $1,172 | $986 | $2,138 |

(4) If you do not surrender your Contract or if you annuitize at the end of the applicable time period and you have not purchased any riders:

| | One Year | Three Years | Five Years | Ten Years |
|---|---|---|---|---|
| Assuming Maximum Total Annual Fund Expenses | $279 | $856 | $1,460 | $3,091 |
| Assuming Minimum Total Annual Fund Expenses | $185 | $573 | $986 | $2,138 |

[1] The examples do not reflect charges for any Optional Death Benefit Enhancement Rider because the examples assume a 5% rate of return. There is no charge for either Optional Death Benefit Enhancement Rider for any month if cumulative prior performance has been positive, and there is no Death Benefit Enhancement payable.

Certain Contract charges are currently assessed at less than their maximum levels. We may increase these current charges in the future up to the guaranteed maximum levels, as determined in the Company's sole discretion. Without limiting the foregoing, the Company may increase current charges due to the Company's experience with respect to mortality, expenses, taxes, persistency, capital requirements, reserve requirements, and changes in applicable laws. Although some underlying Funds may have expense limitation agreements, the operating expenses of the underlying Funds are not guaranteed and may increase or decrease over time.

## Condensed Financial Information

Appendix A to this prospectus contains tables that show Accumulation Unit values and the number of Accumulation Units outstanding for each of the Subaccounts of the Separate Account. The financial data included in the tables should be read in conjunction with the financial statements and the related notes that are included in the SAI.

## Financial Statements

The financial statements of the Separate Account and the statutory financial statements of the Company appear in the SAI. The statutory financial statements of the Company should be considered only as bearing upon the Company's ability to meet its obligations under the Contracts.

## The Penn Mutual Life Insurance Company

The Penn Mutual Life Insurance Company is a Pennsylvania mutual life insurance company, chartered in 1847. We are licensed to sell life insurance and annuities in the District of Columbia and all states except New York, and are located at 600 Dresher Road, Horsham, Pennsylvania 19044. Our mailing address is The Penn Mutual Life Insurance Company, PO Box 178, Philadelphia, Pennsylvania 19105.

We issue and are liable for all benefits and payments under the Contract.

## The Separate Account

Penn Mutual established Penn Mutual Variable Annuity Account III (the "Separate Account") on April 13, 1982. The Separate Account is registered with the Commission as a unit investment trust and is a "separate account" within the meaning of the federal securities laws. The Separate Account is divided into Subaccounts that invest in shares of the Funds.

- The income, gains and losses, whether or not realized, of Penn Mutual do not have any effect on the income, gains or losses of the Separate Account or any Subaccount.
- The Separate Account and its Subaccounts are not responsible for the liabilities of any other business of Penn Mutual.

The financial statements of the Subaccounts of the Separate Account for the year ended December 31, 2020 are included in the SAI referred to on the cover page of this prospectus.

## Investment Options in the Separate Account

The Separate Account currently has Subaccounts that invest in the following Funds:

## Penn Series Funds, Inc.

***Money Market Fund*** — The Fund is a government money market fund that seeks current income, while preserving capital and liquidity, and will invest no less than 99.5% of its total assets in government securities, cash or repurchase agreements that are collateralized fully by government securities or cash. The Fund may invest only in U.S. dollar-denominated securities that are determined to present minimal credit risk and meet certain other criteria, including relating to maturity, diversification, liquidity and credit quality.

***Limited Maturity Bond Fund*** — The Fund seeks to maximize total return consistent with preservation of capital by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in short- to intermediate-term investment grade debt securities of U.S. government and corporate issuers, including mortgage-backed and asset-backed securities. The Fund's investment adviser follows an actively managed, total-return oriented approach and seeks to invest in securities that are under-valued in the marketplace based on both a relative value analysis of individual securities combined with an analysis of macro-economic factors.

***Quality Bond Fund*** — The Fund seeks to maximize total return over the long term consistent with the preservation of capital by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in marketable investment grade debt securities, which are those securities rated BBB- or higher by S&P, Baa3 or higher by Moody's, or the equivalent by any other nationally recognized statistical rating organization, or, if unrated, determined by the Fund's investment adviser to be of comparably quality. The Fund's investment adviser follows an actively managed, total-return oriented approach and seeks to find securities that are under-valued in the marketplace based on both a relative value analysis of individual securities combined with an analysis of macro-economic factors.

***High Yield Bond Fund*** — The Fund seeks to realize high current income by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in a widely diversified portfolio of high yield corporate bonds (commonly known as "junk bonds") income-producing convertible securities and preferred stocks that are rated below investment-grade or not rated by any major credit rating agency but deemed to be below investment-grade by the Fund's investment adviser.

***Flexibly Managed Fund*** — The Fund seeks to maximize total return (capital appreciation and income) by normally investing at least 50% of its total assets in stocks of established U.S. companies that the Fund believes have above-average potential for capital growth. The remaining assets are generally invested in other securities, such as convertibles, corporate and government debt securities (including mortgage- and asset-backed securities), high yield securities, bank loans and foreign securities, in keeping with the Fund's objective.

***Balanced Fund*** — The Fund seeks to achieve long-term growth and current income by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with the Fund's target asset allocation. Under normal circumstances, the Fund will invest 50%-70% of its assets in stock and other equity underlying funds, 30%-50% of its assets in bond and other fixed income funds, and 0%-20% of its assets in money market funds. The Fund also may invest directly in equity and fixed income securities and cash equivalents, including money market securities.

***Large Growth Stock Fund*** — The Fund seeks to achieve long-term growth of capital and increase of future income by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in common stocks of large capitalization companies (companies with market capitalizations that fall within the market capitalization range of companies in the Russell 1000® Growth Index at the time of purchase). The Fund invests primarily in common stocks of well established companies the Fund's sub-adviser believes have long-term growth potential as well as companies that have the ability to pay increasing dividends through strong cash flow.

***Large Cap Growth Fund*** — The Fund seeks to achieve long-term capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in common stocks of U.S. companies with large market capitalizations (companies with market capitalizations of more than $5 billion at the time of purchase). The Fund invests in the stocks of companies its sub-adviser believes to have above average earnings growth potential compared to other companies based on fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions.

***Large Core Growth Fund*** — The Fund seeks to achieve long-term growth of capital (capital appreciation) by investing primarily in equity securities of large capitalization U.S. companies (companies that have market capitalizations that fall within the market capitalization range of companies in the Russell 1000® Growth Index at the time of purchase). Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of large capitalization companies. The Fund's sub-adviser typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The sub-adviser actively integrates sustainability into the investment process by using environmental, social and governance ("ESG") factors as a lens for additional fundamental research, which may contribute to investment decision-making.

***Large Cap Value Fund*** — The Fund seeks to achieve long-term growth of capital by investing primarily in equity securities of U.S. and non-U.S. incorporated entities, including, but not limited to common stock, American Depositary Receipts (ADRs), equity real estate investment trust securities (REITs), preferred securities and convertible preferred securities. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of large capitalization companies (companies that have market capitalizations of more than $2 billion at the time of purchase). The Fund primarily invests in common stocks that its sub-adviser deems to be underpriced relative to long-term earnings and for cash flow potential.

***Large Core Value Fund*** — The Fund seeks to achieve total return by investing primarily in value stocks of large capitalization companies (companies that have market capitalizations within the range of companies included in the Russell 1000® Value Index at the time of purchase); however, the Fund will generally consist of stocks with a market capitalization equal to or greater than the median market capitalization of companies included in the Russell 1000® Value Index. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of large capitalization companies. Value stocks are stocks that, in the opinion of the Fund's sub-adviser, are inexpensive or undervalued relative to the intrinsic value of the company.

***Index 500 Fund*** — The Fund seeks to achieve total return (capital appreciation and income) which corresponds to that of the S&P 500® Index by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities listed in the S&P 500® Index. Under normal circumstances, however, the Fund intends to invest substantially all of its assets in securities of companies included in the S&P 500® Index and close substitutes (such as index futures contracts) that are designed to track the S&P 500® Index.

***Mid Cap Growth Fund*** — The Fund seeks to maximize capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of mid-cap companies (companies that have market capitalizations that fall within the market capitalization range of companies in the Russell Midcap® Growth Index at the time of purchase). The Fund invests in equity securities of companies that the Fund's sub-adviser believes have the potential for strong growth, increasing profitability, stable and sustainable revenue and earnings streams, attractive valuations and sound capital structures.

***Mid Cap Value Fund*** — The Fund seeks to achieve growth of capital by investing, under normal market circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of mid-cap companies (companies that have market capitalizations that fall within the market capitalization range of companies in the Russell Midcap® Index at the time of purchase). The Fund seeks to invest in the equity securities of high quality companies that the Fund's sub-adviser believes are trading at a substantial discount to their intrinsic value where there is a strategic plan or event that is expected to both enhance value and narrow the value/price gap.

***Mid Core Value Fund*** — The Fund seeks to achieve capital appreciation by investing, under normal conditions, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of medium capitalization companies (companies whose market capitalization at the time of purchase is within the capitalization range of the Russell 3000® Index, excluding the largest 100 such companies). The Fund seeks to invest in undervalued companies and hold each stock until the price has increased to, or is higher than, a level the Fund's sub-adviser believes more accurately reflects the fair value of the company.

***SMID Cap Growth Fund*** — The Fund seeks to achieve long-term growth of capital (capital appreciation) by investing primarily in common stocks of small and medium capitalization U.S. companies (companies that have market capitalizations that fall within the outside range of the market capitalizations of companies in the Russell 2000® Growth Index and the Russell Midcap® Growth Index at the time of purchase) that the Fund's sub-adviser believes have specific characteristics indicating high quality and sustainable growth, including strong business franchises, favorable long-term prospects, and excellent management. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of small and medium capitalization companies. The Fund's sub-adviser employs a fundamental equity growth investment process that involves evaluating potential investments based on specific characteristics believed to indicate a high-quality business with sustainable growth, including strong business franchises, favorable long-term prospects, and excellent management.

***SMID Cap Value Fund*** — The Fund seeks to achieve long-term growth of capital by investing primarily in a diversified portfolio of equity securities of small and medium capitalization U.S. companies (companies that, at the time of investment, fall within the capitalization range between the smallest company in the Russell 2500™ Value Index and the greater of $15 billion or the market capitalization of the largest company in the Russell 2500™ Value Index), generally representing 60 to 125 companies. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of small and medium capitalization companies. The Fund invests in companies that are determined by the Fund's sub-adviser to be undervalued using its fundamental value approach.

***Small Cap Growth Fund*** — The Fund seeks to achieve capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of small capitalization companies with public stock market capitalizations (based upon shares available for trading on an unrestricted basis) within the range of the market capitalization of companies constituting the Russell 2000® Growth Index at the time of investment. The small capitalization companies in which the Fund invests are selected for their growth potential.

***Small Cap Value Fund*** — The Fund seeks to achieve capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in a diversified portfolio of equity investments in small-cap issuers with public stock market capitalizations (measured at the time of purchase) within the range of the market capitalization of companies constituting the Russell 2000® Value Index at the time of investment. The Fund's sub-adviser employs an equity investment process that involves: (1) using multiple industry-specific valuation metrics to identify real economic value and company potential in stocks, screened by valuation, profitability and business characteristics; (2) conducting in-depth company research and assessing overall business quality; (3) considering a wide range of factors as part of the fundamental investment process, which may include integrating environmental, social and governance ("ESG") factors with traditional fundamental factors; and (4) buying those securities that a sector portfolio manager recommends, taking into account feedback from the rest of the portfolio management team.

***Small Cap Index Fund*** — The Fund seeks to replicate the returns and characteristics of a small cap index by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities listed in the Russell 2000® Index. Under normal circumstances, however, the Fund intends to invest substantially all of its assets in securities of companies included in the Russell 2000® Index and close substitutes (such as index futures contracts or other investment companies) that are designed to track the Russell 2000® Index.

***Developed International Index Fund*** — The Fund seeks to replicate the returns and characteristics of an international index composed of securities from developed countries by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities listed in the Morgan Stanley Capital International® Europe, Australasia, Far East (MSCI EAFE) Index. Under normal circumstances, however, the Fund intends to invest substantially all of its assets in securities of companies included in the MSCI EAFE Index (including American Depositary Receipts and Global Depositary Receipts) and close substitutes (such as index futures contracts) that are designed to track the MSCI EAFE Index.

***International Equity Fund*** — The Fund seeks to achieve capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities, such as common stocks, preferred stocks, convertible bonds, and warrants. The Fund invests primarily in companies operating in the countries in Europe and the Pacific Basin. The Fund's sub-adviser seeks to identify high-quality growth companies for inclusion in the Fund's portfolio.

***Emerging Markets Equity Fund*** — The Fund seeks to achieve capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities (or equity-linked instruments) of issuers of any capitalization located in emerging market countries. Emerging markets countries generally include every nation in the world except the U.S., Canada, Japan, Australia, New Zealand and most nations located in Western Europe.

***Real Estate Securities Fund*** — The Fund seeks to achieve a high total return consistent with reasonable investment risks by investing, under normal circumstances, at least 80%, and normally substantially all, of its net assets, plus the amount of any borrowings for investment purposes, in common stocks and other equity securities issued by real estate companies, including REITs.

***Aggressive Allocation Fund*** — The Fund seeks to achieve long-term capital growth consistent with its asset allocation strategy by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with its target asset allocations (85%-100% of its assets in equity funds and 0%-15% of its assets in fixed income and money market funds). The portfolio of the Fund is more heavily allocated to stocks, and reflects an aggressive approach.

***Moderately Aggressive Allocation Fund*** — The Fund seeks to achieve long-term capital growth and current income consistent with its asset allocation strategy by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with its target asset allocations (70%-100% of its assets in equity funds and 0%-30% of its assets in fixed income and money market funds). The portfolio of the Fund is more heavily allocated to stocks, and reflects a moderately aggressive approach.

***Moderate Allocation Fund*** — The Fund seeks to achieve long-term capital growth and current income consistent with its asset allocation strategy by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with its target asset allocations (50%-70% of its assets in equity funds and 30%-50% of its assets in fixed income and money market funds). The portfolio of the Fund is allocated among stock, bond and cash investments with a majority of its assets allocated to stocks, and is designed to offer investors an investment option that is less aggressive than the Penn Series Aggressive Allocation and Moderately Aggressive Allocation Funds, but more aggressive than the Penn Series Moderately Conservative Allocation and Conservative Allocation Funds.

***Moderately Conservative Allocation Fund*** — The Fund seeks to achieve long-term capital growth and current income consistent with its asset allocation strategy by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with its target asset allocations (30%-50% of its assets in equity funds and 50%-70% of its assets in fixed income and money market funds). The portfolio of the Fund is more heavily allocated to bonds and cash investments, and reflects a moderately conservative approach.

***Conservative Allocation Fund*** — The Fund seeks to achieve long-term capital growth and current income consistent with its asset allocation strategy by using a "fund-of-funds" strategy and investing in a combination of other portfolios of Penn Series Funds, Inc. in accordance with its target asset allocations (20%-40% of its assets in equity funds and 60%-80% of its assets in fixed income and money market funds). The portfolio of the Fund is more heavily allocated to bonds and cash investments, and reflects a conservative approach.

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Penn Mutual Asset Management, LLC, Horsham, Pennsylvania is investment adviser to each of the Funds and a wholly owned subsidiary of Penn Mutual. Penn Mutual Asset Management provides day-to-day investment management for the Money Market Fund, Limited Maturity Bond Fund, Quality Bond Fund, High

Yield Bond Fund, Balanced Fund, Aggressive Allocation Fund, Moderately Aggressive Allocation Fund, Moderate Allocation Fund, Moderately Conservative Allocation Fund, and Conservative Allocation Fund. For the other Funds, Penn Mutual Asset Management has appointed an investment sub-adviser to provide day-to-day management of the Funds. T. Rowe Price Associates, Inc., Baltimore, Maryland, is investment sub-adviser to the Flexibly Managed and Large Growth Stock Funds. Massachusetts Financial Services Company, Boston, Massachusetts, is investment sub-adviser to the Large Cap Growth Fund. Morgan Stanley Investment Management Inc., New York, New York, is investment sub-adviser to the Large Core Growth Fund. AllianceBernstein L.P., New York, New York, is investment sub-adviser to the Large Cap Value Fund and the SMID Cap Value Fund. Eaton Vance Management, Boston, Massachusetts, is investment sub-adviser to the Large Core Value Fund. Ivy Investment Management Company, Shawnee Mission, Kansas, is investment sub-adviser to the Mid Cap Growth Fund. Janus Capital Management LLC ("Janus"), Denver, Colorado, is investment sub-adviser to the Mid Cap Value Fund and the Small Cap Growth Fund. American Century Investment Management, Inc., Kansas City, Missouri, is investment sub-adviser to the Mid Core Value Fund. Goldman Sachs Asset Management, L.P., New York, New York, is investment sub-adviser to the Small Cap Value Fund and SMID Cap Growth Fund. Vontobel Asset Management, Inc., New York, New York, is investment sub-adviser to the International Equity Fund and the Emerging Markets Equity Fund. Cohen & Steers Capital Management, Inc., New York, New York, is investment sub-adviser to the Real Estate Securities Fund. SSGA Funds Management, Inc., Boston, Massachusetts, is investment sub-adviser to the Index 500, Small Cap Index and Developed International Index Funds.

*Shares of Penn Series are sold to other variable life and variable annuity separate accounts of Penn Mutual and its subsidiary, The Penn Insurance and Annuity Company. For more information on the possible conflicts involved when the Separate Account invests in Funds offered to other separate accounts, see the Fund statements of additional information.*

If the Subaccounts you select for your Contract perform poorly you could lose money, including some or all of the purchase payments made. Each Subaccount invests in an underlying Fund, and a comprehensive discussion of the investment risks of each of the underlying Funds may be found in the prospectus for each of the Funds. **Before allocating money to a Subaccount, please read the prospectus for the underlying Fund carefully.** You may obtain copies of the prospectuses which contain additional information about the Funds including their investment objectives and policies and expenses, without charge, by writing to The Penn Mutual Life Insurance Company, Customer Service Group – C3R, PO Box 178, Philadelphia, Pennsylvania 19105. Or, you may call, toll free, 800-523-0650.

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**Voting Instructions**

You have the right to tell us how to vote proxies for the Fund shares in which your purchase payments are invested. If the law changes and permits us to vote the Fund shares, we may do so.

If you are a Contract Owner, we determine the number of full and fractional Fund shares that you may vote by dividing your interest in a Subaccount by the net asset value per share of the Fund. If you are receiving annuity payments, we determine the number of full and fractional Fund shares that you may vote by dividing the reserve allocated to the Subaccount by the net asset value per share of the Fund. We may change these procedures whenever we are required or permitted to do so by law.

Penn Mutual will vote the shares held in the Separate Account in accordance with voting instructions received from Contract Owners and other persons entitled to provide voting instructions. Fund shares for which Contract Owners and other persons entitled to vote have not provided voting instructions and shares owned by Penn Mutual in its general and unregistered separate accounts will be voted in proportion to the shares for which voting instructions have been received. Under state insurance law and federal regulations, there are certain circumstances under which Penn Mutual may vote other than as instructed by Contract Owners and other persons entitled to vote. In such cases, the Contract Owners and such other persons entitled to vote will be advised of that action in the next Fund shareholder report. The effect of this proportional voting is that a small number of Contract Owners can determine the outcome of a vote.

## Accumulation Units — Valuation

Your assets in the Separate Account are held as Accumulation Units of the Subaccounts that you select. We value Accumulation Units as of the close of regular trading on the NYSE (generally, 4:00 p.m. ET). When you invest in, withdraw from or transfer money to a Subaccount, you receive the Accumulation Unit value next computed after we receive and accept your purchase payment or your withdrawal or transfer request at our Administrative Office. Allocation, withdrawal and transfer instructions received from you or the agent of record (pursuant to your instruction) at our Administrative Office after the close of regular trading on the NYSE will be valued based on the Accumulation Unit value computed as of the close of regular trading on the next NYSE business day. In the case of your first purchase payment, you receive the price next computed after we accept your application to purchase a Contract.

The value of an Accumulation Unit varies, and is determined by multiplying its last computed value by the net investment factor for the Subaccount for the current Valuation Period. The net investment factor measures (1) investment performance of Fund shares held in the Subaccount, (2) any taxes on income or gains from investments held in the Subaccount, and (3) the mortality and expense risk charge at an annual rate of 1.30% and asset-based contract administration charge at an annual rate of 0.15% assessed against the Subaccount.

## THE FIXED INTEREST ACCOUNTS

The fixed interest accounts are part of the Company's general investment account (the "general account"). Unlike the assets in our Separate Account, the assets in our general account are subject to liabilities arising from any of our other business. Our ability to pay general account guarantees, including amounts under the fixed interest account, death benefits and other insurance guarantees is subject to our financial strength and claims paying ability.

Interests in the fixed interest accounts are not registered under the Securities Act of 1933 and the general account is not registered as an investment company under the Investment Company Act of 1940. This prospectus generally discusses only the variable portion of the Contract. Disclosure regarding the fixed interest accounts, however, may be subject to generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in this prospectus. See **MORE INFORMATION ABOUT THE FIXED INTEREST ACCOUNTS** in this prospectus.

## THE CONTRACT

An individual variable and fixed annuity contract may be an attractive long-term investment vehicle for many people. Our Contract allows you to invest in:

- the Separate Account, through which you may invest in one or more of the available Funds. See **THE SEPARATE ACCOUNT** in this prospectus.

- the fixed interest accounts. The fixed interest accounts are guaranteed and funded by Penn Mutual through its general account. See **THE FIXED INTEREST ACCOUNTS** and **MORE INFORMATION ABOUT THE FIXED INTEREST ACCOUNTS** in this prospectus.

You decide, within Contract limits,

- how often you make a purchase payment and how much you invest;

- the Subaccounts and/or the fixed interest accounts in which your purchase payments are invested;

- whether or not to transfer money among the available Subaccounts and fixed interest accounts;

- the type of annuity that we pay and who receives it;
- the Beneficiary or Beneficiaries to whom we pay death benefits; and
- the amount and frequency of withdrawals from the Contract Value.

Your Contract has

- an Accumulation Period, during which you make one or more purchase payments and we invest your payments as you tell us; and
- an Annuity Payout Period, during which we make annuity payments to you. Your Annuity Payout Period begins on your Annuity Date.

We may amend your Contract at any time to comply with legal requirements. State law may require us to obtain your approval for any Contract amendment. We reserve the right to add, combine, or remove any Subaccounts when permitted by law. We may, with any required approval of the Commission and the governing state insurance department, substitute another mutual fund for any of the Funds currently available. In the event of a Fund merger, any future purchase payments will be allocated to the successor or acquiring Fund. In the event of the liquidation of a Fund, you will be required to provide a new allocation to one of the available Funds for future purchase payments. We will notify you of any material contract amendment and any mutual fund substitutions, liquidations, or mergers.

The Contract is available to individuals and institutions. The Contract also may be issued as individual retirement annuities under Section 408(b) of the Code in connection with IRA rollovers and as tax-deferred annuities under Section 403(b) of the Code (often referred to as qualified contracts).

You may contact us by writing The Penn Mutual Life Insurance Company, PO Box 178, Philadelphia, Pennsylvania 19105. Or, you may call (800) 523-0650. For contract owners residing in New York, you may contact us at PO Box 170, Philadelphia, Pennsylvania 19105-170, or you may call (855) 446-7393.

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**How Do I Purchase a Contract?**

Our representative will assist you in completing an application and sending it, together with a check for your first purchase payment, to our Administrative Office. All subsequent purchase payments should be sent as follows: 1) checks sent by mail: The Penn Mutual Life Insurance Company, Payment Processing Center, P.O. Box 9773, Providence, Rhode Island 02940-9773, and 2) checks sent by overnight delivery: The Penn Mutual Life Insurance Company, Payment Processing Center, 4400 Computer Drive, Westborough, Massachusetts 01581. We accept a complete application to purchase a Contract within two business days after we receive it at our Administrative Office. If you send us an incomplete application, we will return your purchase payment to you within five business days unless you ask us to keep it while you complete the application.

The minimum initial purchase payment that we will accept is $10,000, with minimum subsequent purchase payments of $1,000, although we may decide to accept lower amounts. The Contract form describes a total purchase payment maximum of $2 million. We will accept up to $2 million in cumulative purchase payments per Contract Owner (if natural person) or Annuitant, across all variable annuity contracts with Penn Mutual.

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**What Types of Annuity Payments May I Choose?**

You may choose from the following options:

- **An annuity for a set number of years** — Annuity payments will continue for a specified number of years, which may not be for less than 5 nor more than 30;

- **A life annuity** — Annuity payments will continue until the Annuitant's death;

- **A life annuity with payments guaranteed for 10 or 20 years —** Annuity payments will continue until the Annuitant's death with payments for 10 or 20 years guaranteed regardless of when the Annuitant dies;

- **A joint and survivor life annuity** — Annuity payments will continue until the death of the surviving joint Annuitant; or

- Any other form of annuity that we and you may agree upon.

You may choose a variable annuity (except for the set number of years option), a fixed annuity, or a combination of both. You may choose a person other than yourself to be the Annuitant. The shorter the expected length of the Annuity Payout Period, the larger each payment will be. Payments under all options will be made to or at the direction of the Contract Owner and may be elected as early as the date the Contract is purchased.

***Variable Annuity Payments.*** The size of your variable annuity payments will vary depending upon the performance of the Subaccounts that you choose for the Annuity Payout Period. Your payments also will depend on the size of your investment, the type of annuity you choose, the expected length of the annuity period, the frequency with which you receive payments, and the annuity purchase rates and charges in your Contract. Currently, during the Annuity Payout Period, your variable annuity may not be allocated to more than four Subaccounts (three if you also choose a portion as a fixed annuity). In addition, you may not select other Subaccounts after the Annuity Date.

When you purchase a variable annuity, you will pick an assumed interest rate of 3% or 5%. If the annual net investment return during the Annuity Payout Period is greater than the assumed rate, your annuity payments will increase. If the annual net investment return is less, your payments will decrease. Choosing a higher assumed interest rate would mean a higher first annuity payment but more slowly rising or more rapidly falling subsequent payments. Choosing a lower assumed interest rate would have the opposite effect.

During the Variable Annuity Payout Period, you (or your Beneficiary in the event of death) may transfer your Annuity Unit values among the Subaccounts of the Separate Account that you choose on the Annuity Date.

***Fixed Annuity Payments.*** The size of your fixed annuity payments will not change. The size of these payments is determined by a number of factors, including the size of your investment, the form of annuity chosen, the expected length of the annuity period, and a guaranteed 3% rate of return.

***Other Information.*** Unless you tell us otherwise:

- you will receive a life annuity with payments guaranteed for 10 years (except if your Contract is issued under Section 403(b) of the Code you will receive a joint and survivor annuity).

