



Charter Annuity Advantage

403b and 457
Flexible Premium Fixed Annuity



Building a Stable Future on a Solid Foundation

There are many important moments in life. To live each one to the fullest, you must be financially well prepared. Industrial Alliance Pacific offers a wide range of retirement products to help you reach your goals. The Charter Annuity is a flexible premium deferred annuity that is designed to offer you a secure way to take charge of your financial future today.

It takes strong discipline to save, regardless of your reasons for saving. When you save for your retirement, it is essential to choose a reliable partner to ensure a worry-free retirement. Choose the partner you can trust – Industrial Alliance Pacific.





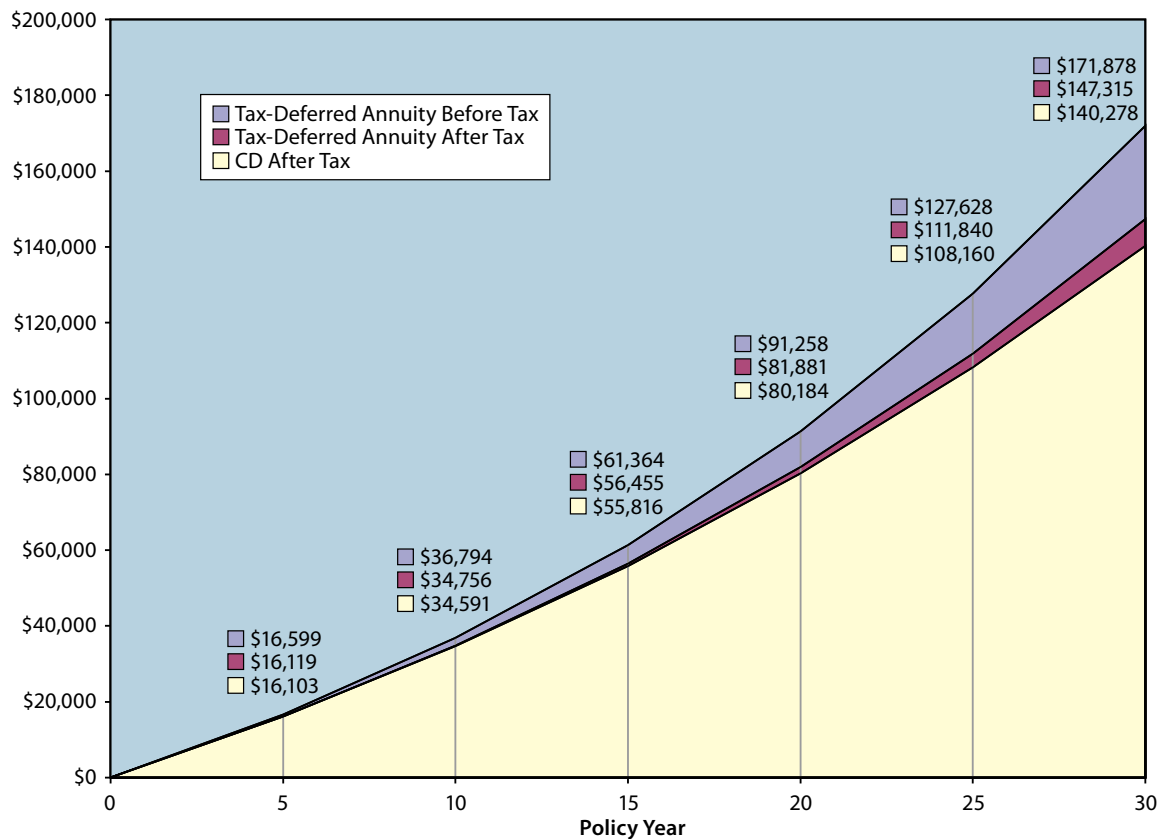
The Advantage of Tax Deferral

Feeling good about your retirement savings takes some planning, and there are a number of investment alternatives that can help you get there. The Charter Annuity is a tax-deferred, long-term investment tool designed for retirement purposes that upon annuitization, may guarantee you an income as long as you live. It's a great way to help fill the gap between what you currently have coming to you – through pensions, social security, personal savings and what you'll actually need to fund your retirement.

