



PHOENIX

Product Training and Reference Guide

PHOENIX Simplicity Index LifeSM
*Permanent Life Insurance with
Flexible Cash Accumulation Options*

October, 2013

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Phoenix Simplicity Index Life

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Phoenix Simplicity Index Life

Product Training & Reference Guide

Introduction

Phoenix Simplicity Index Life offers your clients the permanent death benefit protection available with all universal life policies, plus the additional advantage of an Indexed feature. This means they can have the potential for significant cash accumulation based on the performance of the S&P 500 Index while protecting their cash value against losses due to market downturns.

And when it comes to the application and underwriting process, Simplicity Index Life is a product that lives up to its name. A short form of questions replaces full medical underwriting, saving your clients the inconvenience of medical tests and making it easy to complete an application for permanent coverage in only minutes.

The product is non-participating (no dividends).

This guide describes the standard policy for Phoenix Simplicity Index Life. The policy is subject to state availability. Actual product details may vary in a particular state based on the terms of that state's approval.

While the value for each Indexed Account is affected by the value of an outside index, the policy is not a security and does not directly participate in any stock, bond or equity investment.

Riders and features are subject to state availability, certain limitations, and may have additional costs associated with them.

Issuance of policy depends upon the full and accurate completion of underwriting requirements including the application for coverage. As we rely on the proposed insured's statements of fact contained in the application, it is of paramount importance that those statements be full, true and complete. Data from third parties will be used to validate responses to application questions. Coverage may not be offered if information on the application conflicts with data secured from other sources..

This guide is intended to be both a general reference document and a training resource for financial representatives. It is not intended to provide legal, tax or financial advice to clients. Please encourage clients to consult with their own tax and legal advisors with respect to the suitability of this product for their specific needs.

IRS Circular 230 Disclosure: Any information contained in this communication (including any attachments) is not intended to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code. This communication was written to support the promotion or marketing of the transactions or matters addressed here. Individuals should seek independent tax advice based on their own circumstances.

Product Summary

Marketing Emphasis: Phoenix Simplicity Index Life may be appropriate for clients who:

- Have a need for a death benefit and want the opportunity to build cash value with protection against market downturns.
 - Are financially moderately conservative in nature. Phoenix Simplicity Index Life can provide modest cash accumulation.
 - Need life insurance to protect their families, but also want the potential to supplement retirement income.
 - Want to establish a death benefit and use policy cash values to supplement future education costs.
-

Product Basics:

- Issue Ages and Maximum Face Amounts: (age last birthday)

Issue Age	Maximum Face Amount
18-50	\$400,000
51-60	\$300,000
61-70	\$200,000

- The minimum acceptable premium payment is \$25.
 - The minimum initial premium required to put the policy in-force is one month premium.
 - Two Indexed Accounts:
 1. Indexed Account A - Annual Point-to-Point with Cap
 2. Indexed Account B - Annual Point-to-Point with Participation Rate
 - Choice of two death benefit options: Option A: Level, or Option B: Increasing.
 - Death benefit coverage extends beyond the insured's age 121.
 - Surrender Charge for base policy will be 10 years and will vary by sex, issue age, and risk class. Surrender charges will decrease over the 10 year period.
 - Competitive fixed loan rates and overloan protection are available.
 - A Monthly Transfer Strategy feature may be elected at issue or anytime after issue.
 - A Persistency Bonus¹ of 0.5% will be credited to qualifying policies beginning in year 11.
-

¹ The persistency bonus is not guaranteed and is not available in TX

Product History:

- March 2010, Phoenix Simplicity Index Life introduced.
 - January 2012, account caps, participation rates and fixed account credited rates are updated.
 - June 2012, Increasing Death Benefit Option and Overloan Protection Rider are introduced.
 - **October 2013, the maximum face amount has been updated, and account caps and participation rates have increased.**
-

Underwriting

Part I Application:

The Part I includes a set of health history questions. These questions are considered “knock-out” questions – if the proposed insured answers “yes” to any of the questions, the Simplicity Index policy is not available and the producer should not continue with the process. In addition to these health history questions, issuance of Simplicity Index also relies on satisfaction of additional requirements. Please consult the Field Underwriting Guide (form L5076UG) for more details.

The health history (“knock-out”) questions for the application currently are:

To the best of your knowledge and belief, have you:

1. Ever had or been treated for, Alzheimer's disease, chest pain, dementia, demyelinating disease, Downs' syndrome, heart disease, Huntington's disease, leukemia, multiple myeloma, organ transplant, Parkinson's disease, stroke, schizophrenia?

2a. In the last 10 years have you received counseling or medical treatment for alcoholism, alcohol abuse or other drug use?

2b. In the last 10 years have you used amphetamines, barbiturates, cocaine, hallucinogens, marijuana, narcotics or any other drug except as legally prescribed by a health care provider?

3. Have you ever been diagnosed by a member of the medical profession or tested positive for Human Immunodeficiency Virus(AIDS virus) or Acquired Immune Deficiency Syndrome (AIDS)?

Minimum Face Amount = \$50,000

Backdating:

- Backdating will not be allowed.

Number of Lives:

- Insures one life.

Underwriting Classes:

- Standard (tobacco use in any form within the past five years)
- Preferred

Unisex Rates:

- Unisex rates will be available in Montana.
- Unisex rates will be available for qualified and non-qualified plans.

