

# ING USA Annuity and Life Insurance Company

## Separate Account B

### ING Rollover Choice<sup>SM</sup> Variable Annuity

#### Supplement dated August 1, 2006 to the Contract Prospectus dated April 28, 2006, as amended

The information in this Supplement updates and amends certain information contained in the Contract Prospectus. You should read this Supplement along with the current Contract Prospectus, as amended.

Effective August 7, 2006, or upon state approval, whichever is later, the optional ING Joint LifePay Minimum Guaranteed Withdrawal Benefit (“ING Joint LifePay”) rider may be available under your contract. The ING Joint LifePay rider is an optional benefit available for an extra charge, as described below.

*The following section replaces the “Optional Rider Charge” subsection of the “Separate Account Annual Charges” subsection of the “Fees and Expenses” section of the Contract Prospectus, to provide fee information regarding the ING Joint LifePay rider:*

#### Optional Rider Charges

##### *Minimum Guaranteed Income Benefit Rider:*

As an Annual Charge (Charge Deducted Quarterly)
0.60% of the MGIB Benefit Base <sup>6</sup>

##### *ING LifePay Minimum Guaranteed Withdrawal Benefit Rider:*

As an Annual Charge (Charge Deducted Quarterly)	Maximum Annual Charge if Reset Option Elected <sup>7</sup>
0.40% of Contract Value	1.20% of Contract Value

##### *ING Joint LifePay Minimum Guaranteed Withdrawal Benefit Rider:*

As an Annual Charge (Charge Deducted Quarterly)	Maximum Annual Charge if Reset Option Elected <sup>7</sup>
0.65% of Contract Value	1.50% of Contract Value

<sup>6</sup> Please see “Minimum Guaranteed Income Benefit Rider Charge” and “Optional Minimum Guaranteed Income Benefit Rider” in your Contract Prospectus.

<sup>7</sup> Please see “ING LifePay Minimum Guarantee Withdrawal Benefit – ING LifePay Reset Option” in your Contract Prospectus or “ING Joint LifePay Minimum Guaranteed Withdrawal Benefit – ING Joint LifePay Reset Option” in this Supplement.

The following section is added to the “Separate Account Annual Charges” subsection of the “Fees and Expenses” section of the Contract Prospectus:

### Separate Account Charge Tables

The following tables show the total annual charges you could pay, based upon the amounts you have invested in the subaccounts (unless otherwise indicated), if you elect the ING Joint LifePay Minimum Guaranteed Withdrawal Benefit rider, based on maximum or current charges under the contract (for contracts issued on or after August 7, 2003). For purposes of these tables, we have assumed that the value of the amounts invested in the subaccounts is the same as the contract value.

#### Maximum Charges:

	Option Package I (Standard Death Benefit)	Option Package II (Annual Ratchet Death Benefit)	Option Package III (5% Roll-Up Death Benefit)
Mortality & Expense Risk Charge	0.85%	1.05%	1.20%
Asset-Based Administrative Charge	0.15%	0.15%	0.15%
Maximum ING Joint LifePay Minimum Guaranteed Withdrawal Benefit Rider Charge (as percent of contract value)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Total	2.50%	2.70%	2.85%

#### Current Charges:

	Option Package I (Standard Death Benefit)	Option Package II (Annual Ratchet Death Benefit)	Option Package III (5% Roll-Up Death Benefit)
Mortality & Expense Risk Charge	0.85%	1.05%	1.20%
Asset-Based Administrative Charge	0.15%	0.15%	0.15%
Current ING Joint LifePay Minimum Guaranteed Withdrawal Benefit Rider Charge (as percent of contract value)	<u>0.65%</u>	<u>0.65%</u>	<u>0.65%</u>
Total	1.65%	1.85%	2.00%

The following section is added to the “Fees and Expenses” section of the Contract Prospectus:

#### Example:

This Example is intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and Trust or Fund fees and expenses.

The example assumes that you invest \$10,000 in the contract for the time periods indicated. The example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the Trusts or Funds. Specifically, the example assumes election of Option Package III for contracts established on or after August 7, 2003. The example reflects the deduction of a mortality and expense risk charge, an asset-based administrative charge, and the annual contract administrative charge as an annual charge of 0.005% of assets. The example also assumes the election of the ING Joint LifePay rider, and reflects an ING Joint LifePay rider charge of 0.65% for the first five years and the maximum ING Joint LifePay rider charge of 1.50% for years six through ten. If you elect different options, your expenses may be lower. Note that if some or all of the amounts held under the contract are transfer amounts or otherwise not subject to surrender charge, the actual surrender charge will be lower than that represented in the example. Surrender charges may apply if you choose to begin receiving income phase payments within the first contract year and, under certain circumstances, within the first 7 contract years.

Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

<b>1) If you surrender your contract at the end of the applicable time period:</b>			
1 year	3 years	5 years	10 years
\$993	\$1,751	\$2,514	\$5,626
<b>2) If you begin receiving income phase payments at the end of the applicable time period:</b>			
1 year	3 years	5 years	10 years
\$993	\$1,751	\$2,514	\$5,626
<b>3) If you do <i>not</i> surrender your contract:</b>			
1 year	3 years	5 years	10 years
\$393	\$1,251	\$2,214	\$5,626

*The following section is added to the “Charges Deducted from the Subaccounts” subsection of the “Charges and Fees” section of the Contract Prospectus to reflect charges for the ING Joint LifePay rider:*

**ING Joint LifePay Minimum Guaranteed Withdrawal Benefit (ING Joint LifePay).** The annual charge for the ING Joint LifePay rider is 0.65% (0.1625% quarterly) of the contract value. The charge is deducted from the contract value in the subaccounts on each quarterly contract anniversary date, in arrears. If the rider is added after contract issue, the charges will still be assessed on quarterly contract anniversaries, but the first charge will be assessed pro-rata based upon when the rider is added during the contract quarter. We will deduct charges during the period starting on the rider date and up to the date your rider enters Lifetime Automatic Periodic Benefit Status. Lifetime Automatic Periodic Benefit Status will occur if your contract value is reduced to zero and other conditions are met. Please see “ING Joint LifePay Minimum Guaranteed Withdrawal Benefit Rider – Lifetime Automatic Periodic Benefit Status,” below. If you surrender or begin receiving income phase payments, we will deduct a pro-rata portion of the current quarterly charge owed at the time of the surrender or beginning of the income phase period.

*The following section is added to the Contract Prospectus:*

#### **Optional ING Joint LifePay Minimum Guaranteed Withdrawal Benefit Rider**

Effective August 7, 2006, and subject to state availability, you may elect to purchase the optional ING Joint LifePay Minimum Guaranteed Withdrawal Benefit (“ING Joint LifePay”) rider. The ING Joint LifePay rider is only available for contracts issued on or after January 1, 2006, and is currently only available if you have not already purchased an optional living benefit rider. **You may add only one optional living benefit rider to your contract, and therefore can purchase only one the following riders: the ING LifePay rider, the ING Joint LifePay rider, or the Minimum Guaranteed Income Benefit rider. Each rider has a separate charge.** We do, however, reserve the right to allow the purchase of more than one optional living benefit rider in the future, as well as the right to allow contract owners to replace the ING LifePay rider with the ING Joint LifePay rider.

The ING Joint LifePay rider generally provides, subject to the restrictions and limitations below, that we will guarantee a minimum level of annual withdrawals you may take from the contract for the lifetime of both you and your spouse, even if these withdrawals deplete your contract value to zero. Annual withdrawals in excess of the annual withdrawal amount allowed under the rider will reduce the amount of allowable future annual withdrawals, and may result in your inability to receive lifetime payments under the rider. You may wish to purchase this rider if you are married and are concerned that you and your spouse may outlive your income.

Once elected, the ING Joint LifePay rider generally may not be cancelled. You may not remove the ING Joint LifePay rider, and charges will be assessed regardless of the performance of your contract. Charges will also be assessed even if one spouse is not active or, as in the event of a divorce, is unable to continue the contract (see “Active Status” and “Divorce,” below).

Please see “Optional Rider Charges” above for information on ING Joint LifePay rider charges. Amounts received under the ING Joint LifePay rider may be taxed differently depending upon when and how these amounts are received. See “Withdrawals” and “Federal Tax Considerations” below and in the Contract Prospectus for more information.

The ING Joint LifePay rider currently may be elected with your application or on any contract anniversary. We reserve the right to offer other election periods to existing contract owners at our discretion. We may also discontinue offering the ING Joint LifePay rider at our discretion.

**The ING Joint LifePay rider may not be appropriate for all investors. You should analyze the rider thoroughly and understand it completely before you select it. The ING Joint LifePay rider does not guarantee any return of principal or premium payments and does not guarantee performance for any specific investment portfolio under the contract. The ING Joint LifePay rider may also affect the death benefit amount under the contract. You should consult a qualified financial adviser in evaluating the ING Joint LifePay rider.**

**The ING Joint LifePay rider may not be available in all states. Check with our Customer Service Center for availability in your state. The telephone number is (800) 366-0066.**

The following describes the optional ING Joint LifePay rider. **Please retain this supplement with your Contract Prospectus so that you will have it for future reference.**

**ING Joint LifePay Minimum Guaranteed Withdrawal Benefit (“ING Joint LifePay”) Rider.** The ING Joint LifePay rider is an optional benefit which guarantees that if your contract value is reduced to zero by a withdrawal equal to or less than the Maximum Annual Withdrawal, we will pay an amount equal to the Maximum Annual Withdrawal annually until the death of both you and your spouse (provided you and your spouse remain in active status as described below).

**Purchase.** The ING Joint LifePay rider is only available for purchase by individuals who are married at the time of purchase and eligible to elect spousal continuation (as defined by the Internal Revenue Code of 1986 (the “Tax Code”)) when the death benefit becomes payable. We refer to these individuals as spouses. Certain ownership, annuitant, and beneficiary designations are required in order to purchase the ING Joint LifePay rider. See “Ownership, Annuitant, and Beneficiary Designation Requirements,” below.

The minimum issue age is 60 and the maximum issue age is 80. Both spouses must meet these issue age requirements on the contract anniversary on which the ING Joint LifePay rider is effective. Some broker-dealers may limit the maximum issue age to ages younger than age 80, but in no event lower than age 60. We reserve the right to change the minimum or maximum issue ages on a nondiscriminatory basis. The ING Joint LifePay rider will not be issued if the initial allocation to investment options is not in accordance with the investment option restrictions described in “Investment Option Restrictions,” below. The Company in its discretion may allow the ING Joint LifePay rider to be elected during the 30-day period preceding a contract anniversary. Such election must be received in good order, including owner, annuitant, and beneficiary designations and compliance with the investment restrictions described below. The ING Joint LifePay rider will be effective as of that contract anniversary.

