Principal Growth Annuity

A Rewarding Combination Of Safety, Tax Deferral And Choice

Standard Insurance Company

Principal Growth Annuity

An Annuity Is An Insurance Contract

This contract is created when an individual makes a payment (or a series of payments) called premium, which will generally grow at a set rate and in a tax-deferred status. In return for this premium, the insurer guarantees periodic payments back to the individual, either beginning immediately or at some future date. The defining characteristic of an annuity contract is the option to receive these payments as a guaranteed income until the death of the person or persons named in the contract.

Annuity contracts in the U.S. are defined by the Internal Revenue Code. They have features of both life insurance and investment products, but are only allowed to be sold by insurance companies. And because insurance companies are regulated by individual states, some contracts, features and options may not be available or may not be exactly the same in all states.

An Interest-Rate Boost Starts This Annuity

The Principal Growth Annuity offers a flexible set of features, including the acceptance of ongoing deposits through the life of the contract. This annuity is an ideal choice for a safety-focused saver who appreciates deposit flexibility, principal protection, tax-deferred growth and generous access to funds.

Principal Guarantees

The owner is always guaranteed never to receive less than 100 percent of premium, net of any withdrawals or loans taken.

Rate Guarantees

Each annuity deposit will be credited an interest rate that is guaranteed for one year. After that guarantee period, each deposit will receive subsequent renewal rates based on the current economic and interest rate environment. Additional premiums will receive the interest rate in effect at the time the deposit is received. The annuity contract is assigned a guaranteed minimum rate; renewal rates will never be set below this rate. Interest is calculated and credited daily.

Unique Feature: Bonus Interest With A Guarantee

Each deposit is credited 1 percent additional interest for one year. Each deposit is also assigned a bailout interest rate that is equal to 1 percent less than the initial rate. If a renewal rate ever is declared below that bailout rate, that portion of the account value may be withdrawn without surrender charge (only while the rate is below the bailout rate).

Tax-Qualification Options

This annuity may be established as an Individual Retirement Annuity, 403(b) Tax-Sheltered Annuity or Simplified Employee Pension to initiate or continue a qualified retirement savings account.

Lump-sum deposits and complete or partial exchanges of non-qualified funds may also be accepted into this annuity.

Tax-deferred annuities benefit from the effect of "triple-compounding," meaning that an annuity earns interest on the **principal** (initial premium payment); on the **interest** itself (amount credited as account growth based on the contract interest rate); and on the amount that would have been paid as income **taxes**.

12205 (10/08)

Surrender-Charge Period

Unlike short-term savings products, deferred annuities are designed and priced for long-term retirement savings. Part of this design relies on the fact that the advantages of tax deferral work best when the annuity's growth is allowed to compound over time. So, though all or a portion of the funds may be withdrawn at any time, early withdrawals are discouraged and are subject to surrender charges. Expressed as a percentage of the annuity's total value, these charges diminish to zero over time. This schedule is in effect for only one period during the life of the contract and will not reset.

Please note that the surrender charges are not a part of or associated with the IRS tax imposed on a distribution or with the IRS pre-age-59½ tax penalty that may apply to a withdrawal. Surrender charges are in addition to any IRS liabilities.

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A withdrawal in...	results in a...
year 1	8% surrender charge
year 2	7% surrender charge
year 3	6% surrender charge
year 4	4% surrender charge
year 5	2% surrender charge
year 6+	0% surrender charge

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A withdrawal in...	results in a...
year 1	9% surrender charge
year 2	8% surrender charge
year 3	7% surrender charge
year 4	6% surrender charge
year 5	5% surrender charge
year 6	4% surrender charge
year 7	2% surrender charge
year 8+	0% surrender charge

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A withdrawal in...	results in a...
year 1	9% surrender charge
year 2	8% surrender charge
year 3	7% surrender charge
year 4	6% surrender charge
year 5	5% surrender charge
year 6	4% surrender charge
year 7	3% surrender charge
year 8	2% surrender charge
year 9	1% surrender charge
year 10+	0% surrender charge

Withdrawals must be at least $500, and a minimum balance of $2,000 must be maintained. An additional 10% IRS penalty may apply to withdrawals before age 59½.

Accessing Funds

While withdrawals are discouraged until the annuity has completed its surrender-charge period, some are permitted under certain circumstances. There are no surrender charges associated with the following options, but an IRS penalty may apply before age 59½.

Interest Payments

After 30 days, regular withdrawals of interest earnings may be made on the schedule requested.

