



Individual Annuity Application NEW YORK

The Penn Mutual Life Insurance Company
600 Dresher Road, Mail Code C2L,
Horsham, PA 19044
1-800-873-6285, www.pennmutual.com

1. Product Name (Contract Minimums)

Variable Deferred Annuities (VA)

- Smart Foundation VA (\$2,000/\$1,000 Qualified)
Smart Foundation Flex VA (\$10,000)
Smart Foundation Plus VA (\$25,000)
Retirement Planner VA (\$ 2,000 /\$250 Qualified)

Fixed Annuities

- Flexible Premium Fixed Deferred Annuity (\$5,000)
Single Premium Immediate Annuity

2. Owner

Name (First, Middle, Last or Trust/Entity) Male Female Trust/Entity

Date of Birth (mm/dd/yyyy) Social Security / Tax ID #

Street Address City State Zip

US Citizen Resident Alien

Joint Owner (Optional - Not Available for Entity-Owned or Qualified Annuities)

Name (First, Middle, Last) Male Female

Date of Birth (mm/dd/yyyy) Social Security / Tax ID #

Street Address City State Zip

US Citizen Resident Alien Relationship to Owner: Spouse Other

3. Annuitant - Same as: Owner Joint Owner

Name (First, Middle, Last) Male Female

Date of Birth (mm/dd/yyyy) Social Security / Tax ID #

Street Address City State Zip

US Citizen Resident Alien Relationship to Owner: Spouse Other

Joint Annuitant Contingent Annuitant Same as: Owner Joint Owner
(Please reference the Annuity Application Instructions for eligibility.)

Name (First, Middle, Last) Male Female

Date of Birth (mm/dd/yyyy) Social Security / Tax ID #

Street Address City State Zip

US Citizen Resident Alien Relationship to Owner: Spouse Other

#### 4. Employer Sponsored Retirement Plans

Existing plan?  Yes  No

Name of Existing Plan or Plan # \_\_\_\_\_ Amount to be Billed \$ \_\_\_\_\_

New Plan – Complete if payor is different than the Owner

Billing Requested  Yes  No

Plan Name \_\_\_\_\_ Attention \_\_\_\_\_

Street Address \_\_\_\_\_ City, State, Zip \_\_\_\_\_

5. Beneficiaries - If a beneficiary is not selected, the estate of the owner will be the beneficiary. Contingent beneficiaries receive proceeds only if all primary beneficiaries pre-decease the owners. For the Smart Foundation products, any surviving owner will be the sole primary beneficiary regardless of the designation below. If Jointly Owned, both Owners must be named primary beneficiaries. Please use whole percentages.

##### Beneficiary #1 - Primary

Male  Female

Name (First, Middle, Last or Trust/Entity) \_\_\_\_\_ Relationship to Owner \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date of Birth (mm/dd/yyyy) Social Security / Tax ID# % of Proceeds

##### Beneficiary #2 Primary Contingent

Male  Female

Name (First, Middle, Last or Trust/Entity) \_\_\_\_\_ Relationship to Owner \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date of Birth (mm/dd/yyyy) Social Security / Tax ID# % of Proceeds

##### Beneficiary #3 Primary Contingent

Male  Female

Name (First, Middle, Last or Trust/Entity) \_\_\_\_\_ Relationship to Owner \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date of Birth (mm/dd/yyyy) Social Security / Tax ID# % of Proceeds

##### Beneficiary #4 Primary Contingent

Male  Female

Name (First, Middle, Last or Trust/Entity) \_\_\_\_\_ Relationship to Owner \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date of Birth (mm/dd/yyyy) Social Security / Tax ID# % of Proceeds

To name additional beneficiaries please use the space provided in Section 11 or enclose a signed and dated letter.

#### 6. Type of Contract Being Requested (Complete A or B)

##### A. Non-Qualified Registration:

Individual  Trust  Entity  Charitable Remainder Trust

Trusts must provide a copy of the trust document. Corporations must provide a copy of the corporate resolution.

##### B. Qualified Registration:

Traditional IRA (tax year \_\_\_\_\_)  Roth IRA (tax year \_\_\_\_\_)  SEP IRA  SIMPLE IRA  
 Traditional Stretch IRA  Roth Stretch IRA  Custodial IRA  
 412(e)(3) Life Policy# \_\_\_\_\_  No Life Policy  Other \_\_\_\_\_

6. Type of Contract Being Requested (continued)

C. Funding

Direct Payment \$ \_\_\_\_\_  Check - Payable to The Penn Mutual Life Ins. Co. (Payment must accompany application if selected)

Wire
 Mutual Fund / CD / Other

Transfer/Exchange \$ \_\_\_\_\_  1035 Exchange/Transfer  Rollover

Funding Instructions

- I am requesting funds directly from the transferring company.
 I am requesting Penn Mutual to obtain funds from the transferring company and have attached original transfer paperwork.

7. Traditional / Roth Stretch IRAs

Deceased Name (First, Middle, Last or Trust/Entity) Relationship to Deceased
Deceased Date of Death (mm/dd/yyyy) Deceased Date of Birth (mm/dd/yyyy) Deceased Social Security Number

8. Optional Benefits – Available on Variable Annuity Contracts

Smart Foundation VA, Flex, Plus (When choosing an optional benefit below, please select either single or joint)

Option A (may select one)

- Guaranteed Growth and Income Benefit II  Single  Joint
 Guaranteed Growth and Income Benefit II with the Enhanced Death Benefit  Single  Joint

Option B

- Guaranteed Minimum Accumulation Benefit  Single (Not available with any other rider)

Option C (may select one)

- Inflation Protector Withdrawal Benefit  Single  Joint
 Inflation Protector Withdrawal Benefit with the Enhanced Death Benefit  Single  Joint

Option D

- Enhanced Death Benefit  Single  Joint

OR

Retirement Planner VA (may select one)  Single

- Step-Up Plus  Rising Floor  Estate Enhancement (Not available in NY and WA)

If selecting a Joint Benefit, please indicate if Annuitant is Joint or Contingent in Section 3.
If any optional benefit I have selected in this section cannot be added to the contract due to age restriction, state availability or product, I understand that the contract will be issued without the benefit.

9. Investment Selection – Complete for Variable Annuities Only

A. Automatic Asset Rebalancing (AAR) – Minimum Initial Deposit \$10,000

- I elect to have the total of the assets in all funds automatically rebalanced on the last business day of each quarter into the funds selected in Column A, Section C.