**Ownership, Annuitant, and Beneficiary Designation Requirements.** Certain ownership, annuitant, and beneficiary designations are required in order to purchase the ING Joint LifePay rider. These designations depend upon whether the contract is issued as a nonqualified contract or as an IRA. In both cases the ownership, annuitant, and beneficiary designations must allow for the surviving spouse to continue the contract when the death benefit becomes payable, as provided by the Tax Code. Non-natural, custodial owners are only allowed with IRAs (“custodial IRAs”). Joint annuitants are not allowed. The necessary ownership, annuitant, and/or beneficiary designations are described below. Applications that do not meet the requirements below will be rejected. We reserve the right to verify the date of birth and social security number of both spouses.

**Nonqualified Contracts.** For a jointly owned contract, the owners must be spouses, and the annuitant must be one of the owners. For a contract with only one owner, the owner’s spouse must be the sole primary beneficiary, and the annuitant must be one of the spouses.

**IRAs.** There may only be one owner, who must also be the annuitant. The owner's spouse must be the sole primary beneficiary.

**Custodial IRAs.** While we do not maintain individual owner and beneficiary designations for IRAs held by an outside custodian, the ownership and beneficiary designations with the custodian must comply with the requirements listed in "IRAs" above. The annuitant must be the same as the beneficial owner of the custodial IRA. We require the custodian to provide us the name and date of birth of both the owner and the owner's spouse.

**Rider Date.** The ING Joint LifePay rider date is the date the ING Joint LifePay rider becomes effective. If you purchase the ING Joint LifePay rider when the contract is issued, the ING Joint LifePay rider date is also the contract date.

**No Cancellation.** Once you purchase the ING Joint LifePay rider, you may not cancel it unless you cancel the contract during the contract's free look period (or otherwise cancel the contract pursuant to its terms), surrender, or begin receiving income phase payments in lieu of payments under the rider. These events automatically cancel the ING Joint LifePay rider. The Company may, at its discretion, cancel and/or replace the ING Joint LifePay rider at your request in order to renew or reset the ING Joint LifePay rider.

**Termination.** The ING Joint LifePay rider is a "living benefit" which means the guaranteed benefits offered are intended to be available to you and your spouse while you are living and while your contract is in the accumulation phase. The optional rider automatically terminates if you:

- 1) terminate your contract pursuant to its terms during the accumulation phase, surrender, or begin receiving income phase payments in lieu of payments under the rider;
- 2) die during the accumulation phase (first owner to die in the case of joint owners, or death of annuitant if the contract is a custodial IRA), unless your spouse elects to continue the contract (and your spouse is active for purposes of the ING Joint LifePay rider); or
- 3) change the owner of the contract (other than a spousal continuation by an active spouse).

See "Change of Owner or Annuitant," below. Other circumstances that may cause the ING Joint LifePay rider to terminate automatically are discussed below.

**Active Status.** Once the ING Joint LifePay rider has been issued, a spouse must remain in "active" status in order to exercise rights and receive the benefits of the ING Joint LifePay rider after the first spouse's death by electing spousal continuation. In general, changes to the ownership, annuitant, and/or beneficiary designation requirements noted above will result in one spouse being designated as "inactive." Inactive spouses are not eligible to continue the benefits of the ING Joint LifePay rider after the death of the other spouse. Once designated "inactive," a spouse may not regain active status under the ING Joint LifePay rider. Specific situations that will result in a spouse's designation as "inactive" include the following:

- 1) For nonqualified contracts where the spouses are joint owners, the removal of a joint owner (if that spouse does not automatically become sole primary beneficiary pursuant to the terms of the contract), or the change of one joint owner to a person other than an active spouse.
- 2) For nonqualified contracts where one spouse is the owner and the other spouse is the sole primary beneficiary, as well as for IRA contracts (including custodial IRAs), the addition of a joint owner who is not also an active spouse, or any change of beneficiary (including the addition of primary beneficiaries).
- 3) In the event of the death of one spouse (in which case the deceased spouse becomes inactive).

An owner may also request that one spouse be treated as inactive. In the case of joint-owned contracts, both contract owners must agree to such a request. An inactive spouse is not eligible to exercise any rights or receive any benefits under the ING Joint LifePay rider. **However, all charges for the ING Joint LifePay rider will continue to apply, even if one spouse becomes inactive, regardless of the reason. You should make sure you**

**understand the impact of beneficiary and owner changes on the ING Joint LifePay rider prior to requesting any such changes.**

A divorce will terminate the ability of an ex-spouse to continue the contract. See “Divorce” in this Contract Supplement.

**Lifetime Guaranteed Withdrawal Status.** This status begins on the date the ING Joint LifePay rider is issued (the “effective date of the ING Joint LifePay rider”) and continues until the earliest of:

- 1) the income phase commencement date;
- 2) reduction of the contract value to zero by a withdrawal in excess of the Maximum Annual Withdrawal;
- 3) reduction of the contract value to zero by a withdrawal less than or equal to the Maximum Annual Withdrawal (see “Lifetime Automatic Periodic Benefit Status” below);
- 4) the surrender of the contract; or
- 5) the death of the owner (first owner, in the case of joint owners, or the annuitant, in the case of a custodial IRA), unless your active spouse beneficiary elects to continue the contract.

