NWL®

Lifetime Returns SOLUTIONS

Consumer Brochure

A Flexible Premium Life Insurance
Policy with Equity Index Options
Policy Form 01-1143-07 and
state variations thereof.

Funded by:

A Single Premium Immediate Life Annuity
Policy Form 01-1159-10 and state variations thereof.

"A Life Insurance Solution Offering Guaranteed Protection with the Flexibility to fit your own needs! More Choices - More Control!"

NATIONAL WESTERN LIFE INSURANCE COMPANY®
850 EAST ANDERSON LANE | AUSTIN, TEXAS 78752

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Life insurance is the cornerstone when planning for your financial needs. If you are looking for affordable permanent protection with strong cash value accumulation potential, and at the same time, the choice to use this accumulation for financial needs or cash flow at a later date, you are not alone. In today's environment many consumers are looking for the safety of insurance protection with the comfort of knowing their policy has liquidity in the event of an unexpected need or to supplement their retirement years. The NWL® Lifetime Returns Solutions offers protection with solutions to meet the needs you may face in the future. You no longer have to be faced with the difficult choice of purchasing the security and protection of a fixed universal life product, which may offer low interest rates, or choosing the growth potential of a variable product but then having to live with the inherent volatility.

A life insurance policy that will provide protection and offers solutions to fit your lifestyle!

Today, fixed universal life policies are combined with unique methods of crediting interest.

NWL® Lifetime Returns Solutions is a flexible premium universal life insurance policy that combines the features of traditional fixed life insurance with the potential to have credited interest linked in part to the S&P 500® Composite Stock Price Index, which excludes dividends. You have the choice of four interest options that give you the advantage of selecting one or any combination of all four interest options. You also have the choice of either 5 Pay or 10 Pay Premium Payment Periods.

In order to apply for the NWL® Lifetime Returns Solutions, you must also apply for National Western's Single Premium Immediate Life Annuity. The 5 and 10 pay premiums for the life insurance policy are then paid from the Single Premium

Immediate Life Annuity, which ideally, should be purchased using funds from low tax basis non-qualified annuities or qualified funds. Utilizing the Single Premium Immediate Life Annuity to make the premium payments into your life insurance policy allows the taxable income from the low tax basis non-qualified annuities or qualified funds to be spread over the 5 or 10 year annuity payout term.

Depending on your circumstances, a product with a single premium option may be more suited to your needs. You should carefully consider all other available options prior to making the decision to purchase the NWL® Lifetime Returns Solutions. Your agent can assist you in this evaluation.

No one knows what the future will bring, and NWL® Lifetime Returns Solutions will give you the protection to meet unexpected demands and the peace of mind of an opportunity of a continued liquidity. You will have the opportunity to accumulate an Account Balance, where the credited interest is linked in part to the S&P 500® Index (which excludes dividends), and to experience what many of us are looking for as we plan for our financial future: the opportunity to benefit from the Ups of the market, without the devastating losses of the Downs. You have only your lifetime to make this happen, and you should not have the worry of risking it all.

Sooner or later everyone reaches that time in life when working 24/7 is no longer an option. What are Your Goals? Whether it is a cabin in the woods, a summer home, world travel, or just a worry-free comfortable life, you will need a continued income to fulfill your dreams. But, at the same time you must remember that you are not indestructible and will want to provide the security of a tax-free death benefit for your family if something should happen to YOU.

If affordable protection with strong cash value accumulation potential, and the flexibility to accommodate changing financial circumstances is What You Want, then NWL® Lifetime Returns Solutions is What You Need!

Overview

Let's take a look at the unique features of the NWL® Lifetime Returns Solutions that can provide the liquidity you may need later and the protection you need now.

If you are age 45–85 (5 Pay) 45-80 (10 Pay), NWL® Lifetime Returns Solutions allows two premium payment options sufficient to pay for the amount of coverage (Face Amount) selected by you, with the minimum amount being $25,000. Face Amount changes are not allowed after the policy is issued, but the Face Amount may be reduced due to a Partial Surrender.

The NWL® Lifetime Returns Solutions products will provide a Death Benefit equal to the greater of the Face Amount, or the Account Balance with a percentage adjustment based on your age as of the last Policy Anniversary. The Death Benefit may be extended beyond age 121.

The Single Premium Immediate Life Annuity does not provide a Death Benefit.

The Account Balance in your policy is the accumulation of premiums paid less expense charges, partial surrenders and partial surrender charges, the monthly cost of insurance, and cost of any riders, plus credited interest. Interest is credited monthly on the portion of the Account Balance that is not indexed. Interest is credited annually on the portion of the Account Balance that is indexed. Your Account Balance will never be reduced due to poor market performance.