Dollar Cost Averaging and Automatic Asset Rebalancing cannot be on a contract at the same time.

B. Optional Dollar Cost Averaging Program (DCA) – Minimum Initial Deposit \$10,000

Dollar Cost Averaging is an optional program which involves the systematic transfers of specific dollar amounts each month from a fixed investment to one or more investments listed below.

If you would like any portion of the initial payment to be allocated to the DCA program please complete both column A and B, Section C.

- I elect \_\_\_\_\_ % to DCA from one of the following funds for a period of \_\_\_\_\_ months (12 to 60) into the funds selected in Column B, Section C.  Money Market  Limited Maturity  Quality Bond

- I elect DCA from one of the following accounts. Funds will transfer in equal monthly installments to the funds selected in Column B, Section C.  6-Month Fixed  12-MonthFixed

Dollar Cost Averaging and Automatic Asset Rebalancing cannot be on a contract at the same time.

DCA transfers will occur on the 15th of each month after issue and will continue for the time period elected above. It will stop if Penn Mutual receives a request from the owner or the source funds have been depleted, and will resume if new funds are received.

9. Investment Selection - Complete for Variable Annuities Only (continued)

**C. Payment Allocation**

Please specify how you would like your annuity premiums invested in Column A below. Allocations must be in whole percentages and must total 100%.

Values and payments under this contract, when based on the Investment Experience of a Separate Account are variable. They may decrease or increase and are not guaranteed as to a fixed dollar amount.

	A. Initial	B. DCA		A. Initial	B. DCA
<b>Large Cap</b>			<b>Specialty</b>		
<b>Large Growth Stock</b>	_____%	_____%	<b>Real Estate Securities</b>	_____%	_____%
T. Rowe Price Associates			Cohen & Steers Capital Management		
<b>Large Core Growth</b>	_____%	_____%	<b>International</b>		
Wells Capital Management			<b>International Equity</b>	_____%	_____%
<b>Large Cap Growth</b>	_____%	_____%	Vontobel Asset Management		
MFS Investment Management			<b>Emerging Markets Equity</b>	_____%	_____%
<b>Large Core Value</b>	_____%	_____%	Morgan Stanley Investment Management		
Eaton Vance Management			<b>Fixed Income</b>		
<b>Large Cap Value</b>	_____%	_____%	<b>Money Market</b>	_____%	_____%
Loomis Sayles			Independence Capital Management, Inc.		
<b>Mid Cap</b>			<b>Limited Maturity Bond</b>	_____%	_____%
<b>Mid Cap Growth</b>	_____%	_____%	Independence Capital Management, Inc.		
Ivy Funds			<b>Quality Bond</b>	_____%	_____%
<b>Mid Cap Value</b>	_____%	_____%	Independence Capital Management, Inc.		
Neuberger Berman Management			<b>High Yield Bond</b>	_____%	_____%
<b>Mid Core Value</b>	_____%	_____%	T. Rowe Price Associates		
American Century			<b>LifeStyle Asset Allocation Funds</b>		
<b>SMID Cap</b>			Independence Capital Management, Inc.		
<b>SMID Cap Growth</b>	_____%	_____%	<b>Aggressive Allocation</b>	_____%	_____%
Wells Capital Management			<b>Moderately Aggressive Allocation</b>	_____%	_____%
<b>SMID Cap Value</b>	_____%	_____%	<b>Moderate Allocation</b>	_____%	_____%
AllianceBernstein			<b>Moderately Conservative Allocation</b>	_____%	_____%
<b>Small Cap</b>			<b>Conservative Allocation</b>	_____%	_____%
<b>Small Cap Growth</b>	_____%	_____%	<b>Fixed Funds</b>		
Janus Capital Management			The Penn Mutual Life Insurance Company		
<b>Small Cap Value</b>	_____%	_____%	<b>1 year Fixed (RPVA only)</b>	_____%	
Goldman Sachs Asset Management			<b>3 year Fixed (RPVA and SFVA* only)</b>	_____%	
<b>Balanced</b>			<b>5 year Fixed (RPVA and SFVA* only)</b>	_____%	
<b>Flexibly Managed</b>	_____%	_____%	<b>7 year Fixed (RPVA and SFVA* only)</b>	_____%	
T. Rowe Price Associates			<b>6 Month Fixed (DCA Only)</b>	_____%	
<b>Balanced</b>	_____%	_____%	<b>12 Month Fixed (DCA only except for RPVA)</b>	_____%	
Independence Capital Management, Inc.			<b>Total (must equal 100%)</b>	_____%	_____%
<b>Index</b>					
<b>Index 500</b>	_____%	_____%			
State Street Global Advisors					
<b>Small Cap Index</b>	_____%	_____%			
State Street Global Advisors					
<b>Developed International Index</b>	_____%	_____%			
State Street Global Advisors					

## 10. Single Premium Immediate Annuity Contracts Only

### A. Payment Frequency

Monthly       Quarterly       Semi-Annually       Annually

#### First Payment Date:

One month after purchase date     One year after purchase date     Specific date \_\_\_\_\_

Following the receipt of all money, the first payment will be sent according to the payment mode selected (i.e., monthly, quarterly, etc.) unless a specific date is indicated above.

#### Plan Type

##### Single:

- Life Only\*†  
 Certain Only with \_\_\_\_\_ Guaranteed Payments  
 Life with Period Certain\* \_\_\_\_\_ Guaranteed Payments  
 Life with Installment Refund\*

##### Joint:

- Joint & Survivor Life\*  
 Joint & Survivor Life \* with Period Certain \_\_\_\_\_ Guaranteed Payments  
Payments will reduce to \_\_\_\_\_% at the death of either Annuitant  
 Joint & Contingent Life\*  
 Joint & Contingent Life\* with Period Certain \_\_\_\_\_ Guaranteed Payments  
Payments will reduce to \_\_\_\_\_% at the death of the Primary Annuitant

Cost of Living Adjustment (COLA). I elect an increase of \_\_\_\_\_% compounded annually.  
(Non-Qualified contracts only. Not available with Single Life with Installment Refund.)

