SCHEDULE Q WORKSHEETS

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TOTAL SELLING EXPENSE WORKSHEET

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A. Compensation to Agents, Brokers and General Agents

Individual Life Insurance

Item	Source		Amount	Total
1.	Premium-Based First Year Commissions			
	total: AS, Exh 1 Pt 2, Col 3/ Line 27	_____		
	less: fund-based compensation	_____		
	premium-based first yr. commissions		(1) _____	
2.	Premium-Based Renewal Commissions			
	total: AS, Exh 1 Pt 2, Col 3/ Line 29	_____		
	less: fund-based compensation	_____		
	premium-based renewal commissions		(2) _____	
3.	Single Premium Commissions			
	total: AS, Exh 1 Pt 2, Col 3/ Line 28	_____		
	less: fund-based compensation	_____		
	premium-based renewal commissions		(3) _____	
4.	Compensation not in lines 1, 2 and 3 above:			
	salary and incentive compensation to agents and brokers	_____		
	overrides to general agents	_____		
	other	_____	(4) _____	
	total			
5.	Fund-based Compensation (from above)		(5) _____	

Annuities

6.	Consideration-Based First Year Commissions			
	total: AS, Exh 1 Pt 2, Col 4/ Line 27	_____		
	less: fund-based compensation	_____		
	consideration-based first year commissions		(6) _____	
7.	Consideration-Based Renewal Commissions			
	total: AS, Exh 1 Pt 2, Col 4/ Line 29	_____		
	less: fund-based compensation	_____		
	consideration based renewal considerations		(7) _____	
8.	Single Consideration Commissions			
	total: AS, Exh 1 Pt 2, Col 4/ Line 28	_____		
	less: fund-based compensation	_____		
	consideration based renewal considerations		(8) _____	
9.	Compensation not in lines 6, 7 and 8 above:			
	salary and incentive compensation to agents and brokers	_____		
	overrides to general agents	_____		
	other	_____		
	total		(9) _____	
10.	Fund-Based Compensation (from above)		(10) _____	

Commissions: Sum : items 1 + 2 + 3 + 6 + 7 + 8 (to Report Line 1) _____
Other Compensation: Sum: items 4+9 (include in Report Line 7) _____
Fund-based Compensation: Sum: items 5 + 10 (include in Report Line 7) _____

TOTAL SELLING EXPENSE WORKSHEET continued

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B. Net Advances, Net Loans and Loan Interest Subsidies to Agents

Alternate Method A

Item	Source	Amount	Total
1.	Advances made in year	_____	
2.	Loan Principal provided in year	_____	
3.	Loan Interest subsidies provided in year	_____	
4.	Advances repaid in year	_____	
5.	Loan Principal repaid in year	_____	
6.	**Net Advances/Loans and Loan Interest Subsidies: 1+2+3 - 4 - 5**		_____ (to report, Line 2)

TOTAL SELLING EXPENSE LIMIT WORKSHEET

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EXPENSE LIMITS

		Amount	Factor	Limit
1.	Life Insurance: Qualifying First Year Premiums. source: items [B.1 + B.2 + G.1 + G.2 + L.1 + L.2] of the Premium/Consideration worksheet **Note**: *Factor* for item 1 is derived in Adjustments Worksheet	_____	_____ (see Note)	_____ To Report, Line 9
2.	Life Insurance: Excess Premiums. source: item [C.1 + C.2 + H.1 + H.2] of the Premium/Consideration worksheet	_____	0.050	_____ To Report, Line 10
3.	Annuities and Supplementary Contracts: All Considerations source: item Z, Premium/Consideration Worksheet B **Note**: The Limit *amount* as calculated here is adjusted in the Report, Line 12, for any reduction amount from the Adjustments worksheet.	_____	0.050 (see Note)	_____ To Report, Line 11
4.	Life Insurance: Amount of New Insurance (in thousands) source: AS page 25-Exh of Life Ins-col. 4, lines 2+4+5	_____	1.00	_____ To Report, Line 13
5.	Life Insurance: Number of New Policies and Contracts Life: AS pg. 25-Exh of Life Ins.--col. 3, lines 2+4+5 Annuities: AS pg. 27-Exh. of No. of Pols.,etc. Annuities columns(1+2), line 2 Supplementary Contracts: AS pg. 27-Exh of No. of Pols., etc.-Suppl. Contracts columns(1+2), line 2 Total	_____ _____ _____ _____	70.00	_____ To Report, Line 14
6.	Life Insurance: Renewal Premiums source: items [M.1 + M.2], Premium/Consideration Worksheet A **Note**: *Factor* for item 6 is derived in Adjustments Worksheet.	_____	_____ (see Note)	_____ To Report, Line 15

TOTAL SELLING EXPENSE LIMIT WORKSHEET CONTINUED

This Worksheet is not for submission. It must be retained by the Company for six years. In preparing these Worksheets, every line need not be completed. Further, summarized information and documented approximation techniques are acceptable.