- the annuity will be split between fixed and variable accounts in the same proportions as your Contract Value on the Annuity Date. If your Contract Value is allocated to more than four Subaccounts (three, if there is Fixed Account Value under your Contract on the Annuity Date), the variable portion will be allocated to the Money Market Subaccount until you give us instructions to allocate it to four or fewer Subaccounts (or three Subaccounts, whichever is applicable).

- your annuity payments will begin on the later of (1) the first day of the next month after the Annuitant's 95th birthday, or (2) 10 years after the contract date, unless state law requires an earlier Annuity Date.

You may change the Annuity Date or your annuity option by giving us written notice at our Administrative Office at least 30 days prior to the current Annuity Date. If your Contract Value is less than $5,000 ($2,000 for Contracts sold in New York), we may pay you in a lump sum. We usually make annuity payments monthly, starting with the Annuity Date, but we will pay you quarterly, semiannually or annually, if you prefer. The less frequently we make payments, the larger each payment will be. If necessary, we will adjust the frequency of your payments so that payments are at least $50 each ($20 for Contracts sold in New York). For information on the tax treatment of annuity payments, see **FEDERAL INCOME TAX CONSIDERATIONS** in this prospectus.

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**What Are the Death Benefits Under My Contract?**

You may designate a Beneficiary in your application. If you fail to designate a Beneficiary, your Beneficiary will be your estate.

You may change the Beneficiary at any time before your death or the death of the Annuitant, whichever occurs first.

If you die before the Annuity Date and you are not the Annuitant, we will pay your Beneficiary the Contract Value as of the date our Administrative Office receives proof of death, *i.e.*, a death certificate or other official document establishing death, and any other information required to process the payment. If you are the Annuitant, we will pay your Beneficiary the death benefit described in the next paragraph.

For Contracts issued on or after August 11, 2003, if the Annuitant dies before the Annuity Date, we will pay a death benefit equal to the sum of the Separate Account death benefit and the Fixed Interest Account death benefit as of the date we receive proof of death and other information required to process the payment. The Fixed Account death benefit is the Fixed Account Value. The Separate Account death benefit is the greater of: (1) the Variable Account Value; or (2) all purchase payments allocated and transfers made to the Separate Account, less adjusted partial withdrawals and transfers. "Adjusted partial withdrawals and transfers" means the amount of each partial withdrawal from or transfer out of the Separate Account, multiplied by the amount of the Separate Account death benefit just before the partial withdrawal or transfer, divided by your Variable Account Value just before the partial withdrawal or transfer. If you make a partial withdrawal or transfer at a time when the amount of your Separate Account death benefit is greater than your Variable Account Value, then your Separate Account death benefit amount will be reduced by an amount greater than the amount withdrawn or transferred.

For Contracts issued prior to August 11, 2003, the Separate Account death benefit is the greater of: (1) the Variable Account Value; or (2) all purchase payments allocated and transfers made to the Separate Account, less partial withdrawals and transfers from the Separate Account on a dollar-for-dollar basis.

We generally pay the death benefit within seven days after we receive proof of death and all required information.

***Optional Guaranteed Minimum Death Benefit Riders.*** The guaranteed minimum death benefit riders described in the next two paragraphs are not available on Contracts issued after November 1, 2002.

*Guaranteed Minimum Step-Up Death Benefit Rider.* The minimum death benefit will be paid if the Annuitant is 80 years of age or less at the time of death. The minimum death benefit is the highest Variable Account Value on the current or prior Contract Anniversaries, adjusted as follows. For purposes of this death benefit rider only, the Variable Account Value on an anniversary date will be adjusted upward by the amount of any purchase payments allocated and transfers made to the Separate Account within the Contract Year. If a withdrawal or transfer is made from the Separate Account prior to death, the guaranteed minimum death benefit will be reduced by an amount that is in the same proportion that the amount withdrawn or transferred from the Separate Account (including any contingent deferred sales charge) was to the Variable Account Value on the date of the withdrawal or transfer.

*Guaranteed Minimum Rising-Floor Death Benefit Rider.* The minimum death benefit will be paid if the Annuitant is 80 years of age or less at the time of death. The minimum death benefit is the sum of all purchase payments allocated and transfers made to the Separate Account, minus a reduction for any withdrawals or transfers made from the Separate Account (as described below), plus interest at 5%. Interest is calculated for the period amounts are held in the Separate Account, but not for any period after the Annuitant attains 80 years of age. If a withdrawal or transfer is made from the Separate Account prior to death, the guaranteed minimum death benefit will be reduced by an amount that is in the same proportion that the amount withdrawn or transferred from the Separate Account (including any contingent deferred sales charge) was to the Variable Account Value on the date of the withdrawal or transfer. The benefit may not exceed two times the purchase payments and transfers allocated to the Separate Account, less withdrawals and transfers out of the Separate Account.

A guaranteed minimum death benefit rider will terminate if you withdraw or transfer the full Variable Account Value from your Contract or transfer the full value out of the Separate Account. For information on the cost of the guaranteed minimum death benefit riders, see **What Charges Do I Pay?** in this prospectus.

***Optional Death Benefit Enhancement Riders***. If the Annuitant is age 75 or less, you may purchase a death benefit enhancement rider as part of your Contract, and this must be elected at the time of application. If you purchase a death benefit enhancement rider, we will pay your Beneficiary(ies), upon the Annuitant's death, a Death Benefit Enhancement, as described below, in addition to any other death benefit payment under the Contract. A death benefit enhancement rider provides a benefit when (1) cumulative prior performance has been negative such that the Minimum Death Benefit Amount (defined below) exceeds the Variable Account Value, as determined on the first day of a calendar month, and (2) the Annuitant dies during that month.

We offer two different death benefit enhancement riders: the Rising Floor Plus Death Benefit Enhancement Rider and the Step-Up Plus Death Benefit Enhancement Rider. You may purchase only one of these riders at the time you purchase your Contract. Neither rider may be purchased in combination with any other riders described in this prospectus, except (1) Contract Owners who purchased either of the riders prior to May 1, 2007, who may purchase the Optional Guaranteed Minimum Accumulation Benefit Rider described below, or (2) Contract Owners who purchased the Estate Enhancement Death Benefit Rider. The Death Benefit Enhancement from either of these riders is limited to $1 million. The Death Benefit Enhancement is payable until age 95.

*Rising Floor Plus Death Benefit Enhancement Rider.* If you purchase this rider, the Death Benefit Enhancement is determined on the first day of each calendar month following the contract date and remains level during that month. The Death Benefit Enhancement for any month is the Minimum Death Benefit Amount as of the first day of that month minus the greater of (a) the Variable Account Value as of the first day of that month; or (b) the sum of the purchase payments paid into the Separate Account adjusted for any withdrawals from the Separate Account.

On the contract date, the Minimum Death Benefit Amount is equal to purchase payments paid into the Separate Account.

On the first day of the calendar month following the contract date and all subsequent calendar months, the Minimum Death Benefit Amount is determined by taking (a) plus (b) minus (c) where:

(a) is the Minimum Death Benefit Amount as of the later of the contract date and the first day of the prior calendar month plus an interest adjustment at an effective annual rate of 5% applied until the Annuitant reaches age 80;

(b) is purchase payments paid into the Separate Account during the prior calendar month; and

(c) is an adjustment for withdrawals taken from the Separate Account during the prior calendar month. The adjustment is the greater of (1) the amount of the withdrawal, or (2) the

Minimum Death Benefit Amount immediately prior to the withdrawal divided by the Variable Account Value as of the day of the withdrawal multiplied by the amount of the withdrawal.

Because the Minimum Death Benefit Amount under this rider is calculated based upon the allocations to the Separate Account, increasing your purchase payments allocated to the Separate Account will increase the value of the Minimum Death Benefit Amount. Transfers into the Separate Account are treated as purchase payments paid into the Separate Account. Likewise, all transfers from the Separate Account are treated as withdrawals taken from the Separate Account. A full withdrawal of funds from the Separate Account will cause the Rider to terminate.

*Step-Up Plus Death Benefit Enhancement Rider.* If you purchase this rider, the Death Benefit Enhancement is determined on the first day of each calendar month before age 80 and remains level during the month. The Death Benefit Enhancement is the Minimum Death Benefit Amount as of the first day of that month minus the greater of (a) the Variable Account Value as of the first day of that month and (b) the sum of the purchase payments paid into the Separate Account less any withdrawals from the Separate Account. The Death Benefit Enhancement cannot be less than zero.

On the first Contract Anniversary, the Minimum Death Benefit Amount is equal to the greater of (a) the Variable Account Value and (b) the sum of the purchase payments paid into the Separate Account less any withdrawals from the Separate Account.

On each subsequent Contract Anniversary, the Minimum Death Benefit Amount is equal to the greater of (a) the Variable Account Value and (b) the Minimum Death Benefit Amount immediately prior to the Contract Anniversary.

In between Contract Anniversaries, the Minimum Death Benefit Amount is increased for purchase payments paid into the Separate Account and adjusted for withdrawals or transfers taken from the Separate Account. The adjustment is the greater of (a) the amount of the withdrawal and (b) the Minimum Death Benefit Amount immediately prior to the withdrawal divided by the Variable Account Value as of the day of the withdrawal multiplied by the amount of the withdrawal.

Because the Minimum Death Benefit Amount under this rider is calculated based upon the allocations to the Separate Account, increasing your purchase payments allocated to the Separate Account will increase the value of the Minimum Death Benefit Amount. Transfers into the Separate Account are treated as purchase payments paid into the Separate Account. Likewise, all transfers from the Separate Account are treated as withdrawals taken from the Separate Account. A full withdrawal of funds from the Separate Account will cause the Rider to terminate.

*Charge.* We will calculate and accrue a charge for your rider on the first day of each calendar month but only if the Death Benefit Enhancement is greater than zero on that day. The charge will be based on the attained age of the Annuitant as of the prior Contract Anniversary and the amount of the Death Benefit Enhancement. Accrued charges will be deducted on the Contract Anniversary or, if sooner, on the date we pay the death benefit, you begin taking annuity payments or you surrender the Contract. There is no charge for any month if cumulative prior performance has been positive and there is no Death Benefit Enhancement payable.

For information on the cost of the death benefit enhancement riders, see **What Charges Do I Pay?** in this prospectus.

***Estate Enhancement Death Benefit Rider***. You may purchase an estate enhancement death benefit rider with your Contract at the time the Contract is issued. This rider may not be purchased in combination with any other rider described in this prospectus, except (1) Contract Owners who purchased the rider prior to May 1, 2007, who may have purchased the Optional Guaranteed Minimum Accumulation Benefit Rider described below, or (2) Contract Owners who purchased the Rising Floor Plus Death Benefit Rider or the Step-Up Plus Death Benefit Rider. If you purchase the rider and the Annuitant dies before the Annuity Date, we will pay the estate enhancement death benefit to the Beneficiary as of the date we receive due proof of death and other information required to process the payment.

The amount of the estate enhancement death benefit will be a percentage of the sum of the Fixed Account Value, the Variable Account Value and all withdrawals from the Contract, less all purchase payments, subject to a limit as specified in the Contract. If the purchase payments exceed the sum of Fixed Account Value, the Variable Account Value and all withdrawals from the Contract, no estate enhancement death benefit will be paid. The Estate Enhancement Benefit Percentage and Benefit Cap vary based on the issue age of the Annuitant as shown below:

| *Issue Age Range* | *Estate Enhancement Benefit %* | *Estate Enhancement Benefit Cap % (applied to total purchase payments net of withdrawals)* |
|---|---|---|
| *1 - 60* | *40%* | *100%* |
| *61- 70* | *35%* | *60%* |
| *71- 80* | *30%* | *40%* |
| *81 and above* | *0%* | *0%* |

*Example 1.* Assume an individual purchases the Contract with Annuitant age 65 and with the estate enhancement death benefit attached. Assume further that $100,000 of purchase payments and $20,000 of withdrawals have been made, and that when the Annuitant dies the Variable Account Value is $90,000 and the Fixed Account Value is $30,000. The benefit amount before applying the limit would be $14,000, which is 35% of $40,000 (the sum of the Variable Account Value ($90,000), the Fixed Account Value ($30,000) and withdrawals ($20,000) less purchase payments ($100,000)). The benefit cap would be $48,000 ($600 for each $1,000 of the total $100,000 purchase payments that were made less the $20,000 of withdrawals). In this example, the benefit amount before applying the limit is less than the cap. Therefore, the estate enhancement death benefit would be $14,000.

*Example 2.* Assume an individual purchases the Contract with Annuitant age 65 and with the estate enhancement death benefit attached. Assume further that $100,000 of purchase payments and $20,000 of withdrawals have been made, and that when the Annuitant dies the Variable Account Value is $190,000 and the Fixed Account Value is $130,000. The benefit amount before applying the limit would be $84,000, which is 35% of $240,000 (the sum of the Variable Account Value ($190,000), the Fixed Account Value ($130,000) and withdrawals ($20,000) less purchase payments ($100,000)). The benefit cap would be $48,000 ($600 for each $1,000 of the total $100,000 purchase payments that were made less the $20,000 of withdrawals). In this example, the benefit amount before applying the limit is greater than the cap. Therefore, the estate enhancement death benefit would be capped at $48,000.

For information on the cost of the estate enhancement death benefit, see **What Charges Do I Pay?** in this prospectus.

***Choosing a Lump Sum or Annuity.*** Your Beneficiary has one year from your death to choose to receive the death benefit in a lump sum or as an annuity. Your Beneficiary has only 60 days to make this election if the death benefit is paid upon death of an Annuitant other than you.

- If the Beneficiary chooses a lump sum, he or she may ask us to postpone payment of the lump sum for up to five years (until paid out, the death benefit will be allocated to Subaccounts of the Separate Account and/or the fixed interest account as directed by the Beneficiary).

- If the Beneficiary chooses an annuity, we will begin annuity payments no later than one year from the date of death. Payments will be made over the Beneficiary's life or over a period not longer than the Beneficiary's life expectancy.

- If an election is not made within one year of the date of death of the Contract Owner or within 60 days of the death of an Annuitant other than you, the death benefit will be paid to the Beneficiary in a lump sum.

If your Beneficiary is your surviving spouse, he or she may become the Contract Owner rather than receive the death benefit. If the spouse elects to become the Contract Owner, the Contract Value will be adjusted to equal the death benefit. Further, the spouse may exchange the continued Contract for a new variable contract of the same policy form, or a form designated by us if this form is no longer available for sale, and the Contract Value transferred to the new contract in the exchange will not be subject to a contingent deferred sales charge.

If there is more than one surviving Beneficiary, they must choose their portion of the death benefit in accordance with the above options.

If the Annuitant dies on or after the Annuity Date, the death benefit payable, if any, will be paid in accordance with your choice of annuity.

For individual retirement annuity (IRA) contracts, if the owner/annuitant of the IRA dies, the Beneficiary is entitled to receive the standard death benefit as described above. The Beneficiary has until December 31st of the year after the calendar year when the owner died to choose the death benefit settlement option. The Beneficiary may delay disbursement for up to ten years. An "eligible designated beneficiary" may "stretch" the IRA by purchasing a new Penn Mutual contract then available. An "eligible designated beneficiary" is the owner's surviving spouse, minor child (until the child reaches the age of majority, at which time the 10-year rule begins to apply), or an individual who is disabled, chronically ill, or not more than 10 years younger than the IRA owner. A spousal beneficiary may continue the Contract. The death benefit must be distributed in accordance with applicable regulations and tax laws.

For further information on the tax treatment of death benefits, see **Federal Income Tax Considerations** in this prospectus.

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**May I Transfer Money among Subaccounts and the Fixed Interest Accounts?**

**Transfer Limits.**

***Before the Annuity Date.*** You may transfer your Contract Value among Subaccounts of the Separate Account and the fixed interest accounts.

- The minimum amount that may be transferred is $250 or, if less, the amount held in the Subaccount or fixed interest account. In the case of partial transfers, the amount remaining in the Subaccount or fixed interest account must be at least $250.
- You may transfer amounts from a fixed interest account only at the completion of the interest period or within 25 days thereafter.
- You may transfer from the Six Month Dollar Cost Averaging Account or the Twelve Month Dollar Cost Averaging Account to a Subaccount of the Separate Account as described under *Dollar Cost Averaging* below.
- You may not transfer from a Subaccount of the Separate Account to the Six Month Dollar Cost Averaging Account or the Twelve Month Dollar Cost Averaging Account.

***After the Annuity Date.*** You or the Beneficiary (upon your death or the death of the Annuitant) may transfer amounts among Subaccounts of the Separate Account.

- The minimum amount that may be transferred is $250 or, if less, the amount held in the Subaccount. In the case of partial transfers, the amount remaining in the Subaccount must be at least $250.
- Transfers are currently limited to the Subaccounts selected at the time of annuitization.

***General Rules.*** Transfers will be based on values at the end of the Valuation Period in which the transfer request is received at our Administrative Office. A transfer request must be received at our Administrative Office from you or the agent of record (pursuant to your instruction), and all other administrative requirements must be met to make the transfer. In certain circumstances, such as periods of market volatility, severe weather, and emergencies, you may experience difficulty providing transaction instructions by telephone. We do not guarantee that we will be able to accept transaction instructions via telephone at all times. We also reserve the right to suspend or terminate telephone transaction privileges altogether at any time. We require certain personal identifying information to process a request for transfer made over the telephone. We will not be liable for following instructions, including instructions from the agent of record, communicated by telephone that we reasonably believe to be genuine.

For transfers other than dollar cost averaging and automatic rebalancing, we reserve the right to charge a fee, although we have no present intention of doing so.

***General Information on Market Timing.*** The Contract is not designed for individuals and professional market timing organizations that use programmed and frequent transfers among investment options. We therefore reserve the right to change our telephone transaction policies and procedures at any time to restrict the use of telephone transfers for market timing and to otherwise restrict market timing, up to and including rejecting transactions we reasonably believe are market timing transactions, when we believe it is in the interest of all of our Contract Owners to do so. However, we may not be able to detect all market timing and may not be able to prevent frequent transfers, and any possible harm caused by those we do detect. We will notify you of any actions we take to restrict your ability to make transfers.

***Frequent Trading Risks.*** Frequent exchanges among Subaccounts and market timing by Contract Owners can reduce the long–term returns of the underlying Funds. The reduced returns could adversely affect the Contract Owners, Annuitants, insureds or Beneficiaries of any variable annuity or variable life insurance contract issued by any insurance company with respect to values allocated to the underlying Fund. Frequent exchanges may reduce the Fund’s performance by increasing costs paid by the fund (such as brokerage commissions); they can disrupt portfolio management strategies; and they can have the effect of diluting the value of the shares of long term shareholders in cases in which fluctuations in markets are not fully priced into the Fund’s net asset value.

The Funds available through the Subaccounts generally cannot detect individual Contract Owner exchange activity because they are owned primarily by insurance company separate accounts that aggregate exchange orders from owners of individual contracts. Accordingly, the Funds are dependent in large part on the rights, ability and willingness of the participating insurance companies to detect and deter short-term trading by Contract Owners. We have entered into an agreement with the Funds that requires us to provide the Funds with certain Contract Owner transaction information to enable the Funds to review the Contract Owner transaction activity involving the Funds.

***Frequent Trading Policies.*** We have adopted policies and procedures designed to discourage frequent trading. We monitor on an ongoing basis the operation of these policies and procedures and may, at any time without notice to Contract Owners, revise them in any manner not inconsistent with the terms of the Contract. If requested by the investment adviser and/or sub-adviser of a Fund, we will consider additional steps to discourage frequent trading. In addition, we reserve the right to reject any purchase payment or exchange request at any time for any reason.

***Dollar Cost Averaging.*** Dollar cost averaging is a way to invest in which securities are purchased at regular intervals in fixed dollar amounts, so that the cost of the securities gets averaged over time and possibly over market cycles. If you have Contract Value of at least $10,000, you may allocate money to the Six Month Dollar Cost Averaging Account or the Twelve Month Dollar Cost Averaging Account, and have a fixed percentage transferred monthly from the account to variable Subaccounts to achieve dollar cost averaging. The minimum transfer to each Subaccount must be at least $50. Dollar cost averaging may also be done from one of the following accounts: Money Market Subaccount, Limited Maturity Bond Subaccount and Quality Bond Subaccount. You may dollar cost average from these variable Subaccounts for up to 60 months, from the Six Month Dollar Cost Averaging Account for up to 6 months and from the Twelve Month Dollar Cost Averaging Account for up to twelve months. Only new purchase payments may be allocated to the six and twelve month Dollar Cost Averaging accounts. If you stop the program while in the Six or Twelve Month Dollar Cost Averaging Accounts, any money left in the account will be transferred into the Money Market Subaccount.

***Automatic Rebalancing.*** Automatic rebalancing is a way to maintain your desired asset allocation percentages. Because the value of your Subaccounts will fluctuate in response to investment performance, your asset allocation percentages may become out of balance over time. If you have a Contract Value of at least $10,000 you may elect automatic rebalancing. We will transfer funds under your Contract on a quarterly (calendar) basis among the Subaccounts to maintain a specified percentage allocation among your selected variable investment options. You may elect to participate in the program when you apply for your Contract or, after you have owned your Contract, by completing an election form or by calling our customer service line. You may discontinue the program at any time.

Dollar cost averaging and automatic rebalancing may not be in effect at the same time and are not available after annuitization. There is no charge for dollar cost averaging or automatic rebalancing.

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**May I Withdraw Any of My Money?**

Before the Annuity Date and the death of the Contract Owner or Annuitant, you may withdraw all or part of your Contract Value. We base your withdrawal on your Contract Value next determined after we receive proper authorization from the Contract Owner for withdrawal at our Administrative Office. We will pay you within seven days, except in limited circumstances. Please see "Deferment of Payment and Transfers" for more information on these limited circumstances. You may pay a contingent deferred sales charge when you withdraw Contract Value. See **What Charges Do I Pay — Contingent Deferred Sales Charge**. You may pay tax when you make a withdrawal, including an additional 10% tax under certain circumstances. See **Federal Income Tax Considerations.**

- The minimum withdrawal is $500. However, if it is your first withdrawal in a Contract Year, the minimum withdrawal is the Free Withdrawal Amount (as defined below) if that amount is less than $500. See **Free Withdrawals** below.

- You may make a partial withdrawal only if the amount remaining in the Contract is at least $5,000 and the balance remaining in the Subaccount or fixed interest account from which the withdrawal is made is at least $250.

- If you do not tell us otherwise, the withdrawal will be taken pro rata from the Subaccounts; if the partial withdrawal exhausts your Variable Account Value, then any remaining withdrawal will be taken from the fixed interest accounts beginning with the fixed interest account with the shortest interest period. Within a fixed interest account, partial withdrawals will be made from amounts most recently allocated, renewed or transferred.

***Systematic Withdrawals.*** If you have not exhausted your Free Withdrawal Amount in the current Contract Year, you can make Systematic Withdrawals. These are regular payments that we make to you on a monthly, quarterly, semiannual or annual basis. It is a convenient way for you to withdraw a limited percentage of purchase payments without incurring a contingent deferred sales charge. The total amount that you withdraw in a Contract Year cannot exceed your Free Withdrawal Amount, and the minimum amount of each withdrawal payment is $50. Your payments will begin on the next withdrawal date following one modal period after we receive your request. For example, if we receive your request for quarterly withdrawals on January 3rd, and the next withdrawal date is the 8th of the month, your quarterly withdrawals will begin on April 8th. Please note that no confirmations will be sent on Systematic Withdrawals. They will, however be reflected on statements. See **Free Withdrawals** below. For information on the tax treatment of withdrawals, see **Federal Income Tax Considerations** in this prospectus.

The first year Systematic Withdrawals are elected the entire amount of the withdrawal requested will be disbursed among the remaining Systematic Withdrawal payments to be made prior to the next Contract Anniversary. Systematic Withdrawal amounts will then be recalculated upon the next Contract Anniversary to reflect the annual withdrawal amount requested and a full year of systematic payments. For example, if you request your Free Withdrawal Amount with monthly Systematic Withdrawals and there are four months remaining in your Contract Year, you will receive the entire Free Withdrawal Amount divided by the four payments remaining in your Contract Year. Upon your next Contract Anniversary, your monthly Systematic Withdrawal payment will be recalculated to be 1/12 of the annual Free Withdrawal Amount. This could result in lower Systematic Withdrawal payments in your second year of withdrawal.

***403(b) Withdrawals.*** There are restrictions on withdrawals from Contracts qualifying under Section 403(b) of the Code. Generally, withdrawals may be made only if the Contract Owner is over the age of 59 1/2, leaves the employment of the employer, dies, or becomes disabled as defined in the Code. Withdrawals (other than withdrawals attributable to income earned on purchase payments) may also be possible in the case of hardship as defined in the Code. The restrictions do not apply to transfers among Subaccounts and may also not apply to transfers to other investments qualifying under Section 403(b). For information on the tax treatment of withdrawals under Section 403(b) Contracts, see **Federal Income Tax Considerations** in this prospectus.

***Optional Guaranteed Minimum Accumulation Benefit Rider***. You may purchase a guaranteed minimum accumulation benefit rider as part of your Contract at the time the Contract is issued or on any Contract Anniversary after your Contract is issued as long as we receive written notice of your intention to do so. This rider may not be purchased in combination with any other rider described in this prospectus, except that this rider is available to Contract Owners who purchased the Optional Death Benefit Enhancement Riders or the Estate Enhancement Death Benefit Rider prior to May 1, 2007. The date of such purchase, however, must be at least ten years prior to the Annuity Date specified in the contract. Written notice must be received by The Penn Mutual Life Insurance Company, Customer Service Group, at least 30 calendar days prior to your Contract Anniversary.

A guaranteed minimum accumulation benefit ensures the availability of a minimum Contract Value at the end of the benefit period, which is defined below. It may provide protection in the event of lower Contract Values that may result from the investment performance of the Contract. The Company also reserves the right to make the availability of the guaranteed minimum accumulation benefit contingent upon the investment of the entire Contract Value, according to an asset allocation program established by the Company for the full benefit period. At the present time, no asset allocation program is required for this rider. If the Company requires an asset allocation program in the future, the asset allocation program will only apply to new purchasers of this benefit.

The guaranteed minimum accumulation benefit will be equal to the Contract Value at the start of the benefit period, plus the amount of any subsequent purchase payments received during the first Contract Year of the benefit period, reduced by a proportional amount for any partial withdrawals of the Contract Value during the benefit period. The reductions in the guaranteed minimum accumulation benefit will occur as of the date of each applicable partial withdrawal. If the guaranteed minimum accumulation benefit exceeds the Contract Value at the end of the benefit period, which is equal to ten years, the Company will increase the Contract Value so that it equals the guaranteed minimum accumulation benefit. At the end of the benefit period, the Contract Owner can elect to renew the guaranteed minimum accumulation benefit for a new benefit period.