You have the option to select a Premium Payment Period of a 5 Pay or 10 Pay at the

time you apply for your policy. The Premium Payment Period selected may not be changed after the policy is issued. **The 5 and 10 pay premiums are paid from the Single Premium Immediate Life Annuity that you are purchasing along with this life insurance policy.**

In order to maintain the benefits of your policy, there is a percentage of premium charge on all premiums paid that is guaranteed to never be more than 8.0%. There is a monthly administrative rate per 1,000 of Face Amount that varies by sex, issue age, and underwriting class, and is a guaranteed rate applicable through the 5th Policy Year. And there is a monthly expense charge that is guaranteed to never be more than $7.00. All applicable rates and charges are stated in the policy.

With a No Lapse Guarantee Period, your insurance coverage will not lapse during the indicated period if the total premiums paid are equal to or exceed the sum of Minimum Monthly Continuation Premium, which is stated in the policy. The No Lapse Payment Period will be based on the Premium Payment Period selected.

Once all premiums have been paid, the policy is guaranteed to remain in force to age 121 unless the policy loan amount exceeds the cash value. If your policy has the Paid Up Rider, the policy may remain in force even if the loan amount exceeds the cash value (see the description on page 5).

Interest Options

You currently have the choice of four interest options for Account Balance fund allocation: three index interest options and a fixed interest option. As a unique feature, the four interest options are available simultaneously. And, since no one knows for sure what tomorrow will bring, on four (4) specific dates during each calendar year, NWL® Lifetime Returns Solutions gives you the flexibility to adjust your interest strategy.

The four specific Index Dates per calendar year are January 10th, April 10th, July 10th, and October 10th. At the time your policy is issued you have the choice of allocating a percentage of the available Account Balance (new money) to one or any combination of all four interest options. The Allocation Percentages must be in whole numbers and must total to 100%. The first Index Date of your policy is the Index Date immediately following the date the first Net Premium is applied to put the policy in force.

On each Index Date after that you will be able to specify the percentage of the available Account Balance (new money, expiring fixed and index amounts, less yearly charges) to allocate to available index options and fixed interest. In addition, you will be able to request transfers from the fixed interest amount to the index amounts. The Index Anniversary is 12 months from each Index Date. The crediting of Index Interest to the Account Balance occurs on each corresponding Index Anniversary.

The annual interest rate on the portion of the Account Balance that is not indexed is guaranteed to never be less than 1.00% compounded annually. Even though there is no annual guaranteed interest rate on the portion of the Account Balance that is indexed, there is a Minimum Guaranteed Account Balance. The Minimum Guaranteed Account Balance is calculated like the Account Balance calculation (described previously on page 2) but uses an annual interest rate of 1%.

NOTES: Any portion of the Account Balance that is not indexed, including new premiums received prior to the next Index Date, will be credited the current fixed interest rate up to the Index Date. Index interest credit options may not be available for future index periods.

Terms You Should Know

Participation Rate – The participation rate determines how much of the gain, if any, experienced by the monthly average index formula will be credited.

Cap Rate – The cap rate is stated as a percentage and is the maximum positive change in the S&P 500® Index that will be used in the Monthly and Annual Point to Point formulas that calculate the interest rate used at the end of the 1 year indexing period.

Fixed Interest Rate – The fixed interest rate is a declared rate set by the company, and is guaranteed to never be less than the guaranteed annual interest rate of 1.0% compounded annually.

Index Interest Earnings – Regardless of the index interest option, this is the earnings credited based on increases or decreases in value of a specific equity index.

Index Interest Credit Options

As mentioned previously, in addition to the Account Balance earning a fixed interest rate, you will have an opportunity to earn interest based on the indexes offered. The portion of the available Account Balance that is allocated to an index option (A, D, or J) will occur on each Index Date. Any crediting of interest from each index option will occur on the Index Anniversary. The crediting rates for each index option are described below. **The credited rate will never be less than zero.**

For Index Option A (the monthly average), the crediting rate on an Index Anniversary is the average of the 12 monthly index values, minus the Index Value at the start of the period, divided by the Index Value at the start of the period, and then multiplied by the Participation Rate.

For Index Option D (the monthly point to point), the crediting rate on an Index Anniversary is the sum of the 12 Monthly Index Change Rates. The Monthly Index Change Rates are based on the change in the index values from one month to the next, subject to the Monthly Cap Rate, for the 12 month index period.