EXPENSE LIMITS

				Limit
7.	Life Insurance: In Force--Year End (in thousands) source: AS page 25-Exh of Life Ins-col 4, line 21.	Amt. of In Force in $ thousands _____	factor 0.150 =	_____ To Report, Line 16
8.	Life Insurance: In Force--Year End source: AS, page 25. Exh of Life Ins, column 4, line 21	Amt. of In Force in $ thousands	factor	
	$1.00 per $1,000 of the first one billion, or part thereof:	_____	1.00 = _____	
	$0.50 per $1,000 of the next one billion, or part thereof:	_____	0.50 = _____ Total	_____ To Report, Line 17(c)
9.	Annuities: Amount of Reserve--Year End source: AS, Exhibit 5, lines 0299997 and 0399997, col 4, and AS, Exhibit 7, column 1, line 14	Amt. of Reserve	factor	
	050% of the first $1billion, or part thereof	_____	0.00050 = _____	
	.025% of the next $1billion, or part thereof	_____	0.00025 = _____ Total	_____ To Report, Line 18 (c)
10.	Agents who are qualified to receive a training allowance Subsidy under the terms of Section 4228 (e) (3):	Number of agents	factor	
	(a) Appointed during year.	_____	X $ 30,000 = $_____	
	(b) Appointed during the calendar year prior to the current year and still employed on January 1 of current year.	_____	X $ 20,000 = $_____	
	(c) Appointed during the calendar year two prior to the current year and still employed on January 1 of current year.	_____	X $ 10,000 = $_____	
	(d) Total: (a) + (b) + (c)			_____ To Report, Line 19 (d)

11. Excess of Total Selling Expense Limit over Total Selling Expenses

For the report year prior to the current year, the lesser of A. and B.:

Total Selling Expense Limit	(Line 22)	_____	
Total Selling Expense	(Line 8)	_____	
A. (Line 22) – (Line 8)			_____
Selling Expense Limit Excess, excluding Line 21 (Line 22) – (Line 21)		_____	
B. 5% of (Line 22 – Line 21)			_____
			Lesser of A. and B.

_____
To Report, Line 21

Premium/Consideration Worksheet

This sheet is designed to (1) record the bases for premium-related allowances in Schedule Q, and (2**) present, for comparison only**, (a) premiums in the Annual Statement and (b) premiums used in Schedule Q. It is not intended that the two categories, (a) and (b), be reconciled and it is not for submission. It must be retained by the Company for six years.

A. INDIVIDUAL LIFE INSURANCE

	Annual Statement Total	Schedule Q Premium Category: Qualifying First Year (QFY)	Excess	Renewal
Definition :		19	10	21

For all premium categories, see definition of 'Recorded' (Definition 22)

Annual Statement Category:
FIRST YEAR PREMIUM

1. Total: Amount Recorded in Annual Statement Exhibit 1-Part 1: Line 9.1, Col. 3	A.1	B.1	C.1	XXX
2. Total: Amount Recorded in Annual Statement but not in Exhibit 1-Part 1 (if any)	A.2	B.2	C.2	XXX

Total, B.1+B.2 =Qualifying First Year D (Use in Total Selling Expense Limit Worksheet, Item1)
Total, C.1+C.2 = Excess E (Use in Total Selling Expense Limit Worksheet, Item 2)

Note: Item A.1 must agree with Exhibit 1- Part 1: Line 9a, Col. 3

Annual Statement Category:
SINGLE PREMIUM,
excluding Dividend Additions

1. Total: Amount Recorded in Annual Statement Exhibit 1-Part 1: Line 10.1, Col. 3	F.1	G.1	H.1	XXX
2. Total: Amount Recorded in Annual Statement but not in Exhibit 1-Part 1 (if any)	F.2	G.2	H.2	XXX

Total, G.1+G.2 =Qualifying First Year I (Use in Total Selling Expense Limit Worksheet, Item1)
Total, H.1+H.2 = Excess J (Use in Total Selling Expense Limit Worksheet, Item 2)

Note: Item F.1 must agree with Exhibit 1- Part 1: Line 10a, Col. 3

Annual Statement Category:
RENEWAL PREMIUM,
excluding Dividend Additions

1. Total: Amount Recorded in Annual Statement Exhibit 1-Part 1: Line 19.1, Col. 3	K.1	L.1	XXX	M.1
2. Total: Amount Recorded in Annual Statement but not in Exhibit 1-Part 1 (if any)	K.2	L.2	XXX	M.2

Total, L.1+L.2 = Qualifying First Year N (Use in Total Selling Expense Limit Worksheet, Item1)
Total, M.1+M.2 = Renewal P (Use in Total Selling Expense Limit Worksheet, Item 7)

Note: Item K.1 must agree with Exhibit 1- Part 1: Line 19a, Col. 3

Premium/Consideration Worksheet Continued

This sheet is designed to (1) establish the bases for consideration-related allowances in Schedule Q, and (2) reconcile considerations in the Annual Statement (Exhibit 1 and Analysis of Operations Line 1A) with considerations used in Schedule Q. It is not for submission. It must be retained by the Company for six years.