1035 Exchanges:

- Fixed loans at issue will be accepted with 1035 exchanges. The Premium Expense Charge will not be applied to loaned 1035 exchange amounts.
- This product will accept both internal and external 1035 exchanges.
- External 1035 exchange non-loaned amounts will be handled as new premium and all applicable loads and charges will be taken. Internal exchanges will use the same loads and charges as external exchanges.

***Underwriting
Guide***

Please refer to Phoenix's *Field Underwriting Guide* for more detailed information regarding medical and non-medical underwriting factors. The manual is located in the Sales Center Marketing Catalog online at your partner site or www.phoenixwm.com.

For a complete listing of Phoenix's sales literature, including those available for Phoenix Simplicity Index Life, please refer to the Sales Center Marketing Catalog online at your partner site or www.phoenixwm.com.

Premiums

Premium Limits:

- The minimum acceptable premium payment is \$25.
- The minimum initial premium required to put the policy in-force is one month Pre Authorized Check premium.
- The available pay modes are: Annual, Semi-Annual, Quarterly and Monthly Pre Authorized Check.
- Premiums are initially allocated to the fixed account. On designated transfer dates (as described in “Indexed Accounts” section), premiums will be allocated among the Indexed and fixed accounts according to the policyowner’s instructions. Subsequent premiums will be allocated as noted on the application until and unless modified.
- The initial monthly premium may be drafted at the time of issue. Monthly subsequent premiums will begin the following month and will be drafted on the day selected on the application. The day may be on or between the first and 28th of the month. If no recurring draft date has been selected, the default draft will be the month-a-versary nearest the issue date.
- As long as the premiums paid fall within the maximum and minimum premium rules, there are no restrictions on the pattern of periodic/billed premiums and lump-sum payments.
- The Internal Revenue Code provides for a maximum amount of premiums under the “Definition of Life Insurance.” Please note, however, that *paying the maximum premium may cause the policy to become classified as a Modified Endowment Contract (MEC) under section 7702A of the Internal Revenue Code.* If the policy is classified as a MEC, policy loans, withdrawals or other distributions will be taxed as ordinary income and may be subject to a 10% tax penalty, in addition to income tax.

Definition of Life Insurance under the Internal Revenue Code:

- This policy utilizes the Guideline Premium Test including the Cash Value Corridor.
- This test is integrated into the policy and reflected on the schedule pages..
- Under the Guideline Premium Test, cumulative premiums will be restricted to the greater of the Guideline Single Premium and the sum of the annual Guideline Level Premiums. Accumulation of guideline premiums stops at age 99. However, the minimum premium necessary to keep the policy inforce (but not more) can be accepted, even if this premium will exceed the guideline limit.
 1. The Guideline Level Premium is the level premium to endow the contract. It is calculated at guaranteed mortality, current charges, and a 4% interest rate.
 2. The Guideline Single Premium is the single premium to endow the contract. It is calculated at guaranteed mortality, current charges, and a 6% interest rate.
 3. The use of these interest rates is only for purposes of the Guideline Premium Test and is not a guarantee of policy performance or return.

- In addition to premium limits under the Guideline Premium Test, a “cash value corridor” must be maintained for the policy to continue satisfying the definition of life insurance. Under this corridor, there must be a specified relationship between death benefit and cash value; the exact amounts depend on the age of the insured.
- While the policy is in the corridor, the death benefit increases by an amount equal to the increase in cash value *multiplied by* a “cash value corridor factor” as defined in the Internal Revenue Code and set forth in the policy. A death benefit increase under the corridor can be temporary, depending on the age of the insured and the policy cash value.

Policy Crediting

Policy Value:

- Net premium payments (premiums *less* premium expense charges) are credited to the policy value.
 1. The policyowner determines the premium allocation among available options.
 2. Policy charges are deducted from the policy value each monthaversary.
 3. The policy value is generally accessible by loan, withdrawal or surrender.

Net Surrender Value:

- The net surrender value is equal to the policy value *less* any remaining surrender charge and outstanding policy debt.

Premium Allocation Options:

Fixed Account

- Premiums are initially applied to the fixed account. Interest is credited daily. The guaranteed minimum credited rate on the fixed account will be 1%.
- Current rates will be declared periodically.

Indexed Accounts:

- Two Indexed Accounts are currently available. Both credit interest, called “Index credits,” based on the positive performance of the S&P 500 Index². Both accounts provide a guaranteed minimum rate, or “floor” of 0% annually. Additional Indexed Accounts may be available in the future.
 - The S&P 500® index does not include dividends paid on the underlying stocks and therefore does not reflect the total return of the underlying stocks. Past performance is no guarantee of future performance or values of the product.

Indexed Account A – Annual Point-to-Point with Cap: Indexed Account A earns Index credits based on the percentage change in value of the Index (excluding dividends) subject to a Growth Cap and a Growth Floor. Indexed Account A consists of Indexed Account segments. Each segment has its own Growth Cap. Due to the growth cap for Indexed Account A, the actual Index credits received, if any, may be less than the performance of the S&P 500 Index.

1. Interest rate credited equals the percentage change in the Index over the segment year subject to a cap, but will never be less than the Growth Floor.
2. Growth Caps will be declared periodically. The Growth Cap is guaranteed to never be lower than 4%.
3. The Growth Floor is 0%.

