



National Life
Group®

Experience Life®

Sentinel Advantage Variable Annuity 5 (SAVA 5)

AGENT GUIDE

Products issued by

National Life Insurance Company®

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Help clients seek opportunities, manage risk, and meet their long-term goals for retirement.

A long-term tax efficient investment for retirement, the Sentinel Advantage Variable Annuity 5 was designed for your clients in need of:

- **Growth:** A straight forward investment strategy focused on building retirement assets.
- **Flexibility:** A 5 years CDSC product that offers Equity Market Participation¹ and Fixed Accounts with guarantees² for 5, 7, or 10 years.
- **Diversification:** Asset Allocation with access to investment subaccounts and Fixed Accounts offers potential long-term accumulation.
- **Confidence:** In the investment experience of some of the industry's finest money managers.

¹Variable contracts are subject to investment risk, including the possible loss of principal invested.

² The fixed account guarantees are dependent upon the claims-paying ability of the insurer and do not protect the value of the variable product portfolios, which may fluctuate.

Asset Allocation cannot eliminate the risk of fluctuating prices or uncertain returns. Diversification does not assure a profit or guarantee against loss.

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SAVA 5 at a Glance

Investment Options: Choose from 65 professionally managed investment options.

Fixed Account: There is a 1-year General Account and 3 Preserver Accounts which encompass guarantees for 5, 7, or 10 years.

Dollar Cost Averaging: Two Enhanced Fixed Accounts specifically designed for Dollar Cost averaging.

Portfolio Rebalancing: Rebalance values in subaccounts automatically on a quarterly, semi-annual, or annual basis based on premium allocation percentages in effect at the time of rebalancing.

Transfers: The Contract Owner can transfer Contract Value among subaccounts or to the Fixed Account without limitation, once a year during the 45 day window of January 1 to February 15.

Liquidity: 15% of contract value allowed, withdrawn annually without CDSC (Note: in NJ and WA max. is 10%). Available in Year 1 by monthly systematic withdrawal; Systematic Withdrawals are \$100 min. on \$15K account value, or larger.

| | | | | | | | |
|---------------------------|-------------------|----|----|----|----|----|---------|
| Withdrawal Charge: | Years in Contract | 1 | 2 | 3 | 4 | 5 | After 5 |
| | CDSC Charge* | 7% | 6% | 5% | 4% | 3% | 0% |

*CDSC schedule applies to each contribution into the contract

Maximum issue age: 85

Premium Payments: SAVA 5 requires that there be an initial payment of at least \$5000 for non-qualified contracts and \$1,500 for qualified contracts. Subsequent premium payments are flexible and may be made at anytime, but must be at least \$100 (\$50 for Individual Retirement Annuities).³ The total of all premium payments under contracts issued on the life of any one owner (or annuitant if the owner is not a natural person) may not exceed \$1,000,000 without prior home office approval. Refer to the prospectus for more details on payment restrictions and limitations.

³ Tax deferral is provided by the qualified plan and the tax deferral of the annuity does not provide any additional protection. Annuities may be subject to additional fees and expenses to which other tax-qualified plan funding vehicles may not be subject.

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SAVA 5 at a Glance *continued*

Guarantee of Premium at Death: In the event of death, 100% of premium paid, less any withdrawals, or the Contract Value if higher, will be paid to the Beneficiary. Starting at attained age of 81, the death benefit will be equal to the contract value.⁴

Net Premium Payments Allocations: The client selects how the Net Premium Payments will be allocated among the Sub and Fixed Account:

- Allocations are flexible, they can be changed at any time
- Sum of allocations must equal 100%

Riders: **Nursing Home Waiver⁵**
 SAVA 5 gives complete access to contract value – without surrender penalties – in the event your client is confined to a nursing home for at least 90 consecutive days. This important benefit is available at any time following the first contract anniversary.

Accelerated Benefits Rider⁵
 Access to the Death Benefit Value of the contract is available without surrender charge in the event of a chronic or terminal illness. There is no additional cost for this rider, however, the death benefit amount payable is discounted for interest and mortality.

Commissions Options:

Schedule 1

| | Year 1 | Years 2+ |
|-------|--------|----------|
| 0-79 | 5.00% | 0.00% |
| 80-86 | 2.70% | 0.00% |

Schedule 2

| | Year 1 | Years 2+ |
|-------|--------|----------|
| 0-79 | 2.75% | 0.25% |
| 80-86 | 2.75% | 0.25% |

Schedule 3

| | Year 1 | Years 2+ |
|-------|--------|----------|
| 0-79 | 0.50% | 0.50% |
| 80-86 | 0.50% | 0.50% |

⁴ Less any state premium tax that is assessed on distribution.

⁵ Riders may not be available in all states.

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How did we select our investment partners?

We're glad you asked. We've teamed up with some of the top money managers in the business to offer investors a diverse choice of investment portfolios and flexibility in asset allocation.