10 Percent Annual Withdrawals

After the first contract year, annual withdrawals of up to 10 percent of the annuity value may be made. This percent would be inclusive of all withdrawals.

403(b) Tax-Sheltered Annuity Loans

If the annuity contract is held as a 403(b) Tax-Sheltered Annuity, loans may be available from the contract.

Required Minimum Distributions

If the contract is held as a tax-qualified plan, IRS Required Minimum Distributions may be made on the schedule requested.

Substantially Equal Periodic Payments

Beginning immediately, IRS 72(t) or 72(q) withdrawals may be made on the schedule requested.

Life-Changing Scenarios

After the first contract year, if the owner becomes a nursing home resident for 30 or more consecutive days or is diagnosed with a terminal condition, withdrawals may be made.*

Annuitization

At any time the annuity may be converted to a payout annuity with The Standard.

Death Benefits

Beginning immediately, upon the death of the annuitant the full annuity value is payable as death benefits to the named beneficiary.

Eligibility

A Principal Growth Annuity may be established for an owner and annuitant age 90 or younger. The minimum premium amount is $5,000 and the maximum is $1,000,000. Greater amounts may be considered, but must receive home-office approval prior to application.

Unique Feature: Premium Flexibility

Additional payments may be made through the life of the contract. Each deposit must be at least $1,000, and the total additional premium in any contract year cannot be more than the first-year premium without prior approval. Additional premiums will receive the interest rate in effect at the time the premium is received.

Advantages Of Tax Deferral

Taxes will be due only when withdrawals or distributions are made from the annuity. This will generally be during retirement, when most people find themselves in a lower tax bracket. As a result, interest accumulates on principal, earnings and on money otherwise paid in income taxes.

Time To Reflect On The Purchase

From the date the annuity contract is delivered, an owner has 30 days to consider the purchase. If the transaction is terminated during those 30 days, Standard Insurance Company will return all premium, net of any withdrawals taken.

* An applicant currently confined to a nursing home will not be eligible for the nursing home waiver. The nursing home waiver is not available in Massachusetts and state-specific conditions may apply to the terminal condition waiver.

A Guaranteed Income For Life

Annuitization is precisely why many people buy an annuity — to insure against outliving an income. By annuitizing a deferred annuity, a change is made from accumulating savings to generating a guaranteed income stream.

While annuitization may occur at any time, most will consider this option in the transition from the accumulation to the income stage of retirement. It's an option that:

- Provides a guaranteed income stream;
- Can set payments to meet the IRS Required Minimum Distribution; and
- Allows payment of taxes on smaller, regular payments instead of a lump sum.

Income Options

Life Income

A guaranteed income for as long as the annuitant lives. Payments will cease upon the death of the annuitant.

Life Income With Installment Refund

A guaranteed income for as long as the annuitant lives. The total payments will never be less than the total of the funds paid to purchase this option. If the annuitant dies before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

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Life Income With Certain Period

A guaranteed income for as long as the annuitant lives. If the annuitant dies prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

Joint And Survivor Life Income

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 50 percent, 66 2/3 percent, 75 percent or 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

Joint And Survivor Life Income With Installment Refund

A guaranteed income for as long as both annuitants live. The total payments will never be less than the total of the funds paid to purchase this option. If both annuitants die before receiving at least that amount, payments continue to the beneficiary until the full amount is repaid (or may be commuted to a lump-sum payment).

Joint And Survivor Life Income With Certain Period

A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 100 percent of the payments received when both were living. If both annuitants die prior to the end of the period specified (5, 10, 15 or 20 years), payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

Joint And Contingent Survivor Life Income

A guaranteed income for as long as both annuitants live. If the primary annuitant dies first, payments will continue at 50 percent of the payments received when both were living. If the contingent annuitant dies first, payments will continue at 100 percent of the payments received when both were living. Payments will cease upon death of both annuitants.

Certain Period

A guaranteed income for a time period chosen (5, 10, 15 or 20 years). At any time, benefits may be commuted to a lump-sum payment. If the annuitant dies prior to the end of the period specified, payments continue to the beneficiary until the end of the period (or may be commuted to a lump-sum payment).

J. Greg Ness
President and Chief Executive Officer

Standard Insurance Company Financial Strength Ratings

AA- (Very Strong) by Standard & Poor's
4th of 20 rankings

A1 (Good) by Moody's
5th of 21 rankings

A (Excellent) by A.M. Best*
3rd of 13 rankings

As of February 2011

* Rating includes The Standard Life Insurance Company of New York.