The Contract Owner may elect to increase the guaranteed minimum accumulation benefit through the use of the Step-Up Benefit as of the Step-Up Benefit Date. The Step-Up Benefit Date is any Contract Anniversary starting with the 5th anniversary of the effective date of the rider. The Step-Up Benefit is the increase of the guaranteed minimum accumulation benefit to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. Written notice must be received by The Penn Mutual Life Insurance Company, Customer Service Group, at least 30 days prior to the Contract Anniversary. An additional Step-Up Benefit can be elected on or after the 5th anniversary of the most recent Step-Up Benefit Date. Electing a Step-Up of the guaranteed minimum accumulation benefit extends the benefit period for an additional five years from the Step-Up date.

The guaranteed minimum accumulation benefit will terminate under the following conditions:

(a) at the end of the benefit period if the guaranteed minimum accumulation benefit is not renewed;

(b) on the Contract Anniversary immediately following receipt by the Company of a written request by the Contract Owner to discontinue the agreement;

(c) full surrender of the Contract;

(d) date of the first death of a Contract Owner or the date of death of the last surviving Annuitant; or

(e) annuitization.

***Optional Guaranteed Minimum Accumulation Benefit and Guaranteed Minimum Withdrawal Benefit Rider (Growth & Income Protector Benefit Rider)*** At the time you purchase your Contract, you may purchase a Growth & Income Protector Benefit rider for an additional charge, which includes the following enhancements to your Contract:

(1) **Guaranteed Minimum Accumulation Benefit (GMAB)** — This benefit allows the Annuitant or Joint Annuitant, if applicable, to receive the guaranteed return of initial purchase payments, plus a percentage of additional purchase payments, for the first 10 years, pro-rated for withdrawals. If the GMAB exceeds the contract value in year 10, the contract value will be increased to equal the GMAB.

(2) **Guaranteed Minimum Withdrawal Benefit** — This benefit permits the Annuitant or Joint Annuitant, if applicable, to receive annual minimum payments regardless of the Contract Value either for a certain period of time or for the Annuitant's lifetime or Joint Annuitant's lifetime.

(3) **Death Benefit Enhancement** — The Company will pay to a beneficiary upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant, a death benefit enhancement in addition to the death benefit provided in your Contract.

Descriptions of these three enhancements are included below.

**How do I elect the Growth & Income Protector Benefit Rider?**

You may elect the Growth & Income Protector Benefit rider at the time of purchase of your Contract for an additional charge. The Rider Effective Date is the Contract Date. This rider may not be added after you purchase your Contract and may not be selected in combination with any other Living Benefit or Death Benefit riders described in this prospectus. This rider can be purchased on a single or a joint life basis. The joint life basis permits joint annuitants, but does not allow joint ownership of the Contract.

You may elect the rider only if the Annuitant (if a Single Life Guarantee) or the younger of the Annuitant and the Joint Annuitant (if a Joint Life Guarantee) is at least 35 years old and is not older than 80 on the Contract Date. (Issue age is determined by Age Nearest Birthday.) The Contract Owner must satisfy the requirements of the base Contract.

**Important information to note about the Growth & Income Protector Benefit Rider:**

– At the present time, there are no investment allocation restrictions required for this rider. However, the Company reserves the right to impose certain investment allocation restrictions in the future. If the Company imposes investment allocation restrictions in the future, the restrictions may apply to in-force and/or new contracts, upon the Company's discretion.

- The Contract Rider Charges are non-refundable, whether or not you have taken withdrawals while the rider is in effect. Rider Charges are subject to change in the future. (See "Rider Charges" section of the Prospectus for details.)

- All withdrawals, including the withdrawals made while the rider is in effect, reduce your Contract Value and Death Benefit.

- Once you elect this rider, any withdrawal will still be subject to the terms of the Contract. This includes the Free Withdrawal Amount.

- If the Withdrawal Amount is greater than the Free Withdrawal Amount, we will apply Contingent Deferred Sales Charges (See "Contingent Deferred Sales Charge" section of the Prospectus for details) and any other applicable charges.

- The rider may not be added after you purchase your Contract or in combination with any other riders.

- The Death Benefit Enhancement available as part of the package differs from the death benefit riders described above. (See "What are the Death Benefits under my Contract?" section of the Prospectus for details.)

- The rider can be terminated on or after the fifth Contract Anniversary.

(1) **GUARANTEED MINIMUM ACCUMULATION BENEFIT**

The Guaranteed Minimum Accumulation Benefit (GMAB) will be equal to the Contract Value at the start of the benefit period, plus a percentage (set forth under "How will additional Purchase Payments affect the Guaranteed Minimum Accumulation Benefit Base" below) of any subsequent purchase payments received during the benefit period, reduced by a proportional amount for any withdrawals during the benefit period. The benefit period is 10 years from the effective date of the rider. The reductions in the GMAB will occur as of the date of each applicable withdrawal. If the GMAB exceeds the Contract Value at the end of the benefit period, the Company will increase the Contract Value so that it equals the GMAB. At the end of 10 years, the GMAB will be automatically renewed for a new benefit period. The GMAB benefit period may also reset upon the election of a Step-Up Benefit (see below).

**Step-Up Benefit and Step-Up Benefit Date** — The Step-Up Benefit for the GMAB is the increase in the GMAB to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. The Step-Up Benefit Date is any Contract Anniversary starting with the fifth anniversary of the effective date of the rider.

On the Step-Up Benefit Date, the Contract Owner has the option to increase both the GMAB and the Guaranteed Minimum Withdrawal Benefit (see below). If the Contract Owner elects to exercise the Step-Up Benefit, both the GMAB and the Guaranteed Minimum Withdrawal Benefit (see below) are evaluated for Step-Up. A Step-Up is effective if either the GMAB and/or the Guaranteed Minimum Withdrawal Benefit is increased to the Contract Value as of the most recent Step-Up Benefit Date.

Once a step-up has been elected and is effective, if the GMAB is increased to the Contract Value, a new 10-year benefit period begins. An additional Step-Up Benefit cannot be elected until after the fifth anniversary of the most recent Step-Up Benefit Date.

To elect a Step-Up Benefit, written notice must be received by The Penn Mutual Life Insurance Company, Annuity Customer Service, at least 30 days prior to the Contract Anniversary.

**How will additional Purchase Payments affect the Guaranteed Minimum Accumulation Benefit Base?**

For each 10-year benefit period, subsequent purchase payments made to the Contract will increase the Guaranteed Minimum Accumulation Benefit Base as follows:

- 100% of Purchase Payments made in years one through two

- 90% of Purchase Payments made in years three through four
- 80% of Purchase Payments made in years five through six
- 70% of Purchase Payments made in years seven through eight
- 60% of Purchase Payments made in years nine through ten

**How will withdrawals affect the Guaranteed Minimum Accumulation Benefit Base?**

The Guaranteed Minimum Accumulation Benefit Base will be reduced by the withdrawal in a proportional manner. The reductions in the Guaranteed Minimum Accumulation Benefit Base occur as of the date of each applicable withdrawal. The proportional reduction, which is subtracted from the GMAB base immediately prior to the withdrawal, is determined by multiplying (i) and (ii) where:

(i) is the Guaranteed Minimum Accumulation Benefit immediately prior to the withdrawal, and

(ii) is a ratio of the current withdrawal amount to the Contract Value immediately prior to the withdrawal.

| |
|---|
| **Example:**<br><br>Assume there is a single $7,500 withdrawal during a Contract Year.<br>Suppose that the Contract Value and Guaranteed Minimum Accumulation Benefit Base just prior to the withdrawal are $110,000 and $100,000 respectively.<br><br>The Guaranteed Minimum Accumulation Benefit Base will be reduced by the following amount: Guaranteed Minimum Accumulation Benefit Base x (Withdrawal/Contract Value) = $100,000 x ($7,500/$110,000) = $6,818.18<br><br>If the Contract Value just before the $7,500 withdrawal was $90,000, the reduction to the Guaranteed Minimum Accumulation Benefit Base would be as follows: Guaranteed Minimum Accumulation Benefit Base x (Withdrawal/Contract Value) =<br>$100,000 x ($7,500/$90,000) = $8,333.33 |

(2) **GUARANTEED MINIMUM WITHDRAWAL BENEFIT**

**What are the two withdrawal options that I can choose with this rider?**

The Guaranteed Minimum Withdrawal Benefit allows you to receive withdrawals in guaranteed minimum amounts annually in two different ways — via the **Return of Benefit Base Withdrawal Option** or the **Guaranteed Lifetime Withdrawal Option**.

The Guaranteed Minimum Withdrawal Benefit Base (see below for description) is the starting point for determining the amounts you receive under the two minimum withdrawal options. These options are defined below and operate concurrently until one or both terminate.

1) **The Return of Benefit Base Withdrawal Option** — You can withdraw an amount annually until the Guaranteed Minimum Withdrawal Benefit Base (see below for a description) is depleted. The amount that can be withdrawn is called the **Guaranteed Annual Withdrawal Amount**. This amount is first determined by multiplying the initial Guaranteed Minimum Withdrawal Benefit Base by the Guaranteed Annual Withdrawal Percentage. The current Guaranteed Annual Withdrawal Percentage is 7.0%.

2) **The Guaranteed Lifetime Withdrawal Option** — You can withdraw an amount annually as long as either the Annuitant or Joint Annuitant, if applicable, is alive. The amount that can be withdrawn is called the **Guaranteed Annual Lifetime Withdrawal Amount.** This amount is first determined by multiplying the initial Lifetime Withdrawal Benefit Base by the Guaranteed Annual Lifetime Withdrawal Percentage. The current Guaranteed Annual Lifetime Withdrawal Percentage is 5.0%. Any change in the Lifetime Withdrawal Benefit Base will also change the Guaranteed Annual Lifetime Withdrawal Amount on the Contract Anniversary.

**How do I begin taking withdrawals?**

To begin withdrawals, call Annuity Customer Service at our toll-free customer service line.

**What if I withdraw less than the Guaranteed Annual Withdrawal Amount or Guaranteed Annual Lifetime Withdrawal Amount?**

For both withdrawal options, you may take withdrawals equal to or less than the Guaranteed Annual Amount during each Contract Year as calculated per the above. Withdrawals in a Contract Year that do not exceed the Guaranteed Annual Amount do not affect the guaranteed amount for that option for subsequent years: if you elect to take less than or none of the Guaranteed Annual Amount in any given Contract Year, the Guaranteed Annual Amount is not increased in subsequent Contract Years. You cannot carry over any unused guaranteed withdrawal amounts to any future Contract Years.

**Example**: Suppose that with either withdrawal option, the Guaranteed Annual Amount is $1,000 and you withdraw $500 during the current Contract Year. The Guaranteed Annual Amount will not increase by $500 in the next Contract Year.

**What if I withdraw more than the Guaranteed Annual Amount?**

Each Contract Year, if your Contract Value is greater than zero, you may withdraw more than the Guaranteed Annual Amount in effect at the time of the withdrawal request. Any portion of a withdrawal that causes cumulative withdrawals in a given Contract Year to exceed the Guaranteed Annual Amount is referred to as an Excess Withdrawal. An Excess Withdrawal could significantly reduce your Guaranteed Minimum Withdrawal Benefit Base by more than your actual Excess Withdrawal amount. Excess Withdrawals will also reduce the amount of the future Guaranteed Annual Amount.

**Once I select a withdrawal option, can I change to the other option?**

Even after you start withdrawing from one option, you may exchange to the other option and back as frequently as you want until one or both of them terminate. However, it is important to note that if you switched from a Return of Benefit Base Withdrawal Option to a Lifetime Benefit Base Withdrawal Option, the portion of the Guaranteed Annual Withdrawal Amount that was in excess of the Guaranteed Annual Lifetime Withdrawal Amount will be treated as an Excess Withdrawal under the Lifetime Benefit Base Withdrawal Option. This will result in a reduced Guaranteed Annual Lifetime Withdrawal Amount in subsequent years.

**What is the Guaranteed Minimum Withdrawal Benefit Base?**

The Guaranteed Minimum Withdrawal Benefit Base is the starting point for determining the amounts you receive under the two minimum withdrawal options.

1) **On the Contract Date:**

   The Guaranteed Minimum Withdrawal Benefit Base is the Initial Purchase Payment received and any Purchase Payment Enhancement, if applicable.

2) **After the Contract Date, but prior to the date of the first withdrawal:**

The Guaranteed Minimum Withdrawal Benefit Base is equal to the greater of (a) or (b), below, where:

(a) is the sum of each Purchase Payment received and any Purchase Payment Enhancements, if applicable, accumulated on a daily basis at an annual effective rate equal to the Benefit Base Accumulation Rate (described below) until the earlier of 10 years from the Contract Date or the Benefit Base Accumulation Cease Date (described below) and the date of the first withdrawal; and

(b) is the highest Contract Value as of any Contract Anniversary until the earlier of 10 years from the Contract Date or the Benefit Base Accumulation Cease Date (described below) and the date of the first withdrawal.

3) **On the date of the first withdrawal:**

The Guaranteed Minimum Withdrawal Benefit Base is equal to the greatest of (a), (b) or (c) below, where:

(a) is the Contract Value on the date of the first withdrawal, immediately prior to the first withdrawal;

(b) is the sum of each Purchase Payment received and any Purchase Payment Enhancements, if applicable, accumulated on a daily basis at an annual effective rate equal to the Benefit Base Accumulation Rate (described below) until the earlier of 10 years from the Contract Date or the date of the first withdrawal; and

(c) is the highest Contract Value on any Contract Anniversary until the earlier of 10 years and the date of the first withdrawal.

The current Benefit Base Accumulation Rate is 3% and the current Benefit Base Accumulation Cease Date is 10 years from the Contract Date. For contracts issued prior to May 4, 2009, the Benefit Base Accumulation Rate is 5% (3% for contracts issued in Washington).

**How can the Guaranteed Minimum Withdrawal Benefit Base be affected?**

Your Benefit Base may be affected by withdrawals, step-ups or additional purchase payments:

**Effect of Withdrawals on Guaranteed Minimum Withdrawal Benefit Base**

1) **Return of Benefit Base Withdrawal Option**

The Return of Benefit Base Withdrawal Option guarantees that each Contract Year you can take withdrawals up to the Return of Benefit Base Withdrawal Amount, which is initially equal to the Guaranteed Annual Withdrawal Percentage multiplied by the initial Guaranteed Minimum Withdrawal Benefit Base. The current Return of Benefit Base Withdrawal Percentage is 7.0%.

If you take withdrawals less than or equal to the 7.0% Guaranteed Annual Withdrawal Amount during any Contract Year, the Guaranteed Minimum Withdrawal Benefit Base will be reduced by the dollar amount of the withdrawals until the Guaranteed Minimum Withdrawal Benefit Base is reduced to zero.

Once the 7.0% Guaranteed Annual Withdrawal Amount has been withdrawn in any Contract Year, any additional withdrawals where the full amount or a portion of the withdrawal exceeds the Guaranteed Annual Withdrawal Amount will reduce the Benefit Base in a proportional manner until it is reduced to zero. The proportional reduction is applied to the Guaranteed Minimum Withdrawal Benefit Base and is determined by multiplying (i) and (ii) where:

i) is the Guaranteed Minimum Withdrawal Benefit Base just before the Excess Return of Benefit Base Withdrawal; and

ii) is the ratio of the Excess Return of Benefit Base Withdrawal to the Contract Value just prior to the Excess Return of Benefit Base Withdrawal.

2) **Lifetime Benefit Base Withdrawal Option**

The Lifetime Withdrawal Option guarantees that each Contract Year you can take withdrawals up to the Guaranteed Annual Lifetime Withdrawal Amount which is initially equal to the Guaranteed Annual Lifetime Withdrawal Percentage multiplied by the initial Lifetime Withdrawal Benefit Base. The current Guaranteed Annual Lifetime Withdrawal Percentage is 5.0%.

If you take withdrawals less than or equal to the 5.0% Guaranteed Annual Lifetime Withdrawal Amount during any Contract Year, the Lifetime Withdrawal Benefit Base will not be adjusted.

If you take withdrawals greater than the 5.0% Guaranteed Annual Lifetime Withdrawal Amount during any Contract Year, the Lifetime Withdrawal Benefit Base will be reduced by the Excess Withdrawal Amount in a proportional manner. The proportional reduction is applied to the Lifetime Withdrawal Benefit Base and is determined by multiplying (i) and (ii) where:

i) is the Lifetime Withdrawal Benefit Base just before the Excess Lifetime Withdrawal; and

ii) is the ratio of the Excess Lifetime Withdrawal to the Contract Value just before the Excess Lifetime Withdrawal.

This adjustment to your Lifetime Withdrawal Benefit Base will also result in a reduction to the Guaranteed Annual Lifetime Withdrawal Amount.

**Example:** Assume that the Guaranteed Annual Withdrawal Amount (GAWA) is $7,000 and there is a single $7,500 withdrawal (WD) during a Contract Year. Suppose that the Contract Value (CV) and Guaranteed Minimum Withdrawal Base (GMWB) just prior to the $500 Excess Withdrawal are $110,000 and $100,000, respectively:
**GAWA = $7,000, WD = $7,500, Excess WD = $500, CV = $110,000, GMWB = $100,000**

The Guaranteed Minimum Withdrawal Base will be reduced by the following amount:
GMWB x (Excess WD/CV) = $100,000 x ($500/$110,000) = $454.5

The Guaranteed Annual Withdrawal Amount will be reduced by the following amount:
Previous GAWA x (Excess WD/CV) = $7,000 x ($500/$110,000) = $31.82

If the Contract Value just before the $500 Excess Withdrawal was $90,000:
**GAWA = $7,000, WD = $7,500, Excess WD = $500, CV = $90,000, GMWB = $100,000**

The Guaranteed Minimum Withdrawal Base will be reduced by the following amount:
GMWB x (Excess Withdrawal/Contract Value) = $100,000 x $500/$90,000) = $555.5

Guaranteed Annual Withdrawal Amount will be reduced as follows:
Previous GAWA x (Excess WD/CV) = $7,000 x ($500/$90,000) = $38.89

**Effect of Step-Ups on Guaranteed Minimum Withdrawal Benefit Base**

**Optional Step-Up Benefit and Return of Benefit Base**: After the first withdrawal, on each Step-Up Benefit Date, if the Contract Owner elects a Step-Up and the Contract Value is greater than the Guaranteed Minimum Withdrawal Benefit Base, then the Guaranteed Minimum Withdrawal Benefit Base will be increased to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. The Step-Up Benefit Date is any Contract Anniversary starting with the 5th Contract Anniversary. An additional step-up benefit cannot be elected until after the 5th anniversary of the most recent Step-Up Benefit Date.

Once a step-up has been elected and is effective, if the Guaranteed Minimum Withdrawal Benefit Base is increased to the Contract Value as of the most recent Step-Up Benefit Date, the new Guaranteed Minimum Withdrawal Benefit Base replaces the previous benefit base. A new Guaranteed Annual Withdrawal Amount will commence as of the most recent Step-Up Benefit Date and will equal the Contract Value as of the Step-Up Benefit Date multiplied by the Guaranteed Annual Withdrawal Percentage.

To elect a Step-Up Benefit, written notice must be received by The Penn Mutual Life Insurance Company, Annuity Customer Service, at least 30 days prior to the Contract Anniversary.

**Optional Step-Up Benefit and Lifetime Benefit Base**: After the first withdrawal, on each Step-Up Benefit Date, if the Contract Owner elects a Step-Up and the Contract Value is greater than the Step-Up Benefit for the Lifetime Withdrawal Benefit Base, then the Lifetime Withdrawal Benefit Base will be increased to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. The Step-Up Benefit Date is any Contract Anniversary starting with the 5th Contract Anniversary. An additional step-up benefit cannot be elected until after the 5th anniversary of the most recent Step-Up Benefit Date.

Once a step-up has been elected and is effective, if the Lifetime Withdrawal Benefit Base is increased to the Contract Value as of the most recent Step-Up Benefit Date, the new Lifetime Withdrawal Benefit Base replaces the previous benefit base. A new Guaranteed Annual Lifetime Withdrawal Amount will commence as of the most recent Step-Up Benefit Date and will equal the Contract Value as of the Step-Up Benefit Date multiplied by the Guaranteed Annual Lifetime Withdrawal Percentage.

To elect a Step-Up Benefit, written notice must be received by The Penn Mutual Life Insurance Company, Annuity Customer Service, at least 30 days prior to the Contract Anniversary.

**Effect of Additional Purchase Payments made after the date of first withdrawal on Guaranteed Minimum Withdrawal Benefit Base**

As long as the Contract Value is positive, additional purchase payments will increase the Guaranteed Minimum Withdrawal Benefit Base and the Guaranteed Annual Withdrawal Amount (or Guaranteed Annual Lifetime Withdrawal Amount). The Guaranteed Minimum Withdrawal Benefit Base will be increased dollar-for-dollar by the amount of each additional Purchase Payment. The Guaranteed Annual Withdrawal Amount (or Guaranteed Annual Lifetime Withdrawal Amount) will be increased by the amount of the additional purchase payment multiplied by the applicable Guaranteed Annual Withdrawal Percentage (or Guaranteed Annual Lifetime Withdrawal Percentage).

**What happens to withdrawal benefits if the Contract Value is reduced to zero?**

If the Contract Value is reduced to zero and any benefits are due under either of the two withdrawal options, no additional Purchase Payments will be accepted and the remaining minimum withdrawals will be made as follows:

The Owner has the option to receive the remaining Guaranteed Minimum Withdrawal Benefit payment under either of the two withdrawal options:

(a) If you choose the Return of Benefit Base Withdrawal Option, you will receive the remaining Guaranteed Annual Withdrawal Amount not yet withdrawn in the current

Contract Year. In subsequent Contract Years, you will receive the Guaranteed Annual Withdrawal Amount in effect as of the date that the Contract Value was reduced to zero until your Guaranteed Minimum Benefit Base Remaining is depleted.

(b) If you choose the Lifetime Withdrawal Option, you will receive the remaining Guaranteed Annual Lifetime Withdrawal Amount not yet withdrawn in the current Contract Year. In subsequent Contract Years, you will receive the Guaranteed Annual Lifetime Withdrawal Amount in effect as of the date that the Contract Value was reduced to zero.

(c) If you do not specify a withdrawal option, the default option is the Lifetime Withdrawal Option.

**What if the Contract Value is reduced to zero due to Excess Withdrawals?**

If the Contract Value is reduced to zero in a Contract Year where:

(1) The Guaranteed Annual Lifetime Withdrawal Amount is reduced to zero due to the impact of withdrawals in excess of the Guaranteed Annual Lifetime Withdrawal Amount, and

(2) The Guaranteed Minimum Withdrawal Benefit Base is positive,

you will receive the remaining minimum withdrawals under the Return of Benefit Base Withdrawal Option only. In the Contract Year in which the Contract Value is reduced to zero, we will pay the Guaranteed Annual Withdrawal Amount not yet withdrawn. In subsequent Contract Years, we will pay the Guaranteed Annual Withdrawal Amount, in effect as of the date that the Contract Value was reduced to zero, or any remaining Guaranteed Minimum Withdrawal Benefit Base, if less.

Remaining minimum withdrawal payments are made on an annual basis in a Contract Year. If the total remaining minimum withdrawals due each Contract Year are less than $100, the remaining payments will be commuted and a lump sum will be paid.

If the remaining minimum withdrawals are based on the Guaranteed Annual Lifetime Withdrawal Amount, such payments will be commuted using the then currently available annuity factors for a single life annuity under the Contract. If the remaining minimum withdrawals are based on the Guaranteed Annual Withdrawal Amount, the remaining Benefit Base will be paid.

**Effect of Required Minimum Distributions on Guaranteed Minimum Withdrawal Benefit** — If you have elected required minimum distribution (RMD) withdrawals and your contract was in effect through at least one calendar year-end, you will automatically receive the Contract Year's RMD requirement according to the Code. If the RMD withdrawal is in excess of the Guaranteed Withdrawal Amount, the impact of the RMD withdrawal on the Guaranteed Minimum Withdrawal Benefit Base will be as follows:

**Return of Benefit Base Withdrawal Option:** The RMD withdrawal will reduce the Guaranteed Minimum Withdrawal Base by the dollar amount of the withdrawal.

**Lifetime Withdrawal Option:** The RMD withdrawal will not reduce the Lifetime Withdrawal Benefit Base.

This treatment of the excess of the RMD withdrawal over the Guaranteed Withdrawal Amount will apply only in relation to the required minimum distribution based on the value of the Contract, including the actuarial present value of any optional death benefit or living benefit riders elected.

**Benefit Available on Annuity Date** — If the Annuity Date occurs while the rider is in effect, upon your request, you may elect one of the following options:

(a) **Default Annuity Option:** Apply the Contract Value to any of the annuity options available in the Annuity Options section of the Contract;

(b) **Lifetime Withdrawal Option:** Request that as of the annuity payment commencement date, annuity payments are made each year equal to the Guaranteed Annual Lifetime Withdrawal Amount until the death of the Annuitant for Single Life Guarantees, or the death of the survivor of the Annuitant and Joint Annuitant for Joint Life Guarantees; or

(c) **Return of Benefit Base Withdrawal Option:** Request that as of the annuity payment commencement date, the remaining Guaranteed Minimum Withdrawal Benefit Base is paid out in the form of annuity payments. Each year, these annuity payments will equal the lesser of the Guaranteed Annual Withdrawal Amount or the remaining Guaranteed Minimum Withdrawal Benefit Base. These annuity payments will be made until the earlier of the death of the Annuitant for Single Life Guarantees, or the death of the survivor of the Annuitant and Joint Annuitant for Joint Life Guarantees or the date that the Guaranteed Minimum Withdrawal Benefit Base is reduced to zero.

Our Administrative Office must receive a written notice at least 30 days prior to the current Annuity Date. If annuity payments are to commence and none of the above elections have been made, then the default annuity option in your Contract will apply.

**Single and Joint Life Guarantees**

The Growth & Income Protector Benefit can be purchased on a single or a joint life basis. Under a Single Life Guarantee, the Guaranteed Annual Withdrawal Amounts are guaranteed over the lifetime of the Annuitant under the Lifetime Withdrawal Option, or until the Guaranteed Minimum Withdrawal Benefit Base is depleted under the Return of Benefit Option.

Under a Joint Life Guarantee, the Guaranteed Annual Lifetime Withdrawal Amount is guaranteed over the lifetime of the Annuitant and Joint Annuitant under the Lifetime Withdrawal Option, or until the Guaranteed Minimum Withdrawal Benefit Base is depleted under the Return of Benefit Option. (Note that the Lifetime Withdrawal Option is not available if withdrawals begin prior to the younger of the Annuitant or Joint Annuitant attaining Age Actual 59 ½.) The Joint Annuitant must be the spouse of the Annuitant on the rider effective date. The Joint Annuitant also must always be the Contract Owner's primary beneficiary.