Each one of the investment subaccounts has been hand-picked using the following criteria:

- **Overall Performance** - Over various time periods, including how the subaccount compares to its subaccount Management, such as:
 - Tenure
 - Experience levels
 - Accessibility
- **Style Consistency** - To determine whether the investment managers are staying true to the investment objective of their particular subaccount.
- **Subaccount Expenses** - To gauge how cost-efficient the managers are in the operation of their various subaccounts.

At National Life Group we're serious about our commitment to helping you help your clients worry less, experience life, and feel more prepared for their financial future.

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A Flexible Investment Strategy

It's now even easier for your clients to pick investments that complement any financial objective, risk tolerance and investment time span.

SAVA 5 offers more than just traditional stocks and bonds. By packaging together risk exposure with risk protection, you can offer investors the choice of guarantees or market potential:

- Participation in the securities market through the Variable Account
- A guaranteed rate of return from investing in the Fixed Accounts

With more options, lower fees, and greater investment flexibility, you can feel confident that you're leading clients down the right path to meet their retirement goals.

Summary of differences of accounts

| | Preserver Fixed Account | Fixed Account | Variable Account |
|-------------------------------|---|---|---|
| Investment Potential | Limited Investment potential. Fully Guaranteed. | Fixed Investment with possibility for rate increase. | Unlimited upside or downside potential. |
| Guarantees⁶ | Guaranteed to be a specific rate for the entire specified period of time (5, 7 or 10 Years). ⁷ | Guaranteed minimum rate on an annual basis. | No guarantees. Client bears all risk with subaccounts. |
| Strategy | Allows for a targeted approach where a portion of premium is locked in at a predetermined rate for a specified period of time, allowing for higher risk strategies in the variable subaccounts. | Designed to provide guaranteed rates for a temporary period of time or as part of their risk management strategy. | Client's premium should be allocated to subaccounts in accordance with investment risk profile. |

⁶ Guarantees are dependent upon the claims-paying ability of the insurer and do not protect the value of the variable product portfolios, which may fluctuate.

⁷ If money is withdrawn, transferred or annuitized from a preserver account before the end of the guaranteed period, the funds may be subject to a market value adjustment. A market value adjustment can be positive or negative depending on interest rates established at the time of the premium payment and interest rates at the time of withdrawal

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The Variable Account

Investors looking for the potential to earn greater returns on their investment by participating in the equity markets should opt to invest within the Variable Accounts.

How does the Variable Account Work?

- The Variable Account is a separate investment account from the Fixed Accounts altogether.
- The Variable Account is divided into several Subaccounts.
- The investment experience of each of the Subaccounts depends on the investment performance of the underlying Fund.
- The assets allocated in each Subaccount are then invested in their corresponding Funds.
- There can be no assurance that any one Subaccount will achieve its investment objective.
- The client will bear the entire investment risk on the value of their Contract which they allocate to the Variable Account.
- The value of the Contract may be more or less than the premiums paid.

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Build A Better Balanced Portfolio

Depending on your clients' investment objective, they can choose to allocate funds into the Fixed Accounts or Subaccounts in the Variable Account. For those looking to take on less risk, they can elect to allocate more (or all) Net Premium Payments into the Fixed Account or the Preserver Fixed Account.

Choose from a General Account and 3 Preserver Accounts that encompass guarantees for 5, 7 or 10 years. The Preserver Accounts provide guarantees for those who are looking to lock in an interest rate for a specified period of time.

How does the Fixed Account Work?

- Choose to allocate all or a portion of net premium payments to the Fixed Account.
- Make transfers from the Preserver Account or Variable Account into the Fixed Account.
- The Contract value of the Fixed Account is guaranteed⁸ to hold a minimum annual interest rate⁹ that is at least the minimum required by the state of issue.

How Does the Preserver Fixed Accounts Work?

- Choose to allocate all or a portion of their net premium payments to the Preserver Fixed Account and, its assets are held separate from Fixed Account assets.
- With the Preserver Account, there is even more assurance for your client because the account guarantees a specific interest rate for the period chosen.
- Contract surrenders, withdrawals, or transfers prior to the end of the specific guaranteed time period may result in a market value adjustment.

Help your Clients Customize their Retirement Income Goals.

The Fixed and Preserver Accounts can be used to help achieve minimum retirement income goals while—at the same time—the Variable Subaccounts can be used to participate in the market's upside potential.

⁸ The fixed account guarantees are dependent upon the claims paying ability of the issuing company and do not protect the value of the variable product portfolios, which may fluctuate.

⁹ The minimum required by the state of issue

Managing Subaccounts

Dollar Cost Averaging¹⁰ is the process of making regular purchases of Sub-account unit values regardless of market conditions. Buying unit values at regular intervals generally results in a lower average price per unit value – more units are purchased when prices are low, and fewer are purchased when prices are high. Paying premiums on a monthly or quarterly basis is another form of Dollar Cost Averaging.

Two Enhanced Fixed Accounts designed specifically for Dollar Cost Averaging.