B. INDIVIDUAL ANNUITIES and SUPPLEMENTARY CONTRACTS

Schedule Q		Amount of Considerations			
Consideration Category	Reference	First Year (Item) (Entry)	Single (Item) (Entry)	Renewal (Item) (Entry)	Total (Item) (Entry)

For all Premium and Consideration categories, see definition of 'Recorded' (definition 22)

Considerations recorded in:

Exhibit 1, Part 1	periodic: definition 17				
	single: definition 25	Q _____	R _____	S _____	T _____
Not in Annual	periodic: definition 17				
Statement	single: definition 25				U _____
Other areas of the	periodic: definition 17				
Annual Statement	single: definition 25	V _____	W _____	X _____	Y _____
Total: T + U + Y					Z _____

Note:item Q: Source of entry: **Annuities:**
Amount recorded in Annual Statement, Exhibit 1-Part 1: Line 9.1, Column 4.

item R: Source of entry: **Annuities:**
Amount recorded in Annual Statement, Exhibit 1-Part 1: Line 10.1, Column 4, excluding Dividend Additions.

item S: Source of entry: **Annuities**:
Amount recorded in Annual Statement, Exhibit 1-Part 1: Line 19.1, Column 4.

item U: Source of entry: **:**Not in Annual Statement

items V, W, X: Source: **Annuities and Supplementary Contracts:**
The items provide for the inclusion of amounts recorded in the Annual Statement but in places other than Exhibit 1-Part 1 or the Analysis of Operations.

item Z: Source of entry: sum of T + U + Y

Destination: Total Selling Expense Limit Worksheet, Item 4

WORKSHEET FOR:
ADJUSTMENTS MADE TO FIRST YEAR AND RENEWAL ALLOWANCE FACTORS

PART I
DESCRIPTION OF ADJUSTMENTS MADE TO AMOUNTS IN SECTION 4228, SUBSECTIONS (c)(4)(A), (c)(4)(B) AND (c)(4)(F)

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OPTIONAL ADJUSTMENT OF FIRST YEAR AND RENEWAL ALLOWANCE FACTORS

Section 4228, subsection (c)(4)(K) provides that a company, at its option, may adjust certain limit elements as defined in the Total Selling Expense Limit, replacing one form of limit with another form. Three forms of adjustments are identified in the subsection.

If, in the current year's Schedule Q, the Company made an adjustment under the terms of subsections (c)(4)(K) and (c)(4)(L), and adjusted the limit factors defined in subsections (c)(4)(A), (c)(4)(B), and/or (c)(4)(F), describe each adjustment below and complete Calculation Adjustment Worksheet:

Type of Product	Form of Compensation Being Adjusted	Subsection Of Law Applied	First Year or Renewal Year Affected	Description of Adjustment

WORKSHEET FOR:
ADJUSTMENTS TO FIRST YEAR AND RENEWAL ALLOWANCES

PART II
CALCULATION OF ADJUSTMENTS

§ 4228 (c)(4)(K)(i)
INDIVIDUAL LIFE INSURANCE:
EXCESS RENEWAL COMMISSIONS

YEAR OF SALE: CURRENT YEAR _____

Product	Amount of Qualifying First Year Premium	Renewal Scale For Policy Years 2 – 11 PY: 2→x	(x+1)→y	(y+1)→z	(z+1)→11	(EC) Renewal Excess Commission (A) (see Note below)	Pct. Of Sales (B)	Average Renewal Excess (A) x (B)
a.								
b.								
c.								
d.								
Total QFYP:	_____					_____ (express as %)	_____ 100%	∑= _____ % (express as %)

Note: For product n, $EC_n = [1/10 \sum_{t=2}^{11} C_t] - 12\%$

CALCULATION OF FACTORS

I. **Reduction** in First Year Factor: 3 x (Average Renewal Excess): _____ (to **Reduction**, page 11)

II. **Addition** to Renewal Factor:

Total QFYP (A) _____

Total Renewal Premiums (B) _____

Addition: [(A) / [(A) +(B)]] x (Average Renewal Excess) = _____ (to **Increment,** page 11)