² “Standard & Poor’s®”, “S&P®”, “S&P 500®” and “Standard & Poor’s 500™” are trademarks of Standard & Poor’s Financial Services LLC (“Standard & Poor’s”) and have been licensed for use by Phoenix Life Insurance Company and its affiliates. Phoenix Simplicity Index Life is not sponsored, endorsed, sold, or promoted by Standard & Poor’s, and Standard & Poor’s makes no Representation regarding the advisability of purchasing the Phoenix Simplicity Index Life insurance policy.

Policy Crediting, Continued

Indexed Account B – Annual Point-to-Point with Participation Rate: Indexed

Account B earns index credits based on the percentage change in value of the Index (excluding dividends) multiplied by a Participation Rate, but not less than the Growth Floor. Indexed Account B consists of Indexed Account segments. Each segment has its own Participation Rate.

1. Interest rate credited equals the percentage change in the Index over the segment year multiplied by a Participation Rate, but will never be less than the Growth Floor.
2. Participation Rates will be declared periodically. The Participation Rate is guaranteed to never be lower than 25%.
3. The Growth Floor is 0%.

HYPOTHETICAL INDEX RETURNS & INDEX GROWTH RATE EXAMPLES

The chart below shows hypothetical examples of how various S&P 500 Index returns (excluding dividends) would impact the calculation of index credits, including the role of the growth cap or participation rate, and the growth floor.

Hypothetical S&P500 Index Return (excluding dividends)	Indexed Account A: Index Growth Rate		Indexed Account B: Index Growth Rate	
	Assuming 12% current Growth Cap and 0% Growth Floor	Assuming 4% guaranteed Growth Cap and 0% Growth Floor	Assuming 65% current Participation Rate and 0% Growth Floor	Assuming 25% guaranteed Participation Rate and 0% Growth Floor
-20%	0.00%	0.00%	0.00%	0.00%
-10%	0.00%	0.00%	0.00%	0.00%
-5%	0.00%	0.00%	0.00%	0.00%
0%	0.00%	0.00%	0.00%	0.00%
5%	5.00%	4.00%	3.25%	1.25%
10%	10.00%	4.00%	6.50%	2.50%
15%	12.00%	4.00%	9.75%	3.75%
20%	12.00%	4.00%	13.00%	5.00%
25%	12.00%	4.00%	16.25%	6.25%

These examples are hypothetical and provided solely to help you understand how index crediting and the effect of the (cap/participation) rate. This is not a prediction or guarantee of actual results which will vary.

Index credits are applied to the monthly average segment balance which may be less than the initial balance due to the deduction of policy charges.

A new segment is created with each premium payment and many policy holders would have multiple segments within each account. No attempt has been made to illustrate multiple segments in the account.

These examples assume the segments begin on 1/1 and end on 12/31 for each year. Current segments begin on the “sweep date” – currently the 18th of each month.

A Comparison of Historical S&P 500 Index Returns And Index Growth Rates

The chart below provides average annual historical performance of the S&P 500 Index (excluding dividends) over selected time periods, as well as the associated average annual Index Growth Rates if those index returns were realized, including the role of the growth cap or participation rate, and the growth floor.

The Average Annual S&P Index Returns represent the geometric average annual return for the time period noted, assuming equal segments were created at the end of each month during the Start Year. The Average Annual Index Growth Rates are calculated in the same manner, except with the growth cap or participation rate, and the growth floor, applied to the S&P500 Index return upon each segment maturity.

Caps, Participation Rates, and current rates for the Fixed Account are set by Phoenix and may change at any time. Any changes in the cap or Participation Rates would only affect newly created segments. Current caps and Participation Rates are posted by Phoenix at phoenixwm.com

Period	Start Year	End Year	Average Annual S&P500 Index Return (excluding dividends)	Indexed Account A: Average Annual Index Growth Rates		Indexed Account B: Average Annual Index Growth Rates	
				Assuming 12% current Growth Cap and 0% Growth Floor	Assuming 4% guaranteed Growth Cap and 0% Growth Floor	Assuming 65% current Participation Rate and 0% Growth Floor	Assuming 25% guaranteed Participation Rate and 0% Growth Floor
Last 5 years	2007	2012	-1.27%	5.67%	2.27%	5.97%	2.35%
Last 10 years	2002	2012	3.51%	7.01%	2.91%	6.44%	2.52%
Last 15 years	1997	2012	3.13%	6.68%	2.69%	6.61%	2.59%
Last 20 years	1992	2012	6.19%	7.24%	2.88%	7.59%	2.97%
Last 25 years	1987	2012	6.54%	7.32%	2.91%	7.49%	2.94%
Maximum Illustrated Rate				7.25%		7.50%	

The past results of the S&P 500 Index represented above should not be taken as a representation of future performance, which may be greater or less than shown.

Index credits are applied to the monthly average segment balance which may be less than the initial balance due to the deduction of policy charges.

A new segment is created with each premium payment and many policy holders would have multiple segments within each account. No attempt has been made to illustrate multiple segments in the account.

These examples assume that index credits are rolled into the following segment, and that the segments begin on 1/1 and end on 12/31 for each year. Current segments begin on the “sweep date” – currently the 18th of each month.

The performance returns of the Indexed Accounts are entirely hypothetical as the Phoenix Simplicity Index Life product was not in existence during these years, and actual performance in the future under the policy may be greater or less than that shown here. These hypothetical Indexed Account returns are provided solely for the sake of comparison of the index accounts with the index and each other, and exclude the effect of monthly deductions or withdrawals from the Indexed Accounts, which could make the results lower.