Enhanced Fixed Account

The contract Owner invests initially into an “enhanced fixed account”, receiving a competitive rate of return:

1. Each month, a portion of the initial investment is transferred in the Variable Account according to the specified investment allocations.
2. The Contract Owner can transfer their initial investment into the investment allocation over a six or 12 month period.
3. At the end of the transferable period, the entire initial investment and interest paid will have been transferred into the investment allocation.

The major advantage to the Contract Owner is they are able to choose their investment portfolio over time, using a gradual and systematic process.

Portfolio Rebalancing

Portfolio Rebalancing enables the Contract Owner to rebalance the values in their subaccounts automatically on a quarterly, semi-annual, or annual basis based on premium allocation percentages in effect at the time of rebalancing.

By keeping policy values equal to the original percentage allocations, the policy will be at the client’s desired risk versus return level. Portfolio rebalancing does not guarantee a profit or protect against a loss.

¹⁰ Periodic investment plans do not assure a profit and do not protect against loss in declining markets. Dollar cost averaging plans involve continuous investment in securities regardless of fluctuating price levels of such securities. Investors should consider their financial ability to continue to purchases through period of low price levels.

Transfers

The Contract Owner may transfer Contract Value among the subaccounts or to the Fixed Account without limitation, upon a written request from the Contract Owner. It is important to note that transfers are made as of the Valuation Day, which follows the same schedule as the New York Stock Exchange, closing at 4:00 p.m. Eastern Time. Other important implications pertaining to transfers are:



- There is no penalty for transfers to the Fixed account and the Preserver Accounts of all or any part of the Variable Account Contract Value.
- National Life currently allows transfers of all or any portion of the Variable Account Contract Value to the Fixed Account and the Guaranteed Preserver Accounts, without charge or penalty. We reserve the right to restrict transfers to 25% of the Variable Account Contract Value during any Contract Year.
- Transfers are not permitted between the Variable Account and the Fixed Account after the Annuitization Date.
- There may be a transfer charge of \$25 for each transfer in excess of twelve transfers in any given Contract Year.

For more complete details on transfers and any other restrictions and limitations that may exist, please refer to the Prospectus.

More Flexibility for when it's needed Most

Annual Withdrawals – 15% Penalty-Free

Ability to withdraw up to 15% of the beginning-of-year contract values annually without being charged a surrender penalty.¹¹ In the first year of the Contract this percentage can only be withdrawn penalty-free if a systematic monthly mode is elected. A 10% federal tax penalty may apply if the withdrawal occurs prior to age 59½.

Systematic Withdrawals

Pre-authorize systematic withdrawals. This allows a level of convenience and flexibility. The Owner can change the frequency or withdrawal schedule at any time. Systematic withdrawals cannot be elected if the either the Portfolio Rebalancing or Dollar Cost Averaging has been elected.

Death Benefit

100% of premiums paid (less any withdrawals) or the contract value if higher. After age 81, death benefit equals contract value on the date of death.

Withdrawal Charges

Withdrawals in excess of the penalty-free amount are subject to a surrender charge for up to 5 years on each premium payment.

| Years in Contract | 1 | 2 | 3 | 4 | 5 | After 5 |
|---------------------------|----|----|----|----|----|---------|
| Charge as % of Withdrawal | 7% | 6% | 5% | 4% | 3% | 0% |

Market Value Adjustment

Withdrawals, transfers and contract surrender from the Preserver Account, within the guaranteed period, whether it be 5, 7, or 10 years, may result in market value adjustment. Therefore, certain withdrawals may be subject to additional charges. Market value adjustment may be favorable or unfavorable depending on investment conditions.

¹¹This feature is limited to 10% in several states.

We Deliver on our promises today and tomorrow!

We are National Life Group, a company that serves nearly one million¹² customers with revenues of well over one billion dollars annually. The group includes National Life Insurance Company,[®] founded in Montpelier, Vermont in 1848 and Life Insurance Company of the Southwest[®] in Dallas, Texas. Together, we've been delivering on our promises for nearly 170 years and our goal is to do so for years to come.

Financial Strength Ratings

For National Life Insurance Company and Life Insurance Company of the Southwest as of April 15, 2016.

A EXCELLENT
3rd out of 16 rankings

A.M. Best

A STRONG
6th out of 21 rankings

Standard & Poor's

A2 GOOD
6th out of 21 rankings

Moody's

Ratings are subject to change.

Our Vision

To Bring Peace of Mind to Everyone We Touch.

Our Mission

Keeping Our Promises.

Our Values

Do good. Be good.
Make good.

¹² As of 12/31/15, and based on consolidated results of all National Life Group companies.

Sentinel Advantage Variable Annuity 5 is issued by National Life Insurance Company and distributed by Equity Services, Inc. Registered Broker/Dealer affiliate of National Life, One National Life Drive, Montpelier, VT 05604 802 229-3900. National Life Group is a trade name of National Life Insurance Company and its affiliates.

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