As described below, certain features of the ING Joint LifePay rider may differ depending upon whether you are in Lifetime Guaranteed Withdrawal Status.

**How the ING Joint LifePay Rider Works.** The ING Joint LifePay rider has two phases. The first phase, called the Growth Phase, begins on the effective date of the ING Joint LifePay rider and ends as of the business day before the first withdrawal is taken (or when the income phase commencement date is reached). The second phase is called the Withdrawal Phase. This phase begins as of the date you take the first withdrawal of any kind under the contract (other than investment advisory fees, as described below), or the income phase commencement date, whichever occurs first. During the accumulation phase of the contract, the ING Joint LifePay rider may be in either the Growth Phase or the Withdrawal Phase. During the income phase of the contract, the rider may only be in the Withdrawal Phase. The rider is initially in Lifetime Guaranteed Withdrawal Status. While in this status you may terminate the rider by electing to enter the income phase and begin receiving income phase payments. However, if you have not elected to begin receiving income phase payments, and the rider enters Lifetime Automatic Periodic Benefit Status because the contract value has been reduced to zero, the rider and contract terminate (other than those provisions regarding the payment of the Maximum Annual Withdrawal, as described below) and you can no longer elect to receive income phase payments.

Benefits paid under the ING Joint LifePay rider require the calculation of the Maximum Annual Withdrawal. The ING Joint LifePay Base (referred to as the “MGWB Base” in the contract) is used to determine the Maximum Annual Withdrawal and is calculated as follows:

- 1) If you purchased the ING Joint LifePay rider on the contract date, the initial ING Joint LifePay Base is equal to the initial premium.
- 2) If you purchased the ING Joint LifePay rider after the contract date, the initial ING Joint LifePay Base is equal to the contract value on the effective date of the ING Joint LifePay rider.
- 3) The initial ING Joint LifePay Base is increased dollar-for-dollar by any premiums received during the Growth Phase (“eligible premiums”). The ING Joint LifePay Base is also increased to equal the contract value if the contract value is greater than the current ING Joint LifePay Base, valued on each quarterly contract anniversary after the effective date of the ING Joint LifePay rider during the Growth Phase. The ING Joint LifePay Base has no additional impact on the calculation of income phase payments or withdrawal benefits.

Currently, any additional premiums paid during the Withdrawal Phase are not eligible premiums for purposes of determining the ING Joint LifePay Base or the Maximum Annual Withdrawal; however, we reserve the right to treat such premiums as eligible premiums at our discretion, in a nondiscriminatory manner. Premiums received during the Withdrawal Phase do increase the contract value used to determine the reset Maximum Annual Withdrawal if you

choose to reset the ING Joint LifePay rider (see “ING Joint LifePay Reset Option,” below). We reserve the right to discontinue allowing premium payments during the Withdrawal Phase.

**Determination of the Maximum Annual Withdrawal.** The Maximum Annual Withdrawal is determined on the date the Withdrawal Phase begins. It equals 5% of the greater of the contract value and the ING Joint LifePay Base, as of the last day of the Growth Phase. The first withdrawal after the effective date of the ING Joint LifePay rider (which causes the end of the Growth Phase) is treated as occurring on the first day of the Withdrawal Phase, immediately after calculation of the Maximum Annual Withdrawal.

If the ING Joint LifePay rider is in the Growth Phase, and the income phase commencement date is reached, the ING Joint LifePay rider will enter the Withdrawal Phase and income phase payments will begin. In lieu of the income phase options under the Contract, you may elect a life only income phase option under which we will pay the greater of the income phase payout under the Contract and annual payments equal to the Maximum Annual Withdrawal, provided that, if both spouses are active, payments under the life only income phase option will be calculated using the joint life expectancy table for both spouses. If only one spouse is active, payments will be calculated using the single life expectancy table for the active spouse.

Withdrawals in a contract year that do not exceed the Maximum Withdrawal Amount do not reduce the Maximum Withdrawal Amount. However, if withdrawals in any contract year exceed the Maximum Annual Withdrawal (an “excess withdrawal”), the Maximum Annual Withdrawal will be reduced on a pro-rata basis. This means that the Maximum Annual Withdrawal will be reduced by the same proportion as the excess withdrawal is of the contract value determined after the deduction for the amount withdrawn up to the Maximum Annual Withdrawal but before the deduction of the excess withdrawal.

When a withdrawal is made, the total withdrawals taken in a contract year are compared with the current Maximum Annual Withdrawal. To the extent that the withdrawal taken causes the total withdrawals in that year to exceed the current Maximum Annual Withdrawal, that withdrawal is considered excess. For purposes of determining whether the Maximum Annual Withdrawal has been exceeded, any applicable Market Value Adjustment or surrender charges will not be considered. However, for purposes of determining the Maximum Annual Withdrawal reduction after an excess withdrawal, any surrender charges and/or Market Value Adjustment are considered to be part of the withdrawal, and will be included in the pro-rata adjustment to the Maximum Annual Withdrawal. See Appendix A, Illustration 1 and 2 for examples of this concept.