While the value for each Indexed Account is affected by the value of an outside index, the policy is not a security and does not directly participate in any stock, bond or equity investment. The Contract has not been approved or disapproved by the Securities and Exchange Commission. The Contract is not registered as a security under the Securities Act of 1933 and is being offered and sold in a reliance on an exemption therein.

Indexed Accounts – Terms and Definitions

Sweep Frequency:

- Premiums are initially deposited into the fixed account, and then “swept” into the Indexed Accounts on designated transfer dates.
- On a current basis, these will occur monthly on the 18th of every month.
- On a guaranteed basis, these will occur at least once per calendar quarter.
- Policyowners have the option of maintaining a portion of their funds in the fixed account, as well as the option of changing their premium allocations at any time by using the Phoenix Simplicity Index Life Transaction Request Form.

Monthly Transfer Strategy Feature

- When the Monthly Transfer Strategy feature is elected, instead of the entire balance of a payment transferring from the Fixed Account on the next sweep date, only a portion of the deposit will transfer each month. This strategy results in a spread of payments to receive a variety of S&P rates and levelize the return. The portion of the deposit transferred when Annual paymode has been elected is 1/12.
- A change in billing frequency will change the portion of the deposit that is swept each month to that applicable for the specified paymode.
- The policy owner may elect this feature at issue or any time after issue. Termination and re-election of the feature is allowed at any time.

Segments:

- Each time a transfer is made to an Indexed Account, an Indexed Account segment is created.
- Each segment will be 1 year in length and will have its own “segment anniversary,” which will most likely differ from the policy anniversary.
- Upon a segment anniversary (after applying Index Credits), money will roll into a new segment of the same Indexed Account, unless the policyowner requests that money be re-allocated among the fixed and Indexed Accounts according to their instructions – see “Transfers” section.

Indices:

- Currently the index used is S&P500 (excluding dividends), however additional indices may be added in the future for each Indexed Account.

(continued on next page)

Indexed Accounts – Terms and Definitions, Continued

Growth Floor:

- Each Indexed Account will have a Growth Floor of 0.00%.

Index Growth Rate:

- On each segment anniversary, an Index Growth Rate will be calculated.
- Index Growth Rates are based upon the Index performance during the segment year, the interest crediting method, and the current parameters (cap, Participation Rate) at the time the segment was created.

Index Credits:

- Index Credits are calculated separately for each segment at each segment's maturity date and are added to the segment at that time only. The Index Credit is equal to the Index Growth Rate multiplied by the average monthly segment balance.

Calculating Index Credits

As noted, for each segment, the cash value is adjusted at the segment's maturity to reflect any Index credit changes based on the performance of the S & P 500 Index. On each segment's maturity date, the Index credits are calculated as follows:

1. Phoenix uses a "point-to-point" Indexing method to measure the amount of any percentage change in the value of the S&P 500 Index over the segment period. To do so, Phoenix compares the S&P 500 Index value on the date the segment was created with the S&P 500 Index value on the segment's maturity date.
2. Phoenix then determines the growth rate for each Indexed Account segment by taking the amount of any positive increase in the S&P 500 Index value and adjusting it by either a "Growth Cap" for Indexed Account A or a "Participation Rate" for Indexed Account B.
 - The Growth Cap places an upper limit, or cap, on the amount of any positive increase in the S&P 500 Index value - it is the maximum growth rate for Indexed Account A. For example, if the Growth Cap is 5% and the change in the value of the S&P 500 Index was 8%, then the growth rate for Indexed Account A will be 5%. The Growth Cap is guaranteed to never be lower than 4%.
 - The Participation Rate is the percentage of any positive increase in the S&P 500 Index value that will be used to calculate the growth rate. For example, if the Participation Rate is 50% and the change in the value of the S&P 500 Index was 6%, then the growth rate for Indexed Account B will be 3% (50% of 6%). The Participation Rate is guaranteed to never be lower than 25%.
3. Phoenix then multiplies the growth rate by the average monthly segment balance over the prior segment to determine any Index credits to be credited to the Indexed Accounts.

(continued on next page)

Indexed Accounts – Terms and Definitions, Continued

Transfers:

- Policyowners can request transfers among the accounts at the account level only by using the Phoenix Simplicity Index Life Transaction Request Form OL4286..
- All requests must be in percentage terms (i.e. dollar amounts are not allowed) and whole percentages.

Transfers From the Fixed Account:

- Policyowners may request that a percentage of the fixed account be transferred to the Indexed Accounts, which will be processed on the next transfer date.

Reallocation of Indexed Accounts upon Maturity:

- Policyowners may request that money be re-allocated among the fixed and Indexed Accounts according to their instructions. Although the request is made only once, this reallocation would be processed on segment anniversaries over a 12-month period.
 - This transaction will be limited as follows: 100% of the amount rolling over from both Indexed Accounts is allocated among the Fixed and Indexed Accounts according to 1 set of percentages.
-

Persistency Bonus

Availability

Beginning in policy year 11, the policy may qualify to receive an annual persistency bonus of 50 basis points on non-loaned policy value in the Indexed Accounts³.

To qualify for crediting of a persistency bonus during a policy year, the ratio of Policy Value less Loan Balance to Total Face Amount at the end of the previous year must be greater than or equal to a threshold percentage which varies by issue age, policy year, gender and risk class. Threshold percentages are subject to change. To find out current threshold percentages please contact Phoenix.