**Can I convert a Single Life Guarantee to a Joint Life Guarantee and vice-versa?**

You cannot convert a Single Life Guarantee to a Joint Life Guarantee.

If you have a Joint Life Guarantee, and have not taken any withdrawals, you can change a Joint Life Guarantee to a Single Life Guarantee and pay the Rider Charge for a Single Life Guarantee.

**Can I change the Annuitant or Joint Annuitant?**

You cannot change the primary Annuitant. However, you may change the Joint Annuitant under certain circumstances. The Joint Annuitant can be changed to the Annuitant's current spouse, if no withdrawals have been taken.

If a withdrawal has been taken, the Joint Annuitant cannot be changed. The Joint Annuitant can be removed from the Contract, but the charge for the rider would remain at the Joint Life Guarantee charge, and the Withdrawal Percentage would not change.

If no withdrawals have been taken, the guarantee and the associated Rider Charge convert to a Single Life Guarantee based on the Joint Annuitant's lifetime. If withdrawals have been taken, the guarantee and the Rider Charge do not change and the Withdrawal Amount applies to the Joint Annuitant's lifetime.

Note that the Joint Life Guarantee option acts like a second to die policy. Therefore, the contract with the Joint Life Guarantee option is set up with one owner and two annuitants. Upon the death of the first annuitant, the second annuitant becomes the successor owner. The Contract then stays in force, and the living benefit features continue until the death of the second annuitant. Also note that the successor owner has no contractual rights while the Contract Owner is alive and steps into ownership upon the death of the Contract Owner.

(3) **DEATH BENEFIT ENHANCEMENT**

The Growth & Income Protector Benefit rider has a Death Benefit that is payable prior to the Annuity Date upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant. This Death Benefit Enhancement is paid only if the Death Benefit Enhancement Benefit Base, described below, is greater than the standard death benefit provided by the Contract. This amount cannot be less than zero or greater than $1,000,000. There is no additional charge for the Death Benefit Enhancement payable under the rider. This Death Benefit Enhancement is paid upon receipt of due proof of Annuitant death or the last death of the Annuitant and Joint Annuitant and the necessary forms to make payment to a beneficiary.

**Death Benefit Enhancement Benefit Base**

The value of the Death Benefit Enhancement Benefit Base depends upon when you make your first withdrawal.

The Death Benefit Enhancement Benefit Base equals:

1. **On the Contract Date:**
   The Initial Purchase Payment received plus any Purchase Payment Enhancement, if applicable;

2. **After the Contract Date, but prior to the first withdrawal:**
   Equal to the greater of (a) or (b) below, where:

   (a) is the sum of (1) plus (2), where:

   (1) is the Contract Value on the rider effective date accumulated on a daily basis at a rate of 3% (5% for Contracts issued prior to May 4, 2009 except in Washington) until the earliest of

   (i) 10 years from the Contract Date;

   (ii) the attainment of age 80 by the Annuitant for Single Life Guarantees or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees; and

   (iii) the date of the first withdrawal;

   (2) is each additional Purchase Payment received after the rider effective date but prior to the first withdrawal, accumulated on a daily basis at a rate of 3% (5% for Contracts issued prior to May 4, 2009 except in Washington) until the earliest of

   (i) 10 years from the Contract Date;

(ii) the attainment of age 80 by the Annuitant for Single Life Guarantees or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees; and

(iii) the date of the first withdrawal;

(b) is the highest Contract Value on any Contract Anniversary until the earliest of:

(1) 10 years from the Contract Date;

(2) the attainment of age 80 by the Annuitant for Single Life Guarantees or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees; and

(3) the date of the first withdrawal.

3. **On the date of first withdrawal after the Contract Date:**

Equal to the greatest of (a), (b) or (c) below, where:

(a) is the sum of (1) plus (2), where:

(1) is the Contract Value on the rider effective date accumulated on a daily basis at a rate of 3% (5% for Contracts issued prior to May 4, 2009 except in Washington) until the earliest of

(i) 10 years from the Contract Date;

(ii) the attainment of age 80 by the Annuitant for Single Life Guarantees or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees; and

(iii) the date of the first withdrawal;

(2) is each additional Purchase Payment received after the rider effective date but prior to the first withdrawal, accumulated on a daily basis at a rate of 3% (5% for Contracts issued prior to May 4, 2009 except in Washington) until the earliest of

(i) 10 years from the Contract Date;

(ii) the attainment of age 80 by the Annuitant for Single Life Guarantees or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees; and

(iii) the date of the first withdrawal;

(b) is the highest Contract Value on any Contract Anniversary until the earlier of 10 years from the Contract Date and the date of the first withdrawal; and

(c) is the Contract Value on the date of the first withdrawal, just before the first withdrawal.

4. **After the date of first withdrawal:**

If and only if there is a step-up of the Withdrawal Benefit Base, the Death Benefit Enhancement Base automatically increases to 100% of the Contract Value until the attainment of age 80 by the Annuitant for Single Life Guarantees, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees.

**What are the effects of withdrawals on the Death Benefit Enhancement Benefit Base?**

If you withdraw less than or equal to the Guaranteed Withdrawal Amount in effect at the time of request during each Contract Year, the Death Benefit Enhancement Benefit Base is reduced by the dollar amount of the withdrawal. This is the case even when RMD withdrawals exceed the Guaranteed Withdrawal Amount.

If you withdraw greater than the Guaranteed Withdrawal Amount in effect at the time of request during each Contract Year, then the amount that is in excess of the Guaranteed Withdrawal Amount is an Excess Withdrawal. Excess Withdrawals reduce the Death Benefit Enhancement Benefit Base. The reduction is determined by multiplying the Excess Withdrawal by the ratio of (a) to (b), where:

(a) is the Death Benefit Enhancement Benefit Base immediately prior to the Excess Withdrawal; and

(b) is the Contract Value just before the withdrawal of the Excess Withdrawal.

**What are the effects of additional Purchase Payments on the Death Benefit Enhancement Benefit Base?**

If you make any Purchase Payments after the date of the first withdrawal, the Death Benefit Enhancement Benefit Base will be increased on a dollar-for-dollar basis.

**Step-Up Benefit and Step-Up Benefit Date**

The Step-Up Benefit for the Death Benefit Enhancement Benefit Base is the increase in the Death Benefit Enhancement Benefit Base to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. The Step-Up Benefit Date is any Contract Anniversary starting with the 5th anniversary of the effective date of the rider. An additional step-up benefit cannot be elected until after the 5th anniversary of the most recent Step-Up Benefit Date.

On the Step-Up Benefit Date, the Contract Owner has the option to increase the Guaranteed Minimum Withdrawal Benefit (see above) as of the Step-Up Benefit Date. Any increase in the Guaranteed Withdrawal Benefit Base as a result of a Step-Up Benefit will increase the Death Benefit Enhancement Benefit Base as of the Step-Up Benefit Date until age 80. The Death Benefit Enhancement Benefit Base cannot step up independently from the Guaranteed Minimum Withdrawal Benefit Base.

To elect a Step-Up Benefit, written notice must be received by The Penn Mutual Life Insurance Company, Customer Service Group, at least 30 days prior to the Contract Anniversary.

**Impact of Annuitant Death on the Rider**

1) **Single Life Guarantees** — Upon the death of the Annuitant, the Company will pay the Beneficiary the Standard Death Benefit under the Contract and the Death Benefit Enhancement, if any, and the rider is terminated.

2) **Joint Life Guarantees** — If the Annuitant dies and the Joint Annuitant is still alive after the Annuitant's death, the Joint Annuitant can surrender the contract, and receive a Death Benefit equal to the Contract Value and the Contract and rider terminate.

The Joint Annuitant as successor owner may elect to continue the Contract and the rider.

If no withdrawals have been taken, the successor owner may convert to a Single Life Guarantee based on his/her lifetime. If withdrawals have been taken, the guarantee does not change.

If the Joint Annuitant dies and the Annuitant is still alive, no Death Benefit is paid. If no withdrawals have been taken, the Contract Owner has the option, upon written request to the Company, to convert the guarantee, and the associated Rider Charge, to a Single Life Guarantee based on the Annuitant's lifetime. If the Contract Owner does not convert the guarantee to a Single Life Guarantee, the Annuitant may name a new spouse as the Joint Annuitant before withdrawals are taken. If withdrawals have been taken, the guarantee and the Rider Charge do not change.

If the Annuitant is not alive on the date of death of the Joint Annuitant, the Standard Death Benefit and the Enhanced Death Benefit amount, if applicable, is payable to a Beneficiary and the rider is terminated.

**Can I cancel the Growth & Income Protector Benefit Rider?**

You may cancel the Growth & Income Protector Benefit rider on or after the fifth Contract Anniversary effective on the Contract Anniversary immediately following receipt by the Company of a written cancellation request by the Contract Owner.

**When will the Growth & Income Protector Benefit Rider terminate?**

This rider will terminate upon the earliest of:

(a) cancellation of the Growth & Income Protector Benefit Rider;

(b) if the Contract Value equals zero and there is no Guaranteed Annual Withdrawal Amount due in future years, no Guaranteed Annual Lifetime Withdrawal Amount due in future years, and no remaining Guaranteed Minimum Withdrawal Benefit Base;

(c) full surrender of the Contract;

(d) on the date of the death of the Annuitant for Single Life Guarantees, or the date of the last death of the Annuitant or Joint Annuitant for Joint Life Guarantees;

(e) on the date of death of the Annuitant for a Joint Life Guarantee if the Joint Annuitant receives the death benefit equal to Contract Value; or

(f) annuitization.

All charges for this rider will cease upon Contract termination.

***Growth & Income Advantage Benefit Rider*** — At the time you purchase your Contract, you may purchase a Growth & Income Advantage Benefit rider, which includes the following enhancements to your Contract:

1) **Guaranteed Minimum Withdrawal Benefit** — The Guaranteed Minimum Withdrawal Benefit permits the Annuitant or Joint Annuitant, if applicable, to receive annual minimum payments regardless of the Contract Value either for a certain period of time or during the Annuitant's lifetime or Joint Annuitant's lifetime (in case of a Joint Life Guarantee).

2) **Enhanced Death Benefit** — The Company will pay to a beneficiary upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant a death benefit enhancement in addition to the death benefit provided in your Contract.

**How do I elect the Growth & Income Advantage Benefit Rider?**

You may elect the Growth & Income Advantage Benefit rider at the time of purchase of your Contract for an additional charge. The Rider Effective Date is the Contract Date. This rider may not be added after you purchase your Contract and may not be selected if you intend to purchase any of the other available Living Benefit or Death Benefit Riders. This rider can be purchased on a single or a joint life basis. The joint life basis permits joint annuitants, but does not allow joint ownership of the contract. You may elect the rider only if the Annuitant (if a Single Life Guarantee) or the younger of the Annuitant and the Joint Annuitant (if a Joint Life Guarantee) is at least 35 years old and is not older than 80 on the Contract Date. (Issue age is determined by Age Nearest Birthday.)

**Important information to note about the Growth & Income Advantage Benefit Rider:**

– At the present time, there are no investment allocation restrictions required for this rider. However, the Company reserves the right to impose certain investment allocation restrictions in the future. If the Company requires an asset allocation program in the future, the restrictions may apply to in-force and/or new contracts, at the Company's discretion.

– The Contract Rider Charges are non-refundable, whether or not you have taken withdrawals while the rider is in effect. Rider Charges are subject to change in the future. (See "Rider Charges" section of the Prospectus for details.)

– All withdrawals, including the withdrawals made while the rider is in effect, reduce your Contract Value and death benefit.

– Once you elect this rider, any withdrawal will still be subject to the terms of the Contract. This includes the free-withdrawal amount.

– If the Withdrawal Amount is greater than the free withdrawal amount, we will apply contingent deferred sales charges (See "Contingent Deferred Sales Charge" section of the Prospectus for details) and any other applicable charges.

– The rider may not be added after you purchase your Contract or in combination with any other riders.

– If the age of the Annuitant or younger of the Annuitant or Joint Annuitant, if applicable, at first withdrawal is less than 59 1/2, the lifetime withdrawal provision is not available and you can only withdraw under the Return of Benefit Base Withdrawal Option (see below for a description).

– The Enhanced Death Benefit available as part of the Growth and Income Advantage Benefit rider is different from the optional Death Benefit Riders offered.

– The rider can be terminated on or after the fifth Contract Anniversary.

**What are the two withdrawal options that I can choose with this rider?**

If this rider is purchased, the Company guarantees that you can withdraw an amount annually in two different ways – the **Return of Benefit Base Withdrawal Option** or the **Lifetime Withdrawal Option**.

1) **The Return of Benefit Base Withdrawal Option** — You can withdraw an amount annually until the Guaranteed Minimum Withdrawal Benefit Base (see below for a description) is depleted. The amount that can be withdrawn is called the **Guaranteed Annual Withdrawal Amount**. This amount is first determined by multiplying the initial Guaranteed Minimum Withdrawal Benefit Base by the Guaranteed Annual Withdrawal Percentage. The current Guaranteed Annual Withdrawal Percentage is 7.0%.

2) **The Guaranteed Lifetime Withdrawal Option** — You can withdraw an amount annually as long as either the Annuitant or Joint Annuitant, if applicable, is alive. The **Guaranteed Annual Lifetime Withdrawal Amount** is first determined by multiplying the initial Lifetime Withdrawal Benefit Base by the Guaranteed Annual Lifetime Withdrawal Percentage. The current Guaranteed Annual Lifetime Withdrawal Percentage is 5.0% (4.0% for contracts issued on or after May 4, 2009, but prior to February 1, 2010). Any change in the Lifetime Withdrawal Base will also change the Guaranteed Annual Lifetime Withdrawal Amount. This option is not available if withdrawals begin prior to Age Actual of 59 1/2.

**How do I begin to take withdrawals?**

To begin withdrawals, call Annuity Customer Service at our toll-free customer service line.

**Once I select a withdrawal option, can I change to the other option?**

Yes, as long as you start withdrawals after Age Actual of 59 ½. Even after you start withdrawing from one option, you may exchange to the other option and back as frequently as you want until one or both of them terminate. If withdrawals begin before Age Actual of 59 ½, only the Return of Benefit Base Withdrawal Option is available.

However, it is important to note that if you switch from a Return of Benefit Base Withdrawal Option to the Lifetime Benefit Base Withdrawal Option, the Guaranteed Annual Withdrawal Amount will be treated as an Excess Withdrawal under the Lifetime Benefit Base Withdrawal Option as it may be greater than the Guaranteed Annual Lifetime Withdrawal Amount. This will result in a reduced Guaranteed Annual Lifetime Withdrawal Amount in subsequent years.

**What if I withdraw less than the Guaranteed Annual Withdrawal Amount or Guaranteed Annual Lifetime Withdrawal Amount?**

For both withdrawal options, you may take withdrawals equal to or less than the Guaranteed Annual Amount during each Contract Year as calculated per the above. If you elect to take less than or none of the Guaranteed Annual Amount in any given Contract Year, the Guaranteed Annual Amount is not increased in subsequent Contract Years. You cannot carry over any unused guaranteed withdrawal amounts to any future Contract Years.

**Example #1:** Suppose that with either withdrawal option, the Guaranteed Annual Amount is $1,000 and you withdraw $500 during the current Contract Year. The Guaranteed Annual Amount will not increase by $500 in the next Contract Year.

**What if I withdraw more than the Guaranteed Annual Amount?**

Each Contract Year, you may withdraw more than the Guaranteed Annual Amount in effect at the time of the withdrawal request. Any portion of a withdrawal that causes cumulative withdrawals in a given Contract Year to exceed the Guaranteed Annual Amount is referred to as an Excess Withdrawal. An Excess Withdrawal could significantly reduce your Guaranteed Minimum Withdrawal Benefit Base by more than your actual Excess Withdrawal amount. Excess Withdrawals will also reduce the amount of the future Guaranteed Annual Amount.

**Guaranteed Minimum Withdrawal Benefit** — The Guaranteed Minimum Withdrawal Benefit allows you to receive withdrawals in guaranteed minimum amounts via the Return of Benefit Base Withdrawal Option or the Lifetime Withdrawal Option. These options operate concurrently until one or both terminate. If the Annuitant's Age Actual (or younger of the Annuitant and Joint Annuitant's Age Actual for a Joint Life Guarantee) on the date of the first withdrawal is less than 59 1/2, the Return of Benefit Base Withdrawal Option is the only guaranteed withdrawal option available for the life of the contract.

**Guaranteed Minimum Withdrawal Benefit Base** — The Guaranteed Minimum Withdrawal Benefit Base is the starting point for determining the amounts you receive under the two minimum withdrawal options.

1) **On the Contract Date:**

The Guaranteed Minimum Withdrawal Benefit Base is the Initial Purchase Payment received and any Purchase Payment Enhancement, if applicable.

2) **After the Contract Date, but prior to the date of the first withdrawal:**

Equal to the greater of (a) or (b), below, where:

(a) is the sum of (1) plus (2), where:

(1) is the Initial Purchase Payment and any Purchase Payment Enhancements, if applicable, accumulated on a daily basis at an annual effective rate of 6.0% until the earlier of 10 years from the Contract Date or the date of the first withdrawal; and

(2) is each Purchase Payment received and any Purchase Payment Enhancements, if applicable, after the Contract Date but prior to the first withdrawal, accumulated on a daily basis at an annual effective rate of 6.0% until the earlier of 10 years from the Contract Date or the date of the first withdrawal.

For policies issued prior to May 4, 2009, the annual accumulation rate is 7.2%;

For policies issued on or after May 4, 2009, but prior to February 1, 2010, the annual accumulation rate is 4.0%; and

(b) is the highest Contract Value on any Contract Anniversary before the date of the first withdrawal.

3) **On the date of the first withdrawal:**

Equal to the greatest of (a), (b) or (c) below, where:

(a) is the Contract Value on the date of the first withdrawal, immediately prior to the first withdrawal;

(b) is the sum of (1) plus (2), where;

(1) is the Initial Purchase Payment and any Purchase Payment Enhancements, if applicable, accumulated on a daily basis at an annual effective rate of 6.0% until the earlier of 10 years from the Contract Date or the date of the first withdrawal; and

(2) is each Purchase Payment and any Purchase Payment Enhancements received after the Contract Date but prior to the first withdrawal, accumulated on a daily basis at an annual effective rate of 6.0% until the earlier of 10 years from the Contract Date or the date of the first withdrawal.

For policies issued prior to May 4, 2009, the annual accumulation rate is 7.2%;

For policies issued on or after May 4, 2009, but prior to February 1, 2010, the annual accumulation rate is 4.0%; and

(c) is the highest Contract Value on any Contract Anniversary before the date of the first withdrawal.

4) **After the date of the first withdrawal:**

If the Age Actual of the Annuitant or the younger of the Annuitant or Joint Annuitant, if applicable, is greater than or equal to 59½, then you have two withdrawal options to choose from. Both withdrawal options operate concurrently until one or both terminate. This interrelationship between the two options means that a withdrawal under one option will also impact the calculations for the other option.

**Return of Benefit Base Withdrawal Option** — The Return of Benefit Base Withdrawal Option guarantees that each Contract Year you can take withdrawals up to the Return of Benefit Base Withdrawal Amount which is initially equal to the Guaranteed Annual Withdrawal Percentage multiplied by the initial Guaranteed Minimum Withdrawal Benefit Base. The current Return of Benefit Base Withdrawal Percentage is 7.0%.

If you take withdrawals less than or equal to the 7.0% Guaranteed Annual Withdrawal Amount during any Contract Year, the Guaranteed Minimum Withdrawal Benefit Base will be reduced by the dollar amount of the withdrawals until the Guaranteed Minimum Withdrawal Benefit Base is reduced to zero. Once the 7.0% Guaranteed Annual Withdrawal Amount has been withdrawn in any Contract Year, any extra Return of Benefit Base Withdrawals (the full amount or a portion of a withdrawal that exceeds the remaining Guaranteed Annual Withdrawal Amount within any Contract Year) reduce the Benefit Base in a proportional manner until it is reduced to zero. The proportional reduction is applied to the Guaranteed Minimum Withdrawal Benefit Base and is determined by multiplying (i) and (ii) where:

i) is the Guaranteed Minimum Withdrawal Benefit Base just before the Excess Return of Benefit Base Withdrawal; and

ii) is the ratio of the Excess Return of Benefit Base Withdrawal to the Contract Value just prior to the Excess Return of Benefit Base Withdrawal.

**Example #2:** Assume that the Guaranteed Annual Withdrawal Amount is $7,000 and there is a single $7,500 withdrawal during a Contract Year. Suppose that the Contract Value and Guaranteed Minimum Withdrawal Base just prior to the $500 Excess Withdrawal are $110,000 and $100,000 respectively.

The Guaranteed Minimum Withdrawal Base will be reduced by the following amount: Guaranteed Minimum Withdrawal Base x (Excess Withdrawal/Contract Value) = $100,000 x ($500/$110,000) = $454.50

If the Contract Value just before the $500 Excess Withdrawal was $90,000, the reduction to the Guaranteed Minimum Withdrawal Base would be as follows: Guaranteed Minimum Withdrawal Base x (Excess Withdrawal/Contract Value) = $100,000 x ($500/$90,000) = $555.50

**Automatic Annual Step-Up** — On each Contract Anniversary following the first withdrawal, if the Contract Value is greater than the Guaranteed Minimum Withdrawal Benefit Base, then the Guaranteed Minimum Withdrawal Benefit Base will be increased automatically to the Contract Value. If, as a result of a step-up, the new Benefit Base multiplied by the Guaranteed Annual Withdrawal Percentage is higher than the previous Guaranteed Annual Withdrawal Amount, then the annual withdrawal amount will be increased.

**Additional Purchase Payments** — If you make additional Purchase Payments after the date of first withdrawal, they will increase the Guaranteed Minimum Withdrawal Benefit Base and the Guaranteed Annual Withdrawal Amount as long as the Contract Value is positive. The Guaranteed Minimum Withdrawal Benefit Base will be increased by the amount of each additional Purchase Payment. The increase to the Guaranteed Annual Withdrawal Benefit will be equal to the Guaranteed Annual Withdrawal Percentage multiplied by each additional Purchase Payment.

**Lifetime Benefit Base Withdrawal Option:**
The Lifetime Withdrawal Option guarantees that each Contract Year you can take withdrawals up to the Guaranteed Annual Lifetime Withdrawal Amount which is initially equal to the Guaranteed Annual Lifetime Withdrawal Percentage multiplied by the initial Lifetime Withdrawal Benefit Base. The current Guaranteed Annual Lifetime Withdrawal Percentage is 5.0% (4.0% for contracts issued on or after May 4, 2009, but prior to February 1, 2010).

If you take withdrawals less than or equal to the 5.0% (4.0% for contracts issued on or after May 4, 2009, but prior to February 1, 2010) Guaranteed Annual Lifetime Withdrawal Amount during any Contract Year, the Lifetime Withdrawal Benefit Base will not be adjusted;

If you take withdrawals greater than the 5.0% (4.0 % for contracts issued on or after May 4, 2009, but prior to February 1, 2010) Guaranteed Annual Lifetime Withdrawal Amount during any Contract Year, the Lifetime Withdrawal Benefit Base will be reduced by the Excess Withdrawal Amount in a proportional manner. The proportional reduction is applied to the Lifetime Withdrawal Benefit Base and is determined by multiplying (a) and (b) where:

(a) is the Lifetime Withdrawal Benefit Base just before the Excess Lifetime Withdrawal; and

(b) is the ratio of the Excess Lifetime Withdrawal to the Contract Value just before the Excess Lifetime Withdrawal

This adjustment to your Lifetime Withdrawal Benefit Base will also result in a reduction to the Guaranteed Annual Lifetime Withdrawal Amount.

**Automatic Annual Step-Up** — On each Contract Anniversary following the first withdrawal, if the Contract Value is greater than the Lifetime Withdrawal Benefit Base, then the Lifetime Withdrawal Benefit Base will be increased automatically to the Contract Value. As a result of the Step-Up, the Guaranteed Annual Lifetime Withdrawal Amount steps up to an amount equal to the Contract Value, multiplied by the Guaranteed Annual Lifetime Withdrawal Percentage.

**Additional Purchase Payments** — If you make additional Purchase Payments after the date of first withdrawal, they will increase the Lifetime Withdrawal Benefit Base and the Guaranteed Annual Lifetime Withdrawal Amount as long as the Contract Value is positive. The Lifetime Withdrawal Benefit Base will be increased by the amount of each additional Purchase Payment. The increase to the Guaranteed Annual Lifetime Withdrawal Benefit will be equal to the Guaranteed Annual Lifetime Withdrawal Percentage multiplied by each additional Purchase Payment.

**What happens to withdrawal benefits if the Contract Value is Reduced to Zero?**

If the Contract Value is reduced to zero and any benefits are due under either of the two withdrawal options, no additional Purchase Payments will be accepted and the remaining minimum withdrawals will be made as follows:

(1) **If Age Actual at first withdrawal is less than 59½** — If the Age Actual of the Annuitant or the younger of the Annuitant or Joint Annuitant, if applicable, at first withdrawal is less than 59½, you will only receive the Guaranteed Annual Withdrawal Amount under the Return of Benefit Base Withdrawal Option. You will receive the remaining Guaranteed Annual Withdrawal Amount not yet withdrawn in the current Contract Year. In subsequent Contract Years, you will receive the Guaranteed Annual Withdrawal Amount in effect as of the date that the Contract Value was reduced to zero.

(2) **If Age Actual at first withdrawal is equal to or greater than 59½** — If the Age Actual of the Annuitant or the younger of the Annuitant or Joint Annuitant, if applicable, at first withdrawal is equal to or greater than 59½, you can receive the remaining Guaranteed Minimum Withdrawal Benefit Payment under either of the withdrawal options:

(a) If you choose the Return of Benefit Base Withdrawal Option, you will receive the remaining Guaranteed Annual Withdrawal Amount not yet withdrawn in the current Contract Year. In subsequent Contract Years, you will receive the Guaranteed Annual Withdrawal Amount in effect as of the date that the Contract Value was reduced to zero.

(b) If you choose the Lifetime Withdrawal Option, you will receive the remaining Guaranteed Annual Lifetime Withdrawal Amount not yet withdrawn in the current Contract Year. In subsequent Contract Years, we will pay the Guaranteed Annual Lifetime Withdrawal Amount in effect as of the date that the Contract Value was reduced to zero.

(c) If you do not specify a withdrawal option, the default option is the Lifetime Withdrawal Option.