A Tax-Sheltered Annuity (TSA) offers you more asset growth potential than a conventional savings plan because contributions are made on a pre-tax basis and any earnings accumulate tax-deferred. Money that would have gone to pay taxes goes into your retirement savings investment plan instead. Of course, you will pay taxes on your contributions eventually, but that occurs only when you take a withdrawal or distribution from your annuity.

The chart below illustrates the dramatic power of tax-deferred growth:

Tax-Deferred Annuity vs. Certificate of Deposit



Graph illustrates the difference tax-deferred compounding can make to the long-term growth of an assumed non-qualified monthly contribution of \$1000 in a taxable and tax-deferred savings vehicle, assuming a 4% interest rate and a combined state and federal tax rate of 30%. This example does not describe a specific insurance product. A lower interest rate would reduce the favorable effects of deferring taxes, and a higher interest rate would increase them.

Participating in a Tax Sheltered Annuity

403(b) PLAN

A 403(b) plan is a tax-deferred retirement plan available to employees of educational institutions and certain non-profit organizations as determined by section 501(c)(3) of the Internal Revenue Code. Contributions and investment earnings in a 403(b) plan grow tax-deferred until withdrawal (assumed to be retirement), at which time they are taxed as ordinary income.

457 PLAN

A 457 plan is a retirement plan provided in Section 457 of the Internal Revenue Code. A 457 plan is similar to a 403(b) plan where contributions are made through payroll deduction, occur on a pre-tax (tax deductible) basis and accumulate tax-deferred until withdrawn. 457 plans are available to employees of the public sector.

PARTICIPATION

Pre-tax contributions are made through payroll deduction. You can start a Charter Annuity with as little as \$25 per month, or, to take full advantage of your tax savings, increase your contribution to the annual maximum allowed by the IRS.

CONTRIBUTION LIMITS

The IRS sets a maximum limit each year so that you can take full advantage of your tax savings. The contribution limits are as follows:

2007	2008	2009
\$15,500	\$15,500	\$16,500

If you are age 50 or older, and have not participated at the maximum percentage allowed, you also have an opportunity to make a "catch-up" contribution to your qualified retirement program. The catch-up limits are:

2007	2008	2009
\$5,000	\$5,000	\$6,000

Employees with 15 years or more of service with their current employer may be able to contribute an additional \$3000 per year. This contribution is in addition to the catch-up contribution that is allowed to employees who are 50 and older.



Interest Rates

In addition to the many valuable advantages already mentioned, the Charter Annuity earns a competitive interest rate. The current interest rate is guaranteed for an initial period determined by the contract. After the initial guaranteed period, a new interest rate will be declared and will be guaranteed for one calendar year. Regardless of market conditions, IAP guarantees a minimum interest rate that assures you growth.

INTEREST CALCULATION

Each deposit we receive is credited with our current interest rate that is declared at the beginning of each calendar year. Interest on deposits accrues on a daily basis and is credited to the policy monthly. You will receive quarterly statements to track your policy growth.

CONTRACT VALUES

At any time on or prior to the date upon which annuity payments begin, the policy value will be equal to:

- a) the premiums received; plus
- b) interest credited to the premiums; less
- c) any withdrawals; less
- d) premium taxes, if any.



Accessing Your Money When You Need It

The Charter Annuity is considered to be a long-term investment, however, we know that life happens, and sometimes that can result in the need to access the funds in your annuity. There are a variety of different options available to best meet your needs.

LOANS

The Charter Annuity allows loans after the first contract month at up to 95% of the surrender value subject to IRS rules and regulations. The minimum loan amount is \$500. The interest rate charged on the loan is guaranteed to be 5.5%. The loan balance will earn 3.00%, thus the net loan cost is 2.5%. Loans must be paid in full before a policy can be surrendered or transferred.

WITHDRAWALS*

After year one, and for each subsequent year, you can withdraw up to 10% of the accumulated policy value with no surrender charge (on a non-cumulative basis).

Partial withdrawals may be taken from your annuity, subject to IRS rules, and will reduce the surrender value of your policy by the amount of the partial withdrawal and any applicable withdrawal charges.

Withdrawals made prior to age 59½ may result in an IRS 10% early-withdrawal penalty in addition to income taxes.