³ The persistency bonus is not guaranteed and is not available in TX

Benefit

The persistency bonus will be applied as an increase to the Index Growth Rate of each segment of the Indexed Accounts on the segment maturity date. The portion of the declared bonus rate to be credited will be determined as follows.

$$\text{Net Bonus Rate} = \text{Gross Bonus Rate} \times \left[\frac{\text{Indexed Account A Value} + \text{Indexed Account B Value} - \text{Loan Balance}}{\text{Indexed Account A Value} + \text{Indexed Account B Value}} \right]$$

The persistency bonus will not apply to the Fixed Account, however, the net policy value in the Fixed Account will be used in determining whether the policy meets the threshold.

The persistency bonus is not guaranteed and is not available in TX.

Example:

Male 45 Preferred
Beginning of Year 11
Threshold Percentage: 3.24%

Total Face Amount: \$250,000
Fixed Account Policy Value: \$1,500
Indexed Account A Policy Value: \$3,000
Indexed Account B Policy Value: \$6,500
Loan Balance: \$2,000

Total Policy Value = \$11,000
Total Policy Value Less Loan Balance = \$9,000

Ratio: $(9,000 / 250,000) = .0360 = 3.60\%$

Since 3.60% exceeds threshold percentage of 3.24%, the policy passes the test and will receive the persistency bonus.

Death Benefit

Death Benefit Options:

- Option A – Level: Death Benefit = Face Amount
- Option B – Increasing: Death Benefit = Face Amount + Policy Value

Death Benefit Option Changes:

- Death Benefit Option changes are permitted starting in policy year 2.
- Only one death benefit option change is permitted each policy year.
- Option changes are permitted without evidence of insurability.
- Changes are processed on the Monthly Calculation Day following Phoenix's approval of the request.

Changing from Option B to Option A:

- When the death benefit is changed from Option B (Increasing) to Option A (Level), the Face Amount increases by the policy value.

Changing from Option A to Option B:

- When the Death Benefit is changed from Option A (Level) to Option B (Increasing), the Face Amount decreases by the policy value.

Coverage Beyond Age 121:

- On the policy anniversary following the insured's age of 121:
 1. The death benefit will be equal to the greater of the policy value or total Face Amount of coverage. No further cost of insurance charges or monthly deductions will be assessed.
 2. No further premium payments will be accepted. There is no maturity date.

Guarantees are based on the claims-paying ability of the issuing company.

Loans

Loan Provisions:

- The Maximum Loan Value will be 100% of the cash surrender value.
- Loans at issue will be available for policies issued with a Section 1035 Exchange. The loan will be carried over from the old policy as part of the single premium. Initial loans may constitute as much as 75% of the exchange amount.
- The Available Loan Value, which is the amount available for loan, is equal to the Maximum Loan Value minus any outstanding debt. The outstanding debt is the outstanding loan balance plus any accrued loan interest.
- Loans under \$500 will not be permitted. Note: State variations may apply. Arizona, Florida, Indiana, Maryland, Pennsylvania, Tennessee and Texas do not allow a minimum loan amount.

Fixed Loans:

- When a fixed loan is taken, money is deducted from the fixed and/or Indexed Accounts⁴ and deposited into the “loaned account.”
- Interest will be credited daily at an annual rate of 1% on the loaned account value. Loan interest will be charged **in arrears** on each policy anniversary and upon loan repayment at the following annual rates:

<u>Policy Year</u>	<u>Current Fixed Loan Rate</u>	<u>Guaranteed Fixed Loan Rate</u>
1 to 10	2%	2%
11 and beyond	1%	2%

- On each policy anniversary (unless loan interest is paid in cash), money will be transferred to the loaned account from the fixed and/or Indexed Accounts so that the loaned account value equals policy debt.
- When a loan repayment is made, the money will be transferred from the loaned account to the fixed account.
- Any loan repayments or loan interest paid in cash will reduce the policy debt.
- Loans outstanding at time of surrender or lapse are repaid from surrender proceeds; the repaid amounts are included in the surrender proceeds for determining amount of taxable gain.
- Policy loans and withdrawals will reduce cash value and are subtracted from the death benefit upon payment.

⁴ Loans, withdrawals or surrenders from an Indexed Account before the segment's maturity will result in a full or partial loss of index credits that would otherwise be credited on the segment's maturity date.

Withdrawals

Withdrawal Provisions:

- Withdrawals of the surrender value are permitted once per policy month beginning in policy year 2⁵.
- Withdrawals may be subject to a partial surrender charge. The surrender charge represents a portion of the policy's remaining surrender charge.
- The death benefit may decrease, depending on death benefit option and whether or not the policy is in the corridor. A decrease in death benefit may have Federal Income Tax ramifications, including causing the policy to be classified as a Modified Endowment Contract (MEC).
- The minimum withdrawal amount is \$500. Note: Tennessee does not allow a minimum withdrawal amount.
- Withdrawals are not permitted if:
 1. they would reduce cash surrender value to zero; or
 2. they would reduce the Face Amount below the required minimum.
- The policy value decreases by the sum of the withdrawal, the partial surrender charge and the withdrawal fee.
- Gains in excess of basis are taxable in the event of a surrender, lapse or policy maturity.
- If the policy is classified as a Modified Endowment Contract (MEC), policy loans, withdrawals or other distributions of income (gains) will be taxed as ordinary income and distributed first, followed by basis in the contract. Distributions of income (gains) prior to age 59½ may be subject to a 10% tax penalty, in addition to ordinary income tax.