*\*If a life contingency is indicated, proof of age is required. Driver's License, Birth Certificate or Passport are acceptable forms of proof.*

*†I fully understand that I am purchasing a NO REFUND ANNUITY.*

#### Person to receive Annuity Payments:

- Annuitant     Joint Annuitant     Owner  
 Fund Penn Mutual Life Insurance Policy # \_\_\_\_\_  
 Fund Life Insurance Policy with another carrier.  
Company Name \_\_\_\_\_ Policy Number \_\_\_\_\_  
Street Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
 Other \_\_\_\_\_

### B. SPIA Payment Information for Direct Deposit

\_\_\_\_\_  
Bank Name

- Checking (include a voided check)       Savings (include a deposit slip)

\_\_\_\_\_  
ABA Routing Number

\_\_\_\_\_  
Account Number

### C. Federal Income Tax Withholding

1. Check here if you do not want any federal income tax withheld from your annuity payment.  
 2. Check here if you want IRS table withholding based on marital status and number of allowances indicated below.  
Marital Status     Single     Married     Married but withhold at a higher single rate    Number of Allowances \_\_\_\_\_  
Additional withholding (optional) \$ \_\_\_\_\_  
 3. Check here if you only want a specific amount or percentage withheld from each annuity payment. \$ \_\_\_\_\_ or \_\_\_\_\_%

Your annuity payments will default to Federal Income Tax Withholding (married and 3 allowances) if no election is made. Your election will remain in effect until you revoke it. You may revoke your election at any time by sending Penn Mutual an IRS Form W-4P. Depending on your state of residency, state withholding may be withheld.

11. Remarks

Blank lines for remarks.

12. Disclosures

IRS Annuity Aggregation Rules

Under IRS regulations, all deferred annuity contracts issued by the same insurance company to the same policyholder during a calendar year are treated as one annuity contract. Under the IRS aggregation rules, all amounts received from such annuities are aggregated for tax calculation and tax reporting purposes.

Revenue Procedure 2011-38

The IRS states that a partial 1035 exchange will be treated as tax-free unless deferred annuity withdrawals are taken within 180 days of the transfer or a SPIA payment option other than a life or certain option with a minimum of 10 years is selected.

Notice for Annuity Purchase in Qualified Plans

The reasons for the purchase of a variable annuity should not include tax deferral when the annuity is intended for use in a tax-qualified retirement plan such as a 401(k), 401(a), IRA, or SEP. The tax deferral is already provided by the tax-qualified retirement plan. In these situations, the reasons for the purchase of a variable annuity should focus on other benefits, such as lifetime income payments, family protection through an enhanced death benefit, multiple fund managers and guaranteed fees.

Qualified Plan/Charitable Remainder Trust (CRT) Tax Reporting

The Penn Mutual Life Insurance Company will not be responsible for any administration or tax reporting for any of the contracts that it issues for the Trust. The Plan Trustee will be responsible for all administration, including tax reporting, trust accounting calculation of trust distribution requirements, annual trust return filings, etc. The Trustee may, at their discretion, retain a qualified Third-Party Administrator (TPA) to perform administration and tax reporting.

Deferred Annuity Contracts Owned by Non-Natural Entities

Deferred annuity contracts owned by non-natural entities do not qualify for tax-deferred treatment of gains in the contract.

13. Replacement

Does the Owner or Annuitant have existing annuity or life insurance contracts?  Yes  No

Will this contract replace (in whole or in part) any existing annuity or life insurance contracts?  Yes  No

If yes, you must include the State Replacement Form (PM0479) or the applicable state specific form(s) included in the application package.

Have you satisfied RMD for all contracts being replaced?  Yes  No  N/A

Company Name Contract / Policy Number Line of Business

Producer Certification

Producer Name (Printed, Typed, or Stamped) Producer License Number

Producer Signature



Annuitant's Name (First, Middle, Last) \_\_\_\_\_

Contract Owner's Name (First, Middle, Last) \_\_\_\_\_ Joint Owner's Name (First, Middle, Last) \_\_\_\_\_

Please complete all sections in this box. Review ID and verify that the photograph on the ID is the individual. Record ID information below for ALL owners. Additionally, obtain for each Owner, Trustee, & Partner.

U.S. Citizen     Resident Alien    Country \_\_\_\_\_

Driver's License / Passport # \_\_\_\_\_ State \_\_\_\_\_ Exp. Date (mm/dd/yyyy) \_\_\_\_/\_\_\_\_/\_\_\_\_

This contract **is** replacing an existing life insurance policy or annuity contract.

This contract **is not** replacing an existing life insurance policy or annuity contract.

1. I have complied with all state licensing and educational requirements.
2. I have complied with all required Commission Disclosures.
3. For Fixed Annuity Sales, I have provided the client with the Disclosure and Buyer's Guide for Fixed Annuities as required by certain state regulations.
4. If a replacement is involved, all producers associated with this sale certify that replacement is in the best interests of the Contract owner.

**ALL PRODUCERS RECEIVING COMMISSION MUST COMPLETE THE INFORMATION BELOW AND SIGN THIS FORM. ONLY ONE PRODUCER CAN BE INDICATED AS A SERVICING PRODUCER PER CONTRACT.**

Producer's Name (Print Name)	PML Office Code (3 Digit)	PML Producer Code (5 Digit)	% of Commission	Servicing Producer Indicate With X	Producer's Email Address

**COMMISSION OPTION SELECTED FOR PRODUCTS**  
*(Please choose one of the options below. The default option is option 1. The only option available for a Single Premium Immediate Annuity is Option 1. Commission Option availability may vary by product selected.)*

Option 1     Option 2     Option 3

I certify to the best of my knowledge the answers to the questions in all parts of this application are true and correct.

X \_\_\_\_\_  
 Producer Signature

X \_\_\_\_\_  
 Producer Signature

X \_\_\_\_\_  
 Producer Signature

X \_\_\_\_\_  
 Producer Signature

X \_\_\_\_\_  
 Producer Signature

Telephone Number ( ) \_\_\_\_\_ Business Name \_\_\_\_\_

Broker Dealer or Marketing Organization \_\_\_\_\_

For any Fixed Annuity contracts I would like my commission paid to:

My Broker Dealer (referenced above)                       Me Directly (if appropriately contracted)

Fixed House (referenced above)                                       Other \_\_\_\_\_





**Insurance Department of the State of New York**  
**Definition of Replacement**  
**This Form Must be Completed and Submitted With the Application**

In order to determine whether you are replacing or otherwise changing the status of existing life insurance policies or annuity contracts, and in order to receive the valuable information necessary to make a careful comparison if you are contemplating replacement, the agent is required to ask you the following questions and explain any items that you do not understand.

