

# SECURE INDEX OPPORTUNITIES PLUS ANNUITY DISCLOSURE - ILLINOIS

ING USA Annuity and Life Insurance Company  
Service Office: P.O. Box 617, Des Moines, IA 50303-0617

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Contract Form Series: IU-IA-3032

This disclosure is not intended to be a complete explanation of your annuity. Your annuity is a legal document containing the complete details of your contractual rights and obligations, including any conditions or qualifications. If there is a discrepancy between your annuity contract and this form, your annuity contract will control. Some features of this annuity may not be available in all states or may vary by state. If you have any questions please contact your representative or the Company for details. Please read the disclosure, sign below and return all pages.

## 1. WHAT IS AN ANNUITY?

An annuity is a long-term financial product offered by insurance companies. This annuity is a single premium deferred annuity, which means you can make one premium payment and receive an income from this annuity at a later date.

### Free Look Period

After you receive your contract, you have a number of days to review your annuity contract. During that period, if you decide against the purchase, you can return the contract and receive a complete refund of your premium.

## 2. HOW MUCH INTEREST WILL BE CREDITED ON MY ANNUITY?

When you purchase a Secure Index Opportunities Plus Annuity, you can choose different interest crediting strategies for your money. Each strategy will be credited with interest differently. In addition, you will be credited a bonus which is equal to a percentage of the single premium paid. The bonus is credited on the contract date and is applied pro rata to each strategy in the same ratio as the premium elected to that strategy.

### Fixed Rate Strategy

Any premium and re-elections elected to this strategy will be credited interest at a stated, fixed rate. The interest rate is declared in advance and guaranteed for one year, and may change annually.

### Index Strategies

Index Credit is the amount of interest that each premium and re-election in a given strategy will be credited based on the changes in the S&P 500<sup>®</sup> Index<sup>1</sup>. If the S&P 500<sup>®</sup> Index<sup>1</sup> stays level or goes down during the contract year, an Index Credit may not be applied for that contract year. **The Index Credit is determined annually and will never be less than zero.** Any examples or historical Index Credits shown should not be considered a representation of future Index Credits for your annuity contract. Future Index Credits may be greater or less than any Index Credits shown in connection with the sale and issue of your annuity contract.

### Point-to-Point Participation Index Strategy

Index Credit for this strategy will be determined by calculating a percentage (Participation Rate) of the annual change in the S&P 500<sup>®</sup> Index<sup>1</sup>. The Participation Rate is declared in advance for each premium and re-election and is guaranteed for one year. The annual change in the Index is determined by comparing the Index Number as of the start of the contract year and the Index Number as of the end of the contract year.

### Point-to-Point Cap Index Strategy

Index Credit for this strategy will be determined by using the annual change in the S&P 500<sup>®</sup> Index<sup>1</sup>, up to a stated Index Cap. The Index Cap is the maximum Index Credit that may be applied at the end of each contract year. It is declared in advance for each premium and re-election and is guaranteed for one year. The annual change in the Index is determined by comparing the Index Number as of the start of the contract year and the Index Number as of the end of the contract year.

### Monthly Average Index Strategy

Index Credit for this strategy will be determined by calculating a percentage (Participation Rate) of the averaged annual change in the S&P 500<sup>®</sup> Index<sup>1</sup> as measured over the contract year, minus a stated Index Spread. The averaged annual change in the Index is determined by comparing the Index Number as of the start of the contract year and the average of the Index Numbers on each of the twelve monthly anniversaries following the start of the contract year. **The Participation Rate for this strategy is 100% for the life of the contract.** The Index Spread is declared in advance for each premium and re-election and guaranteed for one year.

### Minimum Guaranteed Contract Value

Your contract states that the Minimum Guaranteed Contract Value equals the sum of the Minimum Guaranteed Strategy Value of each strategy. The Minimum Guaranteed Strategy Value will be calculated at 87.5% of premium, less premium taxes, if applicable, elected to the strategy, adjusted for any re-elections or surrenders of Accumulation Value, accumulated at the Minimum Guaranteed Strategy Value Rate. The Minimum Guaranteed Strategy Value Rate is explained in your contract.

## 3. WHAT HAPPENS WHEN I NEED MY MONEY?

You can surrender your contract, make partial withdrawals or receive periodic income payments from your annuity.