The index interest options that are currently available in the NWL® Lifetime Returns Solutions are as follows:
Three Excellent Strategies Linked in Part to The S&P 500® Index

Monthly Average Option A Guaranteed Minimum Participation Rate: 25%	**Monthly Point to Point Option D Guaranteed Monthly Minimum Cap: 1.00%**	**Annual Point to Point Option J Guaranteed Minimum Annual Cap: 4.00%**
When the stock market is classified as less "volatile" the Monthly Average may be your most likely choice. A period of time with "moderate ups and downs" or "steady increases" in the market are indications of a less "volatile" market.	When the Stock Market is classified as very "volatile" the Monthly Point to Point or Annual Point to Point strategy may be your most likely choice. "Large ups and downs" or "wide swings" in increases and decreases in the market are indications of a very "volatile" market.	

The index interest under Option A, Option D, and Option J will never be negative.

For Index Option J (the annual point to point), the crediting rate on an Index Anniversary is the difference between the Index Value on the Index Anniversary and the Index Value on the Index Date, divided by the Index Value on the Index Date, not to exceed the Annual Cap Rate for that Index Date.

Liquidity

Policy Surrender* – Should you choose to surrender your NWL® Lifetime Returns Solutions, the Cash Value is available to you on any Monthly Anniversary upon written request.

The Cash Value is the greater of the Account Balance or the Minimum Guaranteed Account Balance, less surrender charges and outstanding loans and loan interest, if any. The surrender charges vary by sex, issue age, and policy year.

Partial Surrender* – Partial surrenders are also available; however, the Account Balance and Face Amount will be reduced, and it may be necessary to reduce a previously allocated Index Amount. A partial surrender charge (if any) will be deducted from the partial surrender. The minimum partial surrender is $200 and will be limited to one per Policy Year as long as the Face Amount does not fall below the minimum amount.

Free Partial Surrender Option* – A 10% Free Partial Surrender, processed without a surrender charge, may be made each Policy Year after the first. Any full surrender or partial surrender amount in excess of the Free Partial Surrender amount will be subject to a surrender charge. Free Partial Surrenders will not be accumulated.

Policy Loans* – You may obtain a Loan using the Cash Value as the Loan security. The initial Loan Interest Rate for the first Policy Year will be specified in the policy. You are able to borrow from your NWL® Lifetime Returns Solutions policy using a variable loan rate tied to Moody's Corporate Bond Yield and calculated once each year. On traditional, fixed rate life insurance, there is a Net-Cost loan because the loan interest rate charged is usually greater than the crediting rate. With NWL® Lifetime Returns Solutions, it is possible to have a Net-Gain loan if the crediting rate is greater than the Loan Interest Rate charged. Variable loans have a Net-Cost or Net-Gain that is ultimately based on the difference between the interest credited to the policy and the Loan Interest charged.

A Loan will not have an effect on the crediting rate (either fixed or indexed) applicable to the Account Balance. Note: Loans may be repaid in amounts of $50 or more.

Optional Benefits and Riders

In addition to the basic protection provided by NWL® Lifetime Returns Solutions, there are additional benefits and riders that are added to enhance your life plan for no additional cost of insurance charge.

Living Benefit Rider (Accelerated Benefits Rider) Form 01-3071-96**

The Living Benefit Rider will automatically be added to the NWL® Lifetime Returns Solutions policy if approved in the state of solicitation. There is no additional cost of insurance charge for the Living Benefit Rider.

**See the policy for complete information; certain limitations and exclusions may apply. Please consult with your tax advisor as these transactions may be taxable.*

This rider provides an advance of the Death Benefit to the policy owner if the Insured is terminally ill, subject to the terms of the rider. The maximum benefit will be the lesser of $250,000 or 75% of the Death Benefit minus any outstanding policy loans and unpaid loan interest. A one-time claims processing fee of $300 will apply.

Paid Up Rider Form 01-3129-07**

The Paid Up Rider will automatically be added to the NWL® Lifetime Returns Solutions policy if approved in the state of solicitation. There is no additional cost of insurance charge for the Paid Up Rider.

This rider will prevent the policy from lapsing due to the Loan Balance exceeding the Account Balance by providing a Paid Up Face Amount of life insurance if the (1) Loan Balance is at least 91.5% of the Account Balance; (2) the policy has been in force for a minimum of 15 years; and (3) the Insured's attained age is at least 75 when the first two criteria are met.

When this rider is exercised, there will be a One Time Charge equal to the One Time Charge percentage of 8.00% multiplied by the Account Balance. The One Time Charge will be deducted from the Account Balance before calculating the Paid Up Face Amount.