**Required Minimum Distributions.** Withdrawals taken from the contract to satisfy the Required Minimum Distribution rules of the Tax Code are considered withdrawals for purposes of the rider, and will begin the Withdrawal Phase if the Withdrawal Phase has not already started. Any such withdrawal which exceeds the Maximum Annual Withdrawal for a specific contract year, will not be deemed excess withdrawals in that contract year, subject to the following:

- 1) If the contract owner’s Required Minimum Distribution for a calendar year (determined on a date on or before January 31 of that year), applicable to the contract, is greater than the Maximum Annual Withdrawal on that date, an Additional Withdrawal Amount will be set equal to that portion of the Required Minimum Distribution that exceeds the Maximum Annual Withdrawal.
- 2) You may withdraw the Additional Withdrawal Amount from this contract without it being deemed an excess withdrawal.
- 3) Any withdrawals taken in a contract year will count first against the Maximum Annual Withdrawal for that contract year.
- 4) Once the Maximum Annual Withdrawal for the then current contract year has been taken, additional amounts withdrawn in excess of the Maximum Annual Withdrawal will count against and reduce any Additional Withdrawal Amount.
- 5) Withdrawals that exceed the Additional Withdrawal Amount are excess withdrawals and will reduce the Maximum Annual Withdrawal on a pro-rata basis, as described above.
- 6) The Additional Withdrawal Amount is reset to zero at the end of each calendar year, and remains at zero until it is reset in January of the following calendar year, even if, pursuant to the Tax Code, the

contract owner may take a Required Minimum Distribution for that calendar year after the end of the calendar year.

- 7) If the contract is still in the Growth Phase on the date the Additional Withdrawal Amount is determined, but enters the Withdrawal Phase later during that calendar year, the Additional Withdrawal Amount will be equal to the amount in excess of the Maximum Annual Withdrawal Amount necessary to satisfy the Required Minimum Distribution for that year (if any).

See Appendix A, Illustration 3.

**Investment Advisory Fees.** Withdrawals taken pursuant to a program established by the owner for the payment of investment advisory fees to a named third party investment adviser for advice on management of the contract's values will not cause the Withdrawal Phase to begin. During the Growth Phase, such withdrawals reduce the ING Joint LifePay Base on a pro-rata basis, and during the Withdrawal Phase, these withdrawals are treated as any other withdrawal.

**Lifetime Automatic Periodic Benefit Status.** If the contract value is reduced to zero by a withdrawal in excess of the Maximum Annual Withdrawal, the contract and the ING Joint LifePay rider will terminate due to the pro-rata reduction described in "Determination of the Maximum Annual Withdrawal," above.

If the contract value is reduced to zero for a reason other than a withdrawal in excess of the Maximum Annual Withdrawal while the ING Joint LifePay rider is in Lifetime Guaranteed Withdrawal Status, the ING Joint LifePay rider will enter Lifetime Automatic Periodic Benefit Status and you are no longer entitled to make withdrawals. Instead, under the rider you will begin to receive periodic payments in an annual amount equal to the Maximum Annual Withdrawal.

When the ING Joint LifePay rider enters Lifetime Automatic Periodic Benefit Status:

- 1) the contract will provide no further benefits (including death benefits) other than as provided under the ING Joint LifePay rider;
- 2) no further premium payments will be accepted; and
- 3) any other riders attached to the contract will terminate, unless otherwise specified in that rider.

During Lifetime Automatic Periodic Benefit Status, we will pay you periodic payments in an annual amount equal to the Maximum Annual Withdrawal. The time period for which we will make these payments will depend upon whether one or two spouses are active under the ING Joint LifePay rider at the time this status begins. If both spouses are active under the ING Joint LifePay rider, these payments will cease upon the death of the second spouse, at which time both the ING Joint LifePay rider and the contract will terminate without further value. If only one spouse is active under the ING Joint LifePay rider, the payments will cease upon the death of the active spouse, at which time both the ING Joint LifePay rider and the contract will terminate without value.

If the Maximum Annual Withdrawal exceeds the net withdrawals taken the contract year when the ING Joint LifePay rider enters Lifetime Automatic Periodic Benefit Status (including the withdrawal that results in the contract value decreasing to zero), that difference will be paid immediately to the contract owner. The periodic payments will begin on the last day of the first full contract year following the date the ING Joint LifePay rider enters Lifetime Automatic Periodic Benefit Status and will continue to be paid annually thereafter.

You may elect to receive systematic withdrawals pursuant to the terms of the contract. Under a systematic withdrawal, either a fixed amount or an amount based upon a percentage of the contract value will be withdrawn from your contract and paid to you on a scheduled basis, either monthly, quarterly, or annually. If, at the time the ING Joint LifePay rider enters Lifetime Automatic Periodic Benefit Status, you are receiving systematic withdrawals under the contract more frequently than annually, the periodic payments will be made at the same frequency in equal amounts such that the sum of the payments in each contract year will equal the annual Maximum Annual Withdrawal. Such payments will be made on the same payment dates as previously set up, if the payments were being made monthly or quarterly. If the payments were being made semi-annually or annually, the payments will be made at the end of the half-contract year or contract year, as applicable.



**ING Joint LifePay Reset Option.** Beginning one year after the Withdrawal Phase begins, you may choose to reset the Maximum Annual Withdrawal, if 5% of the contract value would be greater than your current Maximum Annual Withdrawal. You must elect to reset by a request in a form satisfactory to us. On the date the request is received (the “Reset Effective Date”), the Maximum Annual Withdrawal will increase to be equal to 5% of the contract value on the Reset Effective Date. The reset option is only available when the ING Joint LifePay rider is in Lifetime Guaranteed Withdrawal Status. We reserve the right to limit resets to the contract anniversary.