As part of your purchase of a new life insurance policy or a new annuity contract, has existing coverage been, or is it likely to be:

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 1) Lapsed, surrendered, partially surrendered, forfeited, assigned to the insurer replacing the life insurance policy or annuity contract, or otherwise terminated?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) Changed or modified into paid-up insurance; continued as extended term insurance or under another form of nonforfeiture benefit; or otherwise reduced in value by the use of nonforfeiture benefits, dividend accumulations, dividend cash values or other cash values?      | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) Changed or modified so as to effect a reduction either in the amount of the existing life insurance or annuity benefit or in the period of time the existing life insurance or annuity benefit will continue in force?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) Reissued with a reduction in amount such that any cash values are released, including all transactions wherein an amount of dividend accumulations or paid-up additions is to be released on one or more of the existing policies?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5) Assigned as collateral for a loan or made subject to borrowing or withdrawal of any portion of the loan value, including all transactions wherein any amount of dividend accumulations or paid-up additions is to be borrowed or withdrawn on one or more existing policies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6) Continued with a stoppage of premium payments or reduction in the amount of premium paid?  | <input type="checkbox"/> | <input type="checkbox"/> |

If you have answered yes to any of the above questions, a replacement as defined by New York Insurance Department regulation no. 60 has occurred or is likely to occur and your agent is required to provide you with a completed disclosure statement and the **important** notice regarding replacement or change of life insurance policies or annuity contracts.

\_\_\_\_\_  
 Signature of Applicant \_\_\_\_\_  
 Date (mm/dd/yyyy)

\_\_\_\_\_  
 Printed Name of Applicant

\_\_\_\_\_  
 Signature of Joint Applicant \_\_\_\_\_  
 Date (mm/dd/yyyy)

\_\_\_\_\_  
 Printed Name of Joint Applicant

To the best of my knowledge, a replacement is involved in this transaction.  Yes  No

\_\_\_\_\_  
 Signature of Producer \_\_\_\_\_  
 Date (mm/dd/yyyy)

\_\_\_\_\_  
 Printed Name of Producer

2 copies: 1 for Applicant, 1 Submitted with Application

The Penn Mutual Life Insurance Company (“**The Company**”) is a Pennsylvania mutual life insurance company chartered in 1847. We are licensed to sell insurance in all 50 states and the District of Columbia. We are located at 600 Dresher Road, Horsham, PA 19044. Our mailing address is The Penn Mutual Life Insurance Company Attn: Customer Service Group, Philadelphia, PA 19172.

This disclosure document describes an Individual Fixed Immediate Annuity Contract with a Single Purchase Payment, Form numbers A-80, A-81, A-82, A-83, A-84, AC-80. This annuity is fixed, which means it earns a guaranteed interest rate during the life of the contract. This is an immediate annuity which means payouts must begin within 12 months of the issue date. The annuity allows for a single premium, which must be paid in full prior to the delivery of the policy. A Single Premium Immediate Annuity is an ideal solution for clients at or near retirement who are looking to cover fixed expenses or want steady, secure income in their retirement plan. The annuity is non-refundable and has no surrender value or death benefit after any guaranteed payment period, if applicable to the SPIA option selected. Guaranteed payment period payments cannot be commuted.

The single premium is used to determine the annuity payments paid out to you immediately. There are minimum and maximum limits to the premium that is made to the annuity contract.

This is a summary document and not part of your contract with the insurer. This annuity is subject to regulatory oversight by your state department of insurance. Consumers in New Jersey may contact the Department of Banking and Insurance at 609-272-7272 or 1-800-446-7467 or at the website [www.njdoabi.org](http://www.njdoabi.org) for assistance.

## Definitions

**Annuitant(s).** The Person(s) during whose life annuity payments are made.

**Beneficiary.** The person(s) named by the Contract Owner to receive payments, if applicable, upon death of the Annuitant(s).

**Contract Owner.** The person specified in the contract as the contract owner. The Contract Owner has all rights to control all aspects of the contract at the time of issue.

**Payee(s).** The person(s) or entity named to whom annuity payments are made.

## Purchasing Your Contract

### Premium Requirements

The minimum Initial Premium, regardless of Market Type, is \$2,500. There is a \$3,500,000 maximum premium on life-contingent annuities. For period certain only annuities, there is a maximum premium of \$5,000,000 with Home Office approval. Subsequent premiums after the issue date are not allowed with this annuity.

### Issue Age Requirements

The maximum issue age for this annuity is insurance age 89. However, there are restrictions on specific annuity options available depending on the issue age:

**Issue Age Under 15**      Period certain for a minimum of 5 years and up to 30 years

**Issue Age 15 through 85** All standard options available  
 Period Certain limited to the lesser of 30 years or your life expectancy(s) (minimum Period Certain is 5 years)

Life Expectancy is defined by the Internal Revenue Code:  
 Qualified Contracts  
 IRC Table V (single life), IRC Table VI (joint lives)

Non-Qualified Contracts  
 Next 5 year multiple of IRC Table V (single life), IRC Table VI (joint lives)

**Issue Age 86+**      Restricted to specific options

## Purchasing Your Contract (continued)

### Right to Review Your Contract

There is a 10-day cancellation period during which you may return the annuity for any or no reason. Simply return or mail the Contract to the Company or the representative through whom it was purchased, along with written request to cancel the Contract. You will receive a refund of your premium. If the Contract is a Replacement Contract, it may be cancelled within 30 days of receipt.

### Ownership

This Contract is non-transferrable and not assignable.

### Fees and Charges

There are no contract fees, annual service fees, or expense charges related to the annuity.

### Access to Your Money

There is no access to your premium through the life of the contract other than through Annuity Payments according to the Annuity Option chosen by the Contract Owner at issue (described in the "Annuity Options" section). There is no way to surrender/cancel the annuity once the Right to Review period ends.