⁵ Loans, withdrawals or surrenders from an Indexed Account before the segment's maturity will result in a full or partial loss of index credits that would otherwise be credited on the segment's maturity date.

Policy Changes

Face Amount Decreases:

- Face Amount decreases are not permitted in the first year, or if the Face Amount is reduced below \$50,000.
- The minimum Face Amount decrease is \$25,000.
- A partial surrender charge may be assessed. The charge is a portion of the remaining surrender charge for the base policy.
- The policy value decreases by the partial surrender charge.
- A decrease in death benefit may have Federal Income Tax ramifications, including causing the policy to be classified as a Modified Endowment Contract (MEC).

Death Benefit Option Changes: Please see “Death Benefit” section for details.

Overloan Protection Rider

The Overloan Protection rider is designed to prevent a heavily loaned policy from lapsing.

- There is no up-front or annual charge for this provision (a charge is assessed only upon exercise).
- This rider will be automatically added to all policies that are Guideline Premium tested (subject to state approval).

The rider can only be exercised if under the following conditions:

- Insured is at least 65 years old;
- Policy has been in force for at least 15 policy years;
- Loan balance exceeds the Face Amount.
- Loan balance is equal to 96% of the total policy value (any loan in excess of this amount must be first repaid);
- Premiums paid have been withdrawn.
- All loans outstanding were taken under a fixed loan interest option.

When exercised by the policyholder, the following will occur on the next monthly calculation day:

- Any other riders in effect will be terminated.
- A one-time transaction charge of 3.5% of the policy value will be assessed.
- If the death benefit option is B, the death benefit option will be switched to A. No further changes to the death benefit option will be allowed.
- The Face Amount will be changed to the policy value (after the one-time charge is assessed) multiplied by 101%.
- The remaining non-loaned policy value will be transferred to the Fixed Account (or LT-GIA, if applicable) and will earn interest at the applicable rate. No transfer charge will be assessed for this transfer.

After the above changes are made, going forward the following will apply:

- The death benefit will be the greater of (a) the new Face Amount above or (b) the applicable IRS Code Section 7702 factor multiplied by the greater of the policy value and the loan balance. Any loan balance will continue to reduce the death benefit payable.
- Loan interest will continue to accrue, but the loan interest charged will be set equal to the interest rate credited to the loaned account.
- Monthly charges will no longer be assessed.
- No further transfers will be allowed.
- No additional premium payments will be accepted.
- No withdrawals will be allowed.
- No additional policy loans or loan repayments will be allowed.

While Overloan Protection is in effect, the policy will not lapse.

Note: Any outstanding policy debt will be deducted from the policy's death benefit at the time death proceeds are calculated. The IRS has never opined on the federal income tax ramifications of overloan. It is possible that use of overloan could result in current taxation.

Policy Termination

Free Look Period:

- The free look period is 10 days, unless otherwise provided for under state laws.
- If the policy owner returns the policy within the free look period, there will be a full refund of premium paid (less any withdrawals and policy debt).

Surrender:

- The policy will terminate upon the request of full surrender.
- The Net Surrender Value will be paid to the policyowner.
- The Net Surrender Value is equal to the policy value less any applicable surrender charge and outstanding policy debt⁶.

Grace Period and Lapse Provision:

- The policy terminates (subject to a 61-day Grace Period) when the non-loaned account value is insufficient to cover the monthly deductions.
 - During the 61-day Grace Period, a policy will be reinstated upon the payment of an amount, less the Premium Expense Charge, equal to three times the required monthly deduction plus any amount overdue.
 - If the payment amount described above is not made during the 61-day Grace Period, the policy will lapse without value.
-

⁶ Loans, withdrawals or surrenders from an Indexed Account before the segment's maturity will result in a full or partial loss of index credits that would otherwise be credited on the segment's maturity date.

Policy Charges

Cost of Insurance Rates:

- Current cost of insurance rates will vary by issue age, duration, sex, and underwriting class.
- Guaranteed monthly cost of insurance rates for standard risks are equal to 125% of the 2001 CSO Table ALB, smoker composite, ultimate table.

Premium Expense Charge:

- 7% of premium paid in all years (current and guaranteed)

Administrative Charge:

- Current: \$5.00 per month
- Guaranteed: \$7.00 per month

Issue Charge:

- None

Coverage Charge:

- The Coverage Charge is a per \$1,000 load and will be charged monthly for 10 years (current and guaranteed).
- The annual per \$1,000 rates will vary by sex, issue age, and risk class.
- The annual charge is calculated based upon the Face Amount at issue. The coverage charge stays level throughout policy years 1-10.

Withdrawal Fee:

- \$0 current, \$25 guaranteed

Transfer Charge:

- None

Surrender Charges:

- There will be a surrender charge period of 10 years. Surrender charges will vary by sex, issue age, and risk class. Surrender charges will decrease over the 10 year period.
- The actual surrender charges for a given policy will appear on the schedule pages of the corresponding contract.
- Surrender charges are reduced by any partial surrender charges previously assessed.
- There will be no surrender charges applied after the policy anniversary following the insured's age 121.