After exercising the reset option, you must wait one year before electing to reset again. We will not accept a request to reset if the new Maximum Annual Withdrawal on the date the request is received would be less than your current Maximum Annual Withdrawal.

If the reset option is exercised, the charge for the ING Joint LifePay rider will be equal to the charge then in effect for a newly purchased rider but will not exceed the maximum annual charge of 1.50%. However, we guarantee that the ING Joint LifePay rider charge will not increase for resets exercised within the first five contract years. See Appendix A, Illustration 4.

**Investment Option Restrictions.** In order to mitigate the insurance risk inherent in our guarantee to provide you and your spouse with lifetime payments (subject to the terms and restrictions of the ING Joint LifePay rider, as described in this supplement), we require that your contract value be allocated in accordance with certain limitations. In general, to the extent that you choose not to invest in the Accepted Funds, we require that 20% of the amount not so invested be invested in the Fixed Allocation Fund. We will require this allocation regardless of your investment instructions to the contrary, as described further below.

While the ING Joint LifePay rider is in effect, there are limits on the portfolios to which your contract value may be allocated. Contract value allocated to portfolios other than Accepted Funds will be rebalanced so as to maintain at least 20% of such contract value in the Fixed Allocation Fund. See “Fixed Allocation Fund Automatic Rebalancing” below. Please be advised that the ING GET U.S. Core Portfolio is not available as an investment option if you have chosen the ING Joint LifePay rider.

**Accepted Funds.** Currently the Accepted Funds are the ING Solution 2015 Portfolio, ING Solution 2025 Portfolio, ING Solution 2035 Portfolio, ING Solution Income Portfolio, ING Liquid Assets Portfolio, Fixed Account II, and the Fixed Interest Division. We may change these designations at any time upon 30 days notice to you. If a change is made, the change will apply to contract value allocated to such portfolios after the date of the change.

**Fixed Allocation Fund.** The ING VP Intermediate Bond Portfolio is designated as the Fixed Allocation Fund.

**Other Funds.** All portfolios available under the contract other than Accepted Funds or the Fixed Allocation Fund are considered Other Funds.

**Fixed Allocation Fund Automatic Rebalancing.** If the contract value in the Fixed Allocation Fund is less than 20% of the total contract value allocated to the Fixed Allocation Fund and Other Funds on any ING Joint LifePay Rebalancing Date, we will automatically rebalance the contract value allocated to the Fixed Allocation Fund and Other Funds so that 20% of this amount is allocated to the Fixed Allocation Fund. Accepted Funds are excluded from Fixed Allocation Fund Automatic Rebalancing. Any rebalancing is done on a pro-rata basis among the Other Funds and will be the last transaction processed on that date. The ING Joint LifePay Rebalancing Dates occur on each contract anniversary and after the following transactions:

- 1) receipt of additional premiums;
- 2) transfer or reallocation among the Fixed Allocation Fund or Other Funds, whether automatic or specifically directed by you; and
- 3) withdrawals from the Fixed Allocation Fund or Other Funds.

Fixed Allocation Fund Automatic Rebalancing is separate from any other automatic rebalancing under the contract. However, if the other automatic rebalancing under the contract causes the allocations to be out of compliance with the investment option restrictions noted above, Fixed Allocation Fund Automatic Rebalancing will occur immediately after the automatic rebalancing to restore the required allocations. See “Appendix B – Examples of Fixed Allocation Fund Automatic Rebalancing.”

In certain circumstances, Fixed Allocation Fund Automatic Rebalancing may result in a reallocation into the Fixed Allocation Fund even if you have not previously been invested in it. See “Appendix B – Examples of Fixed Allocation Fund Automatic Rebalancing, Example I.” **By electing to purchase the ING Joint LifePay rider, you are providing the Company with direction and authorization to process these transactions, including reallocations into the Fixed Allocation Fund. You should not purchase the ING Joint LifePay rider if you do not wish to have your contract value reallocated in this manner.**

**Divorce.** Generally, in the event of a divorce, the spouse who retains ownership of the contract will continue to be entitled to all rights and benefits of the ING Joint LifePay rider, while the ex-spouse will no longer have any such rights or be entitled to any such benefits. In the event of a divorce during Lifetime Guaranteed Withdrawal Status, the ING Joint LifePay rider continues, and terminates upon the death of the owner (first owner in the case of joint owners, or the annuitant in the case of a custodial IRA). Although spousal continuation may be available under the Tax Code for a subsequent spouse, the ING Joint LifePay rider cannot be continued by the new spouse. As the result of the divorce, we may be required to withdraw assets for the benefit of an ex-spouse. Any such withdrawal will be considered a withdrawal for purposes of the Maximum Annual Withdrawal amount. In other words, if a withdrawal incident to a divorce exceeds the Maximum Annual Withdrawal amount, it will be considered an excess withdrawal. See “Determination of the Maximum Annual Withdrawal,” above. As noted, in the event of a divorce there is no change to the Maximum Annual Withdrawal and we will continue to deduct charges for the ING Joint LifePay rider.

In the event of a divorce during Lifetime Automatic Periodic Benefit Status, there will be no change to the periodic payments made. Payments will continue until both spouses are deceased.