**What if the Contract Value is reduced to zero due to Excess Withdrawals?**

If the Contract Value is reduced to zero in a Contract Year where:

(1) The Guaranteed Annual Lifetime Withdrawal Amount is reduced to zero due to the impact of Excess Lifetime Withdrawals; and

(2) The Guaranteed Minimum Withdrawal Benefit Base is positive, you will receive the remaining minimum withdrawals under the Return of Benefit Base Withdrawal Option only. In the Contract Year in which the Contract Value is reduced to zero, we will pay the Guaranteed Annual Withdrawal Amount not yet withdrawn. In subsequent Contract Years, we will pay the Guaranteed Annual Withdrawal Amount, in effect as of the date that the Contract Value was reduced to zero, or any remaining Guaranteed Minimum Withdrawal Benefit Base, if less.

Remaining minimum withdrawal payments are made on an annual basis in a Contract Year. If the total remaining minimum withdrawals due each Contract Year are less than $100, the remaining payments will be commuted and a lump sum will be paid.

If the remaining minimum withdrawals are based on the Guaranteed Annual Lifetime Withdrawal Amount, such payments will be commuted using the greater of the then currently available single premium immediate annuity factors or the then currently available annuity factors for a single life annuity under the Contract. If the remaining minimum withdrawals are based on the Guaranteed Annual Withdrawal Amount, the remaining Guaranteed Minimum Withdrawal Benefit Base will be paid.

**Effect of Required Minimum Distributions on Guaranteed Minimum Withdrawal Benefit** — If you have elected required minimum distribution (RMD) withdrawals and your Contract was in effect through at least one calendar year-end, you will automatically receive the Contract Year's RMD requirement according to the Code. If the RMD withdrawal is in excess of the Guaranteed Withdrawal Amount, the impact of the RMD withdrawal on the Guaranteed Minimum Withdrawal Benefit Base will be as follows:

> **Return of Benefit Base Withdrawal Option**: The RMD withdrawal will reduce the Guaranteed Minimum Withdrawal Base by the dollar amount of the withdrawal.
>
> **Lifetime Withdrawal Option:** The RMD withdrawal will not reduce the Lifetime Withdrawal Benefit Base.

This treatment of the excess of the RMD withdrawal over the Guaranteed Withdrawal Amount will apply only in relation to the required minimum distribution based on the value of the Contract, including the actuarial present value of any optional death benefit or living benefit riders elected.

**Benefit Available on Annuity Date** — If the Annuity Date occurs while the rider is in effect, upon your request, you may elect one of the following options:

(a) **Default Annuity Option:** Apply the Contract Value to any of the annuity options available in the Annuity Options section of the Contract;

(b) **Lifetime Withdrawal Option:** Request that as of the annuity payment commencement date, annuity payments are made each year equal to the Guaranteed Annual Lifetime Withdrawal Amount until the death of the Annuitant for Single Life Guarantees, or the death of the Annuitant and Joint Annuitant for Joint Life Guarantees; or

(c) **Return of Benefit Base Withdrawal Option:** Request that as of the annuity payment commencement date, the remaining Guaranteed Minimum Withdrawal Benefit Base is paid out in the form of annuity payments. Each year these annuity payments will equal the lesser of the Guaranteed Annual Withdrawal Amount or the remaining Guaranteed Minimum Withdrawal Benefit Base. These annuity payments will be made until the earlier of the death of the Annuitant for Single Life Guarantees, or the death of the survivor of the Annuitant and Joint Annuitant for Joint Life Guarantees or the date that the Guaranteed Minimum Withdrawal Benefit Base is reduced to zero.

Our Administrative Office must receive a written notice at least 30 days prior to the current Annuity Date. If annuity payments are to commence and none of the above elections have been made, then the default annuity option in your Contract will apply.

**Single and Joint Life Guarantees**

The Growth & Income Advantage Benefit rider can be purchased on a single or a joint life basis. Under a Single Life Guarantee, the Guaranteed Annual Withdrawal Amounts are guaranteed over the lifetime of the Annuitant under the Lifetime Withdrawal Option, or until the Guaranteed Minimum Withdrawal Benefit Base is depleted under the Return of Benefit Option. (Note that the Lifetime Withdrawal Option is not available if withdrawals begin before Age Actual 59½. See "What are the two withdrawal options that I can choose with this rider?" subsection of the "Growth & Income Advantage Benefit Rider" section).

Under a Joint Life Guarantee, the Guaranteed Annual Lifetime Withdrawal Amount is guaranteed over the lifetime of the Annuitant and Joint Annuitant under the Lifetime Withdrawal Option, or until the Guaranteed

Minimum Withdrawal Benefit Base is depleted under the Return of Benefit Option. (Note that the Lifetime Withdrawal Option is not available if withdrawals begin prior to the younger of the Annuitant or Joint Annuitant attaining Age Actual 59½. See "What are the two withdrawal options that I can choose with this rider?" subsection of the "Growth & Income Advantage Benefit Rider" section). You must specify the Joint Annuitant on your application. The Joint Annuitant must be the spouse of the Annuitant on the rider effective date. The Joint Annuitant also must always be the Contract Owner's primary beneficiary.

**Can I convert a Single Life Guarantee to a Joint Life Guarantee and vice-versa?**

You cannot convert a Single Life Guarantee to a Joint Life Guarantee.

If you have a Joint Life Guarantee, and have not taken any withdrawals, you can change a Joint Life Guarantee to a Single Life Guarantee and pay the Rider Charge for a Single Life Guarantee going forward.

**Can I change the Annuitant or Joint Annuitant?**

You cannot change the primary Annuitant. However, you may change the Joint Annuitant under the following conditions:

- If no withdrawals have been taken, the Joint Annuitant can be changed to the Annuitant's current spouse.
- If withdrawals have been taken, the Joint Annuitant cannot be changed.
- If withdrawals have been taken, the Joint Annuitant can be removed from the Contract, but the charge for the rider would remain at the Joint Life Guarantee charge, and the Withdrawal Percentage would not change and the payout is based on the single annuitant's lifetime.
- If no withdrawals have been taken, the guarantee and the associated Rider Charge convert to a Single Life Guarantee based on the Annuitant's lifetime.

**Death Benefit Enhancement**

The Growth & Income Advantage Benefit rider has a Death Benefit that is payable prior to the Annuity Date upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant. This Death Benefit Enhancement is paid only if the Death Benefit Enhancement Benefit Base, described below, is greater than the Standard Death Benefit provided by the Contract. This amount cannot be less than zero or greater than $1,000,000. There is no additional charge for the Death Benefit Enhancement payable under the rider. This Death Benefit Enhancement is paid upon receipt of due proof of Annuitant death or the last death of the Annuitant and Joint Annuitant and the necessary forms to make payment to a beneficiary.

**Death Benefit Enhancement Benefit Base**

The value of the Death Benefit Enhancement Benefit Base depends upon when you make your first withdrawal.

The Death Benefit Enhancement Benefit Base equals:

1. **On the Contract Date:**
   The Initial Purchase Payment received plus any Purchase Payment Enhancement, if applicable;

2. **After the Contract Date, but prior to the first withdrawal:**
Equal to the greater of (a) or (b) below, where:

(a) is the sum of (1) plus (2), where,

(1) is the Initial Purchase Payment; and any Purchase Payment Enhancements, as applicable

(2) is each additional Purchase Payment received after the Contract Date; and

(b) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal until the attainment of age 80 by the Annuitant, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees.

3. **On the date of first withdrawal after the Contract Date:**

Equal to the greatest of (a), (b) or (c) below, where:

(a) is the sum of (1) plus (2), where,

(1) is the Initial Purchase Payment; and any purchase payment enhancements, as applicable; and

(2) is each additional Purchase Payment received after the Contract Date; and

(b) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal until the attainment of age 80 by the Annuitant, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees.

(c) is the Contract Value immediately prior to the first withdrawal.

4. **After the date of first withdrawal:**

If and only if there is a step-up of the Withdrawal Benefit Base, the Death Benefit Enhancement Base automatically increases to 100% of the Contract Value until the attainment of age 80 by the Annuitant for Single Life Guarantees, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees. The Death Benefit Enhancement Base cannot step-up independently of the Withdrawal Benefit Base.

**What are the effects of withdrawals on the Death Benefit Enhancement Benefit Base?**

If you withdraw less than or equal to the Guaranteed Withdrawal Amount in effect at the time of request during each Contract Year, the Death Benefit Enhancement Benefit Base is reduced by the dollar amount of the withdrawal. This is the case even when RMD withdrawals exceed the Guaranteed Withdrawal Amount.

If you withdraw greater than the Guaranteed Withdrawal Amount in effect at the time of request during each Contract Year, then the amount that is in excess of the Guaranteed Withdrawal Amount is an Excess Withdrawal. Excess Withdrawals reduce the Death Benefit Enhancement Benefit Base. The reduction is determined by multiplying the Excess Withdrawal by the ratio of (a) to (b), where:

(a) is the Death Benefit Enhancement Benefit Base immediately prior to the Excess Withdrawal; and

(b) is the Contract Value just before the withdrawal of the Excess Withdrawal.

**What are the effects of additional Purchase Payments on the Death Benefit Enhancement Benefit Base?**

If you make any Purchase Payments after the date of the first withdrawal, the Death Benefit Enhancement Benefit Base will be increased on a dollar-for-dollar basis.

**Impact of Annuitant's Death**

**Single Life Guarantees**

Upon the death of the Annuitant, the Company will pay the beneficiary the Standard Death Benefit under the Contract and the Death Benefit Enhancement, if any, and the rider is terminated. An eligible Spousal Beneficiary, however, can continue the Contract but not the Growth & Income Advantage Benefit rider.

**Joint Life Guarantees**

Upon the death of the Annuitant, an eligible spousal beneficiary who is also the primary beneficiary can become the successor Owner of the Contract and continue the Contract and the Growth & Income Advantage Benefit rider upon Annuitant's death.

If you have not taken any withdrawals, you can change a Joint Life Guarantee to a Single Life Guarantee based on the Joint Annuitant's lifetime and pay the Rider Charge for a Single Life Guarantee going forward.

If withdrawals have been taken, the guarantee and the Rider Charge do not change and the annuitant cannot name a new spouse.

The spousal beneficiary also has the option of surrendering the Contract and receiving a Death Benefit equal to the Contract Value as of the date of the Annuitant's death, and the Contract and rider will terminate.

If the Joint Annuitant is not alive on the date of death of the Annuitant, the Death Benefit is payable to a beneficiary and the rider is terminated.

Note that the Joint Life Guarantee option acts like a second to die policy. Therefore, the contract with the Joint Life Guarantee option is set up with one owner and two annuitants. Upon the death of the first annuitant, the second annuitant becomes the successor owner. The contract then stays in force, and the living benefit features continue until the death of the second annuitant. Also note that the successor owner has no contractual rights while the owner is alive and steps into ownership upon the death of the owner. In addition, it is important to name a contingent beneficiary in addition to your primary beneficiary.

**Impact of Joint Annuitant's Death for Joint Life Guarantees.** If the Joint Annuitant dies and the Annuitant is still alive, no Death Benefit is paid. If no withdrawals have been taken, the Contract Owner has the option, upon written request to the Company, to convert the guarantee, and the associated Rider Charge, to a Single Life Guarantee based on the Annuitant's lifetime. If the Annuitant does not convert the guarantee to a Single Life Guarantee, the Annuitant may name a new spouse as the Joint Annuitant before withdrawals are taken. If withdrawals have been taken, the guarantee and the Rider Charge do not change and the Annuitant cannot name a new spouse as Joint Annuitant.

If the Annuitant is not alive on the date of death of the Joint Annuitant, the Standard Death Benefit plus any Death Benefit Enhancement, if applicable, is payable to a beneficiary and the rider is terminated.

**Can I cancel the Growth & Income Advantage Benefit Rider?**

You may cancel the Growth & Income Advantage Benefit rider on or after the fifth Contract Anniversary effective on the Contract Anniversary immediately following receipt by the Company of a written cancellation request by the Contract Owner.

**When will the Growth & Income Advantage Benefit Rider terminate?**

This rider will terminate upon the earliest of:

(a) cancellation of the Growth & Income Advantage Benefit Rider;

(b) if the Contract Value equals zero and there is no Guaranteed Annual Withdrawal Amount due in future years, no Guaranteed Annual Lifetime Withdrawal Amount due in future years, or no remaining Guaranteed Minimum Withdrawal Benefit Base;

(c) upon full surrender of the Contract;

(d) on the date of the death of the Annuitant for Single Life Guarantees, or the date of the last death of the Annuitant or Joint Annuitant for Joint Life Guarantees;

(e) on the date of death of the Annuitant for a Joint Life Guarantee if the Joint Annuitant receives the death benefit equal to Contract Value; or

(f) upon annuitization.

All charges for this rider will cease upon Contract termination.

***Purchasing Power Protector Benefit Rider*** — This version of the Purchasing Power Protector rider applies to policies who elected this rider on or after the date of availability in the State of issue (refer to Appendix B).

For those policies who elected this rider prior to the date of availability in the State of issue, the older version of this rider (refer to Appendix C) will apply.

This rider is not available with new Contracts. If you purchased your Contract prior to February 7, 2011, you may have purchased a Purchasing Power Protector Benefit rider which includes the following enhancements to your Contract:

1) **Purchasing Power Protector Benefit** — The Purchasing Power Protector Benefit permits the Annuitant or Joint Annuitants, if applicable, to receive annual minimum payments adjusted for inflation regardless of the Contract Value during the Annuitant's lifetime or Joint Annuitant's lifetime (in case of a Joint Life Guarantee).

2) **Death Benefit Enhancement** — The Company will pay to a beneficiary upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant a death benefit enhancement in addition to the death benefit provided in your Contract.

**How do I elect the Purchasing Power Protector Benefit Rider?**

For an additional charge, you may purchase the Purchasing Power Protector Benefit rider at the time of purchase of your Contract. The Rider Effective Date is the Contract Date. This rider may not be added after you purchase your Contract and may not be selected if you intend to purchase any of the other available Living Benefit or Death Benefit Riders. This rider can be purchased on a single or a joint life basis. The joint life basis permits Joint Annuitants, but does not allow joint ownership of the contract. You may elect the rider only if the Annuitant (if a Single Life Guarantee) or the younger of the Annuitant and the Joint Annuitant (if a Joint Life Guarantee) is at least 35 years old and is not older than 80 on the Contract Date. (Issue age is determined by Age Nearest Birthday.)

**Important information to note about the Purchasing Power Protector Benefit Rider:**

– At the present time, there are no investment allocation restrictions required for this rider. However, the Company reserves the right to impose certain investment allocation restrictions in the future. If the Company requires an asset allocation program in the future, the restrictions may apply to in-force and/or new contracts, upon the Company's discretion.

– The Contract Rider Charges are non-refundable, whether or not you have taken withdrawals while the rider is in effect.

– All withdrawals, including the withdrawals made while the rider is in effect, reduce your Contract Value and death benefit.

– Once you elect this rider, any withdrawal will be subject to the terms of the rider. This includes the free-withdrawal amount.

– If the Withdrawal Amount is greater than the free withdrawal amount, we will apply contingent deferred sales charges (See "Contingent Deferred Sales Charge" section of the prospectus for details) and any other applicable charges.

– The rider may not be added after you purchase your Contract or in combination with any other riders.

– If the Age Actual of the Annuitant or younger of the Annuitant or Joint Annuitant, if applicable at first withdrawal is less than 59½, no inflation adjustment will be made.

– The Enhanced Death Benefit available as part of the Purchasing Power Protector Benefit rider is different from the optional Death Benefit riders offered.

**What is the Guaranteed Annual Lifetime Withdrawal Amount?**

If this rider is purchased, the Company guarantees that the Annuitant or Joint Annuitants, if applicable, can withdraw an amount annually as long as the Annuitant or either of the Joint Annuitants, if applicable is alive. The amount which can be withdrawn is called the Guaranteed Annual Lifetime Withdrawal Amount. The Guaranteed Annual Lifetime Withdrawal Amount is determined by multiplying the Lifetime Withdrawal Benefit Base ("Withdrawal Base") by the Guaranteed Annual Lifetime Withdrawal Percentage. For a Single Life Guarantee, the Withdrawal Percentage is based on the Age Actual of the Annuitant at the time of the first withdrawal. For a Joint Life Guarantee, the Withdrawal Percentage is based on the Age Actual of the younger of the Annuitant or Joint Annuitant at the time of the first withdrawal. The Guaranteed Annual Lifetime Withdrawal Percentage is 4% if the Age Actual at the time of the first withdrawal is less than 64½. The Guaranteed Annual Lifetime Withdrawal Percentage is 5% if the Age Actual at the time of the first withdrawal is greater than or equal to 64½. Any change in the Withdrawal Base will also change the Guaranteed Annual Lifetime Withdrawal Amount.

For policies issued prior to February 1, 2010, the Guaranteed Annual Lifetime Withdrawal Percentage is 5% for all ages.

**What if I withdraw less than the Guaranteed Annual Lifetime Withdrawal Amount?**

You may take withdrawals equal to or less than the Guaranteed Annual Lifetime Withdrawal Amount during each Contract Year. If you elect to take less than or none of the Guaranteed Annual Lifetime Withdrawal

Amount in any given Contract Year, the Guaranteed Annual Lifetime Withdrawal Amount is not increased in subsequent Contract Years for the amount not taken. You cannot carry over any unused Guaranteed Annual Lifetime Withdrawal Amounts to any future Contract Years.

**Example #1:** Suppose that the Guaranteed Annual Lifetime Withdrawal Amount is $1,000 and you withdraw $500 during the current Contract Year. The Guaranteed Annual Lifetime Withdrawal Amount will not increase by $500 in the next Contract Year.

If the Guaranteed Annual Lifetime Withdrawal Amount is greater than the free withdrawal amount, we will apply contingent deferred sales charges (See "Contingent Deferred Sales Charge" section of the Prospectus for details) and any other applicable charges.

**What if I withdraw more than the Guaranteed Annual Lifetime Withdrawal Amount?**

Each Contract Year, you may withdraw more than the Guaranteed Annual Lifetime Withdrawal Amount in effect at the time of the withdrawal request. Any portion of a withdrawal that causes cumulative withdrawals in a given Contract Year to exceed the Guaranteed Annual Lifetime Withdrawal Amount is referred to as an Excess Withdrawal. An Excess Withdrawal could significantly reduce your Withdrawal Base by more than your actual Excess Withdrawal amount. Excess Withdrawals will also reduce the amount of the future Guaranteed Annual Lifetime Withdrawal Amount.

**How is the Withdrawal Base determined?**

The Withdrawal Base is used to calculate the Guaranteed Annual Lifetime Withdrawal Amount and determine the rider charge. Please note that if the Withdrawal Base increases, the Guaranteed Annual Lifetime Withdrawal Amount and the rider charge will increase. It is also important to note that the Withdrawal Base does not establish or guarantee a Contract Value, Surrender Value or any kind of death benefit.

The value of the Withdrawal Base depends upon when you take your first withdrawal.

(1) **On the Contract Date:**

On the Contract Date, the Withdrawal Base is equal to the Initial Purchase Payment received plus any Purchase Payment Enhancement, if applicable;

(2) **After the Contract Date but prior to the date of first withdrawal:**

The Withdrawal Base is equal to the greater of (a) or (b), where:

(a) is the sum of (1) plus (2), where,

(1) is the Initial Purchase Payment; and

(2) is each Purchase Payment received after the Contract Date; and

(b) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal.

(3) **On the date of first withdrawal:**

The Withdrawal Base is equal to the greatest of (a) or (b) or (c) below, where:

(a) is the Contract Value on the date of the first withdrawal, immediately prior to the first withdrawal;

(b) is the sum of (1) plus (2), where;

(1) is the Initial Purchase Payment; and

(2) is each Purchase Payment received after the Contract Date; and

(c) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal.

(4) **After the first withdrawal after the Contract Date:**

**Inflation Adjustment** — The Company credits an automatic inflation adjustment to the Withdrawal Base following the first withdrawal, if the Age Actual of the Annuitant or the younger of the Annuitant and Joint Annuitant, if applicable, is greater than or equal to 59½. The inflation adjustment is only made when it is greater than 0.0% and there is no upper limit to the inflation adjustment. Please note that the Withdrawal Base will NOT be adjusted for inflation, if the Age Actual of the Annuitant or the younger of the Annuitant and Joint Annuitant is less than 59½ at the time of the first withdrawal. This is in effect even after the Annuitant or the younger of the Annuitant and Joint Annuitant has reached Age Actual of 59½.

The inflation adjustment is made on each Contract Anniversary after the first withdrawal and equals (a) multiplied by (b), where:

(a) is the current CPI Factor; and

(b) is the average monthly value of the Withdrawal Base throughout the Contract Year.

**CPI Factor** — The CPI Factor equals the ratio of (a) to (b), where:

(a) is the greater of 0 and the difference between (1) and (2), where:

(1) is the Consumer Price Index for All Urban Consumers ("CPI-U") released in the previous month; and

(2) is the CPI-U released twelve months prior to the most recent release; and

(b) is the CPI-U released twelve months prior to the most recent release.

The CPI-U is published monthly by the United States Department of Labor on a one month lag. If this index is discontinued or a new index series is established on a different basis, the Company may establish a new basis for determining the CPI Factor. The Contract Owner will be given at least 90 days' notice prior to any such change.

The CPI Factor applicable to your Contract on your Contract Anniversary is determined at the beginning of the calendar month that contains your Contract Anniversary. It is determined according to the formula above such that the CPI Factor for a Contract Anniversary that occurs in the month of March will use the CPI-U from the month of January of the current year and the CPI-U from the month of January of the prior year for (1) and (2) under (a) above.

If you take the first withdrawal between Contract Anniversaries, the Company will calculate the CPI Factor as stated above and apply it to the average monthly Withdrawal Base as defined under Inflation Adjustment. The Inflation Adjustment is then pro-rated for the partial year between the date of the first withdrawal and the following Contract Anniversary before being added to the Withdrawal Base.

**Automatic Annual Step-Up**

On each Contract Anniversary following the first withdrawal, if the Contract Value is greater than the Withdrawal Base, then the Withdrawal Base will automatically be increased to the Contract Value. The Guaranteed Annual Lifetime Withdrawal Amount will increase by the same percentage as the Withdrawal Base.

The Withdrawal Base at any Contract Anniversary following the first withdrawal will be the greater of (1) or (2), where:

(1) is the average monthly value of the Withdrawal Base throughout the Contract Year multiplied by the CPI Factor; and

(2) is the Withdrawal Base after a step-up, if any, on the Contract Anniversary.

Any additional purchase payments made after the date of first withdrawal will be added dollar for dollar to the Withdrawal Base.

**Effect of Withdrawals on the Withdrawal Base**

If your total withdrawals in a Contract Year do not exceed the Guaranteed Annual Lifetime Withdrawal Amount, the Withdrawal Base will not be reduced. It remains equal to the Withdrawal Base just prior to the withdrawal. However, if the total withdrawals in a Contract Year exceed the Guaranteed Annual Lifetime Withdrawal Amount, the Withdrawal Base is reduced. The reduction is determined by multiplying the Excess Withdrawal by the ratio of (a) to (b) where:

(a) is the Withdrawal Base just prior to the Excess Withdrawal; and

(b) is the Contract Value just prior to the Excess Withdrawal.

**Effect of Required Minimum Distributions (RMD) on Guaranteed Annual Lifetime Withdrawal Amount**

If you have elected required minimum distribution (RMD) withdrawals and your contract was in effect through at least one calendar year-end, you will automatically receive the Contract Year's RMD requirement according to the Code. An RMD withdrawal will not reduce the Withdrawal Base if the required amount exceeds the Guaranteed Annual Lifetime Withdrawal Amount.

This treatment of the excess of the RMD withdrawal over the Guaranteed Withdrawal Amount will apply only in relation to the required minimum distribution based on the value of the Contract, including the actuarial present value of any optional death benefit or living benefit riders elected.

**Benefit Available on Annuity Date**

If the Annuity Date occurs while the rider is in effect, upon your request, you may:

(a) apply the Contract Value to any of the annuity options available in the Annuity Options section of the Contract;

(b) request that as of the annuity payment commencement date, annuity payments are made each year equal to the Guaranteed Annual Lifetime Withdrawal Amount until the death of the Annuitant for Single Life Guarantees, or the death of the Annuitant and Joint Annuitant for Joint Life Guarantees;

Our Administrative Office must receive a written notice at least 30 days prior to the current Annuity Date. If annuity payments are to commence and none of the above elections have been made, then the default annuity option in your Contract will apply.

**What if the Contract Value is reduced to zero?**

If the Contract Value is reduced to zero and the Withdrawal Base is greater than zero, any Remaining Payments under the Purchasing Power Protector Benefit rider will be made on an annual basis in a Contract Year. In this situation, no additional Purchase Payments will be accepted. The only provisions of the Contract that remain in effect are those that are associated with Remaining Purchasing Power Protector Benefit Payments.

If the Contract Value is reduced to zero in a Contract Year and there is any Guaranteed Annual Lifetime Withdrawal Amount due for that year, the Contract Owner will receive any Remaining Payment, as of the date the Contract Value is reduced to zero.

If the Remaining Payments due each Contract Year are less than $100, the Remaining Payments will be commuted and a lump sum will be paid.

**Single and Joint Life Guarantees**

The Purchasing Power Protector Benefit can be purchased on a single or a joint life basis. Under a Single Life Guarantee, the Guaranteed Annual Lifetime Withdrawal Amount is guaranteed over the lifetime of the Annuitant. You need not specify a Joint Annuitant in the Contract Specifications at the time of issue of the Single Life Guarantee.

Under a Joint Life Guarantee, the Guaranteed Annual Lifetime Withdrawal Amount is guaranteed over the lifetime of the Annuitant and Joint Annuitant. You must specify the Joint Annuitant in the Contract Specifications at the time of issue of the Joint Life Guarantee. The Joint Annuitant must be the spouse of the Annuitant on the rider effective date and the spousal Joint Annuitant must always be the Contract Owner's primary beneficiary unless the rider is changed to a Single Life Guarantee before withdrawals have begun.

**Can I convert a Single Life Guarantee to a Joint Life Guarantee and vice-versa?**

You cannot convert a Single Life Guarantee to a Joint Life Guarantee.

If you have a Joint Life Guarantee and have not taken any withdrawals, you can change a Joint Life Guarantee to a Single Life Guarantee and pay the Rider Charge for a Single Life Guarantee. The Joint Annuitant can also be changed to the Annuitant's current spouse, if no withdrawals have been taken.

If a withdrawal has been taken, the Joint Annuitant cannot be changed. The Joint Annuitant can be removed from the Contract, but the charge for the rider would remain at the Joint Life Guarantee charge.