### Annuity Options

You must choose, at issue date, one of the following Fixed Annuity Options:

- **Certain Only.** Payments will be made for a specified number of years, which may not be less than 5 or more than 30.
- **Life Annuity.** Payments will be made for the life of the Annuitant. Payments will cease with the last payment due prior to the Annuitant's death.
- **Life Annuity with Period Certain.** Payments will be made for the life of the Annuitant, with a guaranteed payment period from 5 to 30 years.
- **Life Annuity with Installment Refund.** Payments will be made for the life of the Annuitant, with guaranteed payments that will continue until total payments are equal to initial investment amount.
- **Joint and Survivor Life Annuity.** Payments will be made during the joint lives of the Annuitants and thereafter during the life of the surviving Annuitant. Payments will end with the last payment due before the death of the later Annuitant to die.
- **Joint and Survivor Life Annuity with Period Certain.** Payments will be made during the joint lives of the Annuitants and thereafter during the life of the surviving Annuitant. Payments are guaranteed for a period of time ranging from 5 to 30 years.
- **Joint and Contingent Life Annuity.** Payments will be made during the joint lives of the Annuitants, with one Annuitant being deemed Primary and the other Annuitant deemed Contingent Annuitant. Payments will be made to the Primary Annuitant for the life of the Primary Annuitant, and then continue for the life of the Contingent Annuitant upon death. If the Contingent Annuitant dies before the Primary Annuitant, then payments will be made for the life of the Primary Annuitant.
- **Joint and Contingent Life Annuitant with Period Certain.** Payments will be made during the joint lives of the Annuitants, with one Annuitant being deemed Primary and the other Annuitant deemed Contingent Annuitant. Payments are guaranteed for a period of time ranging from 5 to 30 years.

### Annuity Payments

Periodic payments will be made to the designated Payee, or to the Beneficiary upon death of the Annuitant, if applicable. Annuity payments may be made monthly, quarterly, semiannually, or annually at Contract Owner's request at issue. If necessary, we will adjust the requested frequency of your payments so that they are at least \$25 each.

## What Happens Upon Death?

Depending on the annuity payout option chosen, and the time into the payout period the Annuitant dies, the Beneficiary may receive payments after the Annuitant's death.

### **Life Only**

For life-contingent only annuity options, upon death of the Annuitant, or last surviving Annuitant for a joint option, payments will cease and there are no payments made to the Beneficiary.

### **Period Certain & Installment Refund: Single**

For Single Period Certain and Installment Refund annuity payout options, if the Annuitant dies prior to the end of the guaranteed payment period, guaranteed payments will continue to be paid to the Beneficiary until the end of the guaranteed period.

### **Period Certain: Joint**

For Joint & Survivor Period Certain annuity payout options, upon first death of either Annuitant, guaranteed payments will continue to be paid to the surviving Annuitant until the end of the guaranteed period, upon which lifetime payments will be made. If both Annuitants die prior to the end of the guaranteed period, the payments will continue to be paid to the Beneficiary until the end of the guaranteed period.

For Joint & Contingent Period Certain annuity payout options, upon death of the Primary Annuitant, guaranteed payments will continue to be paid to the Contingent Annuitant until the end of the guaranteed period, upon which lifetime payments will be made. If the Contingent Annuitant dies before the Primary Annuitant, the Primary Annuitant will receive lifetime payments. If both Annuitants die prior to the end of the guaranteed period, the payments will continue to be paid to the Beneficiary until the end of the guaranteed period.

The Beneficiary, if guaranteed payments made to the Beneficiary are applicable, may choose to continue the periodic guaranteed payments until the guaranteed period ends. The Beneficiary may also elect to receive a Commuted Value lump-sum payment instead of receiving periodic payments. A Commuted Value is the present value of any scheduled guaranteed payments, discounted at the current Commuted Value Rate. Note that the Commuted Value will be less than the sum of the periodic guaranteed payments due to discounting to present day.

Currently, the Commuted Value Rate is:

\_\_\_\_\_ %

## Optional Riders

There are no optional riders available with this annuity.

## Taxes

You pay no federal income taxes on your premium until money is distributed to you as an annuity payment, or to your Beneficiary as a guaranteed payment or Commuted Value upon death.

The state of New Jersey does not currently impose a premium tax on annuities.

If the Annuity Option purchased is not life contingent, an additional federal income tax of 10% may be charged on distributions prior to age 59-1/2. There may be exceptions to this penalty; for further information, you should consult a qualified tax professional.

### **Qualified and Non-Qualified Contracts**

For non-qualified annuities, your taxable income will generally be the amount that your annuity payments exceed your premium, or investment in your contract. Distributions are taxed at ordinary income tax rates.

To determine what portion of the annuity payment is taxed and what portion is not, an exclusion ratio is determined for the contract. The exclusion ratio is expressed as a fraction or as a percentage and is arrived at by dividing the investment in the contract by the expected return. This exclusion ratio is applied to each annuity payment to find the portion of the payment that is excludable from gross income; the balance of the guaranteed annuity payment is includable in gross income for the year received. The exclusion ratio applies to payments received until the investment in the contract is fully recovered. Payments received after that point are fully includable in income.

For qualified and Traditional IRA annuities, annuity payments are subject to federal income taxation. There is no additional tax advantage to purchasing an annuity as part of a qualified plan, other than the tax advantage provided by the qualified plan itself.

## Other Information

### **Changes to Your Contract**

We may change your annuity contract from time to time to follow federal or state laws and regulations. You will be notified of any applicable changes in writing.

### **Compensation**

We pay the agent, broker, or firm for selling the annuity to you. They may receive more compensation for selling this annuity contract than for selling other annuity contracts.