**Death of Owner.** The death of the owner (in the case of joint owners, the first owner, or for custodial IRAs, the annuitant) during Lifetime Guaranteed Withdrawal Status may cause the termination of the ING Joint LifePay rider and its charges, depending upon whether one or both spouses are in active status at the time of death, as described below.

- 1) **If both spouses are in active status:** If the surviving spouse elects to continue the contract and becomes the owner and annuitant, the ING Joint LifePay rider will remain in effect pursuant to its original terms and ING Joint LifePay coverage and charges will continue. As of the date the contract is continued, the Maximum Annual Withdrawal will be set to the greater of the existing Maximum Annual Withdrawal or 5% of the contract value on the date the contract is continued. Such a reset will not count as an exercise of the ING Joint LifePay Reset Option, and rider charges will not increase.

If the surviving spouse elects not to continue the contract, ING Joint LifePay rider coverage and charges will cease upon the earlier of payment of the death benefit or notice that an alternative distribution option has been chosen.

- 2) **If the surviving spouse is in inactive status:** The ING Joint LifePay rider terminates and ING Joint LifePay coverage and charges cease upon proof of death.

**Change of Owner or Annuitant.** Other than as a result of spousal continuation, you may not change the annuitant. The ING Joint LifePay rider and rider charges will terminate upon change of owner, including adding an additional owner, except for the following ownership changes:

- 1) spousal continuation by an active spouse, as described above;
- 2) change of owner from one custodian to another custodian for the benefit of the same individual;
- 3) change of owner from a custodian for the benefit of an individual to the same individual (in order to avoid the owner’s spouse from being designated inactive, the owner’s spouse must be named sole beneficiary under the contract);
- 4) change of owner from an individual to a custodian for the benefit of the same individual;
- 5) collateral assignments;

- 6) for nonqualified contracts only, the addition of a joint owner, provided that the additional joint owner is the original owner's spouse and is active when added as joint owner;
- 7) for nonqualified contracts, removal of a joint owner, provided the removed joint owner is active and becomes the primary contract beneficiary; and
- 8) for nonqualified contracts, change of owner where the owner becomes the sole primary beneficiary and the sole primary beneficiary becomes the owner if both were active spouses at the time of the change.

**Surrender Charges.** If you elect the ING Joint LifePay rider, your withdrawals will be subject to surrender charges if they exceed the free withdrawal amount. However, once your contract value is zero, the periodic payments under the ING Joint LifePay rider are not subject to surrender charges, nor will these amounts be subject to any other charges under the contract.

**Federal Tax Considerations.** Except as otherwise noted below, when a withdrawal from a nonqualified contract occurs under the ING Joint LifePay rider during Lifetime Guaranteed Withdrawal Status, the amount received will be treated as ordinary income subject to tax up to an amount equal to the excess (if any) of the contract value (unreduced by the amount of any deferred sales charge) immediately before the distribution over the contract owner's investment in the contract at that time.

Investment in the contract is generally equal to the amount of all contributions to the contract, plus amounts previously included in your gross income as the result of certain loans, assignments, or gifts, less the aggregate amount of non-taxable distributions previously made. For non-qualified contracts, the income on the contract for purposes of calculating the taxable amount of a distribution may be unclear. For example, the living benefits provided under the ING Joint LifePay rider could increase the contract value that applies. Thus, the income on the contract could be higher than the amount of income that would be determined without regard to such a benefit. As a result, you could have higher amounts of income than will be reported to you. We currently treat any amounts paid to you under the ING Joint LifePay Rider while in Lifetime Automatic Periodic Benefit Status as income phase payments rather than withdrawals.

## APPENDIX A

### ING Joint LifePay Partial Withdrawal Amount Examples

The following are examples of adjustments to the Maximum Annual Withdrawal amount for withdrawals in excess of the Maximum Annual Withdrawal:

**Illustration 1: Adjustment to the Maximum Annual Withdrawal amount for a withdrawal in excess of the Maximum Annual Withdrawal, including surrender and/or MVA charges.**

Assume the Maximum Annual Withdrawal is \$5,000.

The first withdrawal taken during the contract year is \$3,000 net, with \$500 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded.

The next withdrawal taken during the contract year is \$1,500 net, with \$300 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded because total net withdrawals, \$4,500, do not exceed the Maximum Annual Withdrawal, \$5,000.

The next withdrawal taken during the contract year is \$1,500 net, with \$200 of surrender and/or MVA charges. Because total net withdrawals taken, \$6,000, exceed the Maximum Annual Withdrawal, \$5,000, then there is an adjustment to the Maximum Annual Withdrawal.

Total gross withdrawals during the contract year are \$7,000 (\$3,000 + \$500 + \$1,500 + \$300 + \$1,500 + \$200). The adjustment is the lesser of the amount by which the total gross withdrawals for the year exceed the Maximum Annual Withdrawal (\$7,000 - \$5,000 = \$2,000), and the amount of the current gross withdrawal (\$1,500 + \$200 = \$1,700).

If the Account Value before this withdrawal is \$50,000, then the Maximum Annual Withdrawal is reduced by 3.40% (\$1,700 / \$50,000) to \$4,830  $((1 - 3.40\%) * \$5,000)$ .