**Death Benefit Enhancement**

The Purchasing Power Protector rider has a Death Benefit that is payable prior to the Annuity Date upon the Annuitant's death or the last death of the Annuitant and Joint Annuitant only if the Death Benefit Enhancement Benefit Base is greater than the sum of the Fixed Account death benefit and the Variable Account death benefit payable under the Contract. The amount by which the Enhanced Death Benefit Base exceeds the death benefit provided in your Contract is called the Death Benefit Enhancement. This amount cannot be less than zero or greater than $1,000,000. There is no additional charge for the Death Benefit enhancement payable under the rider. Upon receipt of due proof of Annuitant death or the last death of the Annuitant and Joint Annuitant and the necessary forms to make payment to a beneficiary, the Company will pay the Death Benefit Enhancement in addition to the death benefit provided in your Contract.

**Death Benefit Enhancement Benefit Base**

The value of the Death Benefit Enhancement Benefit Base depends upon when you make your first withdrawal.

The Death Benefit Enhancement Benefit Base equals:

1. **On the Contract Date**

   On the Contract Date, the Death Benefit Enhancement Benefit Base is the Initial Purchase Payment received plus any Purchase Payment Enhancement, if applicable;

2. **After the Contract Date but prior to the first withdrawal**

   The Death Benefit Enhancement Benefit Base is equal to the greater of (a) or (b), where:

   (a) is the sum of (1) plus (2), where,

   (1) is the Initial Purchase Payment and any Purchase Payment Enhancement, if applicable and

   (2) is each additional Purchase Payment received after the Contract Date; and

   (b) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal until the attainment of Age 80 by the Annuitant for Single Life Guarantees, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees.

3. **On the date of first withdrawal after the Contract Date**

   The Benefit Base is the greatest of (a), (b) or (c) below, where:

   (a) is the Contract Value on the date of the first withdrawal, immediately prior to the first withdrawal; and

   (b) is the sum of (1) plus (2), where,

   (1) is the Initial Purchase Payment and

   (2) is each additional Purchase Payment received after the Contract Date; and

   (c) is the highest Contract Value on any Contract Anniversary before the date of first withdrawal until the attainment of Age 80 by the Annuitant for Single Life Guarantees, or by the younger of the Annuitant and the Joint Annuitant for Joint Life Guarantees.

4. **After the date of first withdrawal**

   If and only if there is a step-up of the Withdrawal Base, the Death Benefit Enhancement Benefit Base automatically increases to 100% of the Contract Anniversary Value until the attainment of Age 80 by the Annuitant for Single Life Guarantees, or by the younger of the Annuitant and the Joint Annuitant, if applicable for Joint Life Guarantees. The Death Benefit Enhancement Benefit Base cannot step-up independently of the Withdrawal Base.

   **Effect of Withdrawals on the Death Benefit Enhancement Benefit Base**

   If you withdraw less than or equal to the Guaranteed Annual Lifetime Withdrawal Amount in effect at the time of request during each Contract Year, the Death Benefit Enhancement Benefit Base is reduced by the dollar amount of the withdrawal. This is the case even when RMD withdrawals exceed the Guaranteed Annual Lifetime Withdrawal Amount. Note that the Guaranteed Minimum Withdrawal Base is not reduced by the amount of this withdrawal but the Death Benefit Enhancement Benefit Base is.

If you withdraw greater than the Guaranteed Annual Lifetime Withdrawal Amount in effect at the time of request during each Contract Year, then the amount that is in excess of the Guaranteed Annual Lifetime Withdrawal Amount is an Excess Withdrawal. Excess Withdrawals reduce the Death Benefit Enhancement Benefit Base. The reduction is determined by multiplying the Excess Withdrawal by the ratio of (a) to (b), where:

(a) is the Death Benefit Enhancement Benefit Base immediately prior to the Excess Withdrawal; and

(b) is the Contract Value immediately prior to the Excess Withdrawal.

If you make any Purchase Payments after the date of the first withdrawal, the Death Benefit Enhancement Benefit Base will be increased on a dollar-for-dollar basis.

**Impact of Annuitant's Death**

1. **Single Life Guarantees**

Upon the death of the Annuitant, the Company will pay the beneficiary the Standard Death Benefit under the Contract and the Death Benefit Enhancement, if any and the rider is terminated. An eligible Spousal Beneficiary, however can continue the Contract but not the Purchasing Power Protector Benefit rider.

2. **Joint Life Guarantees**

Upon the Annuitant's death, an eligible spousal beneficiary who is also the primary beneficiary can become the Successor Owner of the Contract and continue the Contract and the Purchasing Power Protector Benefit rider upon Annuitant's death.

The spousal beneficiary also has the option of surrendering the Contract and receiving a Death Benefit equal to the Contract Value as of the date of the Annuitant's death.

If you have not taken any withdrawals, you can change a Joint Life Guarantee to a Single Life Guarantee based on the Joint Annuitant's lifetime and pay the Rider Charge for a Single Life Guarantee going forward.

If withdrawals have been taken, the guarantee and the Rider Charge do not change and the Annuitant cannot name a new spouse.

If the Joint Annuitant is not alive on the date of death of the Annuitant, the Death Benefit is payable to a beneficiary and the rider is terminated.

**Impact of Joint Annuitant's Death for Joint Life Guarantees**

If the Joint Annuitant dies and the Annuitant is still alive, no Death Benefit is paid. If no withdrawals have been taken, the Contract Owner has the option, upon written request to the Company, to convert the guarantee, and the associated Rider Charge, to a Single Life Guarantee based on the Annuitant's lifetime. If the Annuitant does not convert the guarantee to a Single Life Guarantee, the Annuitant may name a new spouse as the Joint Annuitant before withdrawals are taken. If withdrawals have been taken, the guarantee and the Rider Charge do not change, and the Annuitant cannot name a new spouse.

If the Annuitant is not alive on the date of death of the Joint Annuitant, the Death Benefit is payable to a beneficiary and the rider is terminated.

For information on the cost of this package of enhancements, see **"What Charges Do I Pay?"** in this prospectus.

**Can I cancel the Purchasing Power Protector Benefit Rider?**

You may cancel the Purchasing Power Protector Benefit rider on or after the third Contract Anniversary effective on the Contract Anniversary immediately following receipt by the Company of a written cancellation request by the Contract Owner.

**When will the Purchasing Power Protector Benefit Rider terminate?**

This rider will terminate upon the earliest of:

(a) cancellation of the Purchasing Power Protector Benefit rider;

(b) the Contract Value equals zero and there is no Guaranteed Annual Lifetime Withdrawal Amount due in future years;

(c) full surrender of the Contract;

(d) the date of the death of the Annuitant for Single Life Guarantees, or the date of the last death of the Annuitant or Joint Annuitant for Joint Life Guarantees;

(e) the date of death of the Annuitant for a Joint Life Guarantee if the Joint Annuitant receives the death benefit equal to Contract Value; or

(f) annuitization.

All charges for this rider will cease upon Contract termination.

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**Deferment of Payments and Transfers**

We reserve the right to defer a withdrawal, a transfer of Contract Value, or annuity payments funded by the Separate Account if: (a) the NYSE is closed (other than customary weekend and holiday closings); (b) trading on the NYSE is restricted; (c) an emergency exists that makes it impractical for us to dispose of securities held in the Separate Account or to determine the value of its assets; or (d) the Commission by order so permits for the protection of investors. Conditions described in (b) and (c) will be decided by, or in accordance with rules of, the Commission.

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**What Charges Do I Pay?**

The following discussion explains the Contract charges that you pay. You also pay expenses of the Funds that you select as investment options in the Separate Account. See the prospectuses of the Funds for information on Fund expenses.

***Administration Charges.*** These charges reimburse us for administering the Contract and the Separate Account.

- We deduct from your Variable Account Value, an annual contract administration charge that is the lesser of $40 or 2% of your Variable Account Value on the deduction date, the last day of your contract year. This charge will also be deducted if the Variable Account Value is withdrawn or transferred in full on a date other than the deduction date. You will not pay this charge if your Variable Account Value is more than $100,000 on the deduction date. To pay this charge, we cancel Accumulation Units credited to your Contract, pro rata among the Subaccounts in which you invest.

- We deduct from the net asset value of the Separate Account a daily administration charge that currently is, and will not exceed, an effective annual rate of 0.15%.

For transfers among investment options other than dollar cost averaging and automatic rebalancing, we reserve the right to charge for making the transfer, although we have no present intention of doing so.

***Mortality and Expense Risk Charge.*** We deduct from the net asset value of the Separate Account a daily mortality and expense risk charge that currently is, and will not exceed, an effective annual rate of 1.30%. This charge compensates us for the mortality-related guarantees we make under the Contract (*e.g.*, the death benefit and the guarantee that the annuity factors will never be decreased even if mortality experience is substantially different than originally assumed) and for the risk that our administration charges will be insufficient to cover administration expenses over the life of the Contracts. The mortality and expense risk charge is paid during both the accumulation and variable annuity payout phases of the Contract.

***Contingent Deferred Sales Charge.*** This charge pays for our sales expenses. Sales expenses that are not covered by the deferred sales charge are paid from the surplus of the Company, which may include proceeds from the mortality and expense risk charge.

You pay this charge only if you withdraw a purchase payment within four years of the effective date of the Contract. We will apply the following schedule of contingent deferred sales charges to all withdrawals of purchase payments (including withdrawals of amounts attributable to the Guaranteed Minimum Withdrawal Benefit and Purchasing Power Protector Benefit), which are not free withdrawals as described in the next subsection.

| ***Contract Year*** | ***Applicable Charge*** |
|---|---|
| First | 8% |
| Second | 7% |
| Third | 6% |
| Fourth | 5% |
| Fifth and thereafter | 0% |

Purchase payments will be treated as withdrawn before gains from market appreciation or interest. However, for Contracts sold to certain charitable remainder trusts, any gains will be treated as withdrawn before the withdrawal of purchase payments.

The contingent deferred sales charge and other charges may be reduced on Contracts sold to a trustee, employer or similar party pursuant to a retirement plan or to a group of individuals, if such sales are expected to involve reduced sales or other expenses. The amount of reduction will depend upon such factors as the size of the group, any prior or existing relationship with the purchaser or group, the total amount of purchase payments and other relevant factors that might tend to reduce expenses incurred in connection with such Contracts. The reduction will not unfairly discriminate against any Contract Owner.

***Free Withdrawals.*** The following withdrawals may be made free of the contingent deferred sales charge.

*<u>You've Owned A Contract for More than Four Years.</u>* You may withdraw all or part of your Contract Value without incurring a contingent sales charge.

*<u>Withdrawals up to 10% of Purchase Payments.</u>* You may withdraw up to 10% of your purchase payments in a Contract Year without incurring a contingent deferred sales charge (the "Free Withdrawal Amount"). The amount available for a free withdrawal at any point in time during a Contract Year is 10% of all purchase payments as of the date of the request less the amount of all free withdrawals made during that Contract Year. You may not carry forward to the next contract year any Free Withdrawal Amount remaining at the end of the current Contract Year. With respect to any withdrawal in excess of the free withdrawal limit

in a Contract Year, the contingent deferred sales charge schedule set forth above will apply to the remainder of that withdrawal and all subsequent withdrawals made in the Contract Year.

*Medically Related Withdrawal.* Subject to state law, after the first Contract Year and before the Annuity Date, you may withdraw, without incurring a contingent deferred sales charge, all or part of your Contract Value if certain medically related contingencies occur. This free withdrawal is available if you are (1) first confined in a nursing home or hospital while this Contract is in force and remain confined for at least 90 days in a row, or (2) first diagnosed as having a fatal illness (an illness expected to result in death within 2 years for 80% of diagnosed cases) while this Contract is in force. The precise terms and conditions of this benefit are set forth in the Contract. It is not available if your Age Actual at issue is greater than 75. The medically related contingencies that must be met for free withdrawal vary in some states. The maximum amount that may be withdrawn under this free withdrawal provision is $500,000, including amounts withdrawn from other annuity contracts issued by us and our affiliates containing a comparable free withdrawal provision.

*Disability Related Withdrawal.* You may withdraw at any time, without incurring a contingent deferred sales charge, part or all of your Contract Value if (1) you (you or the Annuitant for qualified contracts) are then disabled as defined in Section 72(m)(7) of the Code and as applied under the Social Security Act, and (2) the disability began after the Contract Date, and (3) the disability has continued without interruption for four months.

*Required Minimum Distributions.* There is no contingent deferred sales charge imposed upon Required Minimum Distributions under qualified contracts which are required by the Code, even if this amount exceeds the Free Withdrawal Amount. Required Minimum Distributions reduce the Free Withdrawal Amount during the Contract Year. During any given contract year, you are entitled to receive either the Required Minimum Distribution Amount or the entire Free Withdrawal Amount free of Contingent Deferred Sales Charge, not both. Additional withdrawals taken in the same contract year as your RMD payments will be subject to any applicable Contingent Deferred Sales Charge.

***Contract Rider Charges.*** You may elect to purchase optional contract riders to increase the benefits paid under your Contract. If you purchase any optional contract riders, the charges for which are deducted annually, and make a full surrender of your Contract before the costs for these optional contract riders have been deducted, your Contract Value will be reduced by the accrued costs of the optional contract riders, plus any applicable surrender charge. **In addition, upon payment of the Death Benefit associated with the contract, the Death Benefit payable will be reduced by the accrued costs of the optional contract riders.**

*Guaranteed Minimum Step-Up Death Benefit Rider.* The current charge for the rider is 0.20% of the average annual Variable Account Value. We may, at our discretion, raise the current charge to a maximum rate of 0.25%.

*Guaranteed Minimum Rising-Floor Death Benefit Rider.* The current and guaranteed charge for the rider is 0.35% of the average annual Variable Account Value.

*Estate Enhancement Death Benefit Rider.* For Annuitants who are 60 years of age or less, the current charge for the rider is 0.15% of the average Contract Value. For Annuitants between the age of 61 and 70 years, the current charge is 0.25% and for Annuitants between the age of 71 and 80, the current charge is 0.55%. The guaranteed maximum charge that we may make for this rider for issue ages of 60 years or less, issue ages between 61 and 70, and issue ages between 71 and 80 are 0.20%, 0.30% and 0.60%, respectively.

The accumulated charges for the enhanced guaranteed minimum and for the estate enhancement death benefit riders will be made on each Contract Anniversary and at any time the Variable Account Value is withdrawn or transferred in full. The charge will be deducted by canceling Accumulation Units credited to your Contract, with the charge allocated pro rata among the Subaccounts comprising the Variable Account Value.

*Death Benefit Enhancement Riders.* We will calculate a charge on the first day of each calendar month but only if the Death Benefit Enhancement is greater than zero on that day. The monthly charges will be accumulated during a Contract Year and deducted on the Contract Anniversary. In addition, we will deduct any uncollected rider charges on the date we pay the death benefit under your Contract, the date you elect to begin taking annuity payments or the date you surrender your Contract.

The charge for any month will be the rate from the tables shown below based on the attained age of the Annuitant as of the prior Contract Anniversary multiplied by the Death Benefit Enhancement. There is no charge for any month if cumulative prior performance has been positive and there is no Death Benefit Enhancement payable.

We will deduct the charge by canceling Accumulation Units credited to your Contract, with the charge allocated pro rata among the Subaccounts comprising the Variable Account Value. The charge is the same whether you choose the Rising Floor Plus Death Benefit Enhancement Rider or the Step-Up Plus Death Benefit Enhancement Rider.

| Attained Age | Monthly Charge per $1,000 of Benefit |
|---|---|
| Less than 40 | $0.208 |
| 40-44 | 0.208 |
| 45-49 | 0.333 |
| 50-54 | 0.458 |
| 55-59 | 0.708 |
| 60-64 | 1.083 |
| 65-69 | 1.667 |
| 70-74 | 2.708 |
| 75-79 | 4.250 |
| 80-84 | 7.083 |
| 85-89 | 11.000 |
| 90-94 | 17.292 |

*Optional Guaranteed Minimum Accumulation Benefit Rider.* The rider charge for this benefit, to be assessed annually, will be a percentage of the monthly Contract Value that is allocated to the Subaccounts. Effective May 4, 2009, the current effective annual charge for this agreement is 0.60% and may not be increased beyond the maximum of 1.00%. If a step-up benefit is elected, the monthly charge may be increased, but not above the then current charge applicable to the class of Contract Owners then electing such benefit. We will deduct any accrued, but uncollected rider charges on the date you surrender your Contract or upon your death as of the date of surrender or death. No rider charge will be imposed upon annuitization.

If you elected to participate in this rider prior to May 4, 2009, the current effective annual charge for this agreement remains at 0.50% of the monthly Contract Value and may not be increased beyond the maximum of 1.00%.

*Growth and Income Rider.* The rider charge for this package of enhancements, to be assessed annually, will be a percentage of the monthly average Contract Value that is allocated to the Subaccounts and will be deducted from the Contract Value on the next Contract Anniversary. Effective May 4, 2009, the current effective annual charge for this agreement is 0.90% for a Single Life Guarantee and 1.00% for a Joint Life Guarantee, and may not be increased beyond the maximum of 1.00%. If a step-up benefit is elected, the monthly charge may be increased, but not above the then current charge applicable to the class of Contract Owners then electing such benefit. We will deduct any accrued, but uncollected rider charges on the date you surrender your Contract or upon your death as of the date of surrender or death. No rider charge will be imposed upon annuitization.

If you elected to participate in this rider prior to May 4, 2009 but after March 31, 2009, the current effective annual charge for this agreement remains at 0.85% of monthly average Contract Value for a Single Life Guarantee and 0.95% of monthly average Contract Value for a Joint Life Guarantee and may not be increased beyond the maximum of 1.00%.

If you elected to participate in this rider prior to April 1, 2009, the current effective annual charge for this agreement remains at 0.65% of monthly average Contract Value for a Single Life Guarantee and 0.85% of monthly average Contract Value for a Joint Life Guarantee and may not be increased beyond the maximum of 1.00%.

*Growth and Income Advantage Benefit Rider.* The rider charge for this package of enhancements, to be assessed annually, will be a percentage of the monthly average Contract Value that is allocated to the Subaccounts and will be deducted from the Contract Value on the next Contract Anniversary. Effective April 1, 2009, the current effective annual charge for the rider is 0.90% of monthly average Contract Value for a Single Life Guarantee and 1.00% of monthly average Contract Value for a Joint Life Guarantee and neither may be increased beyond a maximum of 1.00%.

If an automatic step-up in the Withdrawal Base is scheduled to occur, the monthly charge may be increased, but not above the then current charge applicable to the class of Contract Owners then electing this rider. The Contract Owner can opt out of any future rider charge increases by sending, at least 30 days prior to a Contract Anniversary, a written request to the Company to do so. No future increases in the current charge for the rider will be made and all future Automatic Annual Step-Ups will be suspended.

The Contract Owner may send a written request to the Company, at least 30 days prior to a subsequent Contract Anniversary, to reinstate the Automatic Annual Step-Ups of the Withdrawal Base. The reinstatement will be effective on the following Contract Anniversary. Future current charges will be the same as the charges applied to the class of Contract Owners electing the benefit at that time, not to exceed the maximum Rider Charge of 1.00%.

We will deduct any accrued, but uncollected rider charges on the date you surrender your Contract or upon your death as of the date of surrender or death. No rider charge will be imposed upon annuitization.

If you elected to participate in this rider prior to April 1, 2009, the current effective annual charge for this agreement is 0.70% of monthly average Contract Value for a Single Life Guarantee and 0.90% of monthly average Contract Value for a Joint Life Guarantee and may not be increased beyond the maximum of 1.00%.

*Purchasing Power Protector Benefit Rider.* On an annual basis the Rider Charge will be a percentage of the monthly average of the Withdrawal Base and will be deducted from the Contract Value. The Rider Charge will be deducted annually on each Contract Anniversary until the Annuity Date. Effective May 4, 2009, the current effective annual charge for the rider is 1.15% of monthly average Withdrawal Base for a Single Life Guarantee and 1.25% of monthly average Withdrawal Base for a Joint Life Guarantee and neither may be increased beyond a maximum of 1.25%.

If an automatic step-up in the Withdrawal Base is scheduled to occur, the monthly charge may be increased, but not above the then current charge applicable to the class of Contract Owners then electing this rider. The Contract Owner can opt out of any future rider charge increases by sending, at least 30 days prior to a Contract Anniversary, a written request to the Company to do so. No future increases in the current charge for the rider will be made and all future Automatic Annual Step-Ups will be suspended.

The Contract Owner may send a written request to the Company, at least 30 days prior to a subsequent Contract Anniversary, to reinstate the Automatic Annual Step-Ups of the Withdrawal Base. The reinstatement will be effective on the following Contract Anniversary. Future current charges will be the same as the charges applied to the class of Contract Owners electing the benefit at that time, not to exceed the Maximum Rider Charge of 1.25%.

We will deduct any accrued, but uncollected rider charges on the date you surrender your Contract or upon your death as of the date of surrender or death. No rider charge will be imposed upon annuitization.

If you elected to participate in this rider prior to May 4, 2009 but after March 31, 2009, the current effective annual charge for this agreement remains at 0.95 % of monthly average Withdrawal Base for a Single

Life Guarantee and 1.05% of monthly average Withdrawal Base for a Joint Life Guarantee and may not be increased beyond the maximum of 1.25%.

If you elected to participate in this rider prior to April 1, 2009, the current effective annual charge for this agreement remains at 0.65% of monthly average Withdrawal Base for a Single Life Guarantee and 0.85% of monthly average Withdrawal Base for a Joint Life Guarantee and may not be increased beyond the maximum of 1.25%.

***Underlying Fund Charges.*** The Funds assess fees and charges that you pay indirectly through your investment in a Subaccount. For more information about these fees, see **EXPENSES** in this prospectus and the fee table in a Fund's prospectus.

***Premium Taxes.*** Some states and municipalities impose premium taxes on purchase payments received by insurance companies. Generally, any premium taxes payable will be deducted upon annuitization, although we reserve the right to deduct such taxes when due in jurisdictions that impose such taxes on purchase payments. Currently, state premium taxes on purchase payments range from 0% to 3 1/2%.

The Company or an affiliate may receive asset-based compensation from the Funds' advisors or their affiliates for, among other things, customer service and recordkeeping services with respect to those assets. These payments are not charges under your Contract and do not increase the underlying Fund or Contract charges described in this section or in the fee table.

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## MORE INFORMATION ABOUT THE FIXED INTEREST ACCOUNTS

### General Information

For contracts purchased after November 18, 2011, you may allocate or transfer your Account Value to the Seven Year Fixed Interest Account. We periodically declare an effective annual interest rate applicable to allocations to the various fixed interest accounts. For each amount allocated to one of the fixed interest accounts, interest will be credited at an annual effective interest rate declared by us each month. The declared rate of interest will apply through the end of the eighty-four month period which begins on the first day of the calendar month in which the allocation is made. We guarantee an effective annual rate of interest on allocations to all fixed interest accounts equal to the minimum rate prescribed by a formula established by the National Association of Insurance Commissioners.

For contracts purchased prior to November 18, 2011, you may allocate or transfer your Account Value to one or more of the following fixed interest accounts: (1) the Three Year Fixed Interest Account; (2) the Five Year Fixed Interest Account; and (3) the Seven Year Fixed Interest Account. We periodically declare an effective annual interest rate applicable to allocations to the various fixed interest accounts. For each amount allocated to one of the fixed interest accounts, interest will be credited at an annual effective interest rate declared by us each month. The declared rate of interest will apply through the end of the thirty-six month, sixty month or eighty-four month period, as applicable, which begins on the first day of the calendar month in which the allocation is made. We guarantee an effective annual rate of interest on allocations to all fixed interest accounts of not less than 3%. We reserve the right to reduce our guaranteed minimum interest rate if permitted by your state. If required by law, we will notify you in advance of any such change.

You may transfer amounts held in the fixed interest accounts to Subaccounts or to another fixed interest account, subject to the provisions of your Contract. A premature withdrawal charge may be deducted from the interest earned on any amount that is withdrawn from the Three Year Fixed Interest Account, the Five Year Fixed Interest Account or the Seven Year Fixed Interest Account during the period for which an interest rate is guaranteed. The premature withdrawal charge will be determined by multiplying the premature withdrawal rate by the premature withdrawal amount. The premature withdrawal rate equals one-half of the most recent effective annual interest rate then applicable to the fixed interest account from which the withdrawal is being made (*i.e.*, 6 months' interest). The premature withdrawal amount equals

(a) minus the greater of (b) or (c) where: (a) is the total amount withdrawn from the fixed interest accounts; (b) is the amount for which the declared effective annual interest rate has expired in the immediately preceding 25 days (which reflects that you may make withdrawals up to 25 days after the maturity of a fixed interest account without application of the premature withdrawal charge); and (c) is 10% of purchase payments less any previous amount withdrawn from the Contract in that contract year. In no event will the premature withdrawal charge invade the Contract Owner's principal investment in the applicable fixed interest account. In no event will the sum of the premature withdrawal charge and the contingent deferred sales charge exceed 10% of the amount withdrawn. In accordance with state law, we may defer a withdrawal or transfer from a fixed interest account for up to six months if we reasonably determine that investment conditions are such that an orderly sale of assets in our general account is not feasible.

If you participate in our dollar cost averaging program, you may allocate new Purchase Payments to a Six Month or Twelve Month Dollar Cost Averaging Account in our fixed interest account. The interest rate that you earn is set at the time that you invest and will not vary during the period. We guarantee an effective annual rate of interest on allocations to all fixed interest accounts equal to the minimum rate prescribed by a formula established by the National Association of Insurance Commissioners. If you stop dollar cost averaging while the money is allocated to the Dollar Cost Averaging Account, your money will be transferred to the Money Market Subaccount.

The Minimum Guaranteed Interest Rate applicable for any Fixed Dollar Cost Averaging Option of the Fixed Account (according to your Contract) is determined on the Contract Date. The rate can range between 1% and 3%, unless applicable law permits a reduction. The minimum guaranteed interest rate for any Fixed Interest Account is determined based on a formula established by state law as described below.

The Minimum Guaranteed Interest Rate is the lesser of (1) 3% and (2) the average over a 12-month period, rounded to the nearest 1/20th of 1%, of the 5-year constant maturity treasury rate reduced by 125 basis points, where the resulting interest rate is not less than 1%. This rate is set by the Company quarterly on January 1, April 1, July 1 and October 1. This rate is the minimum guaranteed interest rate for the life of the Contract. The calculated guaranteed rate will never be lower than the minimum nonforfeiture rate.

You may transfer money in the fixed interest accounts to Subaccounts of the Separate Account, subject to the provisions of your Contract. If you do not withdraw or reallocate money in a fixed interest account within 25 days after the end of that account's interest period, we will treat it as a new allocation to that fixed account. The One Year Fixed Interest Account is not available to Contracts issued on or after August 11, 2003.

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**Loans Under Section 403(b) Contracts**

If your Contract qualifies under Section 403(b) of the Code, and if state law permits, you may be able to borrow against money that you have invested in a fixed interest account. Review your Contract loan endorsement or consult our representative for a complete description of the terms of the loan privilege, including minimum and maximum loan amounts, repayment terms, and restrictions on prepayments.