<b>1. Employment Status</b> <input type="checkbox"/> Employed <input type="checkbox"/> Not Employed <input type="checkbox"/> Retired	<b>2. Owner's Occupation(s)</b>		
<b>3. Owner's Employer Name</b>	<b>4. Approximate Annual Household Income</b>		
<b>5. Liquid Net Worth</b>	<b>6. Tax Bracket</b> %		
<b>7. How Long Will You Keep This Investment (# of Years)</b>			
<b>8. Financial Needs/Reason for Purchase (Check all that apply)</b> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Death Benefit  <input type="checkbox"/> Tax Deferral/Advantages  <input type="checkbox"/> Annuitization Options  <input type="checkbox"/> Retirement Funding  <input type="checkbox"/> Asset Rebalancing  <input type="checkbox"/> Charitable Giving  <input type="checkbox"/> Business Purposes         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Accumulation  <input type="checkbox"/> Education Purposes  <input type="checkbox"/> Current Income  <input type="checkbox"/> Estate Planning  <input type="checkbox"/> Diversification of Investments  <input type="checkbox"/> Debt Protection  <input type="checkbox"/> Other _____         </td> </tr> </table>		<input type="checkbox"/> Death Benefit <input type="checkbox"/> Tax Deferral/Advantages <input type="checkbox"/> Annuitization Options <input type="checkbox"/> Retirement Funding <input type="checkbox"/> Asset Rebalancing <input type="checkbox"/> Charitable Giving <input type="checkbox"/> Business Purposes	<input type="checkbox"/> Accumulation <input type="checkbox"/> Education Purposes <input type="checkbox"/> Current Income <input type="checkbox"/> Estate Planning <input type="checkbox"/> Diversification of Investments <input type="checkbox"/> Debt Protection <input type="checkbox"/> Other _____
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<b>9. Source of Funds (Check all that apply)</b> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Current Income  <input type="checkbox"/> Rollover from Pension Plan  <input type="checkbox"/> Contract Replacement/Surrender (Life Insurance or Annuity Contract)  <input type="checkbox"/> Inheritance/Gift/Life Insurance Proceeds  <input type="checkbox"/> Redemption of Mutual Fund         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Current Savings  <input type="checkbox"/> Current Investments  <input type="checkbox"/> Personal Loan/Mortgage/Credit  <input type="checkbox"/> Other _____         </td> </tr> </table>		<input type="checkbox"/> Current Income <input type="checkbox"/> Rollover from Pension Plan <input type="checkbox"/> Contract Replacement/Surrender (Life Insurance or Annuity Contract) <input type="checkbox"/> Inheritance/Gift/Life Insurance Proceeds <input type="checkbox"/> Redemption of Mutual Fund	<input type="checkbox"/> Current Savings <input type="checkbox"/> Current Investments <input type="checkbox"/> Personal Loan/Mortgage/Credit <input type="checkbox"/> Other _____
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<b>10. Have you switched, exchanged, replaced or surrendered any annuity in the past 36 months? <input type="checkbox"/> Yes   <input type="checkbox"/> No</b> (In California, in the past 60 months)?			
<b>11. If the funds for this annuity are from the replacement of either an Annuity Or Life Insurance product, please complete the following section in regards to the existing product:</b> a. Potential Surrender Charge \$ _____ b. Minimum Guaranteed Interest Rate (if applicable) _____ %			
<b>12. If the funds for this annuity were obtained from the sale of a mutual fund or other security, was a surrender charge or CDSC incurred?   <input type="checkbox"/> Yes, amount \$ _____   <input type="checkbox"/> No</b>			
<b>13. Acknowledgements and Signatures</b> <ul style="list-style-type: none"> <li>The information contained on this form is an accurate description of my/our investment objectives, financial situation and employment as it pertains to this annuity. My producer has reviewed the features and benefits of this annuity as well as the applicable fees and surrender charge schedule with me and I believe that this annuity is suitable for my financial needs and objectives.</li> <li>I have been provided with an Annuity Buyer's Guide and disclosure form. I understand that if I am not satisfied with the annuity once I receive it, I may return it during the free-look period provided in the policy.</li> </ul> <p><b>For Single Premium Immediate Annuity:</b>          I understand that once the SPIA is issued, payments cannot be changed or refunded. If the Life Only income option was selected, I fully understand that I am purchasing a NO REFUND ANNUITY.</p> <p><b>For Deferred Fixed Annuity:</b>          I understand that for full surrenders and partial withdrawals (exceeding the policy-specified, free withdrawal percentage), there may be a surrender/withdrawal charge applied. There may also be tax consequences.</p>			

**13. Acknowledgements and Signatures (continued)**

(If signing on behalf of an entity, you must indicate official title / position within the entity; if signing as a trustee for a trust, please provide the trustee designation.)

_____ Owner Signature	_____ Date (mm/dd/yyyy)
_____ Joint Owner Signature	_____ Date (mm/dd/yyyy)
_____ Producer Signature (1)	_____ Date (mm/dd/yyyy)
_____ Producer Signature (2)	_____ Date (mm/dd/yyyy)
_____ Producer Signature (3)	_____ Date (mm/dd/yyyy)
_____ Producer Signature (4)	_____ Date (mm/dd/yyyy)
_____ Producer Signature (5)	_____ Date (mm/dd/yyyy)

Insurance and annuity products are offered in New York through insurance producers (“producers”) who are licensed by the New York Insurance Department. A producer advises insurance purchasers on the terms and conditions of insurance and annuity products; offers advice concerning the benefits and advantages of particular products; and assists in processing applications for the sale of these products. Producers are compensated based on the insurance and annuity contracts they sell. The form, amount, and timing of the compensation earned by a producer varies based on factors that include the type of insurance or annuity product, the size of the insurance or annuity contract, and the compensation rates for the different types of products. Other factors may also affect the compensation earned by a producer, including total sales of products over a period of time and/or the profitability of the particular insurance and annuity contracts sold. A customer who purchases or considers purchasing an insurance or annuity product may request from the producer more information about the actual or expected compensation that will be paid to the producer in connection with the sale of the product.

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Client Signature

\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Date (mm/dd/yyyy)



In order to ensure that we have complete information on the individual(s) that you name as your beneficiary in the event of a claim, New York has recently introduced a requirement that we must request the address and phone number of all beneficiaries.

This new requirement, called Regulation 200 applies to all life policies and annuity contracts issued or delivered in the state of New York and requires us to collect this prior to policy or contract issuance.

The current application form already asks for other important information such as the beneficiary's full name, date of birth and Social Security number. Please use this form to capture the additional, required information.