Reference Tables

Effect of Withdrawals

Tax Treatment of Life Insurance

How Your Policy Value Works

Reference Tables Effect of Withdrawals

A policy withdrawal is made and ...	Change in Policy Value	Change in Face Amount	Change in Death Benefit
the policy is not in the "cash value corridor"	Decreases by the sum of the withdrawal, any withdrawal fee and any partial surrender charge.	Option A: Decreases by the amount of the withdrawal. Option B: Face Amount does not change.	Option A: Decreases by the amount of the withdrawal. .Option B: Decreases by the sum of the withdrawal, and any partial surrender charge.
the policy is in the "cash value corridor" and remains in the corridor after the withdrawal.	Decreases by the sum of the withdrawal, any withdrawal fee and any partial surrender charge.	Face Amount does not change.	Decreases by the sum of the withdrawal, any withdrawal fee and any partial surrender charge, <i>multiplied by a "cash value corridor factor"</i> .
the policy is in the "cash value corridor" and leaves the corridor as a result of the withdrawal.	Decreases by the sum of the withdrawal, any withdrawal fee and any partial surrender charge.	Option A: Decreases by the <i>remaining</i> sum of the withdrawal, <i>once the policy has left the corridor</i> . Option B: Face Amount does not change.	<i>While the policy is in the corridor</i> , it decreases by the sum of the withdrawal, any withdrawal fee and any partial surrender charge, <i>multiplied by a "cash value corridor factor"</i> . <i>After the policy leaves the corridor</i> , the sum is no longer multiplied by a corridor factor.

Reference Tables Tax Treatment of Life Insurance

***Tax Treatment
of Life
Insurance***

The table below is provided to help clarify how the tax treatment of non-MEC life insurance policies compares to modified endowment contracts (MECs) and nonqualified deferred annuities.

Tax Feature	Nonqualified Annuity	MEC	Non-MEC Life Policy
Tax-deferred cash accumulation	Yes	Yes	Yes
Income tax-free death benefit	No	Yes*	Yes*
Income tax-free loans of gains in contract	NA	No	Yes (as long as policy remains in force)
Withdrawals and/or loans of gains in contract available without 10% IRS penalty prior to age 59 ½	No ²	No ²	Yes

¹In certain situations, withdrawals taken during the first 15 policy years may distribute taxable gains prior to cost basis under current tax law. Alternatively, income-tax free loans would still be available during that period.

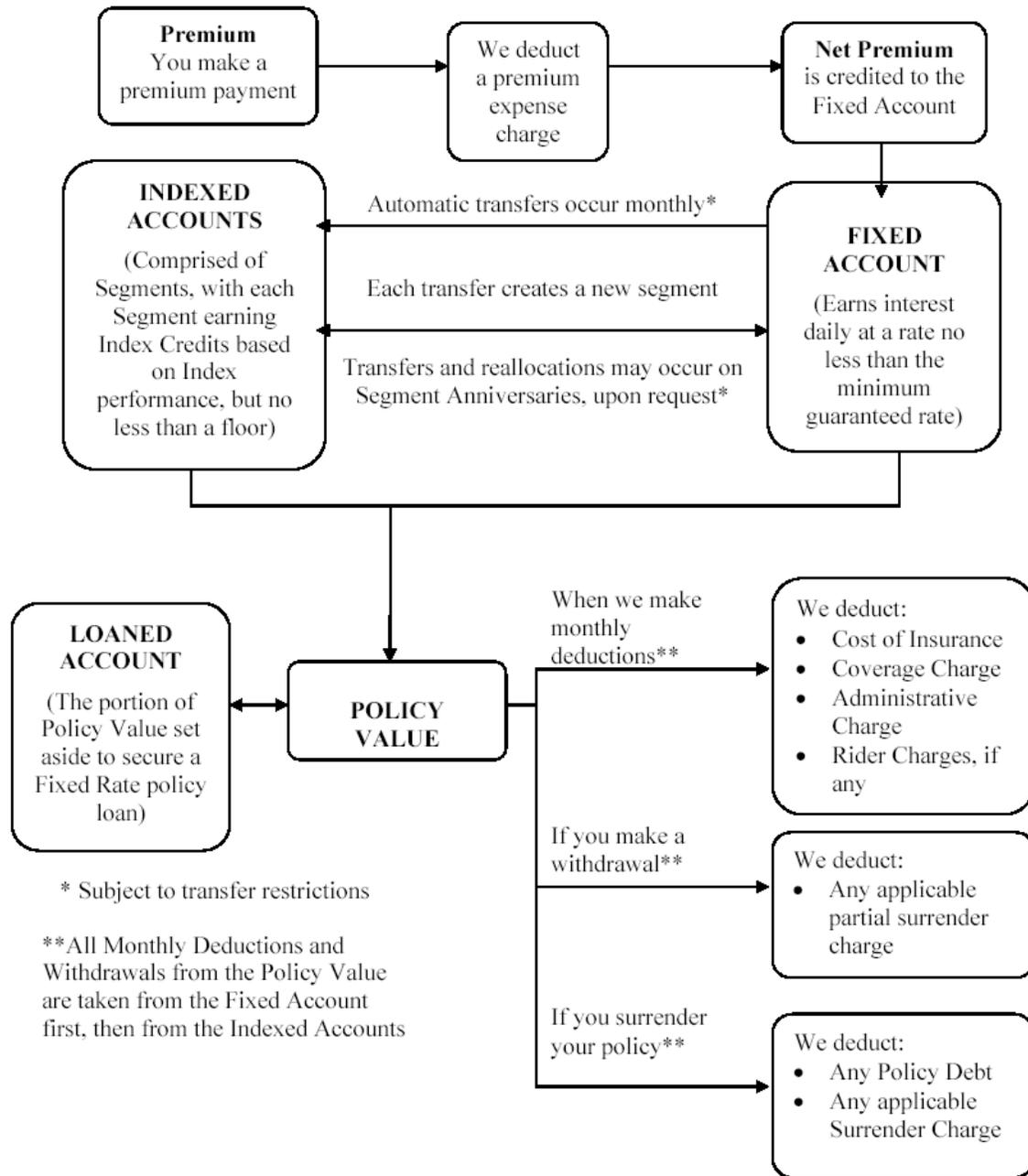
²Except as provided for under IRC Sec. 72.

