

Horace Mann Life Insurance Company

1 Horace Mann Plaza
P.O. Box 4657
Springfield, IL 62708-4657
Fax 877-832-3785

LOA/ACV

403(b)/457(b) Annuity loan request and agreement**Section I - Contract identification**

Annuitant's name	Contract #		
Social Security #	Birth date		
Street address	Daytime telephone		
City	State	ZIP	Evening telephone

Note: Checks will only be made payable to the annuitant and mailed to his/her address of record.

Section II - Loan request**A. Amount of loan:**

- Specific amount* \$ _____ (minimum amount is \$500.00)
 Maximum loan amount available

*** If the specific amount requested exceeds the maximum amount available for a loan, the request will be processed for the maximum amount available.**

B. Type of loan and loan duration:

- Home loan - to be repaid over a period of _____ years*
(1 - 25)
 Other loan - to be repaid over a period of _____ years
(1 - 5)

*** Purpose of the loan must be for the building or purchase of a principal residence for the annuitant.**

C. Loan repayment schedule:

- Method of payment: Direct EFT
Mode of Payment: Quarterly* Monthly

*** Not available for EFT - Note: Quarterly payments cannot be for less than \$250 per quarter.**

D. Automatic loan repayment authorization

If the method of payment selected in Section II C above was EFT, please complete the following:

Name of bank

Routing #

Bank address

Account #

Type of account: Checking (Please provide a copy of a voided check)
 Savings (Please provide a savings account deposit slip)

Draft date: 5th 10th 15th 20th 25th

E. Qualified plan loan status verification

List the highest loan balance of all loans outstanding or currently being applied for during the last 12 months from qualified plans of your employer. This covers loans, including defaulted loan balances, on all 403(b), 457(b) and other qualified plans.

Plan type _____ Amount _____

Plan type _____ Amount _____

Have you ever defaulted on a loan from a 403(b), 457(b) or other qualified plan? ____ yes ____ no

Section III - Signature

If EFT was selected as the method of loan repayment, I authorize Horace Mann Life Insurance Company to debit my bank account for the purpose of making loan repayments and to adjust the amount of debit to my account to correspond to periodic changes in the payment due under terms of my annuity contract.

I understand that any pre-scheduled automatic rebalancing requests that may exist for this contract will be terminated and that any existing pre-scheduled dollar cost averaging requests will remain in force unless and until the pre-scheduled automatic dollar cost averaging transaction reduces the value of the fixed account below the required minimum to support any loans on this annuity contract.

I have read and understand the terms of the Loan Disclosure Statement and 403(b) Annuity Loan Request and Agreement and accept the terms stipulated. I further understand that if the request is not in accordance with IRS regulations governing maximum loan amounts and repayment schedule, it may be considered taxable income. I accept full responsibility for compliance with these regulations. I further understand that Horace Mann Life Insurance Company accepts no responsibility concerning my compliance with IRS requirements necessary to avoid realization of taxable income.

Annuitant's signature

Date

Spouse's signature *

Date

Plan administrator's signature **

Date

*** Required in the Community Property States of AZ, CA, ID, LA, NM, NV, TX, WA and WI.**

**** If required by the plan.**

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403(b)/457(b) Annuity loan disclosure statement

All loan requests must be made in writing utilizing the Horace Mann **403(b)/457(b) Annuity loan request and agreement** form.

The completed form can be faxed to Horace Mann at 877-832-3785.

Terms and conditions:

- 1) Amount of loan
 - Minimum loan amount will not be less than \$500 (if available).
 - Maximum loan available is the lesser of:
 - a) \$50,000
 - b) 50% of the accumulated value of the Fixed Account of the Horace Mann 403(b) or 457(b) annuity contract.
- 2) Duration of loan
 - A loan to purchase a principal residence may be repaid over a maximum of 25 years.
 - All other loans must be repaid over a maximum of 5 years.
 - Once selected, the repayment period cannot be changed.
 - If a quarterly mode of repayment is selected, the minimum amount of repayment that can be accepted each quarter cannot be less than \$250.00.
- 3) Other limitations and restrictions
 - No more than two loans may exist on a contract at any time.
 - A second loan is not available if the original loan has been default.
- 4) Security for the loan
 - On the date a loan is made, a Loan Reserve Account is established. Fixed Account funds equaling the amount of the loan will be transferred from the contract's Fixed Account and allocated to the Loan Reserve Account.
 - In the case where the value of the fixed account is insufficient to support the requested loan, and the 403(b)/457(b) annuity contract is a variable contract, lacking instructions from the annuitant requesting a transfer of funds from specific variable subaccount(s) into the fixed account, funds will automatically be transferred from each variable subaccount on a pro rata basis into the fixed account to meet the amount necessary to secure the loan.
 - The sum of the Loan Reserve Account and the Fixed Account's cash value in an amount equal to the outstanding loan will be security for the loan.
 - Any withdrawal or transfer from the contract's Fixed Account will be restricted during the term of the loan to amounts in excess of the total outstanding balance of the loan.
 - Until the loan is repaid, the amount held in the Loan Reserve Account will earn a guaranteed effective annual interest rate of 3%. (Excess interest may be awarded as determined by Horace Mann Life Insurance Company.)
- 5) Loan interest
 - An adjustable interest rate is established by Horace Mann Life Insurance Company on a quarterly basis.
 - The initial interest rate for your loan is 5.4%.
 - The interest rate on your loan may change annually on the anniversary date of your loan.
 - Should your interest rate change, Horace Mann will send you a notice of the rate change at least 30 days prior to the annual loan anniversary on which the rate change will occur.

6) Repayment of the loan

- Loans must be repaid in level amortized payments.
- Frequency of payments is limited to:
 - a) Monthly – available on both direct or EFT billing.
 - b) Quarterly – available only on direct billing.
 - The minimum quarterly billing amount cannot be less than \$250 per quarter.
 - The full amount of any outstanding loan may be repaid at any time prior to foreclosure without penalty.

7) Default of loan

- A loan will be considered to be in default if any loan payment is not received within 90 days of the scheduled loan payment due date.
- If a loan defaults, the outstanding loan principal plus any accrued and unpaid interest will be reported to the IRS as a distribution (taxable income) for the tax year in which the loan default occurred. If this occurs prior to the annuitant reaching age 59½, additional IRS penalties may apply.
- A defaulted loan may be repaid any time prior to foreclosure. Foreclosure will occur the earlier of annuitant attaining age 59½ or, notification of separation of service, death, or disability.

Please refer to the annuity loan provision endorsement in your Horace Mann 403(b) or 457(b) annuity contract for additional loan terms and conditions.

Special tax notice regarding section 403(b) tax sheltered annuity payments

This notice explains how you can continue to defer federal income tax on your retirement savings in your Horace Mann Life Insurance Company Section 403(b) Tax Sheltered Annuity (the "Plan") and contains important information you will need before you decide how to receive your 403(b) Plan benefits.

This notice is provided to you by Horace Mann Life Insurance Company because all or part of the payment that you will soon receive from the 403(b) Plan may be eligible for rollover by you (or your Plan Administrator if applicable) to a traditional IRA or an eligible employer plan. A rollover is a payment by you or Horace Mann Life Insurance Company of all or part of your benefit to another eligible employer plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact our Customer Service (or your plan administrator, if applicable) at 1-800-999-1030.

Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

You will receive only 80% of the taxable amount of the payment, because Horace Mann Life Insurance company, the payor, is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.

- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by Horace Mann Life Insurance Company (or the Plan Administrator, if applicable.)

More information

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

II. DIRECT ROLLOVER

III. PAYMENT PAID TO YOU

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

I. Payments that can and cannot be Rolled Over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. We (or your Plan administrator, if applicable) should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

b) Rollover into an Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Distributions. Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum distribution" that must be paid to you.

Hardship Distributions. A hardship distribution cannot be rolled over.

Corrective Distributions. A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask us (or the Plan Administrator of this Plan, if applicable) if distribution of your loan qualifies for rollover treatment.

We (or the Plan Administrator of this Plan, if applicable) should be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER.

DIRECT ROLLOVER to a Traditional IRA. You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan.

III. Payment paid to you

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding:

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask us (or the Plan Administrator, if applicable) for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion

that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

Additional 10% Tax if You Are under Age 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

Repayment of Plan Loans. If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash paid to you. The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. Surviving spouses, alternate payees, and other beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

How to obtain additional information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with our Customer Service (or the Plan Administrator, if applicable), or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.