WORKSHEET FOR:
ADJUSTMENTS TO FIRST YEAR AND RENEWAL ALLOWANCES

PART II
CALCULATION OF ADJUSTMENTS

§ 4228 (c)(4)(K)(ii)
INDIVIDUAL LIFE INSURANCE:
REPLACEMENT OF COMMISSIONS AS A PERCENT OF PREMIUMS
WITH COMPENSATION AS A PERCENT OF FUNDS

WORKSHEET FOR:
ADJUSTMENTS TO FIRST YEAR AND RENEWAL ALLOWANCES

PART II
CALCULATION OF ADJUSTMENTS

§ 4228 (c)(4)(K)(iii)

INDIVIDUAL ANNUITIES:

CALCULATION OF ADJUSTING AMOUNTS FOR LIMIT DEFINED IN § 4228 (c)(4)(B) ADJUSTING AMOUNTS ARE:

a. AMOUNT OF REDUCTION: BASED ON CONSIDERATIONS; REDUCTION MADE TO LINE 11.

b. AMOUNT OF INCREMENT: BASED ON RESERVES; INCREMENT REPORTED ON LINE 20

Part 1. Data and Calculation of AFBC and Reduction Factor

Product	Considerations	Fund-Based Commission (FBC) Scale (%) contract years			FBC Rate	Considerations as Percent of Total	Weighted FBC Rate (AFBC)
		1 →x	(x+1)→y	(y+1)→20			
						…… 100.0%	…… sum of rates
							__•__ = AFBC rate①
							reduction factor •
							__•__ = 3 1/3 x ①

Part 2. Adjusting Amounts

a. Amount of Reduction to Schedule Q Report Line 11

Amount = Total Considerations x Reduction Factor

b. Amount of Increment to Schedule Q Report Line 20

1. 20XX Factor, $FBF_{current} = \frac{(Reserves_{prior})}{(Reserves_{prior} + Considerations_{current})} \times (FBF_{prior}) + \frac{Considerations_{current}}{(Reserves_{prior} + Considerations_{current})}$

2. **Amount** = $Reserves_{current} \times FBF_{current}$

WORKSHEET FOR:
ADJUSTMENTS TO FIRST YEAR AND RENEWAL ALLOWANCES

PART III
SUMMARY OF ADJUSTMENTS

SUMMARY:

Part I: ADJUSTED FIRST YEAR AND RENEWAL FACTORS

ADJUSTMENTS TO FIRST YEAR FACTOR		ADJUSTMENTS TO RENEWAL FACTOR F)	
BASIC:	(a) 55%	BASIC:	(a) 12%
Reduction	(b) ____	Increment	(b) ____
from I., PAGE 8		from II., PAGE 8	
ADJUSTED First Year factor: (a)-(b)		ADJUSTED Renewal factor: (a)+(b)	
(for Selling Expense Limit worksheet, item 1)		(for Selling Expense Limit worksheet, item 6)	

Part II: ADJUSTMENTS TO SCHEDULE Q REPORT LIMIT FOR COMPENSATION BASED ON ANNUITY FUNDS

THESE AMOUNTS ARE ADJUSTMENTS TO THE AMOUNT OF LIMIT DETERMINED BY APPLYING THE LIMIT FACTOR SPECIFIED IN SUBSECTION (c)(4)(B)--(5%)--TO TOTAL ANNUITY CONSIDERATIONS

REDUCTION IN AMOUNT OF ALLOWANCE

From Page 10, Part 2 a: _____
(Amount included in Schedule Q Report Line 11)

INCREMENT TO AMOUNT OF ALLOWANCE

From Page 10, Part 2 b: _____
(Amount included in Schedule Q Report Line 20)

WORKSHEET FOR:
DEVELOPMENT OF BENCHMARK GROSS LEVEL PREMIUM

BENCHMARK GROSS LEVEL PREMIUM

Describe below the method or methods used by the Company to establish its Benchmark Gross Level Premium (BGLP). Possible methods include, but are not limited to:

a) Seriatim: An amount for each life insurance policy, policy by policy, or annuity, contract by contract.

b) Grouped, by Average Age: An amount determined on the basis of an average age or ages within each plan of insurance. Retain justification of the approximation for future audit.

c) Grouped by Ratio: An amount determined by applying a ratio to in-force gross premiums grouped by plan and issue age or ages. Retain justification of the approximation for future audit.

Indicate below the methods used, **and maintain documentation of the supporting details, such as any approximations used, other adjustments, and actual BGLP rates.**

Method	How was the Method Applied	Products
Seriatim		
Grouped by Average		
Grouped by Ratio		
Other		