**Annuitant Information**

Primary Annuitant (First, Middle, Last or Trust/Entity)	Telephone Number (    )
---	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

Joint/Secondary Annuitant (First, Middle, Last or Trust/Entity)	Telephone Number (    )
---	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Owner Information**

Primary Owner (First, Middle, Last or Trust/Entity)	Telephone Number (    )
---	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

Joint Owner (First, Middle, Last or Trust/Entity)	Telephone Number (    )
---	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Beneficiary Information**
**Beneficiary #1 - Primary**

Name (First, Middle, Last or Trust/Entity)	Telephone Number (    )
--	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Beneficiary #2**    Primary    Contingent

Name (First, Middle, Last or Trust/Entity)	Telephone Number (    )
--	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Beneficiary #3**    Primary    Contingent

Name (First, Middle, Last or Trust/Entity)	Telephone Number (    )
--	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Beneficiary #4**    Primary    Contingent

Name (First, Middle, Last or Trust/Entity)	Telephone Number (    )
--	----------------------------

Address (Street)	(City)	(State) (Zip)
------------------	--------	---------------

**Beneficiary Information (continued)**

Beneficiary #5 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)
Beneficiary #6 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)
Beneficiary #7 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)
Beneficiary #8 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)
Beneficiary #9 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)
Beneficiary #10 <input type="checkbox"/> Primary <input type="checkbox"/> Contingent		
Name (First, Middle, Last or Trust/Entity)		Telephone Number ( )
Address (Street)	(City)	(State) (Zip)

**Please submit this form with your application.**

Forms needed to complete a 1035 Exchange for Life or Annuity:

**PM 8297 (1035 Exchange/Transfer Request Form)**

**PM8297A (1035 Exchange Disclosure Statement)**

Form needed to complete a Transfer or Direct Rollover:

**PM8297 (1035 Exchange/Transfer Request Form)**

All forms **MUST** be fully completed, dated, and signed by the appropriate parties.

Signature of spouse is required if Community Property State: (AZ, CA, ID, LA, NM, NV, TX, WA, WI)

A separate Exchange/Transfer form must be completed for each carrier involved; multiple policies/contracts from the same carrier can use one form.

For life insurance exchanges and transfers an illustration showing the exchange must be submitted.

Policies and contracts with Collateral Assignments must have the Assignment released prior to the exchange.

Irrevocable Beneficiaries **MUST** sign the Exchange/Transfer form in addition to the owner.



<b>1. Owner/Insured/Annuitant Information (please print)</b>	
Owner Name (First, Middle, Last)	SSN/TIN
Joint Owner Name (First, Middle, Last)	SSN/TIN
Insured/Annuitant Name (First, Middle, Last)	SSN/TIN
Joint Insured/Annuitant Name (First, Middle, Last)	SSN/TIN
<b>2. Return of Contract or Policy</b>	
<p>If you are transferring the full value of your current contract or policy, you must attach the contract or policy pages to this form. If you do not have a contract or policy, please check the reason below.</p> <p><input type="checkbox"/> The contract or policy was lost or destroyed</p> <p><input type="checkbox"/> A contract or policy does not exist for the account that is being transferred (i.e., CD, Mutual Fund)</p>	
<b>3. Current Policy/Contract Information (please print)</b>	
Current Company Name (please attach a current client statement)	Phone #
Street Address (PO Boxes are not permitted)	City State Zip
Contract(s) / Policy Number(s) being exchanged / transferred	
<p>I hereby request the Liquidation and Transfer of the above listed contract / policy number(s) for the:</p> <p><input type="checkbox"/> Full Value</p> <p><input type="checkbox"/> Partial Value in the amount of \$ _____ or _____ % of my present account (annuity only)</p> <p><input type="checkbox"/> Maximum amount without penalty (annuity only)</p> <p>Transfer / Rollover / Exchange the proceeds to a:</p> <p><input type="checkbox"/> New Life Policy</p> <p><input type="checkbox"/> New Annuity Contract</p> <p><input type="checkbox"/> Existing Penn Mutual Annuity Contract # _____ (annuity only)</p> <p>I understand I will incur a penalty of: <input type="checkbox"/> 0% or _____ % totaling \$ _____ by liquidating the requested amount.</p> <p>Transfer the proceeds: <input type="checkbox"/> Immediately or <input type="checkbox"/> Specific date _____</p>	
<b>4. Transfer and 1035 Exchange Election (please select only one option)</b>	
<p><input type="checkbox"/> <b>Option A: 1035 Exchange</b></p> <p>My present account is a: <input type="checkbox"/> Life Insurance Policy <input type="checkbox"/> Fixed Annuity <input type="checkbox"/> Variable Annuity <input type="checkbox"/> Endowment</p> <p>The required state replacement form(s) must accompany this request</p> <p><b>Loan Election:</b></p> <p>I request that any loan(s) on my existing Life Insurance Policy(s) be:</p> <p><input type="checkbox"/> Carried over to the new policy <input type="checkbox"/> Extinguished during the exchange (note: this may trigger a taxable event)</p> <p>Loans being carried over to the Accumulation Builder Flexible Premium Adjustable Indexed Life Insurance Policy must elect an interest option below to apply to the transferred loan.</p> <p><input type="checkbox"/> <b>Traditional Loan Option:</b></p> <p>Loan is first deducted from the Fixed Account, then from the Holding and Indexed Accounts. This loan option credits an interest rate equal to the policy loan rate that is charged on the loan amount after the first 10 policy years. The credited loan interest rate is decreased by 1% for loans taken out in the first 10 policy years.</p>	

#### 4. Transfer and 1035 Exchange Election (continued)

**Indexed Loan Option:**

Available only in the cash surrender value in the Indexed Account segments. The outstanding loan amount continues to earn an interest rate based on the indexed credit for the segment(s) from which the money was borrowed. The cost of the loan is the difference between the declared variable loan rate charged and the indexed credit for mature account segments. If there is not enough money in the indexed account to cover the loan, funds must be transferred from the Fixed Account on the segment date in order to take the full loan amount. However, there is a risk that the interest rate credited can fall below the rate being charged on the loan - but never less than the 2 percent floor.

**Option B: Transfer of Non-Qualified Funds**

My present account is a:  Mutual Fund  CD  Individual Account  Other \_\_\_\_\_

**Option C: Transfer or Rollover of Qualified Funds (Trustee to Trustee)**

My present account is a:

- Traditional IRA  SEP-IRA  Simple IRA  Inherited Stretch IRA  
 401(a)  401(k)  403(b) (with triggering event)  457(b) Governmental  
 Other Retirement Plan \_\_\_\_\_

Required Minimum Distribution status for the current tax year: (if applicable)

- RMD has already been satisfied.  RMD has not been satisfied. Please process before transfer.

If you are neither the Owner nor the Annuitant of the existing contract, check where applicable below:

- Surviving spouse beneficiary of deceased annuitant  
 Former spouse receiving distribution under a Qualified Domestic Relations Order "QDRO".\*

\*To process, we require a copy of the QDRO.