When you borrow, an amount equal to your loan will be transferred, as collateral, from your Separate Account Subaccounts to an account in our general account called the "Restricted Account." Amounts transferred to the Restricted Account currently earn interest at a rate of 1 1/2 percentage points less than the rate of interest that we charge you on the loan. The lowest possible interest that you could earn on your Restricted Account assets is 2 1/2 percentage points less than the rate charged on the loan. On your Contract Anniversary, the accrued interest in the Restricted Account will be transferred to your Subaccounts in accordance with your current payment allocation instructions.

Loan repayments are due quarterly. When you repay part of your loan, we transfer an amount equal to the principal portion of the repayment from the Restricted Account to the Money Market Subaccount. You may then transfer amounts from the Money Market Subaccount to the other investment options offered under the Contract.

If you are in default, we will report the default to the Internal Revenue Service as a taxable distribution and, if you are then under age 59 1/2, as a premature distribution that may be subject to a 10% penalty. We will repay the loan by withdrawing the amount in default, plus interest and any applicable contingent deferred sales charge, from your Subaccounts in accordance with your loan request and agreement. If Section 403(b) prevents us from doing this, your outstanding loan balance will continue to accrue interest and the amount due will be withdrawn when a withdrawal becomes permissible. While a loan balance is outstanding, any withdrawal or death benefit proceeds must first be used to pay the loan.

Loans are subject to the terms of your Contract, your Section 403(b) plan and the Code, and, in the case of plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), the ERISA regulations on plan loans, all of which may impose restrictions. We reserve the right to suspend, modify or terminate the availability of loans. Where there is a plan fiduciary, it is the responsibility of the fiduciary to ensure that any contract loans comply with plan qualification requirements, including ERISA.

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## FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of some federal income tax considerations generally applicable to Contracts owned by natural persons. This general summary of federal income tax does not address every issue that may affect you. It is based on the law in effect on the date of this prospectus, which may change, and does not address state or local tax laws. For further information, you should consult qualified tax counsel.

You pay no federal income tax on increases in the value of your Contract until money is distributed to you or your Beneficiary as a withdrawal, death benefit or an annuity payment.

***Withdrawals and Death Benefits.*** For U.S. federal income tax purposes, you may pay tax on a withdrawal, and your Beneficiary may pay tax on a death benefit. These payments generally will be taxable to the extent the cash value of your Contract exceeds your investment in the Contract. Ordinary income tax rates apply. If you designate a Beneficiary who is either a family member or two or more generations below you, or a person (other than a spouse) more than 37 1/2 years younger than you, you may be subject to the Generation Skipping Transfer Tax under Section 2601 of the Code.

In the case of a nonqualified Contract and death of an Annuitant who was not the Contract Owner, an election to receive the death benefit in the form of annuity payment must be made within 60 days. If such election is not made, the gain from the Contract will generally be taxed as a lump sum payment, as described in the preceding paragraph.

***Annuity Payments.*** The non-taxable portion of an annuity payment generally is determined by multiplying the payment by the ratio of the investment in the Contract (as adjusted for any refund feature) to the expected return under the Contract. The remaining portion is taxed at ordinary income tax rates. Once you have recovered the investment in the Contract, further annuity payments are taxable at ordinary income tax rates.

Subject to certain exceptions, a Contract must be held by or on behalf of a natural person in order to be treated as an annuity contract under federal income tax law and to be accorded the tax treatment described in the preceding paragraphs. If a Contract is not treated as an annuity contract for federal income tax purposes, the income on the Contract is treated as ordinary income received or accrued by the Contract Owner during the taxable year.

If your nonqualified Contract contains a Guaranteed Minimum Withdrawal Benefit Rider, certain rules may apply. It is not clear whether guaranteed minimum withdrawal benefit payments made during the settlement or income (payout) phase may be taxed as either withdrawals or annuities. In view of this uncertainty, we intend to adopt a conservative approach and treat guaranteed minimum withdrawal payments during the settlement phase under nonqualified Contracts as withdrawals. Consult a tax advisor before purchasing a Guaranteed Minimum Withdrawal Benefit Rider or option.

A 3.8% Medicare contribution tax generally applies to all or a portion of the net investment income of a taxpayer who is an individual and not a nonresident alien for federal income tax purposes and who has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount ($250,000 if married filing jointly or if considered a "surviving spouse" for federal income tax purposes, $125,000 if married filing separately, and $200,000 in other cases). For these purposes, amounts received, other than amounts received from annuities that are part of a qualified retirement plan, are generally considered net investment income. Income from annuities that are part of a qualified retirement plan may be included in adjusted gross income for purposes of determining whether the applicable income thresholds are exceeded.

***Early Withdrawals.*** An additional income tax of 10% may be imposed on the taxable portion of an early withdrawal or distribution unless one of several exceptions apply. Generally, there will be no additional income tax on:

- early withdrawals that are part of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the taxpayer or the joint lives (or joint life expectancies) of the taxpayer and a Beneficiary;
- withdrawals made on or after age 59½;
- distributions made on or after death; or
- withdrawals attributable to disability, as determined under the Code.

If you receive systematic payments that you intend to qualify for the "substantial equal periodic payments" exception described above, any modification (except due to death or disability) to your systematic payments before the age of 59½ or within five years after the beginning of those payments, whichever is later, will result in the retroactive imposition of the 10% additional income tax and an interest charge. Other exceptions to taxes imposed on early withdrawals in this context may apply, potentially including exceptions that the Internal Revenue Service has provided in connection with the COVID-19 pandemic. You should consult a tax advisor to determine if an early withdrawal will result in the imposition of a 10% penalty tax.

***Multiple Contracts.*** All nonqualified Contracts that are issued by Penn Mutual to the same Contract Owner during any calendar year are treated as one annuity for purposes of determining the amount includable in such Contract Owner's taxable income when a taxable distribution (other than an annuity payment) occurs. A Nonqualified Contract is generally a Contract that does not qualify for favorable tax treatment as a qualified plan (described in more detail below), individual retirement annuity ("IRA"), Roth IRA, Simplified Employee Pension IRA, or tax-sheltered annuity.

***Transfers.*** You may pay tax if you transfer your Contract to someone else. If the transfer is for less than adequate consideration, the taxable portion would be the Contract Value at the time of transfer over the investment in the Contract at such time. This rule does not apply to transfers between spouses or to transfers incident to a divorce.

***Separate Account Diversification.*** Section 817(h) of the Code provides that the investments of a separate account in which a Contract invests (underlying a variable annuity contract which is not purchased under a qualified retirement plan or certain other types of plans or the investments of a mutual fund, the shares of which are owned by the variable annuity separate account) must be "adequately diversified" in order for the Contract to be treated as an annuity contract for tax purposes. The Treasury Department has issued regulations prescribing such diversification requirements. The funds in which each Subaccount of the Separate Account may invest are owned exclusively by the Separate Account and certain other qualified investors. As a result, the Separate Account expects to be able to look through to the funds' investments in order to establish that each Subaccount is "adequately diversified". It is expected that each underlying fund will comply with the diversification requirement applicable to the Subaccounts as though the requirement applied to that underlying fund. Penn Mutual believes that each Separate Account will meet the diversification requirement, and Penn Mutual will monitor continued compliance with this requirement.

The Treasury Department has stated in published rulings that a variable contract owner will be considered the owner of separate account assets if the contract owner possesses incidents of ownership in those assets, such as the ability to exercise investment control over the assets. If a variable contract owner is treated as owner of separate account assets, income and gain from the assets would be includable in the variable contract owner's gross income. The Treasury Department has indicated that, in regulations or revenue rulings under Section 817(d) (relating to the definition of a variable contract), it would provide guidance on the extent to which contract owners may direct their investments to particular subaccounts without being treated as owners of the underlying shares. No such regulations have been issued to date. The Internal Revenue Service has issued Revenue Ruling 2003-91 in which it ruled that the ability to choose among as many as 20 subaccounts and make not more than one transfer per 30-day period without charge did not result in the owner of a contract being treated as the owner of the assets in the subaccount under the investment control doctrine.

The ownership rights under your Contract are similar to, but different in certain respects from, those described by the IRS in Revenue Ruling 2003-91 and other rulings in which it was determined that contract owners were not owners of the subaccount assets. It is possible that these differences could result in Contract owners being treated as the owners of the assets of the Subaccounts under the Contract. We, therefore, reserve the right to modify the Contract as necessary to attempt to prevent the owners of the Contract from being considered the owners of a pro rata share of the assets of the Subaccounts under the Contract. It is possible that if regulations or additional rulings are issued, the Contracts may need to be modified to comply with them.

***Qualified Plans.*** The Contracts may be used in connection with certain retirement plans that qualify for special tax treatment under the Code. The plans include rollover individual retirement annuities qualified under Section 408(b) of the Code (referred to as IRAs) and certain tax deferred annuities qualified under Section 403(b) of the Code. Qualified Contracts have special provisions in order to be treated as qualified under the Code.

For some types of qualified retirement plans, there may be no cost basis in the Contract. In this case, the total payments received may be taxable. Before purchasing a Contract under a qualified retirement plan, the tax consequences of purchasing such a Contract should be considered.

Distribution must generally commence from individual retirement annuities and from Contracts qualified under Section 403(b) no later than the April 1 following the calendar year in which the Contract Owner attains the required age (age 72 effective January 1, 2020). Failure to make such required minimum distributions may result in a 50% tax on the amount of the required distribution.

If your qualified Contract contains a Guaranteed Minimum Withdrawal Benefit Rider, certain rules may apply. If you elect a guaranteed minimum withdrawal benefit and your minimum required distribution amount exceeds your guaranteed withdrawal amount, you will have to withdraw more than the guaranteed withdrawal amount to avoid imposition of a 50% excise tax. It is not clear whether guaranteed minimum withdrawal benefit payments made during the settlement phase will be taxed as withdrawals or as annuity payments. In view of this uncertainty, we will apply the non-annuity rules for determining minimum required distributions, meaning that a percentage of the value of all benefits under the Contract will need to be withdrawn each year. The value may have to include the value of enhanced death benefits and other optional contract provisions such as the Guaranteed Minimum Withdrawal Benefit Rider itself.

***Withholding.*** Generally, for purposes of a nonqualified annuity or rollover IRA qualified under Section 408(b), unless the Contract Owner elects to the contrary and properly notifies the Company of that election, any amounts that are received under the Contract that the Company believes are includable in gross income for tax purposes will be subject to mandatory withholding to meet federal income tax obligations. The same treatment will apply to distributions from a Section 403(b) annuity that are payable as an annuity for the life or life expectancy of one or more individuals, or for a period of at least 10 years, or are required minimum distributions. Other distributions from a qualified plan or a Section 403(b) annuity are subject to mandatory withholding, unless an election is made to receive the distribution as a direct rollover to another eligible retirement plan.

This general summary of federal income tax considerations does not address every issue that may affect you. You should consult qualified tax counsel.

## Other Information

***Information Systems, Technology Disruption and Cyber Security Risks.*** We rely heavily on interconnected computer systems and digital data to conduct contract activity. As such, contract activity is highly dependent upon the effective operation of internal computer systems and those of our service providers. All systems are vulnerable to disruptions as the result of natural disasters, man-made disasters, criminal activity, pandemics, utility outages and other events beyond our control and are susceptible to operational and information security risks resulting from information systems failure, including hardware and software malfunctions and cyber-attacks. Cyberattacks may interfere with contract transaction processing, or cause the release and/or destruction of contract owner or business information including the securities in which the underlying funds invest, which may cause the underlying funds to lose value. There can be no assurance that we, the underlying funds or our service providers will avoid losses affecting contracts that result from cyber-attacks or information security breaches in the future. These risks also apply to other insurance and financial services companies and businesses.

***Information System, Technology Disruption and Cyber Security Policy.*** We have established policies, standards, procedures and practices to limit the effect of business interruptions and protect the confidentiality, integrity, availability and privacy of contract owner information. Safeguards are maintained to reasonably protect our systems and information against anticipated threats or hazards. Controls have been implemented to safeguard data in transit, at rest, and to restrict access to contract owner data including, but not limited to, antivirus and anti-malware software, periodic vulnerability assessments and penetration tests, and, comprehensive business continuity planning.

***Abandoned Property.*** Every state has unclaimed property laws that generally provide for escheatment to the state of unclaimed property (including escheatment of annuity, life, and other insurance policies) under various circumstances. In addition to the state unclaimed property law, we may be required to escheat property pursuant to regulatory demand, finding, agreement or settlement. To help prevent such escheatment it is important that you keep your contract and other information on file with us up to date, including the names, contact and identifying information for owners, insureds, annuitants, payors, beneficiaries and other payees.

***Anti-Money Laundering.*** Federal laws designed to counter terrorism and prevent money laundering by criminals might in certain circumstances require us to take action, including but not limited to, rejecting a premium payment or "freezing" an owner's account. If these laws apply in a particular situation, absent instructions from the appropriate federal regulator, we would not be allowed to pay any request for surrenders (either full or partial), pay death benefits, continue making payments, or perform money movement requests, including transfers. We may also be required to provide information about you and your Contract to government agencies or departments.

***Legal Proceedings.*** We, like other life insurance companies, are subject to regulatory and legal proceedings, including lawsuits, in the ordinary course of our business. Such legal and regulatory matters include proceedings specific to us and other proceedings generally applicable to business practices in the industry in which we operate. In some lawsuits and regulatory proceedings involving insurers, substantial damages have been sought and/or material settlement payments have been made.

## Distribution Arrangements

Penn Mutual has a distribution agreement with Hornor, Townsend & Kent, LLC ("HTK") to act as principal underwriter for the distribution and sale of the Contracts. HTK is a wholly owned subsidiary of Penn Mutual and is located at 600 Dresher Road, Suite C1C, in Horsham, Pennsylvania, 19044. HTK sells the Contracts through its financial professionals. HTK has also entered into selling agreements with other broker-dealers who in turn sell the Contracts through their financial professionals. HTK is registered as a broker-dealer with the Commission under the Securities Exchange Act of 1934, as well as with the securities commissions in the states in which it operates, and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

Penn Mutual enters into selling agreements with HTK and other broker-dealers whose financial professionals are authorized by state insurance and securities departments to solicit applications for the Contracts. Sales and renewal compensation are paid to these broker-dealers for soliciting applications as premium-based commission, asset-based commission (sometimes referred to as “trails” or “residuals”), or a combination of the two. Premium-based commissions on purchase payments made under the Contract will not exceed 5%.

In addition to or partially in lieu of commission, Penn Mutual may also make override payments and pay expense allowances and reimbursements, bonuses, wholesaler fees, and training and marketing allowances. Such payments may offset broker-dealer expenses in connection with activities they are required to perform, such as educating personnel and maintaining records. Financial professionals may also receive non-cash compensation such as expense-paid educational or training seminars involving travel within and outside the U.S. or promotional merchandise.

Such additional compensation may give Penn Mutual greater access to financial professionals of the broker-dealers that receive such compensation. While this greater access provides the opportunity for training and other educational programs so that your financial professional may serve you better, this additional compensation may provide Penn Mutual access to marketing benefits such as web site placement, access to financial professional lists, extra marketing assistance, or other heightened visibility and access to the broker-dealer’s sales force that otherwise influences the way that the broker-dealer and the financial professional market the contracts.

Finally, within certain limits imposed by FINRA, financial professionals who are associated with HTK, as a Penn Mutual broker-dealer affiliate, may qualify for sales incentive programs and other benefits sponsored by Penn Mutual. These HTK financial professionals are also agents of Penn Mutual and upon achievement of specified annual sales goals may be eligible for compensation in addition to the amounts stated above, including bonuses, fringe benefits, financing arrangements, conferences, trips, prizes and awards.

All of the compensation described in this section, and other compensation or benefits provided by Penn Mutual or its affiliates, may be more or less than the overall compensation on similar or other products and may influence your financial professional or broker-dealer to present this Contract rather than other investment options.

Individual financial professionals typically receive a portion of the compensation that is paid to the broker-dealer in connection with the Contract, depending on the agreement between the financial professional and their broker-dealer firm. Penn Mutual is not involved in determining that compensation arrangement, which may present its own incentives or conflicts. You may ask your financial professional how he/she will be compensated for the transaction.

## Statement of Additional Information Contents

## APPENDIX A

This Appendix contains tables that show Accumulation Unit values and the number of Accumulation Units outstanding for each of the Subaccounts of the Separate Account. The financial data included in the tables should be read in conjunction with the financial statements and the related notes that are included in the SAI.

### PENN SERIES MONEY MARKET FUND SUBACCOUNT
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $9.494 | $9.480 | $9.566 | $9.704 | $9.845 |
| Accumulation Unit Value, end of period | $9.379 | $9.494 | $9.480 | $9.566 | $9.704 |
| Number of Accumulation Units outstanding, end of period | 2,451,192 | 2,028,724 | 1,624,445 | 1,649,424 | 2,005,292 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $9.988 | $10.133 | $10.280 | $10.429 | $10.580 |
| Accumulation Unit Value, end of period | $9.845 | $9.988 | $10.133 | $10.280 | $10.429 |
| Number of Accumulation Units outstanding, end of period | 1,573,058 | 2,069,737 | 2,073,013 | 1,923,906 | 3,335,585 |

### PENN SERIES LIMITED MATURITY BOND FUND SUBACCOUNT
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $12.267 | $11.865 | $11.873 | $11.846 | $11.716 |
| Accumulation Unit Value, end of period | $12.532 | $12.267 | $11.865 | $11.873 | $11.846 |
| Number of Accumulation Units outstanding, end of period | 1,279,615 | 2,025,595 | 2,178,412 | 2,425,716 | 2,557,064 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $11.794 | $11.946 | $12.131 | $12.234 | $12.140 |
| Accumulation Unit Value, end of period | $11.716 | $11.794 | $11.946 | $12.131 | $12.234 |
| Number of Accumulation Units outstanding, end of period | 2,926,976 | 2,505,695 | 2,237,703 | 3,433,167 | 3,282,505 |

## Penn Series Quality Bond Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $16.709 | $15.523 | $15.762 | $15.294 | $14.875 |
| Accumulation Unit Value, end of period | $17.857 | $16.709 | $15.523 | $15.762 | $15.294 |
| Number of Accumulation Units outstanding, end of period | 2,844,548 | 3,013,784 | 3,226,261 | 3,635,111 | 3,789,672 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $15.036 | $14.516 | $15.178 | $14.920 | $13.746 |
| Accumulation Unit Value, end of period | $14.875 | $15.036 | $14.516 | $15.178 | $14.920 |
| Number of Accumulation Units outstanding, end of period | 4,231,103 | 4,629,083 | 5,737,518 | 7,412,250 | 6,490,522 |

## Penn Series High Yield Bond Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $28.209 | $24.740 | $25.688 | $24.263 | $21.286 |
| Accumulation Unit Value, end of period | $29.892 | $28.209 | $24.740 | $25.688 | $24.263 |
| Number of Accumulation Units outstanding, end of period | 622,926 | 691,883 | 769,026 | 855,021 | 950,123 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $22.350 | $22.264 | $20.933 | $18.540 | $18.249 |
| Accumulation Unit Value, end of period | $21.286 | $22.350 | $22.264 | $20.933 | $18.540 |
| Number of Accumulation Units outstanding, end of period | 1,045,026 | 1,195,892 | 1,343,446 | 1,541,765 | 1,319,920 |

## PENN SERIES FLEXIBLY MANAGED FUND SUBACCOUNT
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $45.198 | $36.827 | $37.190 | $32.812 | $30.773 |
| Accumulation Unit Value, end of period | $52.491 | $45.198 | $36.827 | $37.190 | $32.812 |
| Number of Accumulation Units outstanding, end of period | 12,861,309 | 14,095,465 | 15,384,544 | 16,865,730 | 18,126,136 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $29.737 | $26.909 | $22.326 | $19.745 | $19.443 |
| Accumulation Unit Value, end of period | $30.773 | $29.737 | $26.909 | $22.326 | $19.745 |
| Number of Accumulation Units outstanding, end of period | 19,604,557 | 20,585,830 | 21,976,501 | 21,927,799 | 20,546,547 |

## PENN SERIES BALANCED FUND SUBACCOUNT
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $20.980 | $17.496 | $18.281 | $16.232 | $15.196 |
| Accumulation Unit Value, end of period | $23.732 | $20.980 | $17.496 | $18.281 | $16.232 |
| Number of Accumulation Units outstanding, end of period | 400,521 | 446,643 | 528,351 | 561,545 | 614,088 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $15.313 | $14.169 | $12.314 | $11.304 | $10.865 |
| Accumulation Unit Value, end of period | $15.196 | $15.313 | $14.169 | $12.314 | $11.304 |
| Number of Accumulation Units outstanding, end of period | 664,985 | 777,375 | 864,353 | 1,071,127 | 1,024,559 |

## Penn Series Large Growth Stock Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $27.507 | $21.396 | $21.999 | $16.761 | $16.821 |
| Accumulation Unit Value, end of period | $37.137 | $27.507 | $21.396 | $21.999 | $16.761 |
| Number of Accumulation Units outstanding, end of period | 1,159,084 | 1,226,061 | 1,397,600 | 1,500,201 | 1,773,472 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $15.443 | $14.460 | $10.546 | $9.011 | $9.286 |
| Accumulation Unit Value, end of period | $16.821 | $15.443 | $14.460 | $10.546 | $9.011 |
| Number of Accumulation Units outstanding, end of period | 2,001,318 | 2,271,299 | 2,350,802 | 2,514,655 | 2,520,221 |

## Penn Series Large Cap Growth Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $22.874 | $16.603 | $16.735 | $13.244 | $12.682 |
| Accumulation Unit Value, end of period | $27.536 | $22.874 | $16.603 | $16.735 | $13.244 |
| Number of Accumulation Units outstanding, end of period | 248,583 | 269,768 | 308,054 | 331,340 | 352,796 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $12.887 | $11.748 | $9.684 | $8.912 | $9.698 |
| Accumulation Unit Value, end of period | $12.682 | $12.887 | $11.748 | $9.684 | $8.912 |
| Number of Accumulation Units outstanding, end of period | 454,181 | 467,699 | 613,958 | 904,476 | 991,128 |

**PENN SERIES LARGE CORE GROWTH FUND SUBACCOUNT**
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $24.259 | $19.340 | $18.976 | $14.499 | $14.692 |
| Accumulation Unit Value, end of period | $41.959 | $24.259 | $19.340 | $18.976 | $14.499 |
| Number of Accumulation Units outstanding, end of period | 310,684 | 292,349 | 354,342 | 372,969 | 450,514 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $14.660 | $13.807 | $10.158 | $8.874 | $9.478 |
| Accumulation Unit Value, end of period | $14.692 | $14.660 | $13.807 | $10.158 | $8.874 |
| Number of Accumulation Units outstanding, end of period | 530,749 | 654,712 | 713,420 | 770,670 | 729,189 |

**PENN SERIES LARGE CAP VALUE FUND SUBACCOUNT**
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $22.877 | $18.790 | $20.658 | $18.288 | $16.624 |
| Accumulation Unit Value, end of period | $23.070 | $22.877 | $18.790 | $20.658 | $18.288 |
| Number of Accumulation Units outstanding, end of period | 928,569 | 958,860 | 1,192,370 | 1,309,154 | 1,241,103 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $17.634 | $16.073 | $12.242 | $10.970 | $11.645 |
| Accumulation Unit Value, end of period | $16.624 | $17.634 | $16.073 | $12.242 | $10.970 |
| Number of Accumulation Units outstanding, end of period | 1,318,754 | 1,326,980 | 1,236,067 | 1,406,145 | 1,566,088 |

### Penn Series Large Core Value Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $19.349 | $15.137 | $16.444 | $14.482 | $13.412 |
| Accumulation Unit Value, end of period | $19.577 | $19.349 | $15.137 | $16.444 | $14.482 |
| Number of Accumulation Units outstanding, end of period | 829,745 | 781,331 | 905,110 | 985,180 | 1,242,647 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $13.719 | $12.508 | $9.778 | $8.584 | $9.090 |
| Accumulation Unit Value, end of period | $13.412 | $13.719 | $12.508 | $9.778 | $8.584 |
| Number of Accumulation Units outstanding, end of period | 1,379,381 | 1,679,258 | 1,829,150 | 2,030,145 | 1,996,700 |

### Penn Series Index 500 Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $30.177 | $23.361 | $24.888 | $20.782 | $18.906 |
| Accumulation Unit Value, end of period | $35.201 | $30.177 | $23.361 | $24.888 | $20.782 |
| Number of Accumulation Units outstanding, end of period | 1,717,575 | 1,830,077 | 2,259,668 | 2,587,306 | 3,219,710 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $18.992 | $17.015 | $13.091 | $11.483 | $11.448 |
| Accumulation Unit Value, end of period | $18.906 | $18.992 | $17.015 | $13.091 | $11.483 |
| Number of Accumulation Units outstanding, end of period | 3,451,851 | 3,763,553 | 3,837,329 | 3,329,580 | 2,590,189 |

## Penn Series Mid Cap Growth Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $31.985 | $23.520 | $23.802 | $19.003 | $18.117 |
| Accumulation Unit Value, end of period | $47.126 | $31.985 | $23.520 | $23.802 | $19.003 |
| Number of Accumulation Units outstanding, end of period | 583,561 | 732,585 | 885,782 | 992,763 | 1,067,960 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $19.509 | $18.078 | $13.416 | $12.832 | $14.117 |
| Accumulation Unit Value, end of period | $18.117 | $19.509 | $18.078 | $13.416 | $12.832 |
| Number of Accumulation Units outstanding, end of period | 1,164,542 | 1,207,489 | 1,333,332 | 1,527,844 | 1,392,534 |

## Penn Series Mid Cap Value Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $31.977 | $27.722 | $33.170 | $28.652 | $24.803 |
| Accumulation Unit Value, end of period | $27.644 | $31.977 | $27.722 | $33.170 | $28.652 |
| Number of Accumulation Units outstanding, end of period | 453,487 | 434,272 | 488,789 | 533,333 | 685,796 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $27.350 | $24.412 | $18.185 | $16.021 | $17.343 |
| Accumulation Unit Value, end of period | $24.803 | $27.350 | $24.412 | $18.185 | $16.021 |
| Number of Accumulation Units outstanding, end of period | 735,315 | 760,843 | 884,056 | 830,414 | 753,834 |

**PENN SERIES MID CORE VALUE FUND SUBACCOUNT**
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $30.595 | $24.105 | $28.131 | $25.586 | $21.145 |
| Accumulation Unit Value, end of period | $30.636 | $30.595 | $24.105 | $28.131 | $25.586 |
| Number of Accumulation Units outstanding, end of period | 347,930 | 338,502 | 401,802 | 433,249 | 516,272 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $21.784 | $18.992 | $14.920 | $13.226 | $13.910 |
| Accumulation Unit Value, end of period | $21.145 | $21.784 | $18.992 | $14.920 | $13.226 |
| Number of Accumulation Units outstanding, end of period | 437,779 | 612,097 | 629,125 | 667,377 | 700,038 |