StanCorp Financial Group Long Term Senior Debt Ratings

Standard & Poor's: A-
Moody's: Baa1
A.M. Best: bbb+

As of February 2011

Balance Sheet As Of December 31, 2010	
Assets	$ 17.84 billion
Fixed Maturity Securities	57.6% of invested assets
A or Higher	71.5%
BBB/Baa	23.3%
BB/Ba	3.4%
B or Lower	1.8%
Commercial Mortgage Loans	40.5% of invested assets
60-Day Delinquencies	0.43%
Other	1.9% of invested assets
Portfolio Yields	
Fixed Maturity Securities	5.31%
Commercial Mortgage Loans	6.45%
2010 Segment Data (Dollars In Millions)	
Revenues	
Insurance Services	$ 2,404.7
Asset Management	414.0
Other	(53.6)
Total	$ 2,765.1
Income before income taxes	
Insurance Services	$ 313.8
Asset Management	56.8
Other	(87.8)
Total	$ 282.8

Our Financial Strength

For an insurance and asset management company, there is nothing more important than financial strength. Our customers and shareholders alike must be confident that we will be there regardless of the current economic environment. We take this responsibility very seriously and back it up with our disciplined business practices, sound investment strategies and unique industry expertise. While various other financial institutions have struggled with their business mix and capital levels, at The Standard, we have maintained our focus on providing excellent customer service while still seeking attractive business opportunities. By approaching our commitments with a long-term perspective, we are able to invest for our customers and build value for our shareholders.

Our balance sheet is the cornerstone of our financial strength and has provided us with a foundation for profitability through a wide range of economic cycles.

Bond Portfolio

Our bond portfolio is strong. Our strategy is to maintain a diversified portfolio of high quality fixed-maturity securities to keep us well protected if any industry experiences difficulties.

- Average portfolio rating of "A" as measured by Standard & Poor's
- No preferred or common equities
- No direct exposure to sub-prime or alt-A mortgages
- No credit default swaps, collateralized debt obligations or commercial paper
- No mortgage-backed securities of any kind

Commercial Mortgage Loan Portfolio

Our commercial mortgage loans have consistently provided a superior balance of risk and return. We offer small commercial mortgage loans to borrowers who want a fixed rate over time, and we rigorously underwrite every commercial mortgage loan we make. The quality of our commercial mortgage loans is excellent, and our delinquency rates are very low.

- The average loan-to-value ratio on new loans was 67 percent as of December 31, 2010
- As of December 31, 2010, the average loan-to-value ratio in our overall commercial mortgage portfolio was 68 percent

The Standard Stands The Test Of Time

In the July 2010 issue of Best's Review, Standard Insurance Company was recognized for maintaining an "A" rating or higher from A.M. Best Company since 1928. The Standard was honored to be among one of only 14 life/health insurers to consistently achieve an "A" rating (or higher) for more than 75 years. Given the rapidly evolving markets, changing customer needs and challenging economic times, this is a significant accomplishment. We are proud of this longstanding track record of financial strength.

Corporate Profile

StanCorp Financial Group, Inc., through its subsidiaries marketed as The Standard – Standard Insurance Company, The Standard Life Insurance Company of New York, Standard Retirement Services, StanCorp Mortgage Investors, StanCorp Investment Advisers, StanCorp Real Estate and StanCorp Equities – is a leading provider of financial products and services. StanCorp's subsidiaries serve approximately 7.6 million customers nationwide as of December 31, 2010, with group and individual Disability insurance, group Life, AD&D, Dental and Vision insurance, absence management services, retirement plans products and services, individual annuities and investment advice.

Annuities are intended as long-term savings vehicles.

The Principal Growth Annuity is a product of Standard Insurance Company. It may not be available in some states. The annuity is not guaranteed by any bank or credit union and is not insured by the FDIC or any other governmental agency. The purchase of an annuity is not a provision or condition of any bank or credit union activity. Some annuities may go down in value.

The guarantees of the annuity are based on the financial strength and claims-paying ability of Standard Insurance Company. An annuity should not be purchased as a short-term investment.

Policy	FPDA (12/03)
Rider	R-EIO (9/03), R-NHB (9/03), R-TCB (9/03), R-TEN (9/03), R-GOP (9/03), R-DB (7/04), SWO-DEF (9/01), R-ERTSA (11/08), R-NERTSA (11/08), IRA (7/02), Roth IRA (7/02), R-QPP (9/03)

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SPDA-IA (6/05)

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