#### 5. Authorization (Select the same option as page two - a signature guarantee may be required)

**Option A: Absolute Assignment and Exchange Request by Contract Owner**

I hereby absolutely assign all rights, title and interest in the contract(s) listed above, without exception, limitation or reservation, to The Penn Mutual Life Insurance Company or The Penn Insurance & Annuity Company (hereinafter referred to as "The Company.") Further, I hereby revoke all prior beneficiary designations and designate The Company as the sole beneficiary of the existing contract. I hereby authorize The Company to forward a copy of this Absolute Assignment and Exchange Request to the issuer of my current contract(s). I certify that there are no other assignments on said contract(s) and that no petition in bankruptcy has been filed by or against me.

I expressly represent that the sole purpose of this assignment is to affect an exchange of a life insurance, endowment or annuity contract under Section 1035 of the Internal Revenue Code. I acknowledge that Penn Mutual is furnishing this form and is participating in this transaction at my specific request as an accommodation to me.

I request that The Company, upon satisfaction of its underwriting requirements, surrender the existing contract(s) for the full or partial cash value of said existing contract(s) and immediately upon receipt of surrender amounts and as part of the same transaction, apply all surrender amounts received to the Company contract. I understand that after The Company submits the request for surrender of the existing contract(s) to the current issuer and the surrender is processed by the current issuer, such contract(s) will no longer be in force and effect and that the designated beneficiaries cannot receive the proceeds from such contract(s) in the event of the death of the insured, or in the case of an annuity, the annuitants or contract owner.

**Option B or C: Request for Trustee-to-Trustee Transfer or Direct Rollover**

I hereby direct the current institution to convert to cash the assets held for the owner in the account and to transfer this money to The Company. I have completed an application for a Life Insurance policy, Annuity contract or have an existing Annuity contract to receive the transferred money. I understand that The Company assumes no responsibility for tax treatment of this matter and I shall be responsible for payment of all federal, state and local taxes incurred with respect to the liquidation of the account. (If the existing contract(s) is funding a qualified plan, ownership of the existing contract(s) is not transferred by this Absolute Assignment and Exchange Request.)

**5. Authorization (continued)**

You hereby certify that you have read and understand the terms of this form and that the information provided on this form is true and complete to the best of your knowledge.

\_\_\_\_\_  
Owner Signature Date (mm/dd/yyyy)

\_\_\_\_\_  
Other Signature (if applicable) Date (mm/dd/yyyy)  
(e.g., joint owner, co-trustee, irrevocable beneficiary or spouse, if Community Property State, etc)

\_\_\_\_\_  
Title (Required if the owner is a trust, custodian, partnership or corporation)

**Signature Guarantee (If applicable)**  
**A separate guarantee is needed for each signature.**

**6. Acceptance of transfer/Rollover/1035 Exchange (Home Office use only)**

We request the liquidation and transfer of the account listed in Section 3. By our signature below, we represent that the account described is or is intended to be an account of the type indicated and that we will accept the Section 1035 Exchange/Transfer on behalf of the person(s) named on this form. Please provide us with the **Pre and Post TEFRA Cost Basis** in the current policy/contract, if applicable.

\_\_\_\_\_  
Authorized Officer Signature

\_\_\_\_\_  
Title Date (mm/dd/yyyy)





Generally, the surrender of an existing insurance or annuity contract is a taxable event; the contract owner must recognize any gain on the original, surrendered contract as current income. IRS section 1035 provides a tax-free method of exchanging an existing life, endowment or annuity contract for a new contract. If the exchange meets the conditions of Section 1035 of the Internal Revenue Code, the transfer will be a non-taxable event.

No limit is imposed on the number of contracts that can be exchanged for the one contract. However, all contracts must be on the same insured and have the same owner. Changes in ownership may occur after the exchange is completed. The contracts must be life insurance, endowment or annuity contracts issued by a life insurance company. Exchanges must be: from a life insurance contract to a life insurance contract; from a life insurance contract to an annuity contract; from an endowment contract to an annuity contract or from an annuity contract to an annuity contract.

For a transaction to qualify as a 1035 Exchange, the original contract must actually be exchanged for a new contract. It is not sufficient for the policy owner to receive a check and apply the proceeds to the purchase of a new contract. The exchange must take place between the two insurance companies. Receipt by the policy owner of any portion of the surrender proceeds from contracts being exchanged may be treated as a taxable event. This includes outstanding policy loans extinguished during the exchange process.

The policyowner has several ways to deal with an outstanding loan on the original life policy. The loan can be extinguished or canceled at the time of the exchange. If there is a gain in the contract, cancellation of the loan on the original policy is considered a distribution and may be a taxable event. To avoid this result, the policyowner can pay off the existing loan prior to the exchange. A second way of avoiding a taxable event due to the loan would be for the old loan to be carried over onto the new contract.

Life insurance contracts issued before June 21, 1988 may lose preferential tax treatment afforded them under Internal Revenue Code Section 7702 and 7702A under certain circumstances in a 1035 Exchange. The new policy may be classified as a modified endowment contract ("MEC") and taxed accordingly. Most single premium life insurance policies issued after June 21, 1988 are characterized as MECs. If two or more policies are exchanged for a single contract and at least one of the existing contracts is a MEC, the new policy will also be a MEC.

The contract owner must indicate that a Section 1035 Exchange is being initiated at the time the new application is completed. The policy owner and the Internal Revenue Service will receive an Internal Revenue Form 1099R from the original company indicating that an exchange has been made.

For Annuity Contracts only, you should be aware that some insurance companies do not recognize partial 1035 exchanges. If you are partially exchanging into Penn Mutual/PIA, your existing annuity issuer (the tax reporting agent for the transaction) may report your partial exchange as a taxable event to the extent of any gain distributed; they may also report that the taxable portion of the distribution is subject to a 10% early withdrawal penalty. If this occurs, it will be your responsibility to claim this transaction as a tax-free 1035 exchange on your income tax return.

The foregoing discussion is general and is not intended as tax advice. Your independent tax advisor should be consulted for more complete information. This discussion is based on the Company's understanding of federal income tax laws as they are currently interpreted by the Internal Revenue Service. Penn Mutual makes no representations or guarantees and assumes no liability with regard to the tax consequences of this exchange.

I hereby acknowledge that I have received, read and signed a copy of the above "Section 1035 Disclosure Statement" and fully understand the importance of correctly determining the tax status of all policies to be exchanged as well as the possible tax consequences which can result under the situations described above.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2 \_\_\_\_\_

\_\_\_\_\_  
Signature of Contract Owner