**Illustration 2: Adjustment to the Maximum Annual Withdrawal amount for a withdrawal in excess of the Maximum Annual Withdrawal.**

Assume the Maximum Annual Withdrawal is \$5,000.

The first withdrawal taken during the contract year is \$3,000 net, with \$0 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded.

The next withdrawal taken during the contract year is \$1,500 net, with \$0 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded because total net withdrawals, \$4,500, do not exceed the Maximum Annual Withdrawal, \$5,000.

The next withdrawal taken during the contract year is \$1,500 net, with \$0 of surrender and/or MVA charges. Because total net withdrawals taken, \$6,000, exceed the Maximum Annual Withdrawal, \$5,000, there is an adjustment to the Maximum Annual Withdrawal.

Total gross withdrawals during the contract year are \$6,000 (\$3,000 + \$1,500 + \$1,500). The adjustment is the lesser of the amount by which the total gross withdrawals for the year exceed the Maximum Annual Withdrawal, \$1,000, and the amount of the current gross withdrawal, \$1,500.

If the Account Value after the part of the gross withdrawal that was within the Maximum Annual Withdrawal, \$500, is \$49,500, then the Maximum Annual Withdrawal is reduced by 2.02%  $(\$1,000 / \$49,500)$  to \$4,899  $((1 - 2.02\%) * \$5,000)$ .

**Illustration 3: A withdrawal exceeds the Maximum Annual Withdrawal amount but does not exceed the Additional Withdrawal Amount.**

Assume the Maximum Annual Withdrawal is \$5,000. On January 31, the Required Minimum Distribution for the current calendar year applicable to this contract is determined to be \$6,000. The Additional Withdrawal Amount is set equal to the excess of this amount above the Maximum Annual Withdrawal, \$1,000 (\$6,000 - \$5,000).

The first withdrawal taken during the contract year is \$3,000 net, with \$0 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded.

The next withdrawal taken during the contract year is \$1,500 net, with \$0 of surrender and/or MVA charges. The Maximum Annual Withdrawal is not exceeded because total net withdrawals, \$4,500, do not exceed the Maximum Annual Withdrawal, \$5,000.

The next withdrawal taken during the contract year is \$1,500 net, with \$0 of surrender and/or MVA charges. Total net withdrawals taken, \$6,000, exceed the Maximum Annual Withdrawal, \$5,000, however, the Maximum Annual Withdrawal is not adjusted until the Additional Withdrawal Amount is exhausted. The amount by which total net withdrawals taken exceed the Maximum Annual Withdrawal, \$1,000 (\$6,000 - \$5,000), is the same as the Additional Withdrawal Amount, so no adjustment to the Maximum Annual Withdrawal is made. If total net withdrawals taken had exceeded the sum of the Maximum Annual Withdrawal and the Additional Withdrawal Amount, then an adjustment would be made to the Maximum Annual Withdrawal.

**Illustration 4: The Reset Option is utilized.**

Assume the Maximum Annual Withdrawal is \$5,000.

One year after the first withdrawal is taken, the contract value has increased to \$120,000, and the Reset Option is utilized. The Maximum Annual Withdrawal is now \$6,000 ( $\$120,000 \times 5\%$ ).

One year after the Reset Option was first utilized, the contract value has increased further to \$130,000. The Reset Option is utilized again, and the Maximum Annual Withdrawal is now \$6,500 ( $\$130,000 \times 5\%$ ).

## APPENDIX B

### Examples of Fixed Allocation Fund Automatic Rebalancing

The following examples are designed to assist you in understanding how Fixed Allocation Fund Automatic Rebalancing works. The examples assume that there are no investment earnings or losses.

#### I. Subsequent Payments

A. Assume that on Day 1, an owner deposits an initial payment of \$100,000, which is allocated 100% to Accepted Funds. No Fixed Allocation Fund Automatic Rebalancing would occur, because this allocation meets the required investment option allocation.

B. Assume that on Day 2, the owner deposits an additional payment of \$500,000, bringing the total contract value to \$600,000, and allocates this deposit 100% to Other Funds. Because the percentage allocated to the Fixed Allocations Fund (0%) is less than 20% of the total amount allocated to the Fixed Allocation Fund and the Other Funds, we will automatically reallocate \$100,000 from the amount allocated to the Other Funds (20% of the \$500,000 allocated to the Other Funds) to the Fixed Allocation Fund. Your ending allocations will be \$100,000 to Accepted Funds, \$100,000 to the Fixed Allocation Fund, and \$400,000 to Other Funds.

#### II. Partial Withdrawals

A. Assume that on Day 1, an owner deposits an initial payment of \$100,000, which is allocated 75% to Accepted Funds (\$70,000), 20% to the Fixed Allocation Fund (\$20,000), and 5% to Other Funds (\$5,000). No Fixed Allocation Fund Automatic Rebalancing would occur, because this allocation meets the required investment option allocation.

B. Assume that on Day 2, the owner requests a partial withdrawal of \$19,000 from the Fixed Allocation Fund. Because the remaining amount allocated to the Fixed Allocation Fund (\$1,000) is less than 20% of the total amount allocated to the Fixed Allocation Fund and the Other Funds, we will automatically reallocate \$200 from the Other Funds to the Fixed Allocation Fund, so that the amount allocated to the Fixed Allocation Fund (\$1,200) is 20% of the total amount allocated to the Fixed Allocation Fund and Other Funds (\$6,000).