SURRENDER CHARGES

The Charter Annuity Advantage is designed to be a long-term investment contract. Should you need to terminate your policy, your Charter Annuity will be subject to surrender charges.

End of Year	1	2	3	4	5	6	7	8	9	10	11
Surrender Charge %	10	9	8	7	6	5	4	3	2	1	0



* You should consult with your tax advisor regarding the tax consequences of taking withdrawals from your policy. Surrender charges are expressed as a percentage of the policy value, and are shown in the table above.



Retirement Planning

For many people, the potential of outliving their retirement income is a real concern. Only an annuity can provide you with a guaranteed income you can't outlive. A life annuity settlement option provides the peace of mind that comes from knowing you will not outlive your income payments.

Whatever you decide, there are various customized settlement options available:

- Life Income Only
- Life Income with Minimum Guarantee (5, 10, or 20 years)
- Term Certain Income Only (5, 10, or 20 years)
- Joint & Survivor
- Life Expectancy Income Option – calculates the minimum distribution amount based on life expectancy each year according to IRS life expectancy tables. LEIO allows for another form of annuitization to be chosen at a later date, and can be taken at any time after the fifth policy year. Also, loans and withdrawals continue to be available with LEIO.



SPECIAL RETIREMENT PROVISIONS

If you should retire after 5 years, we will waive the remaining surrender charges so the full value of your account can be paid to you.

DEATH BENEFIT

Should you die before annuity payments begin, a death benefit is payable to your beneficiary. The death benefit is the greater of the full policy value or the aggregate amount of premiums paid, less withdrawals, less any loans. No surrender charges apply to the death benefit.

RIGHT TO CANCEL POLICY

You have the right to cancel your Charter Annuity policy within thirty (30) days after the policy is first received. You may cancel it for any reason by returning it to the agent through whom it was purchased or to the Company's Home Office. The return of this policy will void it from the beginning. We will refund all payments made for this policy within ten (10) days after receiving notice of cancellation and the return of this policy.

This document is not a legal contract. For the exact terms and conditions, please refer to the annuity policy. This product is not available in all states; certain restrictions, conditions, and state variations apply. Comments contained in this brochure reflect our understanding of the current tax law treatment of this type of contract. Since the laws are subject to different interpretations and possible changes in the future, we recommend that clients consult their own tax advisors.

IAP Corporate Overview

www.iaplif.com

Industrial Alliance Pacific Insurance and Financial Services Inc. (IAP) is a division of Industrial Alliance Group, a Canadian life and health insurance company company serving customers since 1892.

Built on the foundation of strength and reliability, Industrial Alliance's Group of companies has grown and progressed steadily over the past 115 years.

1982 – Foundation of Alliance Nationale in Montreal.

1905 – Foundation of Industrial Life Insurance Company in Quebec City.

1982 – Acquisition by Industrial of The North West Life, now known as Industrial Alliance Pacific.

1985 – Acquisition of The North West Life Assurance Company of America.

1987 – Merger of Industrial and Alliance, and creation of Industrial-Alliance Life Insurance Company.

1988 – Acquisition of The National Life Assurance Company of Canada, located in Toronto.

1996 – Merger of Industrial Alliance and The Solidarity, a life insurance company based in Quebec City.

1999 – Acquisition of Seaboard Life Insurance Company (Vancouver) and merger with Industrial Alliance Pacific (IAP), United States Branch.

In 2001, Industrial Alliance began to expand beyond the traditional life insurance sectors, moving into individual wealth management, mutual funds and securities.

Today, the companies of the Industrial Alliance group operate internationally in all regions of Canada and the United States. Collectively, they contribute to the financial well-being of over 3 million customers, employ more than 2800 people and manage and administer over \$50 billion in assets.

Industrial Alliance's financial strength has been rated A (Excellent) by A.M. Best Company. This rating is assigned by Best to companies that have achieved excellent overall performance and have a strong ability to meet their obligations to policyholders over a long period of time.

In 2007, IAP opened its newest office in Scottsdale, Arizona. This U.S. base of operations will continue to offer the proven financial security products that have been the foundation of Industrial Alliance's success for more than a century. We look forward to partnering with you to ensure our continued growth and service to our customers.



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