***Modified
Endowment
Contracts
(MECs)***

Modified endowment contracts (MECs) are life insurance policies that have failed the Internal Revenue Code section 7702A, (“7-pay”) test. Generally, this relates to payment of sufficient premium within the first seven contract years to have the contract fully paid-up. The 7-pay test is based on Code definitions and assumptions.

*Death benefits are generally excludable from the beneficiary’s income for federal income tax purposes. In certain situations, however, the death benefit proceeds may be partially or wholly taxable. Such situations include, but are not limited to, certain arrangements in which a life insurance policy is transferred for valuable consideration.

Reference Tables How Your Policy Value Works



State Variations – Product and Rider Descriptions

*State
Variation
Highlights*

The following are variations from the standard product and rider descriptions provided in this Phoenix Simplicity Index Life Product Training & Reference Guide.

Please note that there may be additional contract variations pertaining to details not covered by this guide. Please also be sure to check on the current availability of the product and/or rider described below.

Alabama

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Alaska

- This policy has a free look period of **30** days.
-

Arizona

- This policy has a free look period of 10 days (**30 days for replacements**).
 - There is **no** minimum for a requested loan amount.
-

California

- For issue ages 60 and over, this policy has a free look period of **30** days. In addition, the replacement free look period is always **30** days.
-

Colorado

- This policy has a free look period of **15** days (**30 days for replacements**).
-

Continued on next page

State Variations – Product and Rider Descriptions, Continued

Florida

- This policy has a free look period of **14** days.
 - There is **no** minimum for a requested loan amount.
-

Hawaii

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Idaho

- This policy has a free look period of **20** days.
-

Indiana

- There is **no** minimum for a requested loan amount.
-

Iowa

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Kentucky

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Louisiana

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Maryland

- No minimum loan amount
- When issued as unisex, “Unisex” will appear in Schedule Pages.
- Guaranteed COI’s are equal to 100% of 2001 CSO (not 125% of 2001 CSO)

State Variations – Product and Rider Descriptions, Continued

Mississippi

- This policy has a free look period of 10 days (**30 days for replacements**).
-

Montana

- This policy has a free look period of 10 days (**30 days for replacements**).
 - Unisex rates apply.
-

North Carolina

- This policy has a free look period of 10 days (**30 days for replacements**).
-

North Dakota

- This policy has a free look period of 20 days.
-

Ohio

- This policy has a free look period of 10 days (**30 days for replacements**).
-

State Variations – Product and Rider Descriptions, Continued

- Rhode Island*
- This policy has a free look period of 20 days (**30 days for replacements**).
-

- Tennessee*
- There is **no** minimum for a requested loan amount.
 - There is **no** minimum withdrawal amount.
-

- Texas*
- This policy has a free look period of 10 days (**30 days for replacements**).
 - There is **no** minimum for a requested loan amount.
 - The persistency bonus is **not** available.
-

- Utah*
- This policy has a free look period of 10 days (**30 days for replacements**).
-

- Vermont*
- This policy has a free look period of 10 days (**30 days for replacements**).
-

- Virginia*
- This policy has a free look period of 10 days (**30 days for replacements**).
-

West Virginia

- This policy has a free look period of 10 days (**30 days for replacements**).

Product Availability

***Policy Form
& Issuing
Company***

Phoenix Simplicity Index Life (Policy Form #08IUL) is issued by PHL Variable Insurance Company (PHLVIC) (Hartford, CT).

PHLVIC is not authorized to conduct business in Maine and New York.

In Maine and New York, Phoenix Simplicity Index Life (Policy Form #08IUL) is issued by Phoenix Life Insurance Company (East Greenbush, NY).

The insurers referenced above are separate entities and each is responsible only for its own financial condition and contractual obligations.

***Product
Availability
Information***

Please check for availability of these products in your state prior to solicitation. Current product availability information is located at your partner site or in the Application Center/State Availability section of the Phoenix Advisor Center at www.phoenixwm.com.

Sales Support

Who to Contact

Contact Phoenix's Life Sales Desk at (888)-794- 4447, for assistance with:

- Licensing;
- Current rates;
- Illustrations;
- Competition information;
- Marketing material; and
- Application and service forms.

Sales Literature

For a complete listing of Phoenix's sales literature, including those available for Phoenix Simplicity Index Life, please refer to the Sales Center Marketing Catalog online at your partner site or at www.phoenixwm.com.

Application and Service Forms

Forms are available for immediate print at your partner site, or by going to the Products/Applications & Forms section of the Phoenix site at www.phoenixwm.com.

Phoenix Simplicity Index Life (08IUL) is issued by PHL Variable Insurance Company (PHLVIC) (Hartford, CT).

PHLVIC is not authorized to conduct business in Maine and New York.

In Maine and New York, Phoenix Simplicity Index Life (08IUL) is issued by Phoenix Life Insurance Company (East Greenbush, NY)

The insurers referenced above are separate entities and each is responsible for its own financial condition and contractual obligations.

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