### Cash Surrender Value

The Cash Surrender Value of this contract equals the greater of the Minimum Guaranteed Contract Value or the Accumulation Value, adjusted for any Market Value Adjustment applicable, less any surrender charges.

### Surrender Charges

**The surrender charge means that you may not get all your money back if you surrender the contract.** During the surrender charge period (10 years - see below), if total amount withdrawn in a contract year exceeds the penalty-free withdrawal allowed, the entire amount withdrawn during that contract year, including prior free partial withdrawals, will be subject to a surrender charge.

<sup>1</sup>"S&P 500<sup>®</sup>" is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by ING USA Annuity and Life Insurance Company. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product. The S&P 500 Index does not reflect dividends paid on the underlying stocks.

### 3. WHAT HAPPENS WHEN I NEED MY MONEY? (continued)

The surrender charge is a percentage of the Accumulation Value surrendered, after any applicable Market Value Adjustment, as shown below.

Contract Year	1	2	3	4	5	6	7	8	9	10	11+
Percentage	16%	15%	14%	13%	12%	11%	10%	8%	6%	4%	0%

#### Partial Withdrawals

During the first contract year, you may make withdrawals of interest that have been credited to your contract without a surrender charge and Market Value Adjustment from the Fixed Rate Strategy only. After the first contract year, you may withdraw per contract year up to 10% of the Accumulation Value (including any previous withdrawals in the contract year) without surrender charges and Market Value Adjustment (penalty-free withdrawals). The Accumulation Value for each strategy is calculated separately according to its interest crediting strategy. The sum of Accumulation Values from all strategies is the Contract Accumulation Value. Withdrawals will be taken on a pro-rata basis from each strategy utilized. Money withdrawn from an index strategy will not receive an Index Credit for any index change occurring during the contract year in which withdrawal occurred.

#### Annuitization

You may annuitize your contract after the first contract year. When you annuitize your contract, you convert your annuity into a series of income payments based on a payout option you select. Options include ones that could guarantee an income for your lifetime or for a specific period of years. **The Cash Surrender Value of your contract will be used to determine the income payments.** If the annuity contract is for an IRA or qualified plan, the qualified annuity contract is being purchased for the additional features and benefits provided, taking into account their costs. Once you have chosen to annuitize your contract, you may not surrender it or have access to any values other than your income payments.

#### Market Value Adjustment

A Market Value Adjustment will apply to any amount surrendered/withdrawn during the first ten contract years if the total amount withdrawn in a contract year exceeds the penalty-free withdrawal allowed. The Market Value Adjustment will apply to the entire amount withdrawn during the contract year, including prior penalty-free partial withdrawals. The Market Value Adjustment is a positive or negative adjustment determined by a pre-defined formula as explained in your contract.

#### Extended Medical Care or Terminal Illness Waiver

After the first contract anniversary, if the owner needs to withdraw all or part of the value of the annuity because the owner becomes confined to an eligible nursing care facility or hospital for at least 45 of 60 consecutive days or is diagnosed to be terminally ill, the company will waive the surrender charge (the Market Value Adjustment is not waived). This feature may not be available in all states.

#### Death Benefit

Upon the death of the owner, the company waives any applicable surrender charge and Market Value Adjustment and pays the death benefit directly to the designated beneficiary. The death benefit equals the greater of the Accumulation Value or the Minimum Guaranteed Contract Value. If the owner dies in the first contract year, the premium bonus is not credited to the accumulation value used to determine the death benefit. The benefit paid on death will not receive an Index Credit for any index change occurring during the contract year in which the death occurred. The Internal Revenue Code requires payment of the death benefit upon the death of an owner. Your annuity contract contains complete details.

#### Tax Treatment

When you make withdrawals or surrender your annuity, you may be subject to federal income tax on the amount withdrawn. In addition, you may be subject to a 10% federal penalty tax if you make withdrawals or surrender your annuity before age 59 1/2. Federal law requires the withdrawals be taken first from interest credited. State premium taxes may reduce the final value of your annuity. If this is a qualified annuity, all distributions may be taxable. Taxable distributions may also be subject to state income tax.