**PENN SERIES SMID CAP GROWTH FUND SUBACCOUNT**
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $29.168 | $21.453 | $23.034 | $18.320 | $17.490 |
| Accumulation Unit Value, end of period | $43.787 | $29.168 | $21.453 | $23.034 | $18.320 |
| Number of Accumulation Units outstanding, end of period | 386,841 | 435,322 | 513,270 | 529,491 | 624,564 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $18.019 | $18.172 | $12.908 | $11.354 | $12.089 |
| Accumulation Unit Value, end of period | $17.490 | $18.019 | $18.172 | $12.908 | $11.354 |
| Number of Accumulation Units outstanding, end of period | 641,144 | 637,960 | 637,637 | 570,905 | 442,863 |

## Penn Series SMID Cap Value Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $24.188 | $20.476 | $24.490 | $21.988 | $17.817 |
| Accumulation Unit Value, end of period | $24.185 | $24.188 | $20.476 | $24.490 | $21.988 |
| Number of Accumulation Units outstanding, end of period | 348,755 | 368,852 | 429,642 | 457,523 | 608,183 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $19.169 | $17.802 | $13.089 | $11.165 | $12.202 |
| Accumulation Unit Value, end of period | $17.817 | $19.169 | $17.802 | $13.089 | $11.165 |
| Number of Accumulation Units outstanding, end of period | 640,994 | 620,643 | 481,354 | 486,189 | 472,370 |

## Penn Series Small Cap Growth Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $18.229 | $14.422 | $15.346 | $12.472 | $11.639 |
| Accumulation Unit Value, end of period | $23.730 | $18.229 | $14.422 | $15.346 | $12.472 |
| Number of Accumulation Units outstanding, end of period | 493,604 | 588,479 | 721,986 | 723,989 | 598,380 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $11.768 | $11.073 | $8.164 | $7.835 | $8.943 |
| Accumulation Unit Value, end of period | $11.639 | $11.768 | $11.073 | $8.164 | $7.835 |
| Number of Accumulation Units outstanding, end of period | 678,452 | 757,793 | 705,034 | 979,163 | 990,916 |

### Penn Series Small Cap Value Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $41.953 | $34.598 | $40.764 | $36.844 | $29.963 |
| Accumulation Unit Value, end of period | $42.316 | $41.953 | $34.598 | $40.764 | $36.844 |
| Number of Accumulation Units outstanding, end of period | 788,682 | 862,879 | 1,021,298 | 1,052,806 | 931,281 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $32.156 | $30.449 | $22.237 | $19.423 | $19.536 |
| Accumulation Unit Value, end of period | $29.963 | $32.156 | $30.449 | $22.237 | $19.423 |
| Number of Accumulation Units outstanding, end of period | 1,009,831 | 1,011,674 | 1,089,715 | 1,179,805 | 1,137,494 |

### Penn Series Small Cap Index Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $21.525 | $17.544 | $20.087 | $17.910 | $15.095 |
| Accumulation Unit Value, end of period | $25.320 | $21.525 | $17.544 | $20.087 | $17.910 |
| Number of Accumulation Units outstanding, end of period | 520,292 | 588,360 | 662,175 | 718,699 | 967,521 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $16.142 | $15.717 | $11.544 | $10.141 | $10.775 |
| Accumulation Unit Value, end of period | $15.095 | $16.142 | $15.717 | $11.544 | $10.141 |
| Number of Accumulation Units outstanding, end of period | 1,029,418 | 1,059,376 | 977,782 | 917,371 | 803,530 |

## Penn Series Developed International Index Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $12.598 | $10.561 | $12.470 | $10.160 | $10.272 |
| Accumulation Unit Value, end of period | $13.382 | $12.598 | $10.561 | $12.470 | $10.160 |
| Number of Accumulation Units outstanding, end of period | 1,048,962 | 1,167,142 | 1,404,923 | 1,452,394 | 1,516,328 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $10.569 | $11.420 | $9.569 | $8.217 | $9.541 |
| Accumulation Unit Value, end of period | $10.272 | $10.569 | $11.420 | $9.569 | $8.217 |
| Number of Accumulation Units outstanding, end of period | 1,591,943 | 1,605,227 | 1,582,378 | 1,648,958 | 1,627,799 |

## Penn Series International Equity Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $34.469 | $27.308 | $31.630 | $24.370 | $26.070 |
| Accumulation Unit Value, end of period | $39.046 | $34.469 | $27.308 | $31.630 | $24.370 |
| Number of Accumulation Units outstanding, end of period | 1,262,620 | 1,367,531 | 1,563,037 | 1,667,308 | 1,826,638 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $25.534 | $25.164 | $24.094 | $20.193 | $20.302 |
| Accumulation Unit Value, end of period | $26.070 | $25.534 | $25.164 | $24.094 | $20.193 |
| Number of Accumulation Units outstanding, end of period | 2,003,559 | 2,241,965 | 2,374,813 | 2,323,920 | 2,329,474 |

## Penn Series Emerging Markets Equity Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $11.514 | $9.842 | $12.100 | $9.091 | $8.718 |
| Accumulation Unit Value, end of period | $12.532 | $11.514 | $9.842 | $12.100 | $9.091 |
| Number of Accumulation Units outstanding, end of period | 2,213,331 | 2,478,990 | 2,916,692 | 3,149,152 | 3,321,424 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $9.926 | $10.592 | $10.869 | $9.220 | $11.470 |
| Accumulation Unit Value, end of period | $8.718 | $9.926 | $10.592 | $10.869 | $9.220 |
| Number of Accumulation Units outstanding, end of period | 3,662,287 | 3,774,855 | 3,879,134 | 3,548,338 | 3,268,898 |

## Penn Series Real Estate Securities Fund Subaccount(a)
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $39.090 | $29.938 | $31.707 | $29.952 | $28.806 |
| Accumulation Unit Value, end of period | $37.282 | $39.090 | $29.938 | $31.707 | $29.952 |
| Number of Accumulation Units outstanding, end of period | 489,594 | 524,471 | 597,517 | 669,393 | 752,713 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $27.777 | $21.642 | $21.291 | $18.622 | $17.652 |
| Accumulation Unit Value, end of period | $28.806 | $27.777 | $21.642 | $21.291 | $18.622 |
| Number of Accumulation Units outstanding, end of period | 794,950 | 845,062 | 978,477 | 991,086 | 898,045 |

(a) Penn Series REIT Fund Subaccount prior to May 1, 2011.

## Penn Series Aggressive Allocation Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $18.453 | $15.189 | $17.036 | $14.395 | $13.590 |
| Accumulation Unit Value, end of period | $19.869 | $18.453 | $15.189 | $17.036 | $14.395 |
| Number of Accumulation Units outstanding, end of period | 487,225 | 530,892 | 622,193 | 676,199 | 725,985 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $14.011 | $13.313 | $11.028 | $9.689 | $10.203 |
| Accumulation Unit Value, end of period | $13.590 | $14.011 | $13.313 | $11.028 | $9.689 |
| Number of Accumulation Units outstanding, end of period | 792,576 | 871,718 | 949,194 | 1,031,049 | 1,009,076 |

## Penn Series Moderately Aggressive Allocation Fund Subaccount
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $19.092 | $15.911 | $17.517 | $15.114 | $14.262 |
| Accumulation Unit Value, end of period | $20.592 | $19.092 | $15.911 | $17.517 | $15.114 |
| Number of Accumulation Units outstanding, end of period | 2,144,621 | 2,387,054 | 2,800,273 | 3,012,117 | 2,563,873 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $14.637 | $13.973 | $11.897 | $10.623 | $10.975 |
| Accumulation Unit Value, end of period | $14.262 | $14.637 | $13.973 | $11.897 | $10.623 |
| Number of Accumulation Units outstanding, end of period | 2,978,004 | 3,237,619 | 3,379,450 | 3,785,565 | 3,531,723 |

## Penn Series Moderate Allocation Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $16.987 | $14.529 | $15.664 | $13.941 | $13.223 |
| Accumulation Unit Value, end of period | $18.379 | $16.987 | $14.529 | $15.664 | $13.941 |
| Number of Accumulation Units outstanding, end of period | 2,868,609 | 3,373,948 | 4,130,012 | 4,597,649 | 5,364,148 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $13.491 | $12.958 | $11.522 | $10.539 | $10.623 |
| Accumulation Unit Value, end of period | $13.223 | $13.491 | $12.958 | $11.522 | $10.539 |
| Number of Accumulation Units outstanding, end of period | 6,140,645 | 6,818,957 | 7,507,712 | 7,976,884 | 7,667,673 |

## Penn Series Moderately Conservative Allocation Fund Subaccount

**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $15.359 | $13.571 | $14.265 | $13.159 | $12.591 |
| Accumulation Unit Value, end of period | $16.352 | $15.359 | $13.571 | $14.265 | $13.159 |
| Number of Accumulation Units outstanding, end of period | 1,053,141 | 1,162,786 | 1,238,360 | 1,366,819 | 1,614,066 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $12.803 | $12.371 | $11.478 | $10.753 | $10.621 |
| Accumulation Unit Value, end of period | $12.591 | $12.803 | $12.371 | $11.478 | $10.753 |
| Number of Accumulation Units outstanding, end of period | 1,778,295 | 2,158,055 | 2,569,346 | 2,814,011 | 3,074,822 |

**PENN SERIES CONSERVATIVE ALLOCATION FUND SUBACCOUNT**
**Values of an Accumulation Unit Outstanding Throughout Each Period**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Accumulation Unit Value, beginning of period | $13.580 | $12.428 | $12.782 | $12.191 | $11.812 |
| Accumulation Unit Value, end of period | $14.325 | $13.580 | $12.428 | $12.782 | $12.191 |
| Number of Accumulation Units outstanding, end of period | 755,593 | 863,702 | 928,834 | 1,041,025 | 1,228,683 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Accumulation Unit Value, beginning of period | $11.975 | $11.710 | $11.377 | $10.944 | $10.685 |
| Accumulation Unit Value, end of period | $11.812 | $11.975 | $11.710 | $11.377 | $10.944 |
| Number of Accumulation Units outstanding, end of period | 1,593,447 | 1,584,786 | 1,791,127 | 2,219,532 | 2,140,399 |

## Appendix B

This appendix shows the date of availability by State of the version of the Purchasing Power Protector Benefit rider launched as of August 25, 2008.

| State | Date | State | Date |
|---|---|---|---|
| Alaska | 9/3/2008 | Montana | 10/7/2008 |
| Alabama | 9/3/2008 | North Carolina | 9/3/2008 |
| Arkansas | 9/3/2008 | North Dakota | 9/3/2008 |
| Arizona | 9/3/2008 | Nebraska | 9/3/2008 |
| California | 12/5/2008 | New Hampshire | 9/8/2008 |
| Colorado | 9/3/2008 | New Jersey | 10/6/2008 |
| Connecticut | 9/3/2008 | New Mexico | 9/3/2008 |
| District of Columbia | 9/3/2008 | Nevada | 9/3/2008 |
| Delaware | 10/1/2008 | New York | 9/24/2008 |
| Florida | 9/3/2008 | Ohio | 9/3/2008 |
| Georgia | 9/3/2008 | Oklahoma | 9/3/2008 |
| Hawaii | 9/3/2008 | Oregon | 11/4/2008 |
| Iowa | 9/3/2008 | Pennsylvania | 9/3/2008 |
| Idaho | 9/3/2008 | Rhode Island | 9/3/2008 |
| Illinois | 9/3/2008 | South Carolina | 9/3/2008 |
| Indiana | 9/3/2008 | South Dakota | 9/3/2008 |
| Kansas | 9/3/2008 | Tennessee | 9/3/2008 |
| Kentucky | 9/3/2008 | Texas | 9/3/2008 |
| Louisiana | 9/3/2008 | Utah | 9/18/2008 |
| Massachusetts | 1/23/2009 | Virginia | 9/3/2008 |
| Maryland | 9/3/2008 | Vermont | 9/3/2008 |
| Maine | 9/3/2008 | Washington | 9/3/2008 |
| Michigan | 9/3/2008 | Wisconsin | 9/3/2008 |
| Minnesota | 10/8/2008 | West Virginia | 9/3/2008 |
| Missouri | 9/3/2008 | Wyoming | 9/3/2008 |
| Mississippi | 9/3/2008 | | |

## Appendix C

This appendix applies to policies who elected the Purchasing Power Protector Benefit rider prior to the date of availability in the State of issue (see Appendix B):

***Guaranteed Lifetime Withdrawal Benefit Rider.*** At the time you purchase your Contract, you may purchase **The Purchasing Power Protector**, a package which includes the following enhancements to your Contract:

1) Guaranteed Lifetime Withdrawal Benefit; and

2) Death Benefit Enhancement.

This package of enhancements is available for Annuitants ages 35 to 80 and may not be added after you purchase your Contract and may not be selected if you intend to purchase any other package of enhancements or riders described in this prospectus. Certain capitalized terms used to describe this package of enhancements are defined in this section or in the rider itself.

The Death Benefit Enhancement available as part of the package differs from the death benefit riders described above, see **What Are the Death Benefits Under My Contract.**

If this rider is purchased, the Company guarantees that the Annuitant or Joint Annuitants, if selected, can withdraw an amount annually as long as either the Annuitant or the Joint Annuitant, if applicable, is alive. The amount which can be withdrawn is called the Guaranteed Annual Lifetime Withdrawal Amount ("Withdrawal Amount") and equals the Lifetime Withdrawal Base ("Withdrawal Base") multiplied by the Guaranteed Annual Lifetime Withdrawal Percentage ("Withdrawal Percentage").

**Withdrawal Base.** The Withdrawal Base is the greater of (a) or (b) where:

(a) is the Contract Value on the date of the first withdrawal, prior to the first withdrawal; and

(b) is the sum of (1) plus (2), where;

- (1) is the Contract Value on the rider effective date; and

- (2) is each purchase payment received after the rider effective date.

**Withdrawal Percentage.** For a Single Life Guarantee, the Withdrawal Percentage is based on the age of the Annuitant at the time of the first withdrawal. For a Joint Life Guarantee, the Withdrawal Percentage is based on the age of the younger of the Annuitant or Joint Annuitant at the time of the first withdrawal. Set forth below are the Withdrawal Percentages for your Contract.

**Single or Joint Life Guarantee**

| Age of Annuitant (at time of first withdrawal) | Withdrawal Percentage |
|---|---|
| Under 55 | 2.5% |
| 55-59 | 3.0% |
| 60-64 | 3.5% |
| 65-69 | 4.0% |
| 70-74 | 4.5% |
| 75 and older | 5.0% |

The Withdrawal Base is subject to certain adjustments while the rider is in effect. The Withdrawal Base will automatically be increased by an inflation adjustment on each Contract Anniversary after the first withdrawal from the Contract and will be increased if the Contract Owner elects a step-up benefit. The

Withdrawal Base will be reduced if cumulative withdrawals in a Contract Year exceed the Withdrawal Amount.

**Inflation Adjustment.** The inflation adjustment is credited to the Withdrawal Base following the first withdrawal. The inflation adjustment is made on each Contract Anniversary and equals (a) multiplied by (b), where:

(a) is the current CPI Factor; and

(b) is the average monthly value of the Withdrawal Base throughout the Contract Year.

**CPI Factor.** The CPI Factor equals the ratio of (a) to (b), where:

(a) is the greater of 0 and the difference between (1) and (2), where:

  (1) is the Consumer Price Index for All Urban Consumers ("CPI-U") released in the previous month; and

  (2) is the CPI-U released twelve months prior to the most recent release; and

(b) is the CPI-U released twelve months prior to the most recent release.

The CPI-U is published monthly by the United States Department of Labor on a one month lag. If this index is discontinued or a new index series is established on a different basis, the Company may establish a new basis for determining the CPI Factor. The Contract Owner will be given at least 90 days' notice prior to any such change.

The CPI Factor applicable to your Contract on your Contract Anniversary is determined at the beginning of the calendar month that contains your Contract Anniversary. It is determined according to the formula above such that the CPI Factor for a Contract Anniversary that occurs in the month of March will use the CPI-U from the month of January of the current year and the CPI-U from the month of January of the prior year for (1) and (2) under (a) above.

If you take the first withdrawal between Contract Anniversaries, the Company will calculate the CPI Factor as stated above and apply it to the average monthly Withdrawal Base as defined under Inflation Adjustment. The Inflation Adjustment is then pro-rated for the partial year between the date of the first withdrawal and the following Contract Anniversary before being added to the Withdrawal Base.

**Step-Up Benefit and Step-Up Benefit Date.** The Step-Up Benefit allows the Contract Owner to increase the Withdrawal Base to an amount equal to 100% of the Contract Value as of the Step-Up Benefit Date. This would increase the Withdrawal Amount which would then equal the increased Contract Value multiplied by the Withdrawal Percentage.

The first Step-Up Benefit Date a Contract Owner can elect is the third Contract Anniversary starting with the rider's effective date. Subsequent Step-Up Benefit Dates can be no earlier than the third anniversary of the previous Step-Up Benefit Date.

Election of a Step-Up Benefit must be made in writing by the Contract Owner and received by the Company, in good order, at least thirty days prior to the Contract Anniversary on which the Step-Up Benefit is effective.

**Excess Withdrawal Reduction.** If your cumulative withdrawals in a Contract Year exceed the Withdrawal Amount, the Withdrawal Base will be reduced. The Excess Withdrawal is the amount by which the cumulative withdrawals exceed the Withdrawal Amount. The reduction is determined by multiplying the Excess Withdrawal by the ratio of (a) to (b) where:

(a) is the Withdrawal Base; and

(b) is the Contract Value immediately prior to the Excess Withdrawal.

**Waiting Bonus.** In addition to the adjustments to the Withdrawal Base described above, the Withdrawal Percentage can be increased by an amount (the "Waiting Bonus") which is added to the Withdrawal Percentage if the first withdrawal is taken after a specified Contract Anniversary. The Waiting Bonus percentages are as follows:

| Contract Year at First Withdrawal | **Waiting Bonus** |
|---|---|
| 1 - 5 | 0% |
| 6 -10 | 0.5% |
| 11 and later | 1.0% |

**Effect of Withdrawals Less Than the Withdrawal Amount.** If total withdrawals in a Contract Year are less than the Withdrawal Amount, the Withdrawal Amount is not increased in subsequent Contract Years.

**Effect of Required Minimum Distributions on Withdrawal Amount.** If you have elected required minimum distribution (RMD) withdrawals and your contract was in effect through at least one calendar year-end, you will automatically receive the Contract Year's RMD requirement according to the Code. An RMD withdrawal will not reduce the Withdrawal Base if the required amount exceeds the Guaranteed Annual Lifetime Withdrawal Amount.

This treatment of the excess of the RMD withdrawal over the Guaranteed Withdrawal Amount will apply only in relation to the required minimum distribution based on the value of the Contract, including the actuarial present value of any optional death benefit or living benefit riders elected.

**Annuity Payments.** The Contract Owner can elect to receive annuity payments under one of the following options:

(a) apply the Contract Value to any of the annuity options available in the Annuity Options section of the Contract;

(b) request that as of the annuity payment commencement date, annuity payments are made each year equal to the Withdrawal Amount until the death of the Annuitant for Single Life Guarantees, or the death of the Annuitant and Joint Annuitant for Joint Life Guarantees;

If annuity payments are to commence and none of the above elections have been made, then the default annuity option in your Contract will apply.

**Remaining Payments When Contract Value is Reduced to Zero.** If the Contract Value is reduced to zero and the Withdrawal Base is still positive, such Remaining Payments will be made once each Contract Year. In this situation, no additional purchase payments will be accepted. The only provisions of the Contract that remain in effect are those that are associated with Remaining Guaranteed Lifetime Withdrawal Benefit Payments.

If the Contract Value is reduced to zero in a Contract Year and there is any Withdrawal Amount due for that year, the Contract Owner will receive any Remaining Payment, as of the date the Contract Value is reduced to zero.

**Joint and Single Life Guarantees.** The Guaranteed Lifetime Withdrawal Benefit can be purchased on a single or a joint life basis. A Joint Life Guarantee is issued when a Joint Annuitant is specified in the Contract Specifications. The Withdrawal Amount is guaranteed over the lifetime of the Annuitant and Joint Annuitant. The Joint Annuitant must be the spouse of the Annuitant on the rider effective date. If the Contract Owner is a natural person, the Contract Owner must also be the Annuitant, and the spouse must be the Joint Annuitant and Successor Owner.

A Single Life Guarantee is issued when a Joint Annuitant is not specified in the Contract Specifications. The Withdrawal Amount is guaranteed over the lifetime of the Annuitant. If the Contract Owner is a natural person, the Contract Owner must also be the Annuitant.

A Single Life Guarantee cannot be converted to a Joint Life Guarantee. If no withdrawals have been taken, a Joint Life Guarantee can be changed to a Single Life Guarantee. The Joint Annuitant can also be changed to the Annuitant's current spouse if no withdrawals have been taken. If a withdrawal has been taken, the Joint Annuitant cannot be changed. The Joint Annuitant can be dropped from the Contract, but the charge for the Rider would remain at the Joint Life Guarantee charge.

Note that the Joint Life Guarantee option acts like a second to die policy. Therefore, the contract with the Joint Life Guarantee option is set up with one owner and two annuitants. Upon the death of the first annuitant, the second annuitant becomes the successor owner. The contract then stays in force, and the living benefit features continue until the death of the second annuitant. Also note that the successor owner has no contractual rights while the owner is alive and steps into ownership upon the death of the owner. The Spousal Joint Annuitant must always be the Contract Owner's primary beneficiary unless the rider is changed to a Single Life Guarantee before withdrawals have begun.

**Death Benefit Enhancement.** Prior to the Annuity Date and upon receipt of due proof of the Annuitant's death for Single Life Guarantees, or the last death of the Annuitant and Joint Annuitant for Joint Life Guarantees, and the necessary forms to make payment to a Beneficiary, the Company will pay a Death Benefit Enhancement in addition to the death benefit provided in your Contract. The Death Benefit Enhancement is equal to the remaining Death Benefit Enhancement Benefit Base (the "Benefit Base"), minus the sum of the Fixed Account death benefit and the Variable Account death benefit payable under the Contract. The Death Benefit Enhancement cannot be less than zero. The maximum Death Benefit Enhancement is $1 million.

**Death Benefit Enhancement Benefit Base.** For purposes of calculating the Death Benefit Enhancement, the Benefit Base is the greatest of (a), (b) or (c) below, where:

(a) is the Contract Value on the date of the first withdrawal, just before the first withdrawal; and

(b) is the sum of (1) plus (2), where:

- (1) is the Contract Value on the rider effective date accumulated on a daily basis at a rate of 5% (3% for Contracts issued in Washington) until the earliest of:
  - (i) 10 years from the Contract Date;
  - (ii) attainment of age 80 of the Annuitant, or age 80 of the younger of the Annuitant or the Joint Annuitant;
  - (iii) the date of the first withdrawal; and

(2) is each purchase payment received after the rider effective date but prior to the first withdrawal accumulated on a daily basis at a rate of 5% (3% for Contracts issued in Washington) until the earliest of:

(i) 10 years from the Contract Date,

(ii) attainment of age 80 of the Annuitant, or age 80 of the younger of the Annuitant or the Joint Annuitant,

(iii) the date of the first withdrawal; and

(c) the highest Contract Value as of a Contract Anniversary until the earliest of:

(i) 10 years from the Contract Date,

(ii) attainment of age 80 of the Annuitant for Single Life Guarantees, or age 80 of the younger of the Annuitant or the Joint Annuitant for Joint Life Guarantees;

(iii) the date of the first withdrawal.

Purchase payments made after the date of the first withdrawal will increase the Death Benefit Enhancement Benefit Base on a dollar-for-dollar basis.

Any increase in the Guaranteed Withdrawal Benefit Base as a result of a Step-Up Benefit will increase the Death Benefit Enhancement Benefit Base as of the Step-Up Benefit Date.

**Effect of Withdrawals on the Death Benefit Enhancement Benefit Base.** If total withdrawals in a Contract Year are less than the Withdrawal Amount, the Benefit Base is reduced for the withdrawals on a dollar-for-dollar basis. If the total withdrawals in a Contract Year exceed the Withdrawal Amount, the Benefit Base is reduced for the amount of the Excess Withdrawals by multiplying the Excess Withdrawal by the ratio of (a) to (b) where

(a) is the Benefit Base immediately prior to the Excess Withdrawal; and

(b) is the Contract Value immediately prior to the Excess Withdrawal.

**Impact of Annuitant's Death for Joint Life Guarantees.**

The Joint Annuitant has the option of continuing the contract. If no withdrawals have been taken, the successor owner may elect to convert the guarantee to a Single Life Guarantee based on the Joint Annuitant's lifetime. If no withdrawals have been taken, the guarantee converts to a Single Life Guarantee based on the Joint Annuitant's lifetime. If withdrawals have been taken, the guarantee does not change and the Withdrawal Amount applies to the Joint Annuitant's lifetime.

The Joint Annuitant also has the option to surrender the Contract and receive a Death Benefit equal to the Contract Value, and the Contract and rider terminate.

If the Joint Annuitant is not alive on the date of death of the Annuitant, the Death Benefit is payable to a Beneficiary and the Contract and rider are terminated.

**Impact of Joint Annuitant's Death for Joint Life Guarantees.** If the Joint Annuitant dies and the Annuitant is still alive, no Death Benefit is paid. If no withdrawals have been taken, the Contract Owner has the option, upon written request to the Company to convert the guarantee to a Single Life Guarantee based on the Annuitant's lifetime. If the Annuitant does not convert the guarantee to a Single Life Guarantee, the Annuitant may name a new spouse as the Joint Annuitant before withdrawals are taken. If withdrawals have been taken, the guarantee does not change and the Withdrawal Amount applies to the Annuitant's lifetime.

If the Annuitant is not alive on the date of death of the Joint Annuitant, the Death Benefit is payable to a Beneficiary and the rider is terminated.

For information on the cost of this package of enhancements, see **"What Charges Do I Pay?"** in this prospectus.

**Termination of Rider.** This Rider will terminate:

(a) on any Contract Anniversary, after the third Contract Anniversary immediately following receipt by the Company of a written request by the Contract Owner to discontinue the Rider;

(b) if the Contract Value equals zero and there is no Withdrawal Amount due in future years;

(c) upon full surrender of the Contract;

(d) on the date of the death of the Annuitant for Single Life Guarantees, or the date of the last death of the Annuitant or Joint Annuitant for Joint Life Guarantees;

(e) on the date of death of the Annuitant for a Joint Life Guarantee if the Joint Annuitant receives the death benefit equal to Contract Value; or

(f) upon annuitization.

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