Tax Advantages – The cash value in your NWL® Lifetime Returns Solutions accumulates income tax deferred. Subject to certain conditions, withdrawals and loans may be taken on the policy without incurring income taxes as long as the policy remains in force and results in a life insurance death benefit if the Premium Payment Period is 10 Pay. 5 Pay Premium Payment Period policies will be Modified Endowment Contracts.

NWL® and its agents do not provide legal or tax advice, so please consult your tax or legal advisor.

NWL® will <u>not</u> withhold taxes from your Single Premium Immediate Life Annuity payments to the NWL® Lifetime Returns Solutions; therefore, you will have to pay any and all applicable taxes using other funds.

Annual Report – An Annual Report will be sent to you at least once a year without charge.

This report will show the current amount of insurance, Account Balance, Cash Value, and Loan Balance of the policy. It will also show the premiums paid, partial surrenders, and the charges made on the policy since the last report.

NWL® Lifetime Returns Solutions is underwritten by National Western Life Insurance Company, Austin, Texas and issued under Policy Form 01-1143-07 and state variations thereof.

The Single Premium Immediate Life Annuity is underwritten by National Western Life Insurance Company, Austin, Texas and is issued under policy Form 01-1159-10 and state variations thereof.

NWL® Lifetime Returns Solutions is not available in all states. Certain other limitations and exclusions may apply.

The Single Premium Immediate Life Annuity is not available in all states. Certain other limitations and exclusions may apply. Please see the policy and riders for complete details.

Standard and Poor's®

The S&P 500® Composite Stock Price Index (S&P 500® Index) is a market valued-weighted index of 500 common stocks traded on every major U.S. Stock Exchange. These 500 companies tend to be leading companies from leading industries. Often used as a benchmark for

See endorsements or riders for complete information; certain limitations and exclusions may apply. These riders may vary by state and are not available in all states.

economic growth, the S&P 500® is compiled daily by Standard & Poor's®, a division of the McGraw-Hill Companies.

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NWL® Lifetime Returns Solutions is not sponsored, endorsed, sold, or promoted by Standard & Poor's®, and Standard & Poor's® makes no representation regarding the advisability of purchasing this product.

Limitations and Exclusions — Subject to State Variations

Suicide: Within two years after the Policy Date, if the death of the Insured is a result of suicide, while sane or insane, nothing will be paid under the policy except to return premiums, less any loans, loan interest, and partial surrenders.

Incontestability: After this policy has been in force during the lifetime of the Insured for two years from the Policy Date, we will not contest it with respect to statements made in the initial application, any subsequent applications, and amendments except for rider provisions relating to disability benefits or additional benefits in the event of accidental death. Statements made in any application, for increases or additions in coverage will be incontestable after the increase or addition has been in force during the lifetime of the Insured for two years after the effective date of the increase except for rider provisions relating to disability benefits or additional benefits in the event of accidental death. Statements made in the application for policy reinstatement will be incontestable after the reinstatement has been in force during the lifetime of the Insured for two years after the effective date of reinstatement, except for fraud.

Delayed Payment of Cash Surrender or Policy Loan: The Company has the right to delay the payment of any cash surrender or the payment of a loan (unless the loan will be used to pay premiums), for a period of up to six months.

Misstatement of Age or Sex: If the age or sex of the Insured has been misstated, the benefit payable will be adjusted to that which would be purchased by the most recent monthly deductions at the correct age and sex.

About The Company

National Western Life Insurance Company® is a Colorado corporation with executive offices in Austin, Texas. The Company offers a full line of life insurance and annuity products (both on an individual and group basis), through general agency offices in 49 states and the District of Columbia, and accepts applications from residents of several foreign countries. Visit our website www.nationalwesternlife.com for all current financial information.

Since its start in 1956, National Western has emphasized financial strength for the protection of its policyholders. As a legal reserve insurance company, National Western must set aside a portion of its assets equal to reserves required by law. Annually, a financial statement is filed with each state's insurance department. These departments have authority to verify that the appropriate reserves are maintained. National Western currently holds an A.M. Best Company financial strength rating of A (Excellent) and a Standard & Poor's® rating of A(Strong).

ASK YOUR AGENT FOR A POLICY ILLUSTRATION

NATIONAL WESTERN LIFE INSURANCE COMPANY®
850 EAST ANDERSON LANE • AUSTIN, TEXAS 78752–1602
Client Services Toll Free 800-922-9422
www.nationalwesternlife.com