### 4. CAN I RE-ELECT MY MONEY BETWEEN STRATEGIES?

You are allowed to re-elect your interest crediting strategy without a surrender charge and Market Value Adjustment. Re-elections are allowed at any time during the 30 days following the contract anniversary. For all strategies, the effective date of the re-election is the contract anniversary immediately preceding the re-election date. All re-elections are taken from the accumulation value of the affected strategies. Please see your contract for specific details on how the re-election adjustment is calculated.

### 5. AGENT COMPENSATION

The following is a general discussion of the compensation the Company pays for the sale of its annuity contracts. The Company pays commissions and other sales expenses from its general assets and revenues, including amounts it earns from fees and charges under the contracts. The price of an annuity is set by the Company, and reflects the compensation it pays for the sale of the contracts. It also covers the cost of contract guarantees, other costs such as the design, manufacture and service of the contracts, as well as the investment management needed to support the contracts' values.

Agents earn a commission for each Company contract sold. The commission is generally a percentage of the contract premiums you pay. The percentage may be higher for agents that sell a larger number of Company contracts. Agents also receive compensation for any additional amounts you add to your annuity contract. The actual percentage and amount of commission paid will vary based on the specific circumstances of your purchase.

Agents may receive additional compensation from the Company as a reward for things like achieving certain sales volume levels, sales contest objectives or other measures. The Company may also pay for agent education, training or attendance at conventions, and may pay bonuses, provide financing, or provide other payments or benefits. In addition, agents may be associated with marketing organizations (MOs) that have agreements with us. In these instances, the Company may pay the commission, in whole or in part, directly to the MO. The MO may, in turn, pay the agent a commission.

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**6. ADDITIONAL USEFUL INFORMATION**

- Annuities are not insured by the FDIC or any other agency of the United States, any financial institution or its affiliates. Annuities are not deposits or obligations of, nor guaranteed by, any financial institution or its affiliates.
- If this annuity is replacing an existing annuity, it is important that you compare the two, taking into account whatever surrender charges you may incur on the surrender of the existing annuity and your need to access your money. For information about your existing annuity, contact the issuing company.
- IRAs and qualified plans already provide tax-deferral like that provided by your annuity contract. For an additional cost, your annuity contract provides additional features and benefits including death benefits and the ability to receive a lifetime income. You should not purchase a qualified annuity contract unless you want these additional features and benefits, taking into account their cost.
- Products offering a bonus may offer lower credited interest rates and/or caps than products not offering a bonus. Over time, and under certain circumstances, the amount of the bonus may be more than offset by the lower credited interest rate and/or caps.
- Neither the company nor its agents or representatives may give tax or legal advice. Consult with your tax advisor or attorney as to the applicability of this information to your own situation.

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**7. APPLICANT STATEMENT**

I have read, or have been read, this document and understand its contents. By signing below, I acknowledge and understand the following:

- I have applied for an annuity. In doing so, I have discussed my investment objectives, my anticipated financial needs and my risk tolerance with my agent and believe this annuity meets my current financial needs and objectives.
- It is within the Company's sole discretion to set the interest rate on this annuity, subject to the minimum guaranteed value contained in the contract.
- Values of this annuity are not federally insured by the FDIC, the Federal Reserve Board or any other federal or state agency.
- Withdrawals may be subject to surrender charges and/or market value adjustments.
- Any values referred to in this document (other than the minimum guaranteed values) are not guarantees, promises or warranties.
- If the annuity contract is for an IRA or qualified plan, the qualified annuity contract is being purchased for the additional features and benefits provided, taking into account their costs.

Owner(s)/Applicant(s) Name (Please print) \_\_\_\_\_

Owner(s)/Applicant(s) Signature(s) \_\_\_\_\_

Social Security # \_\_\_\_\_ Phone # \_\_\_\_\_ Date \_\_\_\_\_

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**8. AGENT STATEMENT**

By signing below, I acknowledge that I have reviewed this document with the applicant. I certify that a copy of this document, a copy of the Buyer's Guide, as well as any advertisement used in connection with the sale of this annuity, has been provided to the applicant. I have not made statements that differ in any significant manner from this material. I have not made any promises or guarantees about the future value of any nonguaranteed elements.

If this sale does not satisfy the company's replacement policy, check this box and attach an explanation.

Agent Name (Please print) \_\_\_\_\_

Agent Signature \_\_\_\_\_ Date